

#### **XIV. LOCAL LEVEL**

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1. Local Levels are not allowed to score clients. Local levels may approve, alter and renew LLCs, exclusively via TRIAD Model. The data must be uploaded into RISC. Local Levels are also not allowed to submit operations to the higher levels that may be approved when submitted to the automatic scoring and decision-making models.

2. Thus, Local Levels may decide and formalize operations, after a thorough individual analysis, as long as they are included in one of the following priorities:

1st Priority: within Triad Plafond, in accordance with the corresponding Ruling Memorandum.

Sole Entrepreneurs and Companies must present updated information on annual profits and production volume, uploaded into CUMN.

2nd Priority: in accordance with the message issued by the Acceptance Scoring.

Observation: See transitory rulings (XVII)

LLCs that are approved, altered or renewed according to TRIAD Plafond must be uploaded into Risc.

3rd Priority:

a) For Private Banking, Individuals and Business Segments, within the powers established by the table in attachment A.

Individuals – As long as the clients are scored, solely for products not included by Triad, except in overdrafts and credit cards.

Sole Entrepreneurs and Companies – they must receive their Risk Score previously from Business Scoring, under the corresponding Ruling Memorandum and as long as there are updated accounting data uploaded into the system.

b) For Companies and Corporate within the powers established by the table in attachment B, as long as the clients are scored.

Within the scope of the 3rd priority all LLCs approved, altered or renewed according to TRIAD Plafond must be uploaded into Risc.

4th Priority: Within the limits approved by the Credit Department.

If none of above applies, the operation shall be submitted to the Credit Department, without prejudice of the compliance with the powers established in Attachments A and B.

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3. a) Exclusively for NovaRede, Atlântico and SottoMayor concerning the amounts comprehended by Local Level powers over Overall Risk and Financial Risk, set forth in Attachment A, the following is established:

- Type A Branches or Agencies – 100% of the powers granted to Local Levels;
- Type B Branches or Agencies – 60% of the powers granted to Local Levels;
- Type C Branches or Agencies – have no powers regarding Overall Risk and Financial Risk.

**Observation:** This scoring does not apply to Collateralized Operations, Overdrafts and SSV + Foreign Currency Cheques + Cards, and operations approved by ADM (Automatic Decision-making Models).

b) The scoring of Branches and Agencies, as defined above, falls exclusively on the corresponding Member of the Board of Directors, based on a duly justified proposal of the Commercial Department.

4. Restrictions:

a) Any loan operations whatsoever concerning Clients with Alert Levels may be authorized at Local Level.

b) Acceptors of bills, factoring agreements debtors and cheques drawees must have no unjustified incidents in the last two years.

c) The acceptance of bills, receivables or post-dated cheques is not allowed when one of the parties is, even if remotely, related with the beneficiaries of the loan operation.

d) Any loan operation for partners of a company, that may be an “undercover loan” to fund the company’s activities, cannot be done by a Local Level. This operation is to be considered a one-off loan, duly justified and must have a collateral reinforcement. The case is to be presented before the Credit Unit concerned, which will make a decision after receiving the opinion of the Unit that appraised the companies involved.

e) Financial loans to Sole Entrepreneurs and to the general public are not allowed for operations when there is only one person to intervene. An exception is made for collateralized operations.

f) It is mandatory that partners and spouses perform their role as guarantors in loan operations involving financial risk to companies of the following segments: Individuals, Private Banking and Business.

g) It is not allowed the approval of single operations with terms of more than 1 year, under the principle of reallocation of Credit Lines and Limits.

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**Observation:** Level 1/1B of the Credit Department is entitled to appraise and decide, when duly justified, all the operations described above.

5. The “**Sucursais Instrumentais de Acompanhamento e Recuperação de Crédito (S.I.A.R.C.)**” (**branches designed to follow up and recover loans**) are part of the commercial structure of each network and are equated with Local Level. These are not subject to the aforesaid restrictions or to those in Attachment D.

These Branches shall apply these Regulations to Clients, whom the D.R.C. restructured and returned to the Network. To all other clients still allocated at the D.R.C., the Branches shall apply the Regulation for Credit Follow-up and Recovery (Regulamento de Acompanhamento e Recuperação de Crédito).