

ALIDE'S RECOGNITION OF THE OUTSTANDING FINANCIAL INSTITUTION OF THE YEAR 2022

BANCO DE DESENVOLVIMENTO DE MINAS GERAIS (BDMG), BRAZIL

With a history dating back almost 60 years, Banco de Desenvolvimento de Minas Gerais (BDMG) is a multi-sector retail financial institution controlled by the state of Minas Gerais, whose sphere of operation is within the state or adjoining states. Its assets are on the order of some US\$1,510 million and its equity at December 2021 stood at US\$373.5 million.

The outstanding features of BDMG that were considered for recommending it as the winner of ALIDE's award as the outstanding financial institution of the year include the following:

- **Coverage and support of the local economy:** The bank has a presence in 793 of the municipalities of Minas Gerais State (93%) and plays a valuable role in decentralizing credit and development.
- **Role played during the COVID – 19 crisis:** Keeping up its support for banking clients by making funds available to them for new operations and restructuring loans already granted. In the year 2020, at the height of the crisis, it raised the flow of its disbursements by 118% and its portfolio balance by almost 50%. This expansion **was triple that size in the digital platform**, whose entry into operation predated the pandemic.
- **Sustainable development:** Over 60% of BDMG's disbursements are tied in with at least one of the 17 United Nations Sustainable Development Goals.
- **Commitment to Gender Equity.** It is the first Brazilian development bank to have signed the Women's Empowerment Principles, a group of commitments established by the UN Global Compact and by UN Women that seek to attain gender equality in the world of business.
- **International projection.** The bank is present in international networks and initiatives like Finance in Common and the United Nations COP environmental summit. During COP26 in late 2021, it formalized its association with the Green Bank Network, created to promote collaboration and the exchange of knowledge among green banks.
- **Impact on the economy of Minas Gerais.** Studies reveal that over a 10-year period, for each dollar disbursed, the bank generated an additional 0.99 dollars in production; 0.98 dollars in pay; and 1.45 dollars in government revenues; and created more than 382 thousand new jobs. In 2021, the direct annual impact –without considering the indirect impact– of the bank's operations on the economy of Minas Gerais was estimated at US\$150 million and some 21,900 new jobs were opened up.
- **Emphasis on long-term finance:** The bank primarily supports investment projects through long-term loans. Fully **83.1% of the balance of its operations are in the form of long-term loans.**

- **Highlights of its financing:** Its loan portfolio totals US\$1,046 million. Disbursements in 2021 amounted to US\$357 million. Percentagewise, **92%** of its clients served in 2021 **were micro and small enterprises** and 49% of its disbursements that year went to the agricultural sector.
- **Earning power:** The bank earned US\$42.8 million in 2021, up from US\$9.6 million over the previous 5 years, with a consequent growth in its profit margin of 803%, revealing a strong recovery from the crisis. This last year it registered an ROE of 2.7% and an ROA of 11.1%, in a continuation of the upward trend of recent years. This is indicative of its capacity for continued growth and expansion of support within its sphere of operation.
- **Portfolio quality:** Its portfolio delinquency rate in 2021 was 1.2% of its total loan holdings, almost half of the 2.2% average for the country's financial system.
- It is the **first Brazilian bank to enjoy joint financing with the European Union**, enabling it to provide support for projects promoted by small and medium enterprises.
- **Diversification of funding sources.** The bank has been extremely active in searching out and diversifying its funding sources in international organizations and banks and capital markets, such as Fonplata (US\$ 36 million), CAF (US\$100 million), the IDB, the EIB (20 million euros), the AFD (70 million euros), NDBs and US\$50 million in green bond issues.
- **Awards and certifications:** The bank is a previous ALIDE prizewinner; in 2020, it received a prize in the category of technological management and modernization for its BDMG Hubble Hub program. In 2021, for the sixth straight year, BDMG was awarded a gold seal by the Brazilian GHG Protocol program (PBGHG) for the top methodology used throughout the world to measure greenhouse gas (GHG) emissions.