

## MESSAGE FROM THE PRESIDENT

Recession and high unemployment turned 2016 into a challenging year for all Brazilians. With hope and trust, we sought to assure the continuity of BNDES institutional mission of promoting sustainable and competitive development of the Brazilian economy, amidst great transitions in the country.

The new directors and the whole Bank's team have worked hard for several months to address the most urgent issues, such as the revision of criteria for financing exports of engineering goods and services, and the interrupted concessions of infrastructure, without putting the medium- and long-term issues aside. We have started thinking about the future: which will be BNDES' role in a stable economy. How will its performance be?

Among the highlights of the year we can mention the operational policies revision, the Bank's performance guide. We have defined new guidelines, among them to encourage investments with greater social rather than private return, from criteria selection for financing in Long-Term Interest Rate (TJLP). Sustainability is a transversal strategy, besides being the balance between economic, social and environmental results, which is our goal.

Changes in financing conditions eliminated overlapping of programs, products and lines, simplifying and reinforcing the transparency of financial support criteria. Motivated by the increasingly tenuous borderlines between industry, trade and services, we shifted the Bank's focus from sectors to projects.

We defined priority qualifiers for them to receive the best conditions of financing, regardless of their sector of

origin – education, health, innovation, environment, exports, micro, small and medium-sized enterprises (MSME), or infrastructure – due to the high level of externalities they generate.

In a year marked by the high indebtedness of companies and families and by credit restriction in the country, we adopted important measures to help the companies. We significantly amplified the financial support for working capital, especially for MSMEs, besides launching an assets revitalization line, so that healthy companies could purchase assets from other companies in difficulties. Our objective was to contribute to cushion the impact of the economic crisis, stimulating the maintenance of productive activity and the preservation of employment.

MSMEs, the most affected by the current situation, were – and will continue to be – the Bank's major focus. We need to get even closer to this segment, knowing its problems and amplifying distribution channels, since it is the most affected by the process of bank concentration. With this goal, we seek to increase BNDES' capillarity through new distributors and automation of processes. We initiated an action plan directed to digital platforms, aiming at contacting this audience directly.

We acted on other fronts to stimulate the resumption of growth such as the structuring of investment projects with participation of the private initiative in public services. The Bank acted as agent of the Federal Government's Investment Partnership Program (PPI), besides structuring and defining the state concession program of the sanitation sector as its priority, which

had the adhesion of 17 by the end of 2016. We collaborated with the Brazilian Electricity Regulatory Agency (ANEEL) and the Ministry of Mines and Energy on the preparation of conditions of higher attractiveness in electric power transmission auctions, resulting in a record of attendance and investments and in greater discount, which will bring benefits to the final customer.

We sought to give more transparency to BNDES actions and improve practices and processes. We also worked hard to approximate and improve the relationship with control agencies and other target audiences.

The Bank's new website was launched, making internet users' access easier as well as increasing available information. At the end of 2016, we made a great set of data on the operations of variable income available and continued to incorporate relevant contents of public interest.

The Legal and Controllership Boards were created (combining the risk management and information technology sectors), in order to have a solid and consistent structure to work and submit issues institutionally.

We advanced in good governance by defining and leading to the approval by the Board of Directors several important policies for the Bank's good functioning. With the National Treasury, we discussed the bases of a policy of dividends for BNDES regulated in 2017, which earmarks at least 40% of the institution profit for its capitalization, strengthening the institution's equity and future.

In the capital market area we worked for a better governance of invested companies, with a new policy of assignment of independent

counselors for the Advisory Board and Fiscal Council. We worked to promote and strengthen primary and secondary debentures markets with the purpose of developing the capital market and having alternative sources of long-term financing for projects.

Aimed at promoting greater integration of teams and saving resources, we initiated the devolution of nine out of 13.5 floors rented at the Ventura Corporate Towers building in Rio de Janeiro. The change leads to layout alterations in the headquarters to receive the teams from Ventura building such as the placement of the whole Board of Directors in a single large room. The arrangement of most of the personnel in a single building resulted in savings estimated at R\$ 4 million per month. Moreover, construction works are expected in Brasília and São Paulo offices, which will allow reducing the area occupied.

Still in 2016, in line with the Federal Government's efforts to reduce public debt, we made the advance payment of R\$ 100 billion to the National Treasury. The measure was adopted after favorable opinion from the Federal Court of Accounts (TCU) and approval by the BNDES Advisory Board.

In 2017, a strategic planning cycle will be performed with internal and external discussions, bringing a long-term perspective, up to 2030. We are aware of BNDES' responsibilities and we are committed to the strengthening of the institution so that it continues to be an important agent of development, making even more difference in all Brazilian lives.

**Maria Silvia Bastos Marques**  
*President of BNDES*

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