



Management and Socioenvironmental Report

2024



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MESSAGE FROM THE EXECUTIVE BOARD

It is with great satisfaction that we present to society the Management and Socioenvironmental Report of the Banco Regional de Desenvolvimento do Extremo-Sul (BRDE), a Brazilian regional development bank. This document gathers information on the Bank's initiatives aimed at promoting the Sustainable Development Goals (SDGs) and its performance as a development institution during 2024.

Once again, an extreme weather event severely impacted southern Brazil, more precisely the state of Rio Grande do Sul. Heavy rains quickly raised the level of several rivers, causing floods in many cities. The disaster killed hundreds of people, displaced thousands, and caused damage to the logistics infrastructure, significantly impacting the businesses in the state. BRDE offered financial support to entrepreneurs affected by the event, mainly merchants and small farmers, and suspended and extended payments for its clients who suffered losses.

Also, because of the floods, BRDE's headquarters building in the Historic Center of Porto Alegre was closed for about sixty days, preventing the access of its staff and clients. Given this, the Bank activated its Contingency and Business Continuity Plan, ensuring the continuity of BRDE's activities. Such events showed BRDE's resilience, organization and solidarity, highlighting the importance of an employee engagement culture.

At the same time, BRDE continued to implement its strategies, supporting agribusiness and projects focused on sustainability and innovations, among other sectors. The Bank achieved a major milestone in new financing agreements in 2024, reaching approximately BRL 6 billion. This performance led to the record of BRDE's loan portfolio, which exceeded BRL 21.5 billion, an increase of 20.7% compared to the previous year.

To boost the economy of its region of operation, the Bank raised financial resources from international and national institutions –

as is taking place in recent years –, and intensified market funding. Notably, it should be highlighted BRDE's ability to articulate with different institutions, not only financial, but also with entities focused on innovation, private companies, cities and state governments, aiming to mobilize financial and human resources in the search for solutions capable of boosting the economy in its area of operation.

Notable progress has also been made on two work fronts. Regarding public-private partnerships (PPPs), BRDE structured two auctions of city street lighting. Regarding the Green Fund, established in 2023, three calls for proposals were published, and the Bank selected the respective innovative solutions to receive its support.

On innovation, BRDE maintains its leadership and continues to be a national reference in financing innovative projects, reaching BRL 751.1 million in financing for 163 companies. In addition to credit, new editions of the BRDE Labs program were carried out, and other partnerships were established to strengthen startups' capacity to develop technological solutions and attract investments, boosting the economy of southern Brazil.

Throughout this report, we seek to highlight not only the financial results provided by BRDE, but also the social, economic and environmental gains delivered. To this end, we analyzed and consolidated some impacts of projects financed through our methodologies.

The excellent performance outlined in this report was made possible by the entrepreneurs' decision to rely on BRDE's support, the trust placed in the Bank by funding partners and the governments of the controlling states, and the daily collaboration of our staff.

BRL 751.1
MILLION 
in financing for
163 companies



ABOUT THE REPORT

Our annual report gathers information about the actions of the Banco Regional de Desenvolvimento do Extremo-Sul (BRDE), covering its three branches located in the capitals of the states comprising the Southern Region of Brazil: Paraná (PR), Santa Catarina (SC), and Rio Grande do Sul (RS). The document covers the period from January 1st to December 31, 2024.

The report was prepared by Planning Superintendence, which consolidated information from the Bank's various areas.

For submitting suggestions or any questions, please contact depla@brde.com.br.

For more in-depth information on specific topics, visit www.brde.com.br and also consult:

- » Financial Statements
- » Annual Letter of Public Policies and Corporate Governance;
- » Continuous Risk and Capital Management Structure;
- » Pillar 3 Report;
- » Risk Appetite Statement;
- » Integrated Risk Management Policies;
- » Credit rating from rating agencies.

This report, in both Portuguese and English versions, is available at <https://www.brde.com.br/relacoescominvestidores/>.

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BRDE



In 1961, an innovative proposal in Brazil was made with the creation of a regional development bank, the Banco Regional de Desenvolvimento do Extremo-Sul (BRDE), intended to act as a financing agent. In addition, the Southern Development and Integration Council (CODESUL), a regional council, was established to define guidelines promoting the growth of the Southern Region of the country. Since its creation, the Bank has had financial and administrative autonomy and legal personality, being part of the National Development System.

Since its foundation, BRDE has played a key role in expanding various industrial sectors and supporting agricultural activities that benefit from the industrialization of agribusiness products. Over the years, the Bank has kept pace with innovations in sectors, technologies and products, offering credit lines to boost development. Thus, in its trajectory, BRDE provides financial and technical support for implementing sectors and activities that continue to contribute to a significant increase in production, income, employment, and productivity in the Southern Region of Brazil.

BRDE focuses on long-term financing of projects that promote positive impacts on society. The Bank also supports socioenvironmental sustainable businesses that foster innovation, contribute to the development of micro- and small-sized rural and urban enterprises, and contribute to the improvement of city infrastructure. In addition, the Bank supports entrepreneurs in the formulation of their projects, seeking the most efficient investment solutions and the appropriate credit line.

In another area of activity, BRDE provides technical assistance to the structuring of various projects, including those focused on energy and innovation, and to cities, especially in supporting the structuring of PPPs. In addition, BRDE is widely recognized for supporting agroindustrial cooperatives.

Due to its ability to manage funds, BRDE also acts as a financial agent for the Audiovisual Sector Fund (FSA), which aggregates federal public resources to promote the film and audiovisual industry throughout Brazil.

BRDE also contributes to the development of innovative companies through investments in Equity Investment Funds (FIP), which direct resources to innovative projects. Furthermore, the Bank encourages the regional innovation ecosystem through the BRDE Labs program, establishing partnerships with local agents.

Through its knowledge and experience, BRDE assists state governments and participates in associations and institutions aimed at development, such as the Brazilian Development Association (ABDE), the Development Alliance – Alliance of Subnational Development Banks of Latin America and the Caribbean, the Latin American Association of Development Financing Institutions (ALIDE), the Evaluation Capacity Development Network (ReDeCA), the United Nations Global Compact (UN), and the United Nations Environment Programme Finance Initiative (UNEP FI), among others.

AREA OF OPERATION

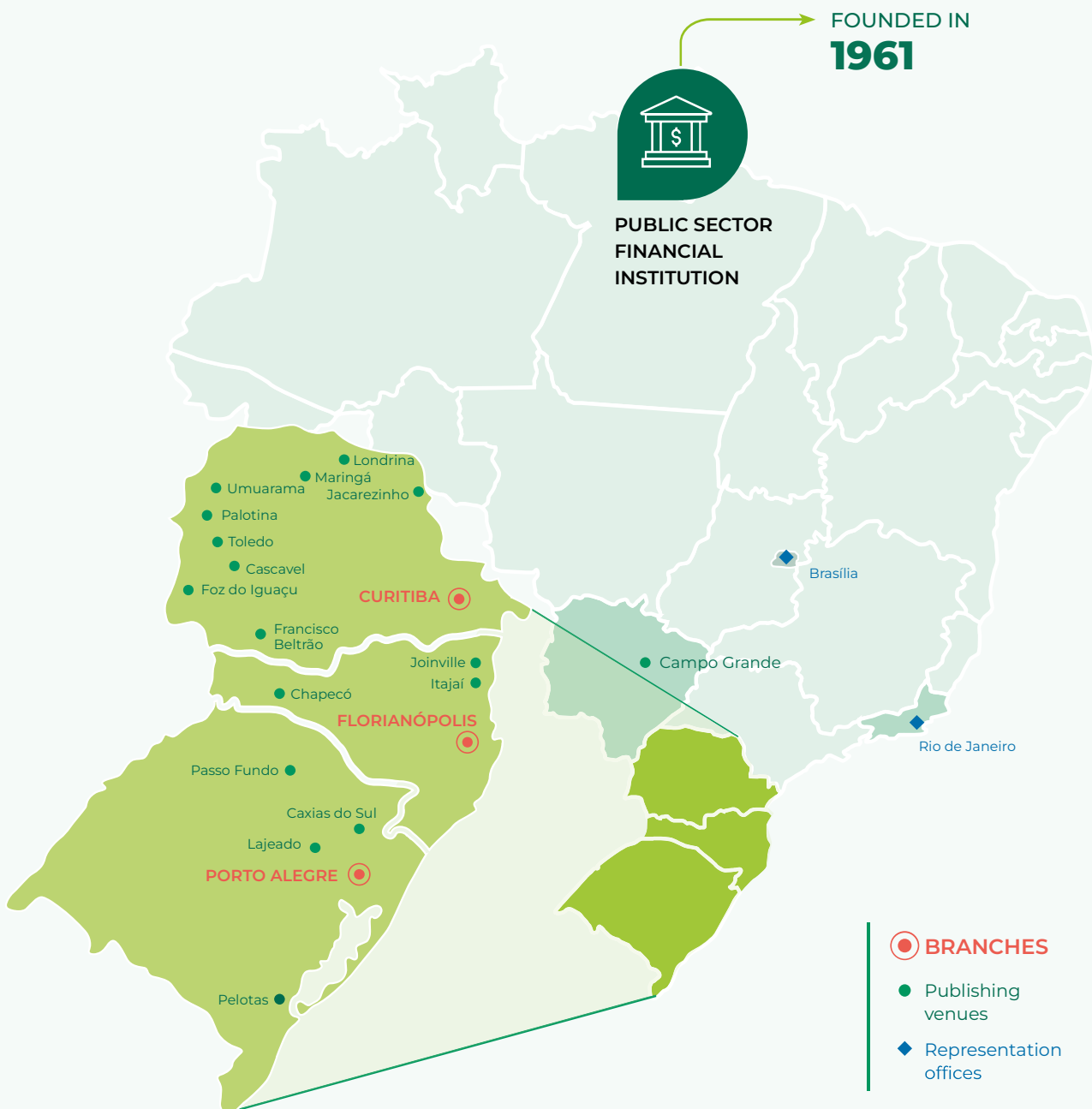
BRDE operates in the states comprising the Southern Region of Brazil (Paraná, Santa Catarina, and Rio Grande do Sul). Since 2008, the Bank also operates in Mato Grosso do Sul, according to Resolution No. 5,047¹, of November 25, 2022, of the National Monetary Council (CMN). This resolution allows development banks to operate in states adjacent to the Federation unit or region where they are located.

¹ CMN Resolution No. 5,047, of November 25, 2022. Provides for the constitution and operation of development banks. Available at: <https://www.bcb.gov.br/contorno/resolucao/5047>. Accessed on: February 23, 2025.



WHERE WE ARE LOCATED

With administrative headquarters and a branch in the city of Porto Alegre, in the state of Rio Grande do Sul (RS), BRDE also has branches in Florianópolis, in the state of Santa Catarina (SC), and in Curitiba, in the state of Paraná (PR). The Bank also has two representative offices, one in Rio de Janeiro, in the state of Rio de Janeiro (RJ), and another in Brasília, in the Federal District (DF), in addition to the publishing venues in Campo Grande, in the state of Mato Grosso do Sul (MS). In the Southern Region, BRDE is also present in 15 cities through its publishing venues.



CREDIT

The BRDE's credit portfolio focuses on long-term financing lines, aimed at sustainable development and fostering productivity.

BRDE provides a variety of credit lines customized for each investment project, offering long-term financing and lower interest rates while incorporating special conditions that align with the typical operations of a development bank.

MAIN SUPPORTED SECTORS



AGRIBUSINESS



INNOVATION



**RENEWABLE
ENERGY**



TOURISM



INDUSTRY



**INTEGRATED
PRODUCTION SYSTEMS**



**SOCIAL
INFRASTRUCTURE**



**URBAN
LOGISTICS**



SANITATION



**SMART
CITIES**



**WORKING
CAPITAL**



**PROVISION OF GUARANTEE
(BANK SURETY)**

Credit: direct and indirect

BRDE operates in two ways in credit:

DIRECT FINANCE



BRDE



CLIENT

Direct client service, carried out through a team of analysts based in one of the **Bank's three branches**.

INDIRECT FINANCE



BRDE



AFFILIATE
NETWORK



CLIENT

Service is **provided through an affiliate network**, in which part of the analysis and inspection process is carried out by an institution that has an agreement with BRDE, regulating this relationship.

Since the early 1990s, BRDE has sought to establish operational agreements to make credit more accessible to small rural producers and microenterprises.

Therefore, the Bank created different channels to diversify its service and providing credit in operations of lower financial value. Currently, BRDE has 68 affiliated institutions, such as credit and agroindustrial production cooperatives, and manufacturers of machinery and equipment, which work to broaden the territorial scope and sustainably expand the Bank's operations.

Credit
operations in

1,148

**CITIES IN THE
SOUTHERN REGION**



96.4%
of the cities



42,048

ACTIVE CLIENTS

Stages of credit

Individuals, cities, and legal entities of all sizes engaged in economic activity in the Southern Region of Brazil or the state of Mato Grosso do Sul can apply for credit provision from BRDE.

Credit requests are made on the BRDE website by completing the available electronic forms and sending the necessary documents.

The steps in financing application process are:



Resource providers

BRDE has a diversified supply chain of resources, operating with over 13 partners, and uses its resources in credit provision. The following is a list of the sources used, classified according to their origin:

Domestic sources

- » **BNDES** – Brazilian Development Bank
- » **FINEP** – Brazilian Financier of Studies and Projects
- » **FUNGETUR** – Brazilian Federal Tourism Fund
- » **FCO** – Constitutional Midwest Financing Fund
- » **CEF** – Brazilian Savings Bank
- » **FUNCAFÉ** – Brazilian Coffee Economy Defense Fund
- » **FDCO** – Brazilian Midwest Development Fund
- » **Own resources**: derived from the Bank's own funds and market funding via financial securities, and limited to prudential factors, according to the rules and requirements of the Prudential Regulation of the Central Bank of Brazil and BRDE itself.

The list of financial securities issued by the Bank is as follows:

- **LF** – Finance Bill
- **CDB** – Bank Certificate of Deposit
- **RDB** – Bank Deposit Receipt
- **LCA** – Agribusiness Credit Bill
- **LCD** – Development Credit Bill

External sources

- » **AFD** – Agence Française de Développement
- » **CAF** – Development Bank of Latin America and the Caribbean
- » **NDB** – New Development Bank
- » **EIB** – European Investment Bank
- » **IDB** – Inter-American Development Bank
- » **IBRD** – International Bank for Reconstruction and Development

2

STRATEGY





VISION

To be recognized as an essential strategic partner in promoting the economic and sustainable development of the region of operation.



MISSION

To lead and promote actions aiming at socioeconomic development of the entire region of operation, supporting governmental and private initiatives, through planning and technical, institutional, and long-term credit support.



VALUES

COMMITMENT TO THE SUSTAINABLE DEVELOPMENT OF THE REGION

To support initiatives to generate employment and income, adding socioeconomical and environmental benefits to our region of operation.

VALUING TECHNICAL KNOWLEDGE

To base our activities on technical criteria and parameters, permanently investing in the qualification of our human capital.

SELF-SUSTAINABILITY

To pursue self-generation of economic, financial, and institutional value, in order to preserve and expand our ability to operate.

COLLEGIATE MANAGEMENT

To decide in a shared way, qualifying and unifying our actions.

RESILIENCE

To create solutions that ensure overcoming adversities and challenges that threaten institutional continuity.

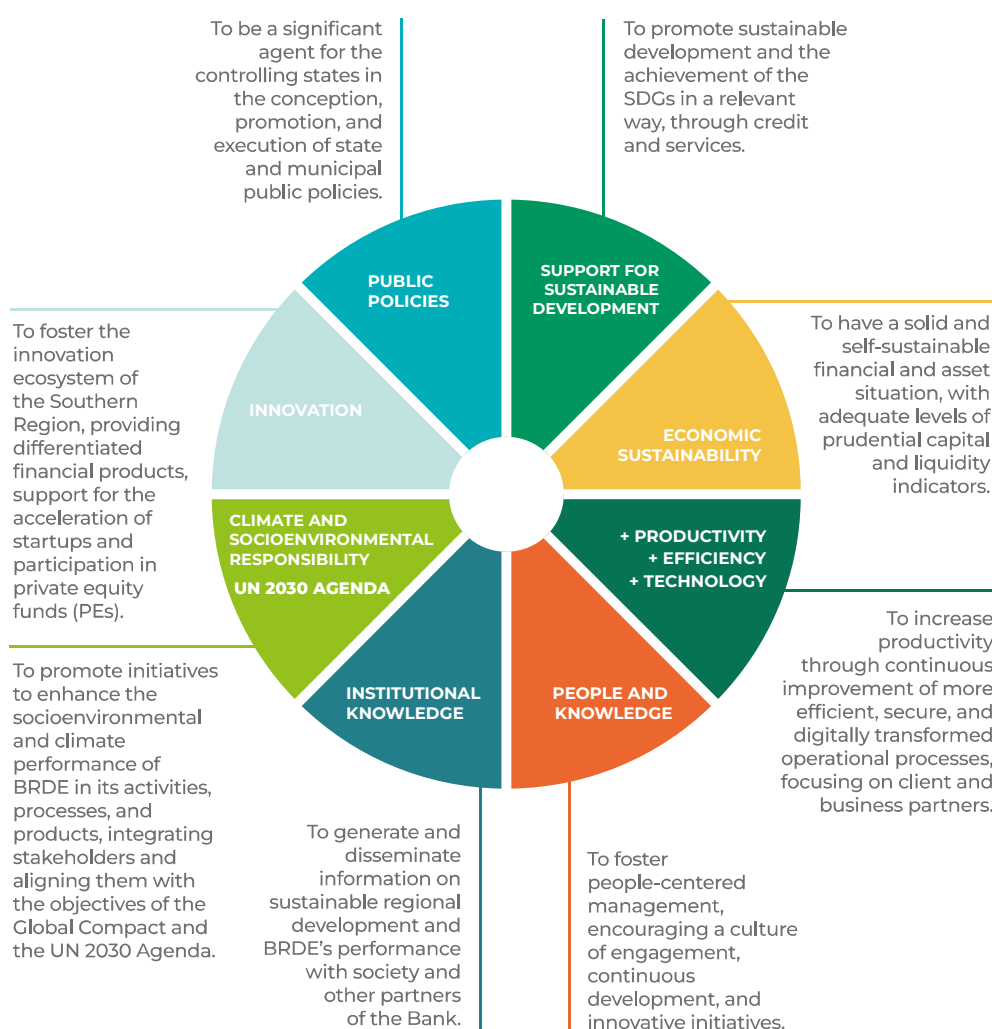
PLANNING SYSTEM

BRDE's Institutional Planning System (SPI) expresses the Bank's actions to support public policies of the controlling states and achieve its goal of being recognized by society as a relevant agent for regional development. The SPI consists of all the Bank's planning instruments, integrated consistently and coherently, guided by Strategic Planning.

BRDE's Strategic Planning has a rolling five-year horizon, with quarterly monitoring and annual reviews.

Figure 1 highlights the Strategic Planning Map 2024-2028 and its eight strategic objectives aligned with BRDE's mission.

FIGURE 1 STRATEGIC PLANNING MAP 2024-2028



Source: Elaborated by the authors.

The Strategic Planning in force in 2024 also included 23 indicators and respective goals, of which 16 were achieved this year.

Also in 2024, BRDE began a deep review of its Strategic Planning, aligning it with the Regional Vision 2040 project, expected to be concluded in the first half of 2025, consolidating CODESUL's strategy. The review is being conducted with the support of Symnetics consultancy, hired to provide specialized technical services. This year, the Bank's strengths, weaknesses, and organizational competencies were identified.

The information was compiled from interviews with BRDE directors, officers, managers, and analysts, in addition to a questionnaire applied to all staff. In 2025, the mission, vision, and values will be reviewed, and the new strategic map and strategic actions with the respective goals and indicators will be defined. The result of this work, scheduled for mid-year, will culminate in the 2025-2030 Strategic Planning.

BRDE's annual business plan, known as the Operational Plan, defines the goals for credit lines and disbursement, determines the budget for administrative and investment expenses, and presents financial projections. This plan is monitored monthly and undergoes revisions based on data from the first half of the year and events that suggest the need for updating.

To ensure compatibility between short- and medium-term tactical definitions and long-term strategic objectives, the preparation of the Strategic Plan and the Operational Plan are simultaneous in their processes of creation and referral to decision-making levels.

DIGITAL BUSINESS TRANSFORMATION

With an increasingly relevant role in public and private institutions, the Information and Communications Technology (ICT) area must have a plan aligned to its goals and actions with the institution's strategic demands and ensure compliance with legal requirements. The instrument that ensures this alignment is the Information Technology and Communications Master Plan (PDTIC), reviewed annually, with PDTIC 2024-2028 being the one in force. Digital transformation of business is the key to this plan, fundamental to achieving more efficient, agile, and secure processes. More than just using technology to improve existing operational processes, the proposal is to guide the definition of processes and the design of new products, considering the resources offered by digitization, artificial intelligence, data science, big data, and other technologies.

The 100% Digital Processes project is a significant initiative included in the PDTIC. It aims to increase agility and reduce rework by digitizing processes and processing physical documents, as well as to reduce costs with printing, storing, and transporting documents. In addition, the project works towards providing greater security and transparency to digitized processes.

Within the intraorganizational context, the digital tools used to credit provision stand out by enabling responsible parties to manage different stages of the process. The technology area makes constant improvements in these tools, increasing parameterization capacity, respecting the rules established by the funding entities, and adequately meeting the requirements of regulatory bodies and audits.

In the digital transformation process, BRDE took an important step by implementing the Simplified Credit Platform in November, structured to facilitate access to credit for micro- and small-sized companies in the Southern Region. The platform adopts 100% digital processes, including online banking to electronic signatures.

3

EFFECTIVENESS



BRDE seeks to improve measuring the contribution of its performance to society by presenting not only the amounts financed, but also some impacts generated by the projects supported for the Southern Region. In this effort, the Bank established three approach fronts, which demonstrate the outcomes of the financing granted: (i) the alignment of credit operations with the Sustainable Development Goals (SDGs); (ii) the outcome indicators; and (iii) the socioeconomic impacts of the Input-Product Matrix methodology.

In 2021, BRDE started classifying projects financed under the SDGs, reinforcing its alignment with the UN 2030 Agenda. Since then, approximately 80% of the amounts financed annually have been allocated to initiatives aligned with the SDGs.

Outcome indicators had already been presented by BRDE, but in a few types of projects. This year, the Bank consolidated data from a wider range of projects and intends to expand further by improving its monitoring system. These first two approaches – by SDG and by indicators – consider the merit of each project supported.

In this report, BRDE also discloses estimates of the impact of credit disbursements on Gross Value Added (GVA), taxes, wage bill, and job creation. In the BRDE team's estimate of these socioeconomic impacts, the input-output matrix prepared by the Paraná Institute for Economic and Social Development (IPARDES) was used.

ALIGNMENT OF CREDIT OPERATIONS WITH THE SUSTAINABLE DEVELOPMENT GOALS

One of the central objectives of BRDE's Strategic Planning is to significantly foster sustainable development and the achievement of the Sustainable Development Goals (SDGs) (Figure 2) through the granting of credit and the provision of services. To enable this strategy, the Bank needs to contribute resources in its area of operation:

- » in significant volume, both to be relevant in promoting development and to maintain its economic self-sustainability. In 2024, BRDE made approximately BRL 6.0 billion in financing contracts, while the target was BRL 5.0 billion.
- » in appropriate financial conditions, contributing in particular to overcoming market failures not addressed by private financial institutions. To this end, BRDE has been expanding its sources of funds, enabling the financing of a wider range of projects, always with long terms and attractive financial costs.
- » that promote sustainable development, taking as a reference the goals of the 2030 Agenda: 82% of the financing contracted by BRDE in 2024 is aligned with the SDGs.

The 2030 Agenda for Sustainable Development, promoted by the UN, was approved by 193 countries in 2015. Its purpose is to eradicate poverty, tackle inequality and injustice, and ensure the preservation of our planet, among other goals. This initiative consists of 17 SDGs and 169 specific targets.

FIGURE 2. SUSTAINABLE DEVELOPMENT GOALS



Source: United Nations (<https://sdgs.un.org/goals>).

TAXONOMY OF BRDE SUSTAINABLE PROJECTS/ACTIVITIES

Since 2021, BRDE has developed and implemented a project taxonomy, a management tool designed to describe, categorize, and classify information. This initiative aims to efficiently organize data related to your projects and activities.

Currently, BRDE applies this taxonomy to all Bank financing, which is analyzed and classified based on the SDGs.

The BRDE taxonomy covers a set of purposes aligned with the goals of the SDGs, in addition to a general typology of sustainable projects and activities that meet one or more of these purposes. Tables were also prepared with criteria to fit the contracts in this typology. An additional criterion states that projects should not cause significant damage to any specific SDG.

ADHERENCE OF 2024 OPERATIONS TO THE SDGS

BRDE's credit contracts totaled approximately BRL 6.0 billion in 2024, of which 82% are aligned with at least one SDG. This index is called the percentage of adherence or operations overview. Thus, this year, the Bank made available BRL 4.8 billion in credit for projects that contribute to the global SDG effort.

82%

**of financing contracts
ALIGNED TO AT
LEAST ONE SDG**



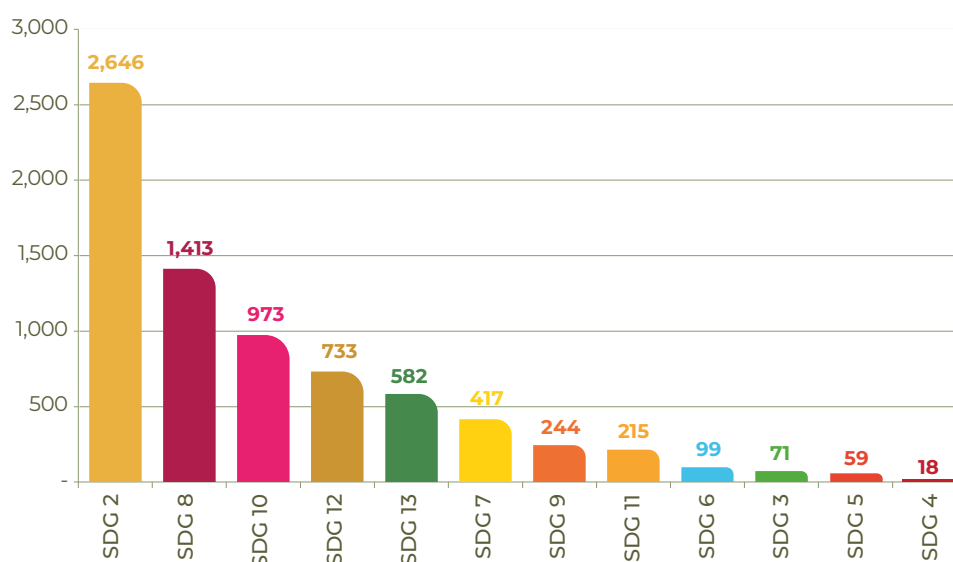
Considering that good projects generate multiple benefits, some of these funded projects simultaneously benefit one, two, three, or more goals from different SDGs.

The sustainable accounting methodology developed by BRDE captures these expanded effects, considering the multiple contributions of BRDE financing to the SDGs. This approach is called the total impact or contribution, or SDG overview.

The total contribution of BRDE financing to the SDGs totaled BRL 7.5 billion in 2024.

Graph 1 below shows the contribution of the financial flows created by BRDE to each of the SDGs, in which the same project is considered as many times as the sustainable objectives favored. Thus, each column shows the total volume of credit aligned with the SDG mentioned.

GRAPH 1. SDG FINANCING CONTRACTS (BRL MILLION)



Source: Elaborated by the authors.

We highlight below some SDGs that received a contribution from BRDE through the financing granted:



ZERO HUNGER AND SUSTAINABLE AGRICULTURE

In 2024, BRDE allocated BRL 2.6 billion to projects related to the challenges of SDG 2 – Zero Hunger and Sustainable Agriculture. This SDG is the most impacted by the Bank's performance, as it is directly linked to its agribusiness portfolio, which includes food production, industrialization, storage, transportation, and marketing. The Bank promotes the integration of small rural producers with several cooperatives that traditionally make up its client base, in addition to other companies in the sector. Many of these cooperatives participate in the National Program for Strengthening Family Agriculture (PRONAF), thus also contributing to SDG 10 – Reduced Inequalities. Furthermore, there is a wide range of investments aimed at low-carbon agriculture practices, soil recovery, pasture planting, irrigation, and others.

Below, we present a case of credit operation with an agro-industrial cooperative.

SUPPORT FOR THE FOOD INDUSTRY

Cooperativa Aurora, headquartered in Chapecó, Santa Catarina, inaugurated in 2024 an advanced industrial plant, specialized in manufacturing breaded meat. BRDE supported the structuring of the credit operation, the financing of part of the total investment, and the provision of a guarantee to FINEP, also a partner in the implementation of the project.

The investment of BRL 587 million was financed by BRL 156 million from BRDE.

The products of the new factory are intended for domestic and foreign markets, with export forecast for the United Kingdom, United Arab Emirates (UAE), and European Union (EU). Aurora's new industrial unit has a high degree of automation, present at all stages of the production process, at different levels, reaching robotization at the end of the lines.

The project presents sustainability differentials, such as chips as a source of biomass, from its eucalyptus forests, planted around the factory. This measure reduces firewood consumption and increases efficiency in heat and steam generation. The packaging is made of the monolayer type, which facilitates the recycling process. With the investment, 354 direct jobs were immediately generated to start the various production lines. However, the workforce will reach 700 workers when the unit operates at its full capacity.



Photo of Aurora's new industrial plant (courtesy of Cooperativa Aurora)



AFFORDABLE AND CLEAN ENERGY

To promote projects related to SDG 7 – Affordable and Clean Energy, BRDE supports investments for energy generation and transmission from clean and renewable sources, fuel production from waste, and financing energy efficiency through equipment purchasing. In 2024, BRL 416.6 million was allocated to projects aligned with SDG 7.

In the electricity generation sector, BRDE has extensive experience analyzing projects that use various sources, including the hydroelectric potential of rivers with low environmental impact, solar energy, generation from solid waste, and wind energy. Clean energy generation is one of the main types of projects financed by BRDE. In 2024, BRDE granted BRL 365.5 million for 220 investments in its different renewable energy sources.

TABLE 1. GENERATION OF ENERGY FROM RENEWABLE SOURCES

RENEWABLE ENERGY SOURCE	NUMBER OF PROJECTS	FUNDED AMOUNTS (BRL MILLION)
Biomass	5	4.2
Hydraulic	16	248.3
Solar	199	113.0
Total	220	365.5

Source: Elaborated by the authors.

Among these power generation projects, we highlight the following:

FINANCING ETHANOL PRODUCTION FROM WHEAT

CB Bioenergia obtained financing of BRL 29.7 million from BRDE for constructing an industrial plant in Santiago, Rio Grande do Sul, with a processing capacity of 30,000 tons of wheat per year for ethanol production. As a raw material for producing ethanol, the part of the wheat harvested in the region that does not meet the standard required for manufacturing bread will be used. This low-quality wheat has a 30% lower market value, but can be used for alcohol production.

The project foresees that 50% of the processed wheat will be converted into hydrous ethanol for agricultural aviation, 25% into cereal alcohol for the cosmetics and food industries, and 25% will be bottled as hand sanitizer. The unit's production capacity will be 13 million liters of ethanol per year. In the wheat fermentation process, the plant still produces CO₂, bottled in cylinders and marketed to welding industries for metallurgy and soft drinks. Production is expected to reach 20,000 m³/day. The processing also results in the co-product DDG (distillery dry grain), a grain with a protein content of 35%, highly valued as an animal feed ingredient in domestic and foreign markets.

FINANCIAL SUPPORT FOR SOLAR ENERGY

BRDE financed the Euro Energias Renováveis photovoltaic power generation project with a total capacity of 4.5 MW. The total investment was BRL 20.9 million, of which BRL 13.8 million was granted through BRDE credit. The project foresees implementing three plants in the cities of Iguaçu and Nova Esperança, providing an estimated reduction of 770 tons of CO₂ per year.

SMART DISPOSAL FOR AGRO-INDUSTRIAL WASTE

Translurean Transportes began transporting animals for slaughter in large slaughterhouses near the city of Carambeí, in Paraná. Subsequently, it started to offer the service of waste disposal derived from agro-industrial activities collected in the region, transforming them into organic fertilizer, acting in composting. The volume of fertilizer is marketed to soybean and corn producers. In parallel, the company carried out the complete disposal of the tailings that did not make up the formation of the fertilizer. However, some of these wastes presented a contaminating potential to nature, making it challenging to find a suitable destination for them.

To eliminate the most complicated tailings, the company obtained financial support from BRDE of BRL 3.9 million to implement a biodigester, which will also allow the generation of electricity of 250 kW and 2,000 m³/day of biomethane. As an outcome, the company will take advantage of waste with potential for environmental damage to generate the energy consumed in its factory, and the biomethane that will be used as fuel in its fleet of 12 trucks, replacing diesel. The project will reduce the company's operating costs, correctly dispose of 624 tons of waste per year, and create three new direct jobs, adding to the existing 49. In addition, a reduction of 1,591 tons of CO₂ per year is estimated with only replacing fuel.



CLEAN WATER AND SANITATION

BRDE recognizes investments in urban infrastructure as fundamental to boosting development. Under SDG 6 – Clean Water and Sanitation, the Bank considers projects that contribute to ensuring the availability and rational use of water, in addition to sanitation management, which totaled BRL 98.8 million in financing granted by the Bank in 2024. These investments cover water collection, treatment, and distribution, as well as sewage networks, management, and final disposal of municipal solid waste (MSW), among others. The following is an example of a BRDE-supported sanitation project:

URBAN WASTE USE IN GAROPABA

Resamb Reciclagem collects waste from the cities of Garopaba, Paulo Lopes, and Imaruí, in the south of Santa Catarina, and also collects waste from private companies. In addition to collection, the company is concerned with minimizing environmental impacts by investing in sorting collected waste and recycling much of this material. Part of the organic waste is destined for composting, which becomes fertilizer to be donated to the cities of the region.

The BRDE financing, of BRL 5.8 million, was used by Resamb to buy equipment for the complete transformation of municipal solid waste (MSW) into industrial biosynthetic compound (CBSI). The transformation process consists of shredding the waste, drying, and decontamination, reducing its weight by half. CBSI is an input with several possibilities of application, such as fuel for industries, electricity generation, production of biosynthetic wood, and fertilizer.

Therefore, all waste previously destined for the landfill, located 90 kilometers from the company, began to be used, eliminating the need to use fuel for the daily transport of, on average, sixty tons of waste per day in Resamb trucks. With the project, the company not only contributes to reducing CO₂, but also reduces logistics costs and earns revenue from waste. It is estimated that, with the project, Resamb's carbon footprint will decrease from 9,600 tCO₂ to 4,500 tCO₂ per year.

OUTCOME INDICATORS

In 2024, BRDE began structuring outcome indicators to increase transparency about the benefits provided by projects financed in the Southern Region. The data show the impacts in several segments, such as agribusiness, renewable energy, innovation, health, and education, among others. The indicators refer to the operations contracted in 2024 and consider, for each metric, the values predicted in the projects during the analysis carried out by the BRDE technical team. The Bank seeks to increase, each year, the number of outcome indicators, as the procedures for systematizing information are improved.

AGRIBUSINESS INDICATORS

Table 2 shows some indicators of project outcomes related to agribusiness. In this theme, the correction, management, and soil cover projects stand out, increasing rural areas' productivity through sustainable techniques. We also emphasize the support for increasing storage capacity, especially for agro-industrial cooperatives and rural producers in the Southern Region, as well as for family farming.

TABLE 2. OUTCOME INDICATORS OF AGRIBUSINESS PROJECTS

INDICATOR	EXPECTED DELIVERY	METRIC
Rural area for soil correction	35,652	Hectares
Rural area for protection	4,693	Hectares
Recovered rural area	2,437	Hectares
Planted forest area	3,250	Hectares
Surface area benefited by the irrigation project	731	Hectares
Grain storage capacity	1,032,168	Tons
Families supported by PRONAF	6,976	Number of families

Source: Elaborated by the authors.

ENERGY AND POWER EFFICIENCY

Table 3 discloses the project outcome indicators related to clean energy generation and energy efficiency. To consolidate the data, we considered investments in power generation from PCH/CGH², photovoltaic panels, biomass, and improving street lighting in cities through LED lamps.

TABLE 3. OUTCOME INDICATORS OF ENERGY GENERATION BY RENEWABLE SOURCES AND ENERGY EFFICIENCY

INDICATOR	EXPECTED DELIVERY	METRIC
Installed generation capacity CGH/PCH	75	Megawatts
Installed photovoltaic generation capacity	36.8	Megawatts
Installed biomass thermoelectric generation capacity	0.4	Megawatts
Ethanol production	100	Tons per day
Transmission lines built	7.1	Kilometers
Recovered distribution lines	46.2	Kilometers
LED swapped lamps	34,134	Number of lamps
Energy saved in street lighting projects	2,444	Megawatts per year
People benefited from street lighting projects	585,666	Number of people
Reduction of CO ₂ emissions through power generation and street lighting projects	1,079,935	Tons of CO ₂

Source: Elaborated by the authors.

² Small hydroelectric power plants and hydroelectric generating plants, respectively.

HEALTH INDICATORS

The outcome indicators related to financing for health projects, such as hospitals and clinics, are disclosed in the following table:

TABLE 4. OUTCOME INDICATORS OF HEALTH PROJECTS

INDICATOR	EXPECTED DELIVERY	METRIC
Supported hospitals	1	Number of hospitals
Additional or enhanced beds	90	Number of beds
Additional ambulances	12	Number of ambulances

Source: Elaborated by the authors.

EDUCATION OUTCOME INDICATORS

Financing for educational projects resulted in the following outcome indicators, considering investments in schools and universities.

TABLE 5. OUTCOME INDICATORS OF EDUCATION PROJECTS

INDICATOR	EXPECTED DELIVERY	METRIC
Additional classrooms	62	Number of classrooms
Benefited students	5,717	Number of students
Educational infrastructure built and/or enhanced	11,390.7	Square meters
School buses for public education	1	Number of buses

Source: Elaborated by the authors.

SANITATION INDICATORS

Table 6 shows the results of indicators of sanitation projects, including urban resilience projects to avoid flooding and investments in waste management.

TABLE 6. OUTCOME INDICATORS OF SANITATION PROJECTS

INDICATOR	EXPECTED DELIVERY	METRIC
Capacity of new reservoirs	27,348	Cubic meters
Rainwater drainage networks	17.9	Kilometers
Treatment capacity: urban waste	123	Tons per day

Source: Elaborated by the authors.

MOBILITY INDICATORS

Below, we disclose the results of projects financing aimed at improving urban mobility, to be carried out mainly by cities:

TABLE 7. OUTCOME INDICATORS OF MOBILITY PROJECTS

INDICATOR	EXPECTED DELIVERY	METRIC
Extension of paved highways	56.3	Kilometers
Restored or reconstructed road extension	16.2	Kilometers
New buses	53	Number of buses

Source: Elaborated by the authors.

INNOVATION INDICATORS

Among the various types of innovative projects financed by BRDE, the following indicators were considered in the consolidation:

TABLE 8. OUTCOME INDICATORS OF INNOVATION PROJECTS

INDICATOR	EXPECTED DELIVERY	METRIC
New products/services developed and/or launched on the market	119	Number of products/ services
New software developed locally	12	Number of software

Source: Elaborated by the authors.

IMPACT OF BRDE FINANCING

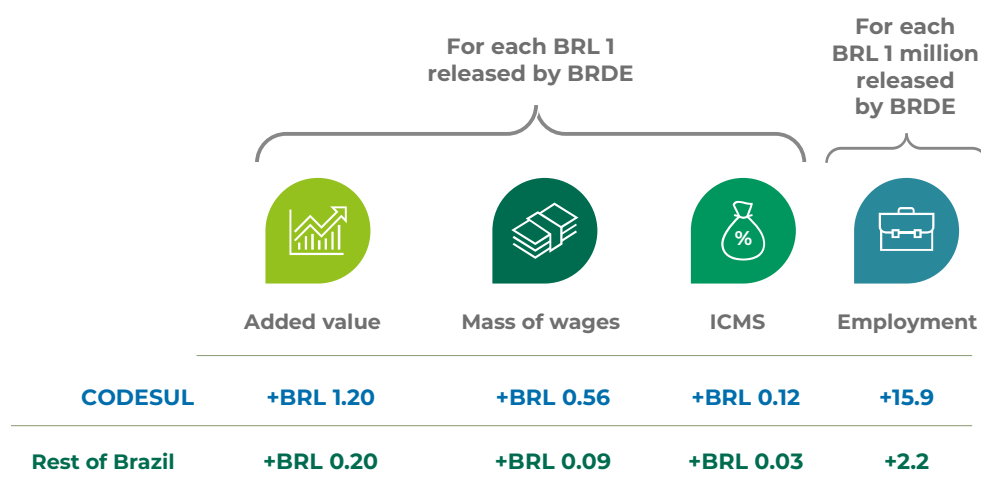
BRDE, in partnership with the Paraná Institute for Economic and Social Development (IPARDES), carried out the Socioeconomic Impacts of BRDE Contracting project in the CODESUL states. The study used the Brazilian Input-Product Matrix, but with regionalized outcomes from the perspective of employment, income, and taxes (Tax on the Circulation of Goods and Services – ICMS), considering the demand generated by investments made possible by BRDE.

The survey of the impacts was carried out by the Bank's technical team, based on the multipliers developed by IPARDES, which establish parameters for the direct, indirect and induced impacts (income effect) in the controlling states of BRDE – Rio Grande do Sul, Santa Catarina and Paraná – and in Mato Grosso do Sul, as well as the overflows to the economy of the rest of the country.

The study indicated that in 2024 investments supported by BRDE were able to maintain or generate 90,352 jobs in the CODESUL states over a year. The results of employment in input-output models represent the number of workers necessary for the expansion of production, not necessarily corresponding to the net generation of jobs. This means that some of these jobs may already be occupied previously and contribute to production growth through reallocation and/or increased productivity.

The disbursements made by BRDE in 2024 contributed BRL 6.8 billion to the Gross Value Added (GVA) of the CODESUL region. This is equivalent to an impact of BRL 1.20 in GVA for every BRL 1 disbursed by the Bank. Gross Value Added (GVA) represents the value that each sector of the economy – agriculture, industry, and services – adds to the total produced in a region. This indicator reflects the wealth generated and has a relevant weight in calculating the gross domestic product (GDP) of each state. The study also points out that BRDE financing generated a significant impact on the ICMS tax revenue, the main state tax shared between cities, estimated at BRL 697 million. In addition, an impact on the wage bill was found, reaching BRL 3.1 billion.

FIGURE 3. . IMPACT OF BRDE FINANCING



4

INNOVATION






BRDE defined promoting the innovation ecosystem in the Southern Region as one of its strategies. To this end, it operates on three lines of action, encompassing innovations at various enterprises' stages and sizes. The Bank provides financing, invests capital through equity investment funds, and supports startup acceleration programs. These initiatives are managed by the "More Innovation with BRDE" program.

In terms of financing, BRDE has established itself as the main investor of innovation in southern Brazil, participating with 21.4% of all financing contracted in Brazil with resources from FINEP through financial agents. Since the resumption of FINEP's credit in this decentralized modality in 2013, BRDE has led the national ranking as its largest financial agent. It is noteworthy that FINEP is the main source of funds in Brazil for this type of project.

This year, innovation financing again reached unprecedented values, totaling BRL 751.1 million. In the last four years, after the pandemic's critical period, BRDE has intensified innovation credit year after year (Graph 2).

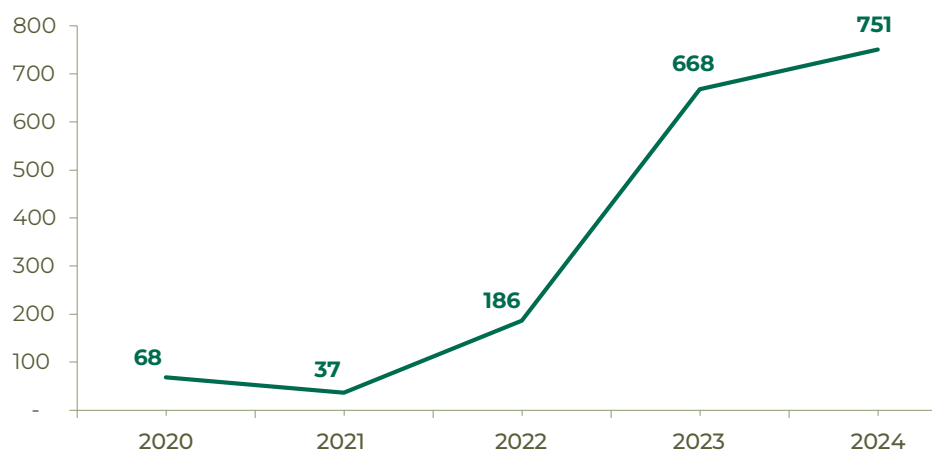
**BRL
751.1
MILLION
FOR INNOVATION**



**165
STARTUPS
PARTICIPATING
IN BRDE LABS**



GRAPH 2. RECENT EVOLUTION OF BRDE'S FINANCING CONTRACTS FOR INNOVATION WITH FINEP RESOURCES (BRL MILLION – NOMINAL VALUES)



Source: Elaborated by the authors.

Below, we present some cases of innovative projects financed by the Bank and other relevant initiatives led by BRDE for technological improvements in its region of operation, including sustainability projects and advances in the health area. Such cases show the transversality of the innovation theme.

INNOVATION IN HEALTH EQUIPMENT

Biopark Education is part of the Biopark ecosystem, a scientific and technological park in Toledo, Paraná. This institution provides educational solutions, promoting people's training and development.

The institution obtained credit from BRDE of BRL 2 million for research and development of a new coating for catheters used in chemotherapy treatments and other medical interventions. Since 2020, more than BRL 5.7 million has been invested to carry out research, tests, and validations by the research, development, and innovation (RD&I) team of Biopark Education, composed of technicians, specialists, masters, and doctors.

This new coating will provide modifications to catheters, making it difficult for infection-causing bacteria and fungi to proliferate in patients undergoing medical treatment. It is estimated that this innovation can reduce, on average, 80% in cases of infections related to the use of the catheter.

At the end of the project, with the achievement of the expected objectives, Biopark intends to patent the developed solution and offer it in a targeted way to catheter manufacturing enterprises. The financial resources will be destined for the acquisition of innovative equipment and the contracting of services of technical specialists.

INNOVATION IN BIODEGRADABLE PACKAGING

BRDE financed BRL 10.0 million for Gpack Eco Embalagens' innovative project aimed at providing a sustainable product. The enterprise, based in Santa Catarina, is improving its line of plastic-free biodegradable paper cups and bowls, using biodegradable resin.

The objective is to make available to the market a product 100% environmentally degradable and suitable for different types of food and temperatures. Another innovation of the project is the removal of chemical solvents from the printing process of the cups and bowls, to be carried out with water-based ink.

PRIVATE EQUITY FUNDS

Investments in private equity funds (PEs) are one of the instruments highlighted in BRDE's Strategic Planning to support the innovation ecosystem in the Southern Region, operating as a significant lever for economic development. BRDE's role as a shareholder in nationwide PEs ensures that a substantial portion of the funds' resources is allocated to enterprises in the Southern Region. This is because, upon becoming a fund shareholder, BRDE establishes as a requirement that, at least, the capital subscribed by the Bank must be invested in enterprises in its area of operation.

In addition, this requirement for PEs to invest in enterprises in the Southern Region has shown a positive effect, resulting in contributions that often exceed the minimum required. Thus, participation in PEs has further expanded support, exceeding initial expectations.

To date, the Bank has subscribed BRL 47 million in PEs, while 27 enterprises in the Southern Region have already received investments from these funds, corresponding to a contribution of BRL 123.5 million.

Currently, BRDE is a shareholder in Criatec 3, Criatec 4, FIP Anjo, and Quartz Capital VC4.

Criatec 3

BRDE is a shareholder in Criatec 3, an investment fund that finances innovative micro- and small-enterprises (MSEs) throughout Brazil, whose main competitive advantage is technological innovation. According to the fund's guidelines, these innovations must present significant barriers to entry, have scalability potential, and solve relevant market problems.

The fund's investment period was completed in 2022, and the manager was able to meet the goal of investing in 36 enterprises. According to the BRDE requirements, the fund's guidelines establish that at least BRL 12.0 million must be approved by the Investment Committee for enterprises located in the Southern Region, an amount corresponding to the Bank's participation in the fund.

With the investments made, the target for the Southern Region was not only met, but also exceeded, with ten enterprises in the region receiving a total of BRL 55.9 million in contributions. The fund is in the divestment stage, having already completed the exit in six of these enterprises, with significant returns in some of them.

FIP Anjo (Angel PE)

BRDE is one of the shareholders of FIP Anjo, a fund designed to invest resources in startups in partnership with angel investors and/or accelerators, as well as small innovative enterprises. The goal is to foster entrepreneurship, support the development of early-stage enterprises, and promote best governance and management practices. This fund aims to invest 40% of the funds in enterprises with annual revenues of up to BRL 1.0 million. BRDE has committed to investing BRL 15.0 million, an amount intended to support startups in the Southern Region. By the end of 2024, the fund had already invested in 63 enterprises, including 14 from the Southern Region, which received a total contribution of BRL 13.7 million.

Quartz Capital VC4 Multi-Strategy Private Equity Fund

In 2021, BRDE became a shareholder of Quartz Capital VC4 Multi-Strategy Private Equity Fund, subscribing BRL 10.0 million. The fund's manager, Quartz Capital, is headquartered in Curitiba and operates throughout Brazil. The fund focuses on medium-sized enterprises in the technology sector with an average ticket per contribution higher than the other funds in which the Bank invests. By December, Quartz Capital VC4 had invested BRL 93.0 million in six enterprises, of which three are in the Southern Region: AmCome and Asaas, from Santa Catarina, and Omichat, from Paraná, which together received a total contribution of BRL 53.9 million.

Criatec 4

Criatec 4 was launched in 2023 and has BRDE as a shareholder, having invested BRL 10.0 million in the fund. This fund aims to invest in business plans of innovative enterprises that have an annual net revenue of less than BRL 16.0 million, aiming to promote their capitalization and growth, in addition to supporting consolidation initiatives.

Furthermore, Criatec 4 seeks to implement good management practices and improve corporate governance in enterprises. To receive the fund's investments, enterprises must act primarily in the following market areas: (i) sustainable cities, smart cities or housing technologies; (ii) education or employability; (iii) health chain; (iv) sustainability or green technologies; (v) financial technologies; and (vi) citizenship or public management. By December 2024, Criatec 4 invested BRL 2.8 million in an enterprise.

The fourth edition of the INOVA Program has support from BRDE

BRDE is participating in the fourth edition of the INOVA Program, carried out in partnership with Sebrae Startups, Bossa Invest, Unifique, and Raja Ventures. The goal of the program is to select national startups for investment and acceleration, focused on solving market demands. Among the 1,179 startups registered, up to 25 will be selected in January 2025 for the first phase, in which each one can receive up to BRL 750,000, in addition to online mentoring and connection with business partners. In the next phase, also to be held in 2025, the startups will participate in seven face-to-face meetings, with online monitoring and production of monthly reports containing diagnoses over four months.

In the third phase, in October 2025, up to five startups will be selected for individual training aimed at business growth and scale, in addition to having the chance to win another investment.

BRDE LABS PROGRAM

The BRDE Labs program was developed to strengthen the innovation environment in the Southern Region. It proposes establishing continuous and non-credit support for startups, with BRDE acting as a public agent aligned with innovative market demands. The goal of the program is to accelerate the growth of startups, enabling access to future resources and partnerships that drive their success. In addition, it provides training and opportunities for business development, all free of charge.

At Labs, the Bank also facilitates the interaction between startups and the PEs of which it is a shareholder, besides promoting connections with consolidated enterprises that are its clients, aiming at finding solutions to various challenges.

BRDE Labs has been held annually since 2020, with five editions in Paraná and Rio Grande do Sul and three in Santa Catarina. Altogether, 464 startups have already been accelerated so far. It is important to note that, based on the experience and feedback of the ecosystem, BRDE Labs undergoes continuous improvements every year to provide better results for startups.

For more information on BRDE Labs, visit:

<https://www.brdelabs.com.br/>.

BRDE Labs Paraná

The fifth edition of BRDE Labs Paraná, held with the support of Hotmilk (PUCPR) and Amcham, began in March. The program included activities for both anchor enterprises and startups. In the case of anchor enterprises, the program provided personalized training to nine of them, with dedicated hours of assessment and consulting, as well as support in formulating technological challenges.

The anchor enterprises participating in this edition were: Aesa, Cartrom Indústria de Embalagens, Herbarium Laboratório Botânico, Innova Agrotecnologia, Metalkraft Sistemas Automotivos, Peroxidos do Brasil, Tamarana Tecnologia e Soluções Ambientais, Grupo Vellore, and Wap.

BRDE Labs 2024 focused on supporting and strengthening participants' business strategies, expanding opportunities for generating business between anchor enterprises and startups.

A total of 118 startups submitted 223 proposals for solutions to the 14 challenges posed by the anchors. Of the registered startups, 15 were selected and participated in the immersion phase, which included meetings with the enterprises, Proof of Concept (POC) mentoring, consultancy to evaluate the proposals, and workshops. Finally, ten startups reached the final acceleration phase, and seven performed POCs (Chart 1).

CHART 1. ACCELERATED STARTUPS AND THEIR ANCHOR ENTERPRISES

ACCELERATED STARTUPS		ANCHOR ENTERPRISES
Hera		Wap
NBot Labs		Peroxidos
Techer		Metalkraft
Upskill Platform		Innova
Datta BÜsiness	Driva	Herbarium
BTI EstratÉgia		Cartrom
Dualpixel		Aesa
Scoreplan		Tamarana
Toro		Grupo Vellore

Source: Elaborated by the authors.

The program ended its season with an event at PUCPR. Among other attractions, the pitches of the finalist startups were held at the event.



Closing event of BRDE Labs Paraná | Source: Own collection.

This year, another novelty was the implementation of the Digital Platform, called BRDE Labs Community, bringing together all participating enterprises, accelerated startups, and content from all five editions of the program. Through this community, continuous learning about open innovation is possible with networking rounds and live workshops, news feed and the dissemination of enterprises and their activities generating new business. In this first year, the platform had two hundred people connected, and ten online meetings were held to network and exchange experiences.

BRDE Labs Rio Grande do Sul

BRDE Labs, coordinated by the Rio Grande do Sul branch, in its fifth edition, once again had the partnership of Feevale Techpark. The program intended to support the development of operating in three priority areas: environmental and sustainability; health; and information technology. The initiative selected 15 state projects to participate in the acceleration process, carried out in a hybrid way. Among the benefits provided to participants are contact with large enterprises in the market (anchors), mentoring with experts, workshops, strategic networking, support infrastructure, and cash awards.

The enterprises that participate in this edition as anchors, proposing challenges to be solved by the participants, are: CCGL, Coester Automação, Fida, Haas Madeiras, Hospital Mãe de Deus – Associação Educadora São Carlos (AESC), Hubittat, Lifemed, Maxiforja, Santa Casa de Misericórdia de Porto Alegre, Sispro, SystemHaus, Court of Justice of Rio Grande do Sul, Borrachas Vipal and Xalingo.

In this edition, due to extreme weather events, Demo Day will be held in April 2025, when the highest-ranked startups in the acceleration process will be announced. Furthermore, all finalist startups will be awarded, dividing the BRL 230,000 allocated by BRDE to support their activities.

BRDE Labs Santa Catarina

The 2024 edition of BRDE Labs in Santa Catarina had two fronts. BRDE Labs Growth, focused on commercial acceleration to strengthen enterprises in the operation and traction phases, had 210 applications. One hundred startups were selected for a development journey consisting of entrepreneurial training in sales, aiming to support businesses in structuring and validating internal processes in the commercial area. The activities of the Growth stage provided workshops and mentoring with experts, networking opportunities, access to benefits, cash awards, and the possibility to advance to the Venture stage next year. At the end of the journey, three enterprises from each of the six regions of the state, totaling 18 startups, shared a prize of BRL 360,000 provided by BRDE.



BRDE Labs SC award ceremony at Acate, in Florianópolis. Source: Own archive.

In turn, BRDE Labs Venture – this year's great novelty – held workshops and mentoring for startups that have already passed through BRDE Labs in the previous two editions and that seek to attract investments. The applications totaled 66 startups, of which forty were accelerated for investments. In the end, the twenty highest-rated startups participated in Investor Day, connecting directly with investors.

BRDE AND INSTITUTO CALDEIRA PARTNERSHIP

BRDE, together with Instituto Caldeira, the State Department of Science, Technology and Innovation of Rio Grande do Sul and the Department of Innovation of Porto Alegre, in addition to recognized actors in the gaúcho innovation ecosystem, promoted the acceleration of startups focusing on preparing for the search for investments.

The initiative trained thirty startups to build their data room, which includes the portfolio of essential information for investors during the investment process. The assembling of this data set was identified as a significant gap in the startup market in Rio Grande do Sul. With the acceleration, the startups also acquired greater knowledge about the entire subsequent investment journey, allowing for more strategic planning for their businesses' growth. The content was divided into seven modules, culminating in a matchmaking with investment funds in December.

SOUTH SUMMIT BRAZIL

The third edition of South Summit Brazil was held in March, in Porto Alegre. Once again, BRDE supported and participated in the event, promoting debates on topics related to its initiatives in favor of innovation, such as PEs, financing urban resilience, hiring startups by the public sector, credit lines, and BRDE Labs. As a novelty this year, the Bank provided a space for 12 accelerated startups in the latest editions of the BRDE Labs RS program, allowing them to present their businesses.



Space provided at South Summit Brazil for startups accelerated by BRDE Labs
Source: Own archive.

5

PUBLIC POLICIES



For BRDE, it is essential to play a strategic role for the controlling states in creating, promoting, and implementing public policies for states and cities. The Bank's institutional mission includes integrating development policies, acting as an interlocutor and facilitator of initiatives in society.

BRL

476.1
MILLION

in financing for cities
↑ 58.7%
**compared to the
previous year**

2040 REGIONAL OVERVIEW

On the 60th anniversary of BRDE, the governors of the states that make up CODESUL determined to entrust the Bank the elaboration of a regional strategy, called "CODESUL/BRDE – Regional Vision 2040", with priority axes of action, indicators, and goals. The plan includes regional diagnostics to more effectively guide the fulfillment of the mission of the CODESUL-BRDE System. Through a bidding process, BRDE contracted the Universidade do Vale do Rio dos Sinos (UNISINOS) to support the construction of the 2040 Regional Vision.



The project is divided into seven stages: (i) Work plan – Regional Vision 2040 Project; (ii) Diagnosis of the CODESUL region; (iii) Investments planned until 2040 and sources of resources; (iv) Potentialities and bottlenecks of the CODESUL region; (v) Vision of the region's future, guidelines and priority axes of action; (vi) Strategic indicators, goals and proposals of the 2040 Region; and (vii) Regional Vision 2040.

By the end of 2024, the first six stages of the project were completed, leaving the completion of the last stage for 2025. We highlight the participation of the executive secretariats of CODESUL and the planning secretariats of the states that make up CODESUL in the project's elaboration.

BRDE MUNICÍPIO FORTE

To support cities, BRDE provides the Município Forte (Strong Municipality) program, delivering technical support in structuring credit operations and providing financing. The Bank is recognized for its experience in projects such as public lighting, sanitation and urban mobility, among others.

In 2024, BRDE intensified credit to cities, totaling BRL 476.1 million, an increase of 58.7% compared to the previous year.

The growing interest of cities in energy projects related to sustainability stands out. This year, the Bank financed two street lighting projects and three investments in solar power generation, both in line with the SDGs and with a reduction in public spending.



SOLAR POWER PLANT IN TIMBÓ

Timbó, a city in Santa Catarina located in the Itajaí Valley, will be the first in the state to generate its electricity through a solar plant with an installed capacity of 1.5 MW. The initiative can supply the electricity consumption of the city's administrative buildings and public lighting, resulting in an estimated annual savings of approximately BRL 1.6 million for the town.

The total investment for the plant is almost BRL 5.0 million, with resources provided by BRDE. In addition to providing a clean and renewable energy source, the project will allow the city to reinvest the resources saved in other essential areas, such as education and health.



FINANCING THE INTERCITY CONSORTIUM

BRDE once again promoted innovation by providing the first financing for the cities' consortium, a demand that has long been idealized but is difficult to achieve. The Intermunicipal Consortium for Cooperation in Public Management (CONIGEPU) obtained BRL 3.5 million to invest in a new mechanized model for treating and recycling solid waste. The project includes 12 cities in the Production Zone of Rio Grande do Sul, increasing the percentage of recycled material over the 35 tons of urban waste currently collected in the landfill located in Trindade do Sul. In addition to the environmental benefits, the new model will provide greater revenue from the sale of recycled material to local industries and contribute to extending the landfill's life.

PUBLIC-PRIVATE PARTNERSHIPS (PPP)

Besides providing credit and technical support for private and city projects that comply with the public policies of the controlling states, BRDE engages in structuring PPPs, concessions, and other forms of private sector involvement in managing and providing public services. The Bank has been a partner of states and cities, acting to develop public infrastructure. This activity is one of BRDE's priorities, aligned with its strategic public policy objective, part of its Strategic Planning.

In 2024, BRDE signed a contract with the Government of São Paulo, through the State Department of Traffic of São Paulo (DETRAN-SP) and the Department of Roads (DER), to carry out the economic and financial feasibility assessment studies that will define the business model for the concession of the services of removal, storage, release and preparation of auction of vehicles from the vehicle yards of DETRAN/DER in the state of São Paulo.

BRDE's partnership aims at more efficient management of these spaces, implementing innovative technologies and ensuring better quality service to citizens. BRDE's hiring is due to its outstanding performance in the south of the country, especially for the expertise acquired in structuring a similar project for DETRAN in the state of Paraná.

Also, this year, two auctions of public lighting PPPs structured by BRDE were held. In these projects, the Bank is in charge of coordinating the complete structuring of the concession project, which covers the diagnosis of the current infrastructure, the technical, economic-financial, and legal modeling, in addition to supporting the bidding process.



The public lighting PPP auction in the city of Santa Maria, in Rio Grande do Sul, was held in July. With a commitment to allocate BRL 219.0 million to the project, including the acquisition of new equipment and maintenance of the system, the winning proposal brought together enterprises that already operate in concessions in other cities in the Southern Region. It is also planned to increase by 1,293 points to meet lagging demand. Another 363 streetlights must be added annually to supply the city's housing expansion.

With the modernization of the system (LED lights) and other efficiency measures, a reduction in energy consumption of 254.0 million kWh is estimated, equivalent to the average consumption of 5,700 homes for 24 years, a saving of BRL 136.0 million, corresponding to a reduction in the emission of 10.93 thousand tons of CO₂, which is equivalent to planting 77,000 trees or covering 25 football fields.

The public lighting PPP in Sapiranga, in Rio Grande do Sul, provides for investments of BRL 127.0 million. The modernization of the city's public lighting system includes the replacement of more than 11,000 light points with LED technology. The concession, established for 24 years, will include expanding the coverage to 1,163 new points, and implementing prominent lighting in 16 cultural assets and in eight kilometers of the highway that crosses the city, benefiting its 82,000 inhabitants.



Public lighting PPP auction in Santa Maria at B3 | Source: Own collection.

The common objective of these projects is to delegate, through an administrative concession, the public lighting service in the cities, including the modernization, efficiency, expansion, operation, and maintenance of the municipal lighting network. By implementing these projects, the aim is to upgrade the system by replacing lighting points with LED technology, providing greater safety for residents, and reducing costs with electricity consumption.

To further advance support for concession projects and PPPs, BRDE established, in 2024, two important new partnerships: the Brazilian Development Bank (BNDES) and the Special Secretariat of the Federal Government's Investment Partnership Program (PPI).

Technical cooperation with BNDES seeks to share process models and act in an articulated manner in selecting future concession projects. The term also provides for the operational training of the teams, in addition to strengthening the interaction on the technical and legal feasibility analysis standards of the projects. The partnership will enable the modeling of future PPPs based on uniform concession contract regulation models and efficient support in the bidding, management, and inspection phases.

To establish models of integrated action in the modeling of concession projects and PPPs, BRDE and the Special Secretariat of the Investment Partnership Program (PPI) signed a technical cooperation agreement.

To enable this joint action, the secretariat will share procedures and tools used to execute the investment program, and to coordinate studies and analyses that structure public calls or other forms of public selection of projects of interest to federative entities.

PPI seeks to develop business models that meet the needs of the government. The dialogue between the government and the market generates convergences and opportunities, resulting in new business.

SUPPORT TO THOSE AFFECTED BY FLOODS IN RIO GRANDE DO SUL

To mitigate losses and support the resumption of enterprises and rural producers affected by the climate catastrophe, BRDE sought alternatives with its funding partners and announced a series of measures, including, mainly, the suspension of payments for up to one year and the renegotiation of contracts (standstill). By December, 271 borrowers had joined this mechanism, totaling BRL 1.3 billion.

Aimed at supporting, through new financing, the resumption of sectors strongly affected by the flood, BRDE launched, with its resources, the “Em Frente RS” (Go For It RS) program. The program offered a full 12-month grace period and an additional four years to repay the financed amount, with decreasing monthly installments and a partial interest subsidy. First, the program prioritized the permissionaires of the Public Market and the Porto Alegre Bus Station, the traders operating in the Supply Center (CEASA-RS), the enterprises located in the Fourth District of Porto Alegre, and the bars and restaurants sector in cities that declared a state of public calamity. After its initial phase, “Em Frente RS” (Go For It RS) expanded to include other business that faced challenges resulting from the event. The program executed BRL 251.0 million in financing agreements for 757 companies, of which BRL 143.8 million for 664 micro- and small-sized enterprises.



Photo of the campaign of the program “Em Frente RS” (Go For It RS) to support those affected by floods in May 2024.

In addition to the Em Frente RS (Go For It RS) with special conditions, BRDE used other sources of funds to support those affected by the floods, in this case, the BNDES and the Brazilian Federal Tourism Fund (FUNGETUR). Financing with these resources totaled BRL 298.3 million for 55 enterprises, of which 36 were micro- and small-sized enterprises.

Thus, in the scope of credit to those affected by floods in Rio Grande do Sul, the Bank made BRL 549.3 million in financing contracted for 812 clients. Of this total, most of the financing contracted was for micro- and small-sized enterprises, corresponding to 700 clients, with an average financed amount of BRL 282,500, showing the achievement of the initiative's objective, to include small entrepreneurs.

SUL RESILIENTE PROGRAM

BRDE provides the Sul Resiliente (Resilient South) program to cities in the Southern Region, with funds raised from the International Bank for Reconstruction and Development (IBRD). The program focuses on city infrastructure qualification projects to mitigate the impacts of natural disasters and climate risks, such as floods and landslides. In addition to investing in infrastructure to reduce the impacts caused by natural disasters and extreme weather events, cities can use resources for developing executive projects, such as risk mapping and contingency plans, training city employees, or acquiring systems and equipment for risk monitoring. This year, BRL 176.2 million was contracted in five operations with this source of funds.



WITH THE SUPPORT OF BRDE, THE CITY HALL OF ESTEIO WILL INVEST IN INFRASTRUCTURE TO PREVENT CLIMATE DISASTERS

With a history of significant damage caused by floods, the city of Esteio, in Rio Grande do Sul, obtained financing of BRL 30.0 million from BRDE for urban resilience projects to prevent the effects of increasingly frequent environmental disasters. The investments include a set of 19 containment and flood and macro-drainage infrastructures, including dampening basins, expansion of river and channel crossings, channel coating, elevation of the protection level, and slope containment. The infrastructure will contribute to mitigating the impacts of events caused by large rainfall volumes, reducing losses to the population, public equipment, and infrastructure, benefiting approximately 38,000 residents of the city.

BRDE ORGANIZES SEMINAR ON RESILIENT INFRASTRUCTURE

Faced with the challenges of structuring infrastructure projects that provide a better response to climate events, planning and partnerships between different actors are essential to find innovative solutions and make financing sources viable. This was one of the main conclusions of the seminar “Reconstructing Rio Grande do Sul for Infrastructure”, held in November in Porto Alegre, bringing together experts around topics such as the urgency of investments in resilient infrastructure, climate transition, urban mobility, and smart cities.



Seminar “Reconstructing Rio Grande do Sul for Infrastructure”, held in November, in Porto Alegre. Source: Own archive.

The event was a joint initiative of BRDE, the MBA PPP and concessions of the Foundation School of Sociology and Political Science of São Paulo (FESPSP), addressing issues such as risk sharing in infrastructure projects and modeling of concessions and PPPs for the social area. The event was attended by 250 representatives of public and private institutions.

BRDE AND ICLEI PARTNER TO STRENGTHEN URBAN RESILIENCE

In December, BRDE and ICLEI South America established a partnership to act in an integrated manner in climate transition projects and promote resilient and low-carbon cities. The technical cooperation agreement represents a milestone, articulating technical and financial efforts for sustainable urban development in the south of the country.

ICLEI – Local Governments for Sustainability is a global network of more than 1,750 local and regional governments committed to sustainable urban development. Faced with increasingly extreme weather events, more than ever, it is necessary to strengthen the capacity of governments to prevent, mitigate, and adapt to adverse climate impacts. Among the partnership focuses, we highlight the support for initiatives that integrate sustainable territorial planning, reduction of greenhouse gas emissions, and protection of biodiversity.

6

OPERATIONAL PERFORMANCE



BRL
6.0
BILLION
in contracted
FINANCING
surpassing the
target by **20%**

BRL
2.8
BILLION
in contracted
credit for the
AGRIBUSINESS
SECTOR

BRL
1.1
BILLION
in credit for
agro-industrial
COOPERATIVES

allocated to
BRL
665.4
MILLION
6,976
producers in
family agriculture

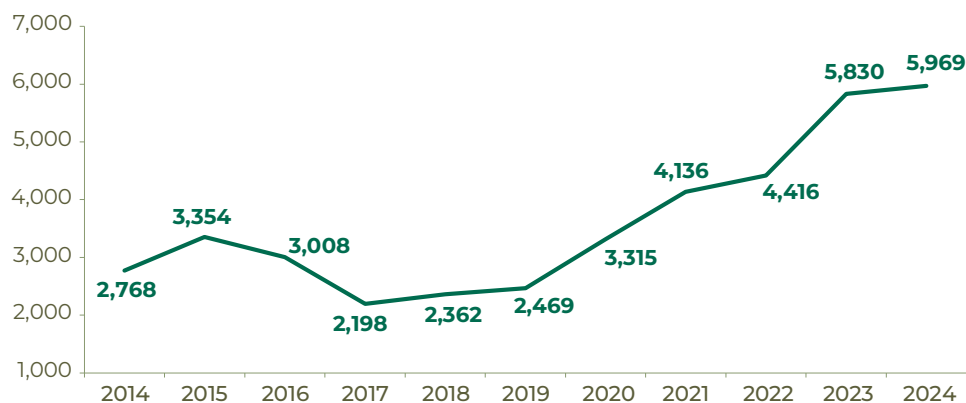
BRL
174.5
MILLION
in credit for the
TOURISM
SECTOR

BRL
5.7
BILLION
in disbursement
exceeding the
target by **11%**

FINANCING CONTRACTS

BRDE credit lines continued to expand in 2024, maintaining the growth trend observed in recent years. The volume of credit contracted reached a new record, totaling approximately BRL 6.0 billion, which represents an increase of 2.4% compared to the previous year. This amount covers a variety of projects, both rural and urban, distributed by BRDE's area of operation, as shown in Graph 3.

GRAPH 3. EVOLUTION OF FINANCING CONTRACTS (BRL MILLION, NOMINAL VALUES)



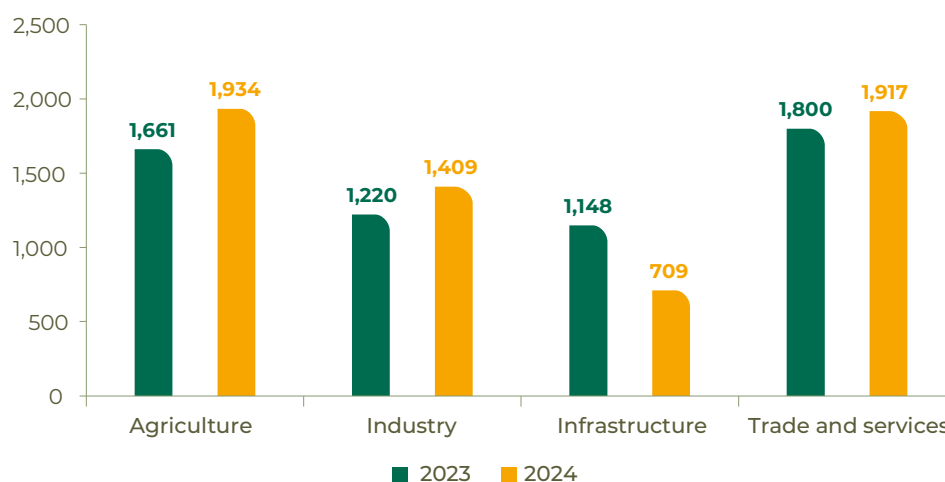
Source: Elaborated by the authors.

FINANCING CONTRACTS BY SECTOR

Analyzing credit contracts by economic sectors, agriculture was the one with the highest volume of contracting in 2024: BRL 1.9 billion, presenting a variation of 16.4% compared to the previous year.

Trade and services came next, also with BRL 1.9 billion in contracted credits, 6.5% higher than in 2023. The industry, with contracted values of around BRL 1.4 billion, registered an increase of 15.5% compared to 2023. Infrastructure, with BRL 709.0 million in contracts, decreased by 38.2% compared to 2023 (Graph 4).

GRAPH 4. VALUE OF FINANCING CONTRACTS BY SECTOR (BRL MILLION)



Source: Elaborated by the authors.

This year, BRDE disbursed BRL 2.8 billion in credit for agribusiness, covering production cooperatives, rural producers of different sizes, and other enterprises in the sector. This amount financed investments in the agricultural, industrial, commercial, and service sectors.

The Bank's solid partnership with agro-industrial cooperativism stands out, strengthened through long-term financing for expansion, verticalization and modernization projects of these organizations. This action consolidates the Bank as a reference in credit for cooperatives.

This year, BRL 1.1 billion went to agro-industrial cooperatives. Among the projects financed by cooperatives, we highlight the following:



SUPPORT TO THE NEW COTRIBÁ FACTORY

The Ibirubá Cooperative, in the city of Ibirubá, Rio Grande do Sul, is the oldest agro-industrial cooperative in Brazil, present in 29 cities, with more than 9,500 members and about 15,000 clients. In another project carried out with BRDE resources, the cooperative invested in the construction of a new and modern feed factory, with an initial capacity to produce 200,000 tons of food per year. Investments totaled BRL 180.0 million, of which BRL 87.0 million was financed by BRDE. In addition to increasing the volume and marketing of feed for dairy cattle, beef cattle and small animals, the new factory will contribute to increasing the productivity of herds. One of the project phases also included the production of mineralized salt to assist in animal feed.



BRDE FINANCES VALUE ADDITION TO PRIMARY PRODUCTS

Since the late 1990s, Paraná agro-industrial cooperatives have adopted the strategy of adding value to the production of their members. This initiative was made possible, mainly, with the financial resources disbursed by BRDE through the Program for the Revitalization of Cooperatives of the State of Rio Grande do Sul (RECOOP/RS) and the Cooperative Development Program for Adding Value to Agricultural Production (Prodecoop).

Over time, these investments have generated significant results. Currently, approximately 48% of the revenues of Paraná agro-industrial cooperatives come from the industrialization of primary products. In this context, the industrialization of soybeans has become one of the items that received the most investments, benefiting the entire production chain and leveraging the state's economy. A growing portion of soybeans began to be processed in Paraná, becoming derivatives such as oil, bran, biodiesel, and other high-quality products for human and animal consumption. In the soy crushing process, soybeans are processed into oil and bran. Soybean meal is widely used in poultry and pork feed, whose meats are among the most important products for cooperatives in Paraná – the state is the largest poultry producer in the country and the second-largest pork producer. Thus, adding value further strengthens the generation of income and employment in the region from agricultural products.

Cooperativa Agropecuária Tradição (Coopertradição), BRDE's client since its foundation 21 years ago, started the construction of a soybean meal and oil industry with an initial capacity of three thousand tons of crushed grain per day, located in Pato Branco, in the southwestern region of Paraná. The project, budgeted at BRL 700.0 million, is financed by BRDE and other institutions, such as BNDES and Banco do Brasil. The project is underway, and the industry is expected to start activities in April 2026, generating 120 new jobs.

The agribusiness sector and production chains linked to agribusiness play a key role in the economy of the Southern Region. This impact takes place both directly – through agricultural production, its industrialization, and distribution, and indirectly, due to the significant effects on income and employment generation.

In this scenario, agricultural production cooperatives play an essential role in organizing and coordinating the activities of thousands of rural producer families, mostly linked to family farming, to enable and enhance their economic activities.

In the social sphere, the integration system, widely used in poultry and pork farming, encourages producers to remain in rural areas. This model contributes to reducing rural exodus, limits the advancement of urbanization, and assists in minimizing the risks of unemployment and inadequate housing.

Agricultural production cooperatives play a key role in southern Brazil, working in several areas such as grain storage, marketing of agricultural inputs and seeds, integrated production of pork and poultry, industrialization of agricultural products, in addition to providing services, supermarkets, and gas stations, among other activities. These cooperatives stand out as one of the main economic agents in the region.

At the same time, the strength of its food systems makes the Southern Region the main producer and exporter of animal protein in Brazil, resulting in an expressive volume of revenues that undoubtedly favors several other activities and drives a comprehensive development.



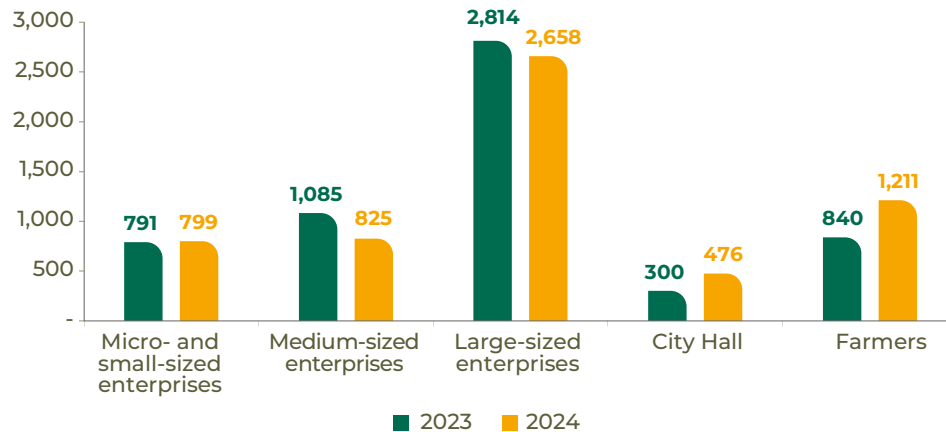
One of the pillars of this process is the National Program for Strengthening Family Farming (PRONAF) which has BRDE as one of its main financial agents. In 2024, BRDE allocated BRL 665.4 million to several investments supported by PRONAF, benefiting 6,976 family producers.

FINANCING CONTRACTS BY CLIENT SIZE

The credit lines carried out by BRDE, according to the enterprises' size, maintained the pattern observed in previous years. The largest volume was recorded by large enterprises, totaling BRL 2.7 billion. Most of these contracts refer to agro-industrial cooperatives, which represent 40.7% of the financing provided to large enterprises. This type of credit operation considers the benefits generated for the entire production chain associated with these cooperatives, which operate in the industrialization of products from thousands of rural producers.

Financing granted to micro- and small-sized enterprises (MSEs) totaled BRL 799.0 million, while those intended for rural producers reached BRL 1.2 billion. In addition, credit contracts with city halls recorded significant growth in the last two years, totaling BRL 476.0 million in 2024.

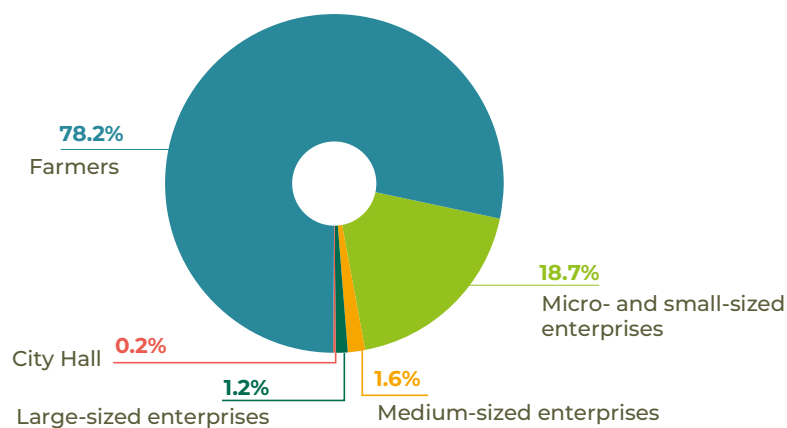
GRAPH 5. VALUE OF CONTRACTS BY SIZE (BRL MILLION)



Source: Elaborated by the authors.

Highlighting the capillarity of BRDE and the wide access of small-sized entrepreneurs to credit, the number of credit lines in 2024 (Graph 6) shows that 78.2% were carried out with rural producers, mostly family farmers, and 18.7% represent contracts with MSEs.

GRAPH 6. PARTICIPATION OF CLIENTS BY SIZE IN THE NUMBER OF CONTRACT FINANCING IN 2024 (%)



Source: Elaborated by the authors.

BRDE, as a development bank, has among its main functions to facilitate access to credit for small-sized entrepreneurs, in rural and urban sectors. To achieve this objective, the Bank provides credit through indirect financing.



In 2024, indirect financing, those carried out by partner institutions, totaled BRL 1.5 billion. Of this amount, 64.2% went to rural producers, while 24.6% went to MSEs. BRDE also uses guarantee funds to facilitate financing for small-sized entrepreneurs, especially the Investment Guarantee Fund (FGI), active since 2012, and the Guarantee Fund for Micro- and Small-Enterprises (FAMPE), which has existed since 1996. These funds allow enterprises without the guarantees required to get credit, which often prevents access to financing, to pay a commission to use the guarantees.

One of the sectors that contributes most to job creation among SMEs is tourism. To meet the credit needs of this sector, BRDE has as its main source the funds from the Brazilian Federal Tourism Fund (FUNGETUR). This fund, linked to the Ministry of Tourism (MTUR), is an essential instrument of investment policies aimed at improving tourism infrastructure, strengthening this vocation in the several regions.

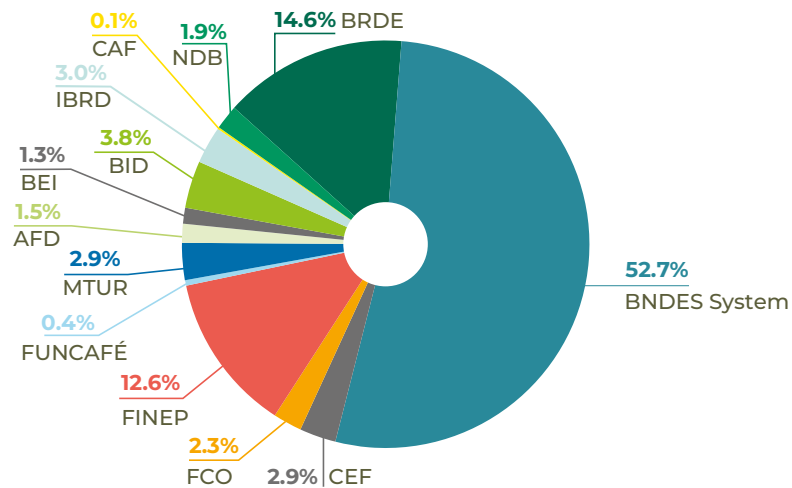
Since FUNGETUR'S creation in 2018, BRDE has stood out as one of the main financial institutions in these resources' disbursement. This year, the Bank contracted 76 credit operations through FUNGETUR, of which 62 were destined to SMEs, representing 81.6% of the total. Financing for the tourism sector reached BRL 174.5 million, of which 36.2% was directed to small-sized enterprises.

Among the projects financed, the following stand out: 17 hotels or inns, 21 restaurants or bars, and four amusement parks.

DIVERSIFICATION OF FUNDING SOURCES

For BRDE, it is essential to have diversified, stable, and competitive sources of resources. It allows maintaining a level of operation compatible with its objective of financing sustainable development.

In 2024, the Bank operated with funds from 12 partner financial institutions. Graph 7 shows the shares of each funding.

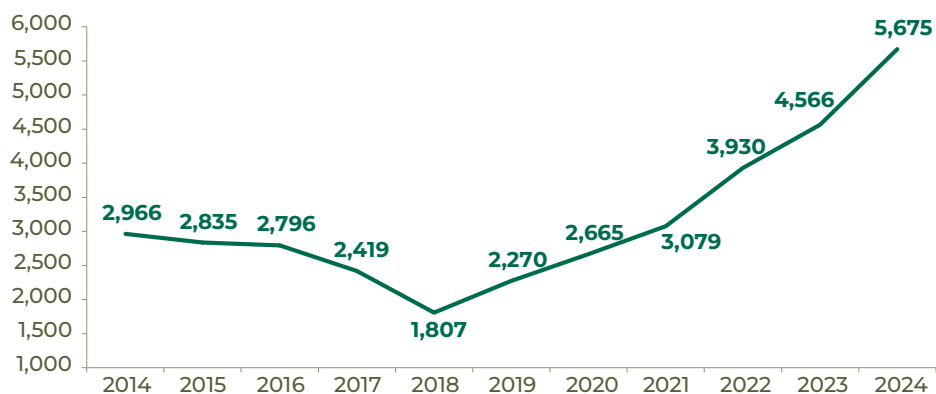
GRAPH 7. PARTICIPATION OF FUNDING SOURCES IN CREDIT LINES (%)

Source: Elaborated by the authors.

We can highlight this year the start of operations with IBRD resources, which corresponded to 3.0% of all credit lines, as well as the increase in the share of operations with BRDE's resources. This last source includes both the amounts from the Bank's cash and the funds raised in the financial market, whose funding intensified in 2024.

RESOURCE DISBURSEMENTS

The resources disbursed by BRDE registered growth in 2024, reaching a new record of BRL 5.7 billion. This represents an increase of 24.3% in nominal terms compared to the previous year.

GRAPH 8. EVOLUTION OF DISBURSEMENTS (BRL MILLION, NOMINAL VALUES)

Source: Elaborated by the authors.

6

FINANCIAL PERFORMANCE



The analysis of BRDE's financial performance shows its progress towards the strategic objective of economic sustainability, driven by the principles of responsible corporate management, and by its financial autonomy and its budget.

To achieve this goal, BRDE must maintain a strong and self-sustainable financial and asset base, ensuring that its prudential capital and liquidity indicators remain at adequate levels. In this way, the Bank guarantees its ability to fulfill its mission of providing financial support to development through credit.

Thus, BRDE must seek to achieve positive results compatible with its capital management, in terms of operational performance and the management of its financial assets. BRDE's financial information demonstrates the success of its operations, showing that it is possible to finance development with low levels of default rates and solid financial autonomy.

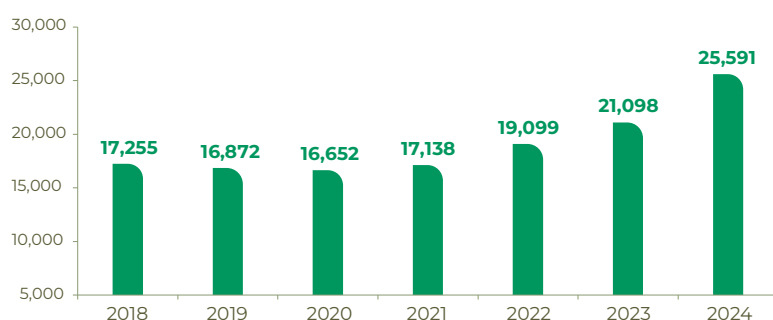
It is worth noting that BRDE annually invests in the economy an amount greater than its capital, showing its relevant role in boosting development.

You can find BRDE's Financial Statements on the Bank's website.

TOTAL ASSETS

BRDE's total assets increased 21.3% compared to the previous year, ending 2024 with BRL 25.6 billion. This increase was mainly driven by the expansion of the Bank's credit portfolio, as illustrated in Graph 9.

GRAPH 9. BRDE TOTAL ASSETS (BRL MILLION, NOMINAL VALUES)



Source: Elaborated by the authors.

BRL
25.6
BILLION
in **assets**

↑
21.3%

BRL
21.5
BILLION
in **credit portfolio**

↑
20.6%

BRL
4.5
BILLION
in **net equity**

↑
9.6%

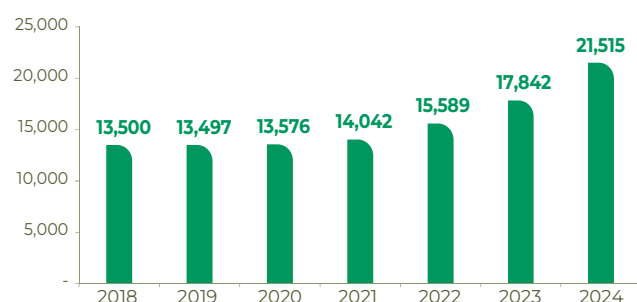
BRL
472.5
MILLION
in **net income**

↓
8.6%

CREDIT OPERATIONS

The balance of BRDE's credit operations and financial transfers increased 20.6% in 2024, totaling BRL 21.5 billion (Graph 10). This result reflects the success in contracting new loans and financing, in line with the greater diversification of sources of funds.

GRAPH 10. BRDE CREDIT OPERATIONS (BRL MILLION, NOMINAL VALUES)

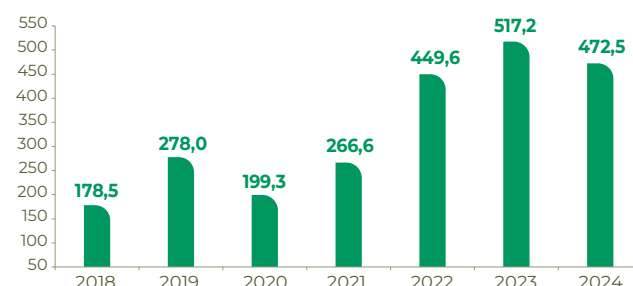


Source: Elaborated by the authors.

NET INCOME

BRDE's net income in 2024 was BRL 472.5 million, representing a reduction of 8.6% compared to the 2023 result, as shown in Graph 11. Despite the drop, the performance exceeded the estimates of the internal projections, reinforcing the Bank's financial sustainability, one of BRDE's strategic objectives.

GRAPH 11. NET INCOME (BRL MILLION, NOMINAL VALUES)

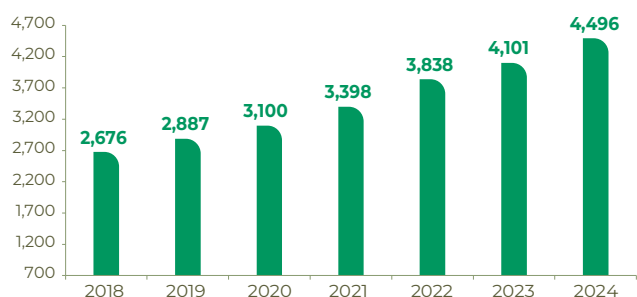


Source: Elaborated by the authors.

EQUITY

BRDE's net equity shows a continuous increase, ending the year with a total of BRL 4.5 billion, representing an increase of 9.6% compared to 2023 (Graph 12). This equity increase is associated with the profits obtained, which are reinvested annually. BRDE's equity provides greater leverage and financial capacity, allowing the Bank to support the development of its area of operation.

GRAPH 12. EQUITY (BRL MILLION, NOMINAL VALUES)

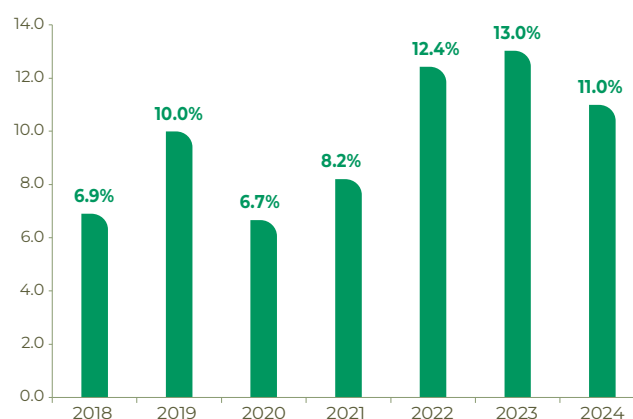


Source: Elaborated by the authors.

RETURN ON EQUITY

Profitability on average equity reached 11% this year, a reduction compared to the previous year, but maintaining the pattern of recent years, as illustrated in Graph 13.

GRAPH 13. RETURN ON AVERAGE EQUITY (%)

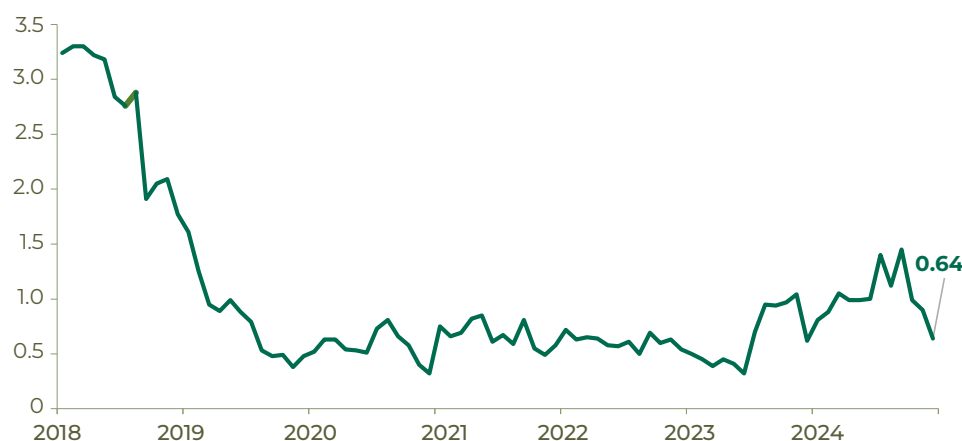


Source: Elaborated by the authors.

DEFAULT RATE

Although the default rate increased during 2024, it ended the period at low levels. At the end of 2024, it reached 0.64% of BRDE's credit portfolio, remaining below the rates of the National Financial System (SFN) and public and private banks. The criterion adopted considered clients with overdue installments for more than ninety days.

GRAPH 14. DEFAULT RATE OF BRDE CREDIT PORTFOLIO – OVER 90 DAYS (%)



Source: Elaborated by the authors.

BRDE PROGRAM FOR CAPITAL MARKET FUNDRAISING

BRDE's funding diversification policy establishes, among its business fronts, the raising of funds through the issuance of fixed-income securities in the capital market. As part of the execution of this strategy, BRDE launched, in April 2024, the BRDE Capital Market Fundraising Program through indirect distribution, via partner brokers.

The Bank has already issued securities traded in the market, but in the direct distribution format, with limited scalability. From 2024, market funding by BRDE started to have more financial instruments available, such as Agribusiness Credit Bills (LCA), Financial Bills (LF), and Development Credit Bills (LCD), reaching retail investors through brokers and asset managers. Funding via LCAs totaled BRL 353.7 million at the end of 2024, serving as a source of funds for expanding credit programs.

LCD, a new funding instrument aimed at expanding the supply of credit, especially to promote sustainable development, was regulated by the National Monetary Council (CMN) in November. It is a fixed-income security that can be issued exclusively by subnational development banks and BNDES, with exemption from Income Tax for individuals and coverage by the Credit Guarantee Fund (FGC).

Demonstrating, once again, its pioneering and innovative character, BRDE carried out the first LCD issuance in Brazil, in November, worth BRL 71.6 million. Only one week after this initial issue, the Bank reached the limit stipulated by CMN for the instrument, totaling BRL 266.6 million in LCDs issued in the year.

Also in 2024, BRDE issued its first Finance Bill (LF), a new fixed-income instrument different from the bonds issued by the Bank until then. LFs generally have longer maturities and higher issue amounts, making them attractive to a different investor profile. The development of this type of funding made it possible for investment funds to include BRDE securities in their portfolios.

Therefore, BRDE raised BRL 683.7 million in 2024 from the different fixed-income financial instruments. Next year expect to continue with the Capital Market Fundraising, increasing the number of partner institutions and turnover in this sector.

RATING

Every year, BRDE undergoes risk assessment by reputable rating branches in the international financial market.

In May 2024, after the floods, Fitch Ratings carried out an analysis in which BRDE's credit ratings were maintained. Long-term issuer default ratings in foreign and local currencies remained at "BB", in line with the sovereign rating, and short-term IDRs in foreign and local currencies at "B", both with a stable outlook. The credit quality of the three controlling states is considered to strongly influence the Bank's ratings.

In September 2024, Moody's Investors Service maintained BRDE's long-term global rating at ba2, with a stable outlook. The agency highlighted the Bank's role in fostering development in the states of the Southern Region, the constant increase of its credit portfolio, the solid levels of capitalization, and its interstate governance that limits political influence in its decisions. This also stressed that the stable financing structure of BRDE is an essential factor for the support of its ratings, despite the high concentration of resources due to the predominance of funds from BNDES.

In November, Moody's Local BR raised BRDE's risk rating from A+.br to AA-.br, maintaining a stable outlook. The improvement in the Bank's rating reflects the gradual evolution of its fundraising structure in the last five years, evidenced by the reduction in dependence on BNDES transfers and access to funding with multilateral entities, in addition to operations in the domestic capital market, such as issuances of LF's and LCAs.

The Bank's credit profile is strengthened by its high capitalization, resulting from the incorporation of its profits. In addition, its rating incorporates a high level of support from its controlling states – Paraná, Santa Catarina, and Rio Grande do Sul – due to its strategic role in developing the Southern Region, mainly as a relevant financier of agribusiness.

INCOME GENERATION AND DISTRIBUTION

The total income generated and distributed by BRDE in 2024 is shown in Table 9. It is noteworthy the payment of taxes in the amount of BRL 231.5 million.

TABLE 9. INCOME GENERATION AND DISTRIBUTION – 2024

GENERATION AND DISTRIBUTION OF WEALTH (BRL THOUSAND)		2024
(A) Gross revenue		2,736,469
(B) Purchased goods and services from third parties		-2,077,310
Expenses for transfers		-1,526,404
Provision for doubtful accounts		-344,280
Others		-206,626
(C) Gross value added (A-B)		659,159
(D) Retentions (depreciation, amortization, depletion)		-9,038
(E) Net value added (C-D)		650,121
(F) Transfers		294,525
Financial revenues		288,181
Non-operational result		6,344
(G) Value added to distribute		944,646
STAKEHOLDERS DISTRIBUTION (BRL THOUSAND)		944,646
Government		231,450
Tax burden or subsidies		231,450
Employees		240,743
Wages		164,692
Social security charges		11,340
Private pension (supplementary)		19,689
Benefits		24,791
Profit sharing		20,231
RETAINED EARNINGS		472,453

Source: Elaborated by the authors.

8

TEAM



PROFILE OF EMPLOYEES

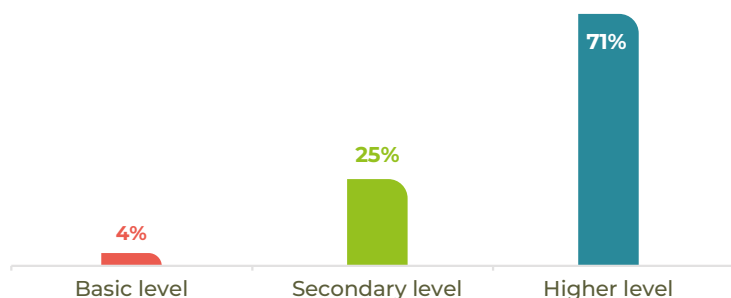
The technical team at BRDE is selected through public tender and hired according to the Consolidation of Labor Laws (CLT) regime. At the end of 2024, the technical staff consisted of 518 employees, including 486 permanent staff members and 32 appointed positions, the latter linked to the term of the Board. At the end of the year, 99 career employees occupied the leadership and managerial positions.

As shown in graphs 14 and 15, gender distribution is proportional when comparing the total number of employees and those in managerial positions.

Among career employees, approximately one-third are between 46 and 55 years, with an average age of 48.3 years.

Positions requiring higher education degree represent the majority among BRDE career employees, corresponding to 71%. The main courses are in Business Administration, Economics, Accounting, Engineering, and Law, demonstrating the multidisciplinary character of BRDE teams. The Bank also has employees in positions that require medium-level – administrative assistants, administrative clerks, and programmers. The staff also includes fundamental level positions such as janitors, attendants, receptionists, drivers, and computer operators (graphs 17 and 18).

GRAPH 17. DISTRIBUTION OF CAREER EMPLOYEES BY FUNCTIONAL SEGMENT (%)



Source: Elaborated by the authors.

GRAPH 14. EMPLOYEE PROFILES BY GENDER (%)



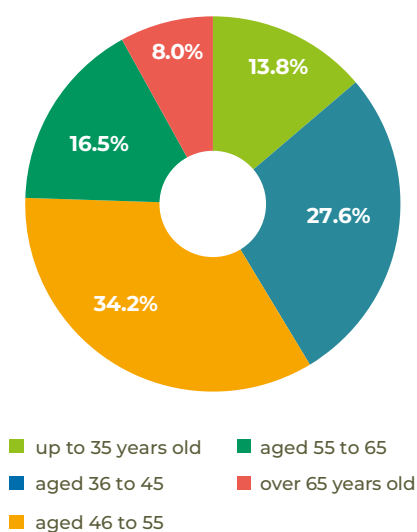
Source: Elaborated by the authors.

GRAPH 15. GRATIFIED POSITION OCCUPATION BY GENDER (%)

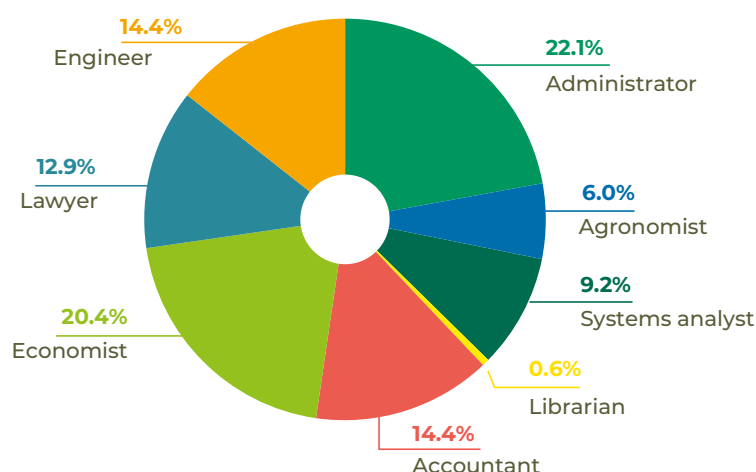


Source: Elaborated by the authors.

GRAPH 16. DISTRIBUTION OF CAREER EMPLOYEES BY AGE GROUP (%)



Source: Elaborated by the authors.

GRAPH 18. DISTRIBUTION OF CAREER EMPLOYEES BY PROFESSIONAL DEGREE (%)

Source: Elaborated by the authors.

NEW STAFF

In 2024, BRDE started to have new members in its staff. The contracted employees were approved in Public Tender No. 01/2022.

During the year, 28 admissions were made, distributed as follows: 10 administrative assistants, 1 system analyst, and 17 project analysts with different backgrounds.

As a people management strategy, the admission of new employees followed an onboarding program, with steps ranging from initial call to the completion of the ninety-day probationary period. The goal was to ensure the effective integration and training of new staff.

At the end of the process, in November 2024, a face-to-face onboarding event was held, bringing together the new employees from the three locations.

INTERNS

The BRDE Internship Program offers opportunities for students in higher education or technical high school to complement their academic training. The initiative includes practical experience and promotes development activities aimed at enhancing technical and cultural skills, as well as interpersonal and professional abilities.

Internships are offered in several fields such as Economics, Accounting, Administration, Law, Civil Engineering, Agronomy, Information Technology, Journalism, and Library Science, among others. At the end of 2024, BRDE had 115 interns, consisting of 37 men and 78 women.

GRAPH 19. PROFILE OF INTERNS BY GENDER



Source: Elaborated by the authors.

In 2024, workshops were held in each BRDE facility seeking to integrate trainees. Furthermore, with the participation of the Bank's psychologists, the meetings promoted discussions on professional skills and trajectories.

YOUNG APPRENTICES

Established in 2014, the BRDE Young Apprentice Program fosters the professional qualification of young people and supports their social and professional development. The initiative provides the first experience in the labor market, through theoretical and practical activities carried out in the professional environment. At the end of 2024, BRDE had 12 apprentices, comprising three men and nine women.

TRAINING

To ensure the continuous learning of its technical staff, BRDE implements, annually, its Training and Development Plan, among other initiatives. Aligned with the institution's strategic planning, the plan contributes to the fulfillment of its strategic objectives through training.

The training events are organized in the Training and Development Plan according to the following topics: legal requirements, business (concession/recovery), business support, information technology, strategic, and/or behavioral.

In the first half of this year, some training actions were suspended due to the floods that occurred in Rio Grande do Sul.



However, these trainings were resumed in the second semester, enabling the achievement of the goals defined in the Strategic Planning.

POSTGRADUATE PROGRAM

BRDE encourages and supports the training of its employees through partial reimbursement of postgraduate courses. For the benefit to be granted, the course content and the final research paper, when required for the completion of graduate studies, must be directly related to the employee's activities and/or the needs of BRDE, following the objectives defined in the Strategic Map, part of the Strategic Planning. Currently, four employees participate in this program.

FOREIGN LANGUAGE PROGRAM

The Foreign Languages Program (PLE) is a BRDE initiative that promotes employee participation in language courses. These are modular courses and include basic, intermediate, advanced, and conversational levels. The program provides partial reimbursement of expenses, partially subsidizing costs for enrolled employees. This year, 31 employees trained in a foreign language through this program.

TRAINEE PROGRAM

The first trainees – students of postgraduate courses – started their activities in BRDE in May of this year. Four new employees were hired for three different Bank areas, aiming to develop specific projects, aligned with socioenvironmental and governance (ESG) principles, innovation, and process automation.

Since the program's planning, surveys have been carried out to assess the needs of the areas interested in receiving trainees. In this process, the specific attributes for hiring, the activities to be performed, and the requirements for hiring were defined.

Throughout the program, trainees are monitored periodically to assist in evaluating its evolution. The first evaluation indicated their contributions to relevant projects and the solution of problems in the specific areas, confirming the fulfillment of the objectives proposed in the program.

EMPLOYEE RECOGNITION

BRDE's Strategic Planning establishes a goal to promote people-centered management, encouraging a culture of engagement, continuous development, and implementation of innovative initiatives.

FLOOD AID

In the face of the public calamity that took place in Rio Grande do Sul, BRDE signed, with the Bankers' Union of Porto Alegre and the Region, the Specific Collective Bargaining Agreement (ACT), called the Emergency Support Program for Workers Affected by the Environmental Disaster. Under this program, the Bank structured a series of measures to support employees. Among the initiatives, while the headquarters was inaccessible, BRDE provided full remote working, additional food allowance, emergency housing allowance, and the possibility of advancing the salary and the second installment of the 13th salary.

THE IDEAS AND PROJECTS BANK DRIVES INNOVATION AND EFFICIENCY IN PROCESSES

The Ideas and Projects Bank (BIP), a platform created to stimulate internal innovation and drive improvements in the institution's operational flows, contributes to the delivery of BRDE's results.

BIP fosters collaboration among team members, focusing on continuous improvement in pivotal areas. The goal is to identify and cultivate ideas that optimize the organization's core business, improve internal processes, and, more broadly, contribute to the SDGs.

In 2024, the fourth cycle was carried out, keeping the same theme: "How to reduce client service time, from loan application to contract execution, through viable and quick process improvement solutions?", reflecting the strategic commitment to client satisfaction and operational optimization.

Of this cycle, 21 collaborators participated, who submitted 27 proposals, five of which were presented by more than one author. Of these projects, 16 were qualified and classified based on grades assigned according to criteria established in the regulation. The two ideas with the best grades were awarded:

<p>TITLE <i>Structuring of Innovation Projects, by Charging a Service Fee</i></p> <p>AUTHORS <i>Jean Farley de Abreu and Fabiana Maria Fidelis</i></p>	<p>TITLE <i>After Sales Management in Internet Banking</i></p> <p>AUTHOR <i>André Lopes Falcão</i></p>
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All BRDE staff, including employees, trainees, interns, and apprentices, can participate in the Ideas and Projects Bank. Proposals can be presented individually or in groups, aiming at the development of solutions that generate an immediate impact and that require low technological effort for their implementation. The process is continuous, with analysis and selection of ideas carried out each cycle. Suggestions can be submitted at any time and will be reviewed every six months.

FAMILY FUN DAY AT BRDE

During Children's Day week, BRDE promoted a special activity to reinforce the importance of the family as a pillar of its organizational culture. Employees had the opportunity to take their children, up to 12 years old, to get to know their parents' work environment and enjoy a family moment at BRDE facilities. Altogether, 62 children participated in the event, which featured recreational activities in Porto Alegre and Florianópolis. In Curitiba, the Nariz Solidário and Arte e Vida projects, both supported by BRDE through incentive laws, offered a balloon workshop and a musical performance.

The activity also included the distribution of souvenirs, photo shoots, and visits to parents' workrooms. Those responsible had their demands made more flexible so that they could enjoy the moment and take care of their children during the event. In addition to providing fun to children, the initiative fostered the approximation between colleagues from different areas.

CAREER ADVANCEMENT PROGRAM

BRDE carries out, every six months, a cycle of promotions based on the performance evaluation that allows the progression of the Bank's permanent staff, raising them from a reference level to another superior within their career.

All active employees who are not at the maximum level of the position and who meet the criteria defined in internal standards can participate. In 2024, 169 employees were promoted.

PERFORMANCE EVALUATION PROGRAM

The performance evaluation program is a structured process to measure and compare the performance of employees in their positions or functions, based on predefined factors and criteria.

The following stand out among its goals:

- (i) Establish conditions for the full demonstration and development of employees' capabilities;
- (ii) Contribute to the strengthening of meritocracy;
- (iii) Establish an effective and objective performance evaluation process aligned with BRDE's strategic guidelines.

The evaluations are carried out by the employees, their immediate supervisor, and three colleagues. Furthermore, to strengthen the culture of collective engagement among collaborators, a share of the individual score is linked to the achievement of BRDE's strategic goals. Among the main indicators evaluated, we highlight the total amount of financing contracted, operations of Green Bank, and those with social impact, among other indicators.

OCCUPATIONAL SAFETY AND QUALITY OF LIFE

The Internal Committee for Accident Prevention (CIPA) works on preventing accidents and improving the quality of the work environment, to make the work compatible with the preservation of life and the promotion of the health of the Bank's employees.

Every year, CIPA orders the Technical Report on Working Environment Conditions (LTCAT) to identify and evaluate working

environmental conditions (physical, chemical, and/or biological risks) through qualitative and/or quantitative risk assessments to worker health and integrity during working life.

Once the risks are identified, the Risk Management Program (PGR) is prepared, with the Risk Inventory and Action Plan. In the worker health area, CIPA, together with the Bank's administrative area, developed several actions in 2024, such as the Internal Week for the Prevention of Occupational Accidents (SIPAT). During this event, which had as its theme the quality of life at work, the following issues were addressed: team development in the hybrid work model; conscious use of medicines; mental hygiene and work resources; the risks of betting; and the prevention of moral and sexual harassment.

Human Resources has intensified actions to strengthen the sense of harmony, unity, and empathy among the Bank's employees. In this context, joint activities were promoted, such as bike rides, beach tennis games, and a picnic in Florianópolis.

The "Wellness Connection" event was held in the three southern capitals, promoting employees' integration in parks with physical activities and talks aimed at improving health. The event included massage, guided walking, relaxation sessions with quick massage, and encouraging physical and mental health care. The initiative reinforced the Bank's commitment to the well-being of its employees.

BRDE partnered with Wellhub, a corporate wellness platform that offers access to gyms and apps for physical and mental health, nutrition, sleep quality, and more. The platform provides access to more than 18,000 gyms, clubs, studios, boxes, and live classes of the most varied modalities, as well as applications for sleep quality, meditation, nutrition, bicycle rental, psychological care, financial guidance, and monitoring of physical activities.

BRDE believes that investing in the safety and health of its employees is essential not only to comply with legal obligations, but mainly to ensure a healthy, productive, and happy work environment.

COMPENSATION

BRDE's salary policy follows the conditions established annually by the Collective Bargaining Agreement of the banking category, covering the bargaining agreement of the category, profit sharing, semi-annual bonuses, food and meal allowances, 13th-month food baskets, and transportation vouchers.

In addition, BRDE employees have the option of joining the complementary pension plan of the BRDE Foundation for Complementary Pension (ISBRE), which provides supplementation to official pension benefits, including retirement, sick pay, and pension.

The compensation of BRDE managers is regulated by a specific standard established in 2019, which defines the guidelines, rules, and criteria for measuring and paying the fixed and variable compensation of these professionals. The standard applies to the members of the Board of Directors, Executive Board, the Audit Committee, and the Fiscal Council.

The salary table for career employees and cabinet members is available on the BRDE website, on the Transparency Portal (<https://www.brde.com.br/transparencia/sobre-o-portal/>).

BENEFITS

The BRDE benefit plan assists employees and dependents, covering health care programs, including dental, child care, and food assistance. BRDE also participates in the Citizen Company Program, providing an extension of maternity leave by sixty days (totaling 180 days) and paternity leave by 15 days (totaling twenty days) in cases of childbirth and adoption.

BRDE also provides an on-site occupational health service that carries out expertise, monitors absenteeism due to health issues, and performs admission, dismissal, periodic, and return-to-work medical examinations. The Bank also provides psychological monitoring services through an organizational psychologist.

HEALTH ASSISTANCE PROGRAM

The Health Assistance Program (PAS) provides subsidized medical assistance to beneficiaries, employees, and their dependents.

BRDE fully covers, within established limits, expenses for surgeries, hospitalizations, and outpatient treatments. For consultations, tests, and specialized medical treatments, the employee's contribution varies based on their salary range or position.

DENTAL ASSISTANCE PROGRAM

The Dental Assistance Program (PAO) provides its beneficiaries with complementary dental support. BRDE contributes to a share of the costs of dental professionals' services, according to the employee's remuneration.

CHILDCARE ASSISTANCE PROGRAM

The Childcare Assistance Program (PAI) provides preschool support for the legal dependents of BRDE employees until children begin elementary school. The goal is to promote preschool assistance through educational initiatives adapted to each age group, developing children's personalities and their integration into the social context. In 2024, this benefit was received by 68 employees, assisting 75 children.



9

SOCIAL, ENVIRONMENTAL AND CLIMATE RESPONSIBILITY



In its role as a development bank, BRDE has long been dedicated to promoting social, environmental and climate responsibility in its financed projects and activities.

In face of this commitment and its mission and taking into account its history, the Bank incorporated, among its strategic objectives, the promotion of initiatives aimed at improving its social, environmental and climate performance. Both in its operations and processes and in its products, BRDE acts in an integrated manner with stakeholders, aligning its actions with the objectives of the UN Global Compact, the UN 2030 Agenda, and the Principles of Responsible Banking (PRB), recommended by the United Nations Environment Programme (UNEP).

BRDE's alignment with the best practices of social, environmental and climate responsibility and with the objectives of the 2030 Agenda has two dimensions:

- » **Internally**, it implies advancing actions related to the internal management of the impact of activities and issues as gender, diversity, volunteering, and culture.
- » **Externally**, it deals with the assiduous promotion of social, environmental and climate responsibility before the various segments of society with which BRDE interacts.

Below, we present some actions and partnerships of BRDE aimed at sustainability.



GREEN BANK

Launched in 2022, the Green Bank consists of a series of BRDE initiatives that promote favorable socioenvironmental and climate impacts in the Southern Region of Brazil. This includes improving the institution's climate and environmental performance, in addition to supporting international fundraising and expanding beneficial actions. BRDE's Green Bank focuses on three axes of action:

- (i) Mitigation of environmental impact generated in BRDE's operational activities;**
- (ii) Promotion of social, environmental and climate projects through financial support from the Green and Equity Fund; and**
- (iii) Promotion of social, environmental and climate projects through credit operations.**

GREEN FUND



In February, the Government of the State of Paraná and BRDE launched the 1st Green Fund call for proposals to support the development of scientific, technological, and innovative projects aimed at promoting positive impacts in the socioenvironmental and climate context in the Southern Region. BRL 3.2 million will be invested through the Araucária Foundation, also a technical manager, the Secretariat of Science, Technology and Higher Education (SETI), and BRDE.

Of these, BRL 2.0 million comes from the Secretariat and the Araucária Foundation, and BRL 1.2 million from BRDE. The funds will be used to support up to 16 innovative projects focused on topics such as sustainability and water protection, pollution prevention and control, biodiversity protection and restoration, climate change mitigation and adaptation, transition to a circular economy, resilient and sustainable agriculture, and promotion of equity and economic and citizen inclusion. The call for proposals received 85 applications, of which 16 projects were approved. Each project can receive up to BRL 200,000.

For more information, see <https://www.fappr.pr.gov.br/Pagina/Pramas-2023-2024>.

In June, the 2nd Green public call was launched, in partnership with the Boticário Foundation, as a technical manager, and the Araucária Foundation, with the support of the Secretariat of Science, Technology and Higher Education (SETI), which assists projects in the Atlantic Forest Great Reserve, the largest continuous remnant of the biome in the country. BRL 1.2 million will be contributed by BRDE, for a total of BRL 2.9 million. The proposals for solutions must meet one of the three challenges presented: (i) to promote nature tourism through the connection of businesses, projects and programs, strengthening the region of the Atlantic Forest of Paraná as a national and international destination; (ii) to ensure the protagonism of local communities through the formation, valuation and implementation of sustainable businesses or projects; and (iii) to encourage projects that promote society's adaptation to climate change, attentive to water security or coastal-marine resilience. The results were released in October, with eight innovative solutions selected to be implemented, between 12 and 24 months, in at least one of the 18 cities of Paraná in the Atlantic Forest Great Reserve. The full list of selected projects can be found at: <https://chamada2024.teiadesolucoes.com.br/>.

The **edition of the Web of Solutions – Climate Resilience for Rio Grande do Sul** is an initiative of the Boticário Group Foundation for Nature Protection, in partnership with BRDE, RegeneraRS, the State of Rio Grande do Sul Research Support Foundation (FAPERGS), and the Araucária Foundation, with support from the Secretariat of Science, Technology and Higher Education of Paraná (SETI). At the end of the process, the best proposals will receive financial support for implementation. A total of up to BRL 10.0 million will be allocated to the selected solutions, which must meet the local reality and one of the proposed challenges: “Climate Adaptation in Action: Nature as an Ally” and “Science for Climate Adaptation: Unlocking the Potential of Nature”. All projects will have between 12 and 24 months to be executed from the end of the call. For more information, see <https://chamada.teiadesolucoes.com.br/>.

Green Bank's credit lines cover clean energy, energy efficiency, sanitation, waste management and recycling, sustainable agribusiness, sustainable cities, and public lighting projects. These credit operations reached BRL 858.6 million in 2024.

BRDE FINANCES THE CONSERVATION OF THE NATIVE FIELD OF THE PAMPA BIOME

The Alianza Mais (Alianza Plus) project supports the extension and consolidation of the private initiative Alianza del Pastizal, which brings together 355 rural producers and institutional partners linked to the environmental conservation of the Brazilian Pampa Biome. The initiative seeks to reduce the loss of biodiversity of the natural pastures of this biome through developing innovative and sustainable production models, combining production with conservation. Alianza Mais, launched in April 2023, arose from a partnership between the

Society for the Conservation of Birds in Brazil (SAVE Brasil), BRDE, and the French Facility for Global Environment (FFEM), managed by the French Development Agency (AFD).

In 2024, the first credit operations were carried out under Alianza Mais. The two contracts total BRL 2.25 million in credit and include investments for the improvement of the native field, the acquisition of equipment, and improvements in rural properties in the cities of Alegrete and Dom Feliciano, totaling 594 hectares of preserved Pampa Biome.



BRDE AT THE UNITED NATIONS CONFERENCE ON BIODIVERSITY – COP16

The Green Fund was selected among initiatives from 14 countries as a collaborative project of positive incentives for biodiversity conservation. The COP16 of the Convention on Biological Diversity (CBD), held in Cali, Colombia, was attended by a BRDE mission.

Only seven Brazilian programs were included in the list highlighted for their actions capable of reducing “practices harmful to the environment and increasing the implementation of practices with a beneficial impact on nature,” as the conference report mentions.

In addition to the Green Fund, the Alianza Mais Program, for the environmental conservation of the Pampa Biome, was announced at the event.

LIFE CERTIFICATION FOR THE BRDE BRANCH IN PARANÁ

The BRDE branch in Paraná received the LIFE certification granted by the Paraná Institute of Technology (TECPAR), in recognition of its actions and partnerships aimed at biodiversity conservation, the creation of the Green Fund, and mitigation measures to reduce environmental impacts.

Based on LIFE's methodology, which provides biodiversity performance metrics, and through the LIFE Key software, the branch was able to assess the pressure of its activities on the environment, as well as the positive actions taken for its conservation. This process resulted in the achievement of Nature Positive status, conferred on initiatives considered assertive for biodiversity preservation. The activities to obtain certification in the Bank's other facilities are in the final phase.



FREE TRAINING FOR WOMEN ENTREPRENEURS FROM THE THREE SOUTHERN STATES

The BRDE/AFD Accelerator Jump Program, in partnership with Impact Hub, provided weekly online meetings on entrepreneurship, management, and business expansion for free. In addition, the initiative provided individualized mentoring.

The program was for women entrepreneurs residing in the states of the Southern Region, who obtained credit through civil society organizations of public interest (OSCIP), financial partners of BRDE. Altogether, the initiative supported 150 women entrepreneurs. The program paid special attention to the entrepreneurs affected by the floods in Rio Grande do Sul, offering support for the resumption of their activities and growth.

TAX INCENTIVES

As an agent of socioeconomic and cultural development in the region where it operates, BRDE supports several projects in the social, sports, cultural, and health areas through tax incentive laws. This initiative is part of its Social, Environmental and Climate Responsibility Policy (PRSAC) and reflects the Bank's commitment to the SDGs.

In Rio Grande do Sul, Santa Catarina, and Paraná, BRDE directly applies resources that would previously be allocated to federal taxes.

BRDE adds value for people directly impacted by their social actions, especially by supporting projects with great social relevance – a practice carried out continuously. This contribution is manifested mainly in the support of children and adolescents in vulnerability, in the assistance and care for the elderly, in the promotion of health, and in the integration of people with disabilities. In addition, the Bank encourages parasport and inclusive sport, promotes initiatives in art and culture accessible to all, and fosters the strengthening of various social entities.

At the same time, the Bank generates value internally by promoting a spirit of community and fraternity, involving employees in activities that complement daily tasks. These actions, especially intensified at the end of the year, strengthen the bond between the team and reinforce the presence of BRDE in the community.

In 2024, the Bank launched a public call on the Incentive Portal, available on the BRDE website, to select projects already approved for fundraising through several initiatives, such as the Childhood and Adolescence Funds, the Statute and the National Fund for the Elderly, the Sports Incentive Law, the Audiovisual Law, the Culture Incentive Law (Rouanet Law), the National Oncology Care Support Program (PRONON) and the National Health Care Support Program for People with Disabilities (PRONAS).

The public call for financial support took into account, among other criteria, the geographic and thematic diversity of the institutions covered, the compliance of the proposals with BRDE guidelines, especially regarding its PRSAC and the Annual Communication Plan. The prior evaluation of the proposals' merits of all incentive laws was conducted by a committee composed of three representatives from each branch, at least one of whom was chosen from among the employees of the career board.

BRL 5.4
MILLION
allocated to
SOCIAL PROJECTS



156
SOCIAL
PROJECTS



This year, 620 projects were registered, of which 615 went on to the merit analysis. At the end of the process, 156 projects were selected in several locations in the Southern Region. It should be noted that, due to the floods, the selection of a share of the projects in Rio Grande do Sul was anticipated by three months, as well as the respective disbursement.

Chart 2 shows the number of projects contemplated by BRDE according to the destination of resources.

CHART 2. PROJECTS SUPPORTED BY BRDE BY TAX INCENTIVES IN 2024

ALLOCATION OF RESOURCES	NUMBER OF SELECTED PROJECTS
Childhood and Adolescence Fund	26
National Elderly Fund	14
Sports Incentive Law	35
Culture Incentive Law	72
PRONAS	3
PRONON	6
Total	156

Source: Elaborated by the authors.

The amount supported reached BRL 5.4 million, distributed among the three states.

The full list of selected projects, with their respective values, can be found on the BRDE website: <https://www.brde.com.br/incentivos/incentivos-fiscais/>

Below, we highlight some projects selected in the 2023 call for proposals and executed throughout 2024, with the support of BRDE.

Culture Incentive Law

For more than ten years, the Desterro Award has annually recognized the talent of dancers from all over the country, consolidating itself as the largest competitive dance festival in Brazil. The 13th edition of the festival, held in February with the support of BRDE, had its activities entirely developed on the premises of the Integrated Center for Culture (CIC), in Florianópolis.

The event brought together about 1,500 dancers from 129 schools, academies, groups, and companies from ten Brazilian states, as well as representatives of Paraguay. A total of 579 choreographies were presented, covering classical repertoire ballet, neoclassical ballet, contemporary dance, popular dances, urban dances, freestyle, jazz, and tap dance. The festival also featured the Competitive Exhibition, the Commented Scene, and the Battle of Urban Dances, which totaled 729 exhibitions. The event attracted an audience of 4,320 people.



*Ballet performance at the 13th Desterro Award
Source: Instituto Cultural Desterro collection.*

The Música no Bairro (Music in the Neighborhood) project achieved all its objectives, including 240 children and adolescents in situations of social and economic vulnerability attending choral singing workshops and wind instrument classes. The initiative served participants aged four to 18 living in Almirante Tamandaré, Paraná, allowing the same student to attend different classes, such as recorder, brass, choir, and guitar. Throughout the project, 25 presentations were made, mainly in schools, reaching a total audience of approximately ten thousand people.



*Presentation of the Música no Bairro (Music in the Neighborhood) project in Curitiba, Paraná
Source: Associação Evangélica Cristo Redentor collection.*

To encourage the habit of reading among students in the public school system, the POA (Porto Alegre) 250 Years Project had the support of BRDE through the tax incentive policy. In March, as part of the celebrations for the anniversary of the state capital, the Bank's disbursement made it possible to donate 1,000 books to the libraries of five city schools in different neighborhoods, with each unit receiving a collection of two hundred books. The initiative benefited 2,800 students in preschool education and elementary school, with works that help in the learning process.

Childhood and Adolescence Fund

The Associação de Pais e Amigos dos Excepcionais (Association of Parents and Friends of the Exceptional – APAE) of São José do Cedro, in Santa Catarina, serves 134 students with intellectual and/or multiple disabilities, as well as autism spectrum disorder (ASD). With the support of BRDE, the institution acquired air conditioners for the educational and health care rooms, as well as a transfer elevator for the therapeutic pool. This initiative ensured a more appropriate environment for students and provided greater accessibility and autonomy to wheelchair users and those with reduced mobility in hydrotherapy care.

The Centro de Educação Infantil (Children's Education Center – CEI) Bom Pastor is a unit dedicated to the care of children from four months to three years old. Located in the Boqueirão neighborhood, in Curitiba, Paraná, it works in partnership with the Municipal Department of Education (SME) and has the support of the local community. Its goal is to enable the integral development of the child through preschool education in its physical, psychological, intellectual, and social aspects, complementing the action of the family and the community.

Currently, CEI Bom Pastor serves 159 children and develops the project, The Importance of Playing in Child Development. The initiative, supported by BRDE, aims to acquire toys, playgrounds, and computer equipment, ensuring an environment that favors child learning and development, respecting the rights to live, play, explore, and express themselves.

National Elderly Fund

The Association of Parents and Friends of the Exceptional (APAE) of Maravilha, Santa Catarina, sought the support of BRDE for hiring teachers specialized in water aerobics and Pilates for the elderly. The project was developed with a focus on this phase of life, in which the body undergoes a natural decline, resulting in loss of mobility, reduced motor speed, and the need for greater strengthening to prevent accidents, atrophies resulting from physical inactivity, early motor and cognitive decline, in addition to depression. Classes are offered in two classes of 15 older adults with intellectual and/or multiple disabilities, and autism spectrum disorder (ASD).

National Oncology Care Support Program (PRONON)

BRDE financially supported the São Vicente de Paula Hospital, in Curitiba, Paraná, in the acquisition of magnetic resonance equipment, which generates high-precision images that help in the early diagnosis of cancer. The transfer was carried out within the scope of PRONON, within the tax incentive policy. The hospital offers several surgical and clinical specialties, with emphasis on patients from the Unified Health System (SUS), which represents 70% of medical care.

Sports Incentive Law

The Sport + Paralympic Swimming and Biribol – Year II project, of the Sport + Association, based in Rio Grande do Sul, was awarded resources from BRDE to promote parasport swimming for people with disabilities. The initiative, which benefited 55 people without age restriction, aims at social inclusion and participation in regular sports activities, generating physical, emotional, and social benefits. In addition to acquiring the necessary materials, such as uniforms, and hiring specialized technical services, such as teachers for training, the resources made it possible for the Brazilian Confederation of Sports for Intellectual Disabilities (CBDI) to participate in the Brazilian Swimming Meeting 2024, which led the team to second place.



Team at the CBDI 2024 Brazilian Swimming Meeting
Source: Associação Esporte+ collection.

Moda Alegre

The social entrepreneurship Moda Alegre (Joyful Fashion) – Trilhas de conhecimento (Pathways of Knowledge) develops cognitive and psychosocial skills through technical training, education in several dimensions, practical experiences, entrepreneurship, and personal appreciation for 55 seamstresses and artisans in situations of social and economic vulnerability in 24 communities in Porto Alegre. In the career management segment, individual mentoring was carried out with thirty participating women.

With the sponsorship of BRDE, the program is developed through monthly meetings to improve technical skills and human development. The initiative seeks to promote actions that generate income opportunities, providing technical courses, such as cutting and industrial sewing, as well as training in other areas of the fashion sector.

The program provides tools for the development of cognitive, creative, and psychosocial capacities through technical and practical training, individual mentoring and career management, neurolinguistic programming, and, with the citizen network, socioemotional activities.

In addition to professional strengthening, the program values personal issues through psychosocial actions, highlighting the participants' stories of overcoming and their recognition as entrepreneurs. It also reinforces the valorization and resignification of the sewing profession, a generational activity of great relevance.



Meeting of Socioemotional Education of Moda Alegre | Source: Moda Alegre Collection.

VOLUNTEERING

Volunteering actions start from the desire of many BRDE employees to help others. In addition to traditional initiatives, such as Solidarity Christmas and the winter clothing campaign, new actions emerge every year, all valued by the Bank.

AID TO FLOOD VICTIMS IN RIO GRANDE DO SUL

Over fifty days, employees from all BRDE facilities mobilized to ensure that colleagues affected by the floods received the necessary assistance. As part of this initiative, a fundraising campaign was carried out for the acquisition and delivery of essential items and clothes to the affected employees.

Among the social responsibility actions promoted by the Bank, we highlight the registration of 75 volunteers and the support needs, the collection of donations, and the offer of temporary shelter by the BRDE Employees Association of Porto Alegre. The volunteers made 90 donation deliveries and assisted 35 families from Porto Alegre, Canoas, Guaíba, Novo Hamburgo, Esteio, and São Leopoldo.

A share of the funds collected was used to assist colleagues in rebuilding their homes, especially those on lower incomes. The donations helped a minor apprentice, an intern, and five employees, as well as seven outsourced employees who work in the cleaning and concierge services of the BRDE headquarters.

COLMEIA DEBORAH

The Associação Beneficente Colmeia Deborah, with more than forty years of solidarity activities, is maintained with contributions from employees of the BRDE branch in Paraná and works in several social projects. In 2024, the association carried out several charitable campaigns, mainly serving outsourced workers and residents of Vila das Torres, in Curitiba, in addition to those affected by floods. The actions involved the donation of Easter baskets, warm clothes, mattresses, water, basic food baskets, toys, and Christmas baskets.

SOLIDARITY CHRISTMAS

Every year, BRDE organizes Solidarity Christmas in its three branches, honoring those who contribute significantly to the operation and well-being of the institution during the year. Thus, throughout December, the Bank promoted actions to gift the outsourced staff.

In this project, several gifts were distributed to the children, benefiting children and grandchildren of outsourced staff. The action is carried out by the Bank's employees, who undertake to sponsor and gift the children.

In addition, BRDE employees also mobilized to raise funds and donations, converted into Christmas baskets for outsourced workers at branches located in Porto Alegre, Florianópolis, and Curitiba.

CULTURE

Promoting culture and creativity is the key to achieving the SDGs, as advances in the socioeconomic and environmental areas stimulate cultural production and creative expression. These aspects interconnect synergistically. Recognizing the relevance of this process, BRDE supports culture through its cultural spaces and several initiatives.

AUDIOVISUAL SECTOR FUND (FSA)

Since 2012, BRDE has acted as a financial agent for the Audiovisual Sector Fund (FSA), managed by the Brazilian Film Agency (ANCINE). The Fund promotes the development of the entire production chain of the audiovisual sector in Brazil, through several financial instruments, such as investments, financing, in addition to support operations and equalization of financial charges. In 2024, BRDE launched ten new calls for proposals for investment in the sector, disbursing BRL 853.0 million. In the same year, BRDE operated 277 contracts, totaling BRL 659.5 million – BRL 504.3 million for investment and BRL 155.2 million for financing and support actions. The resources included projects and enterprises in twenty states of the country, including the Federal District.

BRDE CULTURAL SPACE – PALACETE DOS LEÕES

In 2024, Espaço Cultural BRDE – Palacete dos Leões offered a free program covering visual arts, literature, music, and cultural heritage. In addition, it promoted exhibitions that reflected the diversity and richness of artistic production and contemporary practices. The goal of the activities was to establish a connection between the cultural space and the community.

During the year, six exhibitions were selected by the BRDE Cultural Commission, covering both new talents and established artists. The Music Room project was also carried out, a partnership with the School of Music and Fine Arts of Paraná (EMBAP), which promoted a season of nine didactic recitals, presented by students and teachers. In the literature area, there were three book launches and a storytelling event.

The Palacete dos Leões also maintained the guided tours, receiving school and university groups. During these visits, historical and artistic aspects of the site's architecture were explored, reinforcing its role as a space of culture. Throughout the year, the Palacete dos Leões received approximately 5,700 visitors, including groups from schools and universities.

More information about the mansion is available at:

<https://www.brde.com.br/palacete/>



BRDE Cultural Space – Palacete dos Leões | Photo: Municipal Department of Education of Curitiba



BRDE Cultural Space – Palacete dos Leões | Photo: Municipal Department of Education of Curitiba

ESPAÇO CULTURAL BRDE – GOVERNADOR CELSO RAMOS

Opened in 2002, the Espaço Cultural Governador Celso Ramos, located in the Santa Catarina branch of BRDE, in the center of Florianópolis, has complete infrastructure to receive exhibitions and works of the most different styles. The space offers a free cultural program and encourages local and independent artists, hosting exhibitions in different languages and techniques, such as painting, drawing, engraving, sculpture, photography, digital art, and installations, among others. After selecting the shows by call for proposals, Espaço Cultural received eight exhibitions, with the participation of 27 visual artists and more than a thousand visitors in 2024. In addition, schedules were organized with schools and educational institutions for mediated visits and educational activities.

More information about the Espaço Cultural Governador Celso Ramos is available at: <https://www.brde.com.br/cultura/espaco-cultural-celso-ramos-sc/>



10

GOVERNMENT AND MANAGEMENT PRACTICES



BRDE was created on June 15, 1961, through an agreement signed by the states of Rio Grande do Sul, Santa Catarina, and Paraná, which received the approval of the respective legislative assemblies. This regional nature, focused on cooperation and balance between the participating states, makes collegiate management one of the key principles of BRDE, influencing its entire organizational structure.

The highest governance body of BRDE is the Southern Development and Integration Council (CODESUL), composed of the governors of the controlling states of BRDE and the state of Mato Grosso do Sul, which, although a member of CODESUL, is not part of BRDE.

BRDE has a solid governance and management structure, composed of several instances and bodies responsible for managing and maintaining high standards of integrity.

The main management body of the organizational structure is the Board of Directors, which is formed by two representatives of each signatory state, appointed by the governors, the Bank's directors, and a member chosen by the staff.

The Executive Board, composed of six members – two representatives from each state – appointed by the governors, represents the controlling states equally and reports to the Board of Directors. The Bank's Presidency rotates every 16 months, with a representative of one of the controlling states holding the position. Thus, during the four-year term of governors, all states can hold the BRDE presidency.

BRDE also has a Fiscal Council, which integrates its compliance system. This body acts in the supervision of administrative management, evaluating economic, financial and budgetary performance, and ensuring compliance with legal and statutory obligations. Its performance is intended to protect the interests of BRDE and its controllers, while meeting the requirements of the public good and its social function.

The Audit Committee (COAUD) is composed of three full members and three alternates. One of the full members and an alternate are appointed by the act of the governor of each state participating in the capital stock, selected among public servants with permanent ties to the respective state. The composition of the board follows the legal provisions and regulations established by the Central Bank of Brazil (BCB).

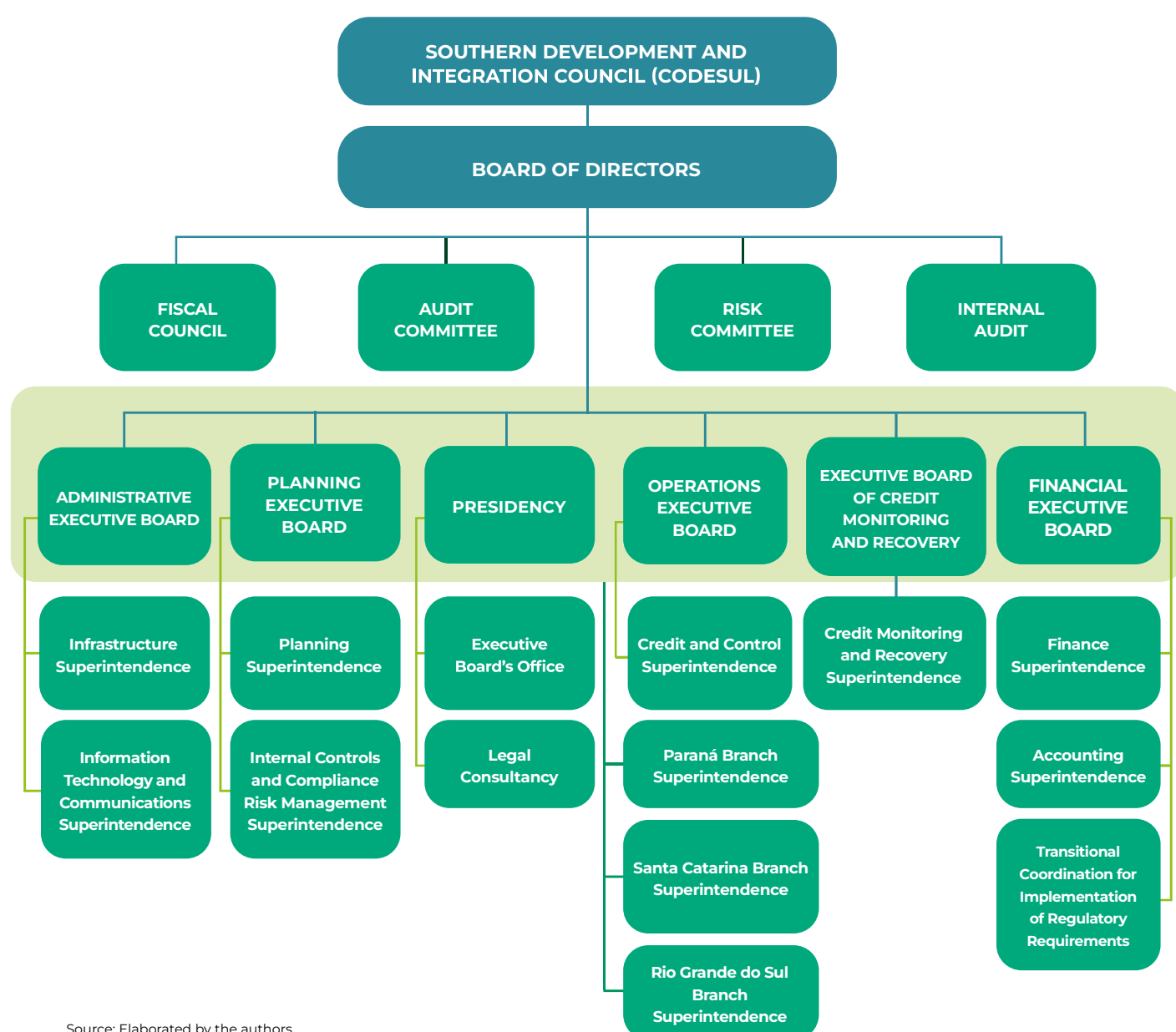
The Audit Committee (COAUD) and Risk Committee (CORIS) also support the governance of the Board of Directors.

According to the BCB permission for financial institutions classified in segment S3, including BRDE, these committees are formed by the same members appointed by the controlling states. They perform specific functions and represent an additional layer of external control, strengthening BRDE's executive management and integrity standards.

ORGANIZATIONAL STRUCTURE

The administrative and organizational structure of BRDE is determined by internal regulations established by CODESUL and based on the constitutive acts approved by the legislative assemblies of the controlling states (Figure 4).

FIGURE 4. ORGANIZATIONAL STRUCTURE – ORGANOGRAM



Source: Elaborated by the authors.

COMMITTEES

An essential part of the collegiate management of BRDE is the different committees dedicated to the various management topics, supporting the Executive Board and the Board of Directors in their decisions (Chart 3). These committees play a significant role in consolidating the institutional values of collegiate management and valuing specialized knowledge.

CHART 3. ORGANIZATIONAL STRUCTURE SPECIFIC COMMITTEES

Audit Committee (COAUD)	Evaluates the procedures of external and internal audits, internal controls, and financial statements, among other attributions.
Risk Committee (CORIS)	Analyzes the levels of risk appetite established in the Risk Appetite Statement (RAS), the degree of adherence of the processes of the risk management structure to the established policies, among other attributions.
Management Committee (COGES)	Auxiliary body of the Executive Board that provides technical advice on matters related to the Bank's management.
Credit Committee (COCRED)	Evaluates the merits and risks of credit operations, recommending or not its approval to the Executive Board.
Branch Management Committee (COGER)	Deliberates, within the scope delegated to it by the Executive Board, on the requests for financial support submitted to the respective branch.
Permanent Bidding Commission (COPEL)	Receives, examines, and judges all documents and procedures related to bids and bidders' registration.
Remuneration and Eligibility Committee (COREL)	Provides opinions on the appointments of members to the Executive Board and the Board of Directors of BRDE, promoting and monitoring good corporate governance practices related to succession, and proposing improvements when necessary.
Financial Committee (COFIN)	Provides technical advice to the Executive Board on investments and financial availability applications.
IT Committee (COINF)	Advises the Executive Board on establishing policies and guidelines that guide the use of information technology in BRDE.
Evaluation Committee (COVAL)	Analyzes the results of the staff performance evaluation process, ensuring compliance with the standards.
Privacy and Data Protection Committee (COPPD)	Provides technical advice on privacy and data protection matters under the terms of the General Data Protection Law (LGPD).
Ethics Committee	It investigates complaints and representations of alleged violations of the BRDE Code of Ethics, and acts as an advisory body to the Executive Board, public agents, whether or not linked to BRDE, as well as any and all interested parties concerned with the application of the Code of Ethics.
Director Committee for Action in Concessions and Public-Private Partnerships (CODAP)	It proposes guidelines for BRDE to act as a structuring agent for concessions and public-private partnerships.
Processing Commission (CPROC)	Responsible for the investigation, documentation, and instruction of investigations or disciplinary administrative proceedings of ordinary rite.

Source: Elaborated by the authors.

AUDIT

The BRDE's Internal Audit (AUDIN) reports directly to the Board of Directors, to which it reports through its president. It maintains communication with the Audit Committee (COAUD), which evaluates its effectiveness and supervises its activities, the Fiscal Council (COFIS), and the External Audit.

In the Three Lines risk management model³, the work of Internal Audit acts as a third line, evaluating corporate processes and providing consultancy, objectively and independently.

Its work aims to improve and strengthen corporate governance, risk management, and internal controls, to the achievement of BRDE's goals.

To assess the reliability of the process of collecting, measuring, classifying, accumulating, recording, and disclosing events and transactions for financial statements preparation, AUDIN has, among its attributions in BRDE, evaluating the effectiveness and efficiency of internal control systems and processes, risk management, and governance processes.

Among the several topics/objects audited are: Risk and Capital Management, Money Laundering Prevention and Control, Combating the Financing of Terrorism, Privacy Policy, Business Continuity Management Policy (PCN), Integrity Program and its components, Information Security and Cybersecurity, Compliance Program and its components, Social, Environmental and Climate Responsibility (RSAC), and other operational, administrative and financial audits.

AUDIN also prepare and review the Multiannual Internal Audit Work Plan (PAINT), the semi-annual monitoring, with quarterly reports, the adoption of measures and implementation of actions to mitigate risks, and the Annual Report of Internal Audit Activities (RAINT) through reports directly to COAUD, the Executive Board and the Board of Directors.

AUDIN is also responsible for coordinating the provision of information and documents, and meeting demands in the processes of supervision, control, inspection and audit/inspection of external bodies, such as the Central Bank of Brazil, the Courts of Accounts of the states of Rio Grande do Sul, Santa Catarina and Paraná, and the External Audit, among others.

³ Fonte: IIA – The Institute of Internal Auditors.

ETHICS MANAGEMENT

BRDE values ethics as a key to improve behaviors, attitudes, and actions, grounding its relations on the principles of justice, honesty, good faith, democracy, cooperation, discipline, governance, sustainability, commitment, trust, civility, transparency, equality, and respect.

The institution values and respects diversity in all its forms, ensuring fair treatment for all, without discrimination based on social, cultural or ethnic origin, gender, age, religion, philosophical or political beliefs, sexual orientation, marital status, physical, mental condition or level of education, rejecting any form of discrimination.

The BRDE Code of Ethics consolidates the fundamental values that guide internal and external interactions with different sectors of society. It promotes the improvement of standards of professional conduct and the adoption of high ethical standards, with a view to:

- » provide the dissemination and sharing of these values, serving as an anchor for responsible professional practice;
- » achieve service excellence, corporate governance, social and business responsibility, emphasizing respect and appreciation of human beings, the public good, and the environment;
- » establish standards of integrity of character, rectitude, and honesty in professional practice;
- » preserve the integrity of its internal processes;
- » safeguard the institutional image;
- » guide decision-making in situations of conflict of interest.

To ensure the application of the Code of Ethics, BRDE established the Ethics Committee, composed of members appointed by the Board of Directors and representatives elected by the Bank's staff. The Committee is responsible for receiving and investigating complaints about possible violations of the BRDE Code of Ethics. Furthermore, it acts as an advisory body for the Board of Directors, public agents – whether or not linked to the Bank –, and for anyone interested in matters involving the application of this code.

All employees must be aware of the code and are periodically trained in it. The Code of Ethics can be found on the BRDE website.

WHISTLEBLOWER CHANNEL

The Whistleblower Channel, like the Transparency Portal and the Ombudsman, is one of BRDE's main communication tools with society for promoting good integrity practices. The channel receives reports about possible administrative infractions, violations of the personnel regulations, or transgressions of the BRDE Code of Ethics. The complaints received are forwarded to the appropriate bodies for investigation and adoption of the appropriate measures, according to the nature of the occurrence.

The Whistleblower Channel is a direct means of communication between employees, clients, and other public entities and the BRDE compliance area.



Reporting channel

Reports can be made through the website <https://canal.ouvidordigital.com.br/brde>, by WhatsApp, or by calling 0800 591 2213, code 414.

TRANSPARENCY

BRDE provides the Transparency Portal available on its website. On this page, the Bank presents various information about its operations, respecting bank confidentiality, according to Complementary Law No. 105/2001⁴. In addition to the information disclosed on the portal, interested parties can contact us through the online form available or by email transparencia@brde.com.br.

BRDE's transparency service channels received 21 requests for information in 2024. Of these demands, twenty were classified as "request for information met" and had an average service term of 5.8 business days. The requests dealt with the following topics: historical data, public tender, internal policy, credit lines, daily rates and trips, and suppliers.



Transparency Portal

<http://www.brde.com.br/transparencia>

⁴ Complementary Law No. 105, of January 10, 2001. Provides for the confidentiality of the operations of financial institutions and other measures. Available at: https://www.planalto.gov.br/ccivil_03/Leis/LCP/Lcp105.htm Accessed on: Feb. 17, 2025.



BRDE Ombudsman

Access to this channel can be done through the electronic form. Available at:

- » <http://www.brde.com.br/ouvidoria/>;
- » ouvidoria@brde.com.br;
- » or DDG 0800-600-1020, at the same time as the Bank's business hours (from 12:30 pm to 6:30 pm).

OMBUDSMAN

The BRDE Ombudsman is an essential channel of communication with society. This mechanism acts as a last resort to resolve issues that have not been resolved by the Bank's traditional service methods. In addition, the Ombudsman operates as a space for questions and proposals for improvements.

In 2024, the BRDE Ombudsman received 16 records, one by telephone, nine through the email channel, four through the official website, and two through the Central Bank of Brazil's Citizen Demands Registration (RDR) system. Regarding the merits of these claims, seven were classified as well-founded and resolved, and nine as unfounded. The average term of service of the records was 3.8 business days.

BIDDING AND CONTRACTS

Law No. 13,303/2016⁵ has introduced some new rules for bids, waivers and unenforceability applicable to public companies and government-controlled companies.

As a public enterprise, BRDE prepared its Bidding and Contracts Regulation, which establishes rules and guidelines for bids related to acquisitions, contracting of works and services, including those related to advertising, in addition to defining general conditions for the administration of the corresponding contracts.

Currently, the Bank carries out bids, in person or electronically, using judgment criteria provided for in article 54 of Law No. 13,303/2016, such as lower price, better technique, or higher discount.

The Permanent Bidding Commission (COPEL) comprises five members, all career employees of the Bank qualified both to act on the commission and to exercise the function of bidder. Members of COPEL serve a two-year term, with the option for reappointment.

In 2024, BRDE carried out 211 bidding processes, two in person, 36 electronic, 156 bidding waivers, and 17 unenforceabilities.

More information on the Bank's bids and contracts is available on the BRDE website: <https://www.brde.com.br/licitacoes/licitacoes-e-contratos/>

⁵ Law No. 13,303, of June 30, 2016. Provides for the articles of incorporation of public enterprises, government-controlled companies, and their subsidiaries, within the scope of the Federal Government, the States, the Federal District, and the Cities. Brasília, June 30, 2016. Available at: https://www.planalto.gov.br/ccivil_03/_ato2015-2018/2016/lei/l13303.htm. Accessed on: 17 Feb. 2025

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RISK MANAGEMENT CONTROLS AND DATA SECURITY



In carrying out its activity of offering credit and technical support to development projects, BRDE is exposed to a series of risks, which extend beyond the credit risk – inherent to banking operations. The institution also faces risks associated with prudential and financial management (capital management, liquidity, market risk). In addition, the institution faces operationalization of its activities (operational risk, including cyber risk) as well as potential negative externalities (image, reputational, social, environmental, and climate risks), among others.

To manage these risks – a process that involves identification, measurement, evaluation, monitoring, reporting, control, mitigation and prevention – BRDE has an organizational unit, the Superintendence of Risk Management, Internal Controls and Compliance (SURIS), separate from the business areas and dedicated specifically to capital management, risk management, internal controls and compliance. SURIS reports to the Risk Committee and the Board of Directors through the Chief Risk Officer, ensuring the participation and commitment of senior management in risk prevention.

Chart 4 shows the main mitigation actions adopted by BRDE for each type of risk.



CHART 4. RISK AND MITIGATION ACTIONS

MAIN RISKS	MITIGATION ACTIONS
Credit risk	<ul style="list-style-type: none"> ► Adoption of policies and limits on the institution's exposure to credit risk with each client. ► Credit-granting process based on the analysis of operations carried out by a multidisciplinary team and through the deliberations of committees. ► Realization of credit operations with real, bank, or linked guarantees, tax transfers.
Social, environmental and climate risk	<ul style="list-style-type: none"> ► Compliance with the guidelines and conditions established in the Social, Environmental and Climate Risk Management Policy approved by the Executive Board and the Board of Directors. ► Implementation, improvement, and standardization of processes and tools aimed at integrated management of social, environmental and climate risks based on robust methodologies and widely recognized benchmarks at a national and international level, ensuring compliance with regulatory requirements and sustainability standards aligned with BRDE's strategic guidelines. ► Continuous and timely monitoring of regulatory changes related to social, environmental and climate risk management, to ensure full compliance with the regulations established by the Central Bank of Brazil (BCB) and the National Monetary Council (CMN). ► Identification, evaluation, classification, and measurement of social, environmental and climate risk in the analysis of credit operations, based on consistent and verifiable criteria, through the Socioenvironmental and Climate Risk Management System (SARSAC).
Capital risk	<ul style="list-style-type: none"> ► Establishment of prudential limits stricter than those determined by current legislation to guarantee solid safety margins for capital levels. ► Permanent monitoring of the evolution of prudential capital limits by SURIS, also prospectively, to maintain the indicators' adherence to the parameters established in the Risk Appetite Statement (RAS).
Market risk	<ul style="list-style-type: none"> ► Adoption of a conservative policy concerning its financial assets, fundamentally composed of/tracked by federal government securities. ► Decisions on the use of resources are taken as a collegiate body, based on the recommendations of the Finance Committee and the Management Committee, both made up of staff with technical and management skills, in the form of an Annual Plan BRDE's Investment Policy, as well as a Market Risk Treatment Policy (PTRM) which establishes premises, purposes, conditions, criteria and measures for the treatment of BRDE's market risk, constituting the main tool of the Bank's first line of defense against market risk. ► There is no intention of speculative trading, since BRDE does not operate financial instruments with the aim of short-term profit and resale. In addition, its Articles of Association prohibit the speculative use of derivatives. ► Constant monitoring of foreign exchange risk by the risk department.
Operational risk	<ul style="list-style-type: none"> ► Permanent monitoring of the risks associated with its operational processes, implementing corrective actions through the Integrated Internal Controls System. ► Adoption of a Contingency and Business Continuity Plan developed and constantly revised to increase the institution's resilience in an emergency. ► Inspections were carried out at the four premises concerning secure areas and procedures related to the LGPD.
Legal risk	<ul style="list-style-type: none"> ► This is ensured by the work of SURIS, which, in addition to the Legal Consultancy – responsible for advising management on compliance with laws and regulations applicable to the Bank's activities – ensures that operations are aligned with the legal system.

Source: Elaborated by the authors.

RISK MANAGEMENT

The institution's risk management guidelines are set out in BRDE's Risk Appetite Statement (RAS), which establishes the exposure limits and mitigating actions that must be adopted for each type of risk: credit, capital, operational, social, environmental and climate, market, and liquidity.

Throughout the first half of the year, the Southern Region of the country was hit hard by extreme weather events, most notably the historic floods in Rio Grande do Sul (RS), which caused significant damage to local communities and economic sectors. These intense rains and floods affected several locations where the Bank has a significant volume of operations, increasing the challenges related to social, environmental and climate risk management (RSAC).

Given this scenario, SURIS prepared technical notes that analyze the degree of exposure of the Bank's portfolio to climate risk, focusing on the most impacted micro-regions, especially those severely affected by the floods in the state of Rio Grande do Sul. These technical notes strengthen the policy of continuous monitoring of RSAC, highlighting the importance of a proactive approach to extreme weather events.

In the context of analyzing and monitoring operational risk, BRDE continued to prepare and update the Operational Risk and Internal Controls Matrices, under the provisions of CMN Resolution No. 4,968/2021. During 2024, two operational processes were mapped and assessed in terms of their risks and respective controls: (i) indirect operations (operational agreements); and (ii) operations with municipalities.

For each of these processes, an action plan was drawn up to mitigate the operational risks identified. Parallel to the construction of the risk and control matrices, the execution of the plans previously established to mitigate the risks associated with the processes already mapped was monitored.

Compliance activities included assessing the formal and regulatory criteria of the proposed resolutions and resolutions under consideration by the Executive Board and the Board of Directors, to ensure compliance and provide managers with certainty when making decisions.

Concerning promoting a culture of control and compliance, six training and awareness-raising events were held, with internal and external instructors, on the topics of compliance policy, cybersecurity, the General Data Protection Law (LGPD)⁶ and data protection and internal controls. The total number of participants in these trainings courses has reached 1,000.

The Bank estimates losses on credit operations using methodologies regulated by the National Monetary Council for classifying the risks of credit operations and calculating the allowance for loan losses.

RISK APPETITE STATEMENT

BRDE's Risk Appetite Statement (RAS) is the institution's main risk management instrument and, in accordance to legal regulations, must be disseminated at all levels of the organization, including the relevant outsourced service providers.

The RAS establishes tolerable risk exposure parameters and is monitored and reported monthly to the Executive Board and the Board of Directors. This monitoring is carried out through the Monthly Report on the Monitoring of RAS Indicators, available on BRDE's intranet.

PRUDENTIAL CAPITAL INDICATORS

BRDE's Capital Management Policy is aligned with BRDE's RAS and is based on monitoring and controlling the capital held by BRDE, among other factors. One of the main indicators of capital management is the monitoring of the Basel Index, an indicator calculated from the Bank's Tier I Capital ratio to its Risk-Weighted Assets (RWA). Next, Table 10 shows the values of these indicators for selected periods.

⁶ Law No. 13,709, of August 14, 2018. General Data Protection Law (LGPD). Available at: https://www.planalto.gov.br/ccivil_03/_ato2015-2018/2018/lei/l13709.htm Accessed on: 17 Feb. 2025.

TABLE 10. PRUDENTIAL CAPITAL INDICATORS (BRL THOUSAND)

	Dec. 2022	Dec. 2023	Dec. 2024
EQUITY CAPITAL	3,823,886	4,091,817	4,463,994
Tier I Capital	3,823,886	4,091,817	4,463,994
Principal Capital	3,823,886	4,091,817	4,463,994
RISK-WEIGHTED ASSETS – RWA	18,957,393	19,274,061	25,488,200
Credit Risk – RWA CPAD	17,654,898	17,679,403	20,219,904
Operational Risk – RWA OPAD	1,220,712	1,465,033	1,865,520
Market Risk – RWA MPAD	81,783	129,625	3,402,777
BASEL INDEX	20.17	21.23	17.51

Source: Elaborated by the authors.

FLOOD CONTINGENCY PLANS

The floods that hit Rio Grande do Sul caused the BRDE headquarters building in the historic center of Porto Alegre to be flooded. Even with this adversity, the Bank maintained its activities without interruption, as it followed its Contingency and Business Continuity (PCCN), made up of the following modules: Technological Infrastructure Contingency Plan (PCIT), Workplace Contingency Plan (PCLT) and Operational Contingency Plan (PCO).

Within the PCIT, due to the flooding and the consequent disconnection of electricity at the headquarters, the secondary data center, located in São Paulo, was activated, guaranteeing the continuity of the functioning of the systems without operational losses.

LGPD – GENERAL DATA PROTECTION LAW

Attentive to the protection of the data of its clients, employees, and partners, BRDE maintains a Privacy and Data Protection Committee, responsible for implementing actions to fully adapt its activities to Federal Law No. 13,709, the General Data Protection Law (LGPD) (see footnote 5).

To exercise their rights and access more information on the processing of personal data and respect for privacy, the data subject can contact the Data Controller by e-mail: encarregado@brde.com.br

For more information on BRDE's Privacy Policy, please visit <https://www.brde.com.br/politica-de-privacidade/>

CYBER SECURITY

BRDE's Information, Cyber and Communications Security Policy (PoSIC) was regulated in 2019, and its last review was carried out in 2024. In addition to this policy, the Bank maintains an Information Security Program and an Incident Response and Action Plan, organized into 125 actions, 82 of which have already been completed.

Regarding business continuity management, in May 2024, due to the floods in Rio Grande do Sul and the flooding of its headquarters building, which hosts the primary data center, BRDE successfully activated its secondary data center, thus enabling the continuity of the institution's operations during the contingency period.

Operationalized in 2022, the secondary data center is tested every six months, simulating the procedures for entering and exiting the contingency regime.

In June 2024, BRDE identified a criminal cyberattack on its technology environment (ransomware), which resulted in the temporary restriction of access to the institution's systems and digital service channels. Immediately, the relevant security protocols were activated to block the action and minimize the associated risks. The Bank acted diligently to mitigate the associated effects and, with the support of a specialized company, conducted a process of investigation, assessment of the circumstances, and verification of the extent of the breach of the incident. The conclusion was that the event only caused temporary unavailability of access to the BRDE website, with no evidence of data leakage or significant risks to clients, as reported to the National Data Protection Authority (ANPD).

BRDE reinforces its commitment to information security by using appropriate protection technologies and standards. The institution carries out annual vulnerability tests on its information assets, improves its infrastructure to continuously incorporate data and systems protection protocols, and promotes annual training to raise awareness among its employees about information security and the LGPD.

SOUTH DEVELOPMENT AND INTEGRATION COUNCIL – CODESUL

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EDUARDO FIGUEIREDO CAVALHEIRO LEITE

Governor of the State of Rio Grande do Sul – Vice-President

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Governor of the State of Paraná – Vice-President

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Representatives of the State of Santa Catarina

FRANCISCO SÉRGIO TURRA

Representative of the State of Rio Grande do Sul

LUÍS CARLOS PRANDINI

Employee representative

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Representative of the State of Rio Grande do Sul

AIRTON LUCAS THOME DE AZEREDO

Representative of the State of Santa Catarina

EDERSON JOSÉ PINHEIRO COLAÇO

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RICARDO FERREIRA

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Full Representative of the State of Rio Grande do Sul

MARIA BETANIA BRAUN

Alternate Representative of the State of Rio Grande do Sul

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Representative of the State of Rio Grande do Sul

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