

(Convenience Translation into English from the
Original Previously Issued in Portuguese)

Banco de Desenvolvimento de Minas Gerais S.A. - BDMG

Financial Statements
for the Semester Ended
June 30, 2024 and
Independent Auditor's Report

Deloitte Touche Tohmatsu Auditores Independentes Ltda.

MANAGEMENT REPORT

1st Semester of 2024



BANCO DE DESENVOLVIMENTO DE MINAS GERAIS – BDMG

Management Report

EXECUTIVE SUMMARY:

Based on the information contained herein, we will summarize the main matters below:

- BDMG ended the first semester of 2024 (period) posting a total disbursement of R\$1,443.6 million in loan operations, 32% higher when compared to the same period of 2023 and the highest amount in BDMG's history for the first half of the year. In order to support such disbursement, borrowings also reached a historical record, totaling R\$1.1 billion. The amount accounts for roughly 80% of the total volume of borrowings recorded throughout 2023, at R\$1.4 billion.
- The Bank's profit for the semester amounted to R\$50.7 million, 62.5% higher when compared to the same period of 2023.
- The limit from BNDES was increased by R\$189.9 million, reaching a total amount of R\$1.7 billion.
- Disbursements to the public sector grew by 76% over the same period of 2023 and went from R\$117.1 million to R\$206.4 million.
- In relation to micro- and small-sized entities, the growth was 15% in the same period.
- BDMG's performance through onlendings to credit cooperatives posted a significant growth of 173%, attaining R\$102.2 million disbursed in the first half of 2024.
- Disbursements to the agribusiness sector grew by 48% over the same period of 2023, in the total amount of R\$600.4 million in 2024.
- BDMG received the ALIDE-Verde 2024 award due to its history of financing green projects, especially through the "BDMG Sustainability" credit facility.



MESSAGE FROM THE EXECUTIVE BOARD

MESSAGE FROM THE EXECUTIVE BOARD:

Banco de Desenvolvimento de Minas Gerais (BDMG) has the essential mission of fostering the sustainable social and economic development of the State. In this sense, the Institution has been consolidating itself as a crucial agent to promote initiatives towards boosting the local and regional growth. Drawing on a sound and transparent governance structure, BDMG continues to reaffirm its commitment to integrity and efficiency in the management of funds.

During the period, BDMG achieved significant milestones in its operational performance, with a historical record of disbursements, totaling R\$1,443.6 million in loans granted, i.e., an increase of 32% when compared to the same period of 2023. Accordingly, it is worth highlighting the higher figures against the same period of last year in all Bank's operating segments, both in terms of disbursements and number of customers served. The disbursed funds substantially contributed to the local economy, leading to a positive economic impact. Estimates point out that over 33 thousand positions were created in the State of Minas Gerais only through its operations in the first half of this year.

Note that BDMG reaffirms its commitment to sustainability through innovative and responsible initiatives. Internationally recognized for its environmental and social performance, the Bank was considered by BID Invest¹ to be advanced in implementing sustainable financial products and financing green projects. Winning the ALIDE-Verde 2024 Award, granted by the Latin American Association of Financial Institutions for Development (ALIDE), coupled with the strategic partnership with the UK PACT² Program for climate transitions, substantiates BDMG's leading role in promoting economic practices that respect the environment and contribute to sustainable development.

In summary, BDMG reaffirms its commitment to being a positive transformation agent in the Minas Gerais State economy, fostering the sustainable development, innovation and social inclusion. In light of its solid governance, exemplary operational performance and a continuous focus on sustainable initiatives, the Bank is ready to face future challenges and continue to contribute significantly to the growth and well-being of Minas Gerais.

Together, we are building a more prosperous and sustainable future for everyone.

1 | GOVERNANCE STRUCTURE:

¹ Segment for the private sector of Inter-American Development Bank

² <https://www.ukpact.co.uk/>

For BDMG, having good governance means fostering a climate of trust both internally and in relationships with third parties. Accordingly, we have been operating with integrity, transparency, equity, responsibility and sustainability so as to ensure the fulfillment of our corporate purpose and related goals.

BDMG's corporate structure, determined in its Consolidated Bylaws approved in December 2022, comprises the Supervisory Board, statutory bodies from the social administration, which include the Board of Directors and Executive Board, as well as advisory and governance statutory bodies, namely: Audit Committee; Risk and Capital Committee; Personnel, Eligibility, Succession and Compensation Committee; Executive Committee of Credit and Renegotiation; Executive Committee; and Ombudsman Office.

Such structure is complemented by the monitoring and control functions represented by the second line (risk management, internal controls, compliance, ombudsman and information security) and third line (internal audit), which are aimed at reliably ensuring the strengthening of the internal control system, as well as the compliance and integrity system, contributing to mitigate the risks involved.

2 | ECONOMIC SCENARIO:

The year 2024 has been marked by the slow conversion of inflation in the main economies to the targets set by central banks and by the divergence of phases from the economic cycle in the main global economies. The United States has shown resilient economic activity, driven by the strong domestic demand derived from the favorable labor market dynamics. In the European Union, the economic activity has achieved moderate performance, supported by the resilient labor market that keeps the service sector demand strong. Since 2021, China has been adopting a growth model focused on boosting the industry and domestic infrastructure, with incentive measures designed for energy efficiency sectors, such as electric cars and solar panels.

In the domestic scenario, the country has been experiencing inflation rates that converge to the goal and positive performance of the economic activities in 2024. The country's Gross Domestic Product (GDP) grew by 0.8% in the first quarter of 2024, when compared to the last quarter of 2023, driven by the recovery of investments and resilient family consumption, which benefited from tax incentives, the booming labor market and downward trend of interest rates that maintained a higher domestic demand.

In Minas Gerais, the economic activity posted good performance for the period. The State GDP rose by 0.5% in the first quarter of 2024. Such outcome derived from decreases in the farming industry (-1.2%) and service industry (-0.1%) and industry growth (2.4%). In the farming industry, the negative results reflect the seasonality at the beginning of the year and the high comparison base for 2023, while the positive results reflect the recovery of the capital goods and construction segments in the State. In the service industry, the stable growth reflects the lower momentum in the trade segments, which is derived from the high activity level and offset by the transportation industry growth, on account of the demand for cargo transportation and recovery of industrial activity.

For the coming months, BDMG expects a GDP growth in Minas Gerais. More favorable macroeconomic conditions are expected to allow the recovery of the state's capital goods industry, while the good fundamentals of the Minas Gerais labor market, close to full employment, should sustain the level of activity in services.

3 | OPERATIONAL PERFORMANCE

BDMG reached a historical record of disbursements for the period, in the total amount of R\$1,443.6 million in loans, a volume 32% higher than the total disbursed amount in the same period of 2023.

The expanded loan portfolio, without considering loans to be released over the coming 360 days, ended the semester with a balance of R\$7,023.7 million. The total amount of active customers comprising the portfolio reached 17,650 customers in the first semester, down by 21% due to the termination of Pronampe agreements, executed during the Covid pandemic period in 2020.

In terms of presence in the State of Minas Gerais, BDMG ended the period with at least one active customer in 749 of the 853 municipalities (88% of presence in the State), posting a slight decrease in relation to the same period of 2023, when the presence was 90% (762 municipalities).

In relation to the origin of disbursed funds, 80% derived from domestic and foreign borrowings, while 17% resulted from onlendings and 3% from funds (Fapemig and Renova). As far as onlendings are concerned, 60% referred to funds from the National Bank for Economic and Social Development (BNDES).

Table 04 – Operational Indicators – 2024-2023 Comparison

Indicator	1H2023	1H2024	Variation (%)
Disbursement (R\$ million)	1,089.8	1,443.6	32%
Customer portfolio balance (R\$ million) (*)	5,938.0	7,023.7	18%
Served customers (Unit)	2,442	2,878	18%
Active customers (Unit)	22,379	17,650	- 21%

(*) Expanded loan portfolio that includes interbank onlendings, securities and co-obligations (without considering loans to be released over the coming 360 days).

Source: BDMG

Chart 01 – Disbursement by size (R\$ million)
1st semester

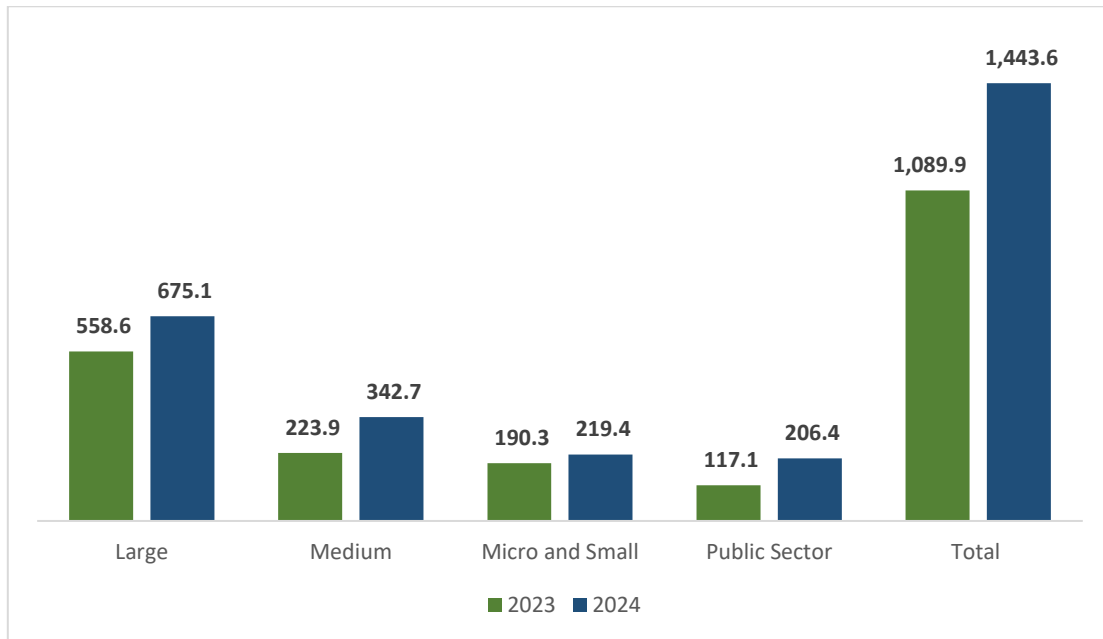
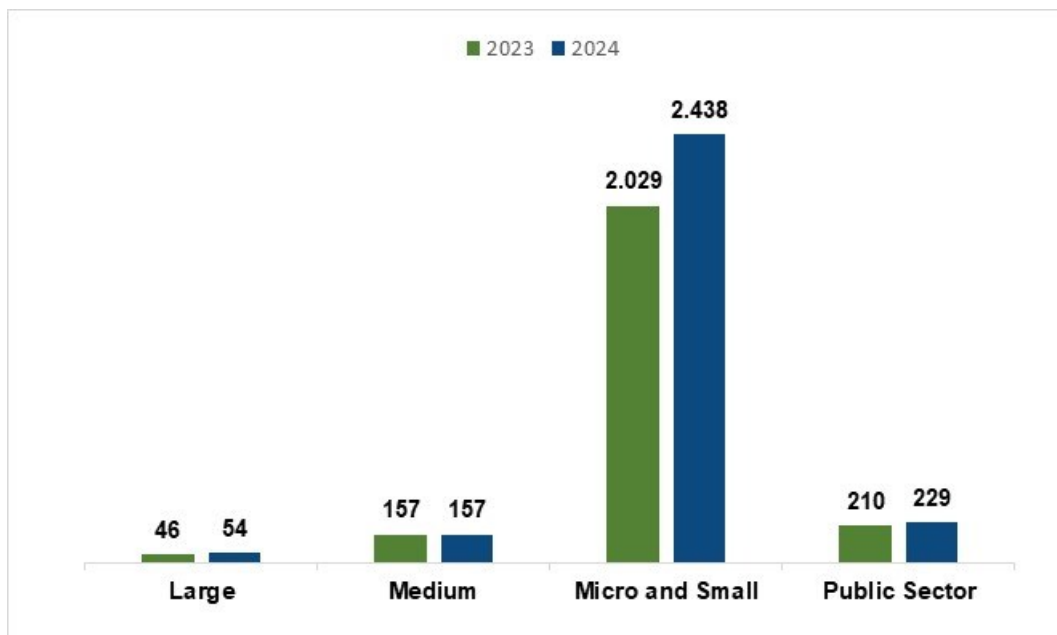


Chart 02 – Number of customers with new transactions – by size
1st semester



Concerning the regional distribution of total disbursed amounts, we highlight the Central Macroregion with R\$290.9 million (20.2%), Triângulo Mineiro with R\$257.0 million (17.8%), and Sul de Minas with R\$200.2 (13.9%), as Illustrated below:

Table 05 – Disbursement by macroregion between January and June 2024

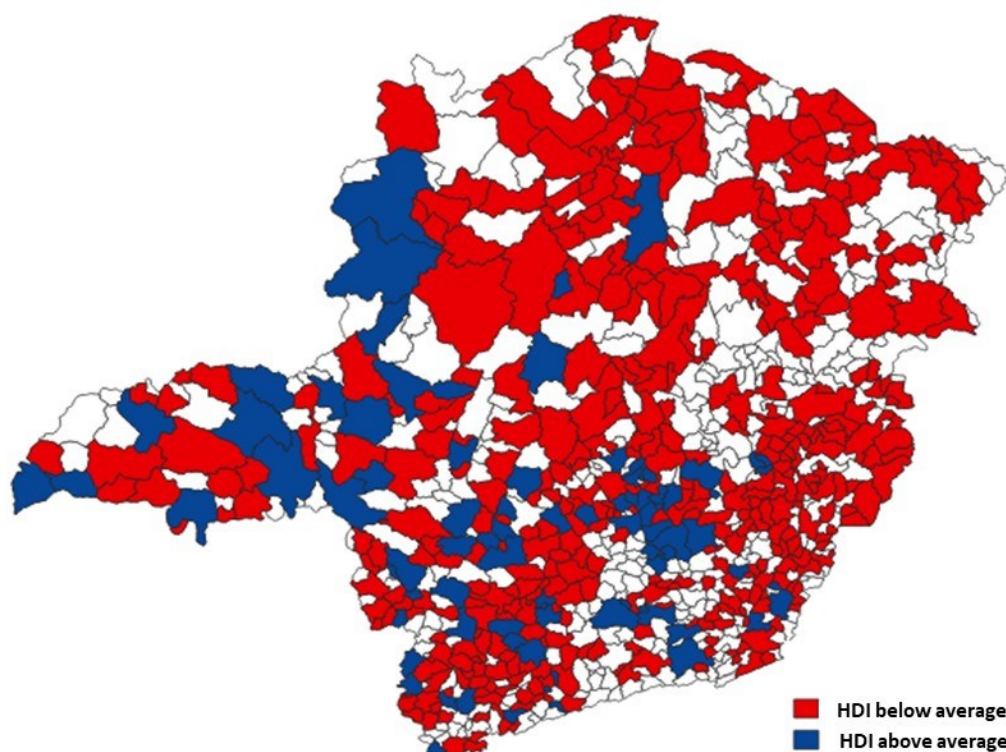
Macroregion of Minas Gerais	1H2023 R\$ million	1H2024 R\$ million	Disbursement Δ 2022/2023
Central	362.6	290.9	- 19.8%
Triângulo Mineiro	102.8	257.0	150%
Sul de Minas	191.0	200.2	4.8%
Alto Paranaíba	141.6	162.1	14.5%
Norte de Minas	35.9	90.5	152.1%
Centro-Oeste de Minas	63.5	84.2	32.6%
Noroeste de Minas	44.6	71.5	60.3%
Rio Doce	38.7	57.7	49.1%
Zona da Mata	41.7	50.5	21.1%
Jequitinhonha	19.3	46.2	139.4%
Total Minas Gerais	1,041.8	1,310.9	25.8%
Bordering states	48.0	132.7	176.5%
Grand total	1,089.8	1,443.6	32.5%

Source: BDMG

The funds released during the period were allocated to companies headquartered in 475 municipalities of Minas Gerais, out of which 83% posts a Human Development Index (HDI) lower than the Brazilian average³.

³ The Human Development Index (HDI) measures a nation's progress based on three aspects: income, health and education. Source: <https://www.br.undp.org/>

Figure 03 – Municipalities with Disbursement – between January and June 2024



3.1 IMPACTS ON MINAS GERAIS'S ECONOMY

The growth in BDMG's disbursements and loan portfolio affects Minas Gerais's society from an economic, social and environmental perspective. Measuring and assessing the impacts of BDMG's disbursements is essential to determine whether the planned development goals are being achieved.

In order to assess such impact, BDMG adopts an input-product analysis, which reproduces the sectoral structure of production and consumption in Minas Gerais, allowing the potential economic impacts of disbursements in the State to be estimated. The impacts represent the potential gains of sectors that have taken financing from BDMG and other economy sectors, reflecting the State's supply chain and the potential gains arising from family consumption.

Created job positions	33,522
Potential increase in revenues	R\$2,498.5 million
Amount added to the State's GDP	R\$1,251.4 million
Salary payment	R\$569.4 million
Tax collection (ICMS)	R\$51.7 million

4 | PERFORMANCE HIGHLIGHTS:

4.1 SUSTAINABLE AGENDA

4.1.1 ALIDE-Verde 2024 Award

In May, BDMG received the ALIDE-Verde 2024 award due to its history of financing green projects, especially through the “BDMG Sustainability” credit facility. This was the 16th edition of the award and brought together more than 60 institutions from 20 member countries of the entity. On an overall basis, there were 37 proposals submitted under the various award categories.

4.1.2 BID Invest Report

The BID Invest Report, which analyzed the sustainability management of partner institutions, ranked BDMG with an average higher than 44 financial institutions in Latin America in terms of environmental and social performance. The Bank was classified as advanced in relation to strategy and governance, social risk management and sustainable financial products. Regarding the latter, BDMG was considered a leader for having endeavored efforts to implement products with green characteristics in its portfolio and with the purpose of financing clean production, energy efficiency, renewable energy, and sustainable construction projects, among others.

4.1.3 BDMG and UK Pact

Together with Secretaria de Estado de Meio Ambiente e Desenvolvimento Sustentável (SEMAD), BDMG participates in “Mobilizing Green Investments for Minas Gerais” project, which was approved in late 2023 in the UK PACT, and conducted by Centro Brasil no Clima and WayCarbon.

Within the project scope, in May, the initiative to create the Monitoring, Reporting and Verification tool (“MRV Climático”) was launched, aiming to monitor the progress of the implementation of the State Climate Action Plan (PLAC-MG).

4.1.4 Actions together with the Government

Brumadinho Reparation Agreement

BDMG will act as the financial agent of “Programa de Universalização do Saneamento da Bacia do Paraopeba” in connection with the Reparation Agreement concerning the collapse of Vale’s dam in Brumadinho. Investments totaling R\$1.4 billion will be allocated to conduct basic sanitation works in the 26 municipalities affected in Paraopeba River Basin.

Municipal Mobilization Program for Sustainability

In partnership with the French Development Agency (AFD), BDMG completed the second edition of the Municipal Mobilization Program for Sustainability targeted at municipal managers willing to implement sustainable projects in the municipalities. The program had 260 registrants from 134 cities across the state.

Municipal Environmental System (SIMMA)

The Municipal Environmental System (SIMMA) was launched to allow managing information on activity licensing by the municipalities of Minas Gerais, besides providing information to the public about those processes.

4.2 MAIN AREAS OF OPERATION

Concerning BDMG's areas of operation, the main achievements during the period are listed below:

AREAS	HIGHLIGHTS
MICRO- AND SMALL-ENTITIES (MSE) – BDMG DIGITAL	<ul style="list-style-type: none"> Disbursements to the micro- and small-entities grew by 15.3% when compared to the same period of 2023, reaching R\$219.4 million. Regarding the financing processes derived from the online platform (BDMG Digital), there was a 24% increase against the same period, in the total amount of R\$178.6 million. A total of 2,438 MSE customers were served, out of which 2,408 customers initiated the processes through BDMG Digital.
MEDIUM AND LARGE ENTITIES (MLE)	<ul style="list-style-type: none"> The Bank served 157 medium-sized entities and 54 large entities⁴, i.e., 211 customers, with a total amount of R\$1,017.8 million in released loans. Growth of 29% in investment project financing transactions in relation to the first semester of 2023. 49% of proposals for transactions was open for new customers.
PUBLIC SECTOR	<ul style="list-style-type: none"> An amount of R\$206.4 million was disbursed, representing a 76.3% growth in relation to the period from January to June 2023. Out of this total amount, R\$187.1 (91%) million corresponded to own funds and R\$19.3 (9%) million to onlendings from Fundação Renova⁵. There were 229 municipalities of Minas Gerais served, i.e., an increase of 9% when compared to the first semester of 2023.
AGRIBUSINESS	<ul style="list-style-type: none"> The segment accounted for 41.6% of total disbursements, with R\$600.4 million released. It is worth highlighting the LCA credit facility-related disbursements, which totaled R\$348.7 million or 58.1% of total funds allocated to the agribusiness industry. The amount of R\$72.3 million was allocated to investments in the agribusiness industry, an amount 344.8% higher when compared to the same period of 2023.
ENERGY EFFICIENCY (EE) AND RENEWABLE ENERGY (RE)	<ul style="list-style-type: none"> The amount of R\$152.1 million was disbursed in the first semester of 2024, representing a 22% increase when compared to the first semester of 2023, when the amount totaled R\$124.9 million. The amount was distributed to 78 projects (36 from the private sector and 42 from the public sector) in 63 municipalities, out of which 79% posted HDI below the Brazilian average. Photovoltaic solar energy projects accounted for 44% of disbursements to EE and RE. Partnership with the European Investment Bank (EIB) is the main funding for private sector projects. Since October 2019, roughly R\$769.7 million in financing has been allocated to 106 projects in 66 municipalities, out of which 42 municipalities (64%) posted HDI below the Brazilian average.
WOMEN ENTREPRENEURSHIP	<ul style="list-style-type: none"> The amount of R\$39.8 million was released through Empreendedoras de Minas and Pronampe Mulheres lines, serving 617 companies led by women (an increase of 27% when compared to the first semester of 2023). Financing for women entrepreneurs accounted for 22.3% of the total amount disbursed to customers served via BDMG Digital.
INNOVATION	<ul style="list-style-type: none"> Disbursement of R\$39.1 million to 24 companies, particularly involving the Finep - Financiadora de Estudos e Projetos lines, which account for 75.5% of the total amount released. The strengthening of innovation lines with a disbursement volume 344.6% higher when compared to the same period of 2023 and with a number of customers served three times higher in the same comparison.

⁴ Medium-sized entities are those with annual revenue higher than R\$4.8 million and lower than or equal to R\$300 million. Companies with revenues exceeding R\$300 million are considered large entities.

⁵ Fundação Renova is a private non-profit, non-governmental organization, established in 2016 and responsible for repairing the damages caused by the collapse of Fundão dam, which occurred in November 2015. Since 2017, BDMG has been working with Fundação Renova on social and economic programs related to the economic dynamism of the Rio Doce region.

4.3 NEW CREDIT FACILITIES

During the period, BDMG achieved significant progress in its initiatives to support the sustainable economic development and extend opportunities to companies of various sizes in Minas Gerais. In June, Finame Fundo Clima was launched, which is a pioneering credit facility aimed at adapting to climate changes.

Concurrently, in May, BDMG launched the "BDMG Crédito para Crescer" line, which is targeted at micro- and small-sized entities located in the municipalities covered by Minas Livre para Crescer program, created by the Minas Gerais Government. Such initiative aims not only to support the growth of these businesses, but also to foster job creation and encourage municipal policies that promote economic freedom, such as simplifying bureaucratic processes.

Moreover, the Bank resumed operations of the Fungetur credit facility, focused on micro- and small-sized entities operating in the tourism industry of Minas Gerais.

Those actions consolidate BDMG's role as an agent engaged in fostering the sustainable and inclusive growth across the State.

5 | FINANCIAL STATEMENTS

BDMG ended the period with a profit of R\$50.7 million, representing a growth of 62.6% in relation to the same period of 2023 (R\$31.2 million). Such profit results from the better operational performance during the semester, due to the lower volume of provisions.

The balance of extended loan portfolio, which includes interbank onlendings and private securities, increased by R\$383 and went from R\$6,631 in December 2023 to R\$7,014 in June 2024 as a result of the higher amount of disbursements in BDMG's history for the first half of the year. Loan transactions account for 91% of the extended loan portfolio amount in June 2024, totaling R\$6,399 million.

The Bank's equity went from R\$2,128.8 million in December 2023 to R\$2,225.3 million in June 2024, i.e., an increase of R\$96.5 million driven by profit and positive valuation adjustments to equity.

Table 06 – Main economic and financial indicators

	2024 1 st semester	2023 1 st semester	Δ %
Profit or loss			
Gross profit from financial intermediation	257,873	289,848	-11.0%
Other operating income/expenses	(129,643)	(109,545)	18.3%
Expenses on provisions and non-operating income (expenses)	(30,977)	(96,033)	-67.7%
Tax expenses and statutory profit sharing	(46,555)	(53,086)	-12.3%
Profit for the period	50,698	31,184	62.6%
	06/30/2024	12/31/2023	Δ %
Financial Position			
Total assets	9,453,714	8,832,014	7.0%
Securities	2,703,629		18.2%
		2,286,485	
Loan portfolio and similar portfolios, net	5,842,858	5,661,058	3.2%
Other assets	907,227	884,471	2.6%
Total liabilities	9,453,714	8,832,014	7.0%
Third-party funds	7,228,386	6,703,223	7.8%
Foreign borrowings	1,669,447	1,644,223	1.5%
Domestic borrowings	2,382,688	1,799,740	32.4%
Domestic onlendings	1,972,274	2,033,288	-3.0%
Other payables	1,203,977	1,225,971	-1.8%
Equity	2,225,328	2,128,792	4.5%
Equity-to-asset ratio	23.5%	24.1%	-2.3%

In compliance with Bacen Circular Letter No. 3.068/2001, BDMG assets that it has the financial capacity and ability to hold to maturity the securities classified as “Held-to-maturity securities” as at June 30, 2024, in the amount of R\$614.7 million.

6 | FINANCIAL SUSTAINABILITY

6.1 BORROWINGS

BDMG achieved a historical record in the volume of borrowings for the period, in the total amount of R\$1.1 billion. The amount corresponds to roughly 80% of the total volume of borrowings during 2023. The Bank ended the period with 58.4% of total borrowings taken in the domestic market and 41.6% in the foreign market, always considering the appropriate diversity of nature, sources and terms within each funding origin.

The growth in borrowings occurred as a result of the diversification of sources, which is substantiated by the new instruments such as time deposits with special guarantee (DPGEII) that totaled R\$160 million and repurchase transactions amounting to R\$88 million, which allow using CRIs, CRAs and debentures to back borrowing transactions, further reducing the funding costs. The relationship with new market agents was also expanded, with financial instruments segregated into several customers, especially Agribusiness Credit Bills (LCA) and Bank Deposit Certificates (CDB), which resulted in R\$601.9 million raised for the semester. New foreign borrowings, such as the first disbursement made together with the Asian Infrastructure Investment Bank (AIIB), reinforce the borrowing diversification strategy. The decrease in funding costs involves prioritizing cheaper resources, such as LCA, which increased by 11.5% compared to the previous year, reaching a volume raised in the semester of R\$401.1 million.

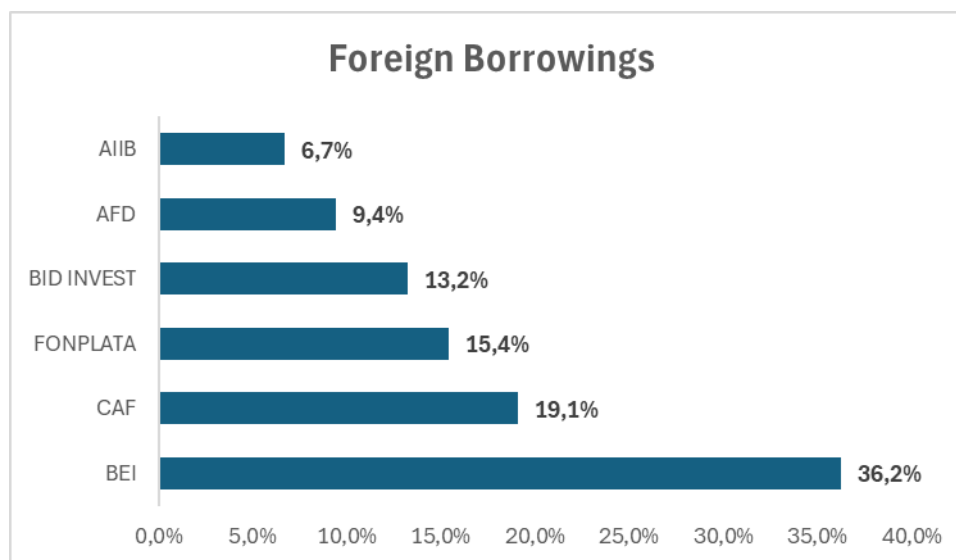
On an overall basis, domestic borrowings reached a volume of R\$1.0 billion against R\$614 million raised in the same period of 2023. As regards foreign sources, BDMG has been deepening partnerships with multilateral institutions, with the involvement of new relevant actors and strengthening of partnerships.

6.1.1 Foreign Borrowings

In relation to foreign borrowings, the first disbursement took place during the period, in the amount of US\$20 million, with the Asian Infrastructure Investment Bank (AIIB). It refers to the first disbursement in connection with a loan transaction of AIIB in Brazil. The funds are intended for renewable energy generation projects and businesses related to Asia.

The balance of the foreign borrowing portfolio comprises transactions with six foreign partners from different regions and the use of funds for various types of public and private projects.

Chart 03: Foreign Borrowings by source (%) – Closing balance as at 06/30/2024⁶



6.1.1. Borrowings approved by the Federal Government

Agreements have already been negotiated and approved by the Federal Government for a transaction with the New Development Bank (NDB) approved by the External Financing Commission (Cofix) in October 2022, in the amount of up to US\$200 million. As soon as it materializes, it will be considered the greatest funding in BDMG's history and the Bank's first funding approved by the Federal Government.

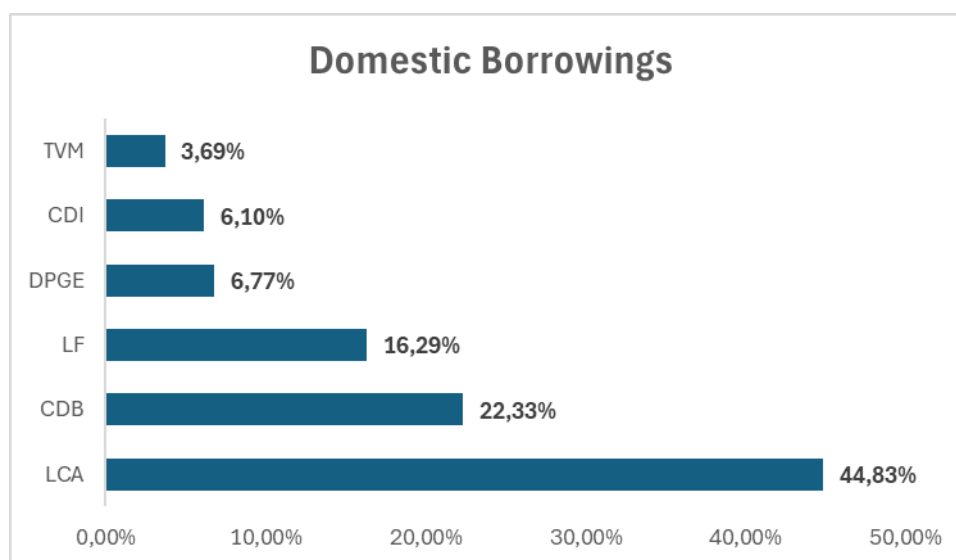
⁶ Foreign borrowings stem from the following banks: AIIB: Asian Infrastructure Investment Bank; AFD: Agence Française de Développement; BID INVEST: Inter-American Investment Corporation; FONPLATA: Fondo Financiero para el Desarrollo de la Cuenca del Plata; CAF: Banco de Desarrollo de América Latina y el Caribe; BEI: European Investment Bank.

Another transaction, with the Inter-American Development Bank (IDB), was also approved by Cofix, in December 2023, for an amount of up to US\$100 million. The credit facility is being structured with a multilateral partner under a Results-Based Program (PBR), which is innovative to the extent it requires disbursements of funds from the multilateral partner based on the results of operations reported by BDMG. The funds will be allocated to decarbonization, climate resilience and inequality reduction projects in the public and private sectors.

6.1.2 Domestic Borrowings

As regards domestic borrowings, in the first semester of 2024, BDMG maintained its recognition in the retail and local markets, raising a volume 64% higher than the same period last year. The portfolio of domestic borrowings comprises the following structure of financial instruments used to finance investments and working capital.

Chart 04: Domestic Borrowings by Source (%) – Closing balance as at June 30, 2024



6.1.3 Total Funding

There was an increase of 17.8% in the total volume of borrowings on a year-to-year comparison basis. During the first semester, such increase arose from the higher volume of domestic borrowings, since the schedule of foreign disbursements for the year is concentrated on the second semester.

Funding Portfolio (R\$million)	2023	2024	Var %
Foreign	1,699	1,690	0.0%
Domestic	1,753	2,376	35.5%
Total	3,452	4,066	17.8%

6.2 CAPITAL MARKETS

BDMG expanded its operations in the Capital Market: investments in Corporate Debt Securities – Debentures, CRI (Certificate of Real Estate Receivables) and CRA (Certificate of Agribusiness Receivables). BDMG’s performance in such market aims to reinforce the support to medium and large entities in Minas Gerais, while allowing companies to raise funds at more attractive costs and requiring, on the other hand, a more advanced level of governance and transparency.

6.3 RATING

During the period, no BDMG rating assessments were conducted by the risk rating agencies Standard & Poor’s (S&P) and Moody’s. Therefore, the classification levels on global and national scales and the outlook from the latest updates that occurred in 2023⁷ remain unchanged.

	MOODY’S Sep/2023	STANDARD & POOR’S Nov/2023
Global Scale – Local Currency (Long Term)	B2	B
Outlook	Positive	Stable
	MOODY’S Nov/2023	STANDARD & POOR’S Nov/2023
National Scale (Long Term)	A.br	brA
Outlook	Positive	Stable

7 | CORPORATE GOVERNANCE:

7.1 SOCIAL, ENVIRONMENTAL AND CLIMATE RESPONSIBILITY POLICY (PR SAC)

In conformity with CMN Resolution No. 4.945 of September 21, 2021, BDMG’s policy approved by the Board of Directors on August 30, 2022, consists of a set of principles and guidelines of a social, environmental and climate nature to be observed by the Institution in the effective performance of its strategy, business, activities and processes, to promote the sustainable social and economic development of Minas Gerais.

The Institution’s 2024 PR SAC Action Plan was guided by global agendas in favor of sustainability and climate changes, such as the UN 2030 Agenda, the Paris Agreement, the Adis Abeba Action Agenda, and is aligned with the Minas Gerais State Climate Action Plan (PLAC-MG), coordinated by Secretaria de Estado de Meio Ambiente e Desenvolvimento Sustentável (Semad), under the “Race to Zero” campaign.

⁷ To consult the latest agency reports on BDMG’s rating, please see bdmg.mg.gov.br/relacao-investidores/ratings

During the period, the Action Plan measures related to the PRSAC Culture and Transparency stood out, and communication campaigns focused on sustainability aimed at internal and external audiences were held in June, as well as communication campaigns on BDMG's Integrity policy.

7.2 COMPLIANCE AND INTEGRITY

In compliance with Minas Gerais State Decree 48419/22, BDMG has an Integrity Policy and Program that establish guidelines for promoting ethics, probity and compliance with the standards governing its internal relations and between BDMG and the public and private sectors. The Integrity Program consists of a set of actions intended for preventing, detecting, remedying and treating acts identified as corruption, fraud, irregularity, ethical and conduct deviations that may affect BDMG, its employees or society, in addition to enhancing corporate governance and strengthening the Institution's internal control system.

Structured in six areas of operation, the Integrity Program has a dynamic established in actions that unfold in the commitment of senior management, policies and regulations, integrity risk management, training and dissemination, monitoring and reporting channel.

One of the main pillars of BDMG's Integrity Program is the external and independent reporting channel, where situations that are not in compliance with the BDMG's Code of Ethics, Conduct and Integrity, as well as current laws and regulations, can be reliably recorded.

Complaints received through the external channel are forwarded to the BDMG's Compliance unit for prior analysis and referral to the competent investigation bodies, depending on the nature of the reported fact.

7.3 CULTURE SUPPORT

During the period, BDMG supported several cultural projects through cultural sponsorships, pursuant to the federal and municipal incentive laws or via direct support.

The main initiatives supported through the federal incentive law comprised the 23rd edition of the BDMG Instrumental Award, the 12th edition of the Marco Antônio Araújo Award (best instrumental music album in Minas Gerais) and the 7th edition of the Flávio Henrique Award (best song album in Minas Gerais in the composition and interpretation categories), in addition to DO RE MI project, which aims to introduce students from the Centro Infantil Divina Providência to music through workshops on Musical Introduction, Musicalization, Musical Theater, Guitar, Violin and Recorder.

In conformity with the municipal incentive law, "Ressonâncias" projects were supported, which seek to promote the development and discussion on traditional knowledge in research and scenic creation in contemporary art, and the MAMU – Morro Arte Mural project, which creates macro murals with houses in vulnerable villages and communities.

Two exhibitions were also held at the Gallery and the BDMG Choir performed seven times during the period.

7.4 SUPPORT FOR SOCIAL PROJECTS

BDMG supported several social projects via Instituto de Cidadania dos Empregados do BDMG (INDEC), as well as pursuant to the incentive law.

Inspired by the National Campaign to Combat Hunger, by sociologist Herbert de Souza, known as Betinho, in 1993, the BDMG Employees Association (AFBDMG) created the Center to Combat Hunger and Poverty, which gave rise to INDEC in 1998. The Institute provides technical and financial support for projects in the areas of education, sport, culture, professional development, health and social assistance.

In April 2024, INDEC selected five social projects located in cities of Vale do Jequitinhonha, in addition to Juiz de Fora, Betim and Belo Horizonte, which are being supported throughout 2024.

During the period, around three thousand people benefited from campaigns carried out by INDEC, such as the Income Tax campaign, which encourages the Bank's employees and other interested parties to donate part of their tax amounts due to a designated institution; the SOS Rio Grande do Sul Campaign, in partnership with BDMG's employees, collected donations for those affected by the floods. It is worth stressing the emergency support for two sporting projects. It is worth stressing the emergency support for two sporting projects during the period.

Drawing on the incentive law, BDMG allocated R\$1.4 million to ten projects in the sports area (Projeto Transformação e Associação Ecológica e Esportiva de Guarda Mor MG), Fundo da Infância e Adolescência (Instituto Ramacrisna, Instituto Mano Down and Criança Feliz), Fundo do Idoso (Hospital Paulo de Tarso and Recanto dos Amigos), Programa Nacional de Apoio à Atenção Oncológica – Pronon (Santa Casa de Misericórdia de São João del Rei) and Programa Nacional de Apoio à Atenção da Saúde da Pessoa com Deficiência – Pronas/PCD (APAE Inhapim and APAE Uruçuia).

8 | INTEGRATED RISK MANAGEMENT

BDMG manages and monitors the credit, market, liquidity, operational, social, environmental and climate risks, with a view to mitigating those risks and enhancing the effectiveness of operations and results of operations. Accordingly, risk management practices appropriate to the nature and specificities of the Bank's operations are adopted, maintaining control standards, with a capital adequacy ratio higher than the minimum requirement adopted in Brazil.

8.1 BASEL PILLAR 3

In compliance with Bacen Resolution No. 54/2020, BDMG discloses the Pillar 3 – Market Discipline Report⁸, comprising information on the risk and capital management.

	06/30/2024	12/31/2023	Δ%
Prudential limits			
Pure Basel Index	24.4	23.9	2.1%
Common Equity Ratio	24.4	23.9	2.1%
Tier 1 Capital Ratio	24.4	23.9	2.1%

8.2 SOCIAL, ENVIRONMENTAL AND CLIMATE RISKS

Since August 2022, upon the segregation of BDMG's liability policy on the management of social, environmental and climate risks, new guidelines, duties and responsibilities to be considered in the Bank's risk management process so as to keep them consistent with the organization's risk appetite have been defined.

Upon the disclosure of the new requirements by the National Monetary Council, BDMG has developed a series of technical cooperations to improve the management of social, environmental and climate risks. Based on the new requirements and lessons learned, the Bank implemented new methodologies for classifying and managing those risks.

The measures taken to mitigate the social and environmental risks include fulfilling the criteria determined in the policies and analysis, contracting and monitoring processes, as per the characteristics of each transaction. The analysis criteria are guided by lists of restricted and prohibited activities, social and environmental criteria for the establishment of real estate guarantees, inclusion of social and environmental clauses in contracts, assessment of compliance with social and environmental legislation and the best practices for the management of social and environmental risks.

9 | FINAL CONSIDERATIONS

In conformity with Law 13303 of June 30, 2016, item VI, article 8, this Management Report aims to assure the transparency of operating and financial information on activities related to the achievement of purposes of collective interest.

As per the 2024-2028 Strategic Plan, BDMG faces the challenge of increasing disbursements, especially in investment projects, and growing the loan portfolio and, thus, ensuring financial sustainability.

Such performance is expected to boost the support to micro- and small-sized entities and the public sector, as well as to investments in innovation, environmental sustainability and regional and social development.

⁸ For further information, please see: <https://www.bdmg.mg.gov.br/relacao-investidores/?relatorios-financeiros>

BDMG reaffirms its commitment to the global agendas in favor of sustainability and climate changes, such as the UN 2030 Agenda, the Paris Agreement, the Adis Abeba Action Agenda, as well as the Minas Gerais State Climate Action Plan (PLAC-MG).

These goals corroborate BDMG's commitment to contributing to the economic and social development of Minas Gerais, playing an essential role in achieving the capital required to make Minas Gerais' development more sustainable.



(Convenience Translation into English from the Original Previously Issued in Portuguese)

INDEPENDENT AUDITOR'S REPORT

To the Management and Shareholders of
Banco de Desenvolvimento de Minas Gerais S.A. - BDMG

Opinion

We have audited the accompanying financial statements of Banco de Desenvolvimento de Minas Gerais S.A. - BDMG ("Bank"), which comprise the balance sheet as at June 30, 2024, and the related statements of income, of comprehensive income, of changes in equity and of cash flows for the semester then ended, and notes to the financial statements, the material accounting policies.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Banco de Desenvolvimento de Minas Gerais S.A. - BDMG as at June 30, 2024, and its financial performance and its cash flows for the semester then ended in accordance with accounting practices adopted in Brazil, applicable to financial institutions authorized to operate by the Central Bank of Brazil (BACEN).

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Bank in accordance with the relevant ethical requirements in the Code of Ethics for Professional Accountants and the professional standards issued by the Brazilian Federal Accounting Council (CFC), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current semester. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Allowances for expected losses associated with the credit risk

The recognition of the allowances for expected losses associated with the credit risk involves judgment, determination of assumptions and the use of estimates by the Bank's Management. As disclosed in notes 3.12, 4.3 and 6.3 to the financial statements, the level of risk of loan transactions takes into consideration the economic environment, the history of payments, the existing collaterals and the specific risks in relation to the transactions and the clients, based on the parameters established by CMN Resolution No. 2,682/99. To this end, the Bank uses internal models to define the credit risk classification for debtors and their respective transactions, involving assumptions and Management's judgment, to represent its best estimate of the portfolio credit risk.

Due to the relevance of the loan portfolio, the use of estimates and judgment by Management in the calculation of the allowance for expected losses associated with the credit risk, we consider this matter a key audit matter.

How was the matter addressed in our audit?

Our audit procedures included, but were not limited to: (a) understanding the provisioning criteria adopted by the Bank for loan transactions; (b) understanding the design and implementation of relevant internal controls over the process related to the determination of the risk level to the debtors and their respective transactions; (c) involving specialists in the review of the internal model used; (d) analyzing the provisioning criteria for these transactions and the compliance with the parameters established by CMN Resolution No. 2,682/99, on a sampling basis; and (e) assessing the disclosures in the financial statements.

Based on the audit procedures performed, we believe that the criteria and assumptions adopted by the Bank's Management to estimate the allowances for expected credit losses associated with the credit risk are acceptable, in the context of the financial statements taken as a whole.

2. Obligations with defined post-employment benefits

The measurement of the obligations with defined post-employment benefits ("post-employment benefits") involves judgment, determination of assumptions and the use of estimates by the Bank's Management. As disclosed in notes 3.21, 4.7, 10 a) and 18 to the financial statements, these obligations arise mainly from social security, health and dental care, and life insurance benefits. The Bank hires a specialized outside consulting firm to measure the defined post-employment benefits, which also includes the definition of significant assumptions such as: discount and inflation rate, turnover and medical costs.

The measurement of the obligations with defined post-employment benefits was considered a key audit area due to its relevance in the context of the financial statements, the use of judgment by Management and the complexity of internal models.

How was the matter addressed in our audit?

Our audit procedures included, but were not limited to: (a) understanding the relevant processes involving the measurement of the obligations with defined post-employment benefits; (b) understanding and analyzing the methodology and assumptions used by the Bank; (c) involving specialists in the review of the internal models used; (d) independently recalculating, on a sampling basis, the measurement of these obligations; and (e) assessing the disclosures in the financial statements.

Based on the audit procedures performed, we consider that the criteria and assumptions adopted by the Bank's Management to measure the obligations with defined post-employment benefits are acceptable, in the context of the financial statements taken as a whole.

Other matter

Audit of the corresponding figures for the semester ended June 30, 2023 and semester and year ended December 31, 2023

The corresponding figures for the semester ended June 30, 2023 and semester and year ended December 31, 2023, presented for purposes of comparison, were audited by another independent auditor, who issued audit reports dated August 22, 2023 and March 6, 2024, respectively, with an unmodified opinion on these financial statements.

Other information accompanying the financial statements and the independent auditor's report

The Bank's Management is responsible for the other information. Such other information comprises the Management Report.

Our opinion on the financial statements does not cover the Management Report and we do not express any form of audit conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in the Management Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting practices adopted in Brazil applicable to financial institutions authorized to operate by BACEN, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Bank's ability to continue as a going concern and for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements taken as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Bank to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Bank's audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current semester and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Convenience translation

The accompanying financial statements have been translated into English for the convenience of readers outside Brazil.

São Paulo, August 27, 2024



DELOITTE TOUCHE TOHMATSU
Auditores Independentes Ltda.



Carlos Claro
Engagement Partner

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(Convenience Translation into English from the Original Previously Issued in Portuguese)

Banco de Desenvolvimento de Minas Gerais S.A. - BDMG

Balance sheet

June 30, 2024 and December 31, 2023

(In thousands of Brazilian reais - R\$)

	Notes	06/30/2024	12/31/2023
Assets			
Current		3,289,365	3,115,391
Cash and cash equivalents	5	7,150	6,899
Financial instruments		3,275,752	3,102,372
Interbank investments	5.1	1,185,724	1,105,331
Securities	6.1	346,034	240,060
Interbank onlendings	6.3	83,202	47,220
Loan and similar transactions	6.3	1,785,151	1,850,036
Other financial assets	6.4	12,281	14,968
Allowances for expected losses associated with the credit risk		(136,640)	(155,243)
Securities	6.1	(2,323)	(3,636)
Loan and similar transactions	6.3	(133,970)	(151,454)
Interbank onlendings	6.3	(347)	(153)
Other assets	8	6,463	6,120
Noncurrent		6,164,349	5,716,623
Long-term assets		6,113,775	5,669,826
Financial instruments		5,479,259	5,011,768
Interbank investments	5.1	-	54,052
Securities	6.1	1,353,086	1,070,989
Derivative financial instruments	6.2	45,580	3,634
Interbank onlendings	6.3	133,564	87,381
Loan and similar transactions	6.3	4,396,904	4,244,638
Other financial assets	6.4	150,663	147,995
Allowances for expected losses associated with the credit risk		(600,538)	(596,921)
Securities	6.1	(178,892)	(180,311)
Loan and similar transactions	6.3	(421,175)	(416,355)
Interbank onlendings	6.3	(471)	(255)
Other assets	8	25,531	25,664
Deferred tax assets	14.b	608,985	632,394
Property and equipment in use	7.a	14,814	15,175
Intangible assets	7.b	35,760	31,622
Total assets		9,453,714	8,832,014

(Convenience Translation into English from the Original Previously Issued in Portuguese)

Banco de Desenvolvimento de Minas Gerais S.A. - BDMG

Balance sheet

June 30, 2024 and December 31, 2023

(In thousands of Brazilian reais - R\$)

	Notes	06/30/2024	12/31/2023
Liabilities and equity			
Current		2,758,203	2,280,604
Financial liabilities		2,509,995	2,073,528
Deposits	9.1	476,883	283,871
Funds from acceptances and issuance of securities	9.1	1,177,195	887,305
Borrowings and onlendings	9.2	854,586	902,352
Domestic onlendings	9.2.b	503,304	604,822
Foreign borrowings	9.2.a	351,282	297,530
Derivative financial instruments		1,331	-
Provisions	10	34,149	34,188
Obligations with defined post-employment benefits	10.a	32,913	32,867
Other contingent liabilities		1,236	1,321
Other liabilities	11	214,059	172,888
Noncurrent		4,470,183	4,422,618
Long-term liabilities		4,470,183	4,422,618
Financial liabilities		3,514,414	3,403,723
Deposits	9.1	364,241	322,826
Funds from acceptances and issuance of securities	9.1	364,369	305,738
Borrowings and onlendings	9.2	2,748,931	2,592,694
Domestic onlendings	9.2.b	1,468,970	1,428,466
Foreign borrowings	9.2.a	1,279,961	1,164,228
Derivative financial instruments	6.2	36,873	182,465
Provisions	10	677,222	711,156
Obligations with defined post-employment benefits	10.a	338,652	382,748
Tax, labor and civil contingencies	10.b	332,466	322,264
Other contingent liabilities		6,104	6,144
Other liabilities	11	238,159	281,551
Deferred tax liabilities	14.c	40,388	26,188
Equity	12	2,225,328	2,128,792
Capital	12.a	2,241,462	2,218,407
Other comprehensive income	12.b	(89,601)	(134,996)
Earnings reserves	12.c	25,304	45,381
Retained earnings		48,163	-
Total liabilities		9,453,714	8,832,014

The accompanying notes are an integral part of these financial statements.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

Banco de Desenvolvimento de Minas Gerais S.A. - BDMG

Statement of income

Semesters ended June 30, 2024 and 2023

(In thousands of Brazilian reais - R\$, unless otherwise stated)

	Notes	2024	2023
		1 st semester	1 st semester
Income from financial intermediation		627,363	678,520
Loans	13.a	444,247	486,363
Gains (losses) on securities	13.b(i)	141,597	130,428
Gains (losses) on foreign exchange transactions	13.b(i)	41,519	61,729
Expenses with financial intermediation		(340,659)	(369,102)
Borrowings and onlendings	13.b(ii)	(222,678)	(275,805)
Funding transactions	13.b(ii)	(117,981)	(93,297)
Allowance for loan losses		(28,831)	(19,570)
Allowance for/reversal of loan and similar transactions		(28,421)	(19,468)
Allowance for/reversal of interbank onlendings		(410)	(102)
Gross profit from financial intermediation		257,873	289,848
Other operating income/expenses		(129,643)	(109,545)
Income from services rendered		17,620	19,005
Personnel expenses	13.c(iii)	(72,813)	(66,102)
Other administrative expenses	13.c(ii)	(35,250)	(31,138)
Tax expenses	13.c(i)	(14,943)	(15,418)
Other operating income	13.c(iv)	6,126	8,765
Other operating expenses	13.c(v)	(30,383)	(24,657)
Expenses on provisions	13.c(vi)	(31,081)	(100,976)
Tax, labor and civil		(9,225)	(76,122)
Actuarial		(21,612)	(22,867)
Other		(244)	(1,987)
Operating income (expenses)		97,149	79,327
Non-operating income (expenses)		104	4,943
Profit (loss) before income taxes and profit sharing		97,253	84,270
Income tax and social contribution	14.a	(42,381)	(50,841)
Provision for income tax		(26,827)	(25,349)
Provision for social contribution		(21,680)	(20,562)
Deferred tax asset		6,126	(4,930)
Statutory profit sharing		(4,174)	(2,245)
Profit for the semester		50,698	31,184
Basic earnings per share (R\$)	12.e	0.00068	0.00042

The accompanying notes are an integral part of these financial statements.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

Banco de Desenvolvimento de Minas Gerais S.A. - BDMG

Statement of comprehensive income

Semesters ended June 30, 2024 and 2023

(In thousands of Brazilian reais - R\$, unless otherwise stated)

		2024	2023
	Notes	1st semester	1st semester
Profit for the semester		50.698	31.184
Items to be subsequently reclassified to profit or loss		17,874	(2,216)
Available-for-sale financial assets	6.1.b	35,499	(4,402)
Tax effect on losses (gains) on financial assets		(17,625)	2,186
Items that will not be reclassified to profit or loss		27,521	(5,479)
Actuarial valuation	18.b i	50,038	(9,927)
Tax effect		(22,517)	4,448
Other comprehensive income		45,395	(7,695)
Comprehensive income for the semester		96,093	23,489

The accompanying notes are an integral part of these financial statements.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

Banco de Desenvolvimento de Minas Gerais S.A. - BDMG

Statement of changes in equity

Semesters ended June 30, 2024 and 2023

(In thousands of Brazilian reais - R\$, except interest on capital per share)

	Earnings reserve			Other comprehensive income		Retained earnings	Total
	Capital	Legal	Other	Valuation adjustments to equity - Securities	Other valuation adjustments - benefits		
Balance as at December 31, 2022	2,218,407	17,895	67,420	(5,737)	(113,744)	-	2,184,241
Capital increase	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	(2,216)	(5,479)	-	(7,695)
Valuation adjustments to equity	-	-	-	(4,402)	(9,927)	-	(14,329)
Tax effect on other comprehensive income	-	-	-	2,186	4,448	-	6,634
Profit for the period	-	-	-	-	-	31,184	31,184
Reserves (note 12.c)	-	1,559	-	-	-	(1,559)	-
Interest on capital and dividends	-	-	(67,420)	-	-	-	(67,420)
Balance as at June 30, 2023	2,218,407	19,454	-	(7,953)	(119,223)	29,625	2,140,310
Balance as at December 31, 2023	2,218,407	22,769	22,612	(7,824)	(127,172)	-	2,128,792
Capital increase (note 12.a)	23,055	-	(22,612)	-	-	-	443
Other comprehensive income	-	-	-	17,874	27,521	-	45,395
Valuation adjustments to equity	-	-	-	35,499	50,038	-	85,537
Tax effect on other comprehensive income	-	-	-	(17,625)	(22,517)	-	(40,142)
Profit for the period	-	-	-	-	-	50,698	50,698
Legal reserve	-	2,535	-	-	-	(2,535)	-
Interest on capital and dividends	-	-	-	-	-	-	-
Balance as at June 30, 2024	2,241,462	25,304	-	10,050	(99,651)	48,163	2,225,328

The accompanying notes are an integral part of these financial statements.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

Desenvolvimento de Minas Gerais S.A. - BDMG

Statement of cash flows

Semesters ended June 30, 2024 and 2023

(In thousands of Brazilian reais - R\$)

	2024	2023
	1st semester	1st semester
Cash flows from operating activities		
Profit before taxes and profit sharing	97,253	84,270
Adjustments for:		
Depreciation and amortization	3,969	5,574
Recognition of provisions and net liabilities	28,324	99,167
Recognition of allowance for loan losses, net of reversals	28,831	19,570
Recognition (reversal) of allowance for losses	(2,069)	25,205
Allocation of deferred revenue	(9,172)	(10,020)
Exchange gains and losses, net	197,068	(104,944)
Recovery of loan transactions written off against losses	(8,597)	(24,008)
Mark-to-market of derivative instruments and hedged item	(161,980)	194,945
Loss on available-for-sale financial assets	(44,423)	(50,024)
Loss on held-to-maturity financial assets	(32,461)	(23,000)
Income from court rulings	(26)	(435)
Adjusted profit	96,716	216,300
Changes in operating assets and liabilities	435,095	23,080
Interbank investments	131,825	(80,693)
Interbank accounts	(82,165)	(34,044)
Derivative financial instruments	(50,818)	(86,001)
Loan and lease transactions	(115,749)	257,336
Other receivables	3,845	30,513
Tax credit	(1)	-
Other assets	(208)	4,851
Deposits	234,428	216,218
Repurchase transactions	89,170	-
Financial bills	259,351	(8,706)
Foreign borrowings	(9,836)	(31,145)
Onlendings	(61,014)	(234,180)
Other liabilities	51,426	2,305
Provisions	(15,156)	(13,374)
Cash generated by (used in) operations	531,812	239,380
Income tax and social contribution paid	(23,647)	(22,025)
Net cash generated by (used in) operating activities	508,164	217,355
Cash flows from investing activities		
Acquisition of permanent asset	(7,746)	(8,215)
Acquisition of available-for-sale financial assets	(102,091)	(100,243)
Receipt of available-for-sale financial assets	5,756	168,313
Acquisition of held-to-maturity financial assets	(302,271)	(134,730)
Receipt of held-to-maturity financial assets	122,087	108,862
Net cash generated by (used in) investing activities	(284,265)	33,987
Cash flows from financing activities		
Capital increase (note 12.a.ii)	444	-
Interest on capital paid (note 11)	(69,915)	(67,221)
Net cash generated by (used in) financing activities	(69,472)	(67,221)
Increase (decrease) in cash and cash equivalents, net	154,428	184,121
Cash and cash equivalents at the beginning of the period	1,021,168	968,178
Exchange gains (losses) on cash	3,988	(880)
Cash and cash equivalents at the end of the period	1,179,584	1,151,419
Non-monetary transactions		
Capital increase with special earnings reserve	22,612	-
Credit of interest on capital to shareholders	-	67,420

The accompanying notes are an integral part of these financial statements.

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Notes to the financial statements

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(In thousands of Brazilian reais – R\$, unless otherwise stated)

1. Operating Context

Banco de Desenvolvimento de Minas Gerais S.A. - BDMG (herein referred to as “BDMG” or “Bank”), a closely held corporation, is a state-owned company controlled by the State of Minas Gerais, which holds 99.19% of its capital and was established in conformity with article 13 of the Transitional Constitutional Provisions Act of the State Constitution, enacted on September 21, 1989, and as prescribed by Law No. 10.092/1989.

BDMG's activities are performed in accordance with article 173 of the Brazilian Constitution, also considering the provisions of Law No. 13.303/2016 and State Decree No. 47.154/2017, which regulates such Law. BDMG is engaged in promoting the economic and social and environmental development of the State of Minas Gerais, through the performance of banking activities and provision of services related to its institutional purposes, mainly the following:

- Activities specific to development banks pursuant to prevailing laws and regulations;
- As determined by the State of Minas Gerais, manage resources from the programs and projects targeted at the State social and economic development;
- Provide advisory, consulting, technical support, administration and management services involving activities related to its area of operation, the Public Administration and private entities;
- Provide privatization project structuring services relating to assets owned by the State of Minas Gerais or other Public Administration agencies and bodies;
- Provide technical services for projects that promote the social and economic development in concessions, permits, authorizations, public-private partnerships and other types of partnership or disposal of assets;
- Manage third-party assets, including through public or private funds in conformity with the respective applicable standards;
- Provide custody and settlement services regarding the financial transactions of the Public Administration agencies and bodies;
- Carry out, as an entity comprising the National Financial System, transactions in the financial or capital market, in conformity with the standards and guidelines of the National Council and the Central Bank of Brazil;
- Perform activities supplementary to those of development banks, such as insurance intermediation, in order to promote the business protection culture;
- Boost the development of initiatives and investments that promote social and environmental sustainability and climate risk mitigation; and
- Foster scientific, technological, economic and social research and support and promote social and environmental and cultural activities, either directly or in partnership with other entities.

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The Bank has no branches and its head office is located at Rua da Bahia, 1.600, CEP 30160-907, in Belo Horizonte, Minas Gerais.

2. Presentation of the individual financial statements

These individual financial statements have been prepared in accordance with accounting practices adopted in Brazil, which consider the accounting guidelines set forth in Law No. 6.404/1976 and the amendments introduced by Law No. 11.638/2007 and Law No. 11.941/2009 and the regulation issued by the National Monetary Council (CMN) and the Central Bank of Brazil (Bacen), disclosing all significant information specific to the individual financial statements which are consistent with that used by Management in the Bank's management.

In accordance with BCB Resolution No. 2/2020, the balance sheet line items are presented by order of liquidity and payment of its balances as at June 30, 2024, when compared to those at the end of the immediately preceding year.

The following pronouncements related to the international accounting convergence process issued by the Accounting Pronouncements Committee (CPC) and already approved by the CMN/Bacen are considered in the preparation of these financial statements, when applicable:

- CPC 00 (R2) - Conceptual Framework for Financial Reporting - CMN Resolution No. 4.924/2021
- CPC 01 (R1) - Impairment of Assets - CMN Resolution No. 4.924/2021
- CPC 03 (R2) - Statement of Cash Flows – CMN Resolution No. 4.818/2020
- CPC 04 (R1) - Intangible Assets - CMN Resolution No. 4.534/2016
- CPC 05 (R1) - Related-Party Disclosures - CMN Resolution No.4.818/2020
- CPC 23 - Accounting Policies, Changes in Accounting Estimates and Errors - CMN Resolution No. 4.924/2021
- CPC 24 – Events After the Reporting Period - CMN Resolution No. 4.818/2020
- CPC 25 - Provisions, Contingent Liabilities and Contingent Assets - CMN Resolution No. 3.823/2012
- CPC 27 – Property, Plant and Equipment – CMN Resolution No. 4.535/2016
- CPC 33 (R1) - Employee Benefits - CMN Resolution No. 4.877/2020
- CPC 41 - Earnings per Share - CMN Resolution No. 4.818/2020
- CPC 46 - Fair Value Measurement - CMN Resolution No. 4.924/2021
- CPC 47 – Revenue from Contracts with Customers - CMN Resolution No. 4.924/2021

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Management states that these financial statements disclose all significant information used in the Bank's management, are based on accounting practices applied in accordance with the prevailing standards and confirm that the Bank has capacity to continue as a going concern and that its resources are sufficient for the future continuity of its business.

Also, Management states that it is not aware of any uncertainty that may cast doubts as to the Bank's ability to continue as a going concern in the foreseeable future.

BDMG adopts information security practices to guarantee the confidentiality, integrity, availability and authenticity of the information necessary for the maintenance of its business. The Bank's accounting is automated by the several operating systems integrated with the accounting system and, for those transactions not automated, manual entries are made. Third-party systems necessary for the performance and control of supplementary activities are also used.

The Bank's Board of Directors approved the disclosure of these financial statements on August 27, 2024.

New standards that will come into effect in the future affecting the Bank

CMN Resolution No. 4.966/2021, and the amendments thereto introduced by CMN Resolution No. 5.100/2023, establishes the accounting concepts and criteria applicable to financial instruments, as well as for the designation and recognition of hedge relationships (hedge accounting), standardizing COSIF accounting criteria with the requirements of the international standard IFRS 9 beginning January 1, 2025. The main changes include the classification of financial instruments, recognition of interest in case of default, calculation of the effective contractual rate, write-off against loss and recognition of the allowance and classification of credit-impaired transactions. Law No. 14.467/2022 changed the accounting treatment applicable to losses incurred upon receipt of receivables arising from the activities of the financial and other institutions authorized to operate by the BACEN. Such law will come into effect beginning January 1, 2025.

The adoption of CMN Resolution No. 4.966/2021, Law No. 14.467/2022 and other related regulations, in particular BCB Resolution No. 352/2023 and the amendments thereto, which provide for the rewording of the group of COSIF accounts, are set out the Bank's Implementation Plan, which is working to adjust these regulations, as well as to assess the estimated impacts on the results of operations and financial condition that must be disclosed in the notes to the financial statements as at December 31, 2024.

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3. Material accounting policies

The accounting practices adopted by the Bank are consistently applied to determine the data disclosed in these financial statements.

3.1. Functional and presentation currency

a) Functional and presentation currency

These financial statements are presented in thousands of Brazilian reais (R\$), which is the Bank's functional and presentation currency.

b) Foreign currencies

Foreign currency-denominated transactions are translated into the functional currency at the exchange rates disclosed by the Central Bank, effective on the transaction dates and at the end of each month, for purposes of their adjustment.

Exchange gains and losses resulting from the settlement of such transactions and the translation, at the exchange rate at the end of the period, of monetary assets and monetary liabilities denominated in foreign currencies are recognized in the statement of income.

The balances of assets and liabilities arising on foreign currency-denominated transactions are translated into the domestic currency (R\$) using the selling exchange rates prevailing on the following dates:

- June 28, 2024: US\$1.00 = R\$5.5589 and €1.00 = R\$5.9547
- December 29, 2023: US\$1.00 = R\$4.8413 and €1.00 = R\$5.3516.

3.2. Income and expense recognition

Income and expenses for the period is determined on the accrual basis, adjusted by the attributable portions of income tax and social contribution on taxable income and, when applicable, deferred income tax and social contribution that will be recovered or payable in the future, except in relation to the gain on renegotiated loan transactions, which is recognized on cash basis, as prescribed by CMN Resolution No. 2.682/1999.

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3.3. Statement of comprehensive income

Comprehensive income is comprised of the amount of profit or loss determined in the period plus variations recorded in assets or liabilities as a contra entry to equity, which may affect future results or not.

3.4. Non-recurring profit or loss

As defined by BCB Resolution No. 2/2020, non-recurring profit or loss comprise profit or loss not related or solely incidentally related to the Bank's regular activities, which are not expected to frequently occur in future periods. The information on recurring and non-recurring profit or loss is included in note 12.f.

3.5. Statement of cash flows

The indirect method is used in the statement of cash flow, according to which profit or loss is adjusted by the effects of:

- Non-cash transactions;
- Deferral or recognition on accrual basis of past or future operating income or expenses; and,
- Income or expense items associated with the cash flows from investing or financing activities.

For purposes of the statement of cash flows, cash and cash equivalents correspond to the balances of cash and interbank investments immediately convertible or with original terms equal to or lower than three months from the acquisition date.

3.6. Current and noncurrent assets

The classification into current and noncurrent follows the prevailing law, which establishes that the assets realizable within up to twelve months after the balance sheet date must be recorded in current.

Securities classified as trading securities presented in current assets, as they are acquired to be frequently and actively traded, and tax credits presented in noncurrent assets, as defined by BCB Resolution No. 02/2020, correspond to exceptions to this rule.

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3.7. Measurement of assets and liabilities

Financial assets and liabilities are stated at amortized cost due to the adoption of the accrual basis of accounting upon recognition of the respective interest income and interest expenses.

Interbank investments are stated at amortized cost, plus income earned through the balance sheet dates.

Contingent liabilities, which disbursement date is uncertain, are measured at present value as they are initially recognized at the estimated loss amount of the lawsuit and adjusted on a monthly basis.

In conformity with CMN Resolution No. 4.924/2021, which preceded technical pronouncement CPC 46 – Fair Value Measurement, financial assets and liabilities measured at fair value after initial recognition are classified at hierarchical levels 1 to 3, according to the materiality of the data observed in the fair value measurement process.

The fair value of financial instruments, as well as the fair value hierarchy are included in note 16.

3.8. Cash and cash equivalents

Cash and cash equivalents correspond to the balances of cash and interbank investments immediately convertible or with original terms equal to or lower than three months from the acquisition date (note 5).

3.9. Interbank investments

Repurchase transactions carried out in reliance upon high liquidity agreement are adjusted by market value. Other assets are stated at acquisition cost, plus income earned through the balance sheet date, less an allowance for impairment, when applicable (note 5.1).

3.10. Securities

In conformity with Bacen Circular Letter No. 3.068/2001 and additional regulation, securities in the Bank's portfolio, according to Management's trading intention, are classified in the categories below that satisfy the accounting criteria established by the Circular Letter (note 6.1):

- (a) Trading securities: include securities acquired for the purpose of being frequently and actively traded, stated at market value, and realized or unrealized gains and losses are directly recognized in profit or loss for the period (note 6.1 (a)).

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- (b) Available-for-sale securities: include securities used as part of the cash flow management strategy. These securities are accounted for at market value, and the related intrinsic income (security curve) is recognized in profit or loss for the period and any unrealized gains and losses arising from changes in the market value are recognized as valuation adjustments to equity in equity, net of the corresponding tax effects. Realized gains and losses are recognized in profit or loss for the period upon specific identification on the trade date, as a contra entry to equity, net of the corresponding tax effects. This category also includes investment fund units which, as they are not traded in an active market, are stated at acquisition amounts, plus appreciation or depreciation based on the changes in the book value of these funds, according to instructions in the respective statements (note 6.1(b)).
- (c) Held-to-maturity securities: include securities for which Management has the intent and the financial capacity to hold them to maturity, which are stated at acquisition cost, plus intrinsic income recognized in profit or loss for the period. The financial capacity is defined based on cash flow projections which disregard the possibility of early redemption of these securities (note 6.1(c)).

Management establishes guidelines for the classification of securities among the categories set out in Bacen Circular Letter No. 3.068/2001. The classification of the portfolio securities, as well as of those acquired in the period, is assessed according to these guidelines. As established in said Circular Letter, the classification of securities can only be revalued at the balance sheet date and the transfer from “held-to-maturity” to the other categories can only be made due to standalone, unusual, non-recurring and unexpected reason occurring after their classification date (note 6.1).

The income earned on securities, regardless of the category in which they are classified, are calculated on a pro rata basis, based on the index variation and the interest rates agreed through the maturity or final sales date of the security, and is recognized directly in profit or loss for the period.

Losses on as available-for-sale and held-to-maturity securities without nature of temporary losses are directly recognized in profit or loss for the period and start to comprise the asset’s new cost base.

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3.11. Derivative financial instruments

Under Bacen Circular Letter No. 3.082/2002 and subsequent regulations, derivative financial instruments are classified for hedge purposes or not, according to Management's intention.

BDMG operates with derivative financial instruments using swaps to fully or partially mitigate the risks arising from the fluctuation of the foreign currency amounts and interest rates levied on the proceeds from foreign financing.

As informed in note 6.2, derivatives are stated at fair value and accounted for as assets when positive and as liabilities when negative and, due to their nature, they are classified as market risk hedge. The fair value appreciation or depreciation of financial instruments so classified and related hedged items is recognized in profit or loss for the period.

The risk of derivative financial instrument transactions are managed and monitored in accordance with the Bank's policies and strategies.

3.12. Loan portfolio and allowance for losses associated with the credit risk

Loan transactions and the related loans are classified into nine risk levels: AA (minimum risk) and H (maximum risk) and recorded at the realizable values, including, when applicable, income earned on a pro rata basis, based on the index variation and interest rate agreed. As prescribed by article 9 of CMN Resolution No. 2.682/1999, income from transactions past due up to the 59th day is recognized in profit or loss for the period and, as from the 60th day, it ceases to be recognized and is only recognized in profit or loss upon actual receipt of installments. This Resolution also allows the double counting on the delay periods defined for the nine risk levels for transactions with maturities above 36 months.

Renegotiated operations are maintained at least at the same risk level in which they were classified prior to the renegotiation. However, in case of new relevant facts and significant amortization that justify the risk level change, the renegotiated transaction is reclassified to the lower risk category.

Transactions past due for more than 180 days and classified at level H, after six months in this risk level, are written off against the existing allowance and controlled during in memorandum accounts and, when renegotiated, these transactions return to the balance sheet line items classified at level H.

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The decrease of the asset with the allowance for expected losses associated with the credit risk is based on the analysis of the outstanding balance of the transactions, the collateral amounts, the history of losses and the portfolio risks, according to the criteria set out in CMN Resolution No. 2.682/1999 to classify the customer and transaction credit risk (note 6.3).

3.13. Assignment of credit

The accounting practices established by the Central Bank of Brazil, prior to the enactment of CMN Resolution No. 3.533/2008, determined that the credits assigned to other financial institutions and funds, with or without co-obligation, must be written off against the portfolio upon sale, with the immediate recognition of the gain in profit or loss, and maintenance of the transactions assigned with co-obligation in memorandum accounts. The Bank records in memorandum accounts loan transactions assigned without co-obligation before the enactment of CMN Resolution No. 3.533/2008, for which it recognized a contingent allowance for expected losses (note 6.3.h).

CMN Resolution No. 3.533/2008, which changed the method of recognition of credit assignment transactions as from January 1, 2012 is effective, establishing procedures for the classification and disclosure of the sale or transfer of financial assets. Pursuant to this regulation, the maintenance or write-off of the financial asset is related to the substantial retention of the transaction risks and rewards.

CMN Resolution No. 2.836/2001, which authorizes the assignment of credits arising from loans and financing to entities not comprising the National Financial System, provided that these assignments are made in cash, without co-obligation of the assignor, which has no permission to repurchase the credits assigned, is also effective.

3.14. Other financial assets

These assets are stated at realizable values including, when applicable, income earned on a pro rata basis less, when necessary, corresponding unearned income or allowances (note 6.4).

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3.15. Other assets

Other assets comprises assets not for use and prepaid expenses.

Assets not for use derive from assets arising from payment in kind or enforcement of collateral on defaulting transactions. Upon receipt, these are recognized at the lower of their carrying amount or valuation amount. Assets are annually adjusted at fair value considered the lower of the valuation in the year and the amount recorded. For assets for sale in auction in the year, the fair value is determined by the lower of the amount recorded after the asset last valuation and the amount offered at the auction (note 8 (i)).

Prepaid expenses recorded as other assets refer mainly to disbursements incurred with fees and commissions on borrowings and issuance of securities abroad recognized in profit or loss, in accordance with Resolution No. 4.924/2021 when the performance obligation is met (note 8 (ii)).

3.16. Current and deferred tax assets and liabilities

These tax assets and liabilities are recorded in accordance with CMN Resolution No. 4.842/2020. Current tax assets are taxes over which the Bank is legally entitled to future compensation or refund and deferred tax assets or tax credits are tax assets arising from temporary tax differences and tax losses. Current tax liabilities refer to taxes due related to the current period and prior periods and deferred tax liabilities to the tax on the income due in a future period related to taxable temporary differences.

3.17. Property and equipment in use and intangible assets

Assets comprising property and equipment in use and intangible assets are stated at acquisition cost, net of the respective depreciation and amortization and adjusted by impairment, when there is proven evidence that these assets are impaired (note 7).

Depreciation and amortization are recorded on a straight-line basis in allowances and adjustments to equity and gains and losses on disposals, determined by comparing the profit or loss with its carrying amount, are recognized as non-operating income or expenses in the income statement.

3.18. Current and noncurrent liabilities

Stated at known or estimated values plus, when applicable, charges on a pro rata basis, less unrecognized expenses.

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Deposits, funding, foreign borrowings and domestic onlendings

Deposits, funding, foreign borrowings and domestic financing are stated at the original amounts (amortized cost) and include adjusted charges payable, when applicable.

For foreign borrowings, which interest rate and foreign currency fluctuation risk is assumed by the Bank, derivative financial instruments, such as swaps, are contracted for hedge purposes to swap foreign currencies to Brazilian real and floating or fixed rates to post-fixed or fixed rates.

The terms and conditions of the borrowing and associated derivative represent a tie-in transaction so that economically a debt in Brazilian reais subject to fixed or post-fixed interest results from the transaction. For those cases, the debt is measured at fair value through profit or loss to eliminate the accounting mismatch between the borrowing and the associated derivative instrument.

3.19. Contingent assets and liabilities – tax, labor and civil

Contingent liabilities: stated at known and estimated amounts, plus charges, when applicable. These are measured, recognized and disclosed as prescribed by CMN Resolution No. 3.823, of 12/16/2009, which approves technical pronouncement CPC 25 - Provisions, Contingent Liabilities and Contingent Assets, issued by the Accounting Pronouncements Committee (CPC).

Contingent assets: not recognized in the accounting books, except when Management fully controls the situation or when there are collaterals or final and unappealable favorable court decisions, which qualify the favorable outcome as virtually certain and based on the confirmation of its recovery capacity through receipt or offset against other payable.

3.20. Current and deferred income tax and social contribution

The provision for income tax is recognized at a 15% rate on taxable income, plus a 10% surtax, the same criterion prevailing in 2022; and the provision for social contribution on adjusted profit (CSLL) is 20%.

BDMG's tax credits derive from temporary differences related to additions to the tax base of expenses not temporarily accepted as deductible and are recognized at the rates to be applied upon their realization, as follows:

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- (i) Income tax: 15% on taxable income plus a 10% surtax;
- (ii) Social contribution: 20% on taxable income.

Tax credits are also recognized on income tax loss (25%) and social contribution loss (20%), when applicable.

Income tax and social contribution credits are reviewed at every balance sheet date and recognized on temporary additions and deductions, in accordance with prevailing laws on their recognition date. These credits will be realized upon effective utilization and/or reversal of the amounts on which they were recognized.

Tax credits on income tax and social contribution losses are realized based on taxable income generation, subject to the limit of 30% of taxable income for the base period.

Deferred tax assets and liabilities are recognized by applying the effective tax rates on their respective tax bases. The criteria established by CMN Resolution No. 4.842/2020, supported by a realization capacity study, are observed for the recognition, maintenance and write-off of deferred tax assets. The tax credit arising from income tax and social contribution losses is only recognized if there is sufficient future taxable income for their offset.

3.21. Employee benefits

The Bank offers to its active and assisted employees the following benefits:

- (i) Social security benefits: supplement the employees' retirement guaranteed by the General Social Security Regime (RGPS). BDMG sponsors social security plans as follows: defined benefit (closed for new adhesions on November 11, 2011) and defined contribution (on November 1, 2023, the BDMG CV Social Security Benefit Plan was changed to BDMG CD Social Security Benefit Plan, as shown in note 18 a) i).
- (ii) Health and dental care benefit: this plan covers health and dental expenses for participants. This benefit, offered upon partial payment of the monthly contribution by the Bank, is assured to active employees, retired employees who were already inactive on February 22, 2018, as well as employees who retired under the Voluntary Dismissal Program, which adhesion period ended on April 30, 2018. For other employees, the plan is guaranteed by the Bank while they remain as active participants and, upon self-sponsorship, after they retire according to the conditions established in the PRÓ-SAÚDE Regulation.

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- (iii) Life insurance: this benefit, sponsored by the Bank upon payment of part of the premium of the Group Life Insurance policy, is offered as from February 22, 2018 to active and assisted employees who were already entitled to the benefit on that date. Active employees can, when become assisted, remain linked to the plan, and bear the total contribution due.
- (iv) Other benefits: the Bank also offers to its active employees other benefits related to profit sharing, maternity leave extended for sixty days and paternity leave extended for fifteen days.

All benefits offered by the Bank, including those offered to active employees and that do not constitute post-employment benefits: profit sharing and extension of maternity and paternity leaves, are accounted for pursuant to CPC 33 (R1) – Employee Benefits, introduced by CMN Resolution No. 4.877/2020.

Benefits are recorded in accordance with the aforesaid Resolution, which requires the performance of an actuarial study to support these accounting entries. The actuarial study used by the Bank is conducted semiannually as at December 31 and June 30. The real rates used to discount at present value the post-employment benefit obligations are determined by the interpolation of the rates indicating the IMA-B index, published by ANBIMA, considering the maturity durations of NTN-B bonds comprising such index and based on the duration determined of the actuarial obligations of each post-employment benefit plan.

The information of the accounting for employee benefits is detailed in note 18.

3.22. Employee profit sharing

Defined in collective bargaining agreement, provisioned based on a percentage rate of the monthly profit and adjusted at the end of the year after determination of profit for the year.

3.23. Capital

The Bank's capital, recorded in equity, is represented by registered common shares, without par value (note 12(a)).

3.24. Interest on capital

BDMG's bylaws establishes the payment of mandatory minimum dividends corresponding to 1% of profit for the year adjusted as prescribed by the law.

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3.25. Earnings per share

BDMG's capital is exclusively comprised of common shares held by the shareholders, whose interests cannot be diluted as the Bank does not operate with products or any related instruments convertible into shares.

Accordingly, the earnings disclosed in the Bank's financial statements is the basic earnings per share, calculated by dividing profit and the total number of common shares. Information on earnings per share is disclosed in note 12 (e).

3.26. Income and expenses

Recognized on accrual basis in profit or loss for the related periods, except part of income related to loan transactions, as shown in note 3.12.

3.27. Related parties

The disclosure in notes to the financial statements about related parties complies with CMN Resolution No. 4.818/2020, which establishes the disclosure of transactions between the Bank and its related parties that affected the financial condition and profit and loss.

The legal entities and individuals considered as the Bank's related parties are described in BDMG Resolution No. 209-B/2019, which addresses the Related-Party Transaction Policy. Those with which the Bank carried out transactions in the period are shown in note 15.

4. Adoption of judgments and accounting estimates with significant effects

The preparation of the financial statements requires Management to use of judgments and estimates that impact the accounting balances of assets and liabilities held by the Bank. The estimates and judgments adopted by BDMG derive from the subjectivity and uncertainties involving certain classes of assets and liabilities.

On the other hand, the Bank has internal rules or technical notes that establish criteria for the application of accounting policies that can involve or note the use of judgments and estimates to calculate the amounts to be recorded.

The judgments and estimates are reviewed on ongoing basis, as it is necessary to consider, in addition to the practice established, the factors assessed as likely to occur upon the preparation of the financial statements.

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The use of more significant estimates and judgments is necessary mainly as regards:

4.1. Fair value of financial instruments

In estimating the fair value, the following assumptions are considered: historical database, information on similar transactions, discount rate and estimated future cash flows.

The main judgments applied in calculating the fair value of financial instruments arise from the need to determine the variables to be used for the fair value calculation of financial instruments that are not traded in active or without illiquid markets. The variables of these models derive from data observable in the market, whenever available. If there is no sufficient information to apply the aforementioned criteria, other technical parameters and judgments approved by Management are adopted.

Note 16 contains information on the fair value of certain financial instruments.

4.2. Impairment of non-financial assets

Non-financial assets held for sale, accounted for in accordance with CMN Resolution No. 4.747/2019, are technically assessed to verify the feasibility of recovering their carrying amount. The assessments consider estimates defined according to the conditions that affect the asset when carried out. The Bank recognizes an allowance for loss when the assessment of the asset is lower than the amount recorded, and the recognized loss may be reversed due to future assessments.

The condition in which the amount offered at the auction for the sale of the asset is lower than its carrying amount is accepted as evidence of loss of the carrying amount of an asset.

4.3. Allowance for expected losses associated with the credit risk

The Bank's Management exercises judgments and applies certain assumptions to measure the expected losses associated with the credit risk.

The allowances related to expected losses on the loan portfolio comply with the provisions set out in CMN Resolution No. 2.682/1999, as set forth in note 6.3. The assessment of expected losses on the portfolio is made based on a model that involves several estimates and judgments since they consider the characteristics of the loan and quality of the customer, the payment history and the existing collaterals, which may lead to a reduction in the estimated amount of receipt of future cash flows.

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Management's judgments are made mainly in relation to factors considered in the model that, due to internal and external information, show the possibility of losses during the life of the transaction.

However, the use of different judgments and assumptions may result in an allowance amount different from the amount determined by the model.

4.4. Fair value of derivative financial instruments

The Bank's derivative financial instruments are recorded at their fair value, which is established based on active market quotations, when available, and, in the absence of a quotation, is calculated using valuation techniques that are based on assumptions that consider judgments established on the basis of information and market conditions existing at the balance sheet date.

The judgments made derive mainly from the volatility of the foreign exchange markets that can cause significant changes in the future rates of foreign currencies in very short periods of time, which can result in significant variations in the fair value of swaps.

The methodologies adopted are considered appropriate and consistent with market conditions, but when assumptions with judgments and assumptions are taken into account, the results obtained may vary in relation to those resulting from the application of other methodologies that use different assumptions in the fair value determination.

4.5. Deferred tax asset

The Bank has tax credits recorded in assets resulting mainly from temporary differences and for which there is expected realization based on projected future taxable income.

The expected future generation of taxable income is based on technical studies to forecast results that require judgments by Management and also involves the use of estimated calculations that take into account current and future expectations regarding the Bank's business growth and performance.

4.6. Provisions for tax, civil and labor risks

The Bank has contingent liabilities and related provisions, arising from legal and administrative proceedings related to lawsuits subject to tax, civil and labor risks.

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Obligations are recognized according to the opinion of the legal counsel who classify the lawsuits in terms of the likelihood of loss.

For obligations legally assessed as "probable loss", provisions are recognized whose amounts are quantified using criteria that allow them to be measured despite the inherent uncertainties as regards terms, settlement amounts and likelihood of loss.

For judgment purposes, Management considers the possibility of changes in estimates used for the amounts provisioned due to changes in the conclusion of proceedings and the possibility of future disbursement due to decisions in higher courts and/or government incentive programs for the payment of debts under favorable conditions that may lead to a disbursement lower than the amount provisioned.

The Bank's contingencies are described in note 10.b.

4.7. Obligations with post-employment benefits

The defined benefit plan, healthcare plan and life insurance sponsored by the Bank generate obligations whose amounts are obtained by actuarial calculations that consider various assumptions and that are partially based on current market conditions.

In measuring the actuarial liability of these plans, Management uses judgments to determine the assumptions to be used.

4.8. Provisions for credit commitments and tendering of collaterals

In order to support losses arising from any need to honor obligations arising from the tendering of collaterals of contracts and credit commitments not recorded in the balance sheet, the Bank establishes an allowance for expected losses, and this amount is recognized as a liability as a contra entry to profit or loss for the period. For the calculation of the estimated amount for the expected losses, the same parameters compatible with those used for the calculation of the expected loss in the customer loan portfolio are used.

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5. Cash and cash equivalents

Breakdown of cash and cash equivalents

	<u>06/30/2024</u>	<u>12/31/2023</u>
Cash	178	166
Cash in foreign currency	6,972	6,733
Interbank investments (i)	<u>1,172,434</u>	<u>1,014,269</u>
	<u>1,179,584</u>	<u>1,021,168</u>

(i) Investments usually made with a repurchase commitment for the next day. Interbank investments considered as cash equivalents are repurchase transactions maturing within 90 days.

5.1. Interbank investments

	<u>06/30/2024</u>	<u>12/31/2023</u>
Investments in repurchase transactions (own portfolio):	<u>1,172,434</u>	1,014,269
Financial Treasury Bills	<u>200,046</u>	-
National Treasury Notes	<u>972,388</u>	810,259
National Treasury Bills	-	204,010
Investments in interbank deposits, net of allowance (i)	<u>13,290</u>	145,114
	<u>1,185,724</u>	<u>1,159,383</u>
Current	<u>1,185,724</u>	1,105,331
Noncurrent	-	54,052

(i) Investments in interbank deposits refer to deposits to cover a clause contained in derivative contracts.

Maturities of interbank investments:

	<u>Past due</u>	<u>Up to 30 days</u>	<u>31 to 60 days</u>	<u>91 to 180 days</u>	<u>181 to 360 days</u>	<u>Over 360 days</u>	<u>Total</u>
National Treasury Notes	-	200,046	-	-	-	-	200,046
National Treasury Bills	-	972,388	-	-	-	-	972,388
Interbank deposits	1,107	-	-	19	13,271	-	14,397
Allowance for losses	(1,107)	-	-	-	-	-	(1,107)
Balance as at 06/30/2024	<u>-</u>	<u>1,172,434</u>	<u>-</u>	<u>19</u>	<u>13,271</u>	<u>-</u>	<u>1,185,724</u>
							<u>4</u>
Balance as at 12/31/2023	-	1,014,269	-	20,009	71,053	54,052	1,159,383
							<u>3</u>

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6. Financial instruments

6.1. Securities

Portfolio breakdown

	06/30/2024			12/31/2023		
	Number	Curve value	Market value	Number	Curve value	Market value
Available-for-sale securities (b)		1,064,464	1,084,423		924,536	908,997
Government securities	75,402	796,277	794,942	51,840	661,245	661,173
Financial Treasury Bill (LFT)	44,250	662,193	662,542	44,250	628,974	628,853
LFT (free)	41,476	620,565	620,921	40,293	572,553	572,503
LFT (linked to capital increase)	1,568	23,530	23,526	-	-	-
LFT (linked to tendering of collateral)	1,206	18,098	18,095	3,957	56,421	56,350
NTN-B (free)	31,152	134,084	132,400	7,590	32,271	32,320
Private securities		268,187	289,481		263,291	247,824
Investment fund units	131,380,154	172,303	172,303	130,684,614	167,407	167,407
Variable-income securities	4,045,835	95,884	117,178	4,045,835	95,884	80,417
Held-to-maturity securities (c)		614,697	614,697		402,052	402,052
Private securities		614,697	614,697		402,052	402,052
Debentures	87,144	137,239	137,239	67,144	109,509	109,509
Free	40,301	55,402	55,402	67,144	109,509	109,509
Linked to repurchase commitment	46,843	81,837	81,837	-	-	-
Certificates of Agribusiness Receivables (CRA)	30,157	10,308	10,308	30,157	15,494	15,494
Free	-	-	-	30,157	15,494	15,494
Linked to repurchase commitment	30,157	10,308	10,308	-	-	-
Certificate of Real Estate Receivables (CRI)	105,000	102,442	102,442	85,000	85,688	85,688
Investments in Commodities - CPR	-	364,708	364,708	-	191,361	191,361
	-	1,679,161	1,699,120	-	1,326,588	1,311,049
Current			346,034			240,060
Noncurrent			1,353,086			1,070,989

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Provisions for securities

	<u>06/30/2024</u>	<u>12/31/2023</u>
Available-for-sale securities	(56,198)	(57,028)
Allowance for losses on variable-income securities (1)	(56,198)	(57,028)
Held-to-maturity securities	(125,017)	(126,919)
Provision for credit risk on debentures (2)	(117,304)	(109,509)
Provision for credit risk on CPR (2)	(2,195)	(599)
Provision for credit risk on CRI (2)	(5,518)	(16,811)
	(181,215)	(183,947)
Current	(2,323)	(3,636)
Noncurrent	(178,892)	(180,311)

(1) The provision of variable-income securities arises from a stake in a company whose implementation work is suspended.

(2) Held-to-maturity securities, acquired for the purpose of credit and not for financial investment are provisioned considering, under the terms of CMN Resolution No. 2.682/1999, the credit risk of the issuer.

a) Trading securities

BDMG does not have on June 30, 2024 and did not have on December 31, 2023, securities classified in this category.

b) Available-for-sale securities

Securities that can be sold at any time in response to the need for liquidity or changes in market conditions are classified in this category. Government securities that make up the portfolio are recognized at market value, and any unrealized gains and losses resulting from the adjustments to their amounts accounted for at market value are recorded, net of applicable taxes, in a specific line item in equity; and, when realized, they are recognized in profit or loss, on the trading date, as a contra entry to that specific line item.

The mark-to-market of these securities is carried out considering quotations published by the Brazilian Association of Financial and Capital Market Entities (ANBIMA) for the secondary market of these securities.

Variations in valuation adjustments to equity of available-for-sale securities

	<u>Unrealized gains (losses)</u>	<u>Tax effects</u>	<u>Adjustment to market value</u>
Balance as at 12/31/2023	(15,539)	7,715	(7,824)
Adjustment in the period	35,499	(17,625)	17,874
Balance as at 06/30/2024	19,960	(9,910)	10,050

Variable-income securities classified as available-for-sale securities refer to shares accounted for at fair value and reduced by proper impairment losses.

Investments in investment fund units are considered in this category at the amounts of units at month-end informed by the fund managers through the monthly statements.

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Maturities of available-for-sale securities

	06/30/2024					Total
	31 to 60 days	61 to 90 days	91 to 180 days	181 to 360 days	After 360 days	
Government securities	33,222	-	-	-	761,720	794,942
LFT	-	-	-	-	662,542	662,542
Free	-	-	-	-	620,921	620,921
Linked to capital increase	-	-	-	-	23,526	23,526
Linked to tendering of collateral	-	-	-	-	18,095	18,095
NTN	33,222	-	-	-	99,178	132,400
Free	33,222	-	-	-	99,178	132,400
Private securities	-	326	-	117,287	171,868	289,481
Investment fund units	-	326	-	117,287	54,690	172,303
Variable-income securities	-	-	-	-	117,178	117,178
Total	33,222	326	-	117,287	933,588	1,084,423

	12/31/2023					Total
	31 to 60 days	61 to 90 days	91 to 180 days	181 to 360 days	After 360 days	
Government securities	-	-	-	32,320	628,853	661,173
LFT	-	-	-	-	628,853	628,853
Free	-	-	-	-	572,503	572,503
Linked to tendering of collateral	-	-	-	-	56,350	56,350
NTN	-	-	-	32,320	-	32,320
Free	-	-	-	32,320	-	32,320
Private securities	73	485	11,646	34,213	201,407	247,824
Investment fund units	73	485	11,646	34,213	120,990	167,407
Variable-income securities	-	-	-	-	80,417	80,417
Total	73	485	11,646	66,533	830,260	908,997

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c) Held-to-maturity securities

BDMG's portfolio of held-to-maturity securities, consisting of private securities, was initially recognized at fair value plus transaction costs and subsequently measured at amortized cost using the interest rate and other contracted finance charges.

These securities were acquired for the purpose of credit and not for financial investment, and a provision was recognized for the issuer's credit risk, pursuant to CMN Resolution No. 2.682/1999.

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Maturities of held-to-maturity securities

	06/30/2024						Total
	Up to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 360 days	After 360 days	
Private securities							
Investments in Commodities - CPR	-	3,483	-	34,017	123,153	204,055	364,708
Certificate of Real Estate Receivables (CRI)	1,286	1,322	3,036	5,473	11,000	80,325	102,442
Certificate of Agribusiness Receivables (CRA)	2,626	-	-	2,595	5,087	-	10,308
Free	-	-	-	-	-	-	-
Linked to repurchase commitment	2,626	-	-	2,595	5,087	-	10,308
Debentures	-	-	154	163	1,804	135,118	137,239
Free	-	-	154	163	1,804	53,281	55,402
Linked to repurchase commitment	-	-	-	-	-	81,837	81,837
Total	3,912	4,805	3,190	42,248	141,044	419,498	614,697
	12/31/2023						Total
	Up to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 360 days	After 360 days	
Private securities	7,913	418	10,952	18,309	123,731	240,729	402,052
Investments in Commodities - CPR	4,876	-	9,739	12,054	108,138	56,554	191,361
Certificate of Real Estate Receivables (CRI)	375	418	1,213	3,624	10,427	69,631	85,688
Certificate of Agribusiness Receivables (CRA)	2,662	-	-	2,631	5,166	5,035	15,494
Debentures	-	-	-	-	-	109,509	109,509
Total	7,913	418	10,952	18,309	123,731	240,729	402,052

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6.2. Derivative financial instruments

In order to protect its assets from its own risks arising from exchange rate and interest rate fluctuations in foreign funding contracts, for which it maintains the risks, the Bank uses derivative financial instruments in the swap category.

For contracted derivative financial instruments, the Bank's regulations concerning the risk control policy are taken into account, the established hedging strategies and determined limits, as well as the methodology for monitoring the Bank's operations.

Derivatives are stated as assets when the fair value is positive and as liabilities when the fair value is negative. These derivatives are intended to offset, either fully or partially, the risks arising from changes in the fair value of hedged financial liabilities. Such derivatives and the related financial liabilities are adjusted to fair value, whereas any gains and losses are directly recognized in the income statement.

At BDMG, derivatives are recognized in conformity with the provisions of BACEN Circular Letter 3.082/2002 on the hedge accounting methodology. Under this methodology, the offsetting effects on the changes in fair values of hedge instruments (swaps) and related hedged items (hedged contracts of foreign funding) are recognized in profit or loss for the period in which they occur.

Pursuant to article 3 of BACEN Circular Letter, the Hedge Accounting adopted by BDMG refers to the market risk hedge.

In applying this accounting procedure, BDMG fulfills the following regulatory requirements:

- Documentary identification of the hedged risk comprising detailed information on the transaction; and
- Hedge effectiveness at a percentage rate within the range set out in the Circular Letter referred to above.

At the inception of each transaction, an effectiveness test (initial prospective testing of the hedge structure) is performed to assess effectiveness through prospective and retrospective testing during the preparation of the semiannual and annual financial statements, by calculating the ratio of changes in the fair value of hedge instruments and changes in the fair value of hedged items.

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As derivatives are contracted pursuant to the main terms and conditions (notional amount, currency, rates, terms) equivalent to those governing the foreign funding contracts, their effectiveness is historically observed, achieving the expected hedging goal.

As at June 30, 2024, the Bank has foreign borrowings, involving own risks, indexed to SOFR, Euribor and fixed rates, which are hedged by derivatives under the swap category.

a) Hedge of receivables or payables

Receivables and payables under swap contracts are collateralized by deposits and/or interbank funding when exceeding the contractually determined limits.

	<u>06/30/2024</u>	<u>12/31/2023</u>
Ongoing collaterals:		
Investments in interbank deposits	13,290	145,115
Government bonds pledged as collateral	18,095	-
Borrowings in interbank deposits	146,191	12,473

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b) Position of foreign borrowings hedged by derivatives

	Initial date	Final date	Borrowings	06/30/2024		12/31/2023	
				Balance (foreign currency)	Curve	Balance (foreign currency)	Curve
AFD3	02/02/2017	11/28/2025	€\$15,000	2,511	14,950	3,351	17,923
BEI	03/02/2020	02/20/2030	US\$9,301	7,132	39,640	7,730	37,400
FONPLATA	05/21/2020	05/19/2025	US\$36,000	12,122	67,379	18,192	88,064
BEI 2	12/03/2020	12/03/2030	US\$35,703	29,029	161,355	31,264	151,341
BEI 3	12/03/2020	12/03/2030	US\$11,241	9,140	50,801	9,843	47,649
CAF6	01/08/2021	12/18/2026	US\$40,000	22,273	123,799	26,746	129,469
CAF6	03/11/2021	12/18/2026	US\$60,000	33,409	185,699	40,119	194,202
BID INVEST	03/09/2021	12/19/2027	US\$50,000	34,126	189,683	33,318	161,284
AFD4	07/08/2021	07/30/2032	€\$17,500	17,070	101,627	18,100	96,815
BEI4	07/16/2021	07/09/2031	US\$11,633	11,223	62,379	11,975	57,966
BEI5	03/22/2022	03/16/2032	US\$24,854	23,551	130,902	25,026	121,143
BEI6	11/18/2022	11/18/2032	US\$8,454	8,494	47,213	8,496	41,128
BEI7	04/27/2023	04/27/2033	US\$12,181	12,262	68,153	12,268	59,387
BEI8	06/13/2023	06/13/2033	US\$9,686	9,704	53,937	9,707	46,990
BEI9	09/28/2023	09/28/2033	US\$5,356	5,424	30,148	5,426	26,263
BEI10	10/20/2023	10/20/2033	US\$6,362	6,421	35,690	6,425	31,103
FONPLATA2	12/18/2023	09/15/2031	US\$34,000	35,559	197,649	34,104	165,090
AIIB	04/29/2024	06/17/2030	US\$ 20,000	20,053	111,459	-	-
					<u>1,672,463</u>		<u>1,473,217</u>
Mark-to-market adjustments ⁽¹⁾					<u>(57,167)</u>		<u>(30,576)</u>
Market value					<u><u>1,615,296</u></u>		<u><u>1,442,641</u></u>

(1) Mark-to-market adjustments to foreign borrowings are offset by hedge instruments marked to market, as stated in note 9.2-a.

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c) Swap amounts recognized

			06/30/2024	06/30/2023
	Notional amount (memorandum account)	Receivables/payables (balance sheet account) (1 2)	Net effect (profit or loss account)	Net effect (profit or loss account)
(USD + SOFR + Rate) x (BRL + %CDI)	175,763	4,639	20,472	(4,075)
(EUR + Euribor + Rate) x (BRL + %CDI)	-	-	-	(2,637)
(USD + SOFR + Rate) x (BRL + Rate)	302,350	22,989	22,260	(3,377)
(USD + Rate) x (BRL + %CDI)	326,597	17,952	26,686	-
(USD + SOFR + Rate) x (BRL + %CDI)	447,928	(15,955)	46,870	(131,332)
(EUR + Euribor + Rate) x (BRL + %CDI)	103,573	(9,367)	4,327	(17,227)
(USD + Rate) x (BRL + %CDI)	197,106	(12,882)	14,775	(57,334)
	1,553,317	7,376	135,390	(215,982)

(1) Difference receivable

(2) Difference payable

The amounts of differences receivable and payable are stated in note 6.2.e.

d) Swaps by maturity

	181 to 360 days	After 360 days	Total
Long position - difference receivable			
Foreign currency	-	45,580	45,580
Total as at 06/30/2024	-	45,580	45,580
Total as at 12/31/2023	-	3,634	3,634
Short position – difference payable			
Foreign currency	(1,331)	(36,873)	(38,204)
Total as at 06/30/2024	(1,331)	(36,873)	(38,204)
Total as at 12/31/2023	-	(182,465)	(182,465)
Net exposure - 06/30/2024	(1,331)	8,707	7,376
Net exposure - 12/31/2023	-	(178,831)	(178,831)

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e) Swaps by index and notional amount

	Notional amount	Curve value	Mark-to-market adjustments	Market value
Long position - difference receivable				
(US\$ + SOFR+ Rate) x (BRL + %CDI)	175,763	7,151	(2,512)	4,639
(USD + SOFR + Rate) x (BRL + Rate)	302,350	33,937	(10,948)	22,989
(USD + Rate) x (BRL + %CDI)	326,597	33,513	(15,561)	17,952
Long position - 06/30/2024	804,710	74,601	(29,021)	45,580
Long position - 12/31/2023	111,341	2,871	763	3,634
Short position – difference payable				
(US\$ + SOFR+ Rate) x (BRL + %CDI)	447,928	(14,567)	(1,388)	(15,955)
(EUR + Euribor + Rate) x (BRL + %CDI)	103,573	(8,606)	(761)	(9,367)
(US\$ + Rate) x (BRL + %CDI)	197,106	13,644	(26,526)	(12,882)
Short position - 06/30/2024	748,607	(9,529)	(28,675)	(38,204)
Short position - 12/31/2023	1,466,284	(150,618)	(31,848)	(182,466)
Net exposure - 06/30/2024	1,553,317	65,072	(57,696)	7,376
Net exposure - 12/31/2023	1,577,625	(147,747)	(31,085)	(178,832)

The effect of exchange rate changes on hedge accounting transactions is equivalent to the foreign exchange effect derived from hedged transactions.

6.3. Loan portfolio

The loan portfolio is comprised of: i) loan transactions encompassing borrowings, financing and debtors for purchase of assets, which are directly contracted by the Bank that assumes the credit risks arising therefrom; and ii) interbank onlendings through transfer of funds from the Bank to partner-institutions and accredited credit cooperatives. These onlendings include indirect transactions, since the partner-institution receiving the funds is in charge of negotiating the financing conditions and assumes the underlying credit risks.

The accounting treatment applicable to loan transactions and interbank onlendings and allowances for expected losses associated with the credit risk is consistent with the criteria set out in CMN Resolution No. 2.682/1999 and, when applicable, a supplementary allowance is recognized to cover possible additional risks.

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a) Loan portfolio breakdown

	06/30/2024			12/31/2023		
	Gross balance	Allowance	Net balance	Gross balance	Allowance	Net balance
Loan transactions	6,177,718	(555,123)	5,622,595	6,089,601	(567,784)	5,521,817
Credits equivalent to loan transactions	4,337	(22)	5,622,595	5,073	(25)	5,048
Total loan and similar transactions	6,182,055	(555,145)	5,626,910	6,094,674	(567,809)	5,526,865
Current	1,785,151	(133,970)	1,651,181	1,850,036	(151,454)	1,698,582
Noncurrent	4,396,904	(421,175)	3,975,729	4,244,638	(416,355)	3,828,283
Interbank onlendings	216,766	(818)	215,948	134,601	(408)	134,193
Current	83,202	(347)	82,855	47,220	(153)	47,067
Noncurrent	133,564	(471)	133,093	87,381	(255)	87,126
Total loan portfolio	6,398,821	(555,963)	5,842,858	6,229,275	(568,217)	5,661,058
Current	1,868,353	(134,317)	1,734,036	1,897,256	(151,607)	1,745,649
Noncurrent	4,530,468	(421,646)	4,108,822	4,332,019	(416,610)	3,915,409

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b) Breakdown of the loan portfolio by industry

	<u>06/30/2024</u>	<u>12/31/2023</u>
Borrowings	1,507,134	1,469,030
Industry	438,727	454,514
Trade	542,868	524,792
Other services	525,539	489,724
Financing to the private sector	3,988,229	4,024,642
Industry	1,384,745	1,386,416
Trade	317,685	316,755
Other services	1,635,299	1,595,677
Rural and agribusiness	637,863	719,640
Individuals	8,300	1,082
Other	4,337	5,072
Financing to the public sector (direct and indirect municipal management bodies)	686,692	601,002
Total loan and similar transactions	6,182,055	6,094,674
Interbank onlendings	216,766	134,601
Total loan portfolio	6,398,821	6,229,275
Current	1,734,036	1,897,256
Noncurrent	4,108,822	4,332,019

c) Allowance for loan losses

	<u>06/30/2024</u>	<u>12/31/2023</u>
Loan transactions	(555,123)	(567,784)
Credits equivalent to loan transactions	(22)	(25)
Interbank onlendings	(818)	(408)
Total	(555,963)	(568,217)
Current	(134,317)	(151,607)
Noncurrent	(421,646)	(416,610)

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d) Maturity terms of loan transactions

i) *Loan and similar transactions*

Risk level	06/30/2024								12/31/2023	
	Past-due (in days)		Falling due (in days)						Total	
	15 to 90 days	Over 90 days	Up to 90	91 to 360	361 to 1,080	1,081 to 1,800	1,800 to 5,400	Over 5,400	Total	
AA	2,529	--	98,064	227,938	505,887	235,782	186,568	--	1,256,768	2,008,542
A	1,415	--	144,485	390,441	654,971	299,621	277,899	--	1,768,832	1,300,618
B	15,089	--	122,245	311,455	556,636	276,180	379,694	--	1,661,299	1,489,297
C	26,102	1,111	78,821	146,056	300,716	110,50	61,083	--	724,390	559,255
D	11,383	6,533	16,858	38,906	75,206	46,113	48,746	--	243,745	166,295
E	1,262	5,356	1,450	4,159	10,214	1,708	124	--	24,273	43,438
F	15,413	5,969	371	1,083	1,350	10	--	--	24,196	20,785
G	27	45,641	13	423	789	566	376	--	47,835	56,208
H	6,823	17,758	13,803	26,169	51,119	197,678	19,055	98,312	430,717	450,236
TOTAL	80,043	82,368	476,110	1,146,630	2,156,888	1,168,159	973,545	98,312	6,182,055	6,094,674

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ii) *Interbank onlendings*

Risk level	Up to 90	91 to 360	Falling due (in days)		06/30/2024	12/31/2023
			361 to 1,080	1,081 to 1,800	Total	Total
AA	3,705	18,391	42,482	5,344	69,922	75,094
A	3,038	49,823	73,845	3,682	130,388	41,525
B	471	7,754	8,144	-	16,369	16,952
C	2	18	67	-	87	1,030
	7,216	75,986	124,538	9,026	216,766	134,601

e) Classification of loan transactions by risk level and allowance

i) *Loan and similar transactions*

Risk level	%	06/30/2024		12/31/2023	
		Portfolio	Provision for credit risks based on the minimum required percentage rates	Portfolio	Allowance for loan losses
AA	0	1,256,768	-	2,008,542	-
A	0.5	1,768,832	(8,844)	1,300,618	(6,503)
B	1	1,661,29	(16,613)	1,489,297	(14,893)
C	3	724,390	(21,732)	559,255	(16,778)
D	10	243,745	(24,374)	166,295	(16,630)
E	30	24,273	(7,282)	43,438	(13,031)
F	50	24,196	(12,098)	20,785	(10,392)
G	70	47,835	(33,485)	56,208	(39,346)
H	100	430,717	(430,717)	450,236	(450,236)
		6,182,055	(555,145)	6,094,674	(567,809)

ii) *Interbank onlendings*

Risk level	%	06/30/2024		12/31/2023	
		Onlendings	Allowance for loan losses	Onlendings	Allowance for loan losses
AA	0	69,522	-	75,094	-
A	0.5	130,388	(652)	41,525	(208)
B	1	16,369	(164)	16,953	(169)
C	3	87	(2)	1,029	(31)
		216,766	(818)	134,601	(408)

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f) Variations in the allowance for loan losses

	2024	2023
	1st semester	1st semester
Allowance for loan and similar transactions		
Opening balance	567,809	595,283
(+) Allowance recognition, net of reversals	28,421	19,461
(-) Decrease in the provision for write-off of credits as losses	(41,085)	(36,093)
Closing balance	555,145	578,651
Provision for interbank onlendings		
Opening balance	408	403
(+) Allowance recognition, net of reversals	410	109
Closing balance	818	512
Total allowance for loan losses	555,963	579,163

g) Breakdown of loan portfolio by type of fund

	06/30/2024	12/31/2023
Own funds	4,334,191	4,119,966
Loan and similar transactions	4,117,425	3,985,365
Interbank onlendings	216,766	134,601
Third-party funds (onlendings from financial institutions for the original transaction)	2,064,630	2,109,309
Total	6,398,821	6,229,275

Renegotiated loan transactions totaled R\$938,485 (12/31/2023 - R\$981,692).

h) Assignment of loan transactions

i) *Loan transactions assigned with co-obligation prior to the effectiveness of CMN Resolution No. 3.533/2008 and recognized in memorandum accounts*

	06/30/2024	12/31/2023
Co-obligations to be settled	10,201	11,874
Settled transactions to be transferred	2,520	2,343
	12,721	14,217

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- ii) *Loan transactions assigned to individuals that are not part of the National Financial System are reported below pursuant to the provisions set out by CMN Resolution No. 2.836/2001. No assignment was conducted in the first half of 2024:*

Assigned loans	2024	2023
	1 st semester	1 st semester
Assignment amount	-	12,801
Carrying amount	-	13,528
Profit or loss	-	(727)

- i) Expanded portfolio

The following table comprises the Bank's exposure to credit risks, by customer commitment, in relation to the expanded portfolio that, in addition to the portfolio of loan and similar transactions, in the amount of R\$6,182,055 (12/31/2023 - R\$6,094,674) as at June 30, 2024, includes the exposures referring to the following loans granted and/or authorized:

- Interbank onlendings: 06/30/2024 – R\$216,766 (12/31/2023 – R\$134,601);
- Co-obligations: 06/30/2024 - R\$10,201 (12/31/2023 - R\$11,874);
- Receivables: 06/30/2024 - R\$614,697 (12/31/2023 - R\$402,051); and
- Loans to be released within 360 days: 06/30/2024 - R\$549,513 (12/31/2023 - R\$596,891).

Ranges	06/30/2024		12/31/2023	
	Gross balance	%	Gross balance	%
Largest client	178,669	3	182,431	3
10 largest clients	1,084,696	15	1,089,243	15
20 largest clients	1,825,663	25	1,805,642	25
50 largest clients	3,158,308	42	3,098,107	44
100 largest clients	4,222,662	56	4,072,278	57
Other clients	3,350,570	44	3,033,212	43

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6.4. Other financial assets

	06/30/2024	12/31/2023
Receivables from escrow deposits (a)	146,757	143,677
Sundry receivables - domestic (b)	5,422	9,250
Income receivable (c)	1,475	2,491
Advances and prepayment of salaries (d)	3,976	1,611
Notes receivable (e)	1,666	1,446
Other	3,648	4,488
	162,944	162,963
Current	12,281	14,968
Noncurrent	150,663	147,995

(a) Receivables from escrow deposits

The deposits derive from tax challenges, particularly of tax nature, as stated in note 10 b (i).

Breakdown	06/30/2024	12/31/2023
Deposits for filing of tax lawsuits	142,859	139,894
Deposits for labor lawsuits	3,730	3,610
Deposits for civil lawsuits	168	173
Total	146,757	143,677
Current	-	-
Noncurrent	146,757	143,677

(b) The balance of R\$5,422 (12/31/2023 - R\$9,250) refers to: i) R\$4,617 (12/31/2023 – R\$0) corresponding to the prepayment of interest on the borrowing contract executed with BID Invest; ii) R\$845 (12/31/2023 - R\$845) referring to receivables from several customers; iii) -R\$40 (12/31/2023 – R\$1) to be refunded to the Bank's customer; and iv) R\$0 (12/31/2023 - R\$8,404) refunded by STN on account of the compliance bonuses granted to customers of rural and renegotiated transactions, pursuant to Law 9138 of 1995 and related inflation adjustments.

(c) The balance of income receivable refers to: i) commissions on services provided by the Bank in the capacity of financial agent/legal representative in contracting loan transactions performed using funds from development funds that are made available to BDMG for such purpose, in the total amount of R\$1,412 (12/31/2023 - R\$1,436), net of related provisions. Compensation is due upon the maturity of contracted installments and the respective provision is recognized on the amounts recorded, according to the percentage of risk level within which the transaction that gave rise to such compensation is classified. Such risk rating complies with the Bank's policy that also applies to transactions financed using funds from managed funds. The same criteria are set out in CMN Resolution No. 2.682/1999 for loan transactions composing BDMG's own portfolio; and ii) R\$63 (12/31/2023 - R\$1,055) refers to sundry income.

(d) Advances and prepayment of salaries totaling R\$3,976 (12/31/2023 - R\$1,611) refer to vacation pay advances and other payroll line items.

(e) The balance of notes receivable refers to the yield of R\$1,666 (12/31/2023 - R\$1,446) to be refunded by the National Treasury Department in compliance with certain statutory provisions applicable to rural loans financed through funds from STN and subsequent renegotiations of those transactions.

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7. Property and equipment in use and intangible assets

a) Property and equipment in use

	06/30/2024		12/31/2023	
	Cost	Accumulated depreciation	Net amount	Net amount
Properties	44,895	(30,939)	13,956	14,300
Facilities, furniture and equipment	6,652	(6,000)	652	607
Data processing equipment	5,785	(5,637)	148	204
Other	476	(420)	56	61
Construction in progress	2	-	2	3
	57,810	(42,995)	14,814	15,175

No evidence of impairment of those assets has been identified.

Insurance coverage – to cover probable losses on property and equipment items, the Bank has taken insurance in the amount of R\$70,000 (12/31/2023 - R\$50,000).

b) Intangible assets

	06/30/2024		12/31/2023	
	Cost	Accumulated amortization	Net amount	Net amount
Data processing system (software)	65,141	(29,381)	35,760	31,622

8. Other assets

	06/30/2024	12/31/2023
Held-for-sale non-financial assets (i)	18,332	18,332
Provision for held-for-sale non-financial assets	(2,367)	(2,367)
Prepaid expenses (ii)	15,525	15,308
Other	504	511
	31,994	31,784
Current	6,463	6,120
Noncurrent	25,531	25,664

(i) Includes assets not intended for use, deriving from assets obtained in assignments or pledged as collateral for unperformed transactions (note 3.15).

(ii) Primarily refers to: 1) amounts paid as fees and commissions on borrowings and issuance of securities abroad, recorded at the disbursed amount and amortized over the maturity period of those transactions, and 2) expenses on services in progress, recorded in conformity with CMN Resolution No. 4.924/2021.

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9. Financial liabilities

9.1. Deposits and funding

i) Deposits

	<u>06/30/2024</u>	<u>12/31/2023</u>
Deposits		
Interbank deposits (a)	173,394	60,687
Time deposits (b)	664,268	546,010
Interest-bearing special deposits	3,462	-
	<u>841,124</u>	<u>606,697</u>
Current	476,883	283,871
Noncurrent	364,241	322,826

(a) Interbank deposits: The balance of interbank deposits includes the amount of R\$27,203 (12/31/2023 - R\$48,214) contracted with special collateral - DPGE and R\$1,200 (12/31/2023 - R\$12,473) to cover the provisions of derivative contracts.

(b) Time deposits – the balance includes the amount of R\$478,591 (12/31/2023 - R\$272,109) referring to securities issued for funding transactions and R\$185,677 (12/31/2023 - R\$273,901) referring to securities issued to cover loan transactions.

ii) Borrowings

	<u>06/30/2024</u>	<u>12/31/2023</u>
Borrowings		
Financial bills (a)	387,122	342,918
Agribusiness Credit Bills (LCA) (b)	1,065,272	850,125
Payables for repurchase transactions	89,170	-
	<u>1,541,564</u>	<u>1,193,043</u>
Current	1,177,195	887,305
Noncurrent	364,369	305,738

(a) Financial bills with an average term of 2.22 years.

(b) Agribusiness Credit Bills (LCAs): securities backed by agribusiness loan transactions, with coverage provided by the Loan Guarantee Fund (FGC) limited to R\$250 by client/institution.

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Maturity of deposits

	Up to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 360 days	After 360 days	06/30/2024	12/31/2023
							Total	Total
Interbank deposits	-	101,093	32,675	23,418	15,008	1,200	173,394	60,687
Margin call	-	-	-	-	-	1,200	1,200	12,473
Borrowings	-	101,093	32,675	3,217	8,006	-	144,991	--
DPGE	-	-	-	20,201	7,002	-	27,203	48,214
Time deposits	28,093	3,254	7,345	153,638	112,359	363,041	667,730	546,010
With certificate	28,093	3,254	7,345	89,573	94,353	308,023	530,641	519,304
DPGE	-	-	-	60,603	18,006	55,018	133,627	26,706
Interest-bearing special deposits	-	-	-	3,462	-	-	3,462	-
	28,093	104,347	40,020	177,056	127,367	364,241	841,124	606,697
Current							476,883	283,871
Noncurrent							364,241	322,826

Maturity of borrowings

	Up to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 360 days	After 360 days	06/30/2024	12/31/2023
							Total	Total
Repurchase transactions	89,170	-	-	-	-	-	89,170	-
CRA	7,716	-	-	-	-	-	7,716	-
Debentures	81,454	-	-	-	-	-	81,454	-
Privately issued financial bills	326,034	-	-	-	-	61,088	387,122	342,918
Agribusiness Credit Bills (LCA)	33,229	16,842	17,586	314,553	379,781	303,281	1,065,272	850,125
Total	448,433	16,842	17,586	314,553	379,781	364,369	1,541,564	1,193,043
Current							1,177,195	887,305
Noncurrent							364,369	305,738

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9.2. Borrowings and onlendings

a) Foreign borrowings

	06/30/2024		12/31/2023	
	Curve	Market	Curve	Market
Institution:				
BEI	680,218	635,526	620,370	591,258
CAF	309,498	308,765	323,671	322,974
BID INVEST	189,683	189,210	161,284	160,619
AFD	132,524	131,763	133,856	134,319
FONPLATA	265,028	258,814	253,154	252,588
AIIB	111,459	107,165	-	-
		<u>1,631,243</u>		<u>1,461,758</u>
Current		351,282		297,530
Noncurrent		1,279,961		1,164,228

Both foreign borrowings and derivatives hedging the borrowings are subject to covenants that are either monitored and fulfilled or are guaranteed by waivers agreed upon between the parties.

The covenants require compliance with certain financial and non-financial ratios, and these obligations are standardized for foreign borrowing and financing agreements, when applicable.

The Bank asserts that all covenants comprised under those agreements, including those from waivers, are met.

Among the borrowings taken from CAF, BEI, BID INVEST and FONPLATA, there are US dollar-denominated transactions that, on the contracting date, were pegged to the LIBOR rate. Upon the discontinued disclosure of LIBOR for US dollar-denominated transactions beginning June 2023, BDMG added contingency clauses for replacement of LIBOR with an alternative benchmark rate. According to the contractual amendments of each counterparty, the LIBOR rate was replaced with the SOFR rate, and all other cash flow characteristics originally agreed for those borrowings remained unchanged.

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Funds by institution of origin

i) European Investment Bank (Banco Europeu de Investimento - BEI)

The current balance of funds raised from BEI to finance Renewable Energy and Energy Efficiency projects comprises the following tranches:

Tranches	Release date	Final maturity	06/30/2024				12/31/2023		
			Release US\$	Balance US\$	Curve R\$	Market R\$	Balance US\$	Curve R\$	Market R\$
BEI 1	03/02/2020	02/20/2030	9,301	7,132	39,640	39,088	7,730	37,400	37,034
BEI 2	12/03/2020	12/03/2030	35,703	29,029	161,355	141,181	31,264	151,341	134,497
BEI 3	12/03/2020	12/03/2030	11,241	9,140	50,801	44,449	9,843	47,649	42,346
BEI 4	07/09/2021	07/09/2031	11,633	11,223	62,379	60,324	11,975	57,966	56,313
BEI 5	03/16/2022	03/16/2032	24,854	23,551	130,902	120,218	25,026	121,143	113,740
BEI 6	11/18/2022	11/18/2032	8,454	8,494	47,213	46,669	8,496	41,128	41,948
BEI 7	04/27/2023	04/27/2033	12,181	12,262	68,153	65,232	12,268	59,387	58,613
BEI 8	06/13/2023	06/13/2033	9,687	9,704	53,937	52,637	9,707	46,990	47,414
BEI 9	09/28/2023	09/28/2033	5,357	5,424	30,148	30,450	5,426	26,263	27,525
BEI 10	10/20/2023	10/20/2033	6,362	6,362	35,690	35,278	6,425	31,103	31,828
			134,773	122,590	680,218	635,526	128,160	620,370	591,258

The payment term of the agreement executed with BEI is 10 years from the date of release of each tranche and contractual charges vary according to the tranches. For tranches 1 and 4, interest corresponds to the 6-month LIBOR rate, plus a variable percentage rate according to the tranche. The other tranches are subject to fixed interest rates.

In view of the LIBOR rate disclosure discontinuity beginning June 30, 2023, the agreements referring to tranches 1 and 4 were amended to replace the LIBOR rate with SOFR rate.

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ii) CAF - Banco de Desenvolvimento da América Latina

The current balance of funds raised from CAF refers to the following tranches:

Tranches	Release date	Final maturity	06/30/2024			12/31/2023			
			Release US\$	Current balance US\$	Curve R\$	Market R\$	Balance US\$	Curve R\$	Market R\$
CAF 6	12/18/2020	12/18/2026	100,000	55,682	309,498	308,765	66,865	323,671	322,974
			100,000	55,682	309,498	308,765	66,865	323,671	322,974

As for tranche 6 maturing in 2026, the agreement was amended in June 2023 to replace the LIBOR rate with SOFR rate.

iii) Inter-American Investment Corporation - BID Invest

Tranche	Release date	Final maturity	06/30/2024			12/31/2023			
			Release US\$	Balance US\$	Curve R\$	Market R\$	Balance US\$	Curve R\$	Market R\$
1	12/29/2020	12/29/2027	50,000	34,126	189,683	189,210	33,318	161,284	160,619

Such borrowing resulted from BDMG's issuance of sustainable bonds registered on the New York Stock Exchange, in the amount of US\$50 million that were acquired by BID Invest. The bonds mature within 7 years, bearing interest pegged to the 3-month LIBOR USD rate plus a fixed rate.

The relevant agreement was amended to replace the LIBOR rate with SOFR rate.

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iv) Agence Française de Développement - (AFD)

The tranches released by AFD refer to two agreements maturing within 11 years and subject to finance charges equivalent to the 6-month Euribor rate, plus a variable percentage rate according to each tranche.

The following tranches compose the balance of funds released by AFD:

Tranches	Release date	Final maturity	Release €	Balance €	06/30/2024		12/31/2023		
					Curve R\$	Market R\$	Balance €	Curve R\$	Market R\$
AFD 1(*)	07/22/2014	11/28/2025	9,000	1,507	8,970	8,970	2,010	10,754	10,754
AFD 2(*)	10/13/2014	11/28/2025	7,000	1,172	6,977	6,977	1,564	8,364	8,364
AFD 3(**)	02/02/2017	11/28/2025	15,000	2,511	14,950	14,950	3,351	17,923	17,923
AFD 4 (***)	02/03/2021	07/30/2032	17,500	17,070	101,627	100,866	18,100	96,815	97,278
			48,500	22,260	132,524	131,763	25,025	133,856	134,319

(*) There were no hedges for borrowings from AFD1 and AFD2 tranches, since the funds were transferred to borrowers and subject to borrowing charges solely including the Bank's interest.

(**) Part of borrowings from AFD 3 tranche backed the loan transaction in respect of one customer under the same financial conditions, plus the Bank's interest. The remaining balance is hedged by swaps.

(***) Borrowings from AFD 4 tranche are hedged by swaps, as described in note 6.2b.

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v) Fundo Financeiro para o Desenvolvimento da Bacia do Prata - FONPLATA

Tranche	Release date	Final maturity	06/30/2024				12/31/2023		
			Release US\$	Balance US\$	Curve R\$	Market R\$	Balance US\$	Curve R\$	Market R\$
FONPLATA	05/21/2020	05/17/2025	36,000	12,122	67,379	67,071	18,192	88,064	87,449
FONPLATA2	12/18/2023	09/15/2031	34,000	35,559	197,649	191,743	34,104	165,090	165,139
			70,000	47,681	265,028	258,814	52,296	253,154	252,588

In May 2020, BDMG executed with FONPLATA, a multilateral development bank composed by Argentina, Bolivia, Brazil, Paraguay and Uruguay, a foreign borrowing agreement aiming to structure credit facilities for Minas Gerais State municipalities.

The agreement is effective for a five-year period, which may be extended to eight years, and is pegged to the 6-month LIBOR rate, plus a fixed rate.

Such agreement was amended to replace the LIBOR rate with SOFR rate, which affected the financial flows beginning June 2023.

vi) Asian Infrastructure Investment Bank - AIIB

Tranche	Release date	Final maturity	06/30/2024				12/31/2023		
			Release US\$	Balance US\$	Curve R\$	Market R\$	Balance US\$	Curve R\$	Market R\$
1	04/29/2024	06/17/2030	20,000	20,053	111,459	107,165	-	-	-

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b) Domestic onlendings

Onlendings are obligations referring to funds obtained from official funds and programs to be passed on to as financing to projects in the State of Minas Gerais. The maturities of principal and charges thereon are extended to 2038, with the levy of finance charges determined under the operating policies of each body or fund transferring the funds. The funds for onlendings from BDMG to its customers primarily derive from BNDES/FINAME system.

The balances of obligations from onlendings are broken down as follows:

	<u>06/30/2024</u>	<u>12/31/2023</u>
BNDES (1)	536,525	533,378
FINAME	823,682	826,602
Funcafé (2)	138,727	267,140
Fungetur (3)	236,134	188,131
FINEP	117,881	98,902
FDNE - SUDENE (4)	98,902	96,160
CEF	12,292	12,850
National Treasury	6,482	7,238
BNB	1,649	2,887
	<u>1,972,274</u>	<u>2,033,288</u>
Current	503,304	604,822
Noncurrent	1,468,970	1,428,466

(1) Funds from the National Bank for Social and Economic Development (“BNDES”) are intended to finance the long-term investment projects and mainly derive from the following credit facilities:

	<u>06/30/2024</u>	<u>12/31/2023</u>
Automatic BNDES	320,852	306,787
BNDES FINEM	205,424	212,534
Other credit facilities	10,249	14,057
	<u>536,525</u>	<u>533,378</u>

(2) Funcafé funds are intended for working capital financing, storage and acquisition of coffee. Fungetur funds are targeted at private financing for tourism developments and service providers relating to the supply chain of the relevant industry registered with Cadastur.

(3) Funds derived from the Northeast Development Fund (“FDNE”) agreement, executed in 2022, are intended for investments in areas within the jurisdiction of the Northeast Development Authority (“SUDENE”) in Minas Gerais.

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10. Provisions

	<u>06/30/2024</u>	<u>12/31/2023</u>
Actuarial obligations (a)	371,565	415,615
Contingent liabilities: tax, labor and civil (b)	332,466	322,264
Provisions for other contingencies	7,340	7,465
Total	711,371	745,344
Current	34,149	34,188
Noncurrent	677,222	711,156

a) Actuarial obligations

The provision recognized for actuarial obligations referring to benefits sponsored by the Bank for its active and assisted employees, as detailed in note 18, is broken down as follows:

	<u>06/30/2024</u>	<u>12/31/2023</u>
Actuarial liabilities referring to the Pension Plan - BD/CD (note 18.c.i)	233,480	261,550
Actuarial liabilities referring to the Health Promotion Program (PRO - SAÚDE), healthcare and dental care plan (note 18.c.i)	124,045	138,528
Actuarial liabilities referring to life insurance (note 18.c.i)	14,040	15,537
Total	371,565	415,615
Current	32,913	32,867
Noncurrent	338,652	382,748

b) Contingent liabilities of tax, labor and civil nature

The Bank is a party to tax, labor and civil lawsuits in the ordinary course of business. In view of the legal counsel's assessment of the likelihood of loss, these lawsuits may lead to the recognition of provisions.

The following table comprises the accrued contingent liabilities by nature and respective variations occurred during the period:

	<u>12/31/2023</u>	<u>Provisions recognized</u>	<u>Adjustments</u>	<u>(Write-offs)</u>	<u>06/30/2024</u>
Tax (b.1)	299,309	14	7,506	-	306,829
Labor (b.3)	15,974	252	-	-	16,226
Civil (b.2)	6,981	2,430	-	-	9,411
Total	322,264	2,696	7,506	-	332,466
Current	-				-
Noncurrent	322,264				332,466

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b.1) *Tax contingencies*

The provisions for tax risks refer to liabilities associated with lawsuits and administrative proceedings in progress before the Brazilian Federal Revenue Service Office or Administrative Board of Tax Appeals, which are assessed as probable losses.

In June 2023, as a result of an unfavorable decision for the banks handed down by STF concerning the payment of PIS/COFINS on all income from financial intermediation, the COFINS provision recorded by the Bank, in the amount of R\$75,210, was increased by R\$72,708, which refers to fines and legal charges related to the litigation, which were not previously accrued.

Variations in provisions

	12/31/2023	Provisions/Write-offs	Adjustments	06/30/2024
Changes in COFINS tax base - Law 9718/1998	217,076	-	5,845	222,921
Changes in PIS/PASEP tax base - Law 9718/1998	73,188	-	1,496	74,683
Other contingencies	9,045	14	166	9,225
	299,309	14	7,507	306,829

The table below comprises the provisions and escrow deposits referring to tax lawsuits assessed as probable losses:

	06/30/2024		12/31/2023	
	Provision	Deposit	Provision	Deposit
Changes in COFINS tax base - Law 9718/1998	222,921	65,299	217,077	63,897
Changes in PIS/PASEP tax base - Law 9718/1998	74,683	74,683	73,188	73,188
Other contingencies	9,225	2,877	9,044	2,809
	306,829	142,859	299,309	139,894

There are performance bonds at the National Treasury General Attorneys' Office (PGFN) level to guarantee the payment of debts included in the executable tax debts in connection with COFINS tax executions, as governed by Ordinance 164 of February 27, 2014.

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The provisions are adjusted for inflation on a monthly basis, according to the SELIC rate, the Bank's earnings projections and expected realization of related tax credits, considering their distribution within a period of 10 years (note 14-b).

b.2) *Civil contingencies*

The provisions for civil lawsuits are recognized when the legal counsel's opinions indicate a likelihood of probable loss.

The civil contingencies mostly refer to lawsuits claiming debt amounts, contractual clauses and interim statute of limitations.

The contingencies involving the most significant amounts refer to five lawsuits that individually have a risk value exceeding R\$500.

The provisions are adjusted for inflation based on the INPC/IBGE, plus late payment interest of 1% p.m. added to the provision amount referring to lawsuits for which an unfavorable outcome has already been attained.

To cover the risks underlying those lawsuits, the Bank has escrow deposits recorded in "Debtors for escrow deposits", in the amount of R\$168 (12/31/2023 - R\$173).

b.3) *Labor contingencies*

The labor contingencies assessed as probable losses substantially refer to: (i) lawsuits claiming the 7th and 8th hours and disqualification of positions of trust; (ii) payment of adjustments set forth in CBA 1996/1997 understated due to the CBA amendment executed by BDMG, BEMGE and CREDIREAL; (iii) break time set out in article 384 of CLT; and (iv) the bank divisor applicable for calculating overtime. There are also claims involving joint liability filed against the service providers serving the Bank. The provisions are adjusted for inflation based on the SELIC rate, bearing interest of 1% p.m.

The escrow deposits amounting to R\$3,730 (12/31/2023 - R\$3,610) for the filing of appeals associated with labor claims are recorded in line item "Debtors for escrow deposits".

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b.4) Tax, labor and civil contingencies assessed as possible losses

The table below lists the number and balances of ongoing lawsuits assessed as possible losses, for which no provision has been recognized:

	06/30/2024		12/31/2023	
	Number	Balance	Number	Balance
Tax (i)	8	26,930	10	27,850
Civil	37	7,368	47	7,782
Labor (ii)	2	725	2	688
	48	35,023	59	36,320

(i) The tax lawsuits assessed as possible losses, for which no provision has been recognized, are as follows:

Lawsuits	06/30/2024	12/31/2023
• Income tax (IRPJ) and social contribution (CSLL)	20,023	19,750
• Social security contribution (INSS)	6,545	6,368
• Other	362	1,732
Total	26,930	27,850

(ii) The labor lawsuits assessed as possible losses include two lawsuits filed by employees of the company UNITEC, in which BDMG holds a 6.5% equity interest. Due to such equity interest, the Bank is jointly and severally liable under the relevant labor lawsuit.

11. Other liabilities

Breakdown of balances

	06/30/2024	12/31/2023
Financial and development funds (a)	340,233	287,757
Social and statutory obligations (b)	-	69,915
Current tax liabilities (e)	39,298	33,971
Sundry creditors – domestic (c)	39,047	35,204
Accrued payments (d)	32,796	25,497
Other	844	2,095
Total	452,218	454,439
Current	214,059	172,888
Noncurrent	238,159	281,551

(a) Financial and development funds – the balance of R\$340,233 (12/31/2023 - R\$287,757) refers to funds derived from state funds, funds related to official agencies and private funds, which are made available to the Bank for the exercise of its duties as financial agent/legal representative of those funds.

The several funds in which the Bank acts as a financial agent/legal representative are controlled through individual accounting groups, held in memorandum accounts (unaudited), which include the financing balances receivable and the total amount of cash and cash equivalents comprising the amounts transferred by funds for the granting of new financing plus the total amount of installments received, net of interest.

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The installments received net of interest are transferred to the funds to the extent they are incorporated into the Bank's cash.

	06/30/2024	12/31/2023
<u>Funds' equity (unaudited)</u>		
State funds	3,872,014	3,862,441
Private funds	99,272	88,072
Other funds	228,010	185,299
	4,199,296	4,135,812

(b) Social and statutory obligations – the balance of R\$69,915 as at December 31, 2023 refers to credits from interest on capital, net of income tax, corresponding to FY2023, which were paid to shareholders in May 2024.

(c) Sundry creditors – breakdown of balances

	06/30/2024	12/31/2023
Deferred revenue	24,578	21,597
Trade receivables to be offset	4,181	5,302
Attorneys' fees payable (received from customers)	2,064	2,296
Amounts to be transferred to third parties	908	934
Payroll sale	940	1,050
Other	6,376	4,025
	39,047	35,204

(d) Accrued payments – breakdown of balances

	06/30/2024	12/31/2023
Vacation pay, 13 th salary and other charges	20,128	15,653
Employee profit sharing (PLR) (1)	3,650	7,416
Other	9,018	2,428
	32,796	25,497

(1) Employee profit sharing, reported in the income statement in the total amount of R\$11,126 (2022 - R\$9,672), derives from the above balance of R\$7,416 (2022 - R\$8,272) referring to the amount payable as a result of earnings for the year and from the amount of R\$3,710 (2022 - R\$1,400) already paid in advance to employees, based on earnings for the first half of the year.

(e) Current tax liabilities

	06/30/2024	12/31/2023
Taxes and contributions on payroll	4,266	5,888
Other taxes and contributions payable	2,943	3,753
Provision for taxes and contributions	32,089	24,330
	39,298	33,971

12. Equity

a) Capital

BDMG's subscribed capital is represented by 74,791,474,636 (12/31/2023 – 74,775,621,386) registered common shares without par value, in the amount of R\$2,241,462 (12/31/2023 - R\$2,218,407).

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On April 22, 2024, as resolved at the Annual and Extraordinary Shareholders' Meetings held on the same date, BDMG's capital was increased by R\$23,055, as follows:

- i) R\$22,611 – derived from residual profit for FY2023 and incorporated into capital without the issuance of shares, as resolved at the Annual Shareholders' Meeting, distributed as follows:

Shareholder	R\$
State of Minas Gerais	22,873
MGI – Minas Gerais Participações S.A.	182
Departamento de Estradas de Rodagem do Estado de Minas Gerais- DER-MG	-

- ii) R\$444 – amount corresponding to 15,853,250 shares and subscribed by shareholder State of Minas Gerais through funds derived from proceeds from the financing of Fundo de Fomento e Desenvolvimento Socioeconômico do Estado de Minas Gerais- FUNDESE, to be allocated for investments in “Programa Estadual de Crédito Popular”.

Bank's shareholding structure:

Position as at June 30, 2024

	Capital breakdown		Equity interest - %
	Amount	Number of shares	
State of Minas Gerais	2,222,460	74,189,129,432	99.19
MGI - Minas Gerais Participações	19,002	602,345,163	0.81
Departamento de Estradas de Rodagem do Estado de Minas Gerais - DER-MG	-	41	-
Total	2,241,462	74,791,474,636	100.00

Position as at December 31, 2023

	Capital breakdown		Equity interest - %
	Amount	Number of shares	
State of Minas Gerais	2,199,587	74,173,276,182	99.19
MGI - Minas Gerais Participações	18,820	602,345,163	0.81
Departamento de Estradas de Rodagem do Estado de Minas Gerais - DER-MG	-	41	-
Total	2,218,407	74,775,621,386	100.00

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- *Shareholders' compensation*

In May 2024, the Bank paid credits from interest on capital to shareholders corresponding to FY2023, as resolved at the Extraordinary Shareholders' Meeting held on December 27, 2023.

The table below comprises the amounts of interest on capital paid in 2024 and 2023:

	Payment in 2024		Payment in 2023	
	Interest on capital for 2023	Interest on capital for 2022	Dividends for 2022	Total
State of Minas Gerais	69,436	79,672	53,964	133,636
MGI - Minas Gerais Participações (*)	479	550	438	988
Total	69,915	80,222	54,402	134,624

(*) Interest on capital of MGI: net of withholding income tax (IRRF) in the amount of R\$84.

b) Valuation adjustments to equity

	06/30/2024	12/31/2023
Mark-to-market adjustments (i)	10,050	(7,824)
Other valuation adjustments to equity (ii)	(99,651)	(127,172)
Total	(89,601)	(134,996)

- (i) The mark-to-market adjustments, net of taxes, refer to adjustments to securities classified as "Available-for-sale securities" (note 6.1.b).
- (ii) Other adjustments refer to the recognition of costs inherent in the Bank's obligation to offer employee benefits and that, as required by technical pronouncement CPC 33 (R1) – Employee Benefits, effective beginning January 2013, should be adjusted in equity, net of taxes. The gross amounts are disclosed in note 18.c-i.

c) Earnings reserves

The earnings reserve amounting to R\$25,304 (12/31/2023 - R\$45,381) is recognized through the legal reserve, equivalent to 5% on profit for the period, limited to 20% of capital.

In December 2023, the earnings reserve balance of R\$45,381 comprised the legal reserve of R\$22,769 and R\$22.612 relating to residual profit for 2023, which was recorded in line item "Special earnings reserve" and allocated to increase capital, as resolved at the Annual Shareholders' Meeting (note 12.a.i).

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d) Retained earnings

As at June 30, 2024, line item “Retained earnings” includes the balance of R\$48,163 (first half of 2023 - R\$29,625) corresponding to profit earned in the semester, net of 5% to recognize the legal reserve.

e) Earnings per share

	2024	2023
	1st	1st
	semester	semester
Profit for the period	50,698	31,184
Number of shares (per thousand shares)	74,791,475	74,775,621
Basic earnings per share	0.00068	0.00042

f) Recurring and non-recurring revenue and expenses

Recurring and non-recurring revenue and expenses for the first half of 2024 and 2023 are broken down as per BDMG’s internal policy that is consistent with BCB Resolution No. 2/2020:

	2024	2023
	1st semester	1st semester
Recurring revenue and expenses	50,698	91,635
Non-recurring revenue and expenses ⁽¹⁾	-	(60,451)
	50,698	31,184

(1) The amount of R\$60,451, net of tax credits, refers to the provision for tax risks, in the gross amount of R\$72,708. (note 10.b.1)

13. Profit or loss accounts

a) Revenue from loan operations

	2024	2023
	1st semester	1st semester
Income from borrowings and financing	410,739	406,272
Recovered receivables (1)	33,508	75,977
Sale or transfer of financial assets	-	4,114
	444,247	486,363

(1) In the first half of 2023, the amount of recovered receivables derived from renegotiated transactions involving significant amounts, which did not occur in 2024.

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b) Income from securities and derivative financial instruments and expenses on financial intermediation

i) *Income from securities and foreign exchange transactions*

	2024	2023
	1st semester	1st semester
Income from securities		
• Investments in repurchase transactions	55,160	71,959
• Fixed-income securities (1)	73,858	44,554
• Investments in investment funds	7,536	6,359
• Other	5,043	7,556
Gains (losses) on foreign exchange transactions (2)	41,519	61,729
	183,116	192,157

(1) The increase in income from fixed-income securities arose from the higher balance of investments in federal government bonds and private securities.

(2) The decrease primarily derived from the exchange losses reported in the first half of 2024.

ii) *Expenses on financial intermediation*

	2024	2023
	1st semester	1st semester
Expenses on borrowings and onlendings	(222,678)	(261,912)
Expenses on foreign borrowings, net of effects of gains (losses) on derivative transactions – swaps (1)	(143,282)	(185,618)
Expenses on BNDES and FINAME onlendings	(60,188)	(55,200)
Expenses on onlendings – other institutions	(19,208)	(21,094)
Expenses on funding transactions	(117,981)	(107,190)
Expenses on agribusiness credit bills	(45,547)	(45,621)
Expenses on financial bills	(21,221)	(22,052)
Expenses on interbank deposits and repurchase transactions (2)	(36,904)	(25,624)
Expenses on payables to financial and development funds	(14,309)	(13,893)
	(340,659)	(369,102)

(1) The decrease primarily refers to exchange gains recorded in the first half of 2023, as illustrated in the table above.

(2) The increase in expenses on interbank deposits and repurchase transactions arose from the increase in the same securities.

c) Tax expenses, administrative and personnel expenses, other operating income (expenses) and expenses on provisions

i) *Tax expenses*

	2024	2023
	1st semester	1st semester
Taxes on revenue (PIS and COFINS)	(13,176)	(13,630)
Service tax (ISSQN)	(881)	(950)
Other	(886)	(838)
	(14,943)	(15,418)

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ii) *Administrative expenses*

	2024	2023
	1st semester	1st semester
Outside services and specialized technical services	(8,925)	(7,724)
Depreciation and amortization	(3,969)	(5,574)
Data processing expenses (i)	(11,401)	(7,704)
Expenses on publicity and communications	(3,909)	(3,268)
Registration expenses	(2,093)	(1,717)
Expenses on maintenance and materials	(1,827)	(2,087)
Expenses on rentals and infrastructure	(786)	(594)
Travel and transportation expenses	(812)	(588)
Other	(1,528)	(1,882)
	(35,250)	(31,138)

(i) *We stress the following: Overstated expenses: 1) 1.8 MM on cloud services; 2) 0.9 MM on the maintenance of IT infrastructure software; 3) 0.5 MM on services involving squads/system support; and 4) 0.5 on cybersecurity services.*

iii) *Personnel expenses*

	2024	2023
	1st semester	1st semester
Wages	(46,482)	(41,972)
Payroll and related taxes	(15,474)	(13,834)
Benefits	(6,240)	(5,951)
Fees of the Executive Board and Boards	(2,765)	(2,507)
Interns' compensation	(1,393)	(1,508)
Training	(459)	(329)
Other	-	(1)
	(72,813)	(66,102)

iv) *Other operating income*

	2024	2023
	1st semester	1st semester
Reversal of sundry provisions	2,492	3,976
Recovery of expenses	-	1,103
Commissions on sundry services	-	450
Income from court decisions	26	435
Income from inflation adjustments - STN	133	246
Income from equalization - STN	279	362
Other	3,196	2,193
	6,126	8,765

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v) *Other operating expenses*

	2024	2023
	1st semester	1st semester
Expenses on discounts granted on renegotiations (1)	(8,891)	(11,857)
Loss on the sale of transactions involving financial assets	-	(3,386)
Agreement expenses - Invest Minas	(8,322)	(3,424)
Agreement expenses - BDMG Cultural	(1,390)	(1,344)
Fees/commissions – foreign borrowings	(8,129)	(2,649)
Expenses on bonuses and discounts on loan transactions	(341)	(343)
Indemnity expenses	(871)	(110)
Other	(2,439)	(1,544)
	(30,383)	(24,657)

(1) The amount of discounts derives from agreements executed for debt renegotiation purposes, particularly payments in cash.

vi) *Expenses on provisions*

	2024	2023
	1st semester	1st semester
Expenses on accrued taxes payable (1)	(4,624)	(72,756)
Post-employment benefits - BD and CV pension plan (note 18.c.i)	(13,902)	(14,611)
Post-employment benefits – healthcare plan and life insurance (note 18.c.i)	(7,710)	(8,256)
Expenses on accrued payroll taxes	(2,171)	(1,659)
Expenses on accrued civil obligations	(2,430)	(1,707)
Provisions for co-obligations in rural transactions	(115)	(1,860)
Other	(129)	(127)
	(31,081)	(100,976)

(1) In 2023, they mainly refer to expenses on accrued fines and legal charges in connection with the COFINS lawsuit, which were not previously accrued, as disclosed in note 10 b.1.

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14. Income tax and social contribution

a) Reconciliation of income tax and social contribution in the income statement

	2024	2023
	1st semester	1st semester
Profit (loss) before income tax, social contribution and profit sharing	97,253	84,271
Profit sharing	(4,174)	(2,245)
Profit (loss) before income tax and social contribution	93,079	82,026
	45%	45%
Income tax and social contribution at statutory rate	(41,886)	(36,912)
Interest on capital	-	5,858
Nondeductible expenses and nontaxable revenues	(125)	(20,384)
Expenses on COFINS lawsuit	(748)	-
Tax incentives	365	(585)
Other amounts	13	12
Income tax and social contribution expenses	(42,381)	(50,841)
Deferred tax assets	6,126	(4,930)
Current income tax and social contribution amounts payable	(48,507)	(45,911)

b) Tax credits

BDMG's tax credits are recognized on temporary differences and tax loss carryforwards, in conformity with CMN Resolution No. 4.842/2020, considering, within up to 10 years, their expected realization due to taxable income included in the earnings projections. Such taxable income (loss) may be changed, since they are estimated based on internal assumptions and future economic scenarios and, therefore, are not directly related to the expected accounting profit only.

Origin of tax credits on temporary differences

	12/31/2023	Recognition	Realization	06/30/2024
Allowance for loan losses	266,077	54,034	(52,231)	267,880
Changes in COFINS tax base - Law 9718/1998	59,398	1,285	-	60,683
Tax, labor and civil contingencies	14,730	2,144	(864)	16,010
Changes in PIS/PASEP tax base - Law 9718/1998	11,465	-	-	11,465
Post-employment benefits	187,027	9,515	(29,337)	167,205
Co-obligation to STN	1,146	51	(165)	1,032
Decrease in securities	82,777	4,364	(5,594)	81,548
Other	1,873	34,699	(34,291)	2,281
Total temporary differences	624,493	106,092	(122,482)	608,103
Mark-to-market adjustments to available-for-sale securities	7,901	-	(7,019)	882
Total tax credits	632,394	106,092	(129,501)	608,985

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Expected realization of tax credits on temporary differences

	Notional amount	Present value
Year:		
2024	21,742	19,952
2025	39,166	33,442
2026	105,204	82,478
2027	45,406	32,806
2028	126,377	84,396
2029	95,084	58,804
2030	52,233	30,037
2031	38,125	20,438
2032	39,537	19,790
2033	46,111	22,363
Total	608,985	404,506

The present value of the realizable value of tax credits is determined through discounts at the average borrowing rate of funds contracted by BDMG.

c) Deferred tax liabilities

	06/30/2024	12/31/2023
Deferred revenue	29,619	26,025
Mark-to-market adjustments to available-for-sale securities	10,769	163
Total	40,388	26,188

15. Related parties

In conformity with CMN Resolution No. 4.818/2020, Law 13303/2016 and State Decree 47154/2017, BDMG established a policy applicable to related-party transactions. Among other guidelines, the policy forbids the performance of related-party transactions under conditions different from market conditions or that may impair the institution's interests.

The transactions conducted by the Bank with its related parties during the semester include:

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State of Minas Gerais

a) Agreements executed through bodies managing state funds

BDMG provides services in the capacity of financial agent/legal representative of state funds, receiving commissions included in the finance charges levied on financing taken using the fund's resources.

b) Agreement executed through SEINFRA - Secretaria de Estado de Infraestrutura e Mobilidade

The Bank entered into an agreement for the provision of services involving the concession project structuring for the highway system Ouro Preto – Brumadinho. The compensation depends on the successful or unsuccessful completion of the project: Successful completion: R\$5,665 and unsuccessful completion: R\$3,600, which are adjusted for inflation on an annual basis, according to the Extended Consumer Price Index (IPCA).

c) Agreement executed through SEMAD - Secretaria de Estado de Meio Ambiente e Desenvolvimento Sustentável

The Bank entered into an agreement for the provision of specialized technical services in connection with the structuring of environmental projects.

In the first half of 2024, the following was recorded in respect of such agreement: revenues of R\$895 and expenses of R\$261.

Secretaria de Estado de Planejamento e Gestão de Minas Gerais – SEPLAG

The Bank assumes responsibility for the charges related to professionals assigned by SEPLAG. In the first half of 2024, expenses on the six professionals assigned totaled R\$842. In the first half of 2023, expenses on the five professionals assigned amounted to R\$481.

INVEST Minas (a non-profit entity associated with the State Department of Economic Development)

Pursuant to State Law 22287, of September 14, 2016, the Bank holds a 50% equity interest in Invest Minas (currently Instituto de Desenvolvimento Integrado de Minas Gerais – INDI), and, through contributions, accounts for 50% of corporate expenses annually recorded.

The Bank's expenses on contributions made total R\$8,322 in the first half of 2024 and amounted to R\$3,424 in the first half of 2023.

Instituto Cultural Banco de Desenvolvimento de Minas Gerais - BDMG Cultural
(non-profit civil association)

The Bank incurs expenses on contributions made so that the Institute may perform cultural activities. In the first half of 2024, expenses total R\$1,390 (R\$1,344 in the first half of 2023).

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DESBAN - Fundação BDMG de Seguridade Social – (non-profit, closed-end supplementary pension entity)

In order to provide the social security and healthcare benefits to its employees, the Bank makes payments to DESBAN, an entity in charge of managing those benefits.

Note 18 includes information on disbursements and expenses on post-employment benefits (social security and healthcare) made by the Bank in the first half of 2024 and 2023.

BDMG's assets comprise the amount of R\$844 to be used by DESBAN in partially covering the insurance premiums, as defined in the regulations governing the Social Security Benefit Plan namely BDMG CD that superseded the BDMG CV Plan.

BDMG, as sponsor of the Defined Benefit Plan – BD and, in compliance with paragraph 1 of CNPC Resolution No. 30/2018 and RN/DESBAN Report No. 008/2022, pledged as collateral, on behalf of DESBAN, for obligations arising from the 2021 deficit resolution plan, credit rights comprising three loan transactions.

As at December 31, 2022, such commitment agreement with Desban totaled R\$34,412. As at June 30, 2024, the respective inflation-adjusted balance is R\$36,735. The commitment agreement is monthly adjusted based on the Extended Consumer Price Index (IPCA). The three loan transactions collateralizing such agreement amount to R\$39,364 as at June 30, 2024.

The Bank's expenses on assets without post-employment benefits total R\$1,849 in the first half of 2024 and R\$1,659 in the first half of 2023.

Those expenses on post-employment benefits are detailed in note 18.

BDMG has assigned an employee to DESBAN, which defrays the respective costs.

AFBDMG - Associação dos Funcionários do BDMG (non-profit association)

The Bank pays to AFBDMG the amount equivalent to its share referring to the Group Life Insurance of the employees managed by the Association. The Bank's expenses on assets without post-employment benefits total R\$38 in the first half of 2024 and R\$38 in the first half of 2023.

Those expenses on post-employment benefits are detailed in note 18.

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Individuals

Members of the Board of Directors, Supervisory Board, Audit Committee, Risk and Capital Committee, Personnel, Eligibility, Succession and Compensation Committee and the Executive Board.

Compensation, payroll taxes and benefits paid in the first half of 2024 total R\$3,778 (R\$3,226 in the first half of 2023).

16. Fair value of financial assets and financial liabilities

In conformity with CMN Resolution No. 4.924/2021, when measuring and disclosing the fair value of financial instruments, the Bank adopts the following hierarchy:

- Level 1: instruments based on the prices quoted in an active market;
- Level 2: prices quoted in an active market for similar instruments or valuation techniques for which all significant variables are based on observable market inputs;
- Level 3: valuation techniques in which significant variables are not based on observable market inputs.

For certain groups of financial instruments, the fair value approximates the carrying amount, since they involve transactions with specific characteristics, exclusive rates and there is no active market and similar instrument. The main financial assets and financial liabilities are broken down as follows:

- Loan portfolio, including interbank onlendings.
- Other financial assets.
- Deposits.
- Funds from securities issued.
- Onlendings.

As for interbank investments, the carrying amount approximates the fair value, since those transactions have short-term maturities and are recorded considering the market rates.

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- a) Comparative summary between cost (curve value) and the estimated fair value of financial instruments:

Financial assets	06/30/2024		12/31/2023	
	Cost (curve value)	Fair value	Cost (curve value)	Fair value
Interbank investments	1,172,434	1,172,434	1,014,269	1,014,269
Securities	1,679,161	1,699,187	1,326,588	1,311,078
Available-for-sale financial assets	1,064,464	1,084,423	924,536	908,997
Held-to-maturity financial assets	614,697	614,764	402,052	402,081
Derivative financial instruments	74,602	45,580	(22)	1,110
Loan portfolio (i)	6,398,821	6,398,821	6,229,275	6,229,275
Other financial assets	162,944	162,944	162,963	162,963
Total financial assets	9,487,962	9,478,966	8,735,966	8,721,219

(i) Include interbank onlendings.

Liabilities	06/30/2024		12/31/2023	
	Cost (curve value)	Fair value	Cost (curve value)	Fair value
Deposits	841,124	841,124	606,697	606,697
Funds from securities issued	1,541,564	1,541,564	1,193,043	1,193,043
Foreign borrowings	1,631,243	1,279,961	1,461,758	1,164,228
Onlendings	1,972,274	1,972,274	2,033,288	2,033,288
Derivative financial instruments	9,529	38,204	147,724	218,106
Total financial liabilities	5,995,734	5,673,127	5,442,510	5,215,362

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b) Breakdown of the fair values of financial instruments by hierarchy level

	06/30/2024				12/31/2023			
	Fair value	Level 1	Level 2	Level 3	Fair value	Level 1	Level 2	Level 3
Financial assets measured at fair value through other comprehensive income	912,120	912,120	-	-	741,590	741,590	-	-
Federal government bonds	794,942	794,942	-	-	661,173	661,173	-	-
Shares of private entities	117,178	117,178	-	-	80,417	80,417	-	-
Financial assets measured at fair value through profit or loss	45,580	-	45,580	-	3,634	-	3,634	-
Derivative financial instruments	45,580	-	45,580	-	3,634	-	3,634	-
Total financial assets	957,700	912,120	45,580	-	745,224	741,590	3,634	-
Financial liabilities at fair value through profit or loss	1,318,165	-	1,318,165	-	1,346,694	-	1,346,694	-
Foreign borrowings	1,279,961	-	1,279,961	-	1,164,228	-	1,164,228	-
Derivative instruments	38,204	-	38,204	-	182,466	-	182,466	-
Total financial liabilities	1,318,165	-	1,318,165	-	1,346,694	-	1,346,694	-

(i) Include interbank onlendings.

17. Risk and capital management

BDMG's risk and capital management seeks to ensure an appropriate control over its activities to obtain the best return possible relatively to the risk level the Bank is willing to assume.

17.1. Capital management

a) Capital management

BDMG's capital management, in conformity with CMN Resolution No. 4.557/2017, aims to ensure an adequate capital level to perform the Bank's strategic planning, based on the risks underlying the business and decision-making mechanisms to deal with stressful situations.

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The Bank has institutional structures and policies to manage the operational risks, market risks, credit risks, liquidity risks, social risks, environmental and climate risks and capital management approved by the Board of Directors. The basic principles observed in managing and controlling risks and capital have been established pursuant to the prevailing regulations and market practices.

BDMG's capital management framework is broken down as follows:

- Board of Directors;
- Risk and Capital Committee;
- Executive Risk, Capital and Compliance Committee;
- Executive Board;
- Officer in charge of capital management;
- Officer in charge of risk management (CRO);
- Unit in charge of capital management;
- Unit in charge of the integrated risk management;
- Other units that may be involved in the capital management process.

The responsibilities assumed within the capital management framework consist of:

- Continuous monitoring to maintain the Regulatory Capital, Tier I Capital and Common Equity at levels compatible with the risks incurred;
- Systems, routines and procedures designed for capital management purposes;
- Assessment of impacts derived from the projection of scenarios on capital;
- Capital Plan;
- Capital Contingency Plan;
- Timely managerial reports for the Executive Board, Risk and Capital Committee, Executive Risk, Capital and Compliance Committee and Board of Directors.

The description of the capital management framework is disclosed together with the information on risk and capital management in the Basel Pillar 3 Report on the following website: <https://www.bdmg.mg.gov.br/transparencia-documentos/?demonstracoes>.

In order to assess the capital sufficiency to cover possible risks underlying the performance of its activities and compliance with regulatory operational limits, a capital plan is annually prepared consistently with the Bank's strategic planning.

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b) Regulatory capital

BDMG monitors the minimum capital requirements, the solvency indicators and operational limits according to the provisions and set of regulations disclosed by the Central Bank, aligned with the recommendations from the Basel Committee on Banking Supervision. The main figures relevant to the calculation of capital ratios are as follows:

	<u>06/30/2024</u>	<u>12/31/2023</u>
Equity	2,225,328	2,128,792
Tier I Regulatory Capital or Common Equity - (a)	2,106,254	1,965,128
Capital for transactions with the public sector - (b)	200,000	200,000
Regulatory capital (PR) - (a-b)	1,906,254	1,765,128
Total risk-weighted assets (RWA)	<u>7,721,039</u>	<u>7,312,647</u>
Credit risk (RWAcpad)	6,682,365	5,397,520
Market risk (RWAmpad)	164,523	106,909
Operational risk (RWAopad)	874,151	808,218
Capital share to cover the interest rate risk underlying the non-negotiable portfolio (RWA R_{BAN})	78,823	63,686
Minimum regulatory capital	889,532	831,514
Basel Index (PR/RWA)	24.69%	24.14%
Extended Basel Index (PR/(RWA + R _{BAN}))	24.44%	23.93%

c) Sensitivity analysis

In compliance with article 35 of BCB Resolution No. 2/2021, BDMG conducts a sensitivity analysis for the recognition of carrying amounts that are subject to variations due to changes in the methods, assumptions and estimates considered for the next fiscal year. Based on the projections prepared within the scope of these financial statements, variables have been stressed for which variations more immediately affect profit or loss for the current year: allowance for loan losses, recovery of receivables and income from securities.

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	Impact on profit or loss (net of taxes)			
	10% deterioration	20% deterioration	30% deterioration	40% deterioration
Sensitized variable				
Allowance for loan losses	(6,445)	(12,889)	(19,334)	(25,779)
Recovery of receivables	(3,084)	(6,169)	(9,253)	(12,337)
Income from securities	(8,126)	(16,252)	(24,337)	(32,503)

The sensitivity analysis for actuarial liabilities is disclosed in note 18 c (iv).

17.2. Risk management

The risk management aligned with the strategic guidelines is committed to the Bank's ethical standards of conduct and reliability. We always aim to ensure the convergence of internal methodologies and models to the Basel Agreements and in conformity with the recommendations from the Regulatory Bodies, CMN Resolution No. 4.557/2017 and CMN Resolution No. 4.595/2017, aligned with the best risk management practices.

BDMG's risk management mission is to manage credit, market, liquidity, operational, social, environmental and climate risks, with a view to mitigating those risks and enhancing the effectiveness of operations and results of operations. Accordingly, practices are adopted appropriately to the nature and particularities of the Bank's operations.

The governance structure comprises the Board of Directors, Audit Committee, Internal Audit Committee, Independent Audit Committee, Risk and Capital Committee, Executive Risk, Capital and Compliance Committee, Credit and Risk Executive Board, Risk and Internal Control Authority, and other units in charge of managing risks in the first place.

Credit risk

The credit risk management policy establishes limits of exposure to credit risks by customer, economic group, economic dependence and monitoring of the loan portfolio quality, approval levels and credit analysis and monitoring criteria, in order to align decisions to the Institution's risk appetite.

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Operational risk

The operational risk management policy defines duties, responsibilities and the own methodology for managing BDMG's operational risks, so as to identify, assess and respond to the risks appropriately.

Compliance risk

The compliance risk management policy defines duties and responsibilities for managing BDMG's compliance risks, so as to ensure the Bank's performance is consistent with the internal and external regulations.

Liquidity risk

The liquidity risk management policy defines duties and responsibilities, exposure limits and reporting levels, aiming to prepare the Bank to support adverse scenarios, considering the different time horizons. It provides for situations that require triggering the contingency plan, which includes a set of strategies and measures to be implemented, with a view to adjusting the fixed limits. The policy also encompasses the monitoring of action plans defined and reporting of related results to Senior Management.

Market risk

The market risk management policy defines duties and responsibilities, operational limits, reporting levels and methods to be applied to mitigate the adverse effects arising therefrom on the Institution's economic and financial results, appropriately to the defined risk appetite.

Social, environmental and climate risks

The policy governing the management of social, environmental and climate risks establishes the management framework and guidelines, duties and responsibilities to be considered in BDMG's risk management process so as to keep them consistent with the organization's risk appetite.

Descriptions of the risk management frameworks and other management information are available on BDMG's website (<http://www.bdmg.mg.gov.br>).

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Sensitivity analysis of market risks

The financial instruments are classified in the banking book as per the conservative strategy adopted for the allocation of funds and determined by Management, in compliance with the best market practices and classification criteria set by regulatory bodies. BDMG's exposure in the banking book particularly consists of loan transactions and borrowings, with the respective hedges, as well as securities transactions.

The sensitivity test is performed under the economic value approach - EVE (Economic Value of Equity), which assesses the impact of interest rate changes on the present value of cash flows from the instruments classified in the institution's banking book.

Delta EVE measures the difference between the present value of total repricing flows of the instruments subject to interest rate risks under a base scenario and stress scenario for interest rates.

The following table summarizes the sensitivity amounts for scenarios of increase and decrease, determined through Delta EVE, concerning the banking book position as at June 30, 2024.

June/2024	Δ EVE	Δ EVE
	Parallel stress - increase	Parallel stress - decrease
Dollar coupon	-457	494
EURO coupon	-539	550
PRE	41,934	-46,878
IPCA coupon	17,448	-21,066
TJLP coupon	7,068	-9,095
TLP coupon	4,482	-5,241
TRD coupon	7,891	-16,419
TOTAL BRL	78,823	-98,700
Δ EVE	78,823	1,045

Note: The variation measures include losses represented by positive amounts, pursuant to article 13, paragraph 3 of BACEN Circular Letter 3.876/2018, which methodology is adopted for this sensitivity testing purposes.

Standardized scenarios comprising interest rate stresses (increase and decrease) were used, as per BACEN's regulations for Financial Institutions, classified as S3, which is the case of BDMG where 400bps stresses were applied for instruments associated with risk factors in local currency and 200bps stresses for Dollar and Euro coupons.

18. Employee benefits

As disclosed in note 3.21, BDMG provides its employees with the following post-employment benefits: social security benefits, healthcare and dental care and life insurance.

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The granted benefits are recorded in accordance with CPC 33 (R1) – Employee Benefits, which requires the performance of regular actuarial studies to support the recognition of benefits. Accordingly, to support the financial statements, the Bank adopts actuarial studies carried out on a semiannual basis for the reporting dates December 31 and June 30.

a) Characteristics of the benefit plans

i) *Social security benefits*

BDMG offers social security plans under the defined benefit and defined contribution categories, which are managed by DESBAN - Fundação BDMG de Seguridade Social, a non-profit, closed-end supplementary pension entity. Both plans are intended to supplement the amount of installments paid by the participants and their beneficiaries under the General Social Security Regime (RGPS).

Social security plan under the defined benefit category

This plan, closed for new adhesions on November 11, 2011, is based on the capitalization regime for calculating and accumulating the respective reserves, which derive from contributions made by the participants and sponsor, whose contribution is limited to the total regular contributions from participants, according to their individual particularities, in accordance with the contribution parity provided for in Constitutional Amendment No. 20/1998.

In 2015, the defined benefit plan sponsored by BDMG had a technical deficit to be resolved. Such resolution was conducted pursuant to article 29 of Resolution 26, of September 29, 2008, issued by the Supplementary Pension Management Board (CGPC), which was effective at the time and required that the plan deficit be resolved by participants (active and assisted employees and pensioners) and sponsors, consistently with the proportion of regular contributions made during the year in which the deficit was recorded.

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In 2021, the defined benefit plan sponsored by BDMG had a technical deficit to be resolved. Such resolution was conducted pursuant to article 14 of Resolution 30, of October 10, 2018, issued by the National Supplementary Pension Board (CNPB), which required that the plan deficit be resolved by participants (active and assisted employees and pensioners) and sponsors, consistently with the proportion of regular contributions made during the year in which the deficit was recorded.

Information on the deficit amount and resolution terms, including the respective adjustments, is provided below:

BD Plan – 2015 Deficit Resolution Plan (PED 2015)	Resolution at Desban in 2015	Resolution balance at the sponsor as at 12/31/2023 (*)	Resolution balance at the sponsor as at 06/30/2024 (**)
Resolution amount	28,136	33,186	32,370
Amount of sponsor's contribution	14,068	16,593	16,185
Amount of contribution by active and assisted participants	14,068	16,593	16,185
Resolution term	20 years	2024 to 2036	2024 to 2036

BD Plan – 2021 Deficit Resolution Plan (PED 2021)	Resolution at Desban in 2021	Resolution balance at the sponsor as at 12/31/2023 (*)	Resolution balance at the sponsor as at 06/30/2024 (*)
Resolution amount	157,886	164,984	160,152
Amount of sponsor's contribution	78,943	82,492	80,076
Amount of contribution by active and assisted participants	78,943	82,492	80,076
Resolution term	18 years and 11 months	2024 to 2042	2024 to 2042

(*) Resolution amount defined according to the flow of liabilities discounted to present value based on the assumptions determined in BDMG's actuarial valuation in December 2023.

(**) Resolution amount defined according to the flow of liabilities discounted to present value based on the assumptions determined in BDMG's actuarial valuation in June 2024.

When considering the best estimate to be adopted for the accounting recognition of the deficit resolution amount, the Bank relied on the statutory provisions and regulations required to determine the actuarial liabilities of a public entity sponsoring the supplementary pension plan.

Accordingly, for such purpose, participants (exactly 50%) and sponsors (exactly 50%) equally share the contributions, whereas the actuarial deficit portion is recognized in the Bank's liabilities that falls under its responsibility as sponsor.

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This condition was accepted by DESBAN's Advisory Council as registered in the minutes to the 282nd meeting held on December 27, 2016: "an equal apportionment between participants (exactly 50%) and sponsors (exactly 50%) shall be considered not only for this Resolution Plan, but also for other deficit resolution plans that may be required in the future, as long as the same statutory and regulatory provisions remain effective".

The 2021 Deficit Resolution Plan (PED 2021) was approved at the 423rd meeting held by DESBAN's Advisory Council on November 30, 2022. The deficit will be resolved through payment of 50% by the sponsor and the remaining 50% by active and assisted participants.

The life annuity benefits granted to former assisted employees and retirement benefits to two former retired employees that did not opt for the CLT regime at the time when the Bank was an independent entity, are recorded together with the actuarial liabilities from the Social Security Benefit Plan under the defined benefit category (BD).

Defined contribution plan

On November 1, 2023, the Licensing Department of the National Pension Fund Agency, through PREVIC Ordinance No. 992, approved the proposed amendments to the regulations of the BDMG CV Social Security Benefit Plan that was converted into BDMG CD Social Security Benefit Plan.

As a result of those amendments, the variable contribution plan - BDMG CV, created on January 13, 2011, which combined characteristics of a defined contribution plan (CD) in the savings formation phase and a defined benefit plan (BD) over the benefit utilization period, became BDMG-CD, a plan under which the benefit amount now derives from the accumulation of contributions.

The Social Security Benefit Plan - BDMG CD, which is open to new adhesions, offers participants the regular retirement benefits, early retirement and social security risk benefits pursuant to the relevant regulations (disability retirement and death annuity), with coverage provided through an insurance policy taken by DESBAN.

BDMG's regular contributions, as the Plan's sponsor, comply with the provisions set out in Constitutional Amendment No. 20/1998, limited to the total amount of regular contributions made by the participants.

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Upon the BDMG-CV Plan conversion into BDMG-CD Plan, there was an assisted participant that received a monthly lifelong income under the defined benefit category with extraordinary contribution for the deficit resolution plan approved in 2022. In March 2024, the benefit granted as monthly lifelong income was discontinued, since the participant in a disability situation returned to work, and is currently an active participant. Accordingly, upon the termination of the monthly lifelong income benefit, the remaining post-employment obligations were settled on March 31, 2024, after the regulatory changes occurred in 2023, under the responsibility of BDMG, in connection with the BDMG CD Plan.

ii) *Health and dental care benefit*

PRÓ-SAÚDE is a Private Healthcare Plan offering coverage for medical and dental expenses to active participants and their beneficiaries, as disclosed in note 3.2121. It is managed by DESBAN under a capitalization regime. This benefit is assured to active employees, retired employees who were already inactive on February 22, 2018, as well as employees who retired under the Voluntary Dismissal Program, which adhesion period ended on April 30, 2018.

iii) *Life insurance*

The Bank sponsors the post-employment Group Life Insurance exclusively to assisted employees who were already entitled to the benefit on February 22, 2018. Such benefit is assured to active employees only while they remain as active participants. The Bank's contribution corresponds to 50% of the premium amount paid.

b) BDMG's participants under the social security plans

The number of participants is broken down as follows:

	<u>06/30/2024</u>	<u>12/31/2023</u>
Plans:		
Defined benefit (BD) – assisted participants	527	530
Defined benefit (BD) – active participants	216	217
Defined benefit (BD) – self-sponsored participants	8	8
Defined contributions (CD) - active participants ⁽¹⁾	69	70
Defined contributions (CD) - assisted participants ⁽¹⁾	1	1
Defined contributions (CD) - self-sponsored participants ⁽¹⁾	3	3
Benefits directly paid by the Company ⁽²⁾	3	3
Total	824	829

(1) The BDMG CV Social Security Benefit Plan was changed to BDMG CD Social Security Benefit Plan through PREVIC Ordinance 992, of November 1, 2023.

(2) Refers to life annuity benefits granted to a former assisted employee and retirement benefits to two former retired employees that did not opt for the CLT regime at the time when the Bank was an independent entity, as disclosed in note 3.22 (v).

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In fulfilling its benefit plan obligations, BDMG made the following contributions to active and assisted employees:

	1st semester of 2024	Fiscal Year 2023	1st semester of 2023
Social security benefit plan - BD	10,619	20,788	8,473
Health Promotion Program (PRÓ-SAÚDE)	5,024	9,288	4,512
Group life insurance	592	1,194	598
Social security benefit plan - (CV) ⁽¹⁾	455	1,045	436
Total	16,690	32,315	14,019

(1) The BDMG CV Social Security Benefit Plan was changed to BDMG CD Social Security Benefit Plan through PREVIC Ordinance 992, of November 1, 2023.

Banco de Desenvolvimento de Minas Gerais S.A. - BDMG

Notes to the financial statements

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(In thousands of Brazilian reais – R\$, unless otherwise stated)

i) Variations in net actuarial liabilities

The net amounts of defined benefit plan obligations, pursuant to CPC 33 (R1), derived from the following variations occurred in the period:

	Social security benefit plan -BD		Social security benefit plan -CD (3)		Health Promotion Program (PRO-SAÚDE)			Group life insurance				
	1 st Semester of 2024	Fiscal Year 2023	1 st Semester of 2023	1 st Semester of 2024	Fiscal Year 2023	1 st Semester of 2023	1 st Semester of 2024	Fiscal Year 2023	1 st Semester of 2024	Fiscal Year 2023	1 st Semester of 2023	
Reconciliation of (liabilities)/assets recognized												
Initial net (liabilities)	(304,121)	(276,307)	(276,307)	2	-	-	(138,528)	(123,084)	(123,084)	(15,537)	(13,935)	(13,935)
Participants' share of surplus (-) deficit (+)	42,592	38,121	38,121	(23)	-	-	-	-	-	-	-	-
Initial net (liabilities) recorded (1)	(261,529)	(238,186)	(238,186)	(21)	-	-	(138,528)	(123,084)	(123,084)	(15,537)	(13,935)	(13,935)
(Expenses)/revenues recognized in profit or loss for the period	(13,409)	(27,328)	(14,227)	(44)	(218)	5	(7,000)	(15,355)	(7,472)	(710)	(1,566)	(784)
(Gains)/(losses) recognized in equity (2)	30,446	(17,456)	5,679	65	970	(42)	17,874	(6,776)	(14,336)	1,653	(1,152)	(1,228)
Employer contributions	10,619	20,788	8,473	-	71	37	3,609	6,687	3,256	554	1,116	559
Benefits directly paid by the Company	393	653	244	-	-	-	-	-	-	-	-	-
Transfer to other assets in the employer's balance sheet	-	-	-	-	(844)	-	-	-	-	-	-	-
Final net (liabilities) recorded (1)	(233,480)	(261,529)	(238,017)	-	(21)	-	(124,045)	(138,528)	(141,636)	(14,040)	(15,537)	(15,388)

(1) Refers to the share of sponsor's actuarial liability upon calculation of the effects of sharing risks with active and assisted participants.

(2) The actuarial gains/(losses) are recorded in "Other valuation adjustments to equity" in equity, as disclosed in note 12.b.ii.

(3) The BDMG CV Social Security Benefit Plan was changed to BDMG CD Social Security Benefit Plan through PREVIC Ordinance 992, of November 1, 2023.

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Amounts recognized in profit or loss

Expenses on the post-employment benefit plans are detailed below:

	06/30/2024				Total
	Social security benefit plan - BD	Social security benefit plan - CD (2)	Health Promotion Program (PRO-SAÚDE)	Group life insurance	
Cost of current services	(1,602)				(1,602)
Cost of past services		(44)			(44)
Net interest cost	(11,807)		(6,379)	(710)	(18,896)
Expected contributions for administrative expenses			(621)		(621)
(Expenses) income recognized in the income statement (1)	(13,409)	(44)	(7,000)	(710)	(21,163)
	06/30/2023				Total
	Social security benefit plan - BD	Social security benefit plan - CV	Health Promotion Program (PRO-SAÚDE)	Group life insurance	
Cost of current services	(916)	3			(913)
Net interest cost	(13,311)	2	(6,990)	(784)	(21,083)
Expected contributions for administrative expenses	-	-	(482)	-	(482)
(Expenses) income recognized in the income statement (1)	(14,227)	5	(7,472)	(784)	(22,478)

(1) In the semester ended June 30, 2024, the accounting records of expenses was segregated as follows: R\$3,829 (semester ended 06/30/2023 - R\$3,312) referring to benefits to be granted (assets) and R\$17,334 (semester ended 06/30/2023 - R\$19,266) referring to granted benefits (assisted employees). As for the Social Security Plan - CD, contributions referring to the defined contribution share (CD), recognized as expenses in the semester ended June 30, 2023, amounted to R\$468 (semester ended 06/30/2023 - R\$404).

(2) The BDMG CV Social Security Benefit Plan was changed to BDMG CD Social Security Benefit Plan through PREVIC Ordinance 992, of November 1, 2023.

Banco de Desenvolvimento de Minas Gerais S.A. - BDMG

Notes to the financial statements

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(In thousands of Brazilian reais – R\$, unless otherwise stated)

d) Actuarial studies

The actuarial obligations were assessed by an independent actuary under the Projected Unit Credit Method, whereas the study prepared for the reporting date June 30, 2024 remains effective.

i) *Statement of calculation of and variations in net actuarial liabilities*

The BDMG CV Social Security Benefit Plan was changed to BDMG CD Social Security Benefit Plan through PREVIC Ordinance 992, of November 1, 2023.

Banco de Desenvolvimento de Minas Gerais S.A. - BDMG

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	Social Security Benefit Plan -			Social Security Benefit Plan - CD			Health Promotion Program (PRO-SAÚDE)			Group Life Insurance		
	BD		1 st Semester of 2023	Social Security Benefit Plan - CD		1 st Semester of 2023	Health Promotion Program (PRO-SAÚDE)		1 st Semester of 2023	Group Life Insurance		1 st Semester of 2023
	1 st Semester of 2024	Fiscal Year 2023		1 st Semester of 2024	Fiscal Year 2023		1 st Semester of 2024	Fiscal Year 2023		1 st Semester of 2024	Fiscal Year 2023	
(Deficit)/surplus recorded												
Actuarial obligations calculated upon the actuarial valuation	(1,218,073)	(1,326,207)	(1,258,508)	-	(318)	(833)	(153,643)	(167,184)	(168,081)	(14,040)	(15,537)	(15,388)
Fair value of plan assets	957,616	1,022,086	996,622	-	320	1,776	29,598	28,656	26,445	-	-	-
(Deficit)/surplus recorded	(260,457)	(304,121)	(261,886)	-	2	943	(124,045)	(138,528)	(141,636)	(14,040)	(15,537)	(15,388)
Effects of the asset ceiling, additional liabilities and risk sharing												
Effect of the asset ceiling												
Risk sharing (deficit to be shared x 50%)	26,977	42,592	23,869	-	(24)	(943)	-	-	-	-	-	-
Final effects of the asset ceiling, additional liabilities and risk sharing	26,977	42,592	23,869	-	(24)	(943)	-	-	-	-	-	-
Net (liabilities)/assets calculated												
((deficit)/surplus recorded, less effects of the ceiling of assets and additional liabilities) (1)	(233,480)	(261,529)	(238,017)	-	(22)	-	(124,045)	(138,528)	(141,636)	(14,040)	(15,537)	(15,388)
Initial fair value of assets	1,022,086	901,130	901,130	320	2,486	2,486	28,656	26,569	26,569	-	-	-
Benefits paid over the period using the plan assets	(44,634)	(94,902)	(43,162)	(8)	(38)	(13)	(4,431)	(8,852)	(4,163)	-	-	-
Participant's contributions made in the period	7,012	13,172	5,020	-	72	37	-	-	-	-	-	-
Employer's contributions made in the period	10,619	20,788	8,473	-	71	37	3,609	6,687	3,256	-	-	-
Expected return on assets	46,661	100,949	50,618	8	238	144	1,314	2,831	1,494	-	-	-
Prepaid obligations – regulation amendments				(306)	(780)							
Transfer to other assets in the employer's balance sheet					(844)							
Gains/(losses) on the fair value of plan assets (2)	(84,128)	80,949	74,543	(14)	(885)	(915)	450	1,421	(711)	-	-	-
Final fair value of assets	957,616	1,022,086	996,622	-	320	1,776	29,598	28,656	26,445	-	-	-

Banco de Desenvolvimento de Minas Gerais S.A. - BDMG

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(In thousands of Brazilian reais – R\$, unless otherwise stated)

	Social Security Benefit Plan - BD			Social Security Benefit Plan - CD			Health Promotion Program (PRO-SAÚDE)			Group Life Insurance		
	1 st		1 st	1 st		1 st	1 st		1 st	1 st	1 st	
	Semester of 2024	Fiscal Year 2023	Semester of 2023	Semester of 2024	Fiscal Year 2023	Semester of 2023	Semester of 2024	Fiscal Year 2023	Semester of 2023	Semester of 2024	Fiscal Year 2023	Semester of 2023
Initial actuarial obligations	(1,326,207)	(1,177,437)	(1,177,437)	(318)	(708)	(708)	(167,184)	(149,653)	(149,653)	(15,537)	(13,935)	(13,935)
Cost of current services, net	(1,602)	(2,125)	(916)		(4)	3	-	-	-	-	-	-
Cost of past services		-		(44)	(218)			-			-	
Participant's contributions made in the period	(7,012)	(13,172)	(5,020)		(72)	(37)	-	-	-	-	-	-
Interest on actuarial obligation	(60,443)	(129,561)	(66,111)	(7)	(82)	(40)	(7,693)	(17,082)	(8,484)	(710)	(1,566)	(784)
Benefits paid in the period	45,027	95,555	43,406	8	38	13	3,810	7,748	3,681	554	1,116	559
Prepaid obligations – regulation amendments		-		306	780			-			-	
Gains/(losses) on actuarial obligations (2)	-	-	-	-	-	-	-	-	-	-	-	-
Actuarial gains/(losses) – financial changes	132,961	(89,918)	(99,763)	40	(141)	(142)	16,536	(11,606)	(13,515)	1,603	(1,198)	(1,255)
Actuarial gains/(losses) – changes in the extraordinary contributions of participants and assisted employees	-	-	-		21	21	-	-	-	-	-	-
Actuarial gains (losses) -experience adjustments	(797)	(9,549)	47,333	15	68	57	888	3,409	(110)	50	46	27
Final actuarial obligations	(1,218,073)	(1,326,207)	(1,258,508)	-	(318)	(833)	(153,643)	(167,184)	(168,081)	(14,040)	(15,537)	(15,388)

The BDMG CV Social Security Benefit Plan was changed to BDMG CD Social Security Benefit Plan through PREVIC Ordinance 992, of November 1, 2023.

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(In thousands of Brazilian reais – R\$, unless otherwise stated)

	Social Security Benefit Plan - BD		Social Security Benefit Plan - CD			Health Promotion Program (PRO-SAÚDE)		Group Life Insurance			
	1 st Semester of 2024	Fiscal Year 2023	1 st Semester of 2023	1 st Semester of 2024	Fiscal Year 2023	1 st Semester of 2023	1 st Semester of 2024	Fiscal Year 2023	1 st Semester of 2024	Fiscal Year 2023	1 st Semester of 2023
Determination of deficit to be shared											
(Deficit)/surplus recorded, subject to sharing (1)	(255,955)	(299,367)	(256,654)	-	-	-	-	-	-	-	-
Employer's obligations to future contributions (regular contributions)	105,740	115,098	109,945	-	-	-	-	-	-	-	-
Employer's obligations to future contributions (extraordinary contributions – 2015 deficit resolution)	96,261	99,085	98,971	-	-	-	-	-	-	-	-
Deficit to be shared	(53,954)	(85,184)	(47,738)	-	-	-	-	-	-	-	-
Asset ceiling, minimum funding requirements and risk sharing											
Initial effects of the asset ceiling, additional liabilities and risk sharing	42,592	38,121	38,121	(23)	(1,778)	(1,778)	-	-	-	-	-
Expected interest on effects of the asset ceiling, additional liabilities and risk sharing	1,975	3,409	2,182	(1)	(152)	(102)	-	-	-	-	-
Gains/(losses) on effects of the asset ceiling, additional liabilities and risk sharing (2)	(17,590)	1,062	(16,434)	24	1,907	937	-	-	-	-	-
Final effects of the asset ceiling and additional liabilities	26,977	42,592	23,869	-	(23)	(943)	-	-	-	-	-

(1) Share of deficit of the Social Security Plan under the Defined Benefit Category before including the actuarial obligations to statutory retirees and life annuity, which totaled R\$4,502 as at June 30, 2024. 4.502.

(2) The actuarial gains/(losses) are recorded in "Other valuation adjustments to equity" in equity, as disclosed in note 12.bii.

(3) The BDMG CV Social Security Benefit Plan was changed to BDMG CD Social Security Benefit Plan through PREVIC Ordinance 992, of November 1, 2023.

Banco de Desenvolvimento de Minas Gerais S.A. - BDMG

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ii) Allocation of the fair value of plan assets

As at June 30, 2024 and December 31, 2023, the plan assets are allocated by category as follows:

Social Security Benefit Plan - BD	06/30/2024	12/31/2023
Available	0.00%	0.01%
Realizable – social security management	3.89%	0.28%
Realizable – administrative management	0.81%	0.75%
Government bonds	49.25%	52.12%
Investment funds	35.87%	36.42%
Private credits	0.34%	0.34%
Real estate investments	2.16%	2.56%
Borrowings and financing	0.65%	0.57%
Escrow deposits	5.87%	5.75%
Other realizable amounts	1.16%	1.20%
Total	100.00%	100.00%

Social Security Benefit Plan - CD ⁽¹⁾	06/30/2024	12/31/2023
Available	-	0.02%
Realizable – administrative management	-	1.29%
Government bonds	-	2.02%
Investment funds	-	95.79%
Borrowings and financing	-	0.88%
Total	-	100.00%

(1) The BDMG CV Social Security Benefit Plan was changed to BDMG CD Social Security Benefit Plan through PREVIC Ordinance 992, of November 1, 2023. Beginning March 2024, such plan does not have assets related to post-employment benefits.

Health Promotion Program (PRO-SAÚDE)	06/30/2024	12/31/2023
Available	0.12%	0.09%
Investments related to technical provisions	26.83%	22.41%
Free investments	18.62%	22.26%
Receivables from healthcare plan operations	0.55%	0.44%
Receivables from operations unrelated to operator's healthcare plans	0.32%	0.30%
Government bonds	42.74%	43.05%
Long-term receivables	10.82%	11.45%
Tax and social security credits	0.00%	0.00%
Total	100.00%	100.00%

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iii) *Main assumptions used in the actuarial valuation*

The actuarial studies disclosing BDMG's obligations as at June 30, 2024 and December 31, 2023 are based on the following assumptions:

	06/30/2024	12/31/2023
Notional discount rate for actuarial obligations		
Social Security Benefit Plan - BD	10.7045%	9.4877%
Social Security Benefit Plan - CD (1)	N/A	9.5898%
Health Promotion Program (PRO-SAÚDE)	10.7304%	9.5243%
Group Life Insurance	10.7302%	9.5249%
Expected annual notional rate of return on investments		
Social Security Benefit Plan - BD	10.7045%	9.4877%
Social Security Benefit Plan - CD (1)	N/A	9.5898%
Health Promotion Program (PRO-SAÚDE)	10.7304%	9.5243%
Estimated future annual inflation rates	4%	3.90%
Nominal rate of future salary growth:		
BDMG (PCS)	6.05%	5.95%
BDMG (CC)	4.38%	4.28%
Health Care Cost Trend Rate - HCCTR (2)	4.10%	4.10%
Turnover:		
Up to 39 years old	4.00%	4.00%
From 39 years old	0.30%	0.30%
General mortality table	AT-2012 Basic IAM reduced by 20%, segregated by gender.	AT-2012 Basic IAM reduced by 20%, segregated by gender.
Disability table	Adjusted Álvaro Vindas reduced by 70%.	Adjusted Álvaro Vindas reduced by 70%.
Disability mortality table	Winklevoss reduced by 25%.	Winklevoss reduced by 25%.
Composition of pensioner families	Benefits to be granted: average family composition assumption: <ul style="list-style-type: none"> • Percentage of married people (dependents): 83.10%; • Female spouse five (5) years younger than the holder; • Age of youngest child (Z): $Z = 24 - \text{MAX}[(63 - X)/2; 0]$, with "x" being the holder's age Benefits granted: Real family.	Benefits to be granted: average family composition assumption: <ul style="list-style-type: none"> • Percentage of married people (dependents): 83.10%; • Female spouse five (5) years younger than the holder; • Age of youngest child (Z): $Z = 24 - \text{MAX}[(63 - X)/2; 0]$, with "x" being the holder's age Benefits granted: Real family.

(1) The BDMG CV Social Security Benefit Plan was changed to BDMG CD Social Security Benefit Plan through PREVIC Ordinance 992, of November 1, 2023.

(2) Only applicable to Healthcare Plans.

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iv) *Sensitivity of the defined benefit obligations*

Changes in the assumptions supporting the actuarial studies may affect the defined benefit obligation amounts.

The following table illustrates, in percentage terms, how the defined benefit obligation is affected by changes in the actuarial assumptions below:

	Changed assumption							
	Increase of 0.5% p.a. in the discount rate	Decrease of 0.5% p.a. in the discount rate	Increase of 1 year in the life expectancy	Decrease of 1 year in the life expectancy	Increase of 0.5% in the salary growth rate	Decrease of 0.5% in the salary growth rate	Increase of 0.5% in HCCTR (1)	Decrease of 0.5% in HCCTR
Social security benefit plan - BD	-4.38%	4.82%	1.91%	-1.96%	0.72%	-0.64%	N/A	N/A
Health Promotion Program (PRO-SAÚDE)	-4.71%	5.12%	4.36%	-4.32%	-	-	5.34%	-4.95%
Group life insurance	-4.75%	5.15%	-3.82%	3.91%	-	-	N/A	N/A

(1) HCCTR: Health Care Cost Trend Rate.

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v) *Projected cash flows*

The actuarial study conducted as at June 30, 2024 comprises the following estimates on payments of benefits and contributions by the sponsor for the second semester of 2024:

Estimated cash flows	Social security benefit plan - BD	Health Promotion Program (PRO-SAÚDE)	Group life insurance	Total
Payments of expected benefits using the plan assets	59,491	4,028	564	64,083
Payments of expected benefits directly made by the Company	353	-	-	353
Expected contributions from the employer	13,293	3,549	564	14,808

The weighted average duration of actuarial obligations is as follows:

	Social security benefit plan - BD	Social security benefit plan - CD (1)	Health Promotion Program (PRO-SAÚDE)	Group life insurance
06/30/2024	10.41	N/A	11.13	11.13
12/31/2023	10.51	12.76	11.33	11.35

(1) The BDMG CV Social Security Benefit Plan was changed to BDMG CD Social Security Benefit Plan through PREVIC Ordinance 992, of November 1, 2023.

19. Other information

a) Implementation of CMN Resolution No. 4.966/2021

As per the plan for implementation of accounting procedures established under CMN Resolution No. 4.966/2021, presented in the financial statements for December 2022, a consulting company has been engaged to work with the Bank's personnel, discussing and providing guidance on the actions identified in respect of changes that must be made to the automated routines, processes and systems for the adoption of new procedures that will become effective beginning January 1, 2025.

b) Agreement for reparation of the municipalities affected by Brumadinho dam collapse.

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As a result of the Court Settlement for the reparation of 26 municipalities affected by Brumadinho dam collapse, BDMG now acts as a financial agent managing the amount of R\$1.7 billion, which refers to funds allocated to the municipalities. BDMG also provides technical support for the preparation of basic sanitation projects within the Agreement scope.

Board of Directors

Wagner Lenhart	CEO
Welerson Cavalieri	Vice President
Alexandre Navarro de Castro Barreto	Board Member
Frederico Silva Miana	Board Member
Gustavo Leipnitz Ene	Board Member
José Henrique Santos Portugal	Board Member
Otávio Romagnolli Mendes	Board Member

Executive Board

Gabriel Viéguas Neto	CEO
Antônio Claret de Oliveira Junior	Vice President
Edmilson Gama da Silva	Officer
Rômulo Martins de Freitas	Officer
Sérgio Rodrigues Pimentel	Officer

Controllership Authority

Giovani Rosemberg Ferreira Gomes	Accountant CRC-MG-075701/O-5
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