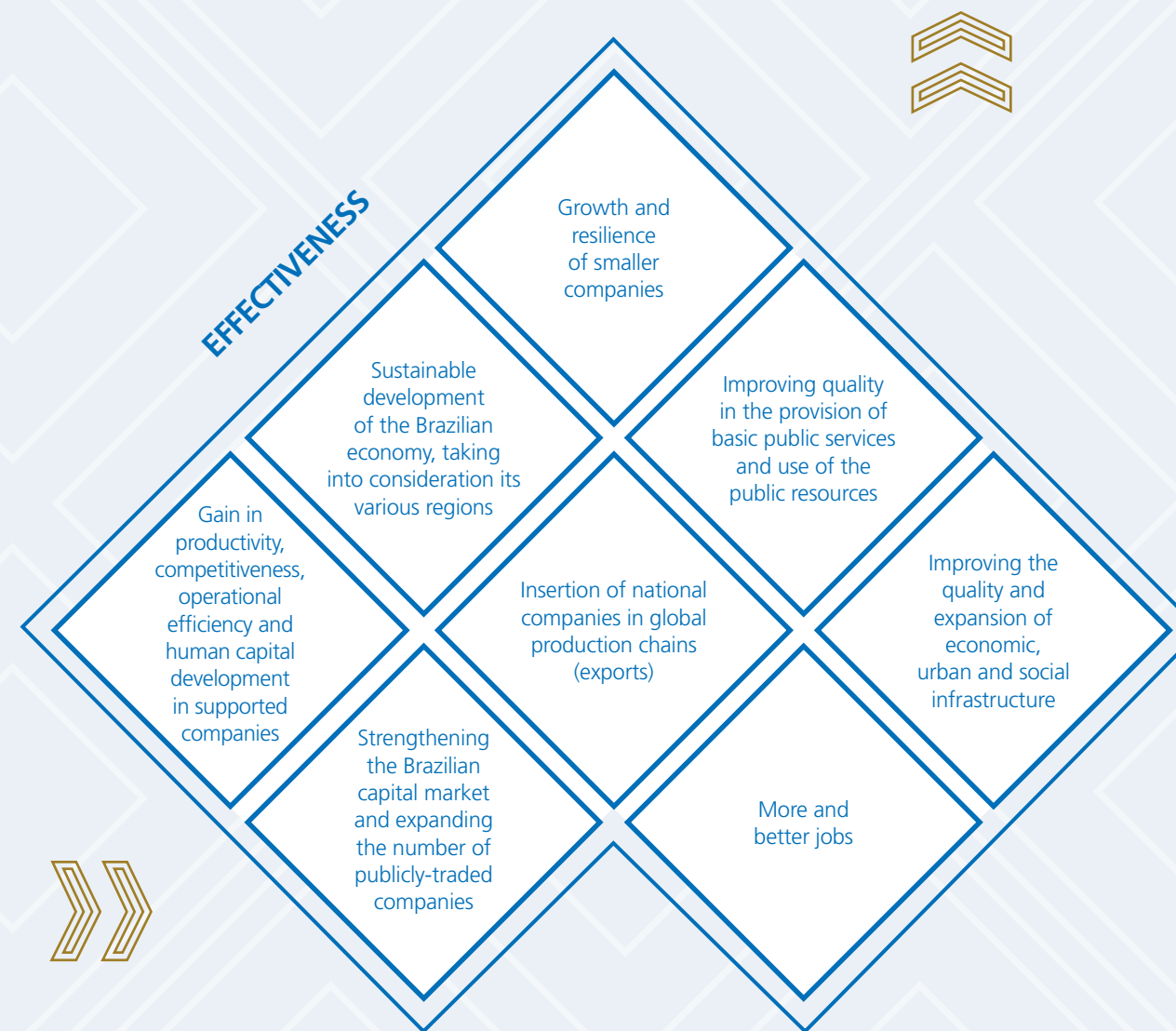
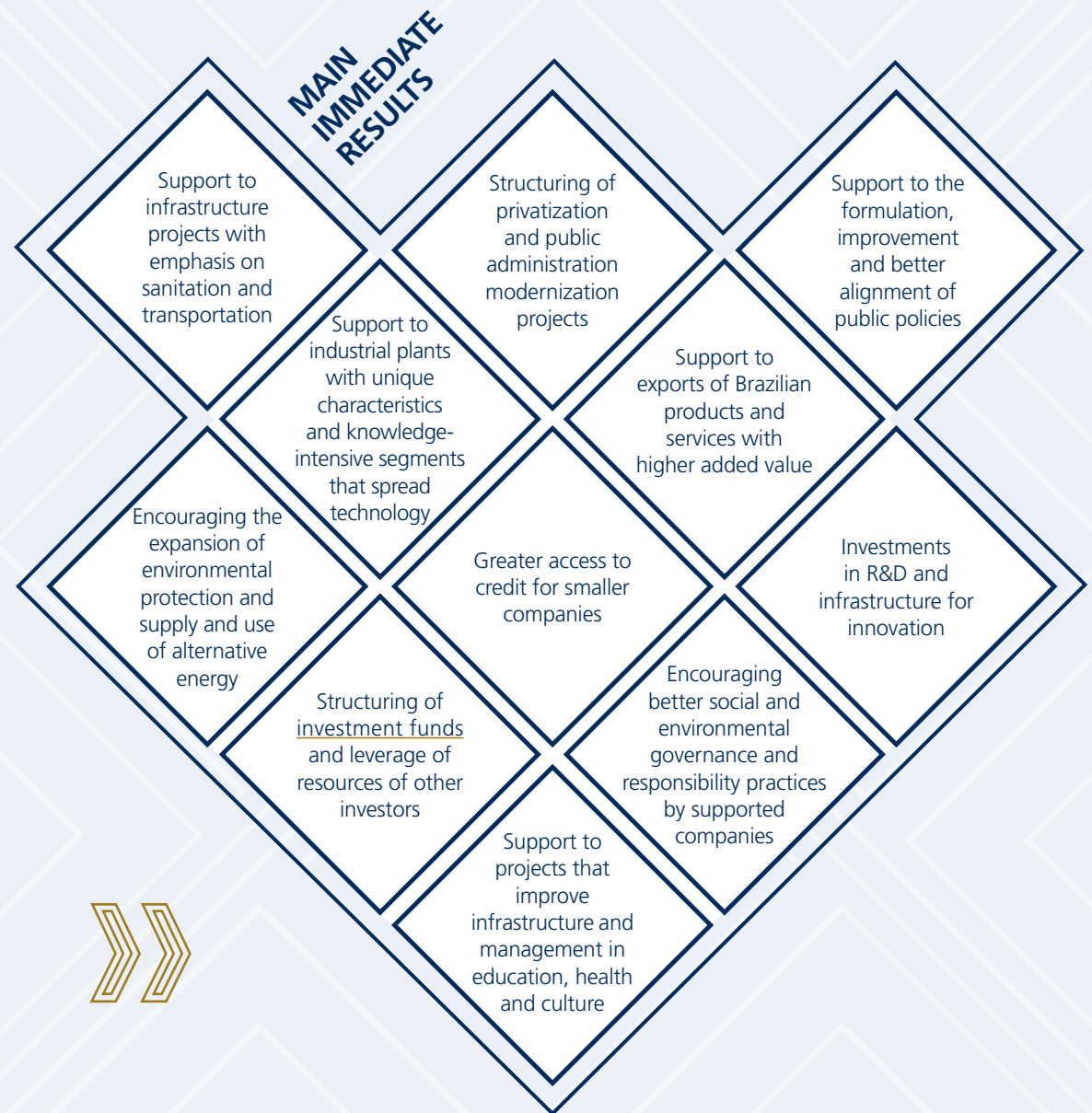
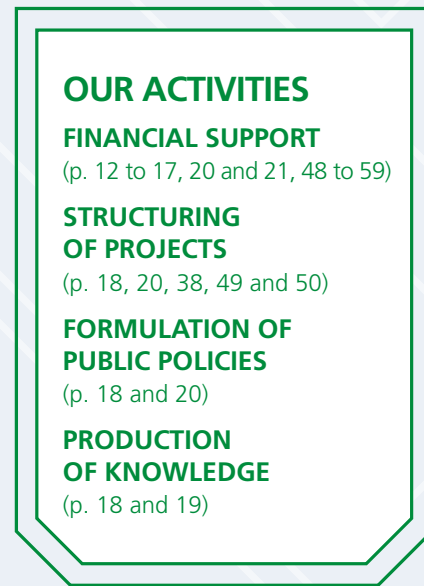
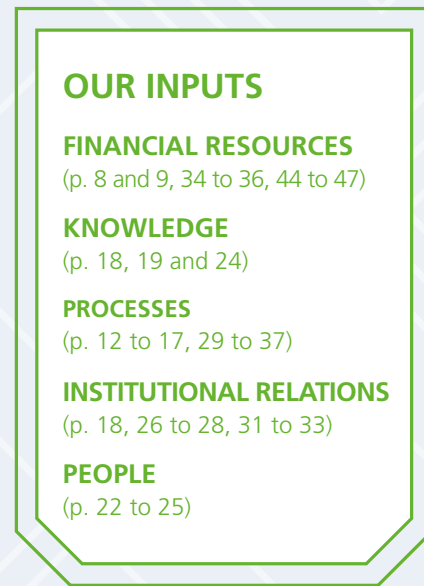
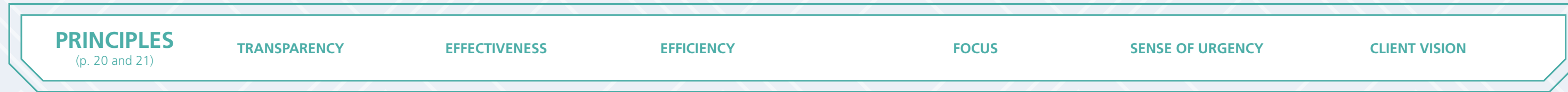


HOW DO WE CREATE VALUE?

An institution creates value by transforming its available inputs into benefits to society. Learn about our model for creating value, in light of the strategic alignment of 2016, which shows, in a simplified way, how we use our capital, transforming our inputs into results and great deliveries in favor of the Brazilian development.



WHAT DO WE DO?

1. FINANCIAL SUPPORT

Nationwide, our main activity is the financial support for projects of investment, for acquisition and export of goods and services, as well as other types of projects in several sectors, through long-term financing and capital market operations.

How does the financial support work?

After arriving at BNDES, a request for financial support goes through various stages of evaluation, from submission to release of funds. Each one of these stages involves different teams, with collective decision-making. The stages of the process of granting financial support vary according to the credit value requested and to the participation or not of an accredited financial institution in the operation. Learn more about how this process works and our types of support in the infographic on the right.

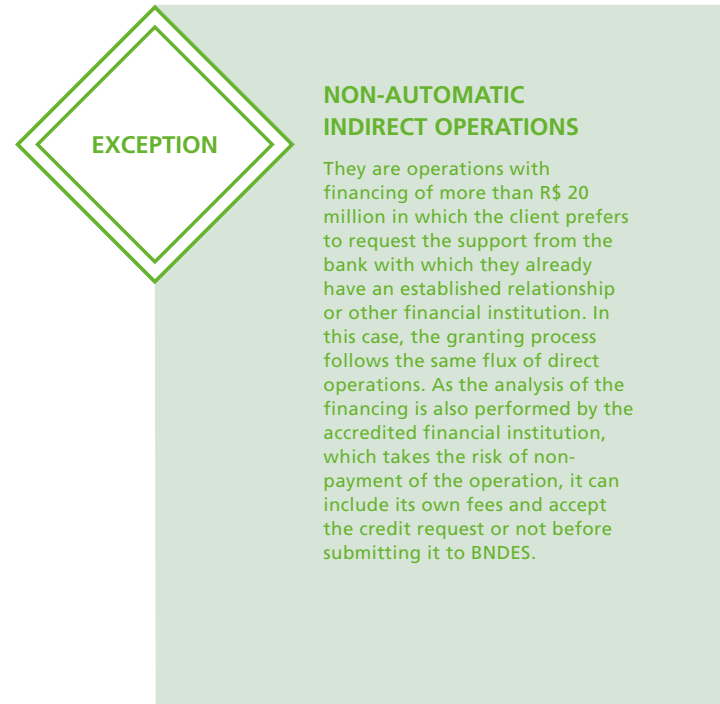
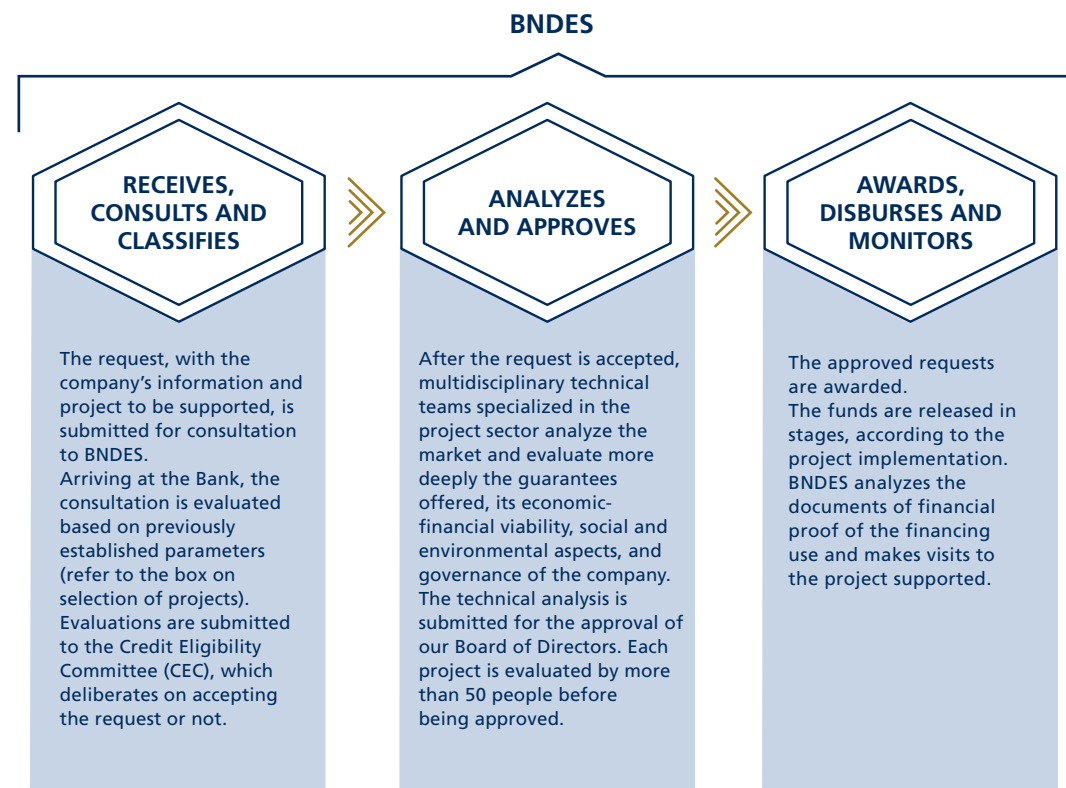
Which are the financial institutions?

To be present across the whole national territory and facilitate the access to our financing lines, we act indirectly through accredited financial institutions. The segment of micro, small and medium-sized enterprises (MSME) is the main solicitor of this kind of operation.

Nowadays, there are more than 50 accredited financial institutions operating our financing lines: commercial private banks, commercial public banks, cooperative banks, automaker banks, development banks, and development promoting agencies. The full list of financial institutions accredited with BNDES can be accessed on our website.

DIRECT OPERATIONS

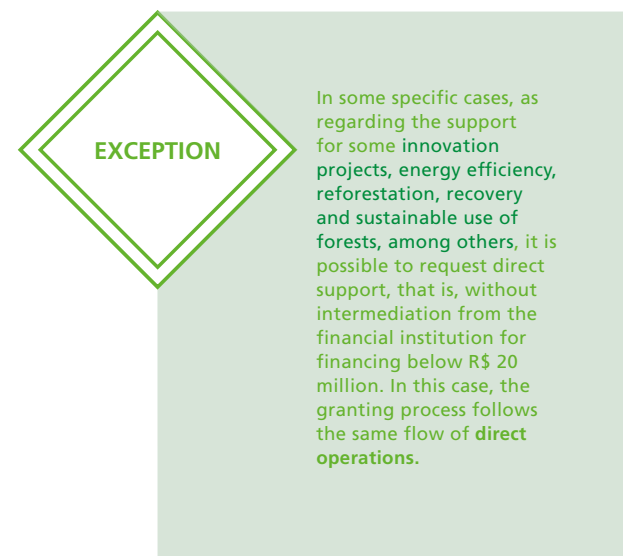
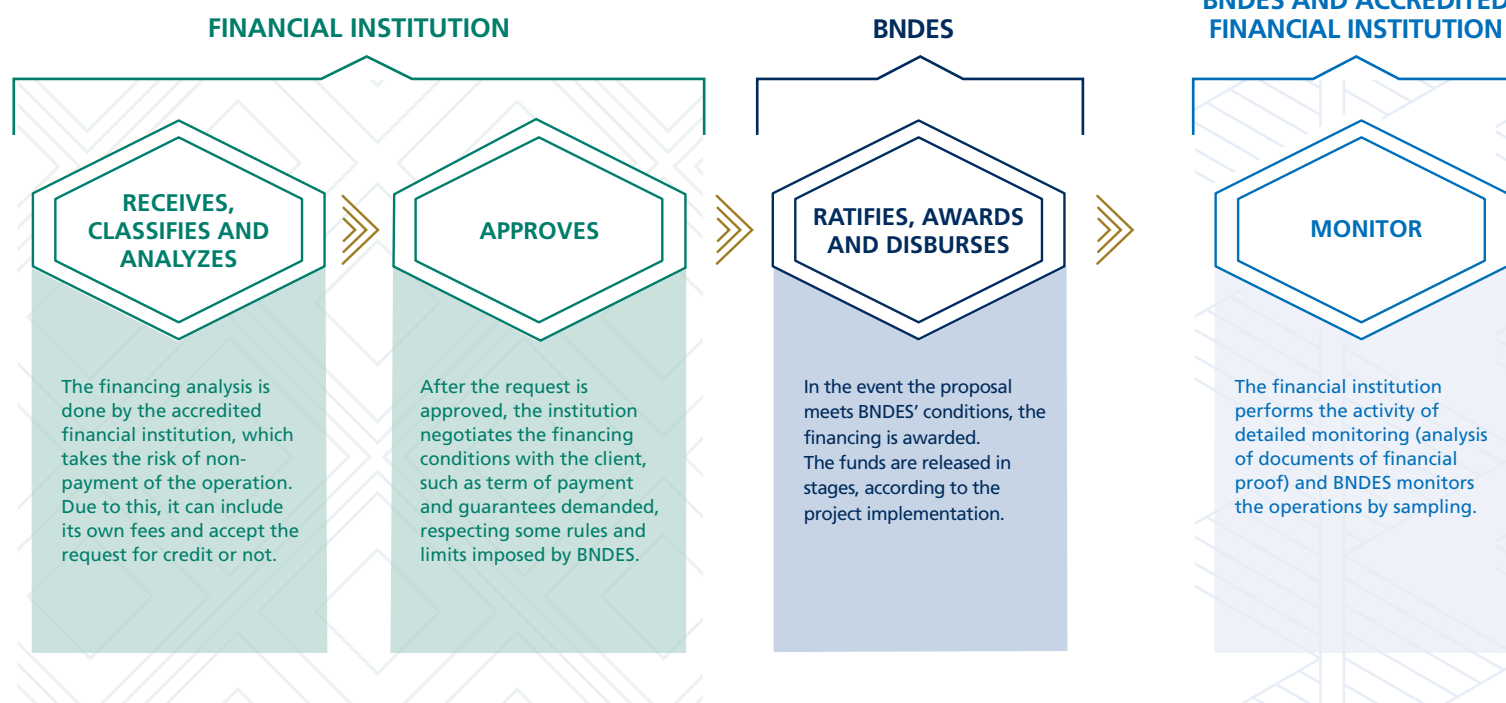
Request for financing as of R\$ 20 million



Learn more in the section *Our strategy*

AUTOMATIC INDIRECT OPERATIONS

Request for financing up to R\$ 20 million



Learn more in the section *Socio-environmental responsibility*

HOW ARE SUPPORTED PROJECTS SELECTED?

Arriving at BNDES, the request for financial support is evaluated based on some eligibility parameters, regulated by our operational policies such as whether the company presents the conditions needed to assume the financing and the expected impacts from the project regarding economic, social, environmental and regional dimensions of development. At this moment, one verifies which instruments are more appropriate to answer the request (fixed-income, variable income or combined products) and the profile of environmental risk of the operations subject to classification. All this information is then forwarded to the Credit Eligibility Committee (CEC).

With the revision of our operational policies in 2016, for eligibility purposes, the application of the evaluation methodology of benefits expected from the investment using the thesis of investments impact on projects (TIIP) starts being forecast. This methodology is aimed at measuring the positive and negative impacts of the investment on different dimensions, from a multicriteria evaluation of the operations merit.

Regarding the analysis of the regional and territorial dimension in this stage, the team of eligibility evaluation may also use preliminary territorial analysis (ATP) documents produced internally by a specialized team, aiming at characterizing places of implementation of investment projects in their several dimensions (social, economic, environmental, demographic etc.) and, in the case of projects of relevant local impact, propose the social investments needed.

From 2016 onwards, through previous electronic consultation, our clients can submit requests for financing directly via Internet, which brought advantages, such as improvement of the communication with the client, reduction of the operational process on paper and automation of procedures of information typing. Moreover, the system gives greater external visibility to the process and allows the client to follow the terms for eligibility.

Which are our instruments of financial support?

Financing

It can be granted directly to clients or performed via accredited financial institution such as commercial banks. It is offered to companies of all sizes according to the investment purpose, such as the purchase of machinery, a project of modernization, or business expansion.

Capital market

Through BNDESPAR, we subscribe, in public or private issuance, to stocks or other [securities](#) convertible into or exchangeable for stocks or in any case transformable, redeemable or backed by stocks. As an investor in primary [public offerings](#) of simple [debentures](#), we act in the following modalities: market [debentures](#) and [debentures of projects of infrastructure](#).

We also, through public calls, periodically select managers for [investment funds](#) with focus on regions, sectors or specific company's sizes that we want to stimulate. After selection, we become fund stockholders with other investors that need to be attracted by the manager.

Other funds

There are also funds for financing specific sectors, in which the origin of the resources and the regulation for the support are external. In this case, we only apply the resources through specific products, as occurs with the Merchant Marine Fund (FMM) and the Climate Fund.

Through non-reimbursable resources funds, we also financially support projects of social, cultural, environmental, scientific and technological character, complementing the reimbursable financial support

for investment projects. The resources come partially from our profit, as is the case of the Social Fund, or via external donations such as the Amazon Fund, whose manager is BNDES.

There are still guarantee funds that complement guarantees of our financing, such as the Export Guarantee Fund (FGE) and the Investment Guarantee Fund (FGI), important instruments to amplify the access to credit of micro, small and medium-sized enterprises. In this case, there is no disbursement for the operations, only payments to the financial institution that took the credit risk in cases of default.

BNDES Card

One of the most important instruments in our support for the MSMEs (including individual microentrepreneurs) is the BNDES Card. It is revolving pre-approved credit for purchasing goods and services accredited on the card operations website. Working as a credit card, it has pre-fixed interest rates (on 12.31.2016 it was of 1.19% per month), installment term for payment from three to 48 months, and credit limit up to R\$ 1 million for each client, per issuing bank (conditions in force on 12.31.2016). The limit of the BNDES Card has been reviewed for 2017.

The Card is issued by financial institutions accredited by BNDES and the issuance is through partner credit card brands. The issuing bank (chosen by the client) is assigned to analyze and, among other things, to approve the following activities: credit, installments collection, fees application, guarantees request, statements and renovations provision and issuance of a second copy of the BNDES Card.

In a simple and fast way, by permitting the financing of

goods and services required to the activities of micro, small and medium-sized enterprises, the BNDES Card contributes to generating employment and, above all, pulverizing our resources, being present in 98% of the Brazilian municipalities and responsible for some 85% of the clients we served in 2016.

EQUIPMENT ACCREDITATION

In order for us to be able to automatically finance the commercialization of machinery, equipment, systems and components, we work with the regulation of these products suppliers in the Computerized Manufacturers Accreditation system (CFI) of BNDES. To be accredited, the supplier needs to perform industrial activity in the country with its competitors in the sector and prove the nationalization index demanded. Product quality or technical-operational performance is not evaluated.

From time to time we perform the re-accreditation of suppliers and products to update databases and maintain only the manufacturers that meet the requirements of local fabrication on the CFI and effectively commercialize and finance national products with support from BNDES Finame. There were around 13,000 accreditations and re-accreditations performed up to November 2016.

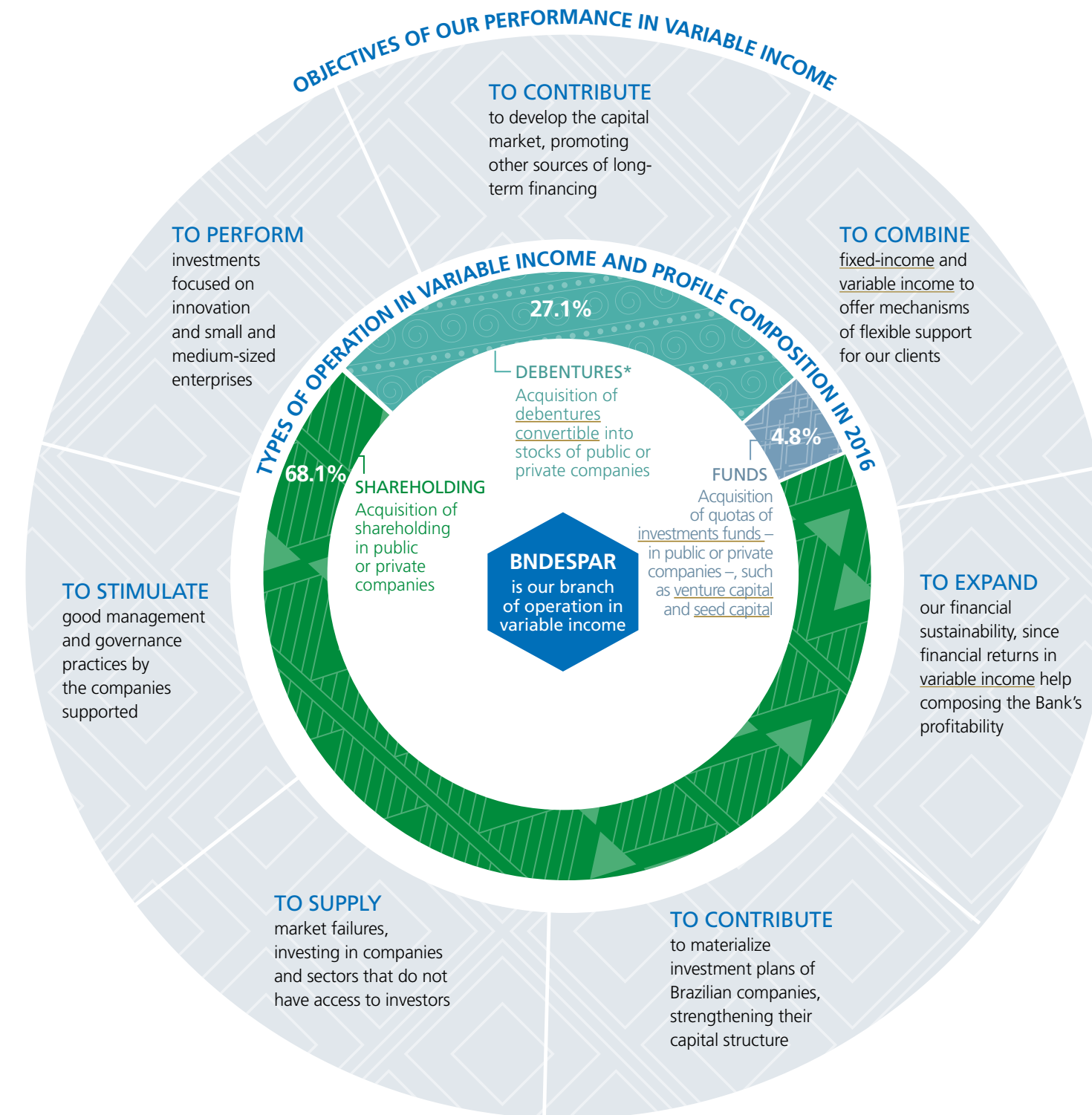
In relation to the nationalization index, our criteria have been reviewed to avoid companies from remaining without eligibility regarding the financing rules due to exchange variation. Thus, we reduced the minimal index of national content in value demanded for accreditation from 60% to 50%. The alteration of conjuncture and transitory character is valid for all sectors of the Brazilian industry up to June 30, 2017. For the next year, the amplification of discussion on the theme is expected, seeking the definition of a new policy of local content.

Variable income



TRANSPARENCY

In December 2016 we published all investments of our portfolio of variable income in our website, from 2007 to 2016. Learn more in the section *Our relationships*.



* Not including operations of [fixed-income](#) with non-convertible [debentures](#). To learn more about this, refer to the section *Capital market* in *Our performance*.

Exports

Understand our support for exports

We finance exports of goods and services, prioritizing those of greater added value.



Our resources are always:

disbursed in Brazil, that is, there is not remittance of foreign currencies abroad

in reais

for Brazilian exporters

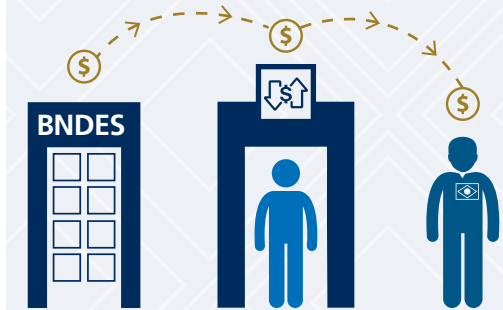
We offer two types of support for exports: **pre-shipment** and **post-shipment**

PRE-SHIPMENT is the financing earmarked to the production for exports, which stages are as follow:



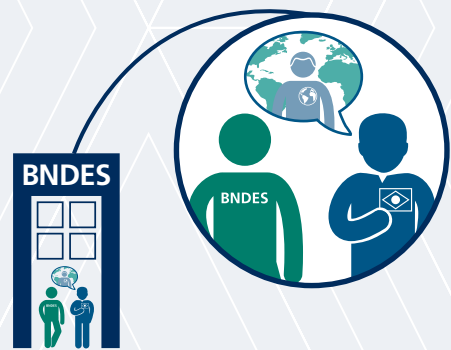
1 A Brazilian exporter requests financing from a financial institution partnered with BNDES

2 As all our indirect operations, the financial institution takes the credit risk and transfers our resources to the exporter



3 Exporter produces goods and services, fulfilling the commitment of exports taken

POST-SHIPMENT is the financing earmarked to the commercialization of goods and services, which stages are as follow:

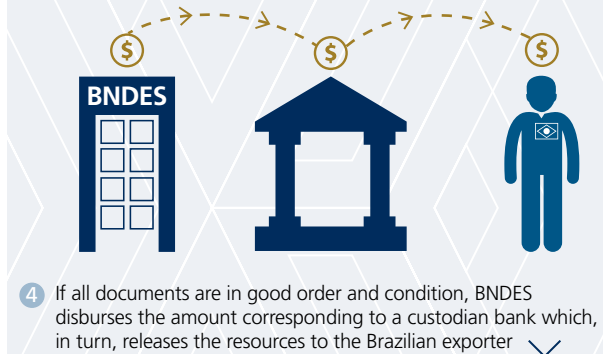


1 A Brazilian exporter negotiates sale of goods or services with a foreign importer and requests support from BNDES in this commercialization, according to the parameters of our direct operations

2 After BNDES approval, goods or services are commercialized



3 The importer issues credit securities or authorization of disbursement at the value corresponding to the export



4 If all documents are in good order and condition, BNDES disburses the amount corresponding to a custodian bank which, in turn, releases the resources to the Brazilian exporter



5 On the due date of installments, the importer makes the payments to the custodian bank, which transfers them to BNDES

Our operations of support for exports follow all formalities of common financing, with the difference of counting on the participation of other actors, coming from the Brazilian Exports Support System.

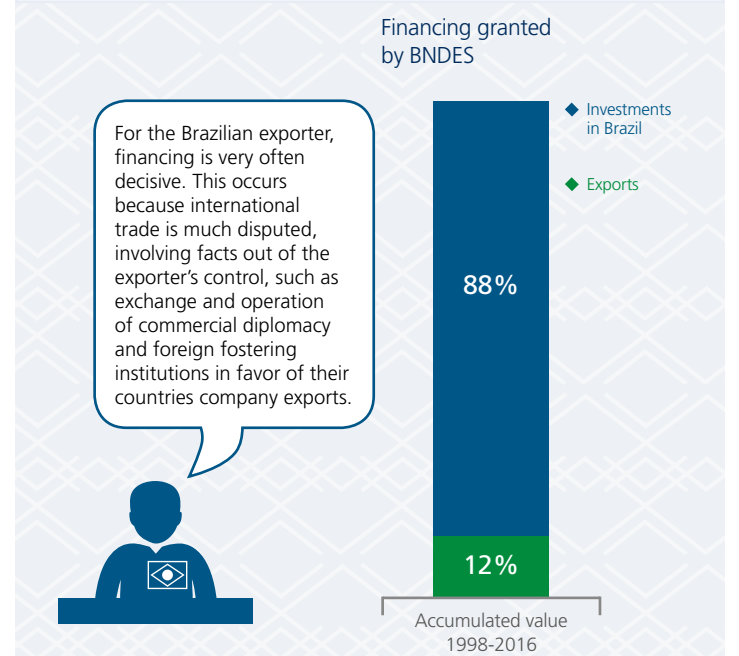
Foreign Trade Chamber (CAMEX)
It formulates policies and coordinates activities of foreign trade promotion.

Exports Financing and Guarantee Committee (COFIG)
It classifies and monitors operations of the Export Credit Insurance (SCE) and of the Export Financing Program (PROEX), instruments that may be used by BNDES. The Bank is invited to the committee's meetings, without right to vote.

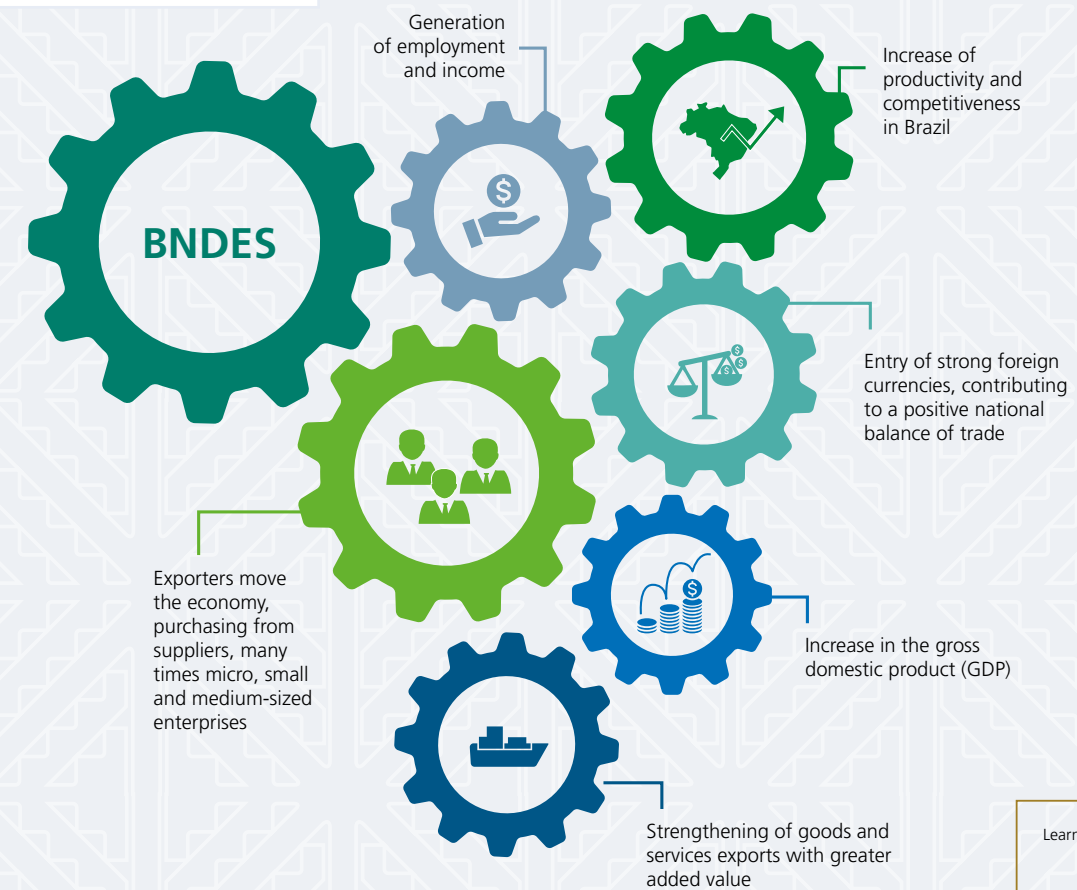
Brazilian Guarantees and Funds Management Agency S.A. (ABGF)
It analyzes the risk of export operations, including those supported by BNDES and prices the coverage of the Export Credit Insurance (SCE), an instrument that may be used in Bank operations.

Banco do Brasil (Bank of Brazil)
Financial institution of PROEX-Equalization Program. It analyzes and submits the export requests for approval by COFIG. Through equalization, the government bears part of the charges that fall upon the financing for exports, making the interest rates equivalent to the ones practiced.

Our financing for exports does not harm financing for investments in Brazil. Our objective is to assure to the Brazilian companies financial conditions compatible with international practice.



For the Brazilian society, the benefits are many:



Learn more about our operation in exports in 2016 in the section *Our performance*

WHAT DO WE DO?

2. STRUCTURING OF PROJECTS

We support projects of privatization under diverse forms, such as public concessions, public-private partnerships of any government sphere, participating of the various phases of the process, such as the contracting of studies and research of viability, bid notice publication and the bidding process itself and granting to the private initiative.

The Federal Government has been operating to stimulate long-term partnerships between the public and private sectors for developing projects earmarked to render public services and making infrastructure proper to the users of services available. In this context, the Investment Partnership Program (PPI) was created, to which the Bank contributes by analyzing whether it is possible to finance and structure projects qualified in the program and the availability of eventual financing lines after the bidding process.

3. FORMULATION OF PUBLIC POLICIES

As a bank of development linked to the Federal Government, we seek the constant improvement of our operational policies in order to better contribute to Brazilian public policies. Through our operation we induct the implementation of projects with relevant social benefits, offering more favorable financing conditions. We use our technical and sectoral knowledge for contributing to the formulation and improvement of public policies of the country.

We have been frequently convoked to technically support the preparation of public policies in several sectors. In the infrastructure sector it is worth mentioning the technical counseling for modeling concessions in PPI scope. Other contributions occur within the most various sectors, in different ways. Thus, in 2016 we participated in the elaboration of plans, programs and governmental policies in sectors such as biofuel, chemical industry, mining, oil & gas, and advanced manufacture. In addition, in partnership with ministries, we participated in discussions for identifying priority policies for health, defense and socio-environmental initiatives, such as the development of vehicle of low environmental cost and vehicle sharing, besides structuring industrial policy for the solar energy sector.

We participated in collective bodies, councils, delegations and public consultations as well as discussing regulatory frameworks (such as the telecommunication ones) and the structuring of instruments of guarantee (such as the infrastructure and foreign trade ones).

4. PRODUCTION OF KNOWLEDGE

We regularly produce analyses on the economy, economic sectors and national development, which work as a basis for our operation and as reference for the parties interested in the theme. With non-reimbursable resources we also support technical studies or third-party researches on specific themes



The book *Preservação do patrimônio cultural brasileiro* was one of the highlights of the publications of 2016

related to the economic and social development of Brazil and other territories that offer opportunities to Brazilian companies.

Aware that our history is directly related to the development of Brazil since our creation, we continuously work for preserving the institutional memory, sharing the information and knowledge produced internally with society.

Studies, seminars and events

In 2016, we produced research earmarked for industrial and infrastructure sectors, and participated in discussion forums on many themes, such as the increased access to credit for small and medium-sized enterprises and stimulating innovation, design and generation of intellectual property. We held workshops and important events, such as the seminars "Brazilian industry: challenge of policies for increasing competitiveness", "Shared economy and impacts on the automotive sector", "Seminar on advanced manufacture" and a workshop to discuss new possibilities of the BNDES operation in the education sector.

Publications

The book *Preservação do patrimônio cultural brasileiro* (Preservation of the Brazilian cultural heritage) shows historical buildings, such as churches, theaters and museums, that received our support for restoration, revitalization and conservation, over almost 20 years.

The book was published with an exhibition at our building in Rio de Janeiro, which, during five months, exhibited pictures of some monuments illustrated in the book and a complete timeline of our operation in the sector.

In our magazines, in 2016 we can highlight articles on Rural Environmental Registration, debentures of infrastructure projects and securities, and guarantees of social impact, published in two editions of the *Revista do BNDES* (BNDES magazine); and, in the numbers 43 and 44 of the *BNDES Setorial* (BNDES Sectorial), subjects such as bio-refineries, low cost airline companies, development and innovation in mining and metals, and structuring of operations with anchor companies.

Two texts for discussion on infrastructure were published during the year: *Infrastructure in Brazil: adjusting the focus*, by Fernando Puga and Alexandre Gomes; and *The transportation infrastructure in the United States: searching for funding*, by Fernando Puga and Nelson Siffert.

Section Knowledge on the website

We created a specific section on the new BNDES' website to disseminate our production of

knowledge. Through summaries, reviews, infographics, videos, unpublished articles and recommended reading, among others, we seek to share with society studies, analyses and research produced by our technical body. Diverse themes are approached, ranging from personalized medicine to wind power generation. People interested in the **content** can subscribe to a weekly newsletter that brings the section novelties, besides publications at first hand.

Digital Library

Knowledge produced by the Bank can be found in our **Digital Library** as well, which gathers publications edited, sponsored or financed by BNDES, including works on our operation, our history and subjects related to economic and social development. In 2016, the library maintained the number of accesses of 2015, obtaining more than 480,000 items visualizations, presenting an average of 40,000 monthly accesses. There are around 400 new documents included and made available integrally in digital version for public access, besides the integration with social networks for sharing contents.

Information management

With the purpose of promoting the diffusion of practices of information and knowledge management, in 2016 we promoted the III Information and Knowledge Management Seminar of the Brazilian section of knowledge

Access
www.bndes.gov.br/conhecimento

Access
www.bndes.gov.br/bibliotecadigital

Learn more in the section *Our relationships*

network of the Latin American Association of Development Financing Institutions (RIALIDE-BR), which counted with 95 participants and 43 Brazilian institutions. Themes such as information and culture center, strategic planning, documental management and personal knowledge management were approached.

Archive management

In 2016, our Corporate Archive Policy was reviewed and updated. It consists of a set of principles, efforts, procedures and responsibilities required for the management, preservation and access to the BNDES archive documents. The objective of the updating was to discipline issues of preservation and custody of digital archive records resulting from the modernization of information technology solutions. There was a review of commissions' composition for evaluating documents that the policy sets forth, aiming to provide greater agility and direct participation of the unities in the decision-making process.

Memory

In 2016, continuing the consolidation of the BNDES Memory program, the BNDES System Memory Collection Corporate Policy was approved, which defines the rules for treatment of our memory legacy, assuring the selection, guardianship, conservation and access to our historic documents. More than 5,000 items were selected and are being organized and digitalized, to enable their easy access to the whole society.