



MANAGEMENT REPORT BNDES

1st Half of 2021

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To shareholders and other interested parties:

In compliance with legal and statutory provisions and in line with best corporate governance practices, we are presenting the BNDES System Management Report for the period ended June 30, 2021.

1. MACROECONOMIC SCENARIO

The first half of 2021 was characterized by the acceleration of vaccination against the new coronavirus. In the United States, Europe, Asia, and more recently in Latin America, the intense vaccination campaign was decisive for the worst phase of the pandemic to be overcome. The world is still not free from the appearance of new variants of the virus and the emergence of localized outbreaks, but the resumption of economic dynamism, albeit gradually and unequally, has been occurring in virtually all countries.

The support of China's economic growth, combined with the acceleration of the pace of activity in the USA, brought a significant increase in demand for agricultural products and mineral inputs. Thus, throughout the first half year, the continuation of the commodity growth cycle started in the second half of 2020 was observed. In the US, in addition to accelerated vaccination, the stimulation of investments in productive assets and infrastructure, and a avowedly expansionary and anti-cyclical monetary policy pushed up the projections of GDP growth. In fact, the USA and China are today the main drivers of the world economy, with growth projections in 2021 of 6.5% and 8.5% respectively. The IMF estimates projected a 6.0% recovery in world GDP in 2021 in June, followed by a 4.4% growth in 2022.

In Brazil, the second quarter was also characterized by an uneven recovery process, both in terms of territory and sectors. The activities in which personal contact is more intense and necessary, especially in the service sector, still remain the most impacted by the pandemic, though now to a lesser extent. In any case, the impacts of the pandemic on the national economy in 2021 were less intense than initially expected. The acceleration of vaccination with the concomitant reduction in the number of cases and deaths from the disease and the reduction of restrictions on the movement of people and the performance of economic activities have led to progressive upward revisions in the projection of this year's GDP. Also contributing to this was, to some extent, the continuation of the cycle of rising commodity prices. On July 2, 2021, the Focus Report indicated expectation of GDP expansion of 5.2% in 2021, and 2.1% in 2022.

The international foreign exchange market continued to be characterized by instability, with risk aversion still prevailing, but less predominantly, softened by the high liquidity and the high stock of capital available worldwide. With the prospects for maintaining interest in the US at its minimum level until at least the beginning of 2022, the scenario has become less challenging for emerging countries. In this context, and once again benefiting from the

increase in commodities, which make up a representative part of Brazil's export agenda, the Real experienced a process of appreciation throughout the second quarter of 2021.

In spite of the contribution of the exchange rate to containing the increases in prices and inflation expectations, the resumption of the dynamism of the Brazilian economy and its uneven process have led to representative increases in the prices of certain groups of products, goods and services. The influence of the internationally traded goods sectors has been particularly impacting, such as gasoline, with prices directly related to the price of commodities, food, and administered prices, whose increases have been felt more intensely. Inflation measured by the IPCA was 0.53% in June, reaching 8.35% in 12 months, a value higher than the target ceiling rate defined by the Central Bank for 2021¹. The expectation for the 2021 IPCA is 6.07%² and the Selic was raised by 0.75% in June, to 4.25% per year. Market analysts expect the gradual increase in interest rates to continue throughout 2021, with a complete normalization of the Selic rate, which would end the year at 6.50%.

The labor market continued to be impacted by the adverse effects of the pandemic, with unemployment reaching 14.7% in the quarter ended in April 2021, with 14.8 million people unemployed. The level of occupation (proportion of people employed among the working age population) reached 48.5%. On the other hand, the contingent of employed people (85.9 million) was stable in relation to the quarter ended in January and reached 86 million, with 1.7 million more people in the labor market. The total number of underutilized people reached 33.3 million (29.7%), the largest in the series, with an increase of 2.7% or more 872 thousand people compared to the quarter ended in January.

For the consistent recovery of the economy, the level of investments in Brazil should increase, especially in the infrastructure sectors. The Federal Government's initiatives in concessions and privatizations and in favor of improvements in the business environment will contribute to both, as well as the world scenario, also observed in Brazil, of low real interest rates with a view to maintaining at reduced levels for the coming years. In addition, with the BNDES initiatives to promote development and investments in the country, and given the context of more inclined interest rate term structures (which make it more interesting for long-term investments to count on the Bank's resources), the demand for BNDES resources will remain high in 2021.

¹ This year's target is 3.75%, with a 5.25% ceiling rate

² Focus Bulletin of 07/02/2021

2. HIGHLIGHTS OF THE 1ST HALF OF 2021

2.1. Generation of Public Value for the Society

THE BNDES OPERATES IN VARIOUS SECTORS OF THE ECONOMY,
always seeking to finance projects that generate value for society.
Deliveries relating to projects contracted in the 1st half of 2021:



Telecommunications

242 thousand

new accesses forecast for fixed
broadband services
(people connected)



Sanitation

13.345 thousand

project structuring to bring
sanitation services to people
not currently served



Health

174

SUS health units to be
benefitted by BNDES
support



Energy

1.2 GW

increase forecast in
renewable energy
generation capacity



359 Km

natural gas distribution
network deployed



Employment

317 thousand

jobs generated or maintained
during the implementation phase
of the supported investments



49 thousand

micro, small and medium
supported enterprises

2.2. Management

With a focus on BNDESPAR's divestment policy, the audit of 2020 accounts is certified by the CGU

As part of the Annual Audit of Accounts, the Brazilian Office of the Comptroller General (CGU) issued, in May, a certificate with "unqualified opinion" on the Bank's accounts for the year 2020, together with an evaluation report from the control body. The unqualified certification of the accounts demonstrates that the BNDES management acts audited are in accordance with applicable laws and regulations and with the principles of public administration.

The BNDES approves the 1st financing for the export of Embraer aircraft with private credit insurance

The Bank approved financing with an innovative structure for the export of Brazilian aircraft produced by Embraer to the American airline *SkyWest Airlines*. The loan, in the total amount of approximately BRL 450 million, was granted through the BNDES Exim Post-Shipment credit line and guaranteed by credit insurance called *Aircraft Non-Payment Insurance* (ANPI), provided by the consortium of private insurers *Aircraft Finance Insurance Consortium* (AFIC).

It is the first time that BNDES makes an operation of this nature with private credit insurance and the first operation of Embraer to rely on the ANPI/AFIC guarantee. It is a milestone for the Brazilian manufacturer and an important instrument in the diversification of guarantees available for the BNDES support to exports of the sector.

COVID-Account wins international structured finance award

COVID-Account won the international *Deals of the Year Awards* in January, offered by the LatinFinance group, in the structured financing category. The mechanism is a loan of BRL 15.3 billion from a set of public and private banks, under the leadership of the BNDES, to preserve the accounts of companies in the electricity sector and reduce the impact of the pandemic on the electricity bill paid by the consumer.

Bank maintains leadership in socioenvironmental responsibility ranking

The BNDES was the best evaluated Brazilian bank in the new edition of the Responsible Bank Guide launched in February by the Brazilian Institute of Consumer Protection (IDEC), in partnership with the Sou da Paz Institute and the NGOs Conectas Direitos Humanos and Proteção Animal Mundial.

The document evaluates the sustainability policies of the largest financial institutions in the country in relation to the companies to which they grant credit or in which they invest, using the *Fair Finance International* methodology, applied in 13 countries. With this performance, the BNDES maintains the leadership achieved in the previous edition of the Guide, launched in 2019.

The Bank will structure the concession of two more sanitation blocks in Alagoas

The Bank will continue the structuring of concessions in basic sanitation in the State of Alagoas, which in this second phase may include up to 88 municipalities, with the objective of improving and expanding the services provided to about 2.2 million people. This is the second auction in the sanitation sector where the Bank is supporting the State Government. In September 2020, there was the operation to grant water and sewage management to the 13 cities that make up Grande Maceió – block A, with planned investments in infrastructure of BRL 2.6 billion, to the benefit of 1.5 million people in Alagoas.

Early settlement of liabilities with the National Treasury

By the end of July, BRL 41 billion were paid for BNDES liabilities with the National Treasury. Furthermore, the terms of the agreement made with the Ministry of the Economy for a plan for the early settlement of liabilities with the National Treasury were sent to the TCU, as determined by the Court of Auditors in Judgment No. 56/2021-TCU-Plenary sessions.

On July 1, 2021, the BNDES made an advance payment of a portion of the Instrument Eligible for Principal Capital – IECF (contract no. 867/PGFN/CAF signed in June 2013 with the National Treasury), in the amount of BRL 13.5 billion.

With BNDES modeling, Rio Grande do Sul sells energy distribution company

The Equatorial Energia Group won the privatization auction of the Companhia Estadual de Distribuição de Energia Elétrica (CEEE-D) of Rio Grande do Sul. The Bank was hired by the State government to coordinate the privatization process of the company, with the support of the Minuano Energia Consortium — formed by Banco Genial, Thymos Energia and Machado Meyer — and EY. New investments of around BRL 1.6 billion are expected for the next five years, which will benefit about 1.8 million customers in 72 municipalities, including the Metropolitan Region of Porto Alegre.

With BRL 240 million raised, the Bank and partners launch the 1st FIP in Latin America focused on IoT

The Bank, *Indicator Capital* and *Qualcomm Ventures LLC*, a world leader in state-of-the-art wireless technologies, announced the launch of the *venture capital IoT FIP Indicator 2* Fund. With BRL 240 million raised, the FIP is focused on early-stage investments and is the 1st specialized in the Internet of Things (IoT) and Connectivity in Latin America. Directed to startups that develop services and products related to IoT and Connectivity, the fund lasts 10 years and will invest in up to 30 companies in an early stage (Series A), with contributions of, on average, BRL 10 million.

Matchfunding Saving Lives Receives Alide Best Practice Award

The largest collective financing program ever carried out in Brazil, Matchfunding Saving Lives received the Alide award for Best Practices in Development Finance Institutions in May. Since its launch in April 2020, the program has already mobilized an additional BRL 100 million (one BRL from the BNDES for each BRL donated by partners). The resources were converted into inputs for more than 600 philanthropic hospitals and holy houses and more than 50 million personal protection equipment (PPE) — such as masks, gloves, caps

and aprons — for professionals working in these institutions, who provide care through the SUS in almost 500 cities in all regions of the country. Also in the process of acquisition and delivery are 15 oxygen plants to serve the ICUs of regional hospitals.

The Bank publishes report on the impact of credit in the fight against inequalities

In April, the Bank published the second edition of its “Report on the impact of credit operations on the combat against inequalities”. The document is an obligation established by the Budget Guidelines Law (Law 14,116/2020) and, this year, had a special focus on emergency actions to face the economic impacts of the Covid-19 pandemic.

The BNDES finances innovative clean energy generation projects

The BNDES approved financing of BRL 189.9 million for the implementation of the first hybrid electricity generation park in Brazil, joining two sources, wind and solar. The pilot project will be implemented by Sol do Piauí Geração de Energia Ltda. in the municipality of Curral Novo, with an estimated capacity to generate enough energy to serve approximately 80 thousand households.

Furthermore, the Bank will also finance the implementation of 14 photovoltaic plants, which generate electricity from the sun, in the municipality of Janaúba, in the north of Minas Gerais. The project has the capacity to generate 700 Megawatts (MW) of clean and renewable energy for the Brazilian electricity system, equivalent to the supply of 933 thousand homes. The project is the largest solar complex under construction in Latin America. In addition, the works for the installation of the plants will generate 1,265 jobs.

Amapá publishes sanitation concession procurement process prepared by the Bank

At the end of May, the State of Amapá published the procurement process for the full concession of water and sewage services for urban areas in all 16 municipalities of Amapá, currently provided by Companhia de Água e Esgoto do Amapá (Caesa), controlled by the State. As in Alagoas and Rio de Janeiro, which have already been auctioned, the Amapá project was prepared by the BNDES so that private participation can improve the provision of these services. One of the goals of the process is to reduce the water loss rate, which today exceeds 70%. The concession will also relieve the government, since part of the company's operation is funded by the State.

The Bank ranks second in the 12th CIEE Award for Best Internship Programs

The BNDES was second in the 12th CIEE Best Internship Programs Award, in the qualitative category, Federal Public Organization and Judiciary, in the range of 51 to 300 interns. The initiative seeks to recognize companies that stand out for the quality of their internship programs nationwide. The evaluation was carried out by means of research with the interns benefiting from the registered organizations, carried out by IBOPE Inteligência.

The BNDES will conduct studies to expand sanitation in Paraíba

The Bank and the Government of the State of Paraíba signed a contract in June to carry out studies aimed at structuring a project that will allow the expansion of water supply and sewage services in 93 municipalities in the State.

The expectation is that the execution of the project will increase the coverage of the water supply by 22% and sewerage by 54%. As a result, treated water will reach 2.26 million people, and sewerage will reach 2.06 million. Currently, most cities are served by Companhia de Água e Esgotos da Paraíba (CAGEPA).

The Bank and Coca-Cola Brasil sign cooperation agreement on social and environmental impact projects

The Bank's executive board has signed a technical cooperation agreement (ACT) with Coca-Cola Brasil with the objective of promoting joint projects and initiatives over the coming years for sustainable development that contribute to generating positive social and environmental impacts for Brazil on several fronts: access to water, protection and reforestation of forested watersheds, recycling, sustainable agriculture, education and support for micro-, small- and medium-sized enterprises (MSMEs). The ACT formalizes a pilot project for the BNDES environmental, social and corporate governance (ESG) partnership agenda with Coca-Cola Brasil.

Companhia de Eletricidade do Amapá is the 10th distribution company privatized by the BNDES

Equatorial Participações S.A., represented by the broker XP Investimentos, was the winner of the auction held by the Bank for the privatization of Companhia de Eletricidade do Amapá – CEA associated with the concession of a public electricity distribution service in the State for the next 30 years. The group will pay the symbolic amount of BRL 50,000 for the shares in CEA and undertakes the commitment to start making a contribution of BRL 400 million in the company and paying debts to the order of BRL 1.1 billion. Total investments are expected to reach BRL 2.4 billion in 30 years, with BRL 480 million in the first five years.

3. SOCIOENVIRONMENTAL PERFORMANCE

The central role of the BNDES in promoting sustainability is expressed in our vision, and guides the strategy and operations of the Bank which, since the 1990s, has incorporated environmental aspects into its policies and procedures.

Since then, the structures – both organizational and normative - have been constantly evolving to incorporate nascent themes in the ES agenda as such discussions advanced in society, covering social, transparency, relationship and, more recently, climatic factors.

Continuing the actions initiated in 2020, when new units were included in the BNDES ESG agenda, reinforcing the transversal character of this theme in the Bank, 2021 has been a remarkable year in this evolution. The year began with the launch of a specific corporate project to focus and accelerate advances in the axes of policies, systems, solutions in products and services, investors, training and communication.

Throughout the first half of the year, several results of this work have already been delivered, such as the launch of the *Sustainable Bond Framework (SBF)*, an expansion of the framework for green bonds issues developed in 2017, which reinforces the importance attributed by the BNDES to the ESG theme and meets the growing demand of investors. In the Social aspect, the SBF provides support to the Health, Education, MSME and Microcredit sectors. In the Environmental aspect, Renewable Energy, Energy Efficiency,

Sustainable Water Management, Pollution Prevention and Control, Clean Transport, Management of Living Natural Resources and Land Use were included.

Also in the scope of the corporate project, the ESG rating evaluation was completed by the agency Vigeo Eiris, a subsidiary of Moody's, in which the BNDES obtained the A1+ level, the highest in the scale, positioning the Bank among the best companies in the world in this theme. Accordingly, the excellent result in the ESG rating validates the BNDES's performance traditionally focused on sustainability and also gives us parameters to continue with improvements in our practices.

Another delivery already completed was a voluntary training aimed at raising awareness and training the entire staff of the importance of the ESG theme and the role of the BNDES in promoting sustainable development, which was attended by more than 90% of employees, in a demonstration of the interest and commitment of the Bank's teams to the agenda.

In section 4. Operational Performance, we present a set of improvement actions in the Bank's portfolio of support instruments, which include highlighting the Social and Environmental Agenda.

Green Economy and Social Development

In the first half of 2021, BRL 2.7 billion were disbursed for projects related to the Green Economy, which includes sectors such as forests, water and sewage management, and agricultural improvements.

The main highlight remains the renewable energy segment, which received BRL 1.9 billion, approximately 70% of disbursements in the period, followed by agricultural improvements (BRL 451 million), forests (BRL 124 million) and water and sewage management (BRL 103 million).

The education, public management, urban and regional development, productive inclusion, social responsibility and health sectors make up the social development indicator, which received BRL 3.5 billion in disbursements in the first half of 2021.

In this segment, the main focus in the period were projects linked to urban and regional development, for which BRL 2.8 billion were disbursed, about 80% of the total indicator, followed by the health sector, with BRL 481 million.

Together, the two indicators account for 53.6% of the BNDES's nonautomatic direct and indirect operations portfolio, compared to 55.2% at the end of the first quarter, once again demonstrating our commitment to the sustainable development of Brazil.

More information about the Green Economy and Social Development indicators can be found at <https://www.bndes.gov.br/wps/portal/site/home/quem-somos/responsabilidade-social-e-ambiental/nossos-resultados/desembolsos-economia-verde-desenvolvimento-social>.

Sustainable Development Goals

Since 2019, BNDES has also monitored its operational performance in relation to contributions to the achievement of the Sustainable Development Goals (SDGs). In May/2021, reinforcing the Bank's commitment to transparency, the "Methodology for

identifying the contribution of the BNDES to the sustainable development goals (SDG)" was published³, a technical note in which the methodology developed by BNDES to explain its contribution to the implementation of the 2030 Agenda of the United Nations (UN) is explained.

In the first half of 2021, 61.4 thousand operations received disbursements linked to at least one of the SDGs, which totaled BRL 19.5 billion – BRL 82% of total disbursements in the period. Among the SDGs, the most prominent ones in the half year were Industry, Innovation and Infrastructure (SDG 9, BRL 11.3 billion), Decent Work and Economic Growth (SDG 8, BRL 8.7 billion), and Clean and Accessible Energy (SDG 7, BRL 7.5 billion)⁴.

These disbursements result in deliveries to society, which directly benefit the lives of Brazilians. In the first half of this year, new operations associated with the SDGs were contracted, for example, expanding the capacity to generate wind and solar renewable energy in Brazil by 1,173 MW, which is enough to supply 1.97 million households (6.5 million people).

Learn more about BNDES disbursements for the SDGs at <https://www.bndes.gov.br/wps/portal/site/home/transparencia/estatisticas-desempenho/ods>.

Learn more about the deliveries to society linked to the SDGs at <https://www.bndes.gov.br/wps/portal/site/home/transparencia/resultados-para-a-sociedade/efetividade/entregas-associados-ods>.

4. OPERATIONAL PERFORMANCE

4.1. Operational Policy

In the first half of 2021, a set of improvement actions were approved in the Bank's portfolio of support instruments, with emphasis on the Socioenvironmental Agenda and the Agricultural Sector, in addition to the Products aimed at Project Structuring Services and the Automatic Exim Line of the BNDES Exim Post-Shipment Product.

In the Socioenvironmental Agenda, we can highlight the following initiatives:

- ✓ **Climate Fund Program:** Revision of the Climate Fund Program with expansion of the scope of supported projects, such as R&D of components and systems dedicated to aircraft and vessels powered by renewable sources and systems dedicated to electric or hydrogen recharge, technological development of energy from urban solid waste and energy storage, inclusion of forest planting with native species for agroforestry systems, and inclusion of support for investments in public conservation units or private areas with the purpose of conserving ecosystems.

³ Available at <https://www.bndes.gov.br/wps/wcm/connect/site/69bfec19-dee3-4cae-a00d-3d8629bf934e/BNDES_NOTA+TECNICA_ODS_1405.pdf?MOD=AJPERES&CVID=nBXJOJp>.

⁴ The same operation can be linked to more than one SDG.

- ✓ **Socioenvironmental Fund:** Revision of the Social Fund with adjustments in the objectives, expansion of the scope to support education projects in the continuous support modality and change of name to the BNDES Socioenvironmental Fund.
- ✓ **BNDES Finem Product:** Changes in the lines and sub0lines of the BNDES Finem Product related to the natural gas chain to reinforce support to the sector and inclusion of the possibility of financing electric trucks, hybrids or other models with electric traction and vehicles (buses and trucks) powered by natural gas or biomethane in the Incentive Line.

In relation to the portfolio of products for the agricultural sector, the **BNDES Cereal Producer Credit Program** was introduced, with the objective of supporting cereal companies through financing for investment in civil works and for the acquisition of machinery and equipment necessary for the construction of warehouses and the expansion of grain storage capacity. In relation to the support instruments for Project Structuring, the following stand out:

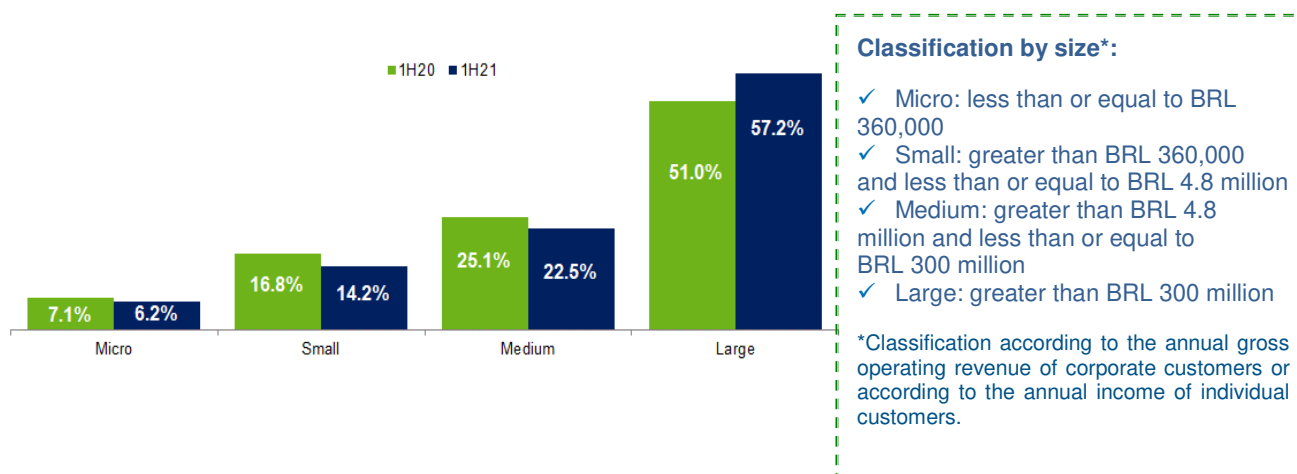
- ✓ Changes in remuneration in the **BNDES Project Structuring Services** Product, which will allow obtaining, as remuneration, a value more adjusted to the perception of the market of successful projects that mobilize higher amounts of private capital.
- ✓ Changes in the **Project Structuring Fund – BNDES FEP**, with the creation of the STRUCTURING modality, which provides support for the structuring of ESG Projects of relevant social interest, as well as the structuring of Pilot Projects with high scalability potential, generation of new business for the Bank and attraction of private resources.

Finally, it is worth mentioning the improvement in the **Automatic Exim Line of the BNDES Exim Post-Shipment Product** with an increase in the maximum term of financing and the possibility of a financial institution in Brazil acting as a debtor, as a confirmer of the letter of credit, allowing BNDES Exim Automatic to serve a greater number of operations.

4.2. Disbursement Profile

Disbursements by Size (BRL million)

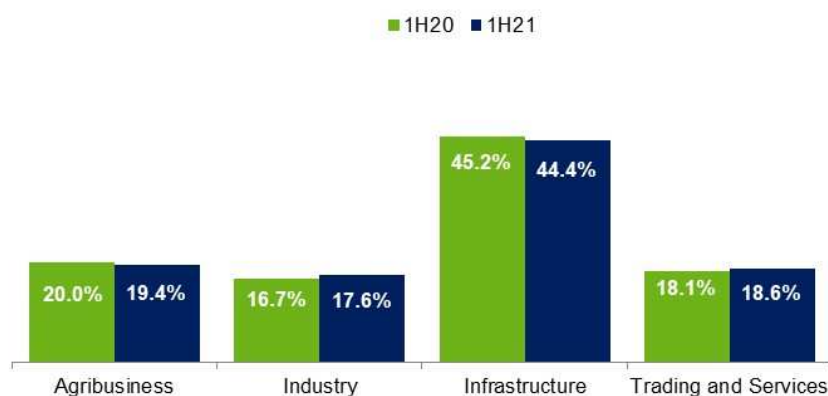
Below we present the disbursements by size, whose classification allows the BNDES to act according to the characteristics of each segment, by offering specific lines, programs and conditions. The support to micro-, small- and medium-sized enterprises, considered a priority by the BNDES, offers special conditions to facilitate the access of these companies to credit.



The Bank's disbursements in the first half of 2021 accumulated BRL 23.9 billion, a decrease of 8.2% compared to the same period in 2020.

The number of operations reached 66,967 in the first half of 2021, a reduction of 26.3% compared to 90,801 operations in the first half of 2020. The number of transactions with large companies grew 37.9% between the periods, while there were decreases of 38.3% of transactions with small companies, 20.1% of transactions with medium-sized companies and 18.7% of transactions with micro-enterprises.

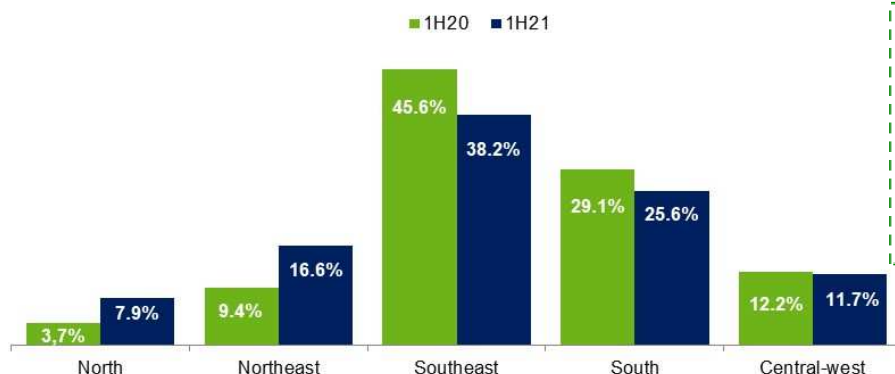
Disbursements by Sector (BRL million)



In the first half of 2021, in the infrastructure sector, electricity (67.6%) and transport segments * (28.4%) and in the industrial sector, disbursements to the transport material segment (28.3%) stand out.

*Includes road (land freight and passenger), waterway, air, subway and rail transport, and highway, rail, port and airport concessions.

Disbursements by Region (BRL million)



In the first half of 2021, we can highlight the increase in disbursements to the North and Northeast Regions. In their respective regions, the states of Pará (58.3%), São Paulo (56.4%), Mato Grosso (54.9%), Paraná (48.4%) and Bahia (42.7%) stand out.

5. FINANCING AND JOB CREATION

The investment projects financed by the BNDES are directly related to the generation of employment and income in the economy, either because they are stimuli to the dynamism of the real economy, or because of the size of the resources involved.

The estimates of the number of workers required (employment generated or maintained) in the implementation phase of the investments supported by the Bank are obtained by the BNDES Employment Generation Model (MGE), an input-product model for the Brazilian economy, which uses official data from the System of National Accounts and the 2015 Input-Output Matrix released by IBGE. It is important to note that the number of jobs

resulting from the MGE does not correspond to the net generation of jobs in the economy, but to the average volume of employment necessary to make investments viable.

The estimated volume of employment can be broken down into two types:

- direct employment – occurs in the sector that provides products of gross fixed capital formation for projects supported by the Bank, that is, mainly in civil construction, in the manufacture of machinery and equipment and in commerce; and
- indirect employment – corresponds to the jobs of the production chains that serve the sectors directly affected by the supported investments.

Employment Generated or Maintained in the Implementation of Investments Supported by BNDES

(disbursements and increase in final demand by BRL million and employment in thousands of jobs)

Period	Disbursement	Increase in final demand ¹	Employment		
			Direct	Indirect	Total
1H/ 2020	26,024	24,513	207	146	353
2020	64,921	57,421	502	343	845
1H/ 2021	23,904	21,833	189	129	317

Source: BNDES and IBGE
Authorship: BNDES, RJ, 2021

¹Consists of an estimate of the part of disbursed resources that represent increased demand from sectors for investment implementation. Volume of resources that feeds the MGE.

In the first half of 2021, the disbursements of the BNDES System totaled about BRL 23.9 billion in current values and represented about BRL 21.8 billion of increase in final demand during the implementation of the investment projects. The number of jobs needed to enable this amount of investments, according to the estimates of the MGE was around 317 thousand. The 10% decrease in this indicator in relation to the result of the first half of 2020 (353 thousand) reflects the combination of the decrease in the volume disbursed by BNDES in the same comparison period (8% in nominal terms) with the decrease in the share of final demand in total disbursements (from 94% in 1H/2020 to 91% in 1H/2021).

Regarding the composition by type of employment, the first half of 2021 presented results close to the same period in 2019, with 59% composed of direct jobs and 41% of indirect jobs. The average jobs generated or maintained per million invested in the economy remained stable, from 14.4 in 1H/2020 to 14.5 in 1H/2021, which means that the distribution of sectors impacted by the supported projects did not change significantly.

The sectors that concentrate the employment estimates during the implementation phase of the investments supported by BNDES are: (i) civil construction; (ii) services provided to companies and families and maintenance services; (iii) trade; (iv) forestry agriculture, forestry, livestock and fishing; and (v) machinery and equipment and furniture and products from various industries. In addition, jobs in these sectors corresponded, in the first half of 2021, to about 83% of the total estimated for BNDES resources.

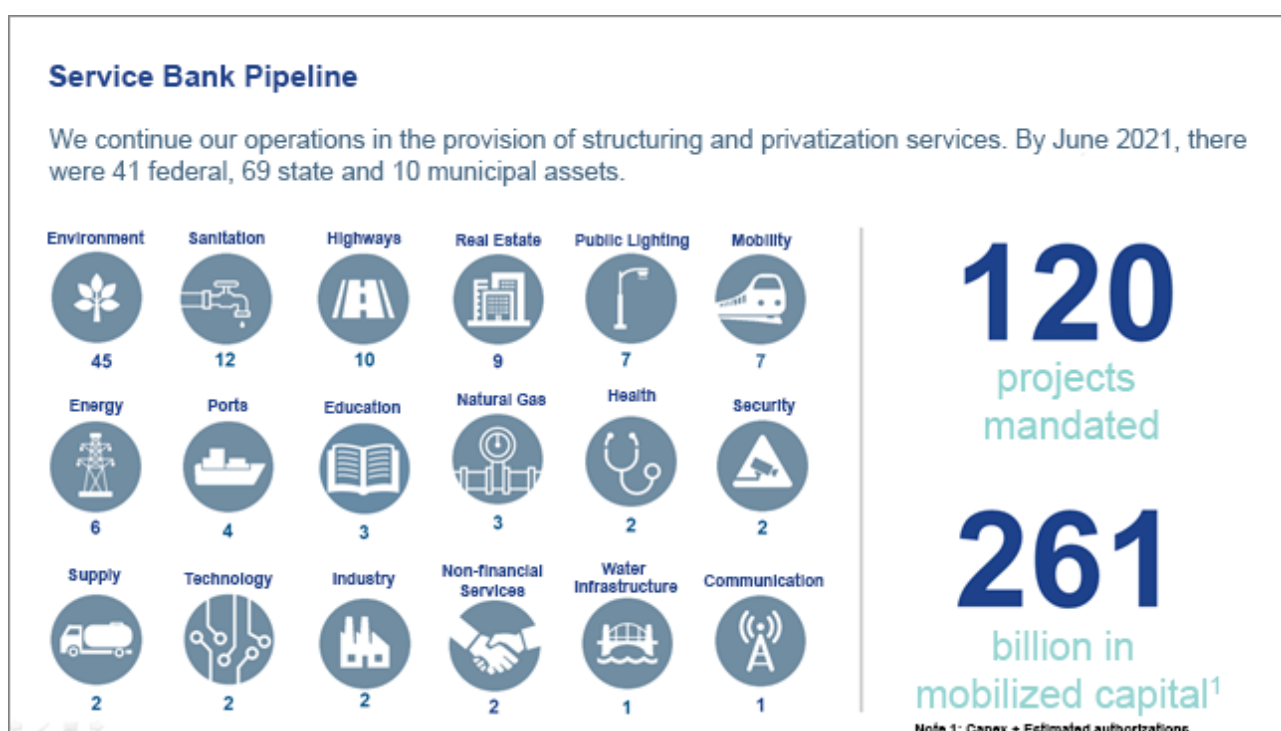
6. SERVICE BANK

As part of the consolidation of the BNDES as the service bank of the Brazilian State, we promoted integration between the Managements of Privatization and Infrastructure,

Concessions and PPPs in a new Concessions and Privatization Management, strengthening the coordination of the structuring agendas of privatization projects and thereby optimizing the management of the "Project Factory".

Our role as "Project Factory" involves structuring projects and providing advisory services to public entities, participating in the various stages of the project structuring process at the federal, state and municipal levels, from planning to signing the public entity's contract with the private partner, including support in attracting national and international investors.

We concluded the first half of 2021 with 120 projects mandated in different sectors, with capital mobilized, including investments and grants, estimated at BRL 261 billion and reaching 22 state-owned companies.



Acting as a Project Factory, we play a strategic role in coordinating efforts and resources (public and private) to enable projects in different segments, enabling the reduction of bottlenecks and the generation of investment opportunities.

The main highlights in the first half of 2021 were:

- **Rio de Janeiro Sanitation Auction:** resulted in the largest concession in the history of the country and will allow the universalization of access to water and the collection and treatment of sewage for 11 million people in 29 municipalities in the state of Rio de Janeiro, with a transformative impact on the current reality in which only half of the population has sanitary sewage. The project raised BRL 22.7 billion in grants (134% of average goodwill) and also foresees the realization of BRL 23 billion in investments in the next 12 years; and
- **Auction of Companhia de Eletricidade do Amapá - CEA:** represents an important milestone because it is the tenth electricity distribution company with a

privatization process successfully structured by BNDES over the last five years, resulting in a structural change in the energy distribution sector in Brazil. Together, these ten projects total investments estimated at BRL 11.5 billion only in the first five years after the auctions and the transfer to the private sector of debts of BRL 19 billion.

Other results delivered in the first half of 2021 include:

- Sale of interests: Sale of BRL 11.47 billion in Vale's participating debentures that belonged to the bank and the Federal Government;
- Electricity: (i) auction of CEEE Transmissão in the amount of BRL 2.67 billion (goodwill of 57.13%) and estimated investments of BRL 1.5 billion in the next five years; (ii) signing of the purchase and sale agreement of CEB Distribuição;
- Public lighting: contracting a PPP structuring project in the Municipality of Petrolina; and
- Sanitation: publication of the notice of the sanitation concession auction in Amapá, scheduled to take place on September 2, 2021.

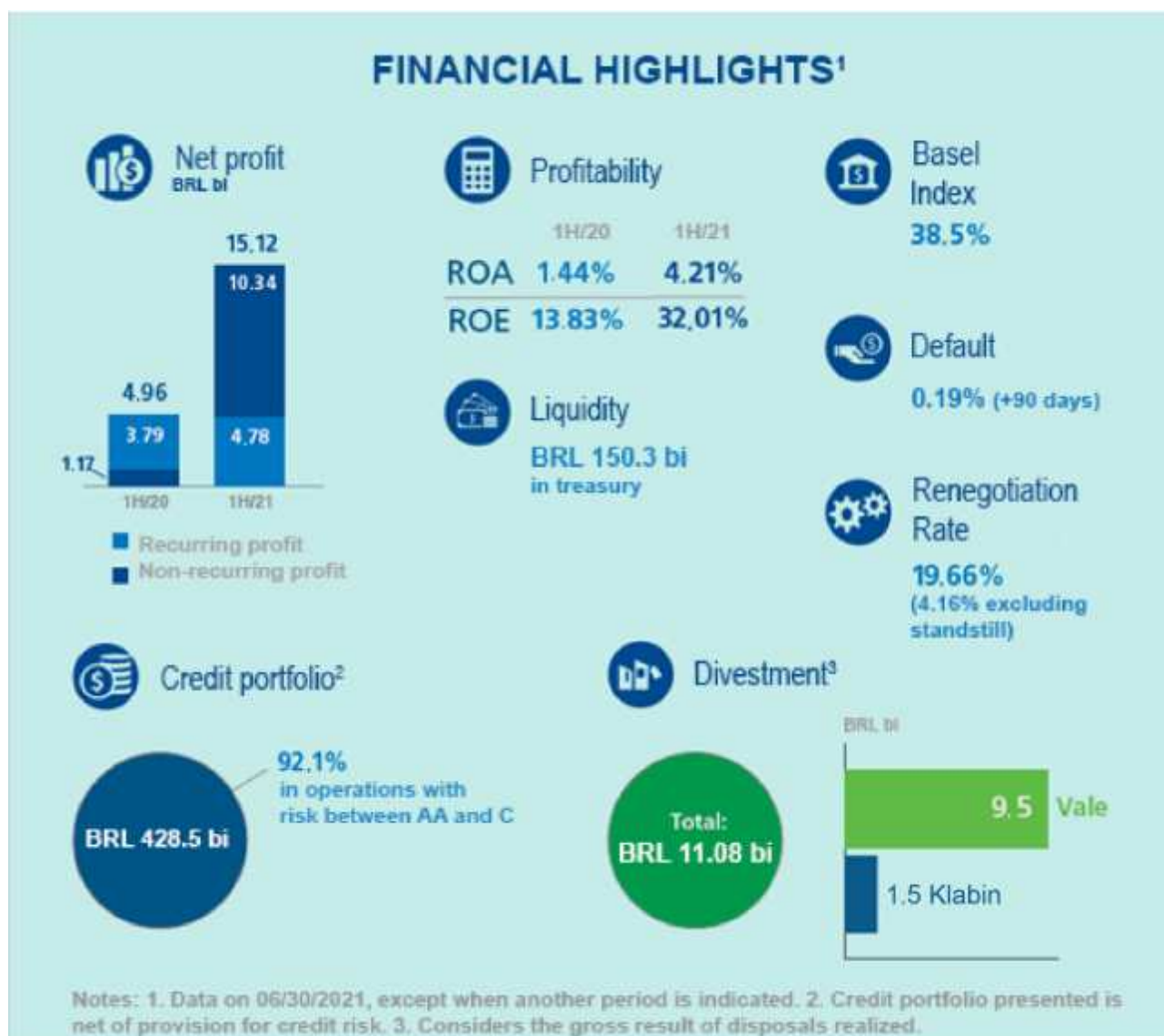
Another important advance was the consolidation of the Parks and Forests concessions agenda, reinforcing the BNDES's role in structuring partnerships in socioenvironmental infrastructure. Currently, the BNDES has a portfolio of 45 projects in federal and state conservation units. Among the expected results, we can highlight the following:

- Preservation of 2.2 million hectares of National Forests in the Amazon;
- Tripling the number of parks granted in Brazil by 2022, with benefits for environmental preservation and regional development.

Also noteworthy is the maturation of the BNDES Projects Hub platform (<https://hubdeprojetos.bndes.gov.br>), providing relevant information on privatization projects, as well as an overview of the main sectors and other useful information on investments in Brazil. The objective of the platform is to give visibility to the Project Factory projects, enable the monitoring of the evolution of our portfolio and provide useful information to investors, including those less familiar with the Brazilian market, reducing information asymmetries and expanding competition for privatization projects.

7. ECONOMIC AND FINANCIAL PERFORMANCE

The BNDES System recorded net profit of BRL 15.116 billion in the first half of 2021, an increase of BRL10.154 billion (204.6%) compared to the same period in 2020. Below are the main financial highlights of the period.



The growth in profit between the periods was mainly influenced by the effects of the sale of equity interests in Vale (BRL 9.5 billion), Klabin (BRL 1.5 billion) and others, in addition to the sale of Vale's participating debentures (BRL 3.8 billion).

In terms of recurring income, in the first half of 2021 the recurring income was BRL 4.780 billion, higher than the BRL 3.786 billion in the same period in 2020, mainly due to the higher result with equity interests, especially revenue from dividends/interest on equity, which was BRL 1.1 billion higher than revenue for the same period in 2020.

Total assets reached BRL 728.460 billion on 06/30/21, a reduction of BRL 49.942 billion (6.4%) in the semester, mainly explained by the early settlement of BRL 38 billion in national treasury funds.

Regarding BNDES' funding, FAT and National Treasury account for 44.8% and 20.8% of the total liabilities on 06/30/21, respectively, with emphasis on the inflow of BRL 9.8 billion in ordinary resources from the Constitutional FAT and the aforementioned early return of funds to the National Treasury.

The growth of BRL 9.303 billion (8.2%) in net equity in the semester was mainly due to net profit of BRL15.116 billion, mitigated by the negative equity valuation adjustment in the period (BRL 5.813 billion).

7.1. Main Economic and Financial Indicators

BRL million, except percentages

	1H21	1H20	Δ(%)
Result			
Product of Financial Intermediation	11,036	7,055	56.4
Allowance for Loan Losses	1,044	(2,271)	146.0
Equity Investments	14,041	7,368	90.6
Tax Expenses ¹	(9,705)	(5,397)	79.8
Other Expenses, net	(1,300)	(1,793)	(27.5)
Net Profit	15,116	4,962	204.6

¹ Includes taxes on profit.

	06/30/2021	12/31/2020	Δ (%)	06/30/2021	06/30/2020	Δ (%)
Financial Position						
Total Assets	728,460	778,342	(6.4)	728,460	747,872	(2.6)
Loan Portfolio, net	428,514	446,946	(4.1)	428,514	444,261	(3.5)
Securities ²	101,215	121,429	(16.6)	101,215	68,414	47.9
Equity Investments	69,260	77,946	(11.1)	69,260	77,328	(10.4)
Non-Associated Companies	54,544	64,785	(15.8)	54,544	66,421	(17.9)
Associated Companies	11,335	10,869	4.3	11,335	8,715	30.1
Equity Investment Funds	3,381	2,292	47.5	3,381	2,192	54.2
Cash and cash equivalents	96,352	97,121	(0.8)	96,352	117,907	(18.3)
Other Assets	33,119	34,900	(5.1)	33,119	39,963	(17.1)
Total Liabilities	728,460	778,342	(6.4)	728,460	747,872	(2.6)
Third Party Funds	606,154	665,339	(2.8)	606,154	649,377	(6.7)
FAT	326,443	314,989	3.6	326,443	303,898	7.4
National Treasury ³	151,246	195,259	(22.5)	151,246	211,122	(28.4)
International Funding	32,717	35,398	(7.6)	32,717	37,780	(13.4)
Other Government funds	32,570	34,679	(6.1)	32,570	36,185	(10.0)
Repurchase Operations	29,392	40,522	(27.5)	29,392	21,711	35.4
Other Liabilities	33,786	44,492	(24.1)	33,786	38,681	(12.7)
Shareholders' Equity (SE)	122,306	113,003	8.2	122,306	98,495	24.2
SE/TA	16.8%	14.5%		16.8%	13.2%	

² Except investments in non-affiliated companies and equity investment funds, classified under "Sh".

³ Includes transfers and instruments eligible for principal capital.

	06/30/2021	12/31/2020	06/30/2021	06/30/2020
Credit				
Default Ratio (30 days) ⁴	0.39%	0.03%	0.39%	0.94%
Default Ratio (90 days) ⁴	0.19%	0.01%	0.19%	0.46%
Provision/Credit and Transfers Portfolio	4.52%	4.29%	4.52%	3.96%
Coverage Ratio (30 days) ⁵	11.70	126.83	11.70	4.24
Coverage Ratio (90 days) ⁵	23.96	690.38	23.96	8.56
Renegotiation Ratio ⁶	19.66%	51.26%	19.66%	37.99%

⁴ Defaulting credits/total portfolio.

⁵ Provision/Delinquent credits.

⁶ Credits renegotiated in the last 12 months/total portfolio. Considers renegotiations within the scope of standstill COVID-19. Disregarding these effects, the renegotiation ratio would be 4.16% in June 2021.

	1H21	1H20
Profitability⁷		
Return on Assets (LL/ATaverage)	4.21%	1.44%
Return on Net Equity (LL/PLaverage)	32.01%	13.83%

⁷ The calculation of returns considers an average of assets and net equity the sum of the initial and final balances of the respective periods divided by 2, excluding the adjustments to the value of interest in non-related companies, net of tax effects.

7.2. Financial Position

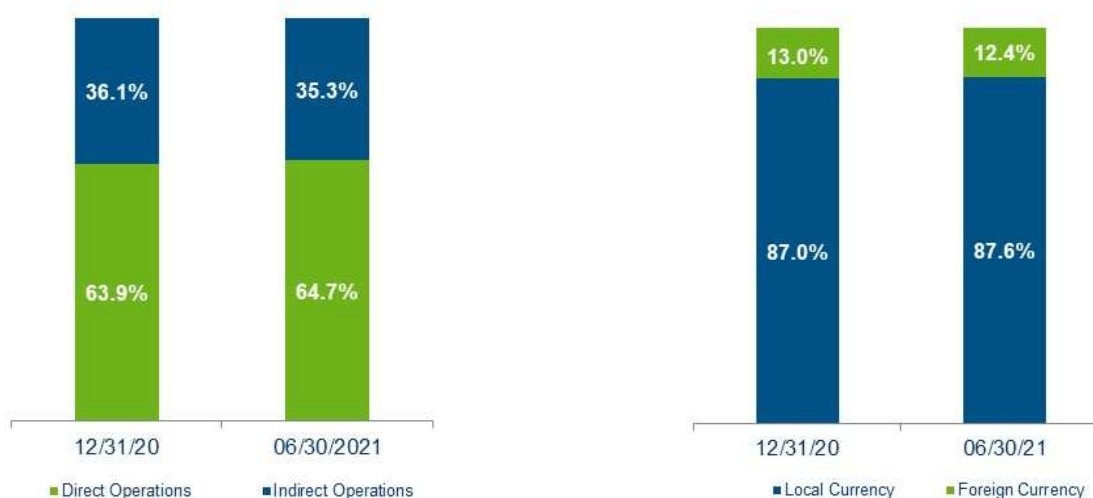
Credit and onlending operations

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 of loan and transfer operations totaled BRL 448.812 billion on 06/30/21 which, net of provision for credit risk, in the amount of BRL 20.297 billion, accounted for 58.8% of total assets on the same date.

The reduction of BRL 18.432 billion (4.1%) in the net portfolio in the semester was mainly influenced by the settlements of operations, which exceeded by BRL 17.8 billion the disbursements in the year and by the negative exchange variation in the period, offset by the appropriation of interest.

Profile of the Gross Credit and Onlending Portfolio



Transfer operations are not charged risk *spread*, but a minimum financial intermediation rate of 0.15% p.a. (operations contracted after May 09, 2018). In these operations, the risk is held by the financial institution that transfers BNDES resources.

TJLP/TLP and the US Dollar are the main indexes of the loan portfolio, accounting for 69.7% of the portfolio in local currency* and 97.5% of the portfolio in foreign currency on 06/30/21, respectively.

*Includes operations equalized by TN.

Credit and Onlending Portfolio Quality

The 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 monitoring and requires guarantees that cover the debt position over the life of the contracts.

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 06/30/21, the provision for credit risk reached BRL 20.297 billion, representing a slight increase of 1.4% in relation to the end of 2020. This was mainly due to the need to make provisions due to the scenario of uncertainty caused by the pandemic and cases of default. Loans classified between levels AA and C, considered low risk, accounted for 92.1% of the total portfolio on 06/30/21. This position is higher than the average of 91.6% of the SFN on 03/31/21, as can be seen in the table below:

Risk Classification of the Credit and Onlending Portfolio as of June 30, 2021

Risk Levels	BNDES System	SFN ^{1 2 3}	Private Financial Institutions ^{2 3}	Public Financial Institutions ^{2 3}
AA-C	92.1%	91.6%	92.0%	91.0%
D-G	5.3%	5.7%	5.5%	5.9%
H	2.6%	2.8%	2.5%	3.1%
Total	100.0%	100.0%	100.0%	100.0%

¹ National Financial System.

² Source: BACEN.

³ On March 31, 2021. Last available information.

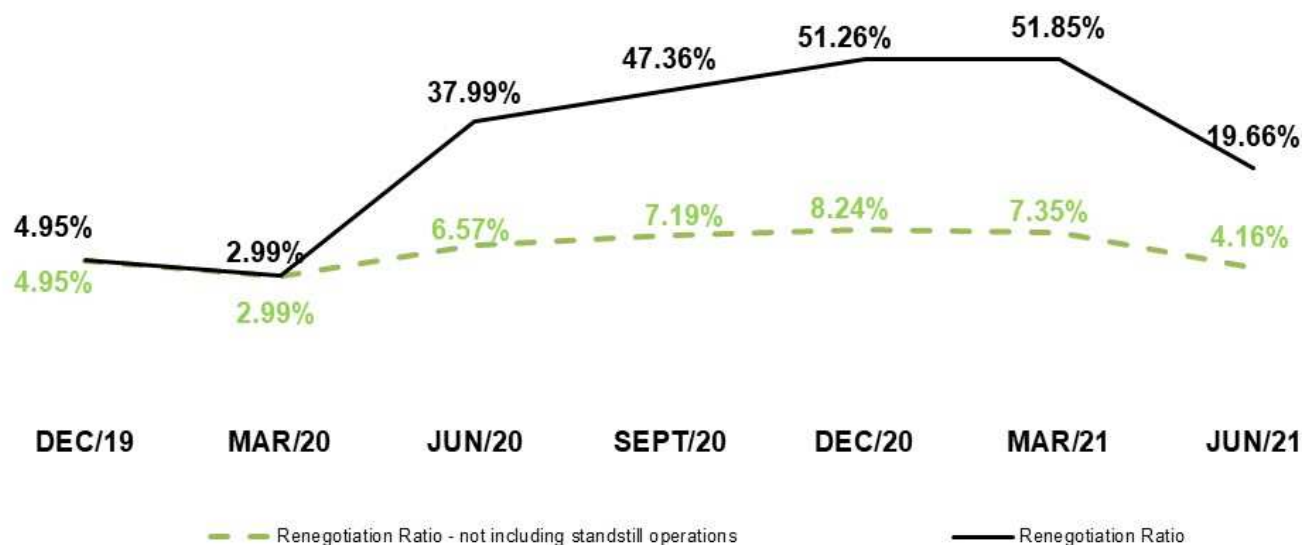
The coverage ratio, a ratio that represents the number of times the provision for credit risk covers defaulted credits (30 days), remains comfortable, despite the fall in the half year from 126.83 on 12/31/20 to 11.70 on 06/30/21, due to the increase in the level of default to 0.39% on 06/30/21, as shown in the chart below:

Default and Renegotiation (%)



^{1/} In May. Last available data.

The renegotiation ratio of the BNDES System remains strongly impacted, although the renegotiated volume has suffered a large drop in the period, by the product *Standstill* - Covid-19, with a portfolio of BRL 69.6 billion in the last 12 months, reaching 15.5% of the gross credit portfolio and transfers at the end of the semester. Disregarding these operations, the index would be 4.16% (8.24% in Dec/20).



Securities (TVM)

This basically comprises federal government bonds and debentures, which represented 87.9% and 6.8%, respectively, of the portfolio of BRL 101.215 billion on 06/30/21.

The federal government securities portfolio decreased by BRL 17.388 billion (16.3%) in the half year, mainly due to the sale of securities. There was a significant decrease in the debenture portfolio, in the amount of BRL 4.761 billion (40.9%), basically due to the sale of all of Vale's equity debentures in the portfolio, in an operation totaling BRL 3.8 billion, in addition to the maturity and conversion of some investments.

Shares

The shareholding portfolio comprises investments in associated and unrelated companies. Of the total portfolio as of 06/30/21, 78.7% represented investments in unrelated companies, 16.4% in related companies, and the remaining 4.9% investments in mutual funds for investments in shareholdings.

The shareholding portfolio, net of provision for losses, reached BRL 69.260 billion on 06/30/21, a reduction of BRL 8.686 billion (11.1%) in the semester, mainly due to the sale of Vale and Klabin shares, offset by the appreciation of Petrobras and Eletrobras. These disposals are intended to reallocate resources to other activities, as well as to reduce the degree of exposure to market volatility.

Equity funds⁵ increased by 47.5% in the semester, mainly due to the flow of net investments and the appreciation of shares in the period.

Cash and cash equivalents

The slight reduction of BRL 769 million (0.8%) in the half year is mainly due to the early settlement of BRL 38 billion to the National Treasury and ordinary payments of interest and amortization to the NT in the amount of BRL 7.3 billion, in addition to the decrease of BRL 11.2 billion in the balance of repurchase and resale agreements, mitigated by the return on credit operations, higher than BRL 33.2 billion to disbursements, an inflow of BRL 16.9 billion from the negotiation of public securities.

Other Assets

With a balance of BRL 33.119 billion on 06/30/21, mainly composed of tax credits/taxes recoverable (BRL 20.038 billion) and Eletrobras/Itaipu receivables (BRL 6.943 billion), the 5.1% reduction in the half year was mainly influenced by the amortization of Itaipu receivables.

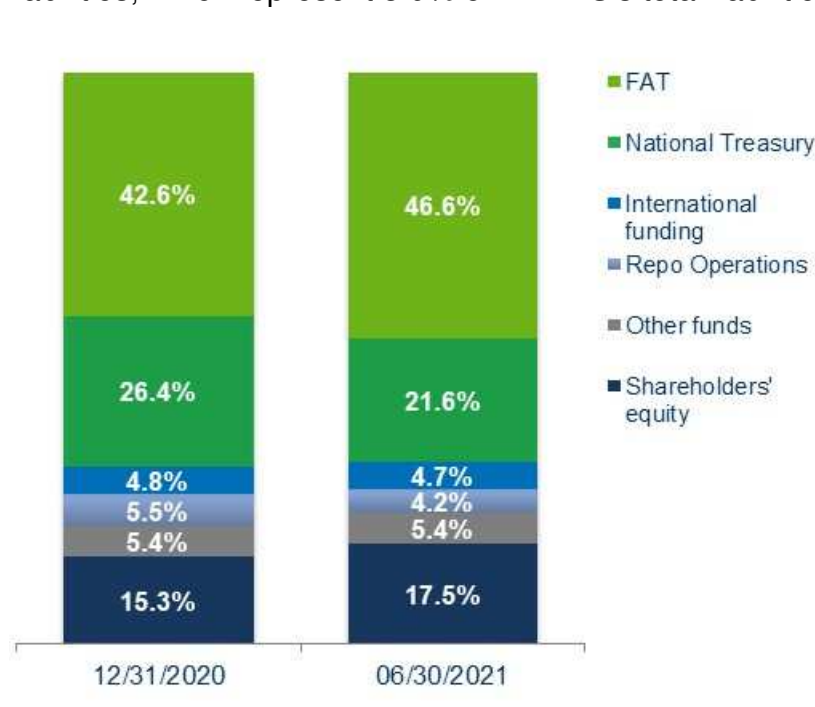
Funding

Government sources, such as FAT and National Treasury, represent a significant portion of the BNDES' funding⁶ structure, accounting for 68.2% of the total as of June 30, 2021

⁵ The investment funds in which BNDES, through BNDESPAR, holds a stake are presented in Note 6.3 to the BNDES Financial Statements for the period ended on 06/30/2021.

⁶ More information about BNDES funding can be found at <https://www.bndes.gov.br/wps/portal/site/home/relacoes-com-investidores/fontes-de-recursos>.

(69.0% as of December 31, 2020). This calculation does not consider non-onerous liabilities, which represent 3.9% of BNDES's total liabilities at the end of the half year.



It is important to highlight in the period the early settlement of resources to the National Treasury, which caused the drop in the importance of this source in the BNDES funding structure.

7.3. Results

Results of Financial Intermediation

This is the product of the net financial intermediation of the provision for credit risk.

The increase of BRL 7.296 billion (152.5%) in the result of financial intermediation compared to the first half of 2020 was mainly due to the revenue of BRL 1.044 billion with a reversal of the provision for credit risk in the first half of 2021, instead of the expense of BRL 2.271 billion recorded in the same period in 2020, in addition to the gain of BRL 3.8 billion in the disposals of Vale's equity debentures and the positive result with derivatives in national currency (BRL 1.1 billion), resulting from the increase in the rates of DI futures contracts and IPCA coupon futures.

Product of Financial Intermediation

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 BRL11.036 billion in the first half of 2021, an increase of BRL 3.981 billion (56.4%) in relation to the first half of 2020 impacted by the sale of debentures mentioned above.

Provision for Credit Risk

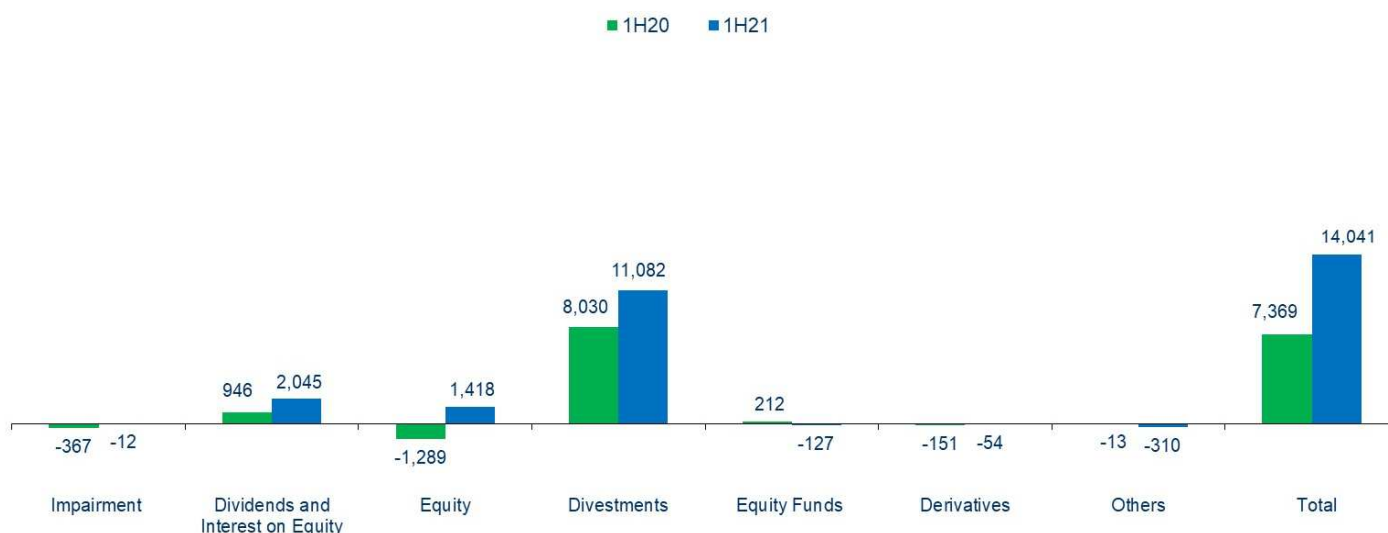
The BNDES constitutes a provision for credit risk according to the criteria provided for in CMN Resolution No. 2,682/99. When the need to cover additional risks is identified, a provision is made in addition to the minimum required by the Resolution.

The provision for credit risk went from an expense of BRL 2.271 billion in the first half of 2020 to a revenue of BRL 1.044 billion in the same period in 2021. This revenue is significantly impacted by the recovery of credits written off in previous periods, especially those from foreign government entities honored by the Export Guarantee Fund – FGE and energy companies.

Result with shares in other companies

The Result from Shareholdings comprises: revenue from dividends and interest on equity, results from equity equivalence, disposals, derivatives and investment funds in equity interests, provision for losses on investments (*impairment*) and other revenues mainly from the BNDESPAR portfolio.

The increase of BRL 6.673 billion (90.6%) in the result from equity interests in relation to the first half of 2020 was mainly caused by the increase in the result with disposals, equity and gains with dividends and interest on equity, mitigated by the negative effect with variable income funds and other results.



Divestments

The result from the sale of investments reached BRL 11.082 billion in the first half of 2021, an increase of BRL 3.052 billion (38.0%) compared to the same period in 2020.

The main divestments made in the period were Vale and Klabin, which generated a result of BRL 11.058 billion, equivalent to 99.8% of the total. The shareholding in Vale's capital, which was 2.18% on 12/31/20, was fully sold in the period, as well as the participation in Klabin, which was 7.5% on 12/31/20.

Equity

The result with the equity method went from an expense of BRL 1.289 billion in the first half of 2020 to a gain of BRL 1.418 billion in 2021, due to the better JBS result in the half year.

Dividends and interest on equity (JCP)

The increase of BRL 1.099 billion (116.2%) in revenue from dividends and interest on equity between the semesters is mainly explained by the increase in revenue from Petrobras, Eletrobras and COPEL.

Equity funds

The result from variable income funds reflects the valuations or devaluations of the quotas in the funds. In the first half of 2021, the result was an expense of BRL 127 million against a gain of BRL 212 million in the same period in 2020, a variation of 159.9% between the periods, mainly due to the adjustment to the negative market value, given the total redemption of a fund in the Energy sector, mitigated by valuations and partial divestments of some funds in the period.

Expenses with provision for losses on investments (impairment)

The recognition of impairment losses is based on an economic-financial evaluation model and motivated by the fact that the respective actions have reached parameters indicative of permanent losses.

In the first half of 2020, there was a need to recognize a provision for losses in the amount of BRL 367 million, an amount that fell to BRL 12 million in 2021.

Derivatives

The result from variable income derivatives reflects the change in the fair value of isolated derivative financial instruments linked to equity interests and embedded in convertible or exchangeable debentures.

The improvement of BRL 97 million (64.2%) in the result with variable income derivatives between the semesters was due to the growth in the results of derivatives linked to equity interests, which increased from BRL 6 million in the first half of 2020 to BRL 105 million in 2021, mainly due to the pricing of an asset in the energy sector.

Others

The expense with "other shareholding results" went from BRL 13 million in the first half of 2020 to BRL 311 million in 2021, mainly due to the negative result of BRL 345 million related to losses due to variation of percentage of participation in an associate of the Food sector, caused by transactions with treasury shares of the company.

Tax Expenses

These almost entirely represent federal taxes such as PIS, COFINS, income tax and social contribution on taxable income.

The growth of BRL 4.308 billion (79.8%) in the first half of 2021 reflects the increase in taxable income, mainly due to the increase of BRL 6.673 billion in the result with shareholdings.

Other Expenses, net

This comprises the monetary restatement of assets and liabilities, administrative and personnel expenses, labor and civil provisions, among others.

The reduction of BRL 493 million (27.5%) between the semesters was mainly caused by the recognition of an expense related to the provision for impairment of rights related to judicial and administrative litigation in the amount of BRL 436 million in 2020, without equivalence in 2021.

8. RATING

In the first half of 2021, the BNDES maintained the same rating as it ended 2020, 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)

Moody's Highlights

- ✓ 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.

S&P's Highlights

- ✓ Strong guarantee policy and flexibility to restructure loans and mitigate potential losses arising from greater risks in the economy;
- ✓ Long-term funding with government support gives the bank a competitive advantage; and,
- ✓ BNDES' prominent position in the economy and in the execution of public policies implies in equalizing ratings and default risk with those in the sovereign.

9. BACEN CIRCULAR No. 3,068/2001

The BNDES declares that it has the financial capacity and intention to maintain until maturity the securities classified as "Held to Maturity" on 06/30/21, in the amount of

BRL 2.980 billion, equivalent to 2.9% of the net portfolio of securities presented in this report.

10. RISK MANAGEMENT, INTERNAL CONTROL AND COMPLIANCE

Within the scope of the activities to support the improvement of the risk management of the BNDES⁷ System in the first half of 2021, the following can be highlighted:

Integrated Management

- ✓ Review of the Risk Appetite Statement (RAS), adapting it to the BNDES strategic objectives;
- ✓ Review of the Integrated Risk Limits provided for in the BNDES Integrated Risk Monitoring Policy (PMRI); and
- Issuance of the report of the Internal Capital Adequacy Assessment Process (ICAAP) for the 2021-2023 triennial period.

Risks

- ✓ Issuance of the PLDFT Effectiveness Assessment Report and the PLDFT Action Plan Follow-up Report, in compliance with the new BACEN regulations (Circular No. 3,978/2020);
- ✓ Hiring a system for monitoring, selection, analysis and communication to the COAF;
- ✓ Improvement of PLDFT measures, including conducting integrity tests, and strengthening of controls associated with continuous monitoring reinforced from the perspective of integrity;
- ✓ Increasing the compliance goal within the scope of continuous monitoring of normative aspects of business processes and business support;
- ✓ Expansion of the number of bases monitored in the external standards management process, with the monitoring of 26 bases of regulatory bodies and sector entities;
- ✓ Approval of the new Regulation of Normative Acts by the Board of Directors;
- ✓ Provision of the new version of the Standards Portal (Docspider tool);
- ✓ Coordination of the actions of the working group to adapt to the General Data Protection Law - LGPD;
- ✓ Implementation of initiatives to expand the dissemination of the compliance culture, with emphasis on the 6th Ethics and Integrity Week and communications related to the LGPD and improvements in the management of internal compliance.

Information Security

- ✓ Execution of periodic invasion tests by a specialized company;
- ✓ Execution of communication and training actions to strengthen the culture of information security and data protection, including dissemination of good practices during remote work and gamification action;
- ✓ Evolutions in the Access Review and Management System (RAC) to promote review by system managers and mitigate risks of improper access;

⁷ Additional information is disclosed in the Pillar 3 Report, available at <https://www.bndes.gov.br/wps/portal/site/home/relacoes-com-investidores/governanca-corporativa/relatorios-de-governanca/relatorio-pilar3>

- ✓ Entry into the “*Severability Knowledge Network*” for sharing cyber information;
- ✓ Expansion of the survey, monitoring and correction of critical vulnerabilities in information technology assets; and,
- ✓ Conducting cyber risk analysis and consulting to units on the adoption of technological controls in system development initiatives and contracting of information technology products and solutions.

Operational Risk and Internal Controls

- ✓ Monitoring of operational risks related to emergency actions promoted by the BNDES System to fight the economic crisis resulting from COVID-19;
- ✓ Carrying out the actions planned under the Business Continuity Management System, in order to enable the remote work of all employees of the Institution, maintaining the continuity of processes in the context of COVID-19;
- ✓ Use of the calculation of economic capital of operational risk as input in the ICAAP;
- ✓ Internal training for employees focused on business continuity;
- ✓ Review of operational risk tolerance limits; and,
- ✓ Improvement of response protocols and process related to operational risk scenarios.

Market and Liquidity Risk

- ✓ Development of part of the scope of the new pricing and market risk system;
- ✓ Review of the Limits of the Market Risk Management Portfolios;
- ✓ Implementation of changes in short-term liquidity risk indicators;
- ✓ Calculation of market risk of the BNDES’ Social Security and Assistance Fund - FAPES;
- ✓ Review of the Corporate Policy for Market Risk Management, for the year 2020; and
- ✓ Formalization of market risk assessment governance in variable income operations.

Credit Risk

- ✓ Approval of a new methodology for credit risk spreads;
- ✓ Development of methodology for calculating the contribution of concentration risk in the Economic Capital of credit risk;
- ✓ Disclosure of the 1st annual report of information requirement in the standard required by BACEN Circular No. 3,930/19 (Pillar 3 Report);
- ✓ Self-assessments of capital need within the scope of the ICAAP report;
- ✓ Mapping and calculating the impact of ESG aspects on risk classification methodologies, as part of the activities of one of the strategic plans; and
- ✓ Implementation of improvements in the generation of information for the Credit Information System (SCR) of BACEN.

On 06/30/21, the BNDES was included in the minimum capital requirements required by the Central Bank of Brazil: the Basel Index was 38.51%, while the Common Equity and Tier I Capital Indexes were 29.76%, all above the minimum values required by the regulator.

BRL million

	Basel III	
	12/31/2020	06/30/2021
Regulatory Capital		
= Tier 1 Capital (N1)	147,082	143,308
(+) Common Equity (CP)	147,082	143,308
(+) Additional Tier I (CC)	-	-
(+) Tier 2 Capital	47,411	42,143
(-) Deductions from PR	-	-
Regulatory Capital - PR	194,493	185,451

BRL million

	Basel III	
	12/31/2020	06/30/2021
Risk-Weighted Assets		
= Credit Risk (RWA _{CPAD})	404,084	401,728
(+) Market Risk (RWA _{MPAD})	30,298	28,899
(+) Operational Risk (RWA _{OPAD})	37,815	50,877
Bank Portfolio Interest Risk (R _{ban})	2,175	1,186
Risk-Weighted Assets (RWA)	472,197	481,504

Percentage

	Basel III	
	12/31/2020	06/30/2021
PR, CP and N1 Index		
Basel Index/PR Index (PR/RWA)	41.19%	38.51%
Common Equity Ratio (CP/RWA)	31.15%	29.76%
Tier 1 Capital Ratio (N1/RWA)	31.15%	29.76%

The decrease in the Basel Index is explained by the increase in Risk-Weighted Assets (RWA) of BRL 9 billion (2%) associated with the reduction of BRL 9 billion (4.6%) in Regulatory Capital (PR), when compared to December 2020. On June 30, 2021, the PR already disregards the amount of instruments eligible for principal capital returned on July 1, 2021, as required by BACEN and disclosed in the explanatory notes of subsequent events.

11. ETHICS MANAGEMENT

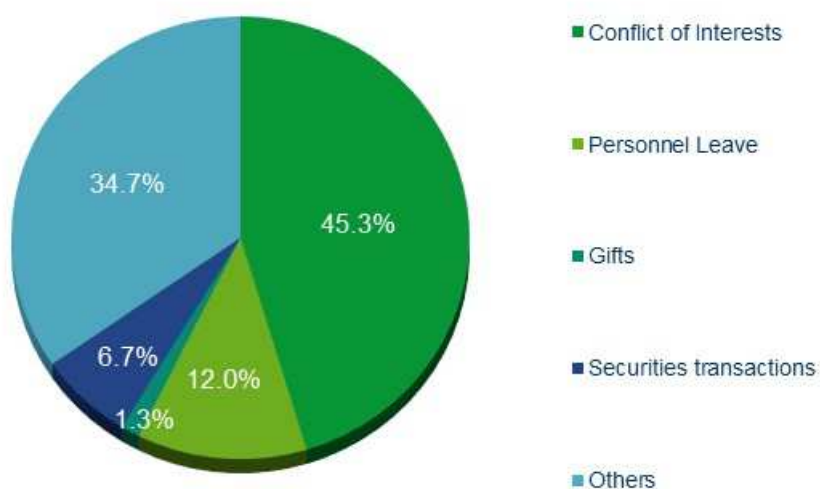
Ethics management at the BNDES is conducted by the Ethics Committee of the BNDES System (CET/BNDES) and its Executive Secretariat (SECET/BNDES).

In the first half of 2021, the BNDES, as coordinator of the National Forum for Ethics Management in State-Owned Companies, sent a letter to the state-owned companies participating in this Forum in order to adhere to the Guide to Good Practices for Ethics Management (available on the website <https://eticanasestatais.bndes.gov.br>). This Guide includes principles, practices and guidelines to contribute to the development and strengthening of ethics management, and was highlighted by the Public Ethics Committee of the Presidency of the Republic (CEP), in Newsletter No. 21.

It is worth noting that the performance in the coordination of the Forum, an important position in the Ethics Management System of the Federal Executive Branch, was part of the strategic planning of the CET/BNDES so that the topics that are relevant and part of the institution's reality are included in the agenda of the discussions before the CEP, strengthening the management of ethics in the BNDES and security in the performance of the CET/BNDES.

In the first half of 2021, the CET/BNDES received 86 (eighty-six) mandatory communications of relevant transactions with securities (as provided in art. 22 of the Code of Ethics) and opened 75 (seventy-five) Preliminary Procedures, distributed as follows:

Profile of Preliminary Procedures



12. OMBUDSMAN'S OFFICE

The Ombudsperson's Office provides the public with an active communication channel with the BNDES Administration. In order to assist in the improvement of the Institution's practices, the Ombudsperson's Office analyzes quantitatively and qualitatively the manifestations it hosts, providing mediation between the parties and with a view to suggesting corrective measures or improvement of procedures, routines, standards and the performance of companies in the BNDES System.

Therefore, it is an important instrument to deepen and accommodate the Institution's internal strategic debate from a privileged point of view, built through the analysis of the services provided to society, in general, and to the specific public of the BNDES.

The first half of 2021 confirmed the trend of the year 2020 of increase in the demands brought by the citizens, still under strong impact of the pandemic. The COVID-19 pandemic continues to be a period marked by demands from Brazilian society on countercyclical actions by the BNDES and the search for a greater understanding of the important measures developed by the Bank to try to mitigate the effects of the economic crisis resulting from the pandemic.

The Ombudsperson's Office was extremely important to make clear to society the hard work by the BNDES in supporting workers and businesspeople directly and indirectly, helping to maintain millions of jobs with increased financial capacity and preservation of thousands of companies. As a result, the BNDES showed society that it values, more than any other person or entity, entrepreneurship and Brazilians who seek every to carry out their daily business that is vital to the country's economy, despite the difficulties.

The period was marked by the relevant increase in receiving complaints. In the first half of 2021, the Ombudsman received 333 complaints, totaling 53.7% of the total notifications received in the period. Of these, 316 were related to the performance of third parties, which do not have any kind of relationship with the BNDES. Secondly, there were complaints, totaling 185 records or 29.8% of valid notifications. Of these, 143 were related to the operations of financial agents.

13. BNDES TRANSPARENT

In maintaining its firm commitment to the transparency of its performance, the BNDES seeks to strengthen its relationship with its various audiences through the following initiatives:

13.1. Service Channels

Service Center

Service to the external public regarding matters related to products, services and other questions about the activities of the BNDES System through the channels: telephone, through the number 0800 702-6337, correspondence and electronic form available at www.bndes.gov.br/faleconosco.

In the first half of 2021, around 57 thousand calls were made, 80% by telephone, 16% via web form and the remaining 4% by other means of service. In a satisfaction survey conducted after telephone service, 96% of respondents considered the service EXCELLENT or GOOD. These numbers show the preference of the external public for the telephone means and their satisfaction with the service provided.

The Center also made about 3,000 active contacts in the first half of 2021.

Citizen Information Service (SIC)

Responsible for processing requests received under the Access to Information Law (Law No. 12,527/11), SIC (www.bndes.gov.br/sic) offers telephone service (0800-887-6000), by mail, via email (sic@bndes.gov.br) or, mostly through the FalaBR Platform developed by the Brazilian Office of the Comptroller General (CGU), on the website <https://falabr.cgu.gov.br/>.

In the first half of 2021, the SIC at the BNDES received 265 requests for information, all answered within the legal deadlines. Of these requests, only 5.66% (15) were resubmitted as appeals in the 1st instance; 1.88% (5) in the 2nd instance and 0.38% (1) with the CGU.

In-Person Service (Service Center and Citizen Information Service (SIC))

In-person services have been suspended since March 13, 2020, when the BNDES entered into contingency, and remains suspended, due to the continuation of the pandemic.

Investor Relations Site

The BNDES provides the website <http://www.bndes.gov.br/wps/portal/site/home/relacoes-com-investidores> for interested parties, where financial, managerial, risk and rating information of the BNDES System is disclosed, among other information, and the email ri@bndes.gov.br to forward questions/suggestions on these topics.

It also maintains a record of those interested in receiving financial information from the BNDES System by email, such as financial statements, economic and financial reports, institutional presentations, among others. At the end of the first half of 2021, there were 1,442 subscribers.

13.2. BNDES Website and Presence on Social Networks

In the first half of 2021, in addition to the conventional management and administration of the vehicle, we had as highlights the consultation of privatization contracts (<https://www.bndes.gov.br/wps/portal/site/home/transparencia/desestatizacao/contratos-desestatizacao>) and the creation of a page focused on the Open Banking service (<https://www.bndes.gov.br/wps/portal/site/home/transparencia/open-banking>).

The site received 3,426,655 visits in this period, a reduction of 23% compared to the first six months of 2020, when the portal had 4,467,017 accesses. The decrease is justified by the intensification of the disclosure of the emergency measures from March 2020 adopted to face the economic impact caused by Covid-19, generating more access to the site.

The official profiles of BNDES's social networks in the first half of the year disclosed the Bank's actions to the general public, with emphasis on the progress of the portfolio of privatization projects, initiatives related to sustainable development, financing approvals and other activities, always with the purpose of giving transparency to BNDES' performance and accountability to society.

The number of posts published remained at the 2020 level, with a slight decrease. However, in 3 of the 4 networks in which BNDES maintains active profiles (not including YouTube, which has other processes for publication and distribution and does not fit this comparison), there was an increase in production, especially with regard to Instagram, Facebook and LinkedIn.

In the first half of 2020, there was major great concern about the situation. The focus was on emergency measures, which restricted the thematic variety of the social networks and, therefore, there was a lower number of posts compared to the first six months of 2021, when there was ample disclosure of various themes in which the BNDES has some involvement. The exception was Twitter, which had a significant decrease due to the fact that the coverage of events between March and June 2020 on the channel was very high,

and the strategy for the network adopted in 2021 includes a reduction in the production of posts to improve the average audience of publications on that channel.

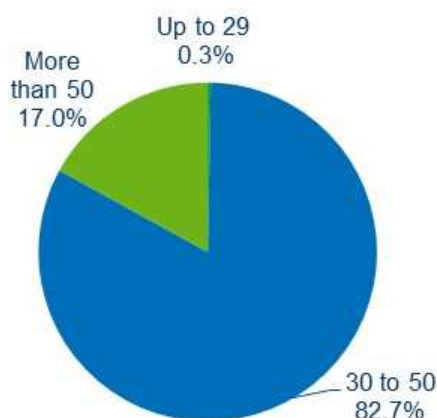
As for the number of followers, there was an increase of approximately 30% considering all digital channels, greatly stimulated by the boosting of posts and specific advertising campaigns to adhere to the profile, in addition to the natural increase in knowledge of the BNDES brand and people's interest in information about the institution.

14. PEOPLE MANAGEMENT

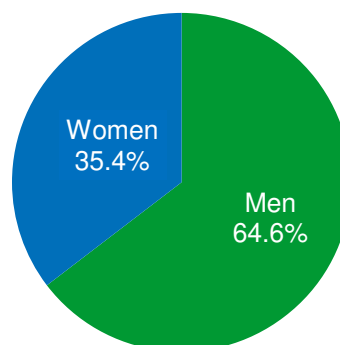
The BNDES ended the first half of 2021 with 2,5028 employees and, due to its policies of benefits and staff development, continued to present low turnover rates. Of the 9 dismissals that occurred in this half of the year, 4 were exceptional, resulting from the Retirement Stimulus Plan implemented by the BNDES Board of Directors. This plan, launched in 2020, was adopted by 137 people. The remaining dismissals occurred in 2021.

14.1. Staff Profile

Age Group (In years)

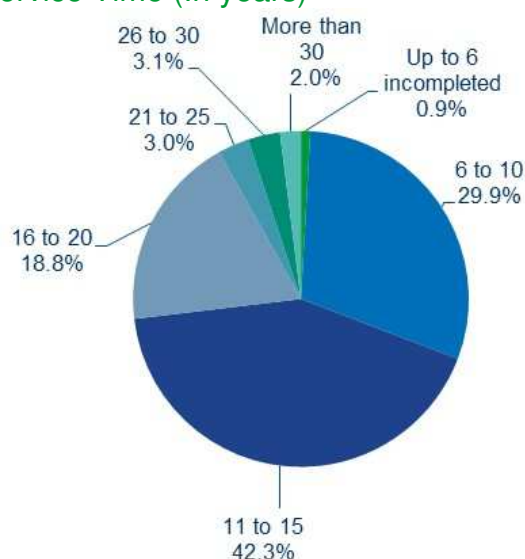


Gender

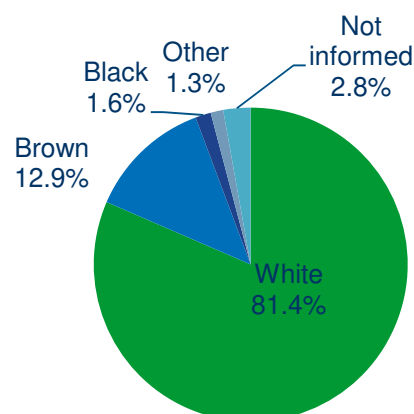


⁸ Composed of 2,481 career employees, 20 transient employees and 1 assigned to BNDES.

Service Time (In years)



Race



14.2. Learning and Knowledge

In 2021, the BNDES continued the personal and professional development actions of employees, although the measures to restrict social life taken due to the COVID-19 pandemic have impacted the demand for training.

Especially in the present context of social isolation, the stimulation of distance learning (EAD) remains as a driver of corporate learning at the BNDES.

We continue to invest in several external platforms for online courses, such as EF English First, Alura and Pluralsight, and populating our internal platform, BNDES EAD, with courses and tutorials adapted to our needs.

Throughout this period, the Bank invested approximately BRL 1.7 million in short-term training and certification programs, totaling 991 registrations and 22,616 hours of training (average of 27.2 hours per registered employee).

36 new participations of employees in post-graduation courses were registered, with BRL 1.2 million invested in this modality. In the scope of customized internal training, there were 30 synchronous face-to-face and online classes, with a total cost of approximately BRL 550 thousand. In all, 1,797 hours of training were computed in this segment, with 1,325 registrations and an average of 1.3 hours of training per employee.

Furthermore, the identification of knowledge gaps, especially behavioral skills, was carried out through listening with the Boards, which will result in an agenda of learning actions to be offered to the staff in the coming months.

Regarding the development of executives, a specific program has been worked on, from which, in the 1st semester of 2021, we can highlight the Coaching Program for Heads of Department and the Leader Communicator course for Superintendents, Heads of Department and Managers.

In addition, the ESG agenda has been reinforced with development actions for both executives and other employees.

Interns were also included with a specific development program, enabling them to become people active in society in defense of socioenvironmental issues, engaging them with the purpose of BNDES and with the Sustainable Development Goals (SDGs - Agenda 2030), providing the development of technical and behavioral skills required in the current labor market and increasing their degree of future employability.

It is worth noting that all these actions have been encompassed by the concept of Learning Spaces, where they are classified thematically and allow an institutional view of what is available for development in a given area of knowledge, identified as a priority.

14.3. Internship Program and Young Apprentice Program

The BNDES Internship Program provides an opportunity for development and professional development to higher education students of various backgrounds. The selection of interns is performed by an integration agent, a partner in the administration of the Program, which had 314 interns on 06/30/21.

In the first half of 2021, 124 new interns were hired, including 17 PWDs. The Intern Training Program began, developed in partnership with the CIEE Integration Agent and the BNDES Training team.

The internal communication was remodeled through the new page of the Internship Program in Colabore and the creation of new forms of intern request and selection result for internship. These changes aim to improve communication with trainees and managers, as well as feedback for candidates not yet selected.

In addition to the Internship Program, the BNDES also promotes the Young Apprentice Program, which offers methodical technical-professional training to adolescents, aimed at their insertion in the formal labor market and thus contributing to the reduction of the main cause of youth unemployment: the lack of professional experience. Currently, the Program has 25 young apprentices, distributed in several work positions, such as Documentation Management, the Library, Travel Sector, Study Center, and the Financial and Human Resources Center, among others. It is a condition for entry to be registered in the Single Registry, as a way to provide opportunity to young people from families with some degree of economic vulnerability. Two young people with disabilities were also hired, an unprecedented initiative in the Young Apprentice Program.

The new class of apprentices started a contract on 01/11/2021 and has received the biweekly classes in financial education from the voluntary project conducted by an employee of the Bank. In the 2nd half year, classes will become weekly, covering other topics and talks that can enrich these young people personally and professionally.

14.4. Valuation of Diversity

The BNDES System has a corporate Gender Equity and Diversity Valorization Policy that reaffirms its permanent commitment to the elimination of all forms of inequality and discrimination in its work environment and in the institutions of its relationship chain. To be recognized as an inclusive company, capable of understanding and meeting the needs of society, as well as inducing practices of the beneficiaries of financial support to promote an environment free of discrimination are some of the guidelines of said policy. BNDES's first Equity and Diversity Valorization Policy dates from 2015. In August 2020, a new Policy was approved by CA Resolution No. 08/2020 of 08/12/2020.

As a next step, as provided for by the aforementioned Resolution, in June 2021, the Work Plan was approved to implement the guidelines of the BNDES Equity and Diversity Valorization Policy. In addition to a set of external actions related to operational, credit and stakeholder policies, the plan includes internal actions aimed at encouraging diversity, equity and inclusion in the scope of people management at the Bank. The plan presents a triennial schedule, from 2021 to 2023, and seeks alignment with the new cycle of the Socioenvironmental Responsibility Policy (PRSA) action plan, making it possible for the Sustainability Committee to monitor the set of actions.

Regarding internal actions, we can highlight the following:

- ✓ Monitoring actions with the objective of enabling the monitoring of indicators related to diversity and inclusion in the BNDES;
- ✓ Actions related to the values and culture of sustainability, diversity, and inclusion, such as mapping and development of skills that favor an environment that is favorable to innovation and diversity of ideas, in addition to the training and development of the staff on gender, diversity and inclusion issues;
- ✓ Awareness-raising actions related to the theme of diversity and inclusion; and,
- ✓ Creation of a Corporate Volunteer Program, considering that the voluntary activity supported by the company is a strong driver of socially responsible behaviors and development of behavioral skills favorable to sustainability, diversity and inclusion.

In the first half of 2021, the numbers reflect the results of practices to promote diversity and inclusion already established in internship programs and young apprentices.

- ✓ Total of 314 interns, 60% female, 8% PWDs and 12% black;
- ✓ 124 hires, of which 41% of interns who met at least one of the socioeconomic vulnerability criteria (Development History), included in the selection process since August 2020 with the objective of bringing a more inclusive profile to the BNDES Internship Program; and,
- ✓ Follow-up of the socio-educational and school development of 25 young people, aged between 15 and 25 years, through theoretical and practical activities of a learning program, which include emotional and behavioral aspects of the adolescent apprentice.).

14.5. Actions due to the COVID-19 pandemic

The BNDES continued with measures to prevent COVID-19 in its processes and work environments and also with actions to monitor the health and psychological, social and emotional support of its entire workforce:

- ✓ Compliance with the established rules and standards was followed, notably Joint Ordinance MS/SEPRT No. 20, of 06/18/2020, which are configured in the BNDES COVID-19 Prevention Protocol;
- ✓ Even with the clearance of buildings for the scheduling of on-site activities, on a voluntary basis, during the first half of 2021, there was an absolute prevalence of teleworking, with due monitoring of the safety conditions related to the pandemic, such as the suspension of in-person scheduling between 03/25/2021 and 04/25/2021, when there was a significant increase in cases/deaths, contagion rate and occupation of the ICU-COVID;

- ✓ There were continued periodic exams to control the health of the employees, respecting the safety protocols for the performance;
- ✓ Anticipation of vaccination against H1N1 influenza during periodic examinations, with a fixed station and in the drive-thru system in the EDSERJ, respecting safety protocols;
- ✓ Remote monitoring of the physical, mental and emotional health of BNDES employees and their dependents in pas. Active monitoring of suspected and confirmed cases of COVID-19 has been carried out, including home testing and social, medical and psychological support, remote and unified in a single regulation center;
- ✓ Mitigation of conditions for working from home, with measures such as the provision of a notebook for remote work and permission to collect ergonomic chairs and accessories at BNDES premises, on a loan basis;
- ✓ Prohibition of pregnant women to schedule in-person activities, in compliance with Law 14,151/2021; and,
- ✓ Announcement of the formulation of a return plan in the 2nd half of the year, linked to the evolution of the COVID-19 vaccination schedule.

15. ACKNOWLEDGMENTS

We thank our employees for their dedication and talent, which allow us to achieve consistent results; our customers, who motivate us in the incessant pursuit of the development of our services; and the market, for its indispensable support and trust.