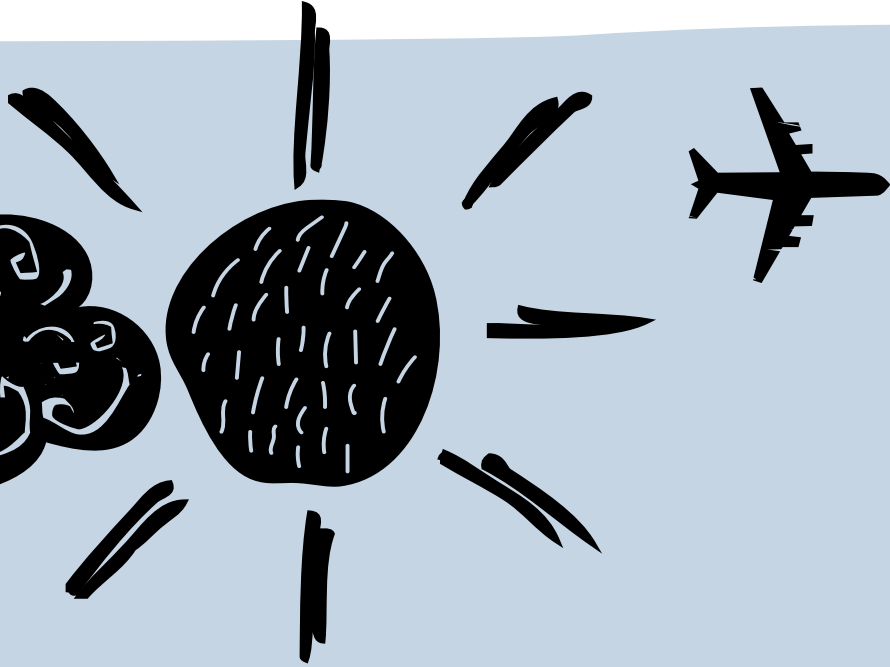




ANNUAL REPORT 2015

THE BRAZILIAN DEVELOPMENT BANK

*Understand how BNDES works and
the results it delivers to society.*

PERFORMANCE

*R\$ 135.9 billion were disbursed in
954,208 operations with 221,114 clients.*

*Learn about the main activities of infrastructure,
social and production inclusion, and in support
of the competitiveness of Brazilian companies.*

INTERNAL ENVIRONMENT

*Learn more about governance, transparency,
relationships, financial sustainability and
developing competence at BNDES.*





ANNUAL REPORT
2015

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EDITORIAL

This report presents the highlights of our performance in 2015, focusing on economic, social and environmental aspects. Starting out from our capitals – financial, human, intellectual, social and relationship-based, natural and manufactured – and the prospects that comprise our 2015 strategic map, we present our main fields of activity in the past year.

Once again published in a magazine format, this edition seeks to reach – in a simple and direct way – all audiences interested in our activities and serve as gateway for those seeking to know how BNDES creates value for society.

This material results from progress in adopting the **Integrated Report (IR)** principles, as the review of the reporting process carried out in 2015, and the

elaboration of a methodology to define materialities, which is expected to be formalized in 2016. The IR is an international initiative aimed at improving the quality of corporate reports in an effort towards greater transparency and stability in the worldwide economic system. In this perspective, this report features reorganized sections and the presentation of new information, such as an overview of the Brazilian and world context and the identification of our capitals.

Throughout the report, readers are referred to additional contents in other sections of the report or on our website, and also to the glossary, whenever a technical or specific term is used. The 2015 report continues to use the Global Reporting Initiative (GRI) indicators and has also a

PDF version, available on our digital library (www.bndes.gov.br/bibliotecadigital).

The report ranges from January to December 2015 and comprises the entire BNDES System, which includes the Bank's seven facilities – Brasília (Federal District), Rio de Janeiro (Rio de Janeiro state), São Paulo (São Paulo state), Recife (Pernambuco state), Belém (Pará state), Montevideo (Uruguay) and Johannesburg (South Africa) – as well as the subsidiaries: BNDES Participações S.A. (BNDESPAR), operating in the capitals market; the Special Agency for Industrial Financing (FINAME), dedicated to fostering the production and commercialization of machinery and equipment; and BNDES PLC, whose main purpose is to support the insertion of Brazilian companies abroad, located in London (United Kingdom).

Learn more about the Integrated Report on <http://www.theirc.org>.

ICONS USED IN THIS REPORT

-  Term explained in the glossary
-  GRI indicator



 As a result of rounding up, the sum of the numbers in the charts might not be exact; similarly, the sum of the percentages in the charts may not total 100. For the same reason, there may be a small variation between the values presented in the report.

BRAZIL AND THE WORLD IN 2015

The year 2015 was marked by the recurrence of the previous year's macroeconomic scenario and the persisting sluggish growth of the world's major economies, resulting in the continuing economic slowdown of international trade. The deterioration of Chinese activity indicators negatively impacted commodity prices, and the expected rise of the base interest rate of the United States of America increased volatility in emerging markets such as Brazil. Internally, the crisis was intensified by the impact of the fall in commodity prices and reduced public spending in an already stagnated economy. The weak economic activity of 2014 deteriorated in 2015, and business and consumer confidence levels remained at historic lows. In addition, the adjustment of relative prices put pressure on inflation (high inflation of administered prices and depreciation of the R\$/US\$ exchange rate).

All these factors led to the loss of Brazil's investment grade, in December 2015, by the rating agencies Standard & Poors and Fitch Ratings. Thus, the profitability of companies remained below historical average levels, and the risk of investing in stocks increased due to the uncertainty of the macroeconomic scenario.

However, in the face of other challenges, such as those related to climate change, 2015 also marked the beginning of the quest for a new framework of economic growth both in Brazil and worldwide. The nations agreed on new commitments, such as adopting the agenda of Sustainable Development Goals (SDGs) of the United Nations (UN), to be implemented by 2030, and formulated plans to transition

to a low carbon economy, such as the Paris agreement during the 21st UN Conference on Climate Change (COP21).

BNDES in 2015

The economic and political difficulties faced by Brazil influenced our performance, increasing the cost of loans and reducing the disbursement of resources. The year was also marked by a growing questioning of our work by society and control agencies, culminating in the establishment of a Parliamentary Commission of Inquiry (CPI) by the Brazilian House of Representatives.

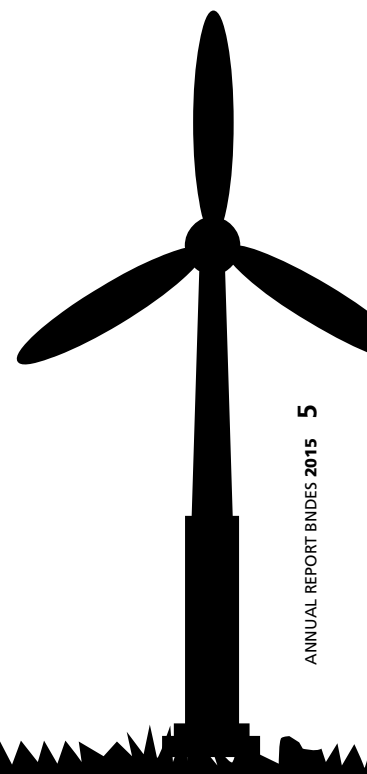
Aware of the demands of society and control bodies, we have increased our efforts of **accountability and transparency**. In June 2015, for example, we reformulated our transparency website on the Internet. Access was facilitated and information on operations – which had been already featuring objectives, borrowers and loan values since 2008 – was expanded with the inclusion of key financial conditions (terms, rates and guarantees).

In 2015, we also sought to internalize the highest international standards in sustainability and environment, related to both the analysis of investment projects and the practices to be implemented by companies in Brazil. To this end, we endeavored to match the standards of the best similar financial institutions and thus to improve our methodology for the systemic analysis of projects, involving also the stages of follow-up and effectiveness of projects.

Finally, we maintained our focus on expanding investment in infrastructure in order to drive the recovery of economic

growth in Brazil. Prominent in this context is the support to investment in the energy and logistics sectors, which involve capital-intensive projects.

Learn more in the section "BNDES and society".



THE BRAZILIAN DEVELOPMENT BANK

In this section, learn more about BNDES, our activities and how we operate.

WHAT IS A DEVELOPMENT BANK?

Development banks are public institutions that emerged in the 1940s, during worldwide postwar reconstruction efforts. Since then, they have played a significant role in the socioeconomic development of the countries and regions where they operate, in accordance with their different stages, whether the scenario is one of stability or crisis.

Each institution has its own way of operating, but similarly all of them invest intellectual, human, social and financial capital – the latter generally employing public sources – to help implement policies, complement loans provided by the private financial sector, and prompt the private and public sectors to take risks and challenges concerning long-term strategic investments. Over the recent decades, growing attention has been paid by these institutions to the integration of economic, social and environmental spheres of development.

Besides Brazil, several countries have strong development banks, such as Germany, China, Japan and Spain. Some also use separate instruments to finance public policies, such as development financial institutions operating in specific economic sectors (export and innovation bodies and international cooperation agencies, for example) or long-term investment initiatives.

WHO ARE WE?

We have been operating since 1952 and we are now one of the major development banks in the world. As the main instrument to implement the Federal Government's investment policy, our mission is to foster the sustainable and competitive development of the Brazilian economy, generating employment and reducing social and regional inequalities. To this end, we support various segments of the economy and businesses of all sizes.

HOW DO WE RELATE TO OTHER LEVELS OF GOVERNMENT?

We are a federal publicly-owned company linked to the Ministry of Development, Industry and Foreign Trade.* Our efforts are established by the Advisory Board, the Auditing Committee and the Fiscal Council, and we report to several levels of government: the Ministry of Finance, the Central Bank, the Office of the Comptroller General** and the Federal Court of Accounts.

* In 2016, BNDES became linked to the Ministry of Planning, Development and Budget.

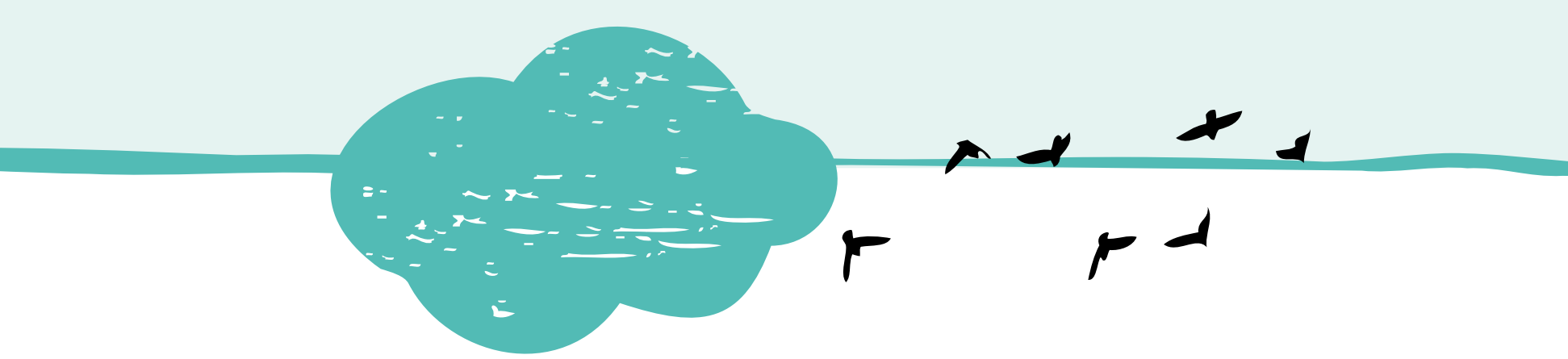
** In 2016, the Office of the Comptroller General became the Ministry of Transparency, Supervision and Control.

WHO ARE OUR MAIN AUDIENCES?

We interact with many audiences, from the abovementioned government agencies up to every Brazilian citizen, comprising suppliers of goods, services and financeable items, clients, financial agents, opinion leaders, institutional partners, the academic community, among others.

In 2015, the **BNDES Relationship Policy System** was approved. This policy stemmed from extensive work to identify our key partners and audiences. Besides listing and describing them, the policy provides values and guidelines to govern our relationship with each one of them.

See also the section
"BNDES and society".



WHAT RESOURCES DO WE HAVE?

Our activities are supported by the following basic resources:

Structured processes and solid governance practices

Financial support is granted according to the principles of delegating functions, with different activities within the process assigned to different groups and decisions made collectively.

In-depth knowledge of the Brazilian economy

Acquired from monitoring supported projects over six decades of activity and carrying out economic studies and analyses.

Financial resources

Most part of the available resources for new supported projects come from the return on Bank credit operations.

People

Qualified personnel committed to upholding the institution's values, hired by means of a public recruitment exam.

Institutional relations

With the government, clients, associations, financial institutions, and civil society, among others.

WHAT ARE OUR MAIN ACTIVITIES?

Financial support for enterprises

We support projects related to investment, acquisition and export of goods and services, as well as other types of enterprises through long-term financing and capitals market operations.

Economic sectors and priority issues are defined, based on public policies, on the economic scenario and on the country's demands. Support conditions are defined by our operational policies, established in the form of products, lines of credit and programs. Priority sectors and areas have different conditions: better rates, longer terms of payment and higher percentages of financial participation by the Bank.

Structuring public concession projects and public-private partnerships

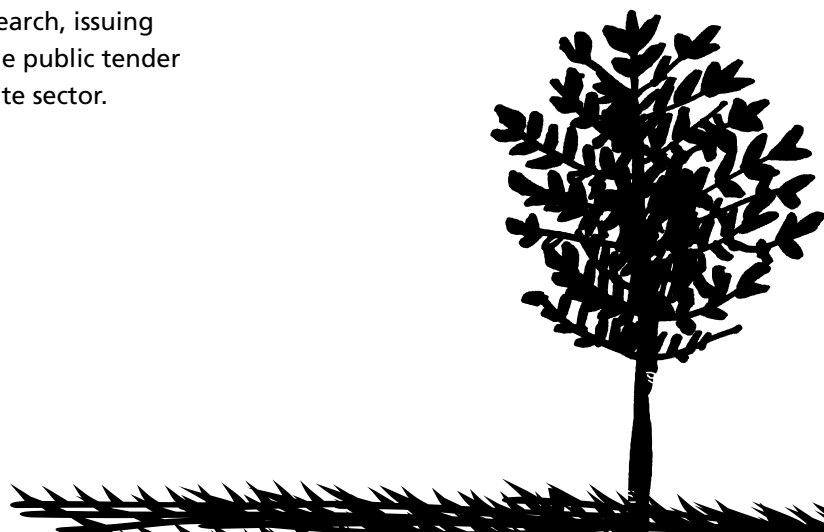
We support public concession projects and public-private partnerships at all levels of government, taking part in the several stages of the process, such as contracting feasibility studies and research, issuing public notices, running the public tender and authorizing the private sector.

Producing knowledge

We produce regular analyses of the economy, the economic sectors and national development, which serve as a basis for our activities and a point of reference for those interested in the topic. We also support – through non-reimbursable resources – technical studies or third-party research on specific topics related to the economic and social development of Brazil and other territories, such as Latin America and Africa, offering opportunities for Brazilian companies.

Assisting the government to formulate public policies

Based on the produced or supported knowledge, and on the experience acquired over more than sixty years of activities, we contribute to the development of public policies that promote the sustainable and competitive development of the Brazilian economy.



WHAT ARE OUR INSTRUMENTS OF FINANCIAL SUPPORT?

Meeting the varied needs for financial support with a comprehensive view of development is one of our challenges. Therefore, we boast a portfolio of different support instruments in tune with the economic scenario and the country's demands. Learn about some of them:

Financing

We offer financing products tailored to each investment purpose, such as purchase of machinery, business modernization or expansion projects. Each product may have lines of credit designed for specific types of customers and industries. They offer different financial conditions for each objective, such as interest rates and terms of payment. The products may also be linked to temporary credit programs targeting a particular economic sector or purpose.

Financing may be granted directly to clients or through accredited financial institutions, such as commercial banks. In addition to financing operations, support may also be granted through the BNDES Card, a product geared towards micro, small and medium-sized enterprises (MSME) and individual microentrepreneurs. Functioning like a credit card, it is issued by financial agents with a credit limit of up to R\$ 1 million and a fixed interest rate.

Learn about BNDESPAR's operations in the section "How does financial support work?".

Capitals market

We also work with other instruments of financial support. In the capitals market, this happens through the subscription of bonds, corporate securities in public offerings and investment funds.

Through **BNDESPAR** we perform the subscription – in public or private placement – of shares or other securities convertible or exchangeable into shares or in any way convertible, redeemable or backed by shares. Equity stake is minor and transient, with no executive role.

Investing in primary public offerings of simple debentures, we operate in the following modes: market debentures and infrastructure project debentures.

We also periodically select – through public notices – managers for investment funds focused on specific regions, sectors or company sizes that we wish to encourage. Following the selection, BNDES becomes one of the fund's shareholders, alongside other investors attracted by the manager. Thus, we help leverage resources to capitalize Brazilian companies and support a more dynamic capitals market in the country.

Learn more in the section "Competitiveness of Brazilian companies".

Other funds

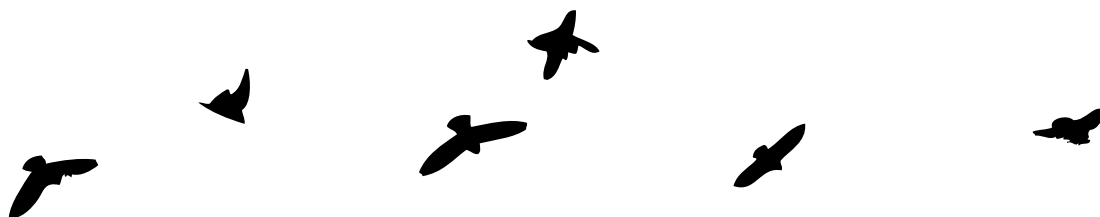
There are also guarantee funds, which complement our financing guarantees, such as the Export Guarantee Fund (FGE) and the **Investment Guarantee Fund (FGI)**, an important instrument to expand access to credit for MSMEs. In this case, there are no disbursements for operations, only payments to the financial agent who has taken on the credit risk in case of default.

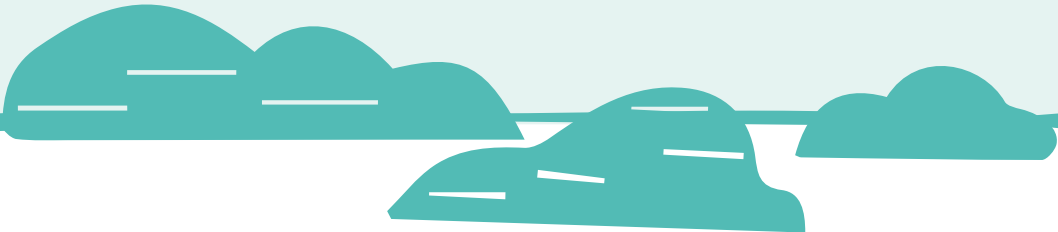
There are also funds to finance specific sectors in which the origin of funds and the support regulations are external. In this case, we only invest the resources through a product, as with the Merchant Marine Fund (FMM) and the Climate Fund.

Non-reimbursable funds

We also provide financial support through non-reimbursable funds to social, cultural, environmental, scientific and technological projects, complementing reimbursable financial support for these strategic areas. Resources derive partly from our profit, as in the case of the Social Fund, or from external donations, such as the Amazon Fund, of which we are managers. It is noteworthy that, in the case of non-compliance with the conditions of the non-reimbursable support, the beneficiary institution is obliged to repay the resources received.

Learn about the process of granting credit in the section "How does financial support work?".





Learn about the updated conditions on our website (www.bnades.gov.br).

OPERATIONAL POLICIES

All our financial support instruments are regulated and consolidated in our **operational policies (PO)**, regularly monitored for updates.

In 2015, given the scenarios predicted for the next three years and following the new strategic guidelines of the institution, financing terms required adjustments, such as: reducing the use of the long-term interest rate (TJLP); complying with the basic spread target; maintaining investment stimulus; boosting the simplification of financial conditions; maintaining the structure of sets of conditions and ranges (maximum and minimum limits) for investment of financial conditions in non-automatic operations; and a greater incentive to use financial instruments complementary to credit. 🗨️

Despite an increase in basic remuneration and a decrease in our maximum participation for almost all credit lines, special conditions were preserved in priority areas such as innovation, environment, corporate social investment (ISE Line), waterways, railroad transport, sanitation, urban mobility – rail and bus rapid transit (BRT) – aquaculture, public management, automatic operations for MSME and support lines for the commercialization of Brazilian products abroad (BNDES Exim Post-shipment). In some of these cases, BNDES's remuneration can reach 0% (as in the innovation lines and the ISE Line related to communities), and the Bank's participation can reach 100% (as in the ISE Line related to communities and BNDES Exim Post-shipment).

WHAT DO WE DELIVER TO SOCIETY?

Attentive to development in Brazil and in order to meet upcoming challenges, we operate in an all-encompassing, diverse and comprehensive manner. More than a mere goal, the sustainable and competitive development is a dynamic process that, at each stage, requires the institution to perform differently.

In recent years, we have carried out a series of efforts to assess our performance in an attempt to ascertain and improve our contribution to the sustainable and competitive development of the Brazilian economy. Information is generated and organized by means of the Monitoring and Evaluation System (M&A), allowing the monitoring and evaluation of our projects, programs, products and policies.

The system aims to contribute to the analysis of new operations by our staff to better guide the learning process of our planning and provide accountability to society. Some activities involve partnerships with other institutions to carry out analyses, ensuring the viability of independent, high-quality evaluations. In 2015, a major delivery in this process was the **2007-2014 Effectiveness Report**,

which showed the immediate results and effects achieved by the interventions we supported over that period.

The report features a wide range of indicators that reflect immediate deliveries or the effectiveness of financial support. In addition, the document consolidates and summarizes studies that seek to analyze the results achieved and the causes of the observed impacts, i.e., the evaluations of effectiveness. The information is organized within the strategic planning themes, such as contribution to regional development, social inclusion, encouragement to initiatives of innovation and green economy, and expansion of economic, urban and social infrastructure.

We are also aware that, like any company, our activities may generate negative impacts, and therefore we seek to **chart and mitigate the risks** inherent to its operations.

See also the section "Governance, control and management practices".

Learn more in the section "BNDES in numbers".



HOW DO WE CREATE VALUE?

An institution creates value by transforming its available inputs into benefits for society. Learn about our model to create value, which shows – in a simplified way – how we use our capitals, transforming our inputs into results and major deliveries in favor of the Brazilian development.



MISSION

To foster sustainable and competitive development in the Brazilian economy, generating employment while reducing social and regional inequalities

VISION

To perform its duties as the development bank of Brazil, an institution of excellence that is innovative and proactive in light of the challenges in our society

VALUES

Commitment to development
Public principles
Excellence
Ethics



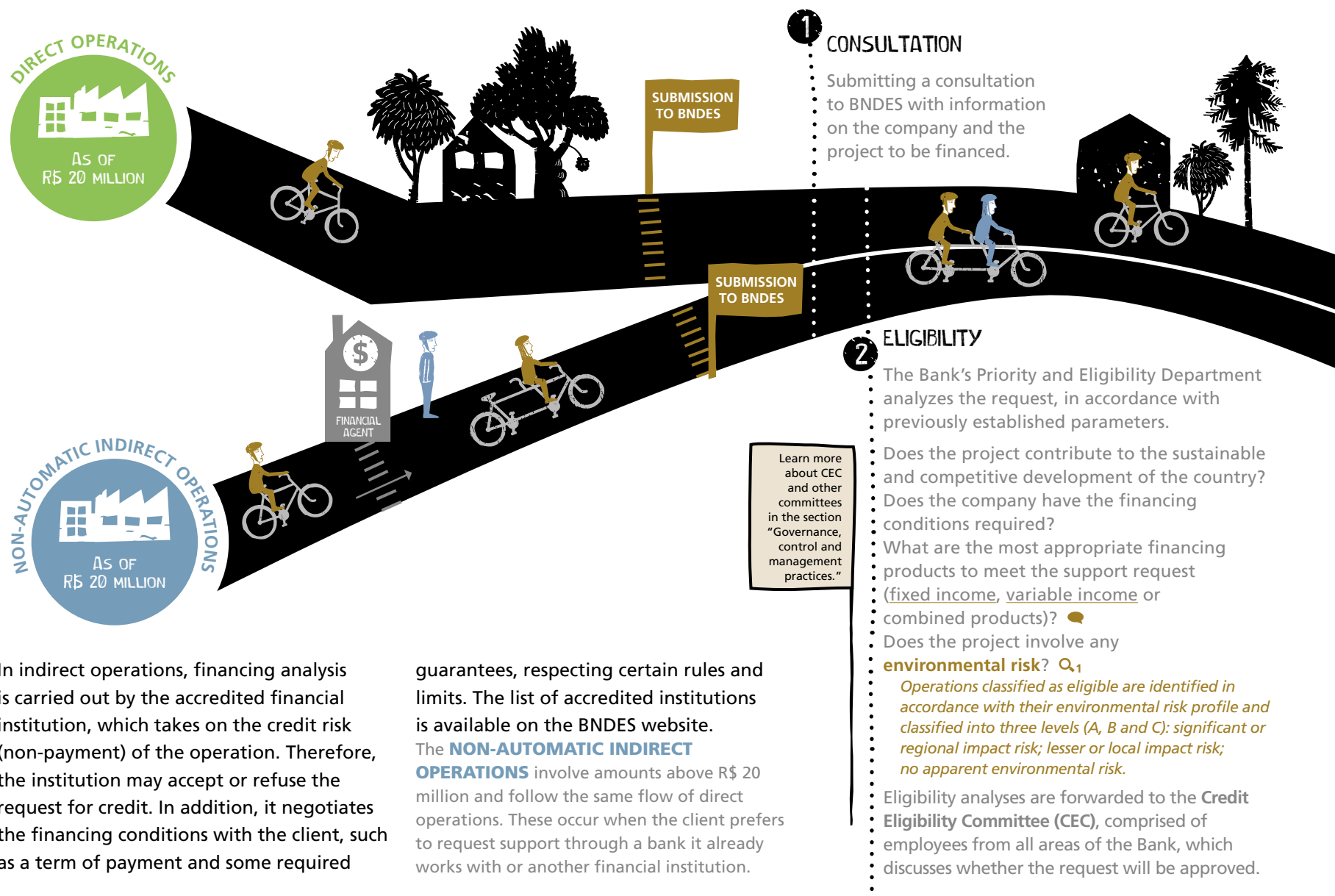
HOW DOES FINANCIAL SUPPORT WORK?

FINANCING PROCESSES AND FORMS OF SUPPORT

After being submitted to BNDES, a request for financial support goes through various stages of evaluation, from submission to release of funds.

Each of these steps involves different teams, with decisions taken collectively. The stages in the process of granting support vary in accordance with the amount of financing requested and the possible participation of an accredited financial institution in the operation.

In order to request our direct support, the amount requested must exceed R\$ 20 million. In some specific cases, such as support for projects related to innovation, energy efficiency, reforestation, recovery and sustainable use of forests, among others, direct



support can be requested for financing amounts below that limit.

In indirect operations, on the other hand, our partner financial institutions (commercial banks, credit agencies etc.) serve as intermediaries in granting financing. As BNDES has no branches, the partnership

with accredited agents allows its resources to reach the whole country. Indirect operations can be automatic or non-automatic, depending on the amount of the support.

Learn more about how the financial support process works in the following infographic.

Q₂

COMPANY ASSESSMENT METHODOLOGY

BNDES uses the Company Assessment Methodology (MAE) to evaluate the intangible assets of the Bank's main clients. The assessment looks into topics such as governance, innovation, human resources and the company's level of commitment to socioenvironmental responsibilities and local and regional development.

During the financing process, MAE generates inputs for risk analyses and the eligibility and analysis stages (stages 2 and 3 of the infographic).

3 ANALYSIS AND APPROVAL

Once the request is classified as eligible, multidisciplinary technical teams specialized in the economic sector of the project carry out a market analysis and analyze more thoroughly the guarantees offered, the economic-financial viability of the project, the social and environmental aspects of the project and the company's corporate strategy and governance.

The technical analysis is submitted to the approval of our Board of Directors, which deliberates on the approval.

4 AWARDING

Approved requests are **awarded**.

An important feature in our contracts is the so-called Social Clause, which outlines the fight against discrimination based on race or gender, child labor and slave labor in Brazil.

The practice of such illegal acts by the company may result in the operation being suspended or terminated ahead of time.

5 DISBURSEMENT AND FOLLOW-UP

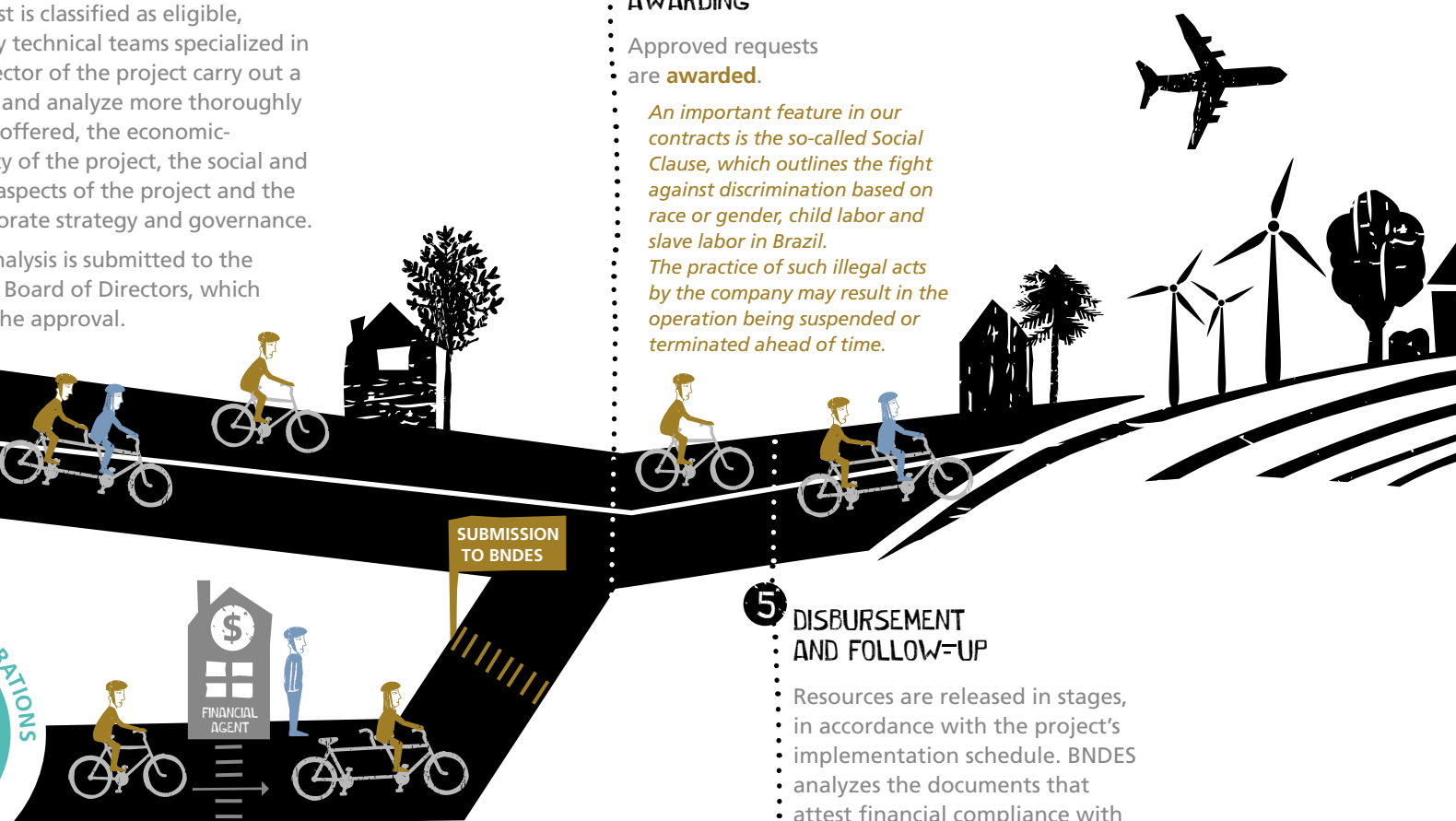
Resources are released in stages, in accordance with the project's implementation schedule. BNDES analyzes the documents that attest financial compliance with the contract, besides visiting the supported projects.

In the case of indirect operations, the financial agent performs the detailed follow-up, and BNDES monitors the operations through samples.



In **AUTOMATIC INDIRECT OPERATIONS**, the process at BNDES is swifter, because the request does not require our previous assessment. It is the financial agent that receives, classifies and analyzes the request for funding. After credit is approved,

the partner institution seeks the approval of BNDES, which verifies the appropriateness of the proposal and releases the resources. Automatic operations involve financing amounts up to R\$ 20 million.



FINANCING THE EXPORT OF BRAZILIAN GOODS AND SERVICES

For 25 years we have supported Brazilian exports in various sectors of the economy, giving priority to higher value-added segments. Over this period, we have mainly met, through our lines of credit, the needs of exporters of industrial and agricultural machinery, buses, trucks, construction machinery, railway equipment, aircraft, ships, electronics and engineering and construction services, bound for 45 countries in Latin America, North America, Africa, Europe and Asia.

Our support enables the commercialization of Brazilian goods and services abroad by providing Brazilian export companies with financial conditions for production and marketing compatible with international practice, allowing them to operate in the international market on equal terms with their competitors.

Brazilian society benefits in many ways. The export of goods and services generates employment and income in the country and contributes positively to the balance of payments and the supply chain, especially of micro, small and medium-sized companies (MSME).

As a major source of demand for Brazilian goods and services, the exports can boost economic activity, raising the growth rate of the gross domestic product (GDP). Thus, the export sector is the only one that generates, simultaneously, foreign exchange reserves, jobs for Brazilians, and productivity and competitiveness gains for the economy in general, contributing to sustainable development.

How does BNDES support exports?

Provided to meet exporters' needs and in accordance with the characteristics of their activities, support for exports follows the normal stages of the financing process. The difference is the participation of **other actors and instruments** that define the parameters to grant credit or are responsible for providing the financing guarantees.

We finance both the production of Brazilian export goods and the commercialization of machinery, equipment and services abroad. In any modality, all resources are released in reais, in Brazil, to Brazilian exporters.

Financing for production of export goods is called pre-shipment. In this modality, the operation is done through a financing agent that takes on the credit risk and passes the resources on

to the exporter, who will produce and export the goods.

In the case of financing for commercialization of goods and services, the modality is called post-shipment. Support is offered as a refinancing to exporters through the discount of securities related to the sales installments granted by the exporter to the importer, or through BNDES's financing contract with the foreign importer for the purchase of Brazilian goods and services, with the intervention of the exporter. In both cases, as disbursements also take place in Brazil, in reais, there is no foreign remittance. In most operations, payment of financing installments by the importer to BNDES occurs through a custodian bank.

The infographic on the right explains how the post-shipment modality works.

BRAZILIAN EXPORTS SUPPORT SYSTEM

Several agents are part of the Brazilian exports support system, establishing guidelines for us to award credit and influencing our decisions. They are:

Council of Ministers of the Foreign Trade Chamber (CAMEX) – it sets guidelines, parameters and criteria for government financial assistance to exports and the guarantee of operations under the Export Credit Insurance, under the terms of the Export Guarantee Fund (FGE).

Export Credit Insurance – an instrument developed by the Brazilian government, in line with instruments offered by the governments of other countries (through the so-called export credit agencies) to ensure the financing of exports of goods and services for longer periods.

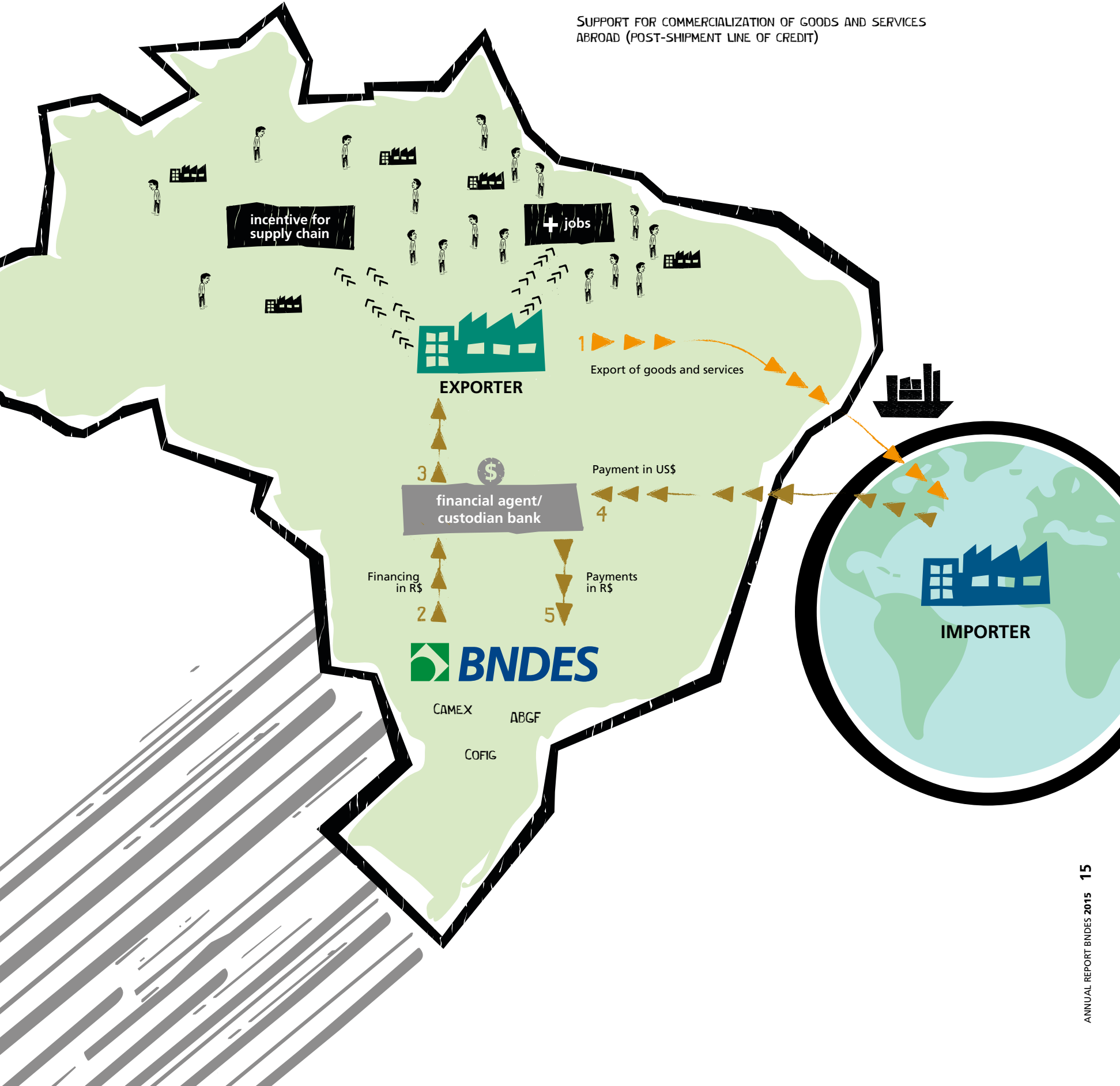
Exports Financing and Guarantee Committee (COFIG) – it classifies and monitors FGE operations, establishing conditions for awarding financial assistance to exports and the provision of Federal Government guarantees, based on calculations by the Bank of Brazil and ABGF.

Brazilian Guarantees and Funds Management Agency S.A. (ABGF) – a public company linked to the Ministry of Finance, * hired by the Federal Government to analyze the business, political and extraordinary risks of operations and price the coverage of export credit insurance for later evaluation and approval of COFIG.

Bank of Brazil – Federal Government financial agent for the PROEX-Equalization program, which analyzes and submits requests to the assessment and approval of COFIG.

* In 2016, ABGF became linked to the Ministry of Planning, Development and Management.

SUPPORT FOR COMMERCIALIZATION OF GOODS AND SERVICES
ABROAD (POST-SHIPMENT LINE OF CREDIT)





Learn more about this activity and some of the supported companies in the sections "BNDES in numbers", "Financial sustainability", "Infrastructure: a decisive sector", and "Competitiveness of Brazilian companies".

OPERATION IN THE CAPITALS MARKET

BNDESPAR, an integral subsidiary of BNDES, is our right arm in operations in the capitals market and an important tool in our mission to promote the sustainable development of the Brazilian economy, complementing the financing products offered to the supported projects.

The integration between fixed and variable income instruments empowers the activities of development institutions in several countries. In our case, it also contributes to expand our financial sustainability. 📌

BNDESPAR seeks to support processes of capitalization, development and growth of Brazilian publicly- and privately-held companies by strengthening their capital structures and promoting their competitiveness. A further goal of BNDESPAR

is encouraging the adoption of best practices of sustainability and enhancing corporate governance and innovation capacity among national companies, including micro, small and medium-sized enterprises (MSME).

Thus, our performance in variable income is consistent with our strategic objectives of contributing to the development of the access market and the funds industry; investing in innovation; encouraging good governance and management practices; among others.

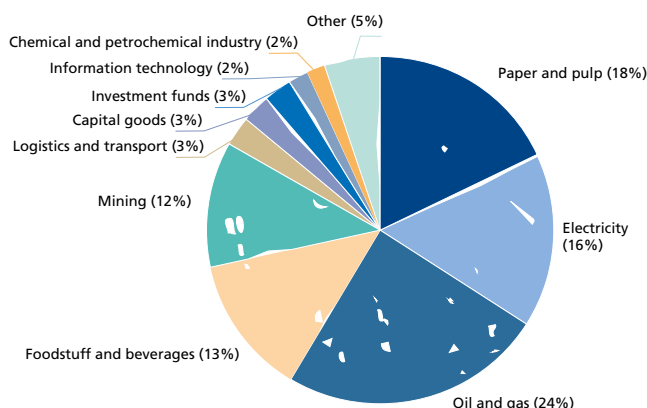
This activity, initiated in 1974, has proved to be effective, inasmuch as it contributes to strengthen the capital structure of Brazilian companies and realize their investment plans.

From 2007 to 2014, for example, we took part in 18% of follow-on operations in Brazil, and in structuring various investment funds, notably venture capital and seed capital

funds, segments in which BNDESPAR is the main investor in Brazil. Our commitment to the capitals markets for small and medium-sized enterprises is also a mark of our work – ten of the 14 companies currently listed on Bovespa Mais receive or have received investments from BNDESPAR. 📌

Finally, we highlight the support for small and medium-sized innovative companies. Currently, BNDESPAR supports – with variable income instruments – more than one hundred innovative companies from various sectors, especially those based on technology. These are companies that, thanks to our resources, stand out for having growth rates above the average of their competitors and for bringing hundreds of new products and services to the market, generating new patents and employing highly qualified technical staff.

VARIABLE INCOME PORTFOLIO OF THE BNDES SYSTEM PER SECTOR



OUR VARIABLE INCOME PORTFOLIO ENDED DECEMBER 2015 WITH A MARKET VALUE OF R\$ 69 BILLION DISTRIBUTED PER SECTOR, AS SHOWN IN THE CHART.



BNDES IN NUMBERS

The 2007-2014 BNDES Effectiveness Report is available at www.bndes.gov.br/relatorioefetividade.

CONTRIBUTION TO FIXED-INCOME INVESTMENTS

Besides regularly monitoring the supported projects and our operational and financial performance, we are improving the monitoring and assessment of efficiency and effectiveness in our activities in support of the country's development.

Regular credit statistics published by the Central Bank of Brazil refer to evolution of banking loan portfolios and are appropriate for comparisons with the capital stock of the economy, but not to investment. As our financing operations are long-term and part of them are in foreign currencies, the borrowers' debts often continue increasing due to operation

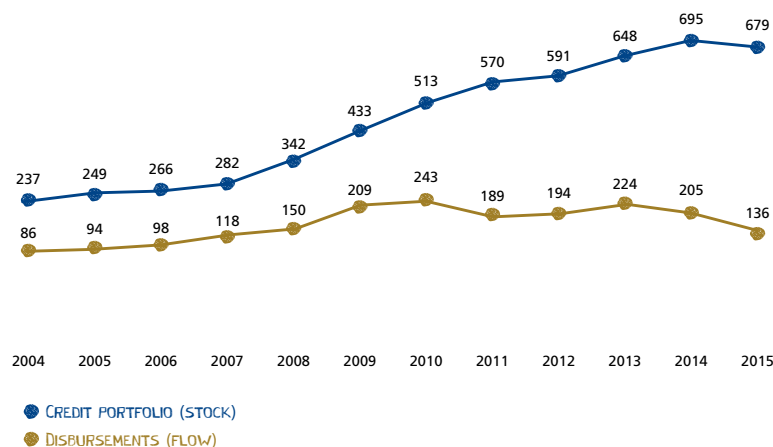
interests and the grace period or variation in the foreign exchange rate, even when their investments are terminated. This can lead to the interpretation that investments fall when granted financing increases, when what is actually increasing is the debt.

Therefore, analyzing our contribution to investments in the country requires relating them to our disbursements, since both are flow measurements. Of total disbursements, values were selected referring to fixed assets, with noteworthy investment in building, purchase of machinery and equipment, and transport equipment. In relation to total investments in the country (Gross Fixed Capital Formation – GFCF, which

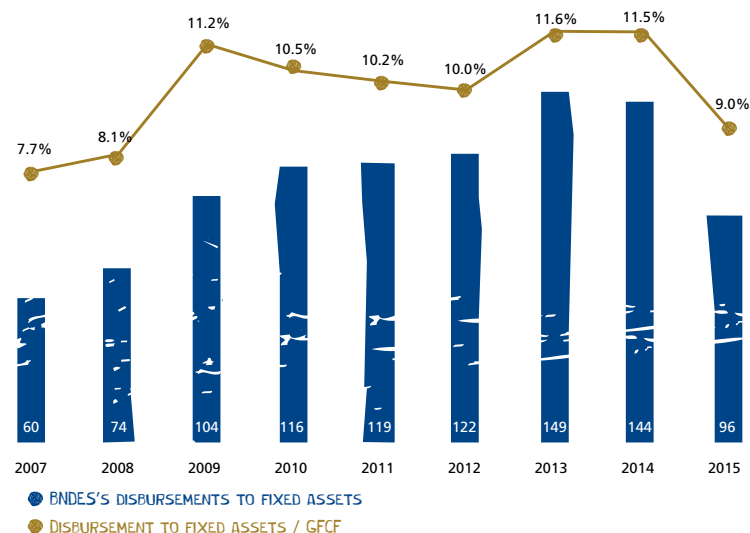
includes items not financeable by BNDES), participation in disbursement is relevant, averaging 10% between 2007 and 2015.

Our capacity to induce investments and effects on the economy varies according to the type of project, sector, supported company and financial instrument, so evaluations of effectiveness are responsible for analyzing thoroughly and with technical rigor the outcomes that can be attributed to our work. Therefore, we are making efforts to identify with greater precision our impact on the economy, not only on actual investments, but also on the social benefits generated from them, so as to learn from the results and improve our support tools.

BNDES'S CREDIT PORTFOLIO AND DISBURSEMENTS
(in R\$ billions at 2015 prices)



DISBURSEMENTS TO FIXED ASSETS AND COMPARISON WITH GFCF
(in R\$ billions at 2015 prices)



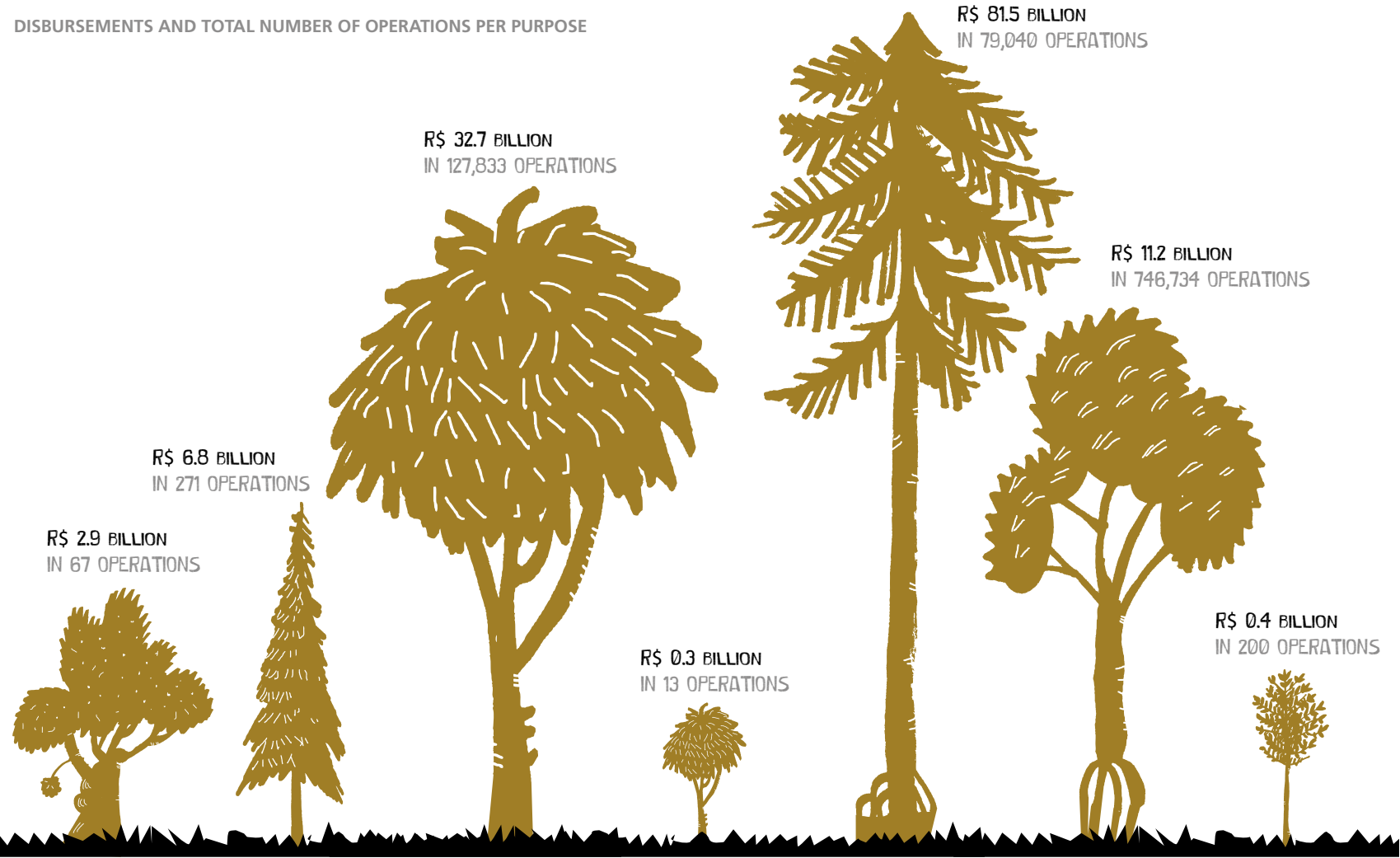
OPERATIONAL
PERFORMANCE

In 2015, we disbursed R\$ 135.9 billion. Compared to the previous year, there was a 28% drop in disbursements. The performance followed the slowdown in demand for new investments and was influenced by the fiscal

adjustment policy implemented by the Federal Government. Even in the face of the downturn scenario, we maintained consistent levels of support in key areas. We highlight the growth in releases

to the sectors of electricity, transportation logistics and green economy, as well as the sustained level of disbursement for innovation projects and the BNDES Card, exclusively for MSMEs.

DISBURSEMENTS AND TOTAL NUMBER OF OPERATIONS PER PURPOSE



CAPITALS
MARKET

Subscription of bonds, corporate securities in public offerings and investment funds (via BNDESPAR)

EXPORTS

Financing of production or commercialization of Brazilian machinery, equipment and services for exportation

MACHINERY
AND EQUIPMENT

Support to the acquisition, production or commercialization of national machinery, equipment, and computer and automation products, including for leasing operations and agricultural machinery, equipment and implements

MICROCREDIT

Onlending for microcredit operators to lend smaller amounts to registered and unregistered microentrepreneurs, usually with no access to the traditional financial system

INVESTMENT
PROJECTS

Financing of undertakings of companies of all sizes, in various economic sectors

BNDES CARD

Pre-approved revolving credit to acquire products, inputs and registered services

NON-REIMBURSABLE
SUPPORT

Non-reimbursable financing of social, cultural, environmental, scientific or technological initiatives

R\$ **135.9** billion

DISBURSED in

954,208

OPERATIONS with

221,114

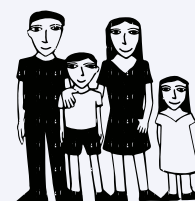
CLIENTS (not including individuals)



R\$ 31.3 BILLION
GREEN ECONOMY
Q₅

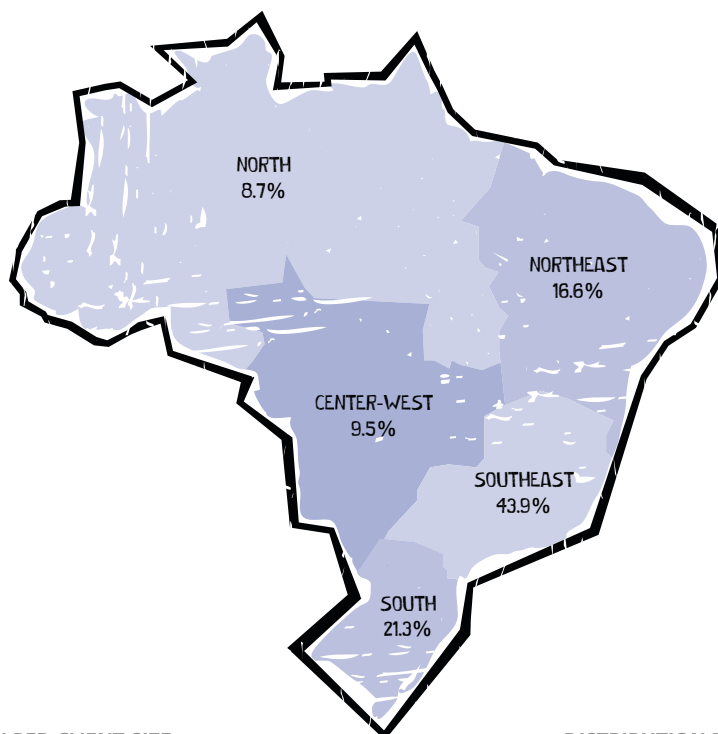


R\$ 6 BILLION
INNOVATION

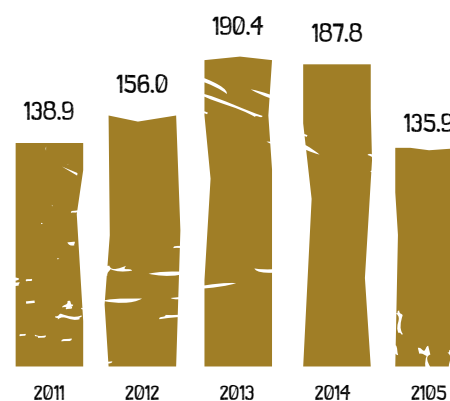


R\$ 18.9 BILLION
SOCIAL DEVELOPMENT
Q₄

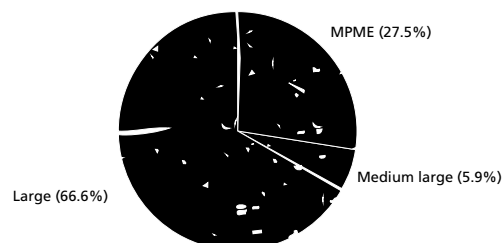
DISTRIBUTION PER REGION
(% of disbursement amounts) Q₃



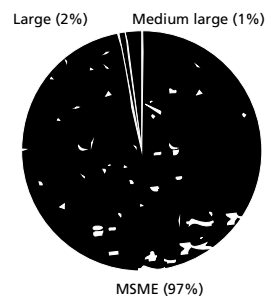
SERIES OF TOTAL DISBURSEMENTS (IN R\$ BILLION)



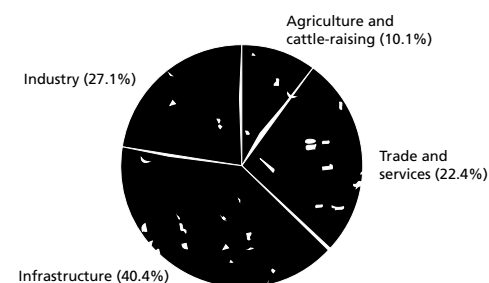
DISTRIBUTION PER CLIENT SIZE
(% of disbursement amounts) Q₃



DISTRIBUTION PER CLIENT SIZE
(% of number of operations) Q₃



DISTRIBUTION PER SECTOR
(% of disbursement amounts) Q₃



MSME: Considering individuals and micro, small and medium-sized companies, i.e., those with gross operating income up to R\$ 90 million.

Medium large: Companies with gross operating income between R\$ 90 million and R\$ 300 million.

Large: Companies with gross operation income above R\$ 300 million.

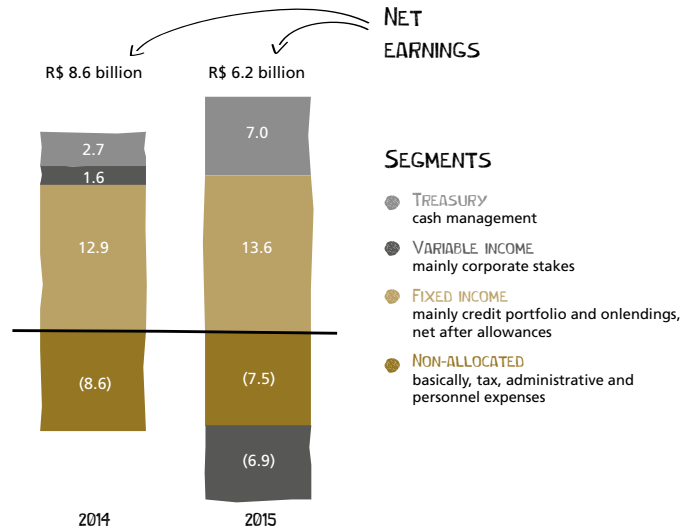
See our financial statements
and the *Administrative Report*
on the BNDES website.

FINANCIAL
PERFORMANCE

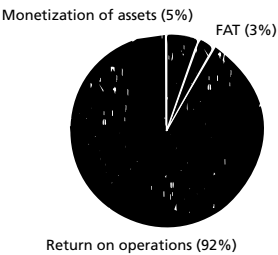
Our net earnings reached R\$ 6.2 billion in 2015, a drop of 5.4% compared to the R\$ 8.6 billion recorded in the previous year. The variation stemmed from the results of

corporate stakes, R\$ 8.3 billion lower than in 2014, partially offset by growth in income from financial intermediation, from R\$ 13.4 billion in 2014 to R\$ 18.7 billion in 2015.

INFORMATION PER SEGMENT
(in R\$ billion)



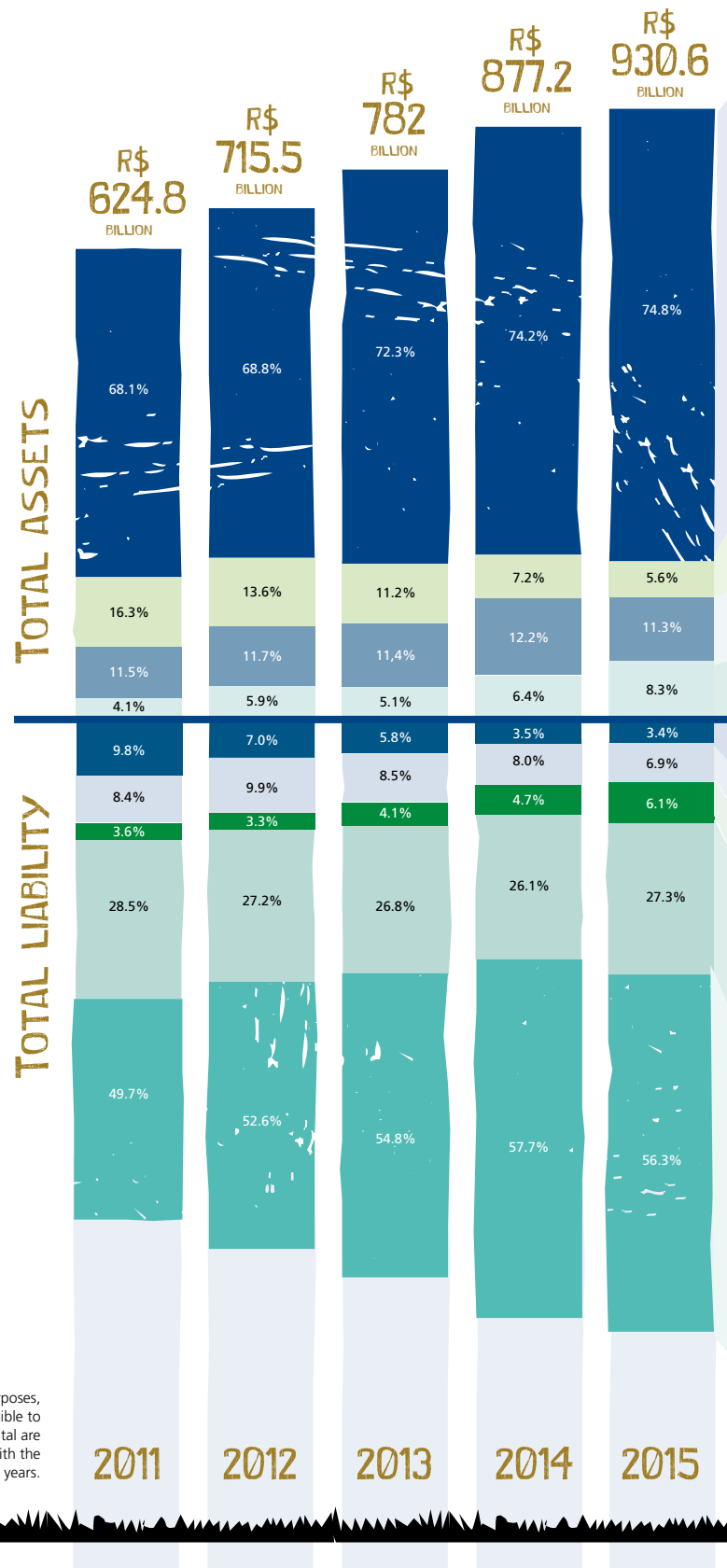
CASH FLOW PER SOURCE
OF RESOURCES / 2015



In 2015, the return on our operations continued to be the main source for our disbursement budget.



For comparison purposes, the instruments eligible to be deemed core capital are classified as liability with the National Treasury in all years.



CREDIT PORTFOLIO AND ONLENDINGS

Our main asset includes financing conducted directly by BNDES or through partner financial institutions. The 6.8% growth compared to 2014 reflects the appreciation of the dollar over the portfolio in foreign currency, which reduced the impact of the 3.7% decrease of the fixed-rate portfolio, represented mainly by operations under the Investment Maintenance Program (PSI). In 2015, credits classified between AA and C levels – considered low risk – accounted for 99.4% of the total portfolio, higher than the average of 92.4% in the National Financial System (SFN).

CORPORATE STAKES

Shares that the Federal Government held in BNDES as capital, as well as minority and transitory investments that represent an instrument to support capitalization, to develop national companies and to strengthen Brazil's capitals market. The 17.3% drop in 2015 reflects the depreciation of the corporate stake portfolio in non-affiliated companies, especially Petrobras and Vale shares, affected by the international fall of commodity prices and the negative scenarios of the capitals markets.

BONDS AND SECURITIES

Comprising mainly public bonds and debentures, which accounted for 98.6% of the balance on December 31, 2015.

OTHER ASSETS

Basically comprising repo operations, tax credits and receivables from the National Treasury, accounting for 78.4% of the balance on December 12, 2015.

NET EQUITY

As determined by the Brazilian Central Bank, from 2015 onwards, the instruments eligible as core capital, totaling to R\$ 36.6 billion on December 31, 2015, are no longer presented in Net Equity and now integrate the liability with the National Treasury. However, to calculate the regulatory equity of the BNDES systems, these instruments are considered as core capital.

OTHER ASSETS

The Merchant Marine Fund (FMM), issuance of debentures and agribusiness letters of credit (LCA) accounted for the balance of other assets on December 31, 2015.

FUNDRAISING ABROAD

Issuance of bonds, loans from multilateral institutions and other loans. In 2015, R\$ 2.8 billion were raised through external fundraising, exclusively by means of loans from multilateral institutions.

PIS-PASEP AND FAT

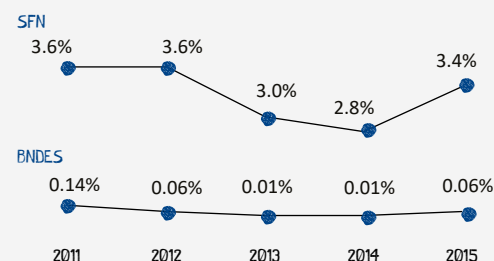
Since 1988, the PIS-PASEP Fund has not received further resources, which are now allocated to the Workers' Assistance Fund (FAT). Of the total of this revenue, the Brazilian Constitution guarantees that 40% is secured for BNDES. The cost is mainly pegged to TJLP, or to the dollar. In 2015, R\$ 19.3 billion were raised; 88.8% of which came from constitutional sources.

NATIONAL TREASURY

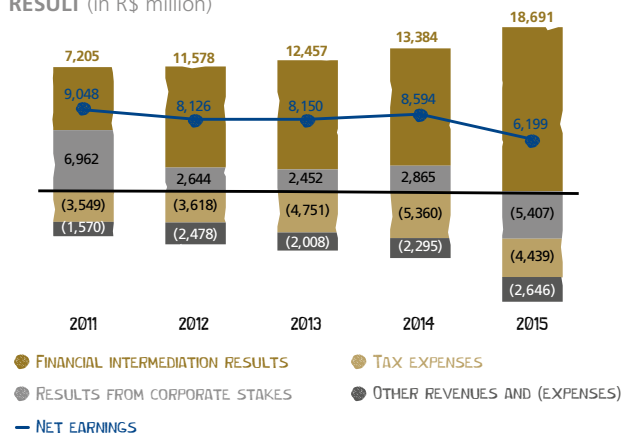
The National Treasury has been the main creditor since 2010. The cost is mainly pegged to TJLP. In 2015, no resources were raised with the National Treasury.

BNDES DEFAULT X SFN

Our default rate reached 0.06% on December 31, 2015, below that of the National Financial System (SFN), reflecting good management and the high quality of our portfolio, consistency in operational policies, and our role as a development bank. The low volume of renegotiations carried out – equal to 2.1% of the credit portfolio and onlendings in 2015 – is one more indicator that confirms the care we take in granting credit.



RESULT (in R\$ million)



Indicators	2014	2015
Basel Index	15.9%	14.7%
Principal Capital Index	10.6%	9.8%
Tier 1 Capital Index	10.6%	9.8%
ROA	1.0%	0.7%
ROE*	21.2%	15.4%

* 2014 Return: differs from figure published in the 2014 Annual Report due to the accounting reclassification addressed in Note 25 of the 2015 Financial Statements.

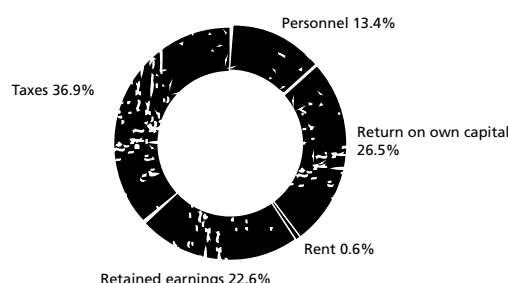
FINANCIAL INTERMEDIATION RESULTS

These are results of investing resources in credit portfolio and onlendings, as well as bonds and securities, net after allowances for credit risk, deducted from the fundraising costs of financial liability. The 39.7% rise in income from financial intermediation in 2015 is mainly due to the growth of the average credit portfolio and management of treasury resources.

RESULTS FROM CORPORATE STAKES

These are results from equity equivalence, revenue from dividends and interest on own capital; divestiture of corporate shares; variable income derivatives, impairment expenses and variation in quotas of investment funds in participations. The performance of companies in the commodities sector contributed to the increase of R\$ 6.9 billion in impairment expenses and the decrease of R\$ 2.7 billion in revenue from dividends and interest on own capital, culminating in reduced results from corporate shares in 2015.

ADDED VALUE DISTRIBUTED | 2015



GENERATED AND DISTRIBUTED WEALTH Q6

An important indicator in assessing the social role, the Added Value Statement (DVA) presents, using a global view towards performance, the company's contributions to generating wealth for the economy in which it operates, and its effective distribution to employees, the government, financial agents and their shareholders. The wealth generated and distributed by BNDES in 2015 was R\$ 12.6 billion, down 19.4% compared to 2014, mainly due to the fall in net earnings from one year to the other.

GOVERNANCE, CONTROL AND MANAGEMENT PRACTICES

Learn about our governance structure and organization chart on the BNDES website (www.bndes.gov.br).

The nature of our work requires a careful management process involving various committees – which ensure transparent and collective decision-making – and the commitment and responsibility of managers and staff in carrying out their activities with good faith, integrity and transparency.

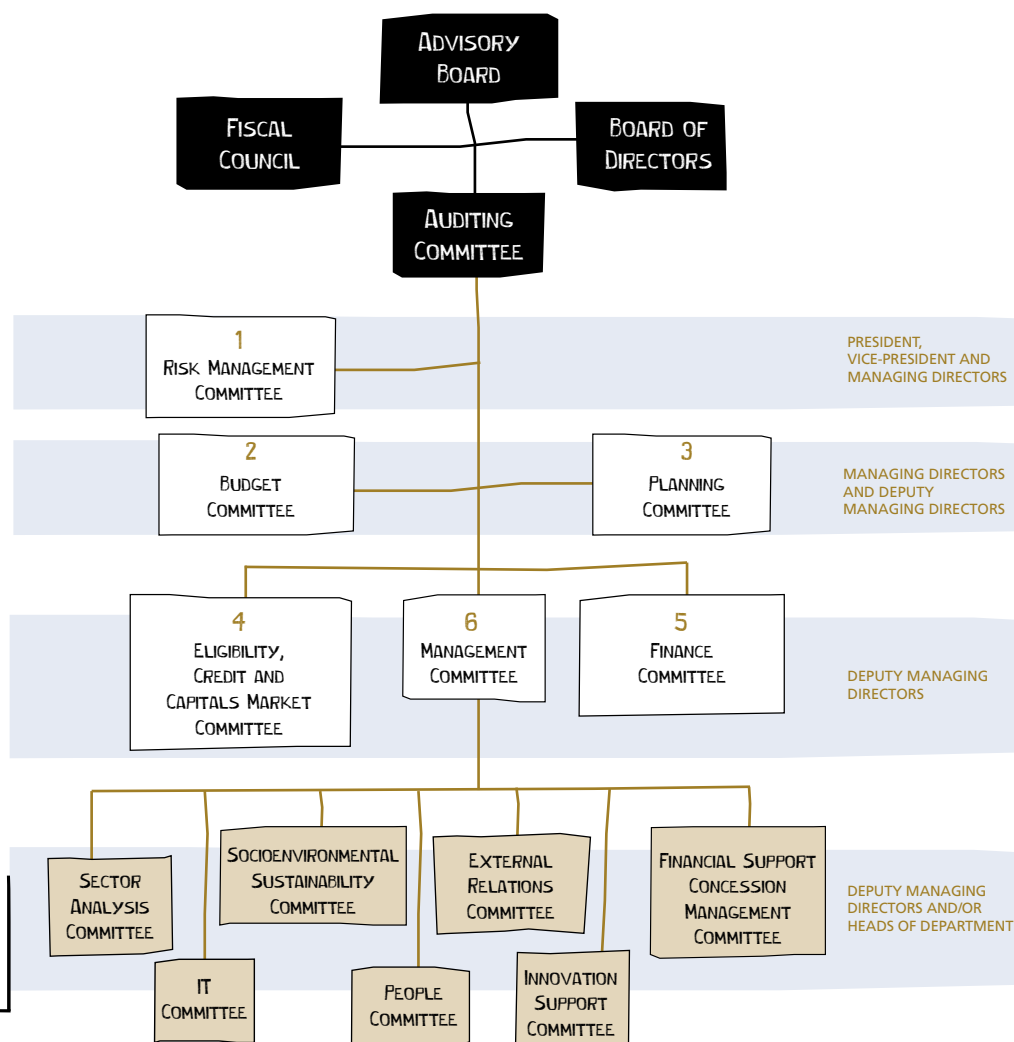
GOVERNANCE MODEL

Our governance structure is based on addressing issues cooperatively, focusing on transparent and collective decision-making. It consists of: Fiscal Council, Advisory Board, Auditing Committee, Board of Directors and specific committees.

The Executive Board of Directors is the only body with deliberating power and relies on an extensive structure of specific committees that act as an instrument of strategic alignment, bringing together several of our hierarchical tiers.

The following figure illustrates the organization and composition of the main elements of the structure in force in 2015.

- 1 Risk Management Committee:** monitors the regulatory environment related to risk management and internal controls of the Bank and has three specific sub-committees: credit risk, market risk and operational risk.
- 2 Budget Committee:** its main task is to monitor the execution of our disbursements budget.
- 3 Planning Committee:** debates strategic issues, oversees the observance of the rules related to the planning and strategy management macroprocess, coordinates the processes of definition, formalization, monitoring and corporate strategy learning, and directs the execution of corporate strategy.
- 4 Eligibility, Credit and Capitals Market Committee (CEC):** discusses and deliberates on operational matters relates to eligibility, credit and capital markets.
- 5 Finance Committee:** analyzes financial, accounting and equity matters and oversees the consistency between the operational, financial and credit dimensions.
- 6 Management Committee (MC):** works to normalize management standards, promotes the strengthening of relations between our fundamental units and oversees the implementation of the strategic guidelines defined by the Board of Directors and Planning Committee provided for in our corporate plan and approved by the Advisory Board and Board of Directors. The MC has **seven sub-committees** to further discussions and support decision-making.





Learn about our transparency initiatives and the results of the internal audit in the section "BNDES and society".

SUPERVISION AND CONTROL

Transparency and ethics management

As a measure of *compliance*, **transparency** involves the disclosure of information of public interest, treated in an appropriate way. Besides continuously fulfilling requests made by various control and supervision bodies, aware of our responsibility as a public company, we seek to establish a close and transparent relationship with our clients and society, informing them of our activities and results. ●

Our commitment to transparency and integrity is also present in the way we exercise ethics management in the institution, carried out by the Ethics Committee and its executive body. Prominent among the committee's activities

in 2015 were the organization of a series of lectures in all areas and the creation of an interdisciplinary work group to revise and update our Code of Ethics as well as to assist the formulation of the Policy for Gender Equality and Valorization of Diversity.

The committee also opened 72 preliminary procedures: 47 queries or requests for authorization to exercise parallel activities, 13 complaints or representations and 12 client assistance calls. All queries were answered, and the complaints were analyzed. The issues addressed included interpersonal conflicts and situations of conflict of interest (such as the exercise of parallel activities and participation in commercial enterprises).

Compliance actions

Aiming to systematize and improve measures related to integrity and compliance with laws and internal and external regulations to which we are subject, we structured a compliance program, which in 2015 focused on a review of the actions that were already ongoing in different units. Also in 2015, the **BNDES Policy for Corporate Anti-Corruption** was approved, as a result of the institution's organization and adaptation to the new environment arising from the Law 12,846/2013 and related standards. One of the measures already implemented relates to introducing clauses with specific

See the policy on our website.

MANAGEMENT OF OUR INFRASTRUCTURE: MANUFACTURED CAPITAL

We are present in the following cities: Rio de Janeiro, Brasília, São Paulo, Recife, Belém, Montevideo (Uruguay), Johannesburg (South Africa) and London (England). About 95% of our staff is stationed in Rio de Janeiro, in a building of our own – the Service Building of Rio de Janeiro (EDSERJ) – and in rented offices at Ventura Corporate Towers, a building complex close to EDSERJ.

In 2015, the construction of an **annex building** was initiated, to where some of our activities will be transferred, eliminating rent costs in the city. It is also worth noting that these costs are already being reduced with the vacation of a floor in the Ventura complex and the renegotiation of rental values when renewing the contract, which should result in savings of about R\$ 15 million per annum.

Renovations and hiring

In 2015, renovations were carried out in the São Paulo and Johannesburg offices. In Belém, temporary quarters were rented to install a new "virtual office", while rental facilities are scouted for a definite office according to the standards of our other regional offices.

Regarding the modernization of our work infrastructure, we can highlight the implementation of the following initiatives: hiring and deployment of a corporate printing service, more transparent as to individual printing costs; acquisition of a new data storage solution, considering requirements of capacity, performance, availability and integration with our current computing environment; deployment of wireless network infrastructure (Wi-Fi) in the premises of EDSERJ and Ventura; acquisition of software licenses for the maintenance of content management repository; and migration of network data drives from our file servers to a new storage subsystem.

Annex building

In 2015, we acquired the plot where the annex building will be constructed, previously owned by the Secular Franciscan Fraternity, and initiated geotechnical survey services, as well as the structural project. In addition, a company was hired to carry out an archaeological diagnosis of the site, as was the winning architect of the architectural drafting bid, to carry out necessary adjustments.

Tenders related to the construction of the building were also prepared, such as for works and projects management; environmental licensing; fire prevention and fighting project; air conditioning installations; and the development of the BIM (Building Information Model).

The architecture design for the annex building received two awards in 2015: the XII Grand Prix of Corporate Architecture in the category "public works", and the II Award of the Brazilian Association of Architecture Offices/ Rio de Janeiro (AsBEA/RJ).



obligations and statements in models of contract drafts, in order to encourage the adoption of fair practices and integrity by the beneficiaries of our financial support.

Also as part of compliance actions, a standard was developed for procedures and controls to prevent and combat money laundering and terrorist financing, in order to prevent commercial or financial transactions that aim to benefit from resources, goods and services originating from or linked to illegal acts.

Our guidelines on the subject include, for example, the adoption of procedures that inhibit criminal practices in our operations in Brazil and abroad (always in accordance with current legislation in Brazil and in countries to which financed Brazilian companies aim to export) and the refusal to transfer funds through anonymous accounts or those linked to fictitious owners.

Risk management and internal controls

The existence of adequate risk management and an effective internal control system is essential for the fulfillment of our mission, in accordance with internal and external regulations and our strategic objectives. The table on the right features the main risks to which we are exposed and the actions we deem necessary to mitigate them.

	MAIN RISKS	MITIGATION ACTIONS
MACROECONOMIC	Changes in macroeconomic conditions The financial return of our operations depends on the performance of the Brazilian economy, as our clients' payment capacity is affected by macroeconomic factors such as inflation, fall in gross domestic product (GDP), drop in the level of income, rising unemployment, exchange and interest rate variation etc.	- Regular monitoring of the economy's performance and analysis of its impact on our operations. - Establishment of risk limits, regularly monitored, to support decision-making of senior management. - Diversification of financial support portfolio.
MARKET	Volatility of the stock market Given the volume of our stock portfolio, which includes some of the main assets listed on the BM&FBovespa Stock Exchange, we are subject to the high volatility of the Brazilian stock market, which is reflected in the behavior of our capital over time, also involving risks related to compliance with regulatory limits.	- Development of methodologies to establish risk limits, defined in a manner that is consistent with our operating strategy in the capitals market. - Hiring, in 2015, of a system to integrate the activities of <u>variable income</u> portfolio management and risk analysis and corresponding return, from the stock and <u>debentures</u> trading stage to accounting and risk analysis. 🟡
CREDIT	Concentration of credit portfolio Due to the characteristics of the Brazilian corporate market, which is considerably concentrated, our portfolio reflects – to a certain degree – this concentration.	- Development of methodologies to establish risk limits, defined in a manner that is consistent with our operating strategy in the economy - Formulation of concentration indicators to support the decision-making process.
OPERATIONAL	Operational failures Losses resulting from failure, deficiency or inadequacy of internal processes, people and systems, or from external events, inherent to any business.	- Identification and systematic analysis of the main operational risks linked to processes, in order to implement remedial actions and develop methodologies to establish risk limits, including tolerance limits to operational risk. In this sense, in 2015, a work group was set up with the ultimate goal of establishing a risk appetite framework, and an internal survey was carried out to identify the institution's risk culture. - Implementation of a business continuity system in order to increase our resilience in contingency situations. The implementation was concluded in 2015, and the system was tested in the same year, when a problem with the power grid of the city of Rio de Janeiro caused a power outage in our headquarters. The contingency plan prepared for this kind of situation worked perfectly, with no damage to the institution.
LEGAL	Failure to comply with law and internal rules Due to the complexity of the legal and regulatory framework, as well as changes in laws or regulations that are applicable to our operations.	Actions within the operational risk management methodologies, emphasizing compliance with laws and standards that are applicable to our operations and special attention to the decisions of administrative and judicial courts.

MANAGEMENT PRACTICES

In 2015, we proceeded with the AGIR Project, created with the aim of adopting a process-oriented business model capable of enhancing administrative and operational efficiency, reducing operating time and costs, and improving the quality of information, decision-making, internal controls and customer service. In 2015, efforts were concentrated in implementing solutions related to the finalistic processes of our business platform.

Prominent among deployed solutions are those related to credit processes, such as the FACT (Financial Analysis and Credit Tools) Credit Risk Platform, which enables the development of risk ratings in an automated environment integrated with our other systems. This initiative, combined with the new credit risk system, which regulates the approval and control of our clients' credit limits, is an important milestone for the improvement of management and processes, allowing greater integration, security of

access to information, flexibility in credit approval flow and enhanced controls.

Still in the context of credit, a new financial statement tool was finalized, enabling the import of information from external sources such as SERASA, the Brazilian Securities Commission (CVM) and the Accounting Plan of Institutions of the National Financial System (COSIF) and their translation into an internally standardized format.

Also introduced in 2015 was the online protocol system of registration forms, which will allow financing requests for most investment projects up to R\$ 20 million (with some exceptions) to be submitted electronically, and will integrate incoming data to the system that controls the entities registered in BNDES, also improved in 2015.

In addition, the initial phase of the Business Portal was developed, addressing foreign trade operations. Queries on the indirect pre-shipment line for exports are now sent by financial agents via an online form, which generates an electronic document directly filed with BNDES.

Estimates and scenarios for the Brazilian and international economy have also been

an ongoing subject of debate and internal construction. Macroeconomic projections are used by the operating areas to assess projects, financial simulations and risk management. Medium (three years) and long-term (15 years) scenarios, on the other hand, basically aid the activities of **strategic planning**, contributing to the establishment of goals and objectives of the corporate strategy map, based on the balanced scorecard (BSC).

Our goals also include encouraging the adoption of good governance and management practices by both supported companies and partner institutions. In 2015, for example, we took part in a widespread debate, led by BM&FBovespa, with governance experts, government agencies, semi-public company managers, scholars, lawyers and market professionals to draft initial proposals for the improvement of corporate governance practices in state-owned companies.

See also the section
"Strategy and vision
for the future."



FINANCIAL SUSTAINABILITY

To carry out our mission, we need to be a financially healthy and robust institution. Therefore, we seek to work our financial capital with the aim of diversifying products, reinforcing our equity structure and manage the risks to which we are exposed.

Diversifying and integrating products

We are the main long-term funding instrument in Brazil. Therefore, our strategic priority is to help create different support mechanisms for investments with prolonged maturity periods, involving other agents and sources of resources. The combined use of fixed-rate instruments (such as financing and debentures) and variable-rate instruments (such as shares and quotas in investment funds) expands possibilities to finance, while paving the way to developing a long-term financing industry in the country. 🗨️

Besides enhancing our support, variable-income initiatives used to complement financing contribute to increase our financial sustainability.

In 2015, an important initiative to encourage debentures in the local market was the creation of the Liquidity Support Line (LSL) for debenture interest. LSL consists of a credit line to be offered to debenture issuers contingent on the payment of a contract fee. This line will enable the coverage of interest flows to be paid to debenture holders up to the maximum contracted amount. The maximum amount offered by LSL is the equivalent of two years of interest, and the term of use can be set by the issuer, potentially covering the entire duration of the debenture. The purpose of the line

is to provide liquidity for infrastructure projects already supported by us and establish a form of support for debenture issuers, reducing investors' perception of the credit risk of this instrument and stimulating greater investment of private resources in these papers.

Equity structure

Our long-term financial sustainability requires efforts to build an **equity structure** that is suited to our financing support budget.

The worsening crisis in Brazil and the persisting volatile international scenario provided us, in 2015, with the opportunity to repurchase our securities on the international market and to manage our liability in an unprecedented way, confirming our proactivity also in adverse conditions.

The first repurchase transaction was successfully completed in November 2015, amounting to US\$ 634 million of face value, generating an accounting income of US\$ 28.4 million. Among the main consequences of this operation are the creation of more attractiveness for future emissions, the creation of liquidity for foreign securities, and the positive displacement of the proceeds of these securities in our interest curve.

Aimed at diversifying our funding sources, in 2015 we signed international loan contracts with the Japan Bank for International Cooperation (JBIC), the Kreditanstalt für Wiederaufbau (KfW), the Institute of Official Credit (ICO), and the Nordic Investment Bank (NIB), amounting to approximately R\$ 3 billion (US\$ 772 million). These loans are mainly earmarked for investment projects

The section "BNDES in numbers" features data on the Bank's equity, cash flow, default rate and other results.

in sustainable development, such as renewable energy and urban mobility. In addition to providing financial resources, the institutions also afford opportunities for technical cooperation, essential to improve the standards of social and environmental analysis of the projects.

In order to diversify our funding sources, in 2015 we consolidated the strategy of primary issues of Agribusiness Letters of Credit (LCA) on an electronic platform private placement regime, before authorized institutions, with issues on a monthly basis. The balance amounted to R\$ 6 billion in the year. LCAs are credit securities, issued by public or private financial institutions, which confer right of lien on agribusiness credit rights to which they are linked.

HOW DO WE ADDRESS OPERATIONS IN DEFAULT-

An important aspect in reinforcing our equity structure and its financial sustainability is the fact that, thanks to thorough analyses of requests for support, we have an extremely low default rate.

Each fiscal year, the default rate has been significantly lower than the National Financial System average, which means that repayments of such financing have become one of the main sources of resources for new support throughout the years.

Some operations, however, go into default. When this occurs, the first effort is to try to renegotiate the debt out of court, seeking an agreement between parties. Thus, the economic feasibility of the company is assessed, seeking an alternative that preserves jobs and keeps the company solvent whenever possible.

Renegotiations for 43 credit operations in default were concluded and approved in 2015, totaling to approximately R\$ 3 billion. Over the same period, some R\$ 1.17 billion were received.

If negotiations are unsuccessful, collection procedures are implemented through legal action, calling in guarantees (machinery, equipment, vehicles etc.). In these cases, principles and norms published by regulatory bodies are adopted – especially those from Central Bank of Brazil – aimed at mitigating risks.

Learn about the main risks of our activities, implemented mitigation actions and assessment of internal controls in the section "Governance, control and management practices".

Risk management and return

One of the main objectives of our **risk management and internal controls** is to contribute to our financial sustainability by measuring and monitoring credit, market, liquidity and operating risks to which we are exposed, and assessing internal controls.

In order to administrate in a single platform the management of the variable income portfolio as well as the risk analysis and the corresponding return, in 2015 we concluded the hiring of a system that will integrate these activities, from the stock and debentures trading stage to accounting and risk analysis. In the future, the implementation of this system will ensure more active and integrated monitoring of the evolution of the variable income portfolio through advanced risk management techniques.

Seeking to further integrate risk management activities and our other

activities, in 2015 we also implemented a new methodology to survey and measure events in all areas, which enabled a comprehensive view of the occurrence of this type of risk in the institution. Another advance in this direction was setting up a work group with the ultimate goal of establishing a risk appetite framework.

Regarding the improvement of reports, new credit risk indicators were created in order to provide senior management with a clearer picture of the risk levels we have incurred.

It is also worth noting that we disclose, every quarter, qualitative and quantitative information on the structure and management of credit, market and operational risks in the institution, through the **Risk Management Report**. Among other information, the document sets out data on the credit portfolio with different levels of segregation, our exposure to larger

customers regarding the total portfolio, overdue operations and allowances for losses, instruments for mitigating credit risk, as well as information about our trading portfolio and corporate shares.

Among the main indicators used in our risk management is the monitoring of capital ratios, as required by the Central Bank of Brazil. According to the standards issued by the regulator, we must retain enough capital, called reference equity, to cover our total assets weighted by credit, market and operational risk.

The chart on this page features the total of these variables for December 2013, December 2014 and December 2015. It is observed that the portion of assets weighted by credit risk is the most significant in our institution, and that our capital ratios are comfortably above the minimum amounts required by the regulator.

Access the report on our website.

OWN RESOURCES AND RISK-WEIGHTED ASSETS* (R\$ MILLION)	DEC. 2013	DEC. 2014	DEC. 2015
Reference equity (RE)	108,669	97,851	94,997
= (+) Tier I capital	72,446	65,234	63,331
(+) Capital core (CC)	60,418	65,234	63,331
(+) Supplementary capital (SC)	12,028	-	-
(+) Tier II capital	36,223	32,617	31,665
(-) Deductions from the RE	-	-	-
Risk-weighted assets (RWA)	580,237	615,706	644,331
= (+) Credit risk	545,944	575,861	601,621
(+) Market risk	23,257	28,055	16,981
(+) Operational risk	11,036	11,790	25,729
Basel Index (RE/RWA) (regulatory minimum = 11%)	18.73%	15.89%	14.74%
Tier I capital index (NI/RWA) (regulatory minimum = 5.5%)	12.49%	10.59%	9.83%
Core capital index (CP/ATP) (regulatory minimum = 4.5%)	10.41%	10.59%	9.83%

*In international and internal regulations issued by the Central Bank of Brazil, notably the CMN Resolution Nº. 4,193/13, RWA stands for Risk-Weighted Assets. The CMN resolution establishes the method to calculate RE and RWA.



DEVELOPING COMPETENCE

The figures in this section are consolidated for 2015 or refer to the workforce on December 31, 2015.

Developing and adding value to technical and behavioral competences required to foster sustainable development are a constant concern when dealing with our employees. For us, investing in human capital means investing in a more innovative environment, which is essential to constantly upgrade products, operational instruments and processes, in a continuous effort to improve the quality and efficiency of our operations and their results for society.

Personnel Q₁₆

We ended 2015 with 2,783 employees, 98.5% of which have been hired for an indefinite period through public recruitment exams, according to our needs and to Government Federal guidelines. The remaining 1.5% is made up of those

allocated to BNDES from other public administration bodies and temporarily hired to assume positions linked to senior management, according to our statutes.

We also have 81 employees reinstated due to a decision from the Ministry of Planning, Budget and Management (MPOG),* which are not counted in our permanent staff limit. It is also worth highlighting that we only outsource services unrelated to our core activities, such as cleaning, security and messaging.

These figures result from an expanding trend in staff numbers in the past few years, due to the growth of our activities. Since 2014, with the lack of new selection processes to register backup employees, this figure has stabilized.

*At the date of this publication, Ministry of Planning, Development and Management.

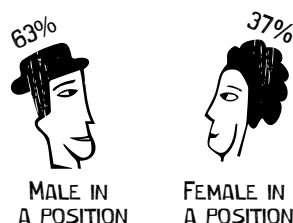
Remuneration and benefits Q₁₇ Q₁₈

All employees fall under the Collective Bargaining Agreement and are entitled to the same wage increase index, as well as medical and dental care benefits, life insurance, day care, educational assistance and meal allowance, besides profit sharing and remuneration that is consistent with the market. In 2015, the employees kept on receiving full travel allowance.

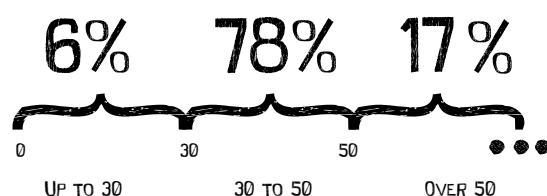
We also offer the option of up to 180 days of maternity leave, rooms for breastfeeding and a one-hour allowance for mothers during the child's first year of life. In 2015, paternity leave increased from 10 to 15 working days, and rates for return to work and retention after maternity (67 employees) and paternity (96 employees) leave was 100%. Q₂₀

Our policies for remuneration and benefits and staff development strongly contribute to retain talent, as attested by the 2.4% turnover rate. Q₁₆ Currently, the proportion of the lowest wage compared to the national minimum wage is 373.7%. Q₁₉

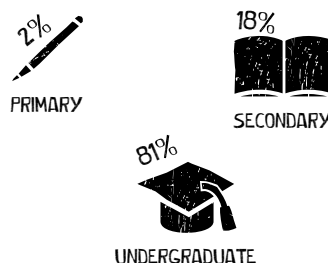
EXECUTIVE AND APPOINTED STAFF PER GENDER Q₁₄



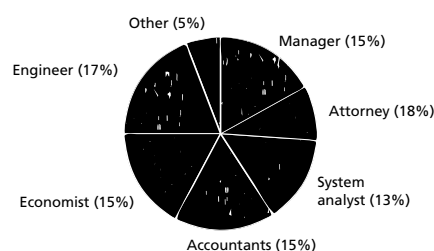
EXECUTIVE AND APPOINTED STAFF PER AGE GROUP Q₁₄



BREAKDOWN OF ALL STAFF BY CAREER/EDUCATION



BREAKDOWN OF ALL STAFF BY UNDERGRADUATE LEVEL



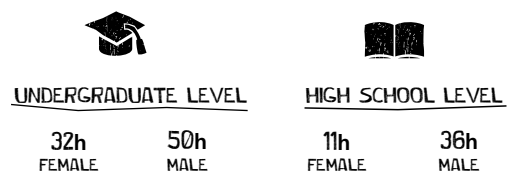
Professional and personal development Q₁₂

To meet the new challenges we face today, the people management area was reformulated, reinforcing our governance in sponsoring a private pension plan and our structure focused on fostering personal and professional development of staff.

Noteworthy in this area is the beginning of the Management Development Program, which aims to strengthen new leaderships, increasing delivery capacity and effectiveness of results through a practical approach to themes such as sustainability, public management, ethics, strategy, and people management.

This year, 3,847 training initiatives were carried out, resulting in 40.6 training hours per employee, besides support for 56 participants in graduate courses. Integrated training planning was all also implemented in 2015, aimed at improving management and follow-up of learning activities, ensuring the development of the necessary competences to achieve our strategic goals.

AVERAGE TRAINING HOURS PER EMPLOYEE Q₁₃



Human resources management

An additional relevant initiative was the Organizational Environment Survey, an important tool carried out with 45% of the staff. The survey included different dimensions and afforded a greater understanding of the complexity of factors related to staff motivation at work. The results have already started being used to improve management.

Reaffirming the commitment to transparency and the improvement of our management, we are also reviewing policies, standards and human resources processes to meet eSocial, a Federal Government project that has established new ways to provide labor, social security, tax and fiscal information related to the hiring of workers.

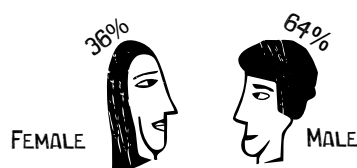
Diversity and inclusion

We have an ongoing commitment of eliminating all forms of inequality and discrimination in the workplace and in the institutions that participate in our chain of relations, having been awarded for the fourth time running the Gender and Race Pro-Equality seal of approval of the Special Secretariat on Policies for Women.* One of the highlights of 2015 was the approval of the Policy for Gender Equality and Valorization of Diversity, besides the sponsorship of the 1st International Seminar on Violence Culture against Women.

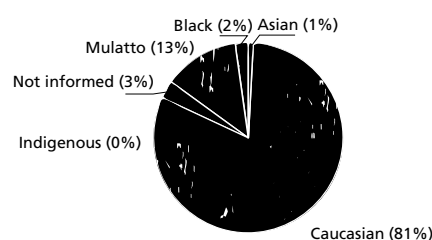
In the Inclusion Program, created in 2012 to promote an inclusive environment, since 2015, a percentage of intern positions has been allocated for people with disabilities, and a process was initiated to improve accessibility conditions in the work environment.

* At the date of this publication, linked to the Ministry of Justice and Citizenship.

BREAKDOWN OF ALL STAFF PER GENDER Q₁₄



BREAKDOWN OF ALL STAFF PER RACE Q₁₄



Health and safety in the workplace

We regularly carry out health and safety measures in the workplace, addressed in recent union agreements, such as regular evacuation drills in our main building, providing information on professional accidents and diseases to the union, and setting up a service specialized in safety engineering and occupational medicine together with the BNDES workers' Social Security and Assistance Fund (FAPES). Q₁₇ These and other initiatives have resulted in lower rates of absenteeism and lack of occupational activities at high risk of specific diseases. Q₂₁

ABSENTEEISM | WORK SAFETY AND HEALTH RATES (SST) Q₁₅

Injury rate (TL) ¹	male: 3.27 female: 3.63
Occupational disease rate (TDO)	zero
Lost days rate (TDP) ²	male: 8.03 female: 3.05
Absenteeism rate (TA) ³	Southeast Region male: 3.42 female: 3.06 Center-West Region male: 0.39 female: 1.23 Northeast Region male: 0.81 female: 4.43 North Region male: 1.97 female: 4.55
Deaths caused by accidents at work or occupational diseases	zero

¹ Frequency of accidents with injuries, resulting in lost hours. About 2,000 annual work hours per worker were taken into account (NBR 14280), that is, 5,872,000 man-hours, based on employees on December 31, 2015. There was a total of 17 accidents (one typical accident and 16 commuting accidents) with injury and leave, involving only Rio de Janeiro (Southeast Region). Incidents that do not generate injury are also controlled in order to minimize risks of future accidents. Once identified a potential risk, the Bank's management and/or the administration of the buildings in which we own physical facilities are informed in order to take appropriate action.

² Work days, as of the day following the injury up to one day before returning to work. A total of 185 work days were lost due to occupational accidents (typical and commuting accidents) in Rio de Janeiro (Southeast Region). The total number of days programmed is five days/week x 48 weeks/year (considering vacations) for each employee involved. TDP = Days lost/Days programmed x 100.

³ Medical absence: holidays, study leave, maternity/paternity leave, extensions, leave in advance, bereavement, marriage/honeymoon and monitored time-off are not included. The total number of days programmed is five days/week x 48 weeks/year (considering vacations) x no. of employees per region, based on employees on December 31, 2015. TA = days absent/days programmed x 100.

BNDES AND SOCIETY

Our dialogue with society and our accountability actions contribute to consolidate our social and relationship capital. We work continuously to implement improvements in channels and vehicles to interact with our

various audiences, in brand management and sponsorship activities, in disseminating knowledge produced by the Bank, and in promoting transparency. Knowing and understanding the demands of society allows

us to fulfill more comprehensively our mission of promoting the sustainable and competitive development in the Brazilian economy, generating employment and reducing social and regional inequalities.

RELATIONSHIPS

Relationship policy

2015 marked the launch of the BNDES Relationship Policy System, which lists a set of 17 audiences with whom we interact regularly, as well as principles and guidelines to ensure that the interlocution with each one of them occurs homogeneously and coherently, in line with the institutional vision and mission. With the launch of the policy, we also defined a governance model for managing these audiences, based on the identification of leaders who will be responsible for monitoring and managing each segment.

Partnerships and dialogue

In 2015, two meetings were held between civil society and the Forum for Dialogue – a structured and direct channel for dialogue between the Bank and non-governmental organizations (NGOs) and social movements of relevance in the Brazilian context –, launched in 2013. The first meeting in January 2015 analyzed the activities in 2014. The second, in November, addressed support for exports, focusing on environmental aspects, and was attended not only by Brazilian organizations, but also by international NGOs with focus on this issue.

Interlocution and transparent information in the financial and global markets

In 2015, we participated in several international official missions, such as the Annual Meeting of the Inter-American Development Bank, in South Korea; the annual meetings of the International Monetary Fund (IMF) and the World Bank, in Peru; meetings of Sherpas of the International Development Finance Club (IDFC), in Brazil and Peru; the 21st UN Conference on Climate Change (COP21), in France; the Annual Meeting of the Latin American Association of Development Financing Institutions (ALIDE), in Mexico; and the Annual Meeting of the World Economic Forum, in Switzerland. In all of them we performed our role of publicizing the country's potential and opportunities, transmitting confidence in Brazilian development and highlighting the long-term scenario as the most appropriate to guide the expectations of economic agents.

Through our offices in London (England), Montevideo (Uruguay) and Johannesburg (South Africa), we further expanded the exchange of information

related to the Brazilian economy and the structuring of international operations, and the exchange of experiences with other financial institutions.

Consolidating our mission of contributing to the establishment of a favorable business environment for Brazil's interests in Africa, we undertook a series of initiatives, especially the strengthening of our partnership with about 50 financial institutions present in African countries, in order to create channels to support Brazilian exporters interested in doing business in the continent. In 2015, 106 business meetings were held with African and Brazilian companies addressing our forms of support, besides 21 relationship meetings with financial and development institutions and African multilateral and regional organizations.





TRANSPARENCY

Transparency Policy

In an effort to improve transparency in the relationship with our various publics, a transparency policy was approved in 2015, accompanied by practice guidelines. The policy aims to inform employees on the principles and guidelines that should govern their activities and reinforce our commitment to providing broad access to information, subject to the confidentiality imposed by applicable laws. The guidelines, in turn, aim to set out the specific and concrete initiatives of the transparency practices of the BNDES System, as well as the type and form of access to the information we make public.

The development of a transparency policy complies with the principle of publicity and the legal precept of the right to information. Moreover, this initiative represents an alignment with the practices of high-level multilateral development banks.

Control

Our internal auditing department, directly linked to the Advisory Board, coordinates our dialogue with external control and oversight bodies, such as the Federal Court of Accounts, the Office of the Comptroller General*, and the Central Bank of Brazil.

In 2015 we underwent due diligences and audits, which, together, gave rise to 629 requests for information; all of them were properly addressed. In response to the audit reports, 159 action plans were presented, 35% of which, approximately, were totally implemented by the end of the fiscal year.

* At the date of publication, Ministry of Transparency, Supervision and Control.

The final report and the documents sent to the CPI are available on the House of Representatives website (www.camara.leg.br).

The BNDES CPI

On August 4, 2015, the House of Representatives launched a Parliamentary Commission of Inquiry (CPI) to investigate alleged irregularities related to the approval of suspicious loans, harmful to the public interest, which would have occurred between 2003 and 2015.

Throughout the period of the inquiry, we complied with all submitted requests related to summonses of officials and former officials and submission of information and documents.

The work of the commission of enquiry afforded an opportunity for relevant debates on our role in the Brazilian economy, as well as for the divulgation of our activities to society. Additionally, we were able to reinforce our institutional commitment to transparency and accountability, both for society and the institutions with authority for control, such as the National Congress.

The final CPI report, published on February 25, 2016, did not identify any illegal practices or acts associated with our operations, but recommended measures for institutional improvement and reinforcement that are being duly considered in our strategic planning and work programs.

Effectiveness

In line with the process to expand transparency, in 2015 BNDES also released its first **Effectiveness Report**. Through the available data, it is possible to relate the contribution of our financing with the development of the country and its influence on

the dimensions of development (economic, social and environmental).

The document reveals, for example, that the estimates of the number of formal jobs linked to the implementation of supported projects increased significantly between 2007 (1.2 million jobs) and 2014 (3 million jobs).

Transparent BNDES

In 2015 we introduced the use of the Tableau software program in the Transparent BNDES section of our website, replacing the spreadsheet information about our operations with more user-friendly graphics and maps. The software allows the display of information in interactive reports that enable users to search for specific data.

The adoption of the tool has enhanced our active transparency, making information more accessible. In just eight months, since its implementation in April, there have been close to two million visits.

Also in 2015 we expanded the available database, allowing queries of operations contracted since 2002, either in the domestic market or related to financing the export of engineering goods and services. Data are presented in detail, with information such as interest rates, payment terms and guarantees offered in each operation, including automatic indirect operations (mediated by accredited financial agents).

Also available is more summarized information on support to exports of goods not related to engineering projects, such as aircraft. Information related to previous years will be gradually made available for consultation.

Learn more in the section "BNDES in numbers."



RELATIONSHIP CHANNELS

Ombudsperson's Office

In 2015, the Ombudsperson's Office took part in several actions aimed at implementing greater transparency regarding our performance – such as discussions on the subject, monitoring the activities of the Citizen Information Service (SIC) and the Forum for Dialogue with civil society – and participating in work groups (such as the compliance group) and committees (such as the relationship and environmental sustainability committees). 🗨️

In addition, it received 1,463 messages (4% fewer than in 2014), 72.2% from legal entities and 22.8% from individuals, distributed as follows:



52.8%
COMPLAINTS



17.2%
DOUBTS



11.1%
REQUESTS



4.7%
REPORTS



2.5%
COMPLEMENTARY MESSAGES*



1.1%
SUGGESTIONS



0.7%
ACKNOWLEDGMENTS/COMPLIMENTS

*Messages with follow-up information on previously sent protocols.

SIC

Our Citizen Information Service (SIC) has been in operation since May 2012, following the entry into force of the Information Access Law (Law 12,527/2011). Requests are received in person (in Rio de Janeiro), by telephone, mail, e-mail or by the e-SIC system. In 2015, we received 734 requests for information, all answered within the legal deadlines.

Call center

Our call center is a channel of communication with the external public, offering information on our products and services. In 2015, this channel answered approximately 667,000 contacts from the general public, 86% of which by telephone and the remainder by e-mail.

In a post-service satisfaction survey, we found that 91.8% of clients considered that their request had been met and that 94% rated the service as "good" or "excellent." As a result of this work, our call center ranked second at the XV ABT Award, in the category Quality Management.

In addition, 34 complaints of various kinds were submitted and answered in the Complain Here website over the year.

Website

Our internet website received in 2015 a monthly average audience of 333,000 unique visitors, an increase of 33% over the previous year, especially the Transparent BNDES section, which provides access to information on contracts.

As the first feature of the development of the new website, launched in 2015, a new page of the BNDES Cultural Space was made available, offering a modern, more enjoyable and optimized experience for mobile devices.

Improving internal communication within the corporate site (intranet), a version for mobile devices has also been developed, allowing remote access by corporate cell phones.

Social networks

In 2015, the Bank launched its fan page on Facebook, expanding its presence in social networks, besides the previously existing profiles on Twitter, Slideshare and YouTube. In the latter, our channel received approximately 112,000 views and totaled 2,966 subscribers.

Press service

In 2015, we answered 777 requests, sent out 192 releases and organized four press conferences. More than 24,000 articles citing the Bank appeared in the press.

Corporate assistance

Corporate assistance is a channel dedicated to the needs of every citizen who contacts BNDES looking for the best alternative of credit for their business. In 2015, 836 contacts were made, 352 in the Rio de Janeiro office alone, mostly by micro and small entrepreneurs. Our São Paulo office received 212 contacts, and Recife received 83, with an emphasis in renewable energy.

Events targeting MSMEs

The cycle of lectures BNDES Closer to You aims at disclosing our financing methods and is geared towards Brazilian MSMEs. In 2015, the talks were attended by 1,624 people in 12 cities, in all regions of the country. The cumulative audience has exceeded 30,000 people over 11 years.

The Credit Seminars, organized in partnership with the Brazilian Service of Support for Micro and Small Enterprises (SEBRAE), are also an important tool for disclosing our forms of support. In 2015, there were 203 lectures in 21 states, the double of the previous year. The seminars also include the presence of financial agents, enabling their direct contact with entrepreneurs interested in our credit lines.

Institutional lectures

We also received requests from educational institutions as well as Brazilian and foreign delegations to give institutional lectures. In 2015, thirty presentations were made – in Portuguese, English and Spanish – to a total audience of 617 visitors.

Participation in fairs and sponsorship of technical events

In 2015, we took part in 18 major fairs in the five regions of the country. There were 2,046 visits to our stands, 691 alone at the Entrepreneur Fair in São Paulo. Through direct contact with technical experts, Brazilian entrepreneurs were introduced to our programs, credit lines and products.

The support for scientific, technical, and knowledge dissemination events also plays an important role in communicating with our various audiences, whether by providing venues for seminars, lectures and meetings in our facilities, or in the form of sponsorship.

In 2015, we sponsored 64 technical events, such as seminars, conferences and exhibitions related to different areas of our work and topics of interest to the institution, totaling over R\$ 10 million. Thus, we contributed to spreading knowledge, promoting business, and professional training and exchange of experiences in various fields.

Advertising

The first 2015 campaign began on the web and spread to the radio and newspapers, focused on contributing to our efforts towards transparency and answering criticism to the institution, divulging the Transparent BNDES section of our website.

Using the 2015-2018 National Export Plan of the Federal Government as a hook, the campaign on the export of Brazilian goods and services, broadcast on free-to-air television, showed how this kind of support brings benefits to national companies and the country.

Closing the year, the campaign Culture with Development – shown on paid TV and in cinemas throughout the country – presented our support to Brazilian culture, showing that investment in the creative industry is also a way to promote the development of the country.



Advertising campaign on our transparency-related activities, with the slogan "When a bank is transparent, answers come easy."

Source: BNDES collection

KNOWLEDGE AND MEMORY

We share with society the information and knowledge we produce internally. Aware that our history has been directly related to Brazil's development since our creation, we work continuously to preserve institutional memory.

Digital library and information management

The knowledge produced by the Bank is available on our digital library, which completed its first year of operation in October 2015. During the period, the library received more than 480,000 visits, an average of 40,000 visits per month. More than a thousand documents were included and made fully available in digital form for public access, besides integration with social networks to share content.

In order to promote the diffusion of management practices of information and knowledge, in 2015 we organized the II Information and Knowledge Management Seminar of the Brazilian section of the knowledge network of the Latin American Association of Development Financing Institutions (RIALIDE-BR), which featured 120 participants from 39 Brazilian institutions.

Memory

Continuing the consolidation of the BNDES Memory program, in 2015 the Corporate Memory Policy of the BNDES System was approved, presenting the principles, guidelines and objectives of conservation and dissemination actions of BNDES's institutional memory and its subsidiaries.

Access our publications
on the digital library
www.bndes.gov.br/bibliotecadigital

Publications

In addition to traditional magazines – *Revista do BNDES* (BNDES Magazine), *BNDES Setorial* (BNDES Sectorial) and publications related to the BNDES Economy Award –, we produced the second edition of *Panoramas Setoriais* (Sectorial Panoramas), focused on the issue of climate change. The articles addressed the sectors of automobile manufacturing, cement, mining, pulp and paper, chemical and steel industry in order to present a synthetic view of the situation of each of these segments with respect to greenhouse emissions. In addition, the publication also included a reflection on the importance of development banks to deal with this issue.

Also worthy of mention are the first edition of the *Effectiveness Report* and the publication of *Iniciativa Mata Atlântica* (Atlantic Forest Initiative), which provides an overview of the 14 projects supported by the Bank to restore 3,000 hectares of native vegetation, totaling to R\$ 42 million from the BNDES Social Fund.



Opening exhibition of the BNDES Gallery:
"A walk through the heritage of Rio de Janeiro"
Photo: BNDES collection/André Telles

CITIZENSHIP

Considering culture and sport as educational activities that promote development at personal, community or country level, we annually sponsor activities in these segments.

Culture

Complementing support for structuring cultural projects via financing or non-reimbursable funds (such as restoration of historical heritage, maintenance of collections, and support for the film and publishing industries, among others), we also sponsor cultural events and offer activities at the BNDES Cultural Space, located at our headquarters, in Rio de Janeiro.

In 2015, the BNDES Cultural Space gained a new environment: the BNDES Gallery, which opened with the exhibition "A walk through the heritage of Rio de Janeiro," a tribute to the city's 450th anniversary. The new location expands the venue's capabilities, offering the public exhibitions as part of its free programming, as well as concerts and movies, contributing to democratize the access to culture and promoting the national art production.

The programming attractions are chosen in a public selection process. In 2015, 76 shows were presented in the projects "Classical Wednesdays" and "Thursdays at BNDES," combining classical and popular music. The venue also staged presentations or sessions of events sponsored by the Bank.

In 2015, we sponsored 63 cultural events in the fields of film, music, literature and visual arts, totaling R\$ 32.6 million in support. These initiatives – focused on disseminating and promoting access to Brazilian culture – were also essential to stimulate the creative economy across the country, affording artists and cultural producers the opportunity to present their work in different Brazilian regions.

Sport

Since 2011 we have supported Brazilian sports by sponsoring canoeing, aiming to foster its development and competitiveness at international level and attract the attention of society to the results achieved.

In 2015, R\$ 17.9 million were disbursed in sports sponsorship, with all projects supported by means of the tax benefit provided in the Sports Incentive Law (Law 11,438/06). We continued supporting canoeing training centers, championships, and the participation of Brazilian athletes in international competitions. Exposure gained in spontaneous media with the coverage of these events generated a return of R\$ 27 million, based on the advertising value of such exposure.

This investment resulted in many medals won over the year. In the Canoe Sprint World Championship in Milan (Italy), for example, Brazil won four gold and five bronze medals, ending in an unprecedented fourth place overall, and received the Sports Credit Award of the International Federation for its competitive evolution in the sport.

We also sponsored, in 2015, the Under-23 and Junior Canoe Slalom World Championship, in Foz do Iguaçu (Paraná



Foto: Brazilian athlete Ana Sátila Vargas | Foz do Iguaçu, April 2015
Photo: Fernando Gallo/Abracan

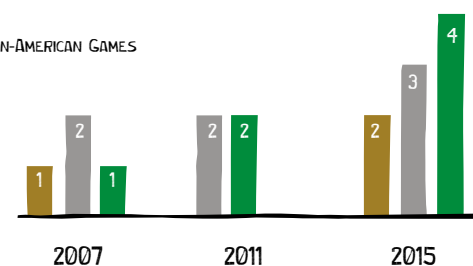
state), in which Brazilian athletes took one silver and three bronze medals, another first result for the country. In the Pan-American Games of Toronto (Canada), canoeing was the second most winning Brazilian sport, with nine sprint medals and five slalom medals.

At the 2016 Olympic Games in Rio de Janeiro (RJ), canoeing and paracanoeing can win the first Olympic and Paralympic medals in this sport, with potential to win up to seven medals.

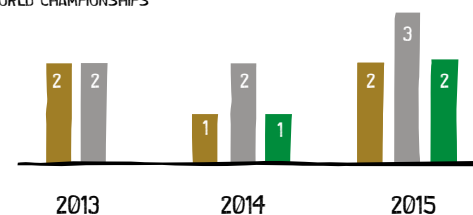
The competitive evolution of Brazilian canoeing is shown in the following international results.

CANOE SPRINT

PAN-AMERICAN GAMES

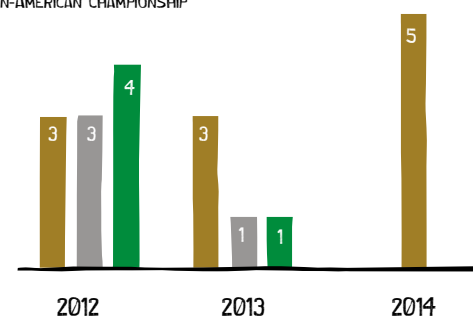


WORLD CHAMPIONSHIPS

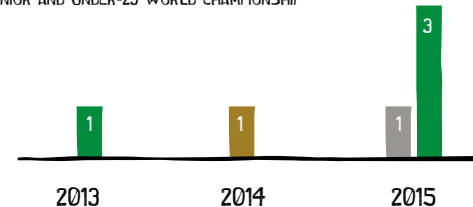


CANOE SLALOM

PAN-AMERICAN CHAMPIONSHIP



JUNIOR AND UNDER-23 WORLD CHAMPIONSHIP



GOLD



SILVER



BRONZE



STRATEGY AND VISION FOR THE FUTURE

Mature planning practices and strategy management enable the continuous improvement of the quality and efficiency of our activities and their results.

At BNDES we use scenario techniques for strategic planning considering two-time horizons: 15 and three years. The long-term scenarios are qualitative and quantitative, not probabilistic, based on economic consistency models, encompassing both Brazil and the world, with emphasis on issues of our interest. The main goal is to inspire and guide the institution's strategic planning.

The three-year scenarios help formulate goals and objectives for this same strategic planning, using, in addition to macroeconomic and econometric models, information from the sectorial survey published in the semestrial newsletter **Investment Prospects**.

In 2015, we published externally our long-term scenarios (15 years) and updated the three-year scenarios, internally debated by the **Planning Committee**.

In 2016 we aim to step up efforts to obtain and synthesize information from external and internal sources in order to build a vision for the future to direct and guide our profile for 2030.

Access the article on scenarios in the *BNDES Magazine 44* and the *Investment Prospects* newsletter on our digital library.

Learn about our committees in the section "Governance, control and management practices".

Strategic corporate planning

Strategic corporate planning guides all our initiatives in four main perspectives: sustainable and competitive development, financial sustainability, internal processes, and learning and competence.

The first perspective concerns our contribution to Brazil's development, based on government plans and the current economic scenario. The other perspectives, albeit also coordinated with the external environment, are aimed at developing BNDES and its products, processes and governance, seeking to improve our activities and response to society's demands. The challenges associated with each perspective are identified and divided into strategic objectives, whose evolution is monitored through indicators and goals.

The review of the strategic corporate planning for the 2016-2018 period indicated the need to reinforce activities to support exports and the infrastructure and resilience of companies, besides enhancing advances in accountability and transparency.

Corporate projects

Corporate projects are characterized by structural efforts capable of mobilizing different organizational units around critical issues to achieve strategic corporate objectives.

Eleven projects were developed in 2015, related to: climate change; support for medium-sized companies; regional development; production chains; operational budget management; progress in management; important audiences; prioritizing and allocating structures and people; information technology; digital information; and business continuity.

For 2016, besides the continuity of projects related to regional development and production chains, new initiatives have been incorporated to address the following issues: improvement in access; economic efficiency; transparency; and integrity.

Transversal themes

Our corporate strategy focuses on an integrated vision of development and considers several dimensions, such as social, economic, cultural and environmental. Territorial approach, innovation and sustainability are key issues for the practice of this strategy and ensure the fulfillment of our mission, in line with society's expectations. These themes are considered essential and transversal in all our operations and activities.

REGIONAL AND TERRITORIAL DIMENSION

The strengthening of the territorial dimension as an element of our planning and operations is an ongoing challenge that we have faced in our mission, in particular due to Brazil's economic, sociocultural and environmental extent and diversity.

In 2015, we introduced the project to improve our Regional and Territorial Development Policy and consolidate the theme internally through a number of initiatives, aiming to spread and instill its understanding among our staff, set guidelines and action strategies in the territory, and improve our instruments and internal governance for territorial performance.

Aiming to deepen the knowledge of our employees on the subject, 16 workshops were held, bringing together two hundred employees and 26 external experts, including university professors, researchers, as well as members of the government and public and private institutions. The topics addressed included theoretical aspects of regional development, historical issues of Brazilian development and experiences in mobilizing different agents and territories in the country. At the end of the cycle of workshops, an **article** was made with the main items debated in the lectures.

Also within the scope of consolidating the policy, initiatives were taken to improve

our geographical intelligence system (GeoBNDES), aiming to expand the capacity to perform integrated analyses of our activities, focused on the investment site.

Also in 2015, in line with the strategy to expand our activities in regional and territorial development in the country, our offices of the North Regional Department were installed in Belém (Pará state). Among other duties, the department aims to foster, structure and monitor the development of projects located in the Legal Amazon, integrated with the operational areas.

The Amazon region and the northeastern semi-arid region

In 2015, once again as part of the project to consolidate the policy, we developed a preliminary methodology of territorial assessment that allows us to observe the main features of the territories in which our operations are located. This assessment – currently in the development phase through pilot projects – aims to improve not only our process of eligibility and analysis of projects, but also the internal debate on the territorial issue and the integration of our technical teams.

Throughout the year, two pilot projects were developed, in which new procedures are being tested, including work groups, tools and planning and management processes, as well as adapting instruments. These are: the surrounding areas of the Tapajós River, in the Amazon region, and the northeast semi-arid region.

The efforts include establishing closer ties with the territory, identifying studies, partners and local actors. The projects' objectives include coordinating

partnerships to integrate activities and optimize benefits, as well as identifying needs and opportunities that may indicate new perspectives for promoting sustainable development in the region.

The Tapajós pilot project aims to prepare our activities in this region, which is expected to receive a large volume of investment in logistics and energy infrastructure over the next ten years. The region covers six municipalities of Pará (Aveiro, Itaituba, Novo Progresso, Rurópolis, Trairão and Jacareacanga) and is characterized by low population density and two federal highways crossing the region, which influence land occupation and use.

This pilot project will further our strategic objectives related to regional development, particularly in the Project Surroundings Policy, identifying and enabling preemptive actions to mitigate risks and exploit opportunities, especially regarding the issues of land tenure, indigenous lands, urban infrastructure, energy, communication, transportation, social assistance, education, health, institutional development, food security and appreciation of forest biodiversity.

The northeastern semi-arid region, in turn, comprises 1,135 municipalities in ten states, covering a wide geographical area mainly composed of the caatinga biome and low-income micro-regions. The sample area of this pilot project – the municipality of Salgueiro (Pernambuco state) and its surroundings – was selected based on studies to characterize the semi-arid region and on our activities in the territory, besides the identification of demands and opportunities, since this region



Whenever this symbol appears in the report associated with a significant action or project, the respective initiative also aims at regional and territorial development.

Access the article in
Revista do BNDES 44
(the BNDES magazine)
on our digital library.

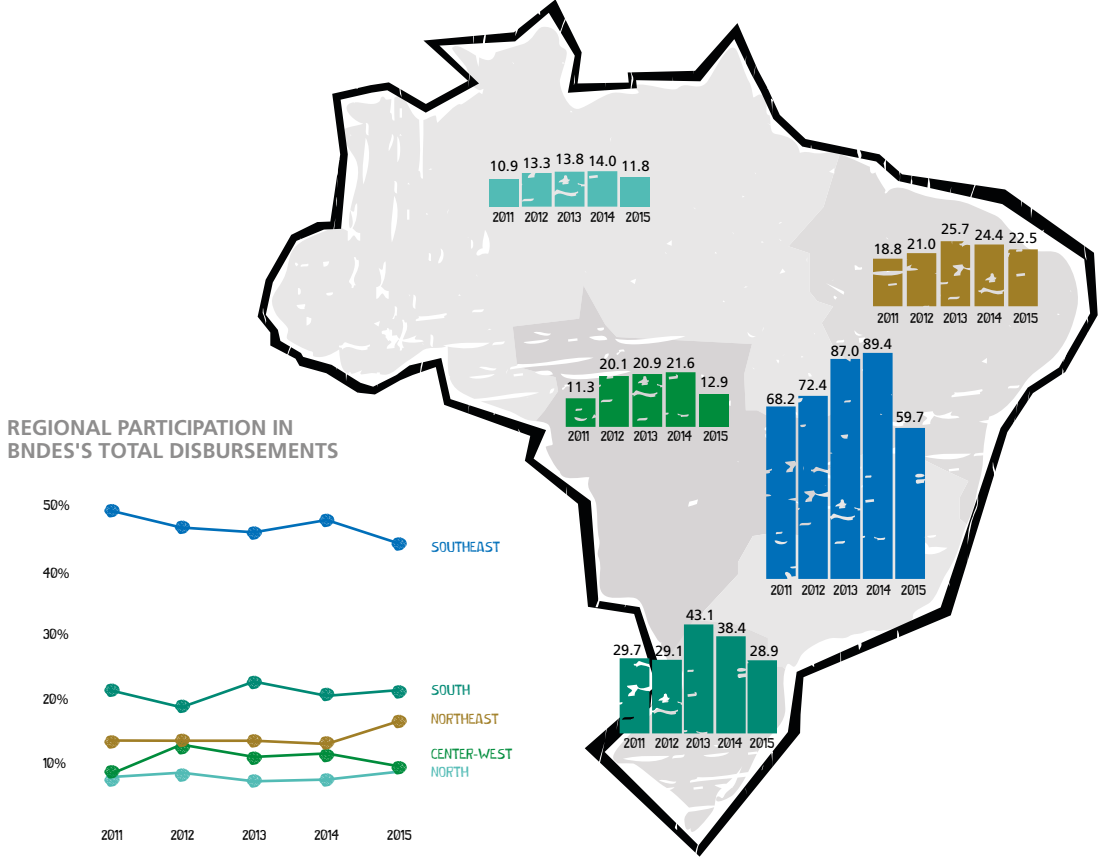
is affected by two federal infrastructure projects, the Transnordestina railroad and the integration of the São Francisco River.

The main issues identified in the studies and surveys carried out during this pilot project were the following: the new industrial structure in these territories and the Northeast region; activities related to logistics, water supply and power generation infrastructure; education and science, technology and innovation (S&T&I)

infrastructure; access to basic social services; and the recovery of degraded areas.

The charts below show our disbursements per region in the last five years, in absolute values and participation in total disbursements. Resources allocated to the North and Northeast regions of the country outweigh their participation in the national GDP, which is compatible with our mission of promoting the reduction of regional inequalities in Brazil.

SERIES | TOTAL DISBURSEMENTS PER REGION (in R\$ billion) Q₃



INNOVATION

We believe innovation is essential to improve the competitive positioning of Brazilian companies, and therefore the theme is considered a strategic priority for the institution. Innovation helps create skilled jobs and increase production efficiency, generating economic and social value for the country, and it can be supported through different financial instruments, such as subscription of shares, onlendings to financial agents and non-reimbursable funds.

In 2015, disbursements on innovation reached R\$ 6 billion, accounting for 4.4% of our total disbursements. The volume of released resources showed no significant change compared to 2014, but participation in the total amount released by BNDES increased 37.5%.

Training in innovation

Internally, we have stepped up our training in innovation. In 2015, 147 employees were trained in the BNDES Innovation Line and BNDES FUNTEC, two of our most important support instruments in this area. In addition, important names in the field took part in internal events to discuss relevant issues concerning innovation, such as physician and neuroscientist Miguel Nicolelis, professor Mariana Mazzucato, and Jaakko Tammela and Luis Alt, two reference points of the Brazilian design thinking.

Learn more about the CRIATEC funds in the section "Competitiveness of Brazilian companies".



In this report, whenever this symbol appears associated with a significant action or project, it is an innovative initiative.

International cooperation

In the integration with other government agencies and bodies to foster partnerships with foreign countries for cooperation in innovation, we have provided technical support for negotiations of bilateral cooperation tenders in research, development and innovation (RD&I), issued and coordinated by the Ministry of Development, Industry and Foreign Trade (MDIC)* together with its peers in partner countries. We have also participated as a member in committees and as a financial agent of the Brazilian counterpart of the project. Two public notices were issued in 2015, one in partnership with France and another with Germany. Also in 2015, the third cooperation tender with Israel was extended until October 2016.

Sustainability and social development

Projects to develop new technologies linked to the green economy can be enabled through instruments that support innovation. In 2015, these projects amounted to R\$ 253 million in disbursements. Prominent among them are projects of renewable energy and energy efficiency, second-generation ethanol and new technological solutions for waste treatment and soil recovery.

In the context of intelligent cities, financing for LED public lighting was structured in 2015, aiming simultaneously to foster the use of cleaner and more efficient sources of energy, local development and manufacturing of components and fixtures, and use of chips designed in the country – the latter being a strategic focus of BNDES's performance in the electronics industry. To this end, an accreditation model for pilot

lamps, with progressive demand for local technological content, was formulated for the public-private partnership of the city of São Paulo, predicted to be replicated in several Brazilian cities.

In the area of health, R\$ 650 million were approved for innovation projects in 2015, among them the development and production of biotech drugs in the country. This is an area in which our support has enabled the generation of significant results. An outstanding point is the innovative equipment for diagnosis and treatment of skin cancer by means of photodynamic technology, developed in a partnership between the University of São Paulo (USP) and the company MM Optics. The product was developed with funds from BNDES FUNTEC, which was released in 2010, amounting to R\$ 4 million. In its first year, 242 devices were sold, 28 of them abroad. In all, almost 3,000 people have been treated in 75 photodynamic therapy centers throughout Brazil. The technology has the potential to be incorporated into the National Unified Health System.

Innovation support instruments

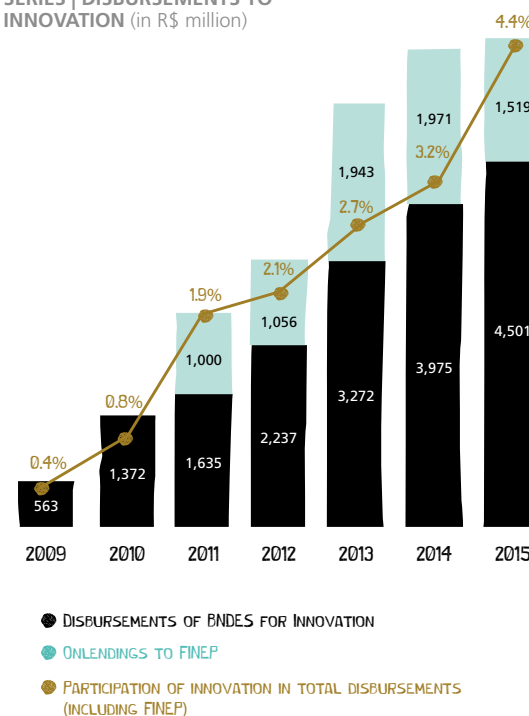
Among the products to support innovation, the BNDES Innovation Line is the main instrument. This low-cost line of credit aims to support increased business competitiveness through investments in innovation applied to business strategies. These investments may include innovation in products, processes, marketing, besides improving skills and technical expertise in the company.

Also worthy of mention is the program **BNDES Innovative MSME**, aimed at increasing the competitiveness of MSMEs, financing the investments required to

introduce innovations into the market. Launched in 2014, the program has already financed 126 operations.

The **CRIATEC** funds are another highlight in the innovation support area: national funds focused on investments in seed capital. In 2015, the process to select the managers for CRIATEC III was concluded, which will feature nine investors. In 2007, when the fund was launched, there were only two investors in CRIATEC I (BNDES and Banco do Nordeste), which demonstrates the success of the initiative in the market.

SERIES | DISBURSEMENTS TO INNOVATION (in R\$ million)



Learn about the program and its results in the section "Competitiveness of Brazilian companies".

*Current Ministry of Industry, Foreign Trade and Services.

We also take part in the Company Innovate plan, an initiative aimed to foster support projects in various sectors considered strategic by the Federal Government. It involves joint plans consisting of public notices for the selection of projects to be supported through mechanisms available mainly at BNDES and FINEP. Since its launch in 2013, ten notices have been issued.

In 2015, 14 operations were contracted under Company Innovate notices, forming, along those contracted in 2013-2014, a portfolio of 50 projects with a total value of R\$ 2.8 billion. During the year, R\$ 513 million were disbursed for twenty operations.

The year of 2015 also marked a second stage of Company Innovate with the launch of the Chemical Industry Development and Innovation Plan (PADIQ) notice, a joint initiative with FINEP, designed to foster technological development and investment projects in the manufacture of chemical products with higher added value.

Further launches

Complementing support for innovation, we created new financing instruments in 2015, such as the BNDES Exim Innovative Company Pre-Shipment Line and the BNDES Hybrid Securities for Innovation Support program (BNDES THAI). The former seeks to strengthen financial support for innovative companies that take on the challenge to export, providing special conditions to improve their competitiveness in foreign markets. The latter is an instrument of participative subordinated debentures, which proposes to share the risk and return of innovation projects of large companies, especially in the later stages of the research and development (R&D) cycle, such as the scaling of first-time processes or the development of new products. 🗨️

Another highlight of the year was the launch of BNDES Technological Solutions, currently in the phase of accrediting suppliers. It is a financial product which aims to foster the market of technology and know-how transfer in the country, supporting Brazilian companies that wish to acquire technology solutions and thus innovate in their products and processes.

Learn more about the forms of support in the section "How does financial support work?"

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

Social and environmental issues have always been present in our activities, whether financing projects whose objectives are primarily social and/or environmental, or incorporating these aspects within our set of support products and instruments, including through special financial conditions conditioned to sustainability criteria. The theme is also considered in analysis activities and procedures related to the process of granting financial support, as well as in administrative activities.

The principles and guidelines of our social and environmental practices are set out in the Social and Environmental Responsibility Policy (PRSA), approved in 2010 and updated in 2014. On the other hand, details of social and environmental action in financial support operations are described in the Social and Environmental Policy, approved in 2010 and updated in 2015. Q₂

One of the guidelines of our social and environmental performance in financing operations is the environmental risk rating applied to **non-automatic direct and indirect operations**. In 2015, 380 applications were classified according to their environmental risk. The charts below show the profile of the classified portfolio.

BNDES FUNTEC: EFFECTIVENESS

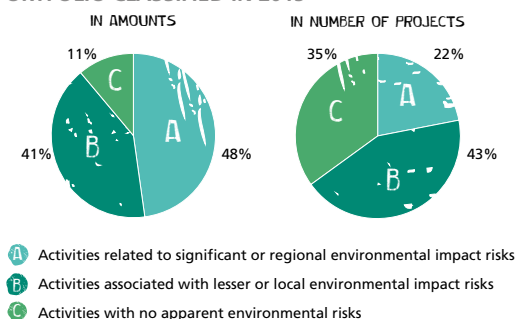
The first assessment was carried out regarding the effectiveness of projects supported by the Technology Fund (BNDES FUNTEC), a non-reimbursable support instrument for projects of technological institutions which, in partnership with companies, develop new products/technologies related to strategic issues. The study comprised a sample of 22 projects contracted between 2007 and 2012, with a total disbursement of R\$ 198 million.

The sample projects generated fifty patent applications, 941 people trained, and new technical skills in various areas: health, chemistry, new materials, bio-energy, information and communication technologies (ICT), aerospace, defense, among others. Among the projects that supported research and development through university-business partnerships, 93% have had their new technologies introduced in the market or have plans for such.

Highlights among the results of supported projects include the development of technologies for the remediation of areas contaminated with organochlorine; radio frequency identification (RFID) chips; compact organic photovoltaic cells; a pilot plant for carbon fiber manufacturing; photodynamic therapy for the treatment of skin cancer; and bionic pancreas using smartphone.

The study will be published in the BNDES Magazine 45 (in press) and will be available on our Digital Library.

ENVIRONMENTAL RISK PROFILE OF THE Q₁ PORTFOLIO CLASSIFIED IN 2015



Learn more about the Amazon Fund in the subsection "Project Highlights".

It should be noted that in 2015 there was a more intense dialogue with 91 companies, with which we established direct operations, concerning risks and environmental and social opportunities, since they were classified as having higher environmental risk (category A) or using the Corporate Social Investment (ISE) line. **Q7**

Environmental support

In relation to the preservation and restoration of natural areas, besides actions of the **Amazon Fund**, highlights include continuous support to ecological restoration with native species, through the selection, in 2015, of seven projects related to the Atlantic Forest biome, which will receive around R\$ 20 million in total. These funds are non-reimbursable, from the BNDES Social Fund. There was a high demand in the notice for such projects, with 78 proposals submitted from 14 states.

Regarding the reduction of greenhouse gas (GHG) emissions, worthy of mention is the pioneering initiative for the generation of energy through **second-generation ethanol**, developed in Brazil from sugarcane waste, on which we were invited to speak at the 21st United Nations Conference on Climate Change (COP21).

By supporting this and other initiatives, we aim to contribute to the Brazilian goal of reaching a 37% reduction in GHG emission by 2025, ratified at COP21.

In 2015, the event Amazon Day was held in London, with the aim of presenting the main Brazilian environmental initiatives, including the Amazon Fund. The event also addressed the themes of green financing and green bonds, with the participation of several representatives of Brazil and the United Kingdom,

Learn more in the section "Competitiveness of Brazilian companies".

as well as important international partners, such as representatives of the Norwegian and German governments and nonprofit organizations with expertise in various environmental sectors.

Social performance

We also support projects with direct impact on improving the living conditions of the Brazilian population, providing various financing mechanisms that benefit low-income entrepreneurs, family farmers, states and municipalities; seek to expand services related to sanitation, urban mobility, health, education and culture; and aim at reducing regional inequalities, among other objectives.

The observance of social rights by our clients, such as not using slave labor, is also an indispensable condition in our financing approval process, on a par with the financial and economic requirements. The positive social impacts of projects are also considered, such as generating and maintaining jobs and boosting local development.

Green economy and social development

By means of indicators of support for social development and the green economy, we assess our efforts and improve our social and environmental performance. These indicators also allow comparison with other institutions that finance national and international development.

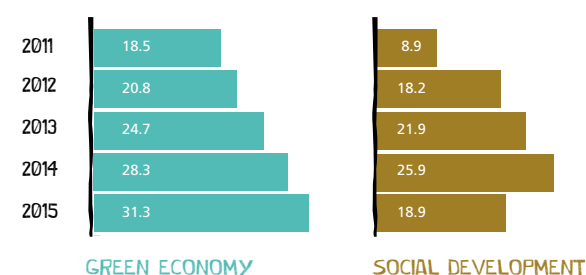
A growth in disbursements related to the green economy was observed in 2015, both in absolute terms and in relative participation. Investments in this segment increased from 15% to around 23% in total disbursements. There was a decrease in absolute disbursement

values aimed at social development, but the relative share of about 14% of our total disbursements remained stable.

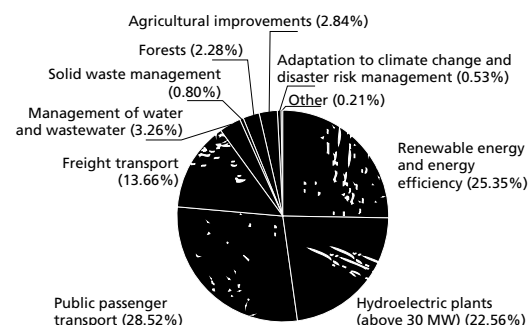


Whenever this symbol appears in the report associated with a significant action or project, the respective initiative also aims at environmental sustainability.

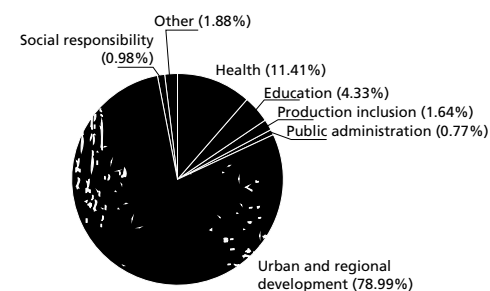
SERIES OF DISBURSEMENTS TO THE GREEN ECONOMY AND SOCIAL DEVELOPMENT (in R\$ billion) **Q4 Q5**



BREAKDOWN OF DISBURSEMENTS TO THE GREEN ECONOMY IN 2015 **Q5**



BREAKDOWN OF DISBURSEMENTS TO SOCIAL DEVELOPMENT IN 2015 **Q4**



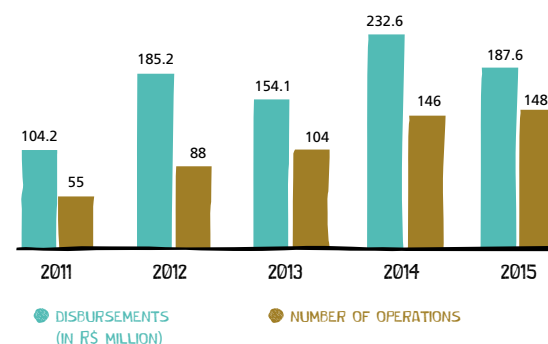
Corporate social investments

Through favorable credit conditions, the Corporate Social Investments (ISE) Line aims to raise the level of social responsibility of companies that seek our financial support and contribute to strengthen public policies.

ISE Line resources can be invested within the company itself or the community. In the first case, resources are geared towards staff and their family, clients or suppliers. Within the community, a trend

which accounts for approximately 90% of investments since the creation of this line in 2006, funds are invested in social projects aimed at populations living in the environs of ventures, in areas of geographic influence of companies, or segments of the population exposed to some kind of social risk. Health, education and production inclusion, in urban and rural settings, receive most of the investments.

EVOLUTION OF THE ISE LINE Q₇



ECO-EFFICIENCY

Watching over our natural capital, we also follow good environmental responsibility practices in our operating units. The management of the Rio de Janeiro Service Building (EDSERJ), where most of our staff is located (77%), is carried out by the BNDES Condominium (CEDSERJ). Developing efforts in energy efficiency, water consumption, waste management, among other activities, we are dedicated to continuously improving our eco-efficiency.

The recyclable waste produced in the building goes to waste-picker cooperatives, fully complying with the provisions of the Decree 5,940/06. In 2015, 157,000 kg of material were destined for recycling, such as office paper, scrap metal, newspaper, paper towels and plastic cups, 2.5% more than in 2014. The total waste generated was 455,000 kg, 10% less than in the previous year. Q₁₀ Q₁₁

In 2015, energy consumption at EDSERJ fell 1.3%, and total water consumption dropped 7.8%. Q₈

ENERGY CONSUMPTION – COMPARATIVE SERIES



WATER CONSUMPTION IN 2015 Q₉

63,940,000 LITERS
Running water



64,450 LITERS
Bottled water

Implementing and monitoring the Social and Environmental Responsibility Policy (PRSA)

In 2015, the plan to implement and monitor the PRSA was approved, in line with the guidelines established by the CMN Resolution 4,327/2014.

The plan's actions are organized in five work areas with the following objectives: to strengthen governance in sustainability; to promote improvement and innovation in processes and activities related to dialogue, transparency, communication and accountability; to improve risk management and induction of social and environmental performance in activities related to the process of granting financial support; to strengthen the Bank's sustainability culture; and to incorporate concepts related to sustainability in the institution's operations and facilities.

Implementing the plan involves forming work groups with staff from various areas. The **Social and Environmental Sustainability Committee (CSS)**, created in

Learn about our committees in the section "Governance, control and management practices".

2014, was consolidated in 2015 as a joint committee responsible for monitoring the implementation of activities and deliveries provided for in the plan.

The following are among the main advances of the plan in 2015:

- Formalizing social and environmental procedures for export support in a specific chapter of the Social and Environmental Policy.
- Including the concept of social and environmental risk in the corporate policies of Operational and Credit Risk Management.
- Developing sectorial social and environmental policies to guide environmental analysis in supporting critical sectors. The first one was approved in 2015: the Social and Environmental Policy for the Mining Sector.
- Developing and validating the presentation of social projects to companies interested in the ISE Line.

PROJECT HIGHLIGHTS

AMAZON FUND



The Amazon Fund aims to raise donations for non-reimbursable investments in preventing, monitoring and combating deforestation and promoting conservation and sustainable use of forests in the Amazon biome. Since its inception in 2008, the Norwegian government has been its largest donor. We are responsible for managing the fund, raising resources, and hiring and monitoring supported initiatives and projects. Governance of the Amazon Fund includes a steering committee with the participation of organizations representing civil society, various ministries and Federal Government agencies, and all states in the Amazon region.

With total donations of R\$ 2 billion received between 2008 and 2015, the Amazon Fund ended 2015 with a portfolio of eighty approved projects, with total support of R\$ 1.2 billion, R\$ 518 million of which have already been disbursed.

Alto Juruá

The Alto Juruá project, contracted in 2015 with R\$ 6.6 million in resources, was the first Amazon Fund project directly conceived and contracted by an indigenous community, unmediated by the public sector or non-governmental organizations. The project comprises agroforestry handling and production, as well as monitoring and control of the territory, in benefit of the Ashaninka people and other indigenous and non-indigenous communities in the environs of the Kampa indigenous land, covering a number of protected areas in the state of Acre.

Protected areas

Sixteen protected areas (PA) in the state of Amazonas, covering an area of ten million hectares, have received support from the Amazon Fund. In 2010-2015, 1,400 initiatives to support income generation and 900 initiatives to support the empowerment of associations of PA residents were implemented. These investments reinforced several production chains, such those of *pirarucu*, *acaí*, chestnut, vegetable oils, crafts and community-based tourism. In addition, training workshops, leadership meetings, lectures and seminars were held. As a result, the areas served by the program have shown lower rates of deforestation and hotspots than other areas of the same category in the state.

Amazon SAR

The Amazon SAR project, of the Amazon Protection System Management and Operations Center (CENSIPAM) of the Ministry of Defense, also contracted in 2015, will improve the monitoring of deforestation in the Amazon region by a radar deforestation detection system that captures images even at night or with obstacles such as clouds, fog and smoke. Approximately 950,000 km² will be monitored per year (23% of the Amazon biome).

Management of indigenous lands

In 2015, we issued a public notice focused on the development and implementation of territorial and environmental management plans in indigenous lands, through which we selected nine projects with values between R\$ 4.5 million and R\$ 12 million. The projects aim to directly benefit indigenous peoples of the Amazon region.

See also the subsection "Innovation".

BNDES FUNTEC – RECOVERY OF CONTAMINATED SOIL AND WATER



In 2015, the Technology Fund (BNDES FUNTEC) consolidated a portfolio of 14 environmental projects in several areas.

One of them provides a solution for the recovery of soil and water contaminated by heavy metals originated from Acid Mine Drainage (AMD) in disposal areas and waste dams using ozone gas. To conduct tests and experiments, as well as scaling advanced chemical oxidation technology, approximately R\$ 10 million were disbursed. The financing was also destined for the construction of two pilot plants, one in Poços de Caldas (Minas Gerais state) and another in Criciúma (Santa Catarina state).

The results were surprising and evidenced the possibility of executing selective precipitation by heavy metals (especially for oxidation of manganese) directly applied to contaminated areas.



INFRASTRUCTURE: A DECISIVE SECTOR

With favorable financing conditions related to payment terms and financial costs, our support has decisively contributed to the expansion and improvement of public services in energy, logistics, urban mobility and environmental sanitation. Supported investments include projects of hydro, wind, thermal, nuclear, and biomass energy generation; energy transmission and distribution; highways, railways, airports, ports, terminals and warehouses; sanitation; and improvement of urban roads and high and medium-capacity transport systems.

The expansion of investments in infrastructure – one of our strategic objectives – is capable of boosting the recovery of the Brazilian economy, fostering improvements to the population's standard of living, integrating regions and increasing the competitiveness and productivity of companies in all economic activities.

In 2015, we disbursed R\$ 29.4 billion to finance projects in energy and logistics and R\$ 10.4 billion for urban mobility and sanitation.

Also in 2015 we were the main financing agent of the Logistics Investment Program (PIL) of the Federal Government, which seeks to modernize the country's transport infrastructure and is currently in its third stage. As part of this program, credit was approved in 2015 for two highways in important transport areas for Brazilian agribusiness and wholesale trade in Mato Grosso do Sul and Minas Gerais, and the Brasília, Guarulhos and Viracopos airport projects are now in the final disbursement phase.

Capitals market

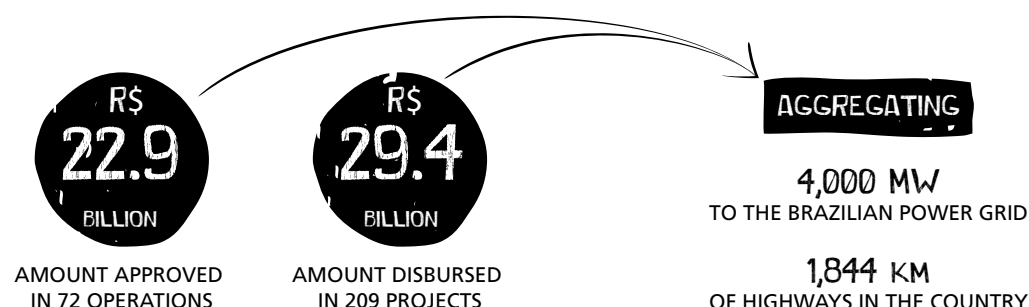
To diversify and integrate financial products, we have expanded the use of debentures to finance infrastructure, creating a complementary system between our long-term financing and funding from the capitals market. 🟡 In 2015, 28 infrastructure

projects were approved for funding with estimates of issuance of debentures and guarantees shared between the Bank and debenture holders. Also in that year, nine projects were supported (five of wind power) through the subscription of infrastructure debentures, totaling approximately R\$ 609.2 million in purchased debentures.

In support of business plans of publicly-traded Brazilian companies, it is interesting to note the subscription and paid-up capital by BNDESPAR of R\$ 1.04 billion in simple debentures combined with subscription bonus issued by Energisa S.A. The aim of the operation was to strengthen the company's capital structure to facilitate the modernization and expansion of its electricity distribution subsidiaries, which now serve approximately six million consumer units (7% of the Brazilian population). BNDESPAR's investment will enable the expansion of the network and improvement in the quality of power supply in areas served by the company, reducing the frequency of interruptions and service time.

Also in 2015, the corporate reorganization of Companhia Brasileira de Energia was concluded, with BNDESPAR and AES group now participating directly in the capital stock of AES Tietê Energia S.A. In addition to helping create liquidity alternatives for investment in BNDESPAR's variable income 🟡 portfolio and for the migration of AES Tietê Energy to level two of the BM&FBovespa Stock Exchange – in keeping with our intention to contribute to the improvement of corporate governance in companies traded in the Brazilian market –, the reorganization will also help strengthen AES Tietê Energia as a growth platform

FINANCING IN ENERGY AND LOGISTICS IN 2015



The study is available at
www.bndes.gov.br/bndesfep.

See details in "Project
Highlights" in this section.

in the segment of power generation, providing alternatives for the expansion and diversification of the national power grid.

Sanitation

In 2015, a **technical study** report was published on the universalization of sanitation services in the state of Sergipe. Supported by R\$ 2 million in non-reimbursable funds from the Projects Structuring Fund (BNDES FEP), the study was developed in partnership with Fundação Getulio Vargas (FGV). The project aimed to evaluate the economic feasibility and implementation of potential public-private partnerships, among other options, for the adequate provision of sanitation services in the state.

Also in that year we contracted a R\$ 295.6 million operation to finance expansion works of water supply and sanitation systems in the municipalities of Armação dos Búzios, Arraial do Cabo,

Cabo Frio, Iguaba Grande and São Pedro da Aldeia, all located in the state of Rio de Janeiro. This is the third loan agreement concluded with the Prolagos concessionaire. Investments supported so far have contributed to raising the rate of water supply from 30%, in 1998, to 93%, in 2015, and complete the construction of the sanitation system in the region, which currently treats 76% of effluent.

The new project will provide greater security to the system – which now operates to its full capacity due to the region's strong growth – and enable the local concessionaire to reach the set target of 80% of treated sewage by 2018. In addition to the expanded coverage and efficiency of water and sewage services, additional benefits will be provided to the population, especially the cleanup of the Araruama Lagoon and the project "Producing the Future," conceived by the concessionaire and supported by the

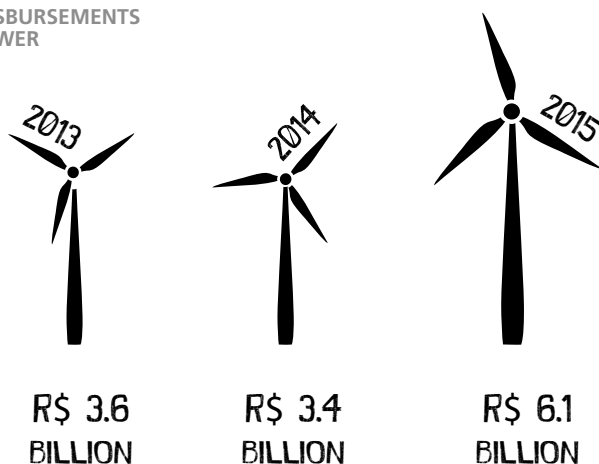
Corporate Social Investment (ISE) line. The project's goal is to offer professional training to 550 local students and qualify 120 community leaders in public policy.

Renewable energy

In the energy sector, especially with regard to sustainability, it is important to mention our support for **wind power**, which played a significant role in the projects portfolio in 2015, with an increase of over 80% in the volume of disbursements compared to the previous year. Regarding solar energy, we took part in two auctions, which will result in an increase of 1,763 MW in the national power grid.

Following the guidelines of the **methodology for accreditation and survey of local wind turbine content**, which aims to support the supply chain in the wind power sector, in 2015 we developed the methodology for accreditation and survey of local content photovoltaic modules and systems in order to stimulate the development of a local supply chain for the sector and to encourage the creation of higher skills jobs. The methodology establishes specific rules for accreditation of equipment employing photovoltaic technology, with required progressive nationalization of specific components and processes throughout the implementation of the plan. In addition to these methodologies, still in line with our aim to strengthen Brazilian industrial suppliers, we have worked to formulate studies and develop new operations. In 2015, the corporate project related to the development of suppliers of goods and services afforded enhanced

SERIES OF DISBURSEMENTS
TO WIND POWER



The results of the methodology can also be found in the details on wind power in "Project Highlights".

diagnosis and assessment of supply and demand in the wind and solar energy chains, and identified opportunities for operations with suppliers linked to hydroelectric generation and transmission.

A further effort to expand the share of renewable energy in the national power grid that can be highlighted is the investment in the production of gas obtained from the decomposition of organic waste in landfills (called biogas). In 2015 we supported the construction of two biogas thermal plants. Implemented by the Solvi group, the Caieiras (São Paulo state) and Usina Minas do Leão (Rio Grande do Sul state) power plants, with 29.5 MW and 8.6 MW of installed capacity, respectively, received together R\$ 100 million in support.

In terms of generation of energy, biogas stands out for at least three advantages: generation close to places of consumption, with reduced loss in transmission and distribution; use of an alternative source, which contributes to consolidate poorly exploited technology and diversify the power grid; and reliable and stable generation, due to low seasonality. This source also brings benefits to the environment: the income from the sale of biogas encourages landfill owners to increase efficiency in exploiting and transporting the product; and the introduction in the power grid of a renewable source with zero emission impact is positive from the point of view of the greenhouse effect.

See, for example, PDRS Xingu, reported in the subsection "Project Highlights".

Social development

We support projects that result in direct impact on improving the living conditions of the population. Through **studies** and public-private partnerships (PPP), we contribute to the implementation of essential services and projects that transform the reality of the supported communities.

We can highlight some PPP projects in the health field from 2015. One is the Imaging Diagnostic Center of Bahia, organized in partnership with the International Finance Corporation (IFC). This is a pioneering PPP, whose contract has already been signed and which aims to improve the quality and efficiency of telemedicine, diagnostics and bio-imaging services provided in the public state health network. Another project was a PPP tender to restructure the municipal basic health network of Belo Horizonte, for which we developed feasibility studies, also in partnership with IFC. The winning consortium will be responsible for investing up to R\$ 407.7 million to build and equip up to 77 health centers, besides a sterilizing and laundry facility. The concessionaire will explore, for a period of 20 years, non-essential services, such as maintenance, cleaning and security.

In this context, it is also interesting to note the award received by a PPP supported by us at the United Nations Public Service Day and Awards (UNPSA 2015), organized by the United Nations (UN). Structured in partnership with IFC and the Inter-American

Development Bank (IDB), the partnership of Hospital do Subúrbio de Salvador (HS) was awarded second place in the category Improving the Delivery of Public Services in Latin America and the Caribbean. In four years of operation, this was the fourth international award received by HS, which serves about one million people in the metropolitan region of the state of Bahia and was the first hospital to function by means of a PPP in Brazil.



In financing infrastructure projects, we also seek to foster environmental sustainability and regional development through the **Corporate Social Investment (ISE) line**. In 2015, for example, 55 social projects were approved, accounting for R\$ 109 million financed for activities in the vicinities of the infrastructure projects.

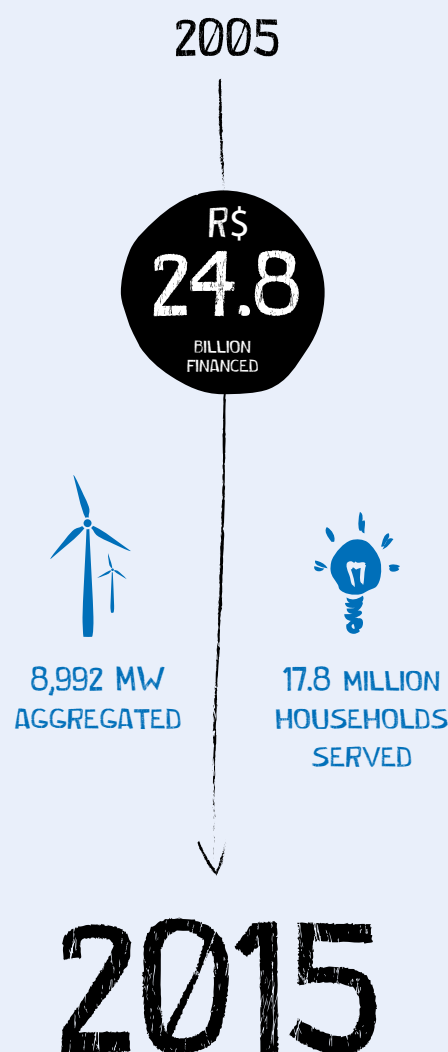
Learn more about the ISE line in the subsection "Social and environmental responsibility" in "Strategy and vision for the future".

PROJECT HIGHLIGHTS

WIND POWER



In 2015, 31 wind power projects started operating commercially, adding 2,652 MW to the Brazilian installed capacity. Of this total, 2,490 MW stem from projects we funded, accounting for 94% of the total number of electricity projects generated from this source. Over the year we approved another 21 projects, totaling to over 2,612 MW.



Support to the production chain

It is also important to mention the good results of the current methodology for accreditation and survey of local content related to wind turbines, which aims to support the supply chain in the wind power sector. In 2015, all accredited manufacturers met the final nationalization requirements provided in the methodology, initiating the manufacture of relevant parts and components, such as nacelles, generators, inverters, large castings, among other previously imported equipment.

Prominent in this context is our support for the installation of three new plants in intermediate links of the wind turbine industry, considered the most fragile and potential bottlenecks of this productive chain. In 2015, the new facilities of the companies ST Metals, Iraeta and Engebasa started operating in the Suape Complex (Pernambuco state) and the municipalities of Jaguariúna (São Paulo state) and Rio Grande (Rio Grande do Sul state), dedicated, respectively, to machining and painting of large wind power parts and components, the manufacture of flanges, and the production of steel towers.

Our support to the manufacturer Vestas is also worth mentioning. Over the period, the company completed the required accreditation procedures under the aforementioned methodology and built its nacelle and pipe assembly plant, besides completing the development and accreditation of its suppliers of blades and towers, and of all cube components and nacelle tables, which represents an effective gain for the national sector.

Social impact

It is important to stress the regional and social impact of these projects, since most of them are being implemented in the northeastern semi-arid region, such as the west of Bahia, Piauí, Ceará and Rio Grande do Norte states, opening new prospects for generating employment and income in these locations. In addition, the financing operations use social sub-credit through the ISE line, which provides social and environmental investments in the environs of the power plants.

In this context, we emphasize the coordinated action behind the development and implementation of social projects in some of the wind power projects of the northeastern semi-arid area, contributing significantly to social sustainability in the region. Through the ISE line, we finance in the municipalities of Trairi and Amontada, in Ceará, a joint initiative of five companies involving projects of employment and income generation, professional training, health and sanitation geared towards the region's less favored population. The joint initiative avoids the overlapping of similar projects by companies, therefore optimizing resources and expanding the scope of implemented activities.



Osório wind farm (Rio Grande do Sul state)
Photo: BNDES collection/Alexandre da Silva Pereira



PROJECT HIGHLIGHTS

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY: PDRS XINGU



Worthy of notice is the Xingu Regional Sustainable Development Plan (PDRS), associated with the implementation of social and environmental programs of the Belo Monte Hydroelectric Plant. Established by decree in 2010, the plan aims to promote public policies that result in improving the quality of life of the population in its area of influence, which comprises 11 municipalities in the state of Pará.

Between 2013 and 2014, with funds from the Project Structuring Fund (BNDES FEP), we elaborated, in partnership with representatives of governments, non-governmental organizations, civil society and educational and research institutions, the **Xingu Territorial Development Agenda (ADT)** in order to assist the PDRS Xingu Management Committee to foster opportunities for economic, social, environmental and institutional development in the region.

In order to implement the defined activities, the plan determines that the concessionaire of the Belo Monte plant, Norte Energia S.A., must earmark R\$ 250 million during the construction of the plant and R\$ 250 million following its entry into operation. Similar to the other socioenvironmental investments made by Norte Energia, these resources are among the investments we financed for the construction of Belo Monte.

In December 2015, the concessionaire's investments related to PDRS Xingu reached R\$ 100 million in implemented activities and projects.

The document outlining the Agenda was published in 2015 and is available on www.bndes.br/bndesfep.

SOCIAL MOBILITY IN RIO DE JANEIRO

In urban mobility, prominent projects in 2015 include those of the municipal government of Rio de Janeiro that incorporate high and medium-capacity transport systems, as well as improvements in urban roads. These systems will contribute to improve the time and quality of trips within the city and will also be important for mobility during the 2016 Olympic Games.

The investments that we supported in the city totaled to approximately R\$ 14.8 billion. Although the city of Rio de Janeiro is mostly responsible for contracting the execution of works, some of them are responsibility of the state government (as in the case of the Line 4 Subway) and the private sector (LRT Carioca).

Below are the major investments in the city and what each one offers the population.

**Light Rail Vehicle (LRT Carioca):**

Medium-capacity mode of transportation which will contribute to improve mobility in the central and port district and to consolidate the concept of integrated transport network.

**Line 4 Subway:**

Expansion of the subway network that will enable the daily withdrawal of approximately 2,000 vehicles from the streets, contributing to improve traffic and reduce environmental pollution.

**Extension of the Porto Maravilha Expressway and construction of the Transolímpica Expressway:**

The first expressway, almost 7 km long, should contribute to revitalize the port district of Rio de Janeiro, attracting new residents and businesses to the area, increasing tourism and appreciating the historical and cultural heritage. The second, 13 km long, will halve travel time between the neighborhoods of Deodoro and Recreio and meet an expected demand of 110,000 passengers per day.

**Transoeste BRT – Segment 0 and connection between Transolímpica BRT and Transbrasil BRT:**

Construction of exclusive lanes for articulated buses (BRT). The former, 6.4 km long, will halve travel time between the neighborhoods of Santa Cruz and Barra da Tijuca, meeting an expected demand of 220,000 passengers per day. The latter, a road link between the Transolímpica BRT and Transbrasil BRT lanes, will also be integrated with the Supervia railway, thus improving urban mobility in the region.

Duplication of Salvador Allende Avenue (Olympic Park area) and duplication of Bandeiras Viaduct:

The investments will enable the execution of urban adjustments in the Olympic Park area and better road infrastructure between the South Zone and Barra da Tijuca.

COMPETITIVENESS OF BRAZILIAN COMPANIES

Access the BNDES Card website
(www.cartaoendes.gov.br).

We believe it is essential to foster investments that allow Brazilian companies to explore opportunities and overcome challenges in their specific markets, enabling the competitive development of the national economy.

Understanding the effect of credit restrictions, particularly for smaller companies, due to the Brazilian economic scenario in 2015, we maintained as a priority the support to MSMEs.

An instrument worth mentioning in this effort to support MSMEs is the BNDES ProBK Program, which has been in operation for a year totaling R\$ 230 million in approved and contracted operations. Half of these operations are with MSMEs and over 70% with new clients, which also shows the commitment to diversify our portfolio.

Regarding exports, the year was challenging in the foreign front. Constraints in budget and funding to operate certain lines of credit at more

attractive conditions for exporters were added to an adverse international macroeconomic environment, with strong impact on trading partners and financing for the purchase of Brazilian goods and services. In this context, our disbursements for exports totaled to R\$ 6.1 billion, a decrease of 34% compared to 2014.

However, some important advances in this modality of support can be highlighted, such as the development of a specific credit line to support exports of innovative companies. Another positive highlight in 2015 is the BNDES Exim Automatic Line, of indirect support for exports. From its launch in 2010 to December 2015, 114 operations were approved for fifty Brazilian exporters who sell their products in 13 countries in Latin America and Africa.

MSMEs

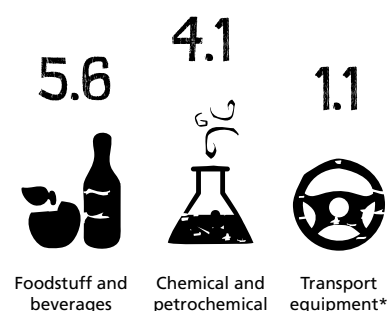
With regard to priority support for MSMEs, emphasis goes to progress in the BNDES Innovative MSME program, with 66 operations approved in 2015, reaching a total of R\$ 101.5 million. Prominent among sectors receiving investment is information technology, with 31 approved operations.

The **BNDES Card** also showed very significant figures, totaling to R\$ 11.25 billion in disbursements at the end of 2015, a result similar to 2014. A novelty in 2015 was the accreditation of Banco do Nordeste (BNB), the tenth financial institution to issue the card.

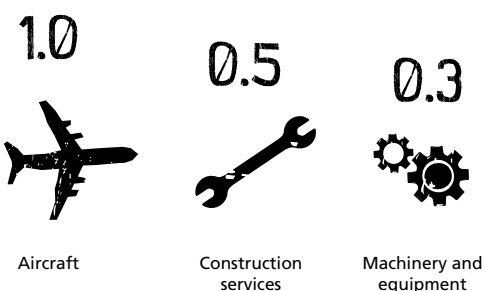
Still aiming to expand access to credit for MSMEs, self-employed truckers and individual entrepreneurs, we operated by means of the Investment Guarantee Fund (BNDES FGI), which complements the guarantees offered by companies which, for being smaller, often find it difficult to meet the guarantee requirements of financial institutions.

In 2015, BNDES FGI contracted more than 2,700 operations, representing R\$ 0.46 billion in funded amounts. Of this total, 30% of disbursements were for companies from the North and Northeast Regions (an increase of about 50% over the previous year). Also in that year, 57% of BNDES Innovative MSME operations were made possible by its guarantee. Also worthy of note is the launch of the Free Credit FGI, a modality that supports financing operations with funding sources other than BNDES. The first operations contracted in this modality were also for innovation projects.

HIGHLIGHTS OF SUPPORT FOR INDUSTRY IN 2015
(in R\$ billion)



HIGHLIGHTS OF SUPPORT FOR EXPORTS IN 2015
(in R\$ billion)



* Manufacturing and assembly of vehicles, vessels, railway equipment and aircraft.

Capitals market

In 2015, investments of approximately R\$ 540 million were committed in five new investment funds in corporate shares, which were added to the portfolio of 33 investment funds with BNDESPAR participation. 🗨

These new funds, which also received R\$ 6.2 billion from other investors, will enable capital injection in about sixty companies over the following four years, making our fund's portfolio the largest with regard to emerging technology companies in the country.

Prominent among these new funds is CRIATEC III, which aims to support the development of innovation ecosystems, implement better governance and management practices, and disseminate entrepreneurial and venture capital

cultures. Forecast to start in 2016, the fund, managed by Inseed, will have a ten-year term and invest in innovative companies with revenue up to R\$ 12 million that operate primarily in the sectors of information technology and communication, biotechnology, new materials, nanotechnology and agribusiness. 🗨

Also in 2015 we issued the Second Notice for Multi-Sector Funds, through which we received thirty proposals from managers, 17 of which were of venture capital, and 13 of private equity. We expect to select up to five funds with products or sectors of activity preferably related to infrastructure, technological base, education, health and creative economy, besides social impact funds.

CRIATEC FUNDS

Criatec III is the third national fund focused on investments in seed capital that we command. Launched in 2007, CRIATEC I features some success stories. An example is Magnamed, a supported company that produces intelligent modules and high-precision equipment for intensive care ventilators, neonatal care and anesthesia equipment. In 2015, the company won the 2014 Successful Entrepreneur Award of the magazine Pequenas Empresas Grandes Negócios (Small Companies Big Business), in the category High Impact – Industry. Founded in 2005, in the incubator of the University of São Paulo (USP), the company began operating out of a garage, and currently, after investment by the fund, it acquired a 3,000 m² facility in Cotia, in the São Paulo metropolitan area. 🗨

In 2015, Dot Legend S.A., a startup from Rio de Janeiro that develops applications focused on purchasing, marketing and relationship for retail, was granted resources from the CRIATEC II fund (created in 2013) of R\$ 2.5 million. Until 2015, CRIATEC II had already approved five investments totaling to R\$ 10.5 million.

Also in 2015, in recognition of the experience and results obtained by CRIATEC, we received the Best Practices Award from the Latin American Association of Development Financing Institutions (ALIDE) in the category of Financial Products.

Focus on the production chain

We believe that the heating up of a particular economic sector depends on the development of its entire production chain, especially the suppliers of goods and services that are necessary for the manufacture of a given product. Therefore, in strategic segments, we have worked to foster all stages and actors involved in the production process, thus increasing the generation of benefits to society from a single sector.

In the oil and gas sector, for example, our support in 2015 included the entire chain, from exploration and production to distribution, especially support for shipbuilding. We disbursed over the year

the total amount of R\$ 3.8 billion – of which R\$ 3.4 billion went to support the construction of offshore support vessels, as well as oil tankers and oil products in domestic shipyards, through resources of the Merchant Marine Fund (FMM) – and R\$ 370 million earmarked to support the capital goods sector, with emphasis on the production of subsea and topside equipment for oil platforms.

Engineering is also a key component to build a national and competitive industry, especially for the automotive chain, whose investments in R&D are historically higher than the average of the manufacturing industry. Launched in 2007, BNDES

Proengenharia is still considered the main instrument to stimulate product development in the automotive sector, and it is estimated that currently at least 30% of light vehicles sold in Brazil contain components whose engineering we have financed.

Innovation in industry

Confirming the priority given to supporting innovation, the financing of projects focused on the internet of things (IoT) was a highlight of our performance in 2015. Prominent in the production sector was the approval of two projects that apply the internet of things to agriculture, developing national solutions for precision



agriculture. In the context of intelligent cities, in 2015 the Cittati Tecnologia project was concluded, applying IoT to improve the quality of life of the population. The CittaMobi product, with information on bus schedules, is an application for mobile devices supported by a software platform developed with our support and has accumulated 2.5 million downloads.

In the field of health, the first stage of the strategy to support the development of the biotechnology industry in Brazil was concluded. Biotech drugs are the main focus of the pharmaceutical industry to address health needs which have not yet been addressed, and represent six of the ten best-selling products in the world. In order to face the challenges of an aging population and expand patients' access to expensive cancer treatments, we approved the projects of the companies Orygen and Bionovis, which aim to develop biosimilar drugs, inaugurating in Brazil the production of drugs against rheumatoid arthritis and cancer.

Sustainability

With the goal of contributing to sustainable development, we persisted in our priority focus of supporting the development of second-generation ethanol (E2G) in the sugarcane industry. Developed in Brazil from sugarcane waste, E2G allows a 50% increase of productivity from the same acreage, thus avoiding deforestation to create new areas.

In 2015, the first integrated unit for the production of E2G on a world scale was inaugurated in Piracicaba (São Paulo state). The project benefited from our financial support to the amount of R\$ 207.7, which was 90% of the total investment. The enterprise of Raízen

Energia has the capacity to produce more than 40 million liters of ethanol per year.

Production on such a scale brings important gains in reducing pollutants, since the production of E2G, when compared to conventional ethanol, releases up to 15 times less carbon dioxide into the atmosphere. It is also estimated that, in a few years, E2G will be able to reduce CO₂ emissions by more than 90% compared to gasoline, and may be competitive even with oil prices below US\$ 40 per barrel.

Such potential has caught the attention of the organizers of the 21st Conference of the United Nations on Climate Change (COP21), held in 2015, in Paris, by the United Nations (UN), which invited us to present activities to foster this technology.

Social responsibility

In the industrial sector, we also encourage the adoption of socially responsible practices by supported enterprises, through funds from the Corporate Social Investment (ISE) line. In the paper and pulp sector, for example, the outlay for social projects associated with financed projects was R\$ 50 million during the year, with support for income-generating programs, besides investments that contributed to mitigate the impact of implementing industrial projects in less favored regions, with significant labor displacement.

A highlight in the pharmaceutical sector is the action taken by the company Libbs in the municipality of Embu das Artes, in the metropolitan area of São Paulo. Following a survey to measure popular satisfaction with the city's public services, the first phase of the project "Time is Health" was executed, in which the company, with our support, sponsored and supervised the municipal government in

implementing systems of electronic medical records (e-SUS Atenção Básica) and risk classification (screening) in Primary Care Units (PCU) in the city, reducing waiting time for care, consultations and exams.

Carried out over 2015, the first phase was successfully completed with the systems installed in 16 PCUs and in two emergency rooms in the city, besides 667 health professionals trained, complying with the budget of R\$ 1.2 million for this stage and improving the quality of care to the population.

The project was presented as a consideration for the financing approved in 2014, through which approximately R\$ 250 million were allocated for the construction of a Libbs factory to produce monoclonal antibodies, to be concluded in 2016. Biotech drugs produced in this plant will be used to treat diseases such as cancer, rheumatoid arthritis and other autoimmune diseases.

PROJECT HIGHLIGHTS

FIGHTING CANCER



Recepta, a company invested by BNDESPAR in 2012, has developed a monoclonal antibody that allows the creation of a more effective anti-cancer drug than those currently available on the market. The antibody was licensed to the American company Mersana Therapeutics, which aims to combine it with a toxin of its development to produce a drug that attacks only tumor cells, with virtually no side effects to healthy cells. This is the first intellectual property licensing agreement for a drug created by a Brazilian biotechnology company established with a foreign corporation.

PHOTOVOLTAIC FILMS



In September 2015, BNDESPAR became a shareholder of Sunew, a company dedicated to the production and marketing of organic plastic films capable of converting solar energy into electrical energy, the so-called OPV modules (organic photovoltaics). The company is a spin-off focused on commercially exploiting this technology, developed by the applied research center CSEM Brazil, previously supported with funds from BNDES FUNTEC. As determined at the time, we would have the right to participate in spin-offs resulting from that support, and we exercised that right by becoming partners of Sunew, with a 30% share. 🗨️

STEEL PRODUCTION



In 2015 we provided financing to implement the project of Companhia Siderúrgica do Pecém Company (CSP), one of the largest private enterprises in construction in Brazil. The investment amounted to approximately US\$ 5.5 billion, R\$ 2.3 billion of which came from BNDES.

The project is estimated to generate 4,000 direct jobs and 12,000 indirect jobs, with a significant increase in state gross domestic product (GDP). CSP will have the capacity to produce three million tons of steel plates per year and almost the entire production will be destined for exportation, contributing to a positive trade balance.

The steel mill complex, located in the municipalities of São Gonçalo do Amarante and Caucaia, in Ceará, also has R\$ 15 million in support for social investments. The main social projects seek to develop rural and urban enterprises with training courses in entrepreneurship, enabling the generation of jobs and income and strengthening the local economy. In addition, there are projects related to social inclusion, agriculture, sports and leisure. The resources aim at promoting the sustainable development of communities in the region and improving the local population's quality of life.

AIRCRAFT



In 2015, the development of the second generation of EMBRAER's family of commercial aircraft E2 E-jets was one of the highlights of our support for innovation, contributing to consolidate the company as a world leader in the segment of commercial aircraft with 61 to 120 seats. The new family of aircraft will have even less environmental impact than the previous one, reinforcing the image of the Brazilian brand in a high-tech industry.

We also continued to support exports of the company's E-175 models, with the approval and contract of three new operations, totaling to approximately US\$ 2.5 billion in export financing, for about a hundred aircraft acquired by the US companies American Airlines, Skywest and Republic. Also in 2015 we signed a cooperation agreement with the Chinese state bank Export-Import Bank of China (CEXIM) with the aim of financing the export of up to forty EMBRAER aircraft to the Chinese corporate group Hainan.





ENVIRONMENT



INNOVATION

REGIONAL AND
TERRITORIAL
DEVELOPMENT

INNOVATIVE MSME



In 2014, we contracted the first operation with the company Catamoeda Pesquisa e Desenvolvimento de Máquinas S.A., with the objective of developing a prototype and pilot batch of the equipment "Catamoedas" (a machine that swaps coins for coupons, e-coupons, points, or donation to charities), designed to operate in small establishments like drugstores, gas stations, bakeries, snack bars, among others.

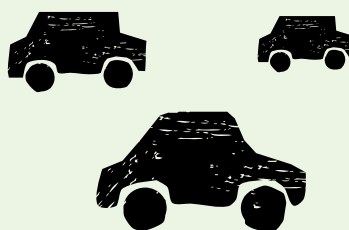
Due to the success of the equipment, in 2015 we approved financing for the production of a new product, also under the BNDES MSME Innovative program. The company will develop "CataCash," a small, low-cost smart safe for small and medium-sized retailers. The purpose of the device is to streamline the collection and security of banknotes in small establishments, as already occurs in larger enterprises.

AUTOMOBILES



In April 2015 the Jeep Automotive Hub was inaugurated in Goiana, the first industrial park of the automotive sector in the state of Pernambuco, which includes the plant of Fiat Chrysler Automobiles (FCA), with a production capacity of 250,000 units/year. The project, which received funding to the amount of R\$ 3.27 billion, also includes the installation of an engine plant, a testing facility, and social investments to expand basic health infrastructure for the community.

The hub is estimated to generate 9,000 direct jobs, which will also include auto parts manufacturers, inducing the creation of a local supply chain.



COMPONENTS

The Finame Components program helped STEMAC, a 100% national company, to become the leader in the Brazilian market of generator sets, competing with leading multinationals of this market in other countries. In effect until 2015, the program was created to finance technology services or the acquisition of parts and components produced in the country to be incorporated into machinery and equipment in production or development stages. The importance of the program as a financing strategy was also stressed during the 2015 ABINEE/BNDES Cooperation Seminar, as it allows the beneficiaries of funds to maintain stocks of critical items, reducing manufacturing lead time, as well as offering different payment terms to their customers.

CULTURAL REVITALIZATION

The opening of the Congonhas Museum (Minas Gerais state) in December 2015 is an example of how the revitalization of historical heritage can foster local economic, social and cultural development. This is an initiative supported by R\$ 7.1 million in non-reimbursable resources.

The museum's collection includes copies of the 12 prophets sculpted by the Brazilian artist Aleijadinho, molded through 3D scanning, the first application

of this technology in Brazil. Community participation was essential in the process of designing the museum and its activities. Residents were trained as monitors and artisans produced sawdust carpets, biers, bead rosaries and banners, which will be sold as souvenirs. In addition to simulating professional training and income generation, this kind of participation contributes to preserve local traditions, involving the community in the project.



Foto: UNESCO Collection/Leo Lara

SOCIAL AND PRODUCTION INCLUSION



We seek to participate directly in reducing inequalities and in regional development through the production inclusion of individuals and legal entities engaged in micro and small entrepreneurial activities and low-income populations.

Agriculture

The support for family farming projects is one of the highlights in democratizing access to credit. In partnership with cooperative banks, credit unions and other institutions, we develop projects to fight rural poverty and promote social and production inclusion of family farmers, medium-sized agricultural producers and land reform settlers.

In 2015, approximately R\$ 15 billion were disbursed for both corporate and family agriculture. Support for Cooperativa Central Aurora is an example of support for the sector. The cooperative benefits about 70,000 family farmers who run small farms in western Santa Catarina. In the last six years it received financing for several projects that contributed to its growth, tripling its income and increasing the number of generated jobs from 11,500 to over 26,000.

Also in 2015 we signed a technical cooperation agreement to promote cooperativism with the Organization of Brazilian Cooperatives (OCB). Several initiatives have already been carried out, such as training on credit to state units, publication of interviews with our executives in the OCB media, and preparation of a primer on rural credit.

The Inova Agro and Inovagro programs currently stand among initiatives to foster competitiveness and productivity in agribusiness and food production through

technological innovation. An example of support within Inova Agro in 2015 was the financing contract to implement a model production center for beef cattle in the state of Mato Grosso, in order to increase productivity and profitability by area.

Social inclusion

We also support projects with potential to generate jobs and income on a non-reimbursable basis.

These resources are primarily earmarked for collective production projects that promote regional and social development in all Brazilian regions. Initiatives can be supported in agriculture, manufacturing, trade and services. Many of them are supported by the Social Fund, established with part of BNDES's annual profits, to support social projects in the areas of job and income creation, urban services,

health, education and sports, justice, environment, and other areas linked to regional and social development.

Besides supporting projects selected through public notices and those of continued support with fund resources, in 2015 we sponsored the BNDES Award for Good Practices in Solidarity Economy in order to recognize exemplary initiatives implemented with our resources or those from other sources.

The award acknowledged actions considered "best practices" by solidary economic enterprises (SEE) and their networks, rewarding them with R\$ 20,000 (for formally established SEEs or those not yet established) and R\$ 50,000 (for SEE networks). SEEs could compete in the areas of solidary finance; solidary production, marketing or consumption; and training, education or culture. Thirty established enterprises in 18 Brazilian states, eight non-established enterprises in eight different states, and ten networks in five regions of Brazil received awards.

Some of the awarded enterprises were Associação Art Gravatá (Pernambuco state), composed of artisans who produce educational toys; Banco Comunitário do Preventório (Rio de Janeiro state), which offers credit in social currency for consumption, production credit and other services to the community; Grupo Ecopapel (Rio Grande do Sul state), which works with recycling paper, offering workshops and developing products; and Rede Bodega (Ceará state), which organizes a set of fixed sites of collective commercialization, integrating family farming production and handicraft in the region.



Microcredit

Other highlights among our initiatives to foster social and production inclusion is the results achieved by BNDES Microcredit product, with onlending operations to financing institutions and onlending agents, ensuring funding for the country's microcredit institutions which, in turn, carry out operations with microentrepreneurs. 🗨️

In 2015, the supported institutions – Banco do Nordeste, the Development Agency of the state of Santa Catarina, and the civil society organizations of public interest (OSCI) CEAPE/SE and BLUSOL – granted 150,000 loans to microenterprises or individuals and lent around R\$ 707 million.

Sustainability

The year of 2015 also marked the first activities of Capacita ABC, a technical training project developed by BNDES, from a technical cooperation agreement with various public and private entities, for analysts and designers of financial institutions that operate the ABC Plan. The plan, created in 2010 by the Federal Government to encourage the adoption of sustainable practices in the field, offers a line of credit with special conditions for the development of projects that adopt low carbon technologies.

PROJECT HIGHLIGHTS

COOPERATIVISM

With resources from the Social Fund, we supported the credit union Cresol Baser to expand credit cooperativism in socially vulnerable areas. Support from this financial agent enabled operations of the National Program for Strengthening Family Agriculture (PRONAF) in regions that used to be unreachable by public policies. In partnership with the Land and Cartography Institute of the state of Rio de Janeiro, we also supported agricultural settlements in the state, enabling the construction of barns and agricultural machinery and equipment, benefiting 2,107 families.

Also by means of the Social Fund, groups of small farmers were able to access institutional purchasing programs, increasing sales and the income of families. The Cooperative of Ecological Producers of the North Coast of Rio Grande do Sul and Southern Santa Catarina (ECONATIVA), for example, thanks to the purchase of refrigerators and other equipment, can now preserve produce for longer periods and in better hygiene conditions. The image below features metal shelves acquired through the project.



Photo: BNDES Collection

SÃO PAULO SHOPPING CIRCUIT

The São Paulo Shopping Circuit project is an innovative example of conciliating urban organization and the generation of jobs and income.

The project, which took five years to be structured, aims to give back to the population of São Paulo a previously degraded urban space, retrieving the dignity of popular trade on which a significant portion of the population depends, as well as small street vendor entrepreneurs and purchasers from several states who frequent the site daily.

CISTERNAS 🌿 🇧🇷

BNDES also supports the construction of cisterns in the semi-arid region with resources from the Social Fund. In 2015, the construction of 20,000 tanks for food production – started in the previous year – was concluded, and a new contract provides for the construction of another 3,400 in 2016. The cisterns enable families to stock water and produce food during drought spells for consumption and sale.

The cistern featured in the image below, in the region of Tejuçosa (Ceará state), ensures the irrigation of crops.



Photo: BNDES Collection/Rodrigo Almeida Aguiar



ENVIRONMENT



REGIONAL AND
TERRITORIAL
DEVELOPMENT

GLOSSARY

BONDS

Government-issued debt instrument.

COMPLIANCE

Adherence to standards, policies, guidelines and regulations.

DEBENTURES

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

FIXED INCOME

Financial operations in which return is paid in accordance with set conditions, such as government securities, savings, financing and simple debentures.

FOLLOW-ON

Primary or secondary public offering of shares by companies that have already issued an initial public offering (IPO) of stock.

FUNDING

This is the mobilization of third-party resources via the capitals market or banking market with an amortization period compatible with the maturity of the investment which is to be implemented.

IMPAIRMENT

Loss resulting from reduction in the recoverable amount of an asset.

INITIAL PUBLICOFFERING (IPO)

More commonly known as the acronym IPO, the initial public offering is the first sale of a company's shares on the stock exchange market, which marks its entry into the capital market.

INNOVATION ECOSYSTEMS

Set of factors and agents that contribute to innovation, such as universities, venture capitalists, researchers, technology parks and business incubators.

INVESTMENT FUNDS

Corporate structures working as gated communities, which aim to foster the collective investment of the participants' resources by issuing quotas representing the equity. Such structures bring together investments from several individuals and use them to invest in securities, normally stakes in companies.

RISK CAPITAL

Investments to acquire equity in companies with accelerated growth but that offer higher risk, with expectations for remuneration from dividends or capital gains due to the appreciation of these assets from the time they were acquired up to their effective divestment.

SECURITIES

Any securities or investment contracts issued by companies that generate the right to interest (stakes), partnership or return, including those resulting from rendering services, whose returns arise from the work of the entrepreneur or third parties. For the issuer, securities are an alternative way to raise funds in relation to the traditional financing, while for the buyer they represent an investment with potential for returns higher than fixed-income securities. Examples: stocks, debentures or quotas in investment funds.

SEED CAPITAL

Model of investment aimed at supporting companies and projects in the initial stage of operation, seeking to make their business model feasible.

SPIN-OFF

A company born from a research group of a company, university or public or private research center to explore a new product or high-tech service.

SPREAD

Difference between the interest rate that a financial institution pays to raise funds and the interest rate it charges to grant loan to individuals or legal entities. This financial margin varies from bank to bank and is added to the usual interest rate charged for the loan, since the spread value includes taxes and profit to be obtained by the institution in the operation.

TJLP

The Long-Term Interest Rate (TJLP) is determined quarterly by the National Monetary Council and is a reference to calculate interest on BNDES' long-term financing. The TJLP was established in 1994 as the most attractive rate for long-term investments, compared to other rates in the Brazilian economy.

VARIABLE INCOME

Financial transactions involving securities in which the return is not known at the time of investment.

VENTURE CAPITAL

Investment in MSEs already established and with high growth potential

GRI TABLE OF INDICATORS

Regarding GRI guidelines to report sustainability, in 2015 we initiated the use of the G4 guidelines, migrating just a few indicators.

OCCURRENCE IN THE REPORT	PAGE	GRI INDICATOR	DESCRIPTION
1	12 and 40	FS02	Procedures to assess and categorize social and environmental risks in business lines.
2	13 and 40	FS01	Policies with specific social and environmental components applied to business lines.
3	19 and 38	FS06	Percentage of the business lines portfolio per specific region, per size (i.e. micro/small and medium/large), and per sector.
4	19 and 41	FS07	Monetary value of products and services created to provide specific social benefits for each business line, shown per purpose.
5	19 and 41	FS08	Monetary value of products and services created to provide a specific environmental benefit for each business line, shown per purpose.
6	21	EC01	Direct economic value generated and distributed, including revenue, operational costs, employee remuneration, donations and other investments in the community, accumulated profit and payments to capital providers and governments.
7	41 and 42	FS05	Interaction with clients, investors and commercial partners in relation to risks, as well as social and environmental opportunities.
8	42	EN05	Energy saved due to improvements in conservation and efficiency.
9	42	EN08	Total water withdrawn per source.
10	42	EN02	Percentage of recycling-derived materials used.
11	42	EN22	Total weight of residues per type and disposal method.
12	28	LA11	Programs to manage competence and continuous learning that foster the continuing employability of staff members and to oversee staff members in the final days of their careers.
13	29	LA10 G4-LA9	Average of training hours per year, per employee, shown per employee category and gender.
14	28 and 29	LA13	Breakdown of groups responsible for corporate governance and employees per category, listed per gender, age, minorities and other diversity indicators.
15	29	LA07 G4-LA6	Rates for injury, occupational diseases, days lost, absenteeism and deaths related to work, per region
16	28	LA02 G4-LA1	Total number and turnover rate per employee, age, gender and region.
17	28 and 29	LA09	Topics related to health and safety covered by formal agreements with trade unions.
18	28	LA04 G4-11	Percentage of employees covered by collective bargaining agreements.
19	28	G4-55	Ratio of the percentage increase of the total annual remuneration of the highest paid individual of the organization in each country where it has significant operations and the average percentage increase of the total annual remuneration of all employees (excluding the highest paid) in the same country.
20	28	G4-LA3	Rates of return to work and retention following a maternity/paternity leave, shown down by gender.
21	29	G4-LA7 G4-LA8	Existence of employees/outsourced workers involved in occupational activities that have a high incidence or high risk of specific diseases.

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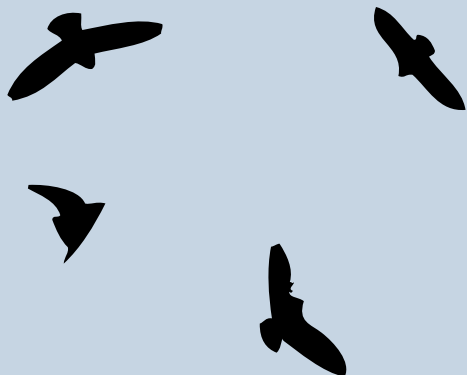
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