

Learn about our business model, in view of the 2018-2030 strategy, which, through our activities and products, shows how we are going to transform our inputs into results for our main stakeholders for the development of the country.

Given the nature of our activities, we have grouped our stakeholders in four major blocks: society, Federal Government, business ecosystem and BNDES

- » Society
- » Federal Government
- » Business ecosystem
- » BNDES

## INPUT AND RESOURCE ACQUISITION

### FINANCIAL

- » Private resources for funds managed by BNDES
- » Guarantees and insurance
- » Public resources
- » Guarantees and insurance
- » Fund raising on the capital market (national or international)
- » Net equity

### HUMAN

- » Executives for senior management of BNDES
- » Financial agents teams
- » Highly specialized staff

### INTELLECTUAL

- » Miscellaneous studies and publications
- » Specialized outsourced services
- » Public policies
- » Digital distribution platforms
- » Projects with developmental impacts
- » Collegial decision process
- » Digital access platform
- » Evaluation methodologies for projects and companies
- » Sectoral and regional knowledge

### MANUFACTURED

- » Regional partners' offices
- » Network of branches and offices of financial agents
- » Regional offices

### NATURAL

- » Natural resources
- » Ecosystems and biodiversity

### SOCIAL AND RELATIONAL

- » Social needs and demands
- » Relationship with stakeholders
- » Supervision and control of public bodies
- » Partnership with government bodies
- » Companies with investment potential
- » Partnerships with trade associations
- » Partnerships with promotion system
- » International agreements
- » Trust in BNDES operations
- » Reputation
- » Ability to influence and articulate
- » Tradition in devising and proposing development themes and agendas

## SUPPORT FOR:

Infrastructure

Manufacture, agriculture, trade and services

Exports of Brazilian goods and services

Capital market

Social and environmental

Culture and sport

Education, health and safety

## VALUE SHARING

### FINANCIAL

- » Growth of national *per capita* income
- » Employment and income generation
- » Interest on public funding
- » Dividends
- » Taxes paid by BNDES
- » Taxes generated by the activities supported by BNDES
- » Financial results for companies (returns, cost reduction, term extension, reduction of exposure to foreign exchange risk)
- » Interest on capital
- » Productivity and competitiveness increase
- » Expansion of Brazilian exports
- » Development of the capital market
- » Incentive to formalization (small business)
- » Financial results for BNDES

### HUMAN

- » More and better jobs
- » Increased respect for human rights
- » More qualified and productive employees
- » Professional development
- » Contribution to the country's development

### INTELLECTUAL

- » Shared knowledge
- » Publications, reports and sectoral databases
- » Contributions to the development of public policies
- » Agendas and strategies for sustainable development
- » Modernization of productive capacity
- » Innovations
- » Productive processes
- » Better and greater insertion in the knowledge economy
- » Acquired knowledge

### MANUFACTURED

- » Infrastructures
- » Financed manufacturing facilities
- » Financed equipment and machines

### NATURAL

- » Preservation and conservation of nature
- » Carbon footprint
- » Contribution to the achievement of COP21 goals
- » Insertion in the green economy
- » Improvements in the surroundings of supported projects
- » Ecoefficient facilities

### SOCIAL AND RELATIONAL

- » Improvement and expansion of the access to environmental sanitation, health, education and safety services
- » Territorial connection and reduction of distances
- » Infrastructure services
- » Social and productive inclusion
- » Support for strengthening citizenship
- » Coordinated public policies
- » Expansion of the business and innovation ecosystem
- » Opportunities for internationalization
- » Adoption of good social responsibility practices
- » Improvement in corporate governance
- » Support for public management modernization
- » Institutional recognition
- » Businesses articulated with society's demands and needs

- » Society
- » Federal Government
- » Business ecosystem
- » BNDES

## OUR ACTIVITIES

We offer a **portfolio of credit products** directed to the needs of the various client segments from all sectors of the economy

We participate as **partners in companies of all sizes** with great potential for innovation and for promoting development

We operate with **negotiable debt securities** to complement the financing of projects

We manage and participate in **third-party funds**

We structure projects and provide **advisory services** to public entities

We support **social, cultural, innovation and environmental projects** with nonreimbursable funds

We **produce knowledge** on development topics

We provide technical support to **the development and implementation of public policies**

## WHAT DO WE DO?

Our 2018-2030 corporate strategic planning restructured our business model and reorganized our activities, as described below:

### 1. We offer a portfolio of credit products directed to the needs of the various client segments from all sectors of the economy

Our **financing** is granted directly to clients or through accredited financial institutions, such as commercial banks. It is available to companies of all sizes, according to the purpose of the investment, such as the acquisition of machinery or a modernization or business expansion project.

We also offer, in the form of the **BNDES Card**, a revolving-credit pre-approved product for the acquisition of accredited pre-registered goods, inputs and services, manufactured wholly or partially in the country, required for the activities of micro, small and medium enterprises (MSME). The card is issued by financial agents accredited by us and carries one of the partner credit card flags.

Additionally, with the creation of the **BNDES Agro Card** at the end of 2017, we started to offer small farmers the same advantages offered by the BNDES Card to small-sized entrepreneurs and businesses.

We also work to complement guarantees for financing operations, through the Investment Guarantee Fund (BNDES FGI). Our main objective is to facilitate credit for MSMEs, as well as for individual entrepreneurs and freelancer truck drivers, encouraging them to expand and modernize their businesses.

By complementing the guarantees offered to financial agents, without exempting the companies from their financial

Learn more in this section's item  
How does our financial support work?

obligations, BNDES FGI increases the chances of approving the companies' credit applications. The BNDES FGI guarantee, which is well evaluated by financial institutions, also allows them to approve financing in better conditions, for example: longer terms, less entry requirements and even lower interest rates.

The disbursements of this fund are not intended for financing operations, but for payments to the financial agent who assumed the credit risk in the event of default.

We support the exports of Brazilian goods and services, with priority for those with higher added value. On the international market, financing on an equal footing with competitors is as essential as the quality of the goods shipped or of the service provided to the importer's purchasing decision. We offer two types of export support: pre-shipment (for export production) and post-shipment (for the sale of goods and services). Learn more in the infographic.

### 2. We operate with negotiable debt securities to complement the financing of projects

Since 2005, we have been operating as an investor in public offerings in the fixed income corporate bond market, especially simple debentures, as part of our efforts to develop the domestic capital market and to complement financing options for Brazilian companies.

Debentures are medium and long-term debt securities issued by companies in which the holder – the debenture holder – becomes the company's creditor.

Learn more in the section  
Our performance > MSMEs

Learn more in the section  
Our performance > Capital market

They can be simple, when redemption or amortization occurs exclusively in currency, or convertible, when the redemption value can be exchanged for shares.

One highlight is the incentive debentures or project debentures, which are debt securities issued by companies in order to finance their infrastructure or other projects. These debentures are issued with the tax benefit of Law 12,431/2011, which exempts them from Income Tax.

Through infrastructure debentures, for example, BNDES long-term financing and capital market funding complement each other.

### 3. We participate as partners in companies of all sizes with great potential for innovation and for promoting development

The **capital market** plays a major role in the economic development of a country, channeling investor resources to investment opportunities, expanding the companies' capitalization alternatives and the investment portfolio for savers.

Through BNDESPAR, our variable income arm, we invested in Brazilian companies. We subscribe to shares of publicly or privately held companies, incorporated as joint stock companies, in public or private offerings.

One of our aims is to complement the BNDES's financing activity, especially the support for more challenging projects – that is, involving higher risks – but also with greater potential for financial and social returns.

The variable income operations, by their nature and purpose, are subject to several risk factors derived from the characteristics of the supported businesses and from market fluctuations, which are offset by the expected return on these investments.

## THE BRAZILIAN EXPORTS SUPPORT SYSTEM AND THE BNDES

Numerous countries possess a structure to support their exporters through official institutions that finance exports following the policies of their respective governments. Public systems that support exports are present in more than ninety countries and, in the case of Brazil, BNDES is only one of its components.

### BENEFITS



The **analysis of exports operations** by BNDES only starts after they pass through:

#### Foreign Trade Chamber (Camex)

Responsible for the formulation, adoption, implementation and coordination of policies and activities related to foreign trade in Brazil.

IT APPROVES MERIT AND SUPPORT CONDITIONS

#### Exports Financing and Guarantee Committee (Cofig)

Interministerial Committee that approves the **equalization of interest rates** to exports financing and Federal coverage through **Export Credit Insurance**.

IT APPROVES SCE COVERAGE AND EQUALIZATION CONDITIONS

#### Proex Equalization:

It is an instrument operated by Banco do Brasil, through which the Brazilian government equalizes the financial burden on exports financing, in order to make interest rates compatible with those practiced internationally.

#### Export Credit Insurance (SCE):

It protects Brazilian exports of high added value goods and services against commercial, political and extraordinary risks, collecting premiums due to risk and paying indemnities when there is a delay or default.

### SCE AND FGE

The SCE was created in 1965 to provide Federal guarantee for exports financing. Like all insurance, it charges premiums related to the assumed risk and pays indemnities to the funder when there are delays or default. The premiums reflect the risks and the existence of counter-guarantees.

The SCE is backed by the Exports Guarantee Fund (FGE), a public, budgetary and accounting fund, linked to the Ministry of Finance. By 2017, the FGE raised US\$ 1.3 billion in premiums and paid US\$ 51 million in indemnities, having recovered US\$ 18.9 million.

## EXPORTS SUPPORT BY BNDES

1991  2017  
More than US\$ 96 billion disbursed

 Supported exports were allocated to 46 countries

### PRE-SHIPMENT SUPPORT

US\$ 58.3 billion in disbursements to finance the production of goods for export

more than 1,500 exporters served (60% MSMEs) mainly in the capital goods sector

### POST-SHIPMENT SUPPORT: US\$ 38.5 BILLION

 US\$ 22 billion disbursed for commercialization in the aeronautical sector

 US\$ 10.6 billion disbursed for the sale of goods and engineering services

 US\$ 5.9 billion disbursed for the sale of other capital goods, such as machinery, equipment, buses and trucks

US\$ 37 billion returned in principal and interest, leaving more than US\$ 10.3 billion in principal to enter the country

Learn more in the section  
Our performance > Exports

#### 4. We manage and participate in third-party funds

Through public calls we periodically select managers for investment funds focused on specific regions, sectors or company sizes that we want to stimulate. After selection, we become fund quota-holders along with other investors who should be attracted by the fund's manager.

BNDESPAR's operations through **investment funds** aim to develop innovative companies and productive chains that we prioritize, as well as

Learn more in the section *Our performance > Capital market*

to stimulate entrepreneurship and adoption of the best management and corporate governance practices and to spread the culture of venture capital in the country.

BNDESPAR has a remarkable history as an investor in all stages of this market, ranging from investments in startups to public offerings of shares of mature companies.

We also manage funds for financing specific sectors, such as the Amazon Fund, the Merchant Marine Fund and the BNDES FGI, among others.

Learn more in the section *Our performance > Infrastructure*

#### 5. We structure projects and provide advisory services to public entities

We support **privatization projects** under diverse forms, such as public concessions, public-private partnerships or privatizations of any government sphere.

We participate in the various stages of the process, from the planning to the signing of public entity contracts with private partners (see infographic on the next page).

The Federal Government has been working to encourage long-term

#### PRIVATIZATION

It is the sale of public assets or the transfer of public service provision to private enterprise for a fixed term (concession).

##### WHAT CAN BE PRIVATIZED?

Services related to the electric power, sanitation, gas, ports, airports, roads, health and education sectors are some examples of public services that can be granted to private enterprise, while state-owned companies are examples of assets that can be privatized.

##### HOW DOES THE PRIVATIZATION PROCESS WORK?

There are four main steps, common to privatization and concession modalities:

1

##### PLANNING

- Analysis of the public entity's fiscal capacity
- Analysis of the public entity's legal, regulatory and institutional framework
- Structuring of guarantee instruments for the project
- Survey of the public entity's asset base
- Projects prioritization

2

##### PROJECT STRUCTURING

- Selection of the most appropriate structuring alternative
- Elaboration of call notices and terms of reference
- Partnership agreements with structuring agents
- Follow-up of technical studies

3

##### AUCTION

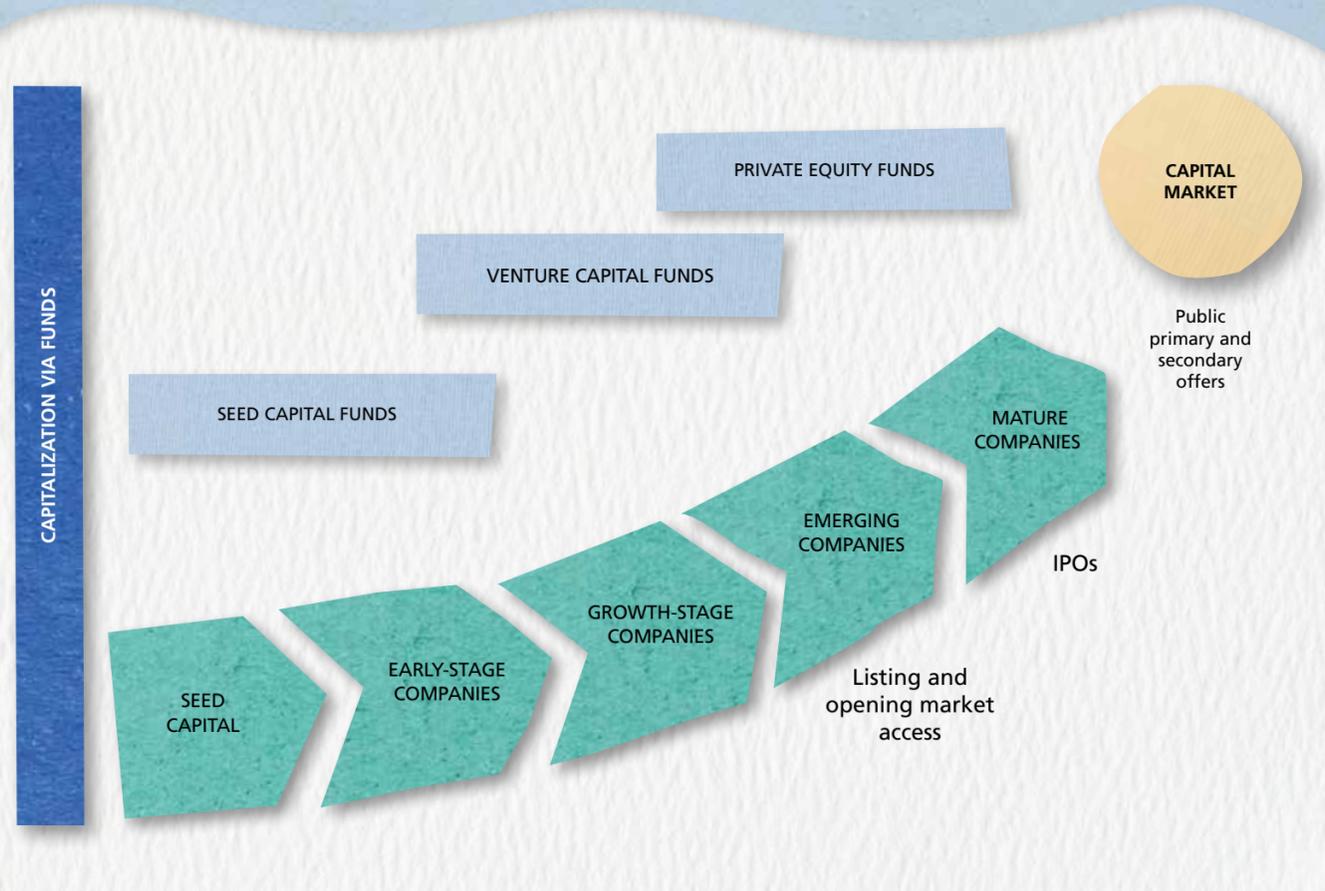
- Conducting a road show with potential investors
- Participation in public hearing
- Conduct of public consultation
- Response to control bodies' questions
- Auctioning

4

##### CONTRACT

- Signing of the contract between the public sector and the private partner that won the auction

#### BNDES'S OPERATIONS IN INVESTMENT FUNDS



partnerships between the public sector and the private sector, aiming at developing projects for providing public services and adequate infrastructure to service users.

In this context, the Investment Partnership Program (PPI) was created, to which we contribute by analyzing the financing and structuring of the projects qualified in the program and the provision of possible financing lines after the bidding of the project.

Public infrastructure projects implemented through partnership agreements signed by the public administration and the private sector are included in the PPI, as well as the projects of the National Privatization Program.

#### 6. We support social, cultural, innovation and environmental projects with nonreimbursable funds

We provide **nonreimbursable resources** to support projects of social, cultural,

Learn more in the section *Our performance*

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.

#### 7. We produce knowledge on development topics

We regularly produce analyses on the economy and specific economic sectors, seminars and publications that contribute to the national development debate. We disseminate our studies in **printed and digital publications**, in our own editions.

We also support, with nonreimbursable resources, technical studies or research by third parties on specific topics related to the economic and social development of Brazil and other territories that offer opportunities for Brazilian companies.

Aware that our history is directly related to the development of

Learn more in the section *Our Relationships*

Brazil since our creation, we work continuously for preserving our institutional memory while sharing with society the information and knowledge produced internally.

#### 8. We provide technical support to the development and implementation of public policies

As a federal development bank, we are constantly seeking to improve our operational policies in order to contribute more to Brazilian public policies.

Through our activities, we induce the implementation of projects with relevant social benefits by offering favorable financing conditions.

Due to our performance and our sectoral knowledge, we are frequently called upon to provide technical support to the elaboration and improvement of public policies in various sectors.