

# MESSAGE FROM THE MANAGEMENT

The year 2017 marks the beginning of the economic recovery after two years of strong contraction. Investment, which was the macroeconomic variable most affected by the crisis, began to show signs of reaction.

BNDES, as the main instrument of the Federal Government for long-term financing and investment in all segments of the economy, plays an extremely important role in this recovery. Throughout 2017, the Bank focused on laying the foundations for sustained development. Among the examples cited in this report, we can highlight:

- Support for 87,400 companies, especially micro, small and medium enterprises (MSME), which received 42% of the funds disbursed by the Bank;
- The doubling of resources for wind power generation projects (R\$ 7 billion), which since 2016 has been the energy segment that received most BNDES funds;
- Support for the structuring and financing of projects in sanitation, public lighting and gas distribution, logistics and transportation;
- Development of studies and action plans to prepare the industry for ongoing technological advances, such as the Internet of Things and advanced manufacturing;
- The strengthening of the “S” of BNDES through nonreimbursable support for the installation of cisterns in the northeastern semi-arid region, for

projects to combat poverty-related diseases, such as Dengue fever and Zika fever, and for the promotion of conservation and sustainable use of forests and biodiversity with resources from the Amazon Fund; and

- The structuring of new variable-income investment funds to develop and operate jointly with the national capital market.

These initiatives occur in a scenario of new challenges. With the drop in the Selic rate and the creation of the Long-term Rate (TLP), we are entering a new phase in Brazil: the low-interest rate era. Thus, BNDES will need to prospect and boost projects and investments, as well as proposing new products and financial solutions.

Ongoing transformations in the banking sector, technological advances and socioeconomic and structural challenges urge the repositioning of the Bank.

Between 2017 and early 2018, BNDES underwent a broad process of strategic planning, redefining the guidelines for its operations in the 2018-2030 period. Three main areas of action were established:

- Infrastructure: to develop and support projects aimed at increasing productivity and strengthening the connection between markets, enabling new business creation.
- Production structure: to support the transformation of traditional business models and the insertion of Brazil into the global and knowledge economies.

GRI INDICATOR:  
102-14

- Education, health and safety: to raise the level of qualification and standards of labor productivity and to improve current conditions of public health and safety.

Regarding our transversal activities, the highlights were the development of the capital market, the promotion of innovation and entrepreneurship, the support for the transition to the green economy, which made Brazil the leading player in this segment, and the regional development.

The institutional identity of the Bank has also undergone changes. In addition to redefining the institution's vision for the future – Being recognized as Brazil's development bank due to its relevance and effectiveness – a vision was established for the country: Making Brazil a developed country by 2035.

After the recent crisis and the worsening of so many economic and social indicators, a bold development proposal for the country may sound illusory. We must not forget, however, that despite the hardships experienced in recent years, Brazil can and must return to a transformative development agenda capable of realizing its full potential. BNDES has a duty to help the country on this journey. Together – with other national institutions and the help of each Brazilian – we can make this vision a reality.

Over its more than sixty years of existence, the Bank has gone through several challenging moments and has been able to adapt to the new

realities. With solid governance and an ethical and capable functional body, BNDES has all the required instruments to fulfill the purpose of transforming the lives of generations of Brazilians, promoting sustainable development. Always acting with transparency, dialogue and cooperation.

This report is another means of showing the Bank's actions and processes, demonstrating the effectiveness of our actions. It follows the model of the integrated report and, through financial and nonfinancial information, aims to present how the Bank generates value for the public.

In 2016, the adoption of the integrated reporting model became mandatory under Law 13,303/2016 (the new Law of State-owned Companies). Since 2012, BNDES has been seeking to adapt to this model. We consider that by involving all areas of the Bank in a collective effort to think about our performance, the integrated report allows us to reflect on the successes of the institution and its opportunities for improvement.

We invite everyone to read this report. We are always open to suggestions and criticisms, searching for a continuous improvement of our performance and transparency.

**Dyogo Henrique de Oliveira**  
President of BNDES

**Walter Baere**  
President of the Advisory Board

## CONTENTS

|                                      |    |
|--------------------------------------|----|
| ON THIS REPORT                       | 4  |
| BRAZIL AND THE WORLD IN 2017         | 5  |
| THE BRAZILIAN DEVELOPMENT BANK       | 6  |
| WHERE WE OPERATE                     | 16 |
| OUR STRATEGY                         | 20 |
| OUR STAFF                            | 26 |
| OUR RELATIONSHIPS                    | 32 |
| GOVERNANCE, ETHICS AND TRANSPARENCY  | 37 |
| RISK MANAGEMENT                      | 43 |
| FINANCIAL SUSTAINABILITY             | 46 |
| OUR PERFORMANCE                      | 48 |
| CHALLENGES AND VISION FOR THE FUTURE | 74 |