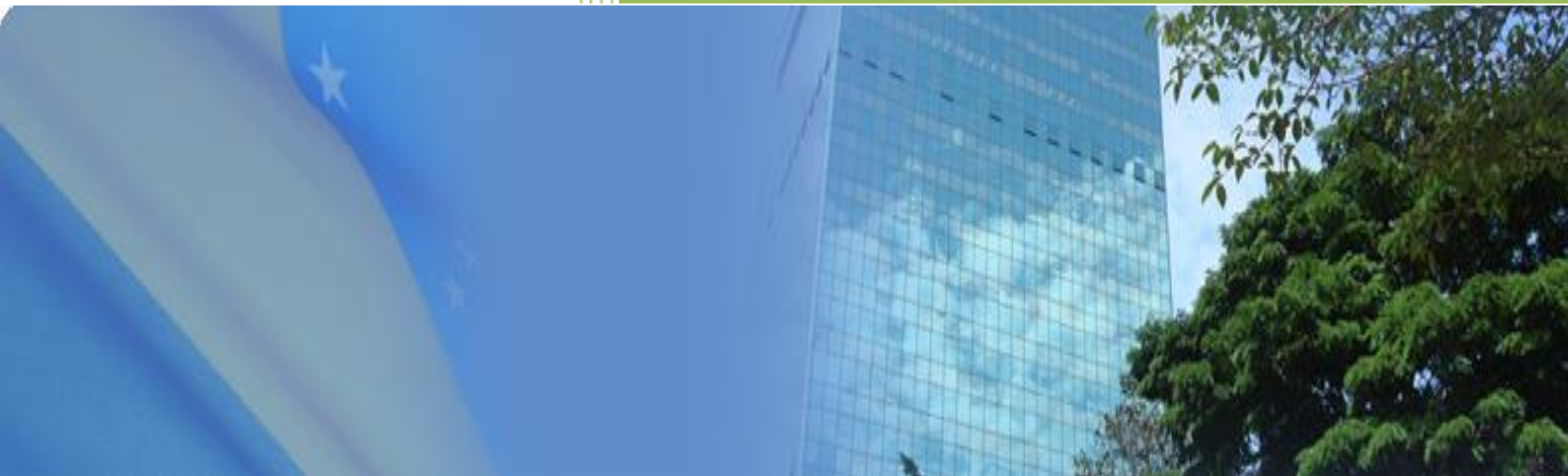


Report

Risk Management Report



Banco Sumitomo Mitsui Brasileiro S/A

As of Sep 30th, 2019

SUMMARY

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1. INTRODUCTION

The focus and concern with risk management have been intensifying over the past years, and it is perceived the need for financial institutions to have an increasingly robust and transparent strategy, able to identify, assess and manage risks.

Banco Sumitomo Mitsui Brasileiro S/A ("SMBCB") believes that risk management is essential to promoting stability in financial institutions and that adopting a transparency attitude when disclosing information in regards to this activity strengthens the Institution, contributing to the solidity of the financial system.

This report aims to provide access to information about the risk management structure of the Group, management practices and control of the major risks to which it is exposed, considering the adequacy of capital as well.

2. CORPORATE PROFILE

SMBCB's target market is the segment "corporate" for large enterprises and Japanese companies, in regards to extension of credit, however, in some business segments it is related to smaller sized companies.

3. CORPORATE GOVERNANCE

The Corporate Governance relies on the participation of all hierarchical levels, and aims to optimize the performance of the Institution. This process involves the participation of all layers contemplated by the scope of Corporate Governance, which comprises the Management and the various areas of business, operations, products and services.

The Institution's Management approves the Strategy Plan, new products and services in SMBCB, its annual budget, defines its targeted customers, examines and decides about the events and issues affecting SMBCB's image and its position on national and international market, participates in various committees of the institution, as well is responsible for the information disclosed on this report.

To guarantee the implementation of existing policies and guidelines in force, several committees have been established:

3.1. Management Committee

- Approves the SMBCB strategic plan.
- Approves new SMBCB products and services.
- Approves the annual SMBCB budget.
- Defines the SMBCB target customers.
- Examine and decide upon events or issues that affect the SMBCB image and position in the domestic and international market.

3.2. Asset and Liability Committee

- Deliberates the asset and liability management policy, credit and liquidity risks management.

3.3. New Products and Services Committee

- Analyzes the risks to which involved in developing new products and services;
- Recommends or not the approval the New Product and Service to SMBCB Management, which will determine the implementation or not.

3.4. Money Laundering Prevention Committee

- Ensures that policies and procedures related to Money Laundering Prevention in the Institution are being followed by all employees;

- Ensures that face-to-face trainings are conducted annually;
- Decides on the closure of business relationship with customers involved in money laundering and terrorism financing crimes.

3.5. Operational Risk Management Committee

- To implement the Operational Risk Framework in accordance with global Operational Risk Policies and Procedures as well as local regulation and laws;
- To delegate any part of its authorities to appropriate individuals or properly constituted sub-committees;
- To ensure that the residual risk exposures for all types of Operational Risk across the Bank remain within any specific constraints advised by the Headquarter Head Office and are not outside risk tolerance;
- To challenge, constrain and if required, stop business activities where risks are not aligned with controls requirements or risk appetite and to approve local Operational Risk policies.

3.6. Compliance Committee

- Ensures the proper administration of the Institution's activities;
- Enhances the support to the administration in accordance to the institution's strategy, policies and measures adopted;
- Ensures the dissemination of internal controls, risk mitigation and compliance with local and international applicable laws.

3.7. Project Committee

- Oversee the projects' progress;
- Anticipate and prevent future bottle-necks;
- Take corrective measures in a timely manner, if applicable.

3.8. Audit Committee

- Establish operating rules for its own operation, which must be approved by the board of directors or, if there aren't, by the Directors, formalized in writing and made available to the respective shareholders.
- Recommending to SMBCB, the hiring of external auditing company as well as its replacement, when judged necessary;
- Revising, previously to the publication, semiannual financial statements, inclusive footnotes, administration report, as well as external auditor recommendation;
- Assessment of internal and external auditors' revision effectiveness, including those related to the verification of compliance internal codes, legal rules and regulation applicable to SMBCB;
- Assessment of the accomplishment, by Senior Management, of the recommendations made by external and internal auditors;
- Establishing and publishing procedures to the reception and treatment of information in regard to the noncompliance to the rules and regulation applicable to SMBCB, besides the internal codes , including the procedures specific to the protection of service rendering and confidentiality of information;
- Recommend to the executive committee, correction or improvement of policies, practices and procedures identified within the scope of its duties;

- Conducting quarterly meetings with the Senior Management, external and internal auditors in order to verify compliance with raised recommendations, inclusive with audit plan, formalizing, in minutes, the contents of such meetings;
- Conducting meetings with management, at their request, to discuss the policies, practices and procedures identified within their respective competences.

3.9. Compensation Committee

- This committee aims to establish objectives for the Variable Compensation (RV) calculation and also a criteria for its payment based upon Resolution 3.921 ("Resolution"), of Brazilian Central bank, dated November 15, 2010. It applies to Senior Management ("Director" or "Management"), except foreign directors that maintain labor relationship with the controller Sumitomo Mitsui Banking Corporation ("SMBC").

3.10. Risk Committee

- The Risk Committee shall be formed by at least 03 (three) and at most 05 (five) members appointed by the CEO, consisting of members of the Senior Management, with the participation of other members in accordance with current regulation and other invitees without voting rights.
- The Risk Committee is composed by:
 - CEO;
 - CRO;
 - Director of Planning Department;
 - Other members of Senior Management might be invited, whenever necessary.
- The attributions of the Risk Committee are:
 - To establish the operational rules for its operation, which must be approved by the CEO, formalized in writing and made available to regulators and shareholders:
 - a) policies, strategies and limits for risk management;
 - b) policies and strategies for capital management;
 - c) stress tests program;
 - d) policies of business continuity management;
 - e) liquidity contingency plan;
 - f) capital plan;
 - g) capital contingency plan.
 - To assess the risk appetite levels documented in the Risk Appetite Statement (RAS), as well as strategies for its management, considering risks both individually and on an integrated basis;
 - To oversee the CRO performance (CRO attributions' are detailed in the document "IRM Policy");
 - To oversee Senior Management's compliance with the terms of the RAS;
 - To ensure that the compensation framework doesn't encourage behavior that is incompatible with risk levels defined in RAS;
 - To comprehend, in a broad and integrated manner, the risks that can impact capital and liquidity of the Bank;
 - To understand the limitations and uncertainties regarding the evaluation of risks, models and methodologies that are used in risk management framework;
 - To assess the adherence of the risk management processes to the established risk policies;
 - To ensure the opportunity to regular training of risk management unit;
 - To keep records of its own deliberations and decisions; and
 - To analyze and discuss the minutes, the results and the recommendations of Audit Committee, regarding subjects related to risk and capital management.

4. RISK MANAGEMENT

SMBCB is constantly pursuing to evaluate and improve its risk management structure, influencing in the culture and operation mode of this Institution.

Such practice is based on procedures, methods and standardized techniques and aims to monitor, measure, mitigate and report risk exposures of any nature in the various activities and processes, developed products or services offered, in order to support the continued sustainable development of its activities.

SMBCB's Risk Management structure has been performing successfully the control and mitigation of risks that may cause damage or losses to the customers, to the environment or to its own image.

The risk management structure is under responsibility of Risk Management Department, which acts independently from business areas and audit. The Risk Management Department is subordinated to the Director of Risk, who is also responsible for Credit and Information Security departments, which the later has a dual report to the COO/CFO of the Bank.

The Risk Management Department operates in an integrated way, being responsible for the management of the following risks:

- Credit and Counterparty Risk;
- Liquidity Risk;
- Market Risk;
- Operational Risk;
- Social & Environmental Risk;
- Service Provider/Vendor Risk.

5. RISK APPETITE

The appetite for risks determines the institution's desire in taking risks to achieve its goals versus the potential return. This appetite is influenced by several factors, both internal and external, and determined by the CEO of the Bank, in line with its corporate strategy. The Bank formalizes the levels of risk appetite on RAF (Risk Appetite Framework), which consider both quantitative and qualitative aspects of risk management, including the RAS (Risk Appetite Statement).

The appetite for risks is continually reassessed according to the changes in the environment - both internal and market changes.

SMBCB is characterized by its conservative profile, which is demonstrated in its governance structure, in the definition of the RAS and the constant risk monitoring.

6. RISK EXPOSURE

All organizations are subject to several types of financial or non-financial risks that are derived from internal and external factors. Featuring deep commitment to ethics, SMBCB performs continuous monitoring of the risks to which it is exposed, providing security and comfort to its customers.

Among the major types of risks inherent in banking activities, we highlight:

6.1. Financial and Non-Financial Risks

Credit and Counterparty Risk: it is the possibility of losses associated to the non-fulfillment of the financial obligations agreed, by the borrower or the counterparty;

Market Risk: it is the possibility of losses arising from movements in market prices;

Liquidity Risk: it is the possibility that liabilities can't be met when they fall due or can only be met at an uneconomic price;

Operational Risk: it is the possibility of losses resulting from inadequate or faulty internal processes, people and systems or even external events. It includes the legal risk.

Service Provider/Vendor Risk: it is the possibility of losses related to Service Providers, such as, the improper execution of services, leakage of confidential information, bribery payments, regulatory issues, reputational issues, etc.

Social & Environmental Risk: it is the possibility of losses related to social and environmental issues that might result in problematic assets, damage to the ecosystems, reputational issues, etc.

7. CORPORATE RISK MANAGEMENT PROCESS

7.1. Objectives and Strategies

For the institution, the principles of prudence and ethics are always present in the policies, norms, procedures and goals. Decisions are based on factors that combine return with measured and evaluated risks. It also promotes the acculturation of employees at all levels.

All these initiatives provide the expansion of the operational efficiency of the institution and the consequent reduction in the level of losses, while optimizing the use of available capital.

7.2. Risk Management Policies

SMBCB has different policies, norms and procedures for performing risk management. These rules establish the basic guidelines to operate, expressed by the Management in accordance with the standards of integrity and ethical values and throughout all activities of the Institution.

Policies, norms and procedures ensure that SMBCB has a control structure consistent with the nature of its operations, the complexity of their products and services, activities, processes, systems and the extent of its risks exposure, allowing proper management, in order to ensure that these are identified, assessed, monitored, controlled and reported efficiently and effectively.

Risk management policies are aligned with the strategic goals of the Institution, to the best national and international practices and in compliance with laws and regulations, being reviewed, at least annually, by the Management and made available to all employees through internal communication tool.

7.3. Risk Management Methodology

SMBCB approaches risk management inherent to its activities within a process of continuous improvement, aiming monitor the business evolution and minimize the risks that may compromise the quality of such management.

The risk management methodology is adequate to SMBCB's activities profile, and it is worth mentioning that the Compliance structure and Internal Audit are important elements in the improvement of our methodology.

The Organization's risk management framework allows risks to be effectively identified, measured, mitigated, monitored and reported to the Management.

8. CREDIT RISK

Credit Risk is defined as the possibility of losses associated to the non-fulfilment by the borrower or counterparty to their respective obligations under the terms agreed, the devaluation of credit assets, resulting from deterioration in the borrower's risk rating, the reduction in earnings or remuneration, the advantages granted in the renegotiation and recovery costs.

Credit Risk is strongly associated with other types of risk, such as Market, Liquidity, Social & Environmental risks, among others. These types of risks often stem from the Credit Risk and may occur simultaneously.

The Bank has a single department responsible for managing risks. The structure's size is proportionate to the risks related to the products complexity offered by the Institution, operations nature and guidelines for the Bank's risk exposure and companies of the Group.

In the Bank's organizational structure, the function of Risk Management is represented by an independent Management from audit and business areas, being essential to have a vision and control independently of

risk.

Management is responsible for providing the necessary resources for effective credit risk management and for monitoring the activities related to such management.

Periodic reports, as well as the guidelines adopted by Credit Risk management department are evaluated and approved by the Management of the Bank.

8.1. Credit Risk Management Process

Credit risk management is performed on centralized manner. All exposures to credit risk are analyzed, measured, classified and monitored independently by Credit Risk Management department.

SMBCB's portfolio management contemplates the control of the credit risk concentration, i.e. the excessive concentration risk of credit to:

- a) A particular customer or group;
- b) A particular sector (sector type).

SMBCB aims, at all times, to comply with Resolution 2.844, which establishes 25% of the Regulatory Shareholders Equity as maximum limit by customer exposure. To decrease the possibility of an unintended breach (ex.: due to drastic change in USD/BRL FX rate), the Bank uses internal concentration limits that are lower than 25%, which depend on the indexes of current positions.

Credit Risk department participates actively in the improvement process of the customers' risk rating models, performing periodic monitoring of the main default events, the provisioning level against expected and unexpected losses.

According to the information dissemination philosophy about risk, meetings are held focusing on the credit risk monitoring and control, the credit committee, with the participation of the business departments as well as Management members.

The credit risk managing process includes a periodic review which aims to incorporate the best practices and improvement of management processes.

8.2. Counterparty Credit Risk

The counterparty credit risk, to which SMBCB is exposed, is the possibility that a counterparty does not fulfill its obligations, financial or not, causing losses to the institution.

SMBCB has control of the current position and the potential future exposure of transactions that have counterparty risk. Every risk exposure and counterparty performance is analyzed in the extension of credit limit process as part of general credit limits granted to customers.

8.3. Extension of credit

The extension of credit process has as main bases: security, profitability, potential growth, liquidity and overall relationship with the group.

In the evaluation and overall risk rating of the customer or economic group the following aspects are considered: quantitative aspects (economic and financial indicators) and qualitative aspects (personal information and business prospects of the company), related to the customers capacity to fulfill their commitments.

All loans operation, regardless of their value and market segment of the borrower's credit, is evaluated according to the criteria adopted by the Bank.

Loan proposals transact through an overall system used by the parent company Sumitomo Mitsui Banking Corporation ("Head Office"), automated and parameterized, which purpose is to provide indispensable information for analysis, granting and monitoring loans, thus minimizing the inherent risks in the operations and according to Head Office's Credit Policy, all loan proposals comply with the approval levels established in SMBC Group.

8.4. Credit Risk Mitigation

The guarantees are analyzed individually for each customer, based on strict rules designated by the Head Office involving the whole process for extension of credit.

Thus, the definition of credit risk mitigators are performed individually, when granting credit, considering the settlement capacity through cash flow analysis and understanding of the potential and actual business conditions.

Guarantees are considered as a second source of payment, to ensure the credit recovery and its evaluation is performed individually for each customer based on strict rules of the Head Office.

The evaluation of these instruments' efficiency is carefully accomplished periodically, in order to ensure its sufficiency and liquidity.

8.5. Credit Risk Rating

According to Article 2 of Resolution 2.682, SMBCB customer's operations that have letters of guarantees as a means of mitigating credit risk are assessed as to their efficiency and liquidity. In this sense the credit operations follow at least the criteria set by Resolution 2.682 regarding the classification of the operations.

The methodology for evaluating credit risk, besides providing subsidies to establish minimum standards for extension of credit and managing risks, enables the definition of differentiated credit policies according to the characteristics and size of the customer. In this sense, it provides foundation for both the correct transactions pricing as well as for the definition of adequate guarantees in every situation.

SMBCB complies with local regulations, with specific criteria for the classification of credit operations and rules for the allowance of doubtful debts.

This regulation determines that credit operations classification for a customer or economic group should be defined considering the one that presents the higher risk, assuming, exceptionally, diverse classification for an operation, observed the nature aspects and purpose of the transaction, the guarantees characteristics, especially in regards to the adequacy and liquidity, and the transaction amount.

Customers risk ratings are based on statistics' procedures and judgmental analysis, quantitative and qualitative information. Classifications are made in a corporate level and followed regularly, with the objective of preserving the loan portfolio quality.

For constituting the applicable provisions, it must be classified according to criteria established by Resolution 2.682 of the National Monetary Council.

SMBCB	Japanese companies	Non japanese companies
Obligor Grade	Rating BACEN	Rating BACEN
1	-	-
2	AA	AA
3	AA	AA
4	AA	AA
5	AA	AA
6	AA	AA
7	-	AA
8	AA	AA
9	-	AA
10	AA	A
11	A	A
12	B	B
13	B	B
14	C	C
15	D	D
16	E	E
17	F	E
18	H	H

For performing and nonperforming customers the Bank is the provision for doubtful accounts based on the table below:

SMBCB Obligor Grade	Japanese companies			Non japanese companies		
	Rating BACEN	Minimum Provision BACEN	Internal Provision	Rating BACEN	Minimum Provision BACEN	Internal Provision
1	-	-	-	-	-	-
2	AA	0,00%	0,00%	AA	0,00%	0,01%
3	AA	0,00%	0,01%	AA	0,00%	0,03%
4	AA	0,00%	0,04%	AA	0,00%	0,09%
5	AA	0,00%	0,07%	AA	0,00%	0,18%
6	AA	0,00%	0,14%	AA	0,00%	0,20%
7	-	0,00%	-	AA	0,00%	0,22%
8	AA	0,00%	0,24%	AA	0,00%	0,23%
9	-	0,00%	-	AA	0,00%	0,38%
10	AA	0,50%	0,42%	A	0,50%	0,57%
11	A	0,50%	0,71%	A	0,50%	0,69%
12	B	1,00%	1,08%	B	1,00%	1,45%
13	B	1,00%	1,31%	B	1,00%	1,45%
14	C	3,00%	4,15%	C	3,00%	5,67%
15	D	10,00%	23,72%	D	10,00%	27,62%
16	E	30,00%	39,28%	E	30,00%	32,05%
17	F	50,00%	56,85%	E	50,00%	46,98%
18	H	100,00%	100,00%	H	100,00%	100,00%

The values for doubtful accounts are calculated based on percentages indicated above, "internal provision" on the outstanding balance of loans outstanding and defaulting.

8.6. Credit Risk Exposure

Weighted values in thousand R\$:

Weighting Factor	Sep 30th, 2019	Sep 30th, 2018
20	6.765	12.896
50	520.756	758.621
100	2.469.267	3.660.760
250	19.368	17.256
300	-	-
CVA	58.485	9.880
Total	3.074.641	4.459.413

Average weighted value in the trimester:

Weighting Factor	Sep 30th, 2019	Sep 30th, 2018
20	6.815	9.991
50	629.176	795.722
100	2.770.645	3.626.058
250	25.898	33.168
300	-	-
CVA	54.963	9.243
Total	3.487.497	4.474.182

Credit Portfolio

Credit operation portfolio is summarized as following:

By operation

Description	Sep 30th, 2019	Sep 30th, 2018
Overdraft account	3.793	19.218
Resolution no. 3844	125.756	120.929
BNDES on-lending	-	6.219
Compro financing	21.653	25.137
Working Capital	387.823	625.782
Export Credit Note (NCE)	305.037	343.952
Financing in foreign currency	33.370	258.724
Total loans operations	877.432	1.399.961
Advances on foreign exchange contracts	285.979	221.056
Income receivable from advances	4.206	1.898
Total loans portfolio	1.167.617	1.622.915

By concentration

	Sep 30th, 2019	Sep 30th, 2018
20 largest customers balance	1.116.823	1.520.440
Portfolio rating %	95,65%	93,69%

By business sector

Private sector	Sep 30th, 2019	Sep 30th, 2018
Industry	914.416	1.327.929
Trade	182.469	259.806
Other services	70.732	35.180
Total	1.167.617	1.622.915

By maturity

SMBCB did not have operations in delay for this Quarter.

SMBCB did not have operations written off as losses in the periods herein reported

By rating

Trimester	Risk rating	Provision rate - %	Total transactions	% of portfolio	Allowance recognized
Sep 30th, 2019	AA	-	1.146.707	98	1.403
	A	0,5	20.910	2	118
			1.167.617	100	1.521

Trimester	Risk rating	Provision rate - %	Total transactions	% of portfolio	Allowance recognized
Sep 30th, 2018	AA	-	1.620.199	100	3.217
	A	0,5	2.716	-	19
			1.622.915	100	3.236

Other Credits Operations

Private sector	Sep 30th, 2019	Sep 30th, 2018
Interbanking Onlending	190.137	530.051
Guaranties	1.623.097	1.522.382
Credits to Released	38.010	41.493
Total	1.851.244	2.093.926

We present below the amounts related to contracts which there is no role of clearinghouse as main counterparty, segregated into contracts without and with guarantee:

Product	Contracts	Sep 30th, 2019	Sep 30th, 2018
Repo operations	With guarantees	2.086.868	1.063.370
	No guarantees	-	-
Unsettled operations	With guarantees	-	-
	No guarantees	3.418.809	704.503
Other Operations	With guarantees	-	-
	No guarantees	2.585.459	3.137.903

We present below the amounts related to contracts which there is role of clearinghouse as main counterparty, segregated into contracts without and with guarantee:

Product	Contracts	Sep 30th, 2019	Sep30th, 2018
Derivatives	With guarantees	8.457.573	3.711.978
	No guarantees	4.179.069	1.587.424
Other Operations	With guarantees	-	-
	No guarantees	763.074	642.803

SMBCB does not operate in credit derivatives segment and does not use compensation arrangements as defined in Resolution no. 3.263 of the National Monetary Council.

SMBCB has not performed the assignment of Credit transactions, acquisition Finance or financial asset sales, as well as securitization transactions.

8.7. Internal Communication

Credit risk is monitored on a daily basis in order to maintain the risk levels in accordance with the limits established by the Institution. Risk management reports are available to business areas and the Management.

9. MARKET RISK

Market risk is the possibility of losses resulting from fluctuations in market prices

Exchange rate risk is the possibility of loss due to changes in currency value equivalent to a position in foreign currencies attributable to a change in the exchange rate.

Interest rate risk is the possibility of loss due to changes in the present value of future cash flow attributable to changes in interest rates.

In line with best corporate governance practices, aiming at preserving and strengthening Market and Liquidity risks management in the Institution, market risk management in SMBCB involves many areas. Those areas have specific responsibilities in the process, ensuring an effective framework for measuring and controlling market risk. The Management approved the Market and Liquidity Risks Management Policy, which review is conducted, at least annually, in order to provide the main guidelines for performance acceptance, control and market and liquidity risks management.

9.1. Market Risk Process Management

The Institution's market risk exposure profile is conservative, in which guidelines and limits are daily monitored by an independent risk unit.

Market Risk Management Policy is based on daily measurements of the Bank's market risk positions Limits/Guidelines to "Stop Loss". Risk Management department also monitors market risk through the methodology of Value at Risk (VaR) parametric and stress tests.

9.2. Limits definition

SMBCB's limits structure is defined by the Head Office's risk department, according to the global policy from Sumitomo Mitsui Financial Group, taking into consideration the SMBCB's profile in the country.

In case any changes are necessary, it can only be made after a competent jurisdiction's approval.

9.3. Risk Measurement

In regards to the Trading portfolio the market risk monitoring is performed through models and parameters established by Brazilian Central Bank.

According to methodology published by Central Bank, interest rate risk of the banking book is calculated using the methodologies ΔNII and ΔEVE .

Stress Tests of the Banking portfolio are performed at least quarterly, as per Brazilian Central Bank model:

a) estimating the percentage of fluctuation in the market value of transactions not classified in the Trading portfolio, in relation to the Regulatory Shareholders Equity, and with usage of compatible shock with the 1st and the 99th percentiles of a historical changes in interest rates distribution, considering the maintenance period (holding period) of one year and an observation period of five years;

b) estimating the amount of parallel shocks basis points in interest rates necessary to cause reductions in the market value of transactions not classified in the trading portfolio corresponding to 5% (five percent), 10% (ten percent) and 20% (twenty percent) of the Regulatory Shareholders Equity;

c) Performing the test individually to each risk factor that contributes, at least, 5% of all exposures related to

transactions not classified in the trading and, in an aggregated manner, for remaining operations.

9.4. Derivatives

Derivative financial instruments, consisting by swaps and NDFs, have their receivable or payable differential accounted in asset or liability accounts, adjusted to market value against the results.

According to Circular No. 3.082, dated of January 30, 2002, and Circular-Letter No. 3.026, dated of July 5, 2002 from Brazilian Central Bank, derivative financial instruments are evaluated by their market values, and the appreciation or depreciation record is accounted in the income.

Derivative instruments, consisting of swaps, NDFs and futures, are in custody at B3 - BM&FBOVESPA and CETIP.

We present below the asset and liability positions exposures and the amounts recorded in accounts for assets, liabilities and compensation, segregated by indexer categories, maturity dates, reference and accounting amounts, which counterparty are customers:

Swap e NDF:

	2019		2018	
Operações de SWAP	14.667	(129.520)	1.393.800	1.218.093
CDI x DOLAR	-	(12.626)	195.005	205.005
CDI x LIBOR	-	(49.492)	157.815	157.815
CDI x PRE	-	(545)	2.635	5.904
DOLAR x CDI	8.456	(51.279)	325.030	336.563
PRE x DOLAR	3	(15.359)	199.505	179.506
LIBOR x DOLAR	-	(207)	189.360	202.850
PRE x CDI	6.208	(12)	324.450	130.450
Operações de NDF	76.594	(49.531)	3.125.934	717.707
PRE x DOLAR	410	(46.260)	1.224.671	608.180
DOLAR x PRE	75.750	(1.672)	1.850.093	-
DOLAR x DOLAR	-	-	-	25.625
EURO x EURO	-	-	-	1.237
PRE x IENE	67	(1.599)	38.135	66.041
EURO x PRE	367	-	13.035	-
PRE x EURO	-	-	-	16.624
Total	91.261	(179.051)	4.519.734	1.935 800

Notional By Maturity

	2019			
	Notional			
	Up to 90 days	From 91 to 360 days	Over 360 days	Total
Operações de SWAP	9.159	1.019.898	364.743	1.393.800
CDI x DOLAR	-	195.005	-	195.005
CDI x LIBOR	-	157.815	-	157.815
CDI x PRE	294	787	1.554	2.635
DOLAR x CDI	2.865	145.076	177.089	325.030
PRE x DOLAR	-	199.505	-	199.505
LIBOR x DOLAR	-	189.360	-	189.360
PRE x CDI	6.000	132.350	186.100	324.450
Operações de NDF	1.527.876	1.573.400	24.658	3.125.934
PRE x DOLAR	832.357	392.314	-	1.224.671
DOLAR x PRE	644.349	1.181.086	24.658	1.850.093
DOLAR x DOLAR	-	-	-	-
PRE x IENE	38.135	-	-	38.135
EURO x PRE	13.035	-	-	13.035
PRE x GBP	-	-	-	-
Total	1.537.035	2.593.298	389.401	4.519.734

Notional By Place of Trading

	2019			2018
	Stock Exchange	Counter	Notional	Notional
Swaps	335.165	1.058.635	1.393.800	1.218.093
NDF	-	3.125.934	3.125.934	717.707
Total	335.165	4.184.569	4.519.734	1.935.800

Futures:

	Trading Venue	2019			
		Reference Value (Accounting)			
		Up to 90 days	From 91 to 360 days	Over 360 days	Total
Futures - Notional	B3 – BM&FBOVESPA	4.388.829	2.752.717	1.007.804	8.149.350
Buy		2.562.250	1.895.766	761.884	5.219.900
Exchange Coupon		338.796	869.548	704.286	1.912.631
Foreign Currency		1.593.924	-	-	1.593.924
Interest Rate		629.530	1.026.218	57.598	1.713.346
Sell		1.826.579	856.951	245.920	2.929.450
Exchange Coupon		1.487.629	594.232	22.134	2.103.995
Foreign Currency		200.643	-	-	200.643
Interest Rate		138.307	262.719	223.786	624.812

2018					
Reference Value (Accounting)					
	Trading Venue	Up to 90 days	From 91 to 360 days	Over 360 days	Total
Futures - Notional	B3 – BM&FBOVESPA	1.181.886	504.102	1.645.540	3.331.528
Buy		657.968	264.894	1.394.976	2.317.838
Exchange Coupon		521.336	184.348	1.360.161	2.065.845
Foreign Currency		136.632	-	-	136.632
Interest Rate		-	80.546	34.815	115.361
Sell		523.918	239.208	250.564	1.1013.690
Exchange Coupon		-	117.227	-	117.227
Foreign Currency		448.437	-	-	448.437
Interest Rate		75.481	121.981	250.564	448.026

The market value of derivative financial instruments is determined by discounting the future values at present value according to the interest rate curves obtained by employing the market method, which is mostly based on data disclosed by B3 - BM&FBOVESPA.

9.5. Hedge Accounting

At June 30, 2019 and 2018, the Bank had operations with derivative financial instruments with the purpose of mitigating the effect of exchange variation on foreign currency denominated funding and fixed rate credit operations in reais. Such operations were designated as accounting hedge and were segregated between;

- Market risk hedge - intended to offset the risks arising from exposure to changes in the fair value of the hedged item and its valuation or devaluation is accounted against the income or expense accounts in the statement of income. period.
- Cash flow hedge - intended to offset the change in estimated future cash flow and its appreciation or devaluation is accounted for as a contra entry to the equity account, net of tax effects. The respective hedged items are adjusted to market value at the balance sheet date.

Market value valuation of foreign currency funding with Swap and Futures operations, designated as hedge instruments, was carried out, in accordance with BACEN Circular 3,082 / 02..

Market value assessment

The market value assessment regarding the funding in foreign currency and the loan transactions were performed using Swap and future operations, designated as hedging instruments, in compliance the BACEN Circular 3082/02.

1. Futures:

Maturity – Market Value – 2019					
	Index	Up to 12 months	1 to 3 years	3 to 5 years	Total
Futures	Exchange Coupon	913.985	484.222	-	1.398.207
Futures	Interest Rate	(31.860)	-	-	(31.860)
Total		882.125	484.222	-	1.366.347

	<u>2019</u>	<u>2018</u>
Items Object of hedge		
Asset		
Interbank Deposit		
Amount updated by agreed conditions	30.810	30.786
Market Value	31.901	31.298
Adjustment Value	1.091	(512)
Liabilities		
Onlending Operations		
Amount updated by agreed conditions	(1.436.991)	(1.533.191)
Adjustment Value	(2.367)	(24.655)
Market value	(1.439.359)	(1.508.536)
Total market value Hedged	(1.407.458)	(1.477.238)
Market hedge instruments		
Asset		
Futures	1.530.394	1.388.652
Liabilities		
Futures	(31.860)	(31.265)
Total market value Hedging instrument	1.498.534	1.307.388

2. Cash Flow Hedge:

Maturity – Market Value – 2019

Descrição	Index	Up to 12 months	1 to 3 years	3 to 5 years	Total
Futures	Exchange Coupon	-	267.858	-	267.858
Total		-	267.858	-	267.858

	<u>2019</u>
Items Object of hedge	
Liabilities	
Onlending Operations	
Amount updated by agreed conditions	(260.972)
Hedge instruments	
Assets	
Futures	267.858
Cash Flow Hedge Reserve	6.886

10. LIQUIDITY RISK

Liquidity risk includes the funding risk and the product or market risk.

Funding liquidity risk is the uncertainty that the bank will be able to fulfill its funding needs or to compensate the mismatches in fees and maturities.

Market liquidity risk is the uncertainty that the Bank will be unable to liquidate or compensate positions efficiently, ie at reasonable prices.

10.1. Liquidity Risk Management Process

The global Market and Liquidity Risk Management Policy is established by the Head Office approved by the Management, and are supported by three pillars: Money Gap Management, establishment of the contingency plan and additional resources for emergency liquidity. Its objective is to ensure the existence of norms, criteria and procedures that assure the Institution in regards to the establishment of the additional liquidity fund as well as the existence of a strategy and action plans for liquidity crisis situations. The policy and controls comply with the provisions established by regulations of the National Monetary Council.

This risk is controlled through proper planning over the cash flow needs, which can be monitored with the

implementation of limits for mismatches in the cash flow, "*money gap*".

Money Gap measures the funding need within a certain period of time, which is, in the case of SMBCB, one day, two days, a week and one month, and is calculated on a cash flows basis.

To strengthen liquidity risk control it has been established a fixation and control over the "minimum value for an additional liquidity" that corresponds to a minimum position in government securities that the Bank should maintain in its portfolio, free from any commitment. This value is assessed based on cash flow estimates under adverse scenarios.

10.2. Control and Monitoring

The control and monitoring over the positions are held independently from the Treasury Department. Risk department is responsible for measuring the minimum level of liquidity, reviewing policy, norms, criteria and procedures and studies for new recommendations.

10.3. Internal communication

Market and liquidity risk department, regardless of business management, monitors fulfillment of limits and provides management reports daily, presenting the control of fixed rates positions in the trading portfolio, foreign exchange exposure, to business departments, Management and Head Office, as well as simulations future based on scenarios and periodic presentations to the Management, through Asset and Liability Committee.

11. OPERATIONAL RISK

SMBCB has adopted the definition of operational risk from Basel Committee, Brazilian Central Bank and SMBC Head Office: the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. It covers risks as below:

- Processing Risk: the risk of losses arising from negligence to be in compliant with these policies, rules and procedures on operations in the transaction processing by directors and employees of the Bank, and from accidents or misconducts;
- System Risk: the risk to the Bank arising from nonconformity to the business strategies, in appropriate technologies applied, changes to the development plan and delay in development when building an information system, and the risk to the Bank of loss incurred due to the breakdown including those caused by cyber-attack, malfunction, deficiency or unauthorized use (unauthorized alteration, destruction, duplication and leakage of the information);
- Legal Risk: risks of compensation of damages arising from unsuitability or deficiency in contracts signed by SMBCB, breach of contract, an administrative fine for infringing the laws and regulations, as well as the sanctions in order of unfulfilled of legal devices and the compensations by mischief to third parties resulting of SMBCB activities;
- Human Resources Risk: the risk of loss arising from inappropriate labor practices, poor working environment, discriminatory conduct, an outflow or loss of human resources, or deterioration in employee morale;
- Reputational Risk: the risk of loss arising from deterioration in reputation as a consequence of the spread of rumors or media reports of the actual risk events;
- Tangible Asset Risk: the risk of loss arising from damage to tangible assets or deterioration in the operational environment caused by disasters or inadequate asset maintenance.

The Operational Risk Management Framework encourages the establishment of an effective system of internal controls in order to assure that the objectives and the goals of profitability of the bank are achieved inside a safe environment and in compliance with the laws, regulations and other internal policies.

11.1. Operational Risk Management Process

The Operational Risk Management process consists of the following steps: identification, measurement, prioritization, risk response, monitoring and reporting.

Identification

The identification of operational risks is inherent to the Bank's activities. Risks can be identified through specific activities such as process walkthrough, self-assessment of risks, structuring of new products or even performing routine activities in the areas.

All SMBCB employees are responsible for communicating the potential or materialized operational risks identified by them, even if their department has not been directly affected.

In the case of materialized risks, the communication must be made to the Operational Risk team on the date of their identification. Such risk is then formalized as an operational risk event, thus following the rules and procedures set forth in the Bank's internal policy until its closure. The operational risk event may or may not result in financial loss or even financial gain.

All identified risks must be properly measured according to the current methodology.

Measurement

The risk level to which an event or process is exposed is obtained through the Impact vs. Probability assessment. This standardized measurement process allows different events or processes to be compared with each other, enabling SMBCB to prioritize and address appropriate actions.

Impact Metrics:

Business lines classify the impact of a materialized or potential risk, taking into account the following drivers: Customer, Reputation, Regulatory, People and Business Activities and Assets. Historical event analysis, business sensitivity and, where applicable, external event analysis should be used to support this classification. Impact is rated as Minor, Moderate, Major, or Severe.

Impact may also be classified according to the criteria of actual or expected financial loss. Where there is sufficient information to analyze financial and non-financial impacts, both should be considered and the highest should prevail. Similarly, if the Risk Level is assessed by considering more than one non-financial impact driver (Customer, Reputation, Regulation, People, Business Activities, and Assets), the higher prevails.

Likelihood Metrics:

Business lines classify the likelihood of a risk materializing, taking into account criteria such as the process and control automation degree, as well as the analysis of historical events and business sensitivity. The likelihood is classified as Likely, Possible, Unlikely and Very Rare.

Both the impact rating and the likelihood rating may change after assessment and challenge performed by the Operational Risk unit.

Prioritization and Risk Response

After the risk measurement stage, risks are prioritized and appropriate responses are given according to the Bank's risk appetite. Risk responses can be:

- Avoid risk by discontinuing the activity;
- Mitigate risk through an action plan;
- Share or transfer the risk to another department;
- Assume the risk as long as it is aligned with SMBCB's risk appetite (no further action required).

Monitoring

SMBCB's operational risks exposure is monitored based on risk indicators, certification of the control environment and through the follow up of Action Plans.

The Operational Risk Officer monitors the evolution of action plans under responsibility of his/ her department, to ensure that the actions are implemented within the agreed deadline or, when applicable, the terms are renegotiated and approved following the Governance in place.

Such monitoring is followed and supported by the Operational Risk Unit, which uses the information provided by Operational Risk Officers to keep its controls and reports up to date.

Report

Operational risks and operational risk events are reported to the Head Office in Tokyo and to the SMBCB Senior Management, following the rules, guidelines and procedures set forth in internal policies (local and

global) and local regulations.

11.2. Operational Risk Event Data Base

Through this internal database, SMBCB has access to the history of operational risk events identified and officially reported. Such a database is an important tool in the operational risk management process, as it enables SMBCB to measure and address risks more assertively through the analysis of past events.

The standardization of event identification, classification and treatment processes is fundamental for the creation of a consistent and robust database.

11.3. Internal Communication

The rules, guidelines and procedures adopted by SMBCB regarding operational risk management are disclosed to all Bank employees by making available its internal policy and reinforced by conducting annual training on the subject. In addition, the Operational Risk unit holds periodic meetings with all Operational Risk Officers as a risk culture dissemination tool.

Operational risk events are reported to the Head Office and to the Senior Management through appropriate channels and forums, including the Operational Risk Management Committee.

11.4. Business Continuity Management - BCM

In order to be prepared to minimize financial, operational, legal and regulatory impacts occasioned by the unavailability of physical and logical access and providing customers with the essential products and services, as well as information required by official organizations and representatives abroad, SMBCB has established a Business Continuity Plan (BCP). BCP aims at establishing and deploying the means/mechanisms to protect the physical integrity of persons and to ensure the continuity of critical business in the Bank, in case of events/incidents that may generate interruptions/unavailabilities, such as, but not limited to: fire, explosion, bomb threat, strikes, social unrest, disruption of electricity supply and failure in critical systems or in SMBCB's technology infrastructure and support.

The Plans focus and prioritize the actions and procedures against major risks to which the Institution is exposed, based on "Physical and Logical Risk Analysis (ARFL)" and in the "Business Impact Analysis (BIA)".

11.5. Management Process

The management process of Business Continuity Plans consists in the monitoring of all activities involving business continuity, since the establishment of policies, definition of methodologies, systems, etc, to assess the suitability of the Institution's Business Continuity Plans.

Development works, maintenance and improvements of BCPs are coordinated by Information Security and BCM Department and reported semiannually to the Management.

Regarding the calculation methodology SMBCB adopts the Basic Approach Methodology (BIA) based on the Central Bank regulation (Comunicado 16.913).

12. SOCIAL & ENVIRONMENTAL RISK

Large infrastructure and industrial projects may have significant impacts on environmental and social aspects, and financial institutions should also consider these impacts as the financiers of the project and the financial advisors of project finance.

SMBCB consequently recognizes that the projects supported by the Bank are implemented in a manner that is socially responsible, including consideration of Human Rights, and reflect sound environmental management practices. By doing so, negative impacts on project-affected ecosystems, communities and climate change should receive special attention and consideration in such manner that the impacts should be properly identified, managed, minimized, mitigated and/or offset appropriately.

SMBCB therefore recognizes that its role as a financier provides the Bank with opportunities to promote responsible environmental stewardship and socially responsible development.

12.1. Social & Environmental Risk Management Process

The SMBCB conducts the assessment and management of socioenvironmental risk in accordance with Bank's internal policies, the rules of the National Monetary Council and the nature of the project and/ or operation in which SMBCB is involved, observing the principles of relevance and proportionality and making utmost efforts to ensure that appropriate environmental and social considerations are taken.

Such management framework allows SMBCB to identify, classify, evaluate, monitor, mitigate and control the social and environmental risk present in the institution's activities and operations. In addition, it enables the prior assessment of potential negative social and environmental impacts of new products and services, including reputational risk.

12.2. Control and Monitoring

The Operational Risk unit monitors the adherence of the Bank's activities and operations to the rules, guidelines and procedures set forth in the policies and laws that address the issue. It also monitors the adequacy of social and environmental risk indicators to the Bank's risk appetite.

Data related to actual losses arising from environmental and social damages are recorded and maintained for a minimum of five years, including amounts, type, location and economic sector object of the operation.

12.3. Internal Communication

The rules, guidelines and procedures adopted by SMBCB regarding social and environmental risk management are disclosed to all Bank employees by making available its internal policy (PRSA) and reinforced by conducting annual training on the topic.

Events related to social and environmental risk are reported to the Head Office and to the Senior Management through appropriate channels and forums, including the Operational Risk Management Committee.

13. SERVICE PROVIDERS RISK

The SMBCB has decided, as part of its strategic plan, to outsource certain processes and activities, which may or may not be core, to service providers. Such decision, however, does not exempt the Bank from fulfilling its responsibilities and obligations towards all stakeholders.

The SMBCB has established a Governance and operational processes so that risks arising from outsourcing services are known by Senior Management and are consistent with the Bank's risk appetite.

13.1. Service Provider Risk Management Process

The SMBCB carries out risk assessment and risk management of service providers in accordance with the Bank's internal policies and the National Monetary Council rules that address the issue.

In this context, SMBCB has established processes for assessing and preventing the different risk modalities associated with hiring a service provider. These processes include (i) the application of risk questionnaire, (ii) bidding and (iii) due diligence.

13.2. Control and Monitoring

The Operational Risk unit monitors the adherence of hiring and contract renewals of service providers to the rules, guidelines and procedures set forth in the policies and laws that address the issue. The departments that hire outsourcers, on the other hand, monitor the quality and efficiency of day-to-day services to enable timely action to be taken in the event of non-performance of the service provider.

13.3. Internal Communication

The rules, guidelines and procedures adopted by SMBCB regarding risk management of service providers are disclosed to all Bank employees through the provision of its internal policy.

Service provider risk events are reported to the Head Office and to the Senior Management through appropriate channels and forums, including the Operational Risk Management Committee.

14. CAPITAL ADMINISTRATION

14.1. Required Regulatory Shareholders Equity (RWA)

The capital management process is conducted in order to provide the conditions for achieving the strategic goals of the institution, taking into account the economic and commercial environment in which it operates. This process aims to ensure that the institution maintains a solid capital base to support the development of activities and cope with the risk, and meet regulatory capital requirements.

Pursuant to the regulations of the Central Bank of Brazil, financial institutions must permanently maintain capital consistent with the degree of risk of its asset structure considering a minimum of the sum of the following portion:

$$RWA = RWA_{cpad} + RWA_{mpad} + RWA_{opad}$$

$$RWA_{mpad} = RWA_{jur} + RWA_{acs} + RWA_{com} + RWA_{cam}$$

Where:

- RWA_{cpad} : Portion relative to credit risk exposures;
- RWA_{mpad} : portion relative to Market risk exposures subject the calculation of capital requirement by standardized approach, which takes place by the sum of the following portions;
 - RWA_{jur} : portion relative to the exposures subject the variation in interest rate;
 - RWA_{acs} : portion relative to the exposures subject the variation of stock prices;
 - RWA_{com} : portion relative to the exposures subject the variation of prices of goods (commodities);
 - RWA_{cam} : portion relative to the exposures in gold, in foreign currency and assets subject to currency fluctuations;
- RWA_{opad} : portion relative to the calculation of capital requirement to operational risk.

Furthermore, SMBCB must maintain the Equity Reference – PR enough to cover the interest rate risk of the transactions amounts not included in the book of business (banking portfolio Rban).

The Bank is within the limits established by CMN Resolution 2.099/94 with changes introduced by CMN Resolution 4.192/13 and 4.193/13 and Central Bank Circular No. 3.644/13, with a equity to weighted assets ratio, as follows:

	Sep 30th 2019	Sep 30th 2018
Credit Risk	3.074.642	4.459.413
Market Risk	879.280	493.143
Operational Risk	338.982	336.905
Risk-weighted assets (RWA)	4.292.904	5.289.461
Portion Rban	5.296	5.876
Required Equity Tiers I e II (PR)	1.754.851	1.762.728
Required Regulatory Shareholders Equity (RWA*8,265%)	343.432	456.216
Margin of Heritage Reference Required	1.411.419	1.306.512
Basel Ratio (IB) - PR/RWA	40,88%	35,69%

Additionally, SMBCB also keeps enough Shareholders Equity to cope with the interest rate risk of transactions not included in the trading book (Banking book). The methodology used is the Value at Risk (VaR), with confidence level of 99% and holding period of 10 business days.

Additionally, SMBCB also keeps enough Shareholders Equity to cope with the transactions of Banking book. The methodology used is IRRBB, which is calculated using ΔNII e ΔEVE metrics.

SMBCB has a process to assess the suitability of the Shareholders Equity, which aims to measure the capital need to support all inherent risks to the business, whether financial or nonfinancial, in the course of its activities, to comply with the Institution's strategic interests.

Detailed information related to SMBCB's shareholders Equity, from the perspective of financial and economic consolidated can be find below.

14.2. Details of Required Regulatory Shareholders Equity

The Referential Equity is calculated from the base date October 2013 by the rules of Resolution 4192 and 4193/2013, being composed by the Tier I and II.

Following the guidelines of these Resolutions, the PR (Regulatory Capital) Tier I consists of the sum Principal Capital and Supplementary Capital.

The Common Equity is calculated by:

1. Sum of the values:
 - Social Capital;
 - Capital reserves, revaluation and profits;
 - Unrealized gains arising from asset valuation adjustments;
 - Remains of retained earnings;
 - Credit income accounts;
 - Balances positive value adjustment of derivative financial instruments;
2. Deduction of corresponding values:
 - Unrealized losses resulting from adjustments to asset valuation and securities;
 - Losses or Accumulated losses;
 - Accounts negative result;
 - Negative balances of the fair value of derivative financial instruments market adjustment;
 - Prudential adjustments as described in Article 5 of Resolution 4192;

The Supplementary Capital is calculated by:

- 1- Sum of the values corresponding to the instruments that meets the requirements established in Article 17, and;
- 2- Deduction of corresponding values:

Funding instruments issued by a financial institution authorized to operate by the Central Bank of Brazil or institution located abroad exercising equivalent activity to the financial institution in Brazil that do not compose the conglomerate, pursuant to article 8 and the Company's own shares, authorized to select Supplementary Capital, acquired, indirectly or synthetic form, including:

- Shares in investment funds proportionately to these instruments in the fund portfolio;
- Entity likened the financial institution or controlled non-financial entity, or
- Derivative transactions, including derivatives and indices;

The Reference Equity Tier II consists of the sum of the instruments that meet the requirements of Article 20, less the corresponding values to the catchment instruments issued by institution authorized by the Central Bank or institution located outside exercising equivalent activity to the financial institution in Brazil that do not compose the conglomerate in Article 8 and the Company's own shares, authorized to select Level II, acquired, indirectly or synthetic form, including through:

- Shares in investment funds proportionately to these instruments in the fund portfolio;
- Entity likened the financial institution or controlled non-financial entity, or

Derivative transactions, including derivatives indices;

From the base date of September 2013, the calculation of the Reference Assets began to contemplate and consolidate operations of Cayman Islands Branch.

Analytical composition of the Reference Equity:

Tier I	Sep 30th, 2019	Sep 30th, 2018
Capital	1.559.699	793.819
Reserves	188.180	174.058
Net Income	12.915	12.256
Evaluation Unrealised Asset and Securities	4	4.542
(-) Prudential Adjustments	(5.947)	(36.369)
Total Tier I	1.754.851	948.306
Tier II		
Subordinates Loan Instruments	-	814.669
Total Tier II	-	814.669
Total of Reference Equity	1.754.851	1.762.976

14.3. Capital Management

The Capital Management is defined as a continuous process of monitoring and controlling of capital maintained by the institution, assessment of capital need to cover the risks which the institution is exposed to, both in normal and Stress scenarios; and planning goals and capital needs, considering the institution strategic objectives.

The capital management framework is approved and reviewed at least annually by Management. The structure of capital management is under Risk Management Department responsibility, which acts independently from the Business and Audit areas. The risk management structure is under responsibility of Risk Management Department, which acts in a independently of business areas and audit. The Risk Management Department is subordinated to the Director of Risk, who is also responsible for the departments Legal, Compliance and Information Security, which the later has a dual report to the COO/CFO of the Bank. The structure is proportional to the risks related to the complexity of the products offered by the institution, the nature of the operations and Bank and its group companies risk exposures guidelines part of the consolidated economic-financial. It aims to identify and assess all relevant risks of the institution in accordance with policies and strategies to maintain capital consistent with the incurred risks.

In order to adopt a prospective posture and anticipate the need of capital, the Bank has established a New Product & Services Committee, with the permanent participation by Risk Management Department, when an analysis of the product and/or service is performed before its implementation in the institution.

The Bank does not adopt the Internal Capital Adequacy Allocation Process (ICAAP).

Risk Management Department monitors on a daily basis the portfolio behavior and in case of discrepancy notifies Management immediately in order to give proper treatment to capital adequacy.

14.4. Leverage Ratio

In October 2015 Central Bank Circular No. 3748 established the leverage ratio calculation methodology (RA) that defined as the ratio of Tier I capital and total exposure of the institution, in order to avoid excessive leverage of financial institutions and the consequent increase in systemic risk, causing impacts on the economy.

The following is the common model of disclosure of information on the Leverage Ratio and the Comparative Overview of the published financial statements and the Leverage Ratio.

Common Model of Disclosure of information on the Leverage Ratio

Line	Item	Amounts in Thou (R\$)
Items recorded in the balance sheet		
1	Equity items, except for derivative financial instruments, securities amounts received loans and resale to settle in repos	8.169.544 (30.552)
2	Adjustments related to asset deducted in the Level I verification	
3	Total exposures recorded in BP	8.138.992
Operations Instruments Financial Derivatives		
4	Replacement value on derivatives	168.906
5	Potential future gain arising from derivative transactions	67.255
11	Total exposures relating to derivative financial instruments Repurchase and loans Securities (TVM)	236.161
Repurchase and loans Securities (TVM)		
12	Investments in repurchase agreements and securities lending Adjustment relating to repurchases to be settled and creditors securities	2.086.868
13	Loan	-
14	Value for the counterparty credit risk	3.212
16	Total exposures related to repurchase agreements and securities lending and securities (sum of lines 12 to 15)	2.090.080
Items not recorded in the balance sheet (BP)		
17	Reference value of transactions not recorded in BP	1.438.262
18	Set on the application of specific FCC to operations not recorded in BP	(17.009)
19	Total exposures not accounted for in the balance sheet Patrimonial	1.421.253
20	NW Level I	948.059
21	Total Exposure	11.886.487
Leverage Ratio (RA)		
22	Leverage ratio of Basileia III	7,98

Comparative Overview of Financial Statements and Ratio Leverage

Linha	Item	
1	Total assets according to the published financial statements	10.060.646
2	Adjustment resulting from accounting consolidation differences	-
3	Set on the assigned or transferred assets with substantial transfer of risks and benefits and accounted for	-
4	Adjustment relating to the reference values set and to future potential gains on derivatives financial instruments	236.161
5	Adjustment related to repurchase transactions and securities lending	3.212
6	Adjustment relating to transactions not accounted for in the total assets of the prudential conglomerate	1.421.253
7	Other adjustments	165.215
8	Total Exposure	11.886.487

15. SUBORDINATED DEBT BY MATURITY

On April 5, 2019, the Bank settled the US \$ 40 million and US \$ 160 million loans with Sumitomo Mitsui Banking Corporation NY, which were considered to be subordinated debt, which is a tier II asset. Bank's reference.

Both loans were authorized based on the terms of Resolution No. 4.192 of March 1, 2013, as amended by Resolution No. 4.278 of October 31, 2013. The outstanding balance on April 5, 2019 of the two loans was R\$ 780,868.

16. FINAL CONSIDERATIONS

SMBCB monitors actively national and international regulations, as well as the banks associations' discussions on the subject, in order to be prepared to deal with any new measures under its current level of capitalization.

All information disclosed in this present report has been duly approved and under the responsibility of Management of the Institution.