

# MANAGEMENT REPORT BNDES

1ST QUARTER 2023



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## To shareholders and other interested parties:

In adherence to the principles of BNDES' Transparency Policy, we wish to present the Administrative Report for the BNDES System for the quarter ended March 31st, 2023.

### 1. MACROECONOMIC SCENARIO

Since the pandemic, a set of frequent transformations has impacted the macroeconomic scenario and monetary policy regimes around the world and, by extension, in Brazil. In 2021, with the resumption of dynamism, there was an expansion of aggregate demand combined with shocks of supply restrictions (due to limitations of inputs for production and logistics), leading to the increase in inflation and the beginning of the process of raising interest rates. The war in Ukraine, which began in February 2022, has pushed up the prices of energy inputs and food commodities, amplifying these effects. Thus, the resumption of global economic growth, made possible from mid-2021 by overcoming the most critical phase of the pandemic, was cooled in 2022 by the intensification of the monetary tightening process in the main economies, and also by the difficulties then faced by China to resume its dynamism.

The beginning of 2023, in turn, was characterized by fears of a widespread banking crisis, due to events with banking institutions in the US (Silicon Valley Bank) and Europe (Credit Suisse). The wave of mistrust and the increase in the perception of financial risk tends to generate a retraction and depletion of credit, with impacts on global economic activity. Also, in early April, the Organization of the Petroleum Exporting Countries (OPEC) announced a new cut in hydrocarbon production, resulting in a jump in input prices. Thus, the global scenario of instability and uncertainty, in force since the emergence of the new coronavirus, continued to prevail throughout the first months of 2023.

Brazil is inserted in the global context of rising prices, but the exemptions established from the middle of 2022 led to a reduction in inflation rates from the third quarter of the year. In addition, the more intense rainfall regime removed the water crisis, which allowed favorable conditions and lower prices for electricity in the country. At the beginning of 2023, inflation continued to decelerate. Wholesale prices ran at very low rates and began to impact retail prices, especially food prices and to some degree industrial prices. However, core and service inflation were still at very high levels, with a still very gradual reduction. In the year 2023, the main pressure factors for inflation are expected to come from the management, while free prices have already slowed due to the effects of monetary policy. Thus, the IPCA in the twelve-month measure has been complying with a downward trajectory, reaching 4.65% in March 2023, within the tolerance range of the inflation target.

In Brazil, economic activity has slowed since the end of 2022, with GDP contracting by 0.2% in 4Q22. The continuation of the upward trajectory of Selic (reference interest rate of the Central Bank of Brazil), which ended the year at the level of 13.75%, contributed to cooled down economic activity. In early 2023, confidence indices continued to signal a slowdown process. The data released by the IBGE of industrial production in January signaled a contraction of 0.3%. In addition, the event with Lojas Americanas at the beginning of the year intensified the slowdown in the bank credit market and in the capital market, with possible contractionary impacts on economic activity. The market projection for GDP growth according to the median of the Focus Bulletin of 03/31/2023 was 0.90% in 2023 and 1.48% in 2024.

The recent slowdown in the labor market, associated with the increase in the income commitment of families with the payment of their debts, the increase in defaults and the fall in the consumer confidence index, lay the foundations for an unfavorable dynamic to consumption. In the quarter ended February 2023, the unemployment rate reached 8.6%. The observed increase in the unemployment rate is due to the fall in the employed population, despite the decrease in the participation rate. Both are well below their pre-pandemic trends.

The gross debt of the general government closed February 2023 at 73.0% of the Gross Domestic Product (GDP). The percentage is higher than the 72.5% of January, in a movement different from the general downward trend, observed since March 2021: the peak was reached in February 2021 (89%) with the impact on public accounts of the covid-19 pandemic.

Finally, the exchange rate continued to show unstable behavior throughout the first quarter of 2023, influenced by the variation in commodity prices, domestic uncertainties on the fiscal front, and aspects related to international monetary conditions. In the calculation of the quarter, the real accumulated appreciation in comparison with the main currencies of the world (dollar, 4%; euro, 3%; and yuan, 4%).

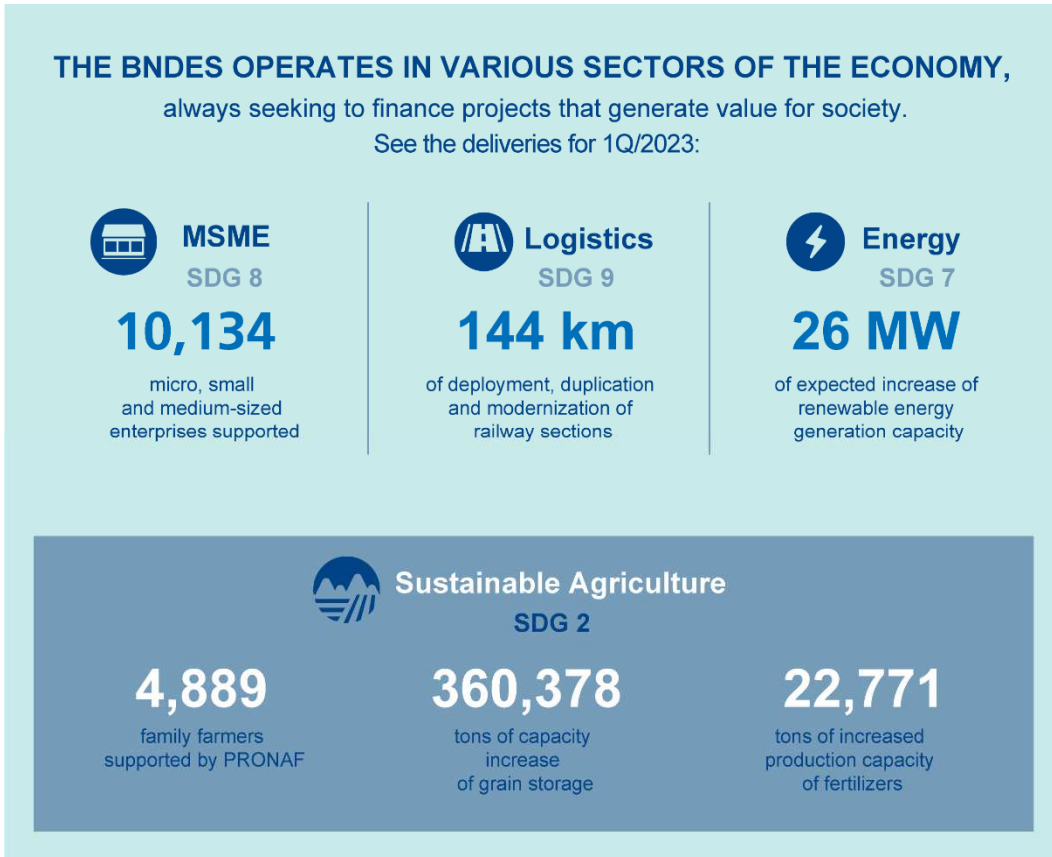
With the beginning of the new government in 2023, a new management took office at the BNDES, signaling for new agendas such as social inclusion, diversity and equity, climate transition and reindustrialization. To advance these agendas, the Bank has completed a review of its organizational structure and has been revisiting its strategic planning, focusing on the financial sustainability of the institution and the sustainable development of the country. As an important milestone already fulfilled, it is worth noting the resumption of the receipt and evaluation of project proposals to be supported by the Amazon Fund, which, with its governance re-established, was able to receive new donations.

Brazil has its own characteristics that open up the possibility of addressing and circumventing current challenges through investments and taking advantage of regional opportunities. The country has great relevance for the success of the global transition to the green economy, with its wide biodiversity, and meets the conditions to contribute significantly to the fight against climate change. Continued expansion of investment levels is necessary for the country's economic growth to be consistent. In the current international context, the reorganization of foreign trade practices based on defensive geopolitical strategies and greater protectionism, regional integration and the facilitation of exchange with our largest trading partners, as well as the realization of investments that bring increased productivity and productive capacity, innovation and decarbonization, become especially relevant.

The BNDES works to support the realization of these initiatives, with a central role not only in the supported projects, but also as a catalyst and promoter of the sustainable development agenda in Brazil.

## 2. HIGHLIGHTS FROM THE FIRST QUARTER OF 2023

### 2.1. Generation of Public Value for Society



## 2.1.1 SDG Disbursements

| SDG   |  | Disbursements BRL |
|---|--|-------------------|
|    | INDUSTRY, INNOVATION AND INFRASTRUCTURE  | <b>8.06 bn</b>    |
|    | DECENT WORK AND ECONOMIC GROWTH          | <b>5.58 bn</b>    |
|    | PARTNERSHIPS AND MEANS OF IMPLEMENTATION | <b>2.74 bn</b>    |
|    | CLEAN AND AFFORDABLE ENERGY              | <b>2.20 bn</b>    |
|    | ACTION AGAINST GLOBAL CLIMATE CHANGE     | <b>2.15 bn</b>    |
|  | REDUCING INEQUALITIES                    | <b>1.82 bn</b>    |
|  | ZERO HUNGER AND SUSTAINABLE AGRICULTURE  | <b>1.35 bn</b>    |
|  | SUSTAINABLE CITIES AND COMMUNITIES       | <b>1.02 bn</b>    |
|  | ERADICATION OF POVERTY                   | <b>0.89 bn</b>    |
|  | RESPONSIBLE CONSUMPTION AND PRODUCTION   | <b>0.79 bn</b>    |

\*Note: To have the complete information go to: <https://www.bndes.gov.br/wps/portal/site/home/transparencia/estatisticas-desempenho/ods>.

## 2.2. Management

### Board of Directors approves the appointment of Aloizio Mercadante to preside BNDES

On January 25, 2023, the Board of Directors approved the appointment of Aloizio Mercadante to preside BNDES, as well as appointing Tereza Campello, Natália Dias and Helena Tenório to the Bank's Executive Board. They join Alexandre Abreu, José Luis Gordon, Néelson Barbosa Filho, Luiz Navarro, Luciana Costa and Walter Baere to compose

the new Executive Board of BNDES. On February 6, Aloizio Mercadante was sworn in, in a ceremony attended by President Lula and Vice-President Geraldo Alckmin.

### **The BNDES will finance enough wind and solar power generation to serve more than 2.6 million households**

In January, the BNDES approved financing for the implementation of two wind farms and one solar farm, as well as the associated transmission lines in Bahia and Minas Gerais. Adding 1.5 GW in installed capacity, total investments reach BRL 10.6 billion. The Bank's participation of BRL 3.5 billion will occur through the BNDES Finem program.

The energy generated by the plants will be equivalent to that needed to serve about 2.6 million homes, corresponding to more than 8.6 million tons of CO<sub>2</sub> emissions avoided over the lifetime of the projects. The projects contribute to the increase in installed capacity in renewable energy and to the development of the free energy market in the country.

### **The BNDES provides BRL 4.6 billion in improvements in lines 8 and 9 of the CPTM of São Paulo**

The BNDES approved financial support, in the amount of BRL 4.6 billion, for Concessionária das Linhas 8 e 9 do Sistema de Trens Metropolitanos de São Paulo S.A. ("Concessionaire"), whose shareholders are the CCR Group (80%) and the Ruasinvest Group (20%). Together, lines 8 and 9 managed by the Concessionaire have more than 74 km of tracks and 42 stations, serving about one million passengers per business day.

The support aims to finance the investments that the Concessionaire will make until 2027, in the total amount of BRL 6.5 billion. Most of the resources will be dedicated to the renovation of the rolling stock, with the purchase of 36 new compositions, totaling 288 new cars, which will be manufactured by Alstom Brasil at its plant in Taubaté (SP).

### **BNDES and Vale Foundation invest in improving basic education in public schools in southeastern Pará**

BNDES and Vale Foundation will invest BRL 26.4 million in the public basic education network of the municipalities of Canaã dos Carajás, Curionópolis, Eldorado do Carajás, Marabá, Tucumã, Ourilândia do Norte, Bom Jesus do Tocantins, all located in the southeast of the State of Pará. It is expected that approximately 34,000 students from 275 public schools will benefit over the four years of the project.

The initiative will receive non-refundable financial support from the BNDES in the amount of BRL 13.2 million through its Socio-Environmental Fund, an amount corresponding to 50% of the total investment. The remaining 50% will be contributed by Vale Foundation.

### **The BNDES announces another BRL 2.9 billion in Agricultural Programs for 2022/23 Harvest**

The BNDES announced at the end of January the reopening of protocols and contracting of new credit operations under the Federal Government's Agricultural Programs (PAGF). After suspending protocols in the second half of 2022, due to the level of commitment of resources, the reopening on February 1 foresees another BRL 2.9 billion in support for family agriculture (BRL 491 million) and business (BRL 2.4 billion) and for costing and investment in its most diverse purposes, such as projects to expand and modernize production,

acquisition of machinery and equipment, sustainability, storage, innovation and modernization of cooperatives.

### Resumption of the Amazon Fund

The Amazon Fund Steering Committee (COFA) was reinstated in February, resuming the analysis of new projects. The initial support from the Amazon Fund will be directed to confront deforestation and the indigenous humanitarian and health crisis, in three axes: monitoring and control; studies for territorial planning and support to indigenous and traditional populations.

### BNDES blocks loans to illegally deforested rural properties

A new technological tool is allowing the Brazilian Development Bank (BNDES) to be assured that loans granted to rural landowners will not be allocated to areas of irregular deforestation. This control occurs through a partnership signed in February this year between the BNDES and MapBiomass, a platform capable of monitoring in real time all Brazilian biomes through high-resolution satellites and generating alerts and reports with images before and after deforestation.

The fully automated integration of MapBiomass data with the BNDES operational platform allows the bank to even start monitoring evidence of deforestation in properties related to rural credit operations already contracted.

### The BNDES leverages BRL 1 billion for food security of 250,000 semi-arid farmers

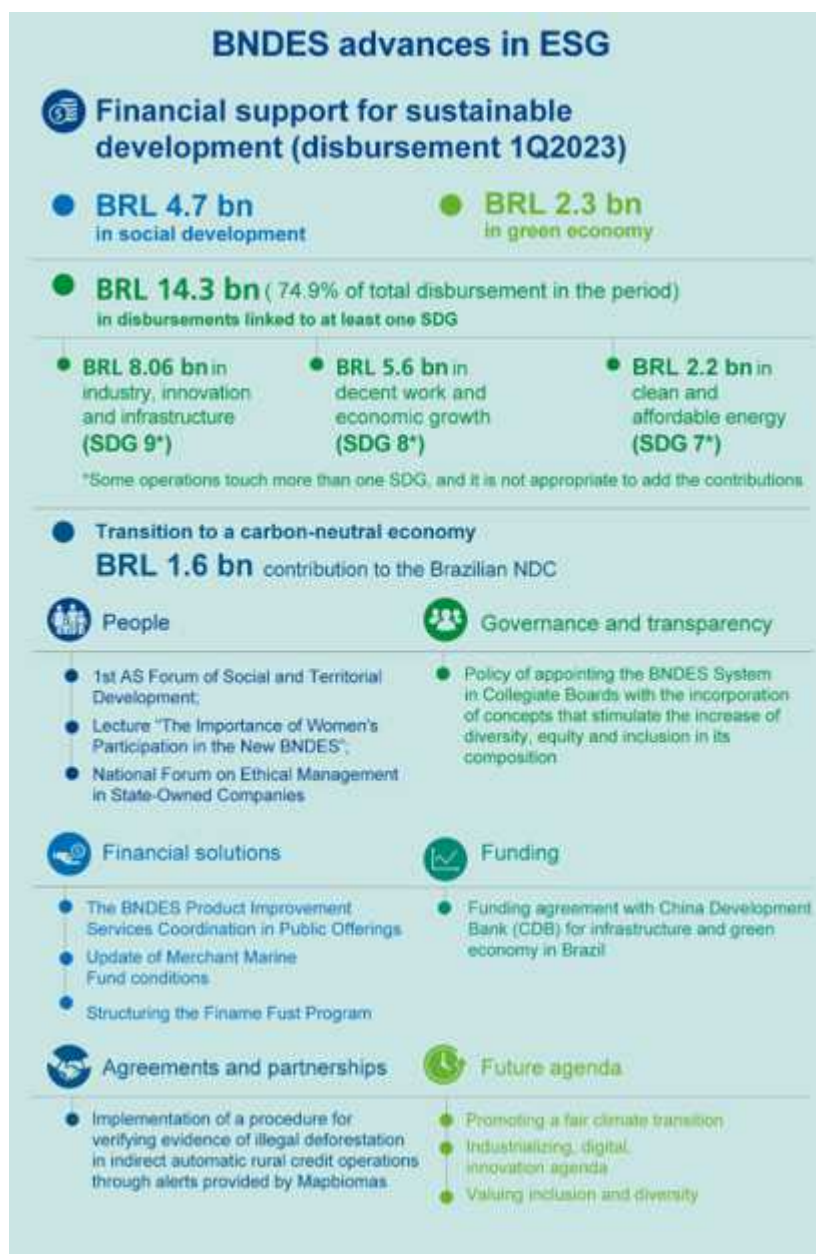
The BNDES approved the non-refundable support in an amount that could reach BRL 1 billion so that 250,000 families of family farmers in the semi-arid northeast receive investments in agricultural practices and water security. The project "Sowing Climate Resilience in Northeast Rural Communities" aims to increase food security and promote mitigation and adaptation to the effects of climate change in the region.

About one million people are expected to be directly impacted, 40% of whom will be women and 50% youth, reaching an area of about 84,000 hectares and restoring degraded ecosystems with the potential to provide environmental services.

### 3. SOCIOENVIRONMENTAL PERFORMANCE

The BNDES seeks sustainable development, with the encouragement and promotion of projects and solutions that generate positive socio-environmental impacts being part of this mission. Whether through support for new green technologies, through products and credit lines or through partnerships, among other actions, our focus is on integrating the economic, social and environmental agenda, so that the country can achieve the United Nations (UN) Sustainable Development Goals (SDGs), make the just transition to a carbon-neutral economy and achieve economic prosperity.

This focus is reflected in our actions, from the policies that govern our activities, through to our commitments to achieving positive results in terms of sustainable development. The table below shows the highlights of the year so far in ESG:



## Green Economy and Social Development

In the first quarter of 2023, BRL 2.3 billion were disbursed for projects related to the Green Economy, which comprises sectors such as energy efficiency, renewable energy, forests, water and sewage management, agricultural improvements and public passenger transport.

Among them, the highlights were the renewable energy segments, which received BRL 993 million, representing 42% of disbursements in the period, and public passenger transport, with BRL 443 million (19% of disbursements in the period).

Support for Regional Urban Development, Productive Inclusion, Health, Education and Public Management make up the social development indicator, which reached BRL 4.7 billion in disbursements in the quarter.

Within the scope of this indicator, the major focus of support in the period remains urban and regional development for which BRL 3.7 billion was disbursed, about 78% of the total, especially in the Energy Distribution and Transport sectors. Support for productive inclusion, on the other hand, presents the second largest disbursement, totaling BRL 797.2 million.

## Sustainable Development Goals

Since 2019, BNDES has also been monitoring its operational performance with regards to contributions made towards achieving the Sustainable Development Goals (SDGs). In the first quarter of this year, 29.7 thousand operations received disbursements linked to at least one of the SDGs, which totaled BRL 14.3 billion – 75% of total disbursements for the period. Among the SDGs, the most prominent in the first three months of the year were Industry, Innovation and Infrastructure (SDG 9, BRL 8.06 billion), Decent Work and Economic Growth (SDG 8, BRL 5.6 billion), and Clean and Affordable Energy (SDG 7, BRL 2.2 billion)<sup>1</sup>.

These disbursements result in deliveries to society, which have a direct positive impact on the lives of Brazilian citizens. In the first quarter of 2023, new operations associated with the SDGs were contracted, which, for example, will contribute to the modernization of 144 km of road sections (SDG 8) and an expected increase of 26 MW in renewable energy generation capacity (SDG 7). Operations contracted in 2023 will also increase grain storage capacity by more than 360,000 tons and benefit 4,889 family farmers supported by PRONAF (SDG 2). In addition, 10,134 micro, small or medium-sized enterprises (SDG 8) will be supported.

## Transition to a low-carbon economy

The NDC Panel, launched at COP-26 in 2021, aims to present how the BNDES has been contributing to the national targets for reducing greenhouse gas (GHG) emissions, stipulated in Brazil's Nationally Determined Contribution (NDC).

In the first quarter of 2023, disbursements that supported the transition to the low-carbon economy reached BRL 1.6 billion, divided between the energy (BRL 779 million), urban mobility (BRL 443 million), biofuels (BRL 287 million), transport (BRL 37 million), solid waste (BRL 23 million) and forests (BRL 9 million) sectors.

In addition to the disbursements and result indicators, the NDC Panel presents the GHG emissions that were avoided with the projects supported by the BNDES in the Energy, Urban

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<sup>1</sup> The same operation may be linked to more than one SDG, which is why it is not correct to sum the disbursements linked to each SDG.

Mobility, Forests, Biofuels, Public Lighting, Solid Waste and Transport sectors. By the first quarter of 2023, projects in these sectors avoided the emission of 100 million tons of CO<sub>2</sub>e<sup>2</sup>, equivalent to 18.4 years without cars in the city of São Paulo. The calculation takes into account the entire useful life of the projects approved from 2015 on, in the direct modality.

Learn more about our contribution to Brazil's emission reduction targets at: <https://www.bndes.gov.br/wps/portal/site/home/desenvolvimento-sustentavel/resultados/emissoes-evitadas/emissoes-evitadas/>.

## 4. OPERATIONAL PERFORMANCE

### 4.1. Operational Policy

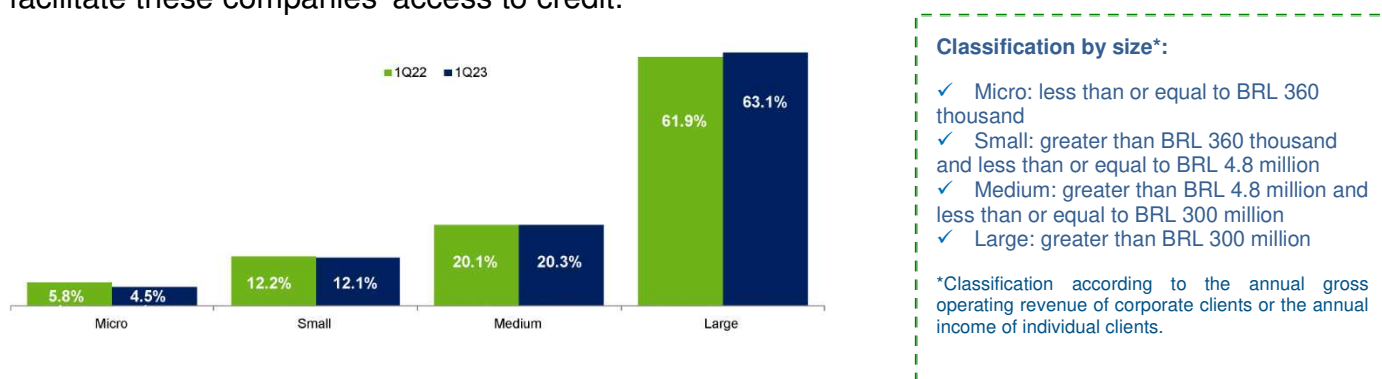
In the first quarter of 2023, improvements were approved in the BNDES Product Services Coordination in Public Offerings, enabling the participation of the BNDES to compose a union of coordinating banks in issues that access retail and qualified investors, and alignment of the conditions of use of the Merchant Marine Fund to external regulations.

Also noteworthy are studies to create the Finame FUST Program, to be implemented in the 2nd quarter of 2023, aiming at expanding, using and improving the quality of telecommunications services, reducing regional inequalities and stimulating the use and development of new connectivity technologies to promote economic and social development.

### 4.2. Disbursement Profile

#### Disbursements by Size (BRL million)

Below we present disbursements by size, the classification of which allows BNDES to act in accordance with the characteristics of each sector, by offering specific lines of credit, programs and conditions. Support for micro businesses, small, and medium-sized companies, which the BNDES considers to be a priority, provides special conditions to facilitate these companies' access to credit.



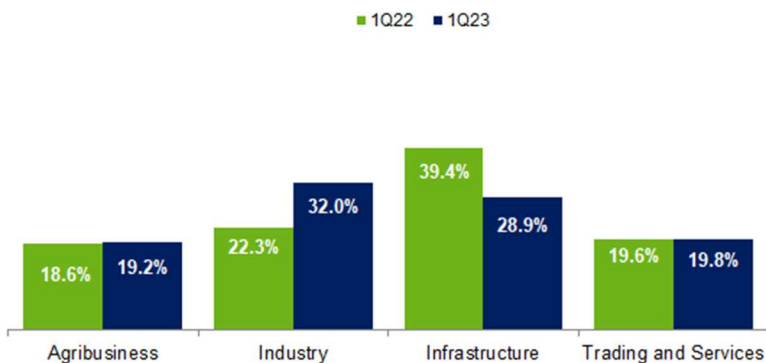
The Bank's disbursements in the first quarter of 2023 totaled BRL 19.1 billion, an increase of 29.1% compared to the same period in 2022.

The number of operations reached 33,094 on the quarter, a slight fall of 1.8% compared to 33,689 operations in the first quarter of 2022. The number of operations with small, medium

<sup>2</sup> Equivalent carbon dioxide, unit of measurement used to measure GHG emissions.

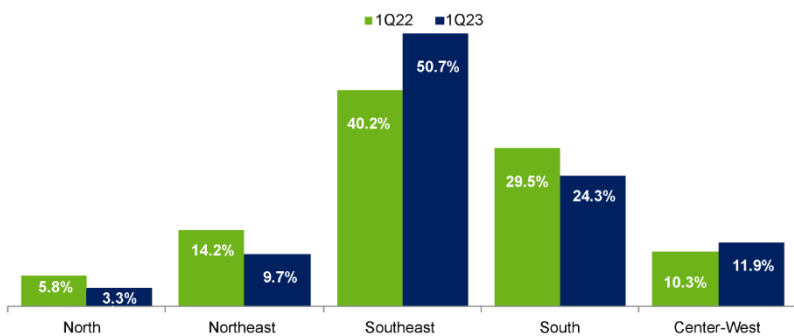
and large companies rose between the periods, respectively 3.4%, 7.8% and 17.6%, while there was a decrease of 10.2% of operations with microenterprises.

### Disbursements by Sector (BRL million)



In the first quarter of 2023, highlights in the infrastructure sector were disbursements to the road transport segment (51.5%) and, in the industrial sector, to the transport material (42.6%) and food and beverage (21.1%).

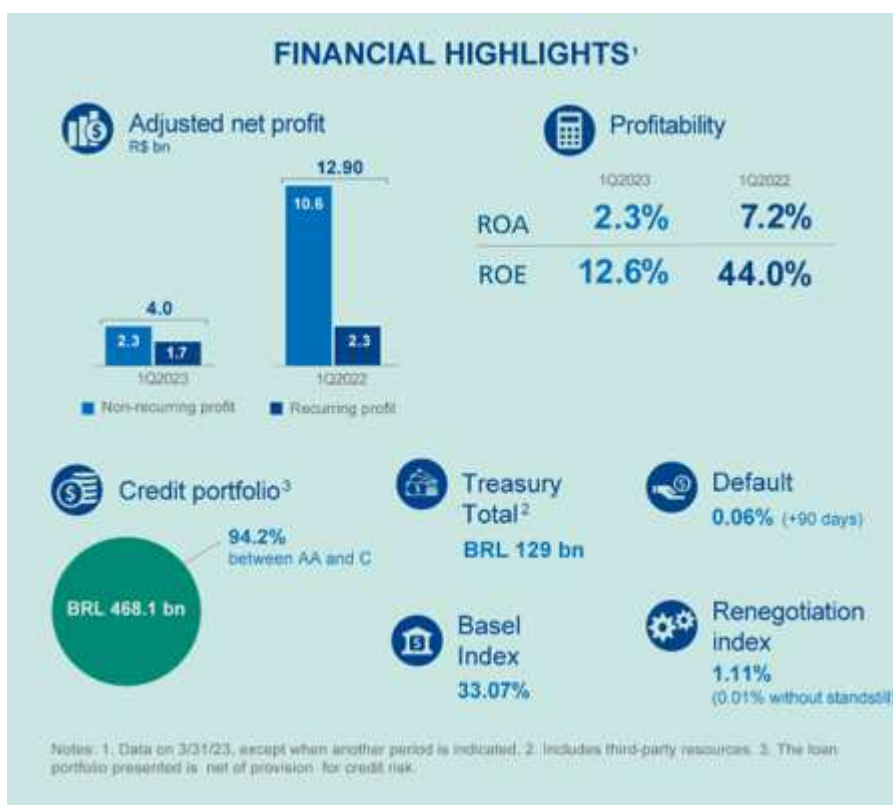
### Disbursements by Region (BRL million)



In the first quarter of 2023, the states of São Paulo (70.6%), Mato Grosso (50.0%), Paraná (40.4%), Amazonas (29.8%) and Bahia (24.7%) stood out in their respective regions.

## 5. ECONOMIC AND FINANCIAL PERFORMANCE

The BNDES System recorded net profit of BRL 3.963 billion in the first quarter of 2023, a reduction of BRL 8.939 billion (69.3%) compared to the same period in 2022. The main financial highlights for the period are presented below:



The decrease in profit was mainly influenced by the reduction of BRL 12.520 billion in the result with equity interests, attenuated by the increase in revenue from provision for credit risk in the quarter.

Adjusted recurring profit in the quarter was BRL 1.670 billion, a reduction of BRL 664 million (28.4%) compared to the same period in 2022, mainly due to the lower financial intermediation product.

Total assets reached BRL 685.802 billion on 03/31/23, an increase of BRL 2.049 billion (0.3%) in the quarter, mainly explained by the BRL 8.3 billion increase in cash equivalents, attenuated by the reduction in the fair value of the portfolio of equity interests in unaffiliated companies of BRL 5.0 billion.

With regards to funding, FAT (Workers Support Fund) and the National Treasury account for 55.3% and 6.8% of the total liabilities on 03/31/23, the same levels seen at the end of the previous fiscal year.

The growth of BRL 710 million (0.5%) in shareholders' equity in the quarter was due to net profit of BRL 3.963 billion, attenuated by the equity valuation adjustment in the period (BRL 3.253 billion).

## 5.1. Main Economic and Financial Indicators

BRL million, except percentages

|                                  | 1Q23         | 1Q22          | Δ(%)          |
|----------------------------------|--------------|---------------|---------------|
| <b>Financial Results</b>         |              |               |               |
| Financial Intermediation Product | 2,255        | 4,930         | (54.4)        |
| Provision for Credit Risks       | 2,826        | 259           | 991.1         |
| Equity Interest                  | 2,331        | 14,851        | (84.3)        |
| Tax Expenses <sup>1</sup>        | (2,207)      | (6,310)       | (65.0)        |
| Other Expenses, net              | (1,242)      | (828)         | 50.0          |
| <b>Net Profit</b>                | <b>3,963</b> | <b>12,902</b> | <b>(69.3)</b> |

<sup>1</sup> Includes taxes on profit.

|                                     | 03/31/2023     | 12/31/2022     | Δ (%)      |
|-------------------------------------|----------------|----------------|------------|
| <b>Financial Position</b>           |                |                |            |
| <b>Total Assets</b>                 | <b>685,802</b> | <b>683,753</b> | <b>0.3</b> |
| Credit and Transfers Portfolio, net | 468,110        | 468,664        | (0.1)      |
| Bonds and Securities <sup>2</sup>   | 93,961         | 94,048         | (0.1)      |
| Equity Interest                     | 57,509         | 62,696         | (8.3)      |
| Non-Affiliated Companies            | 51,782         | 56,740         | (8.7)      |
| Affiliated Companies                | 1,896          | 1,947          | (2.6)      |
| Other                               | 3,831          | 4,009          | (4.4)      |
| Cash and cash equivalents           | 43,930         | 35,608         | 23.4       |
| Other Assets                        | 22,292         | 22,737         | (2.0)      |
| <b>Total Liabilities</b>            | <b>685,802</b> | <b>683,753</b> | <b>0.3</b> |
| <b>Third-Party Funds</b>            | <b>553,768</b> | <b>552,429</b> | <b>0.2</b> |
| FAT                                 | 378,911        | 372,423        | 1.7        |
| National Treasury <sup>3</sup>      | 46,604         | 47,689         | (2.3)      |
| External Funding                    | 26,267         | 27,370         | (4.0)      |
| Other Governmental Sources          | 28,039         | 29,023         | (3.4)      |
| Repurchase Agreements               | 35,347         | 36,452         | (3.0)      |
| Other Obligations                   | 38,600         | 39,472         | (2.2)      |
| <b>Shareholders' Equity (SE)</b>    | <b>132,034</b> | <b>131,324</b> | <b>0.5</b> |
| SE/TA                               | 19.3%          | 19.2%          |            |

<sup>2</sup> Does not include investments in non-affiliated companies and equity funds classified under "Equity Interests".

<sup>3</sup> Includes transfers and instruments eligible for core capital.

|                      | 03/31/2023 | 12/31/2022 |
|----------------------|------------|------------|
| <b>Index</b>         |            |            |
| Basel Index          | 33.07%     | 34.57%     |
| Common Equity Ratio  | 26.95%     | 27.31%     |
| Tier 1 Capital Ratio | 26.95%     | 27.31%     |

|  | 03/31/2023 | 12/31/2022 |
|--|------------|------------|
| <b>Credit</b>                                  |            |            |
| Default Ratio (30 days) <sup>4</sup>           | 0.07%      | 0.13%      |
| Default Ratio (90 days) <sup>4</sup>           | 0.06%      | 0.13%      |
| Provision / Portfolio of Credits and Transfers | 2.78%      | 3.28%      |
| Coverage Ratio (30 days) <sup>5</sup>          | 37.77      | 25.85      |
| Coverage Ratio (90 days) <sup>5</sup>          | 45.92      | 26.24      |
| Renegotiation Index <sup>6</sup>               | 1.11%      | 1.26%      |

<sup>4</sup> Non-performing credits/total portfolio.

<sup>5</sup> Provision/Non-performing credits.

<sup>6</sup> Credits renegotiated in the last 12 months /total portfolio. Takes renegotiations within the scope of the COVID-19 standstill into consideration. If these effects were disregarded, the renegotiation rate would be 0.01% as of March 2023.

|                                   | 1Q23   | 1Q22   |
|-----------------------------------|--------|--------|
| <b>Profitability<sup>7</sup></b>  |        |        |
| Return over Assets (NP/averageTA) | 2.35%  | 7.20%  |
| Return over SE (NP/averageSE)     | 12.63% | 43.97% |

<sup>7</sup> For the calculation of returns, the average assets and shareholders' equity is considered to be the sum of the initial and final balances for the respective periods divided by 2, excluding adjustments to the fair value of equity interests in non-affiliated companies, net of tax effects.

## 5.2. Financial Position

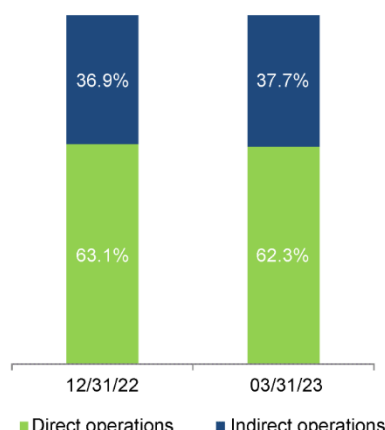
### Credit Operations and On-lending

This comprises the financing granted by the BNDES directly, called credit operations, or indirectly, through an accredited financial institution, called transfer operations.

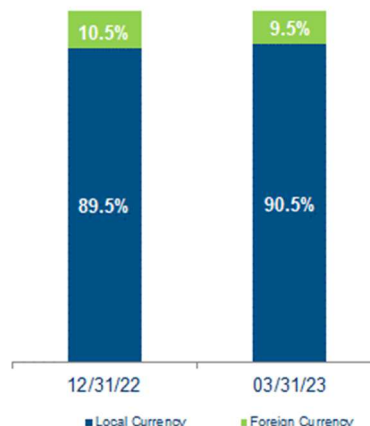
The gross portfolio for loan transactions and on-lending totaled BRL 481.518 billion as of 03/31/23, which, net of provisions for credit risk in the amount of BRL 13.408 billion, accounted for 68.3% of total assets as of the same date.

The net portfolio remained at the level of Dec/22 (slight reduction of 0.1% in the quarter). The return on credit operations and transfers higher than disbursements by BRL 11.1 billion and the negative effect of exchange variation of BRL 1.2 billion were mitigated by the appropriation of interest and monetary restatement of BRL 11.2 billion.

### Profile of the Gross Credit and On-Lending Portfolio



Transfer operations are not charged risk spread, but a minimum financial intermediation rate of 0.15% p.a. The risk in these operations is assumed by the financial institution transferring the BNDES's funds.



TJLP/TLP (long-term interest rates) and the US dollar are the main indices used in the loan portfolio, corresponding to 66.1% of the portfolio in local currency and 98.2% of the portfolio in foreign currency, respectively, on 03/31/23.

### Quality of the Credit and On-lending Portfolio

BNDES continuously monitors the quality of its credit portfolio, with the strategic purpose of improving its risk and return management. The financing granted is subject to permanent follow-up and requires guarantees that cover the debt position over the respective contracts' effective period.

The classification of the credit and transfer portfolio by risk level follows CMN Resolution No. 2,682/99, which determines the classification of credits between levels AA, lower risk, and H, higher risk, and the percentage of provision to be constituted for each level. On 03/31/23, the provision for credit risk reached BRL 13.408 billion, representing a decrease of 15.9% compared to the end of 2022, due to greater reversals than constitutions of provision in the period. Credits classified between AA and C levels, considered low risk, accounted for 94.2% of the total portfolio on 03/31/23, above the average of 91.0% of the SFN on 12/31/22, as can be seen in the table below:

### Risk Classification for the Credit and On-lending Portfolio as of March 31, 2023

| Risk Levels  | The BNDES system | SFN <sup>1 2 3</sup> | Private Financial Institutions <sup>2 3</sup> | Public Financial Institutions <sup>2 3</sup> |
|--------------|------------------|----------------------|---|--|
| AA-C         | 94.2%            | 91.0%                | 90.3%   | 91.9%  |
| D-G          | 4.4%             | 6.1%                 | 6.6%  | 5.5%   |
| H            | 1.3%             | 2.9%                 | 3.2%  | 2.6%   |
| <b>Total</b> | <b>100.0%</b>    | <b>100.0%</b>        | <b>100.0%</b>                                 | <b>100.0%</b>                                |

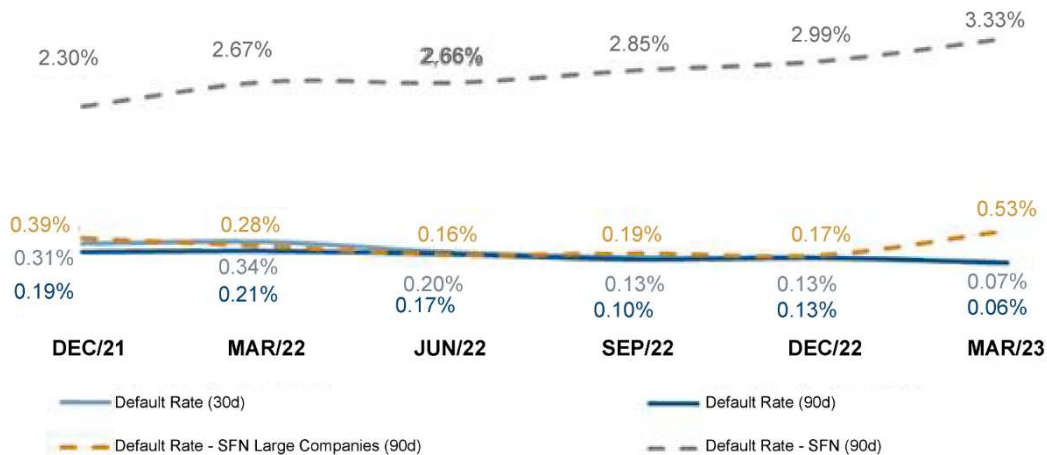
<sup>1</sup> National Financial System.

<sup>2</sup> Source: BACEN (Central Bank of Brazil).

<sup>3</sup> On December 31, 2022. Most recent information available.

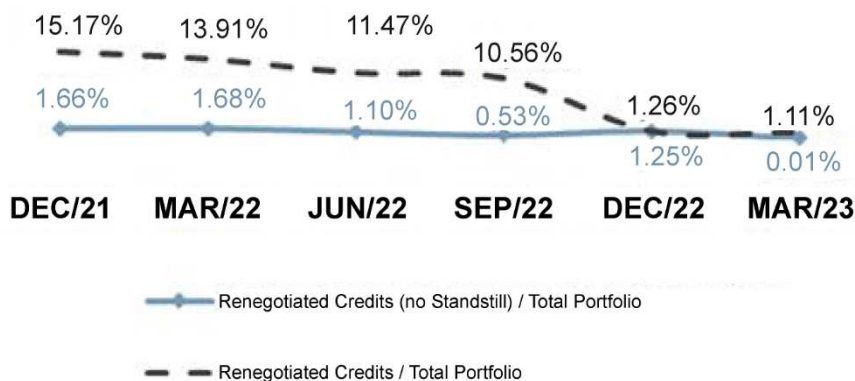
The coverage ratio, which represents the number of times the provision for credit risk covers defaulting credits (30 days), remains quite comfortable, going from 25.85 on 12/31/22 to 37.77 on 03/31/23.

The graph below shows the evolution of the default rate, which fell to 0.07% on 03/31/23, as can be seen in the graph below:



### Default and Renegotiation (%)

The renegotiated credits in the last 12 months reached BRL 5.3 billion (BRL 6.1 billion in Dec/22), reaching 1.11% of the gross loan and onlending portfolio in Mar/23. Since December/22, the BNDES renegotiation indicator has ceased to be strongly impacted by the products Standstill – Covid 19 and Standstill – Electric Sector.



### Bonds and Securities (TVM)

Bonds and securities mainly consist of federal government bonds, overseas fixed income securities, and debentures, which represented 79.9%, 9.4% and 9.7%, respectively, of a total portfolio of BRL 93.961 billion as of 03/31/23.

The federal government securities portfolio saw an increase of BRL 3.861 billion (5.4%) during the quarter, mainly due to the purchase of securities. The portfolio of fixed income securities abroad decreased by 29.3% due to the maturity of some securities. The debenture portfolio remained stable in the period.

## Equity Interest

The equity portfolio consists of investments in affiliated and non-affiliated companies. Of the total portfolio as of 03/31/23, 90.0% represented investments in unrelated companies, 3.3% in related companies, and the remaining 6.7% investments in mutual funds for investments in participations.

The equity portfolio, net of provision for losses, reached BRL 57.509 billion on 03/31/23, a decrease of BRL 5.187 billion (8.3%) in the quarter, with the main reason being the reduction in the fair value of the portfolio.

Equity funds<sup>3</sup> and related companies remained stable over the period.

## Cash and cash equivalents

The increase of BRL 8.322 billion (23.4%) in the quarter is mainly due to the return of credit operations, higher than BRL 11.1 billion in disbursements, and the inflow of BRL 5.5 billion in Constitutional FAT resources, attenuated by the payment of BRL 6.7 billion of ordinary interest of the Constitutional FAT and BRL 1.7 billion in payment of taxes.

## Other Assets

Other assets totaled BRL 22.292 billion on 03/31/23, composed mainly of tax credits/taxes to be recovered (BRL 15.683 billion) and receivable dividends and interest on shareholders' equity (BRL 2.559 billion), presenting stability in the quarterly variation.

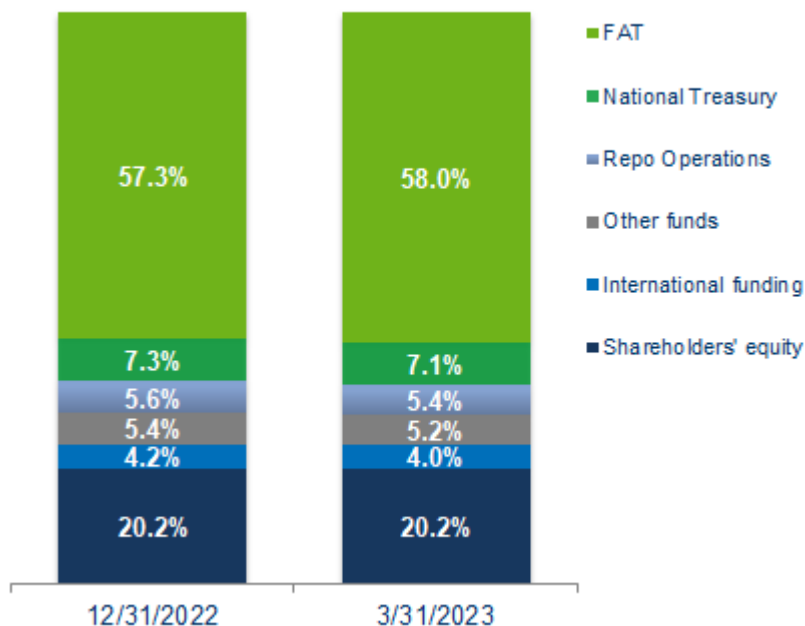
## Funding

Government sources, such as FAT and the National Treasury, represent a significant portion of the BNDES funding<sup>4</sup> structure, accounting for 65.1% of the sources of funds on March 31, 2023 (64.6% on December 31, 2022), considering in this calculation the onerous liabilities and shareholders' equity.

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<sup>3</sup> The investment funds in which the BNDES, through BNDESPAR, holds equity are presented in Explanatory Note No. 6.3 to the BNDES' Financial Statements for the period ended 03/31/2023.

<sup>4</sup> More information on the BNDES's funding sources can be found at <https://www.bndes.gov.br/wps/portal/site/home/transparencia/prestacao-de-contas/fontes-de-recursos>.



### 5.3. Financial Results

#### Results of Financial Intermediation

Financial Intermediation Results refer to the net financial intermediation product for credit risk provisions.

The reduction of BRL 108 million (2.1%) in the result of financial intermediation compared to the same quarter of 2022 was mainly influenced by lower revenue from securities and net exchange effect, attenuated by higher revenue from reversal of provision for credit risk.

#### Financial Intermediation Product

This is the result of investments in cash and cash equivalents and in credit and transfer portfolios and securities.

The product of financial intermediation reached BRL 2.255 billion in the quarter, a decrease of BRL 2.675 billion (54.3%) compared to the same period in 2022, due to the decrease in the result with securities, influenced by the adjustment to negative fair value of a transaction with debentures, arising from renegotiation, offset by the reversal of the provision for credit risk in the same amount, without impact on net income for the period.

#### Provision for Credit Risks

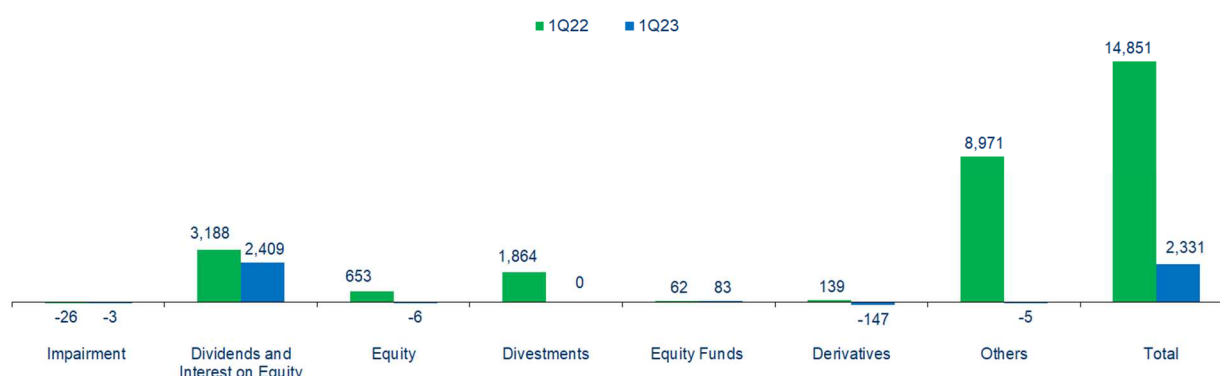
The BNDES constitutes a provision for credit risk according to the criteria provided in CMN Resolution No. 2,682/99.

The result with provision for credit risk was a revenue of BRL 2.826 billion in the first quarter of 2023 (revenue of BRL 259 million in the same quarter of 2022), influenced by the effects of the aforementioned renegotiation and the receipt of FGE of credits written off in previous years.

## Income from Equity Interest

Income from Equity Interest consists of earnings from dividends and interest on the stockholder's equity, equity income, dispositions, derivatives and equity funds, provisions for investment losses (impairment), and other income that mainly stems from the BNDESPAR portfolio.

The decrease of BRL 12.520 billion (84.3%) in the result with equity interests in relation to the previous year is basically due to the gross effect of the reclassification of the investment in JBS from "Affiliate" to "Non-Affiliate" in 1Q22, generating an extraordinary result in that period, added to the fact that there were no investment divestitures in 2023.



## Disposition of investments

There were no investment divestitures in the first quarter of 2023.

## Dividends and interest on the stockholders' equity (JCP)

The reduction of BRL 779 million (24.4%) in dividend and interest on equity revenue between quarters is mainly explained by the decrease in the amount received from Petrobras and the non-receipt in 2023 of amounts related to Eletrobras.

## Other income or loss from equity interests

"Other results with equity interests" went from a gain of BRL 8.971 billion in 2022 to an expense of 5 million in 2023, basically resulting from the aforementioned reclassification of the investment in JBS from "Affiliate" to "Non-Affiliate", due to the loss of significant influence, with the consequent measurement at market value of the shares, which occurred in 1Q22.

## Tax Expenses

Tax expenses are represented nearly in their entirety federal taxes such as PIS (Social Integration Program), COFINS (Contribution for Social Security Financing), Income Tax and Social Contributions levied upon earnings adjusted before taxes.

The reduction of BRL 4.103 billion (65.0%) in tax expenses in the first quarter of 2023 reflects the decrease in taxable income, mainly due to lower results with equity interests.

## Other Expenses, net

Other expenses include adjustments for inflation for assets and liabilities, administrative and personnel expenses, labor and civil provisions, among others.

The growth of BRL 414 million (50.0%) between quarters was mainly caused by expenses with monetary restatement of dividends payable and expense of BRL 100 million with non-refundable financial support.

## 6. SUBSEQUENT EVENTS

### Compensation from Petrobras

On April 27, 2023, Petrobras' shareholders approved at the Annual General Meeting (AGM) the payment of complementary dividends, referring to the portion of BRL 0.49806828 per share that had been proposed by management. This surplus installment will be paid on December 27, 2023 adjusted by SELIC. Thus, the BNDES system recognized in April 2023 revenue of BRL 516 million (of which BRL 67 million in the BNDES and BRL 448 million in the BNDESPAR).

In a material fact disclosed on May 11, 2023, Petrobras reported that its Board of Directors approved, on the same date, the payment of distribution of compensation to shareholders in the amount of BRL 1.893577 per common and preferred share outstanding, as an advance for the year 2023, declared based on the balance sheet of March 31, 2023 (interim dividends and interest on equity). The cut-off date will be June 12, 2023 and the shares will be traded ex-rights starting June 13, 2023.

The remuneration to shareholders will be paid in two installments in August and September, as follows:

(i) first installment, in the amount of BRL 0.946788 per outstanding common and preferred share, will be paid on August 18, 2023, being made in: (a) dividends, of BRL 0.278179 per outstanding common and preferred share; and (b) interest on equity of BRL 0.668609 per outstanding common and preferred share; and

(ii) second installment, in the amount of BRL 0.946789 per common and preferred share, will be paid on September 20, 2023 in full in the form of dividends.

Thus, considering the quantities of shares held by the BNDES System on March 31, 2023, it is estimated that the gross amount of dividends and interest on shareholders' equity will be BRL 1,960 million, of which BRL 256 million refers to BNDES and BRL 1,704 million to BNDESPAR, detailed in the table below in millions of Reais:

|              | 1st Installment - Dividends | 1st Installment - JCP | 2nd Installment - Dividends | Total        |
|--------------|-----------------------------|-----------------------|-----------------------------|--------------|
| BNDESPAR     | 250                         | 602                   | 852                         | 1,704        |
| BNDES        | 38                          | 90                    | 128                         | 256          |
| <b>Total</b> | <b>288</b>                  | <b>692</b>            | <b>980</b>                  | <b>1,960</b> |

## 7. RATING

In the first quarter of 2023, the BNDES maintained its rating from the end of 2022, as can be seen in the figure below:

| Rating Agency | Global scale rating          |                               |
|---------------|------------------------------|-------------------------------|
|               | Foreign Currency – Long Term | National Currency – Long Term |
| Moody's       | Ba2 (Stable)                 | Ba2 (Stable)                  |
| S&P           | BB- (Stable)                 | BB- (Stable)                  |

### Highlights from Moody's

- ✓ Strong brand value as the main source of long-term financing and capital investment for Brazilian companies and for government infrastructure projects;
- ✓ Access to stable and reasonably inexpensive funding; and,
- ✓ Asset quality superior to the market.

### Highlights from S&P

- ✓ Strong guarantee policy and flexibility to restructure loans and mitigate potential losses arising from increased risks in the economy;
- ✓ Long-term funding with government support offers the bank with a competitive advantage; and,
- ✓ The BNDES's prominent position in the economy and in the execution of public policy implies that our ratings and default risk will equal those of sovereign indicators.

## 8. BACEN CIRCULAR LETTER N° 3,068/2001

The BNDES declares that it is financially capable and intends to hold securities classified as "Held to Maturity" in the amount of BRL 5.706 billion as of 03/31/2023 up until the corresponding maturity date, the equivalent of 6.1% of the net securities portfolio presented in this report.

## 9. ACKNOWLEDGMENTS

We thank our employees for their dedication and talent, which allow us to achieve consistent results; our clients, who motivate us to constantly strive to improve our services; and market participants, for their indispensable support and trust.