



I, Joanita Ann Haimerl, certified public translator, duly admitted and sworn by the Commercial Registry of the State of São Paulo, Brazil, hereby certify that a document was submitted to me, written in Portuguese, the translation of which is as follows:

**Banco Daycoval**

**INTERNAL CONTROLS MANUAL**

Subject	Code
Internal Controls System	SCI-003
Activity	

Laundering or Occultation of Assets, Rights, or Valuables.

**1. CONTENTS OF THIS DOCUMENT**

This document contains basic criteria for identifying, registering, and reporting financial transactions with:

- exceptional characteristics in relation to the parties involved, or the way in which they are carried out and/or the instruments used;
- or for which there is objectively no economic basis or legal grounds, and which may constitute material signs of the offense of "money laundering" or occultation of assets, rights or valuables taking place, as stipulated in Law No. 9613 of March 3, 1998, and supplementary rules.

The following points are taken up in these rules:

- Legal characterization;
- Setting operational normality limits;
- Obligations of Banco Daycoval S. A.;
- Signs of occurrence of offense;
- Registration, analysis and communication of transactions;
- Administrative responsibility;
- Legal safeguards.

**2. CANCELLATION / SUBSTITUTION / ALTERATION**

This Normative Instrument cancels all previous Banco Daycoval documents dealing with the subject.

**3. DEPARTMENTS INVOLVED / BASIC DUTIES OR RESPONSIBILITIES**

**3.1 Management**

Approval of policies, guidelines and procedures for compliance with and enforcement of the legislation on offenses of "money laundering" or occultation of assets, rights or valuables.

Designate a person responsible for contact with the Central Bank of Brazil in relation to fulfillment of the above obligations.

**3.2 Credit Committee**

Manage prevention of "money laundering", covering the following aspects:

- Proposing criteria to determine clients' operational normality situations;



- Monitoring transactions and situations that may show deviations from the normality situation;
- Defining criteria and basic requirements for evaluating registration data on acquiring or maintaining clients with the focus on prevention;
- Finalizing analysis of existence of money laundering indications, in accordance with the pertinent legislation and;
- Making recommendations to the Executive Officer responsible in relation to informing the Central Bank of Brazil.

### ***3.3 Executive Officer (Responsible for Prevention)***

Implementation and monitoring of the measures introduced to restrain suspect transactions.

Evaluation of indications of the offense of "money laundering" or occultation of assets, rights or valuables in cash transactions amounting to ten thousand Brazilian reais (R\$ 10,000.00) or more, together with Branch / Platform Managements.

Inform the Central Bank of Brazil, within the stipulated period, in relation to any transaction with indications of the offense of "laundering" or occultation of assets, rights, and valuables.

For deposits or withdrawals in cash or request for provisioning a withdrawal amounting to one hundred thousand reais (R\$ 100,000,00) or more, irrespective of any analysis or measures taken, Banco Daycoval shall register these occurrences in the PCAF500 transaction of the Central Bank reporting system (locally known as Sisbacen). The registration shall be made on the date of the deposit, withdrawal, or request for provisioning for a withdrawal (Central Bank Circular Letter 3098).

### ***3.4 Branch / Platform Managers***

Analysis of Credit Proposals, documents and client data, following the criteria determined herein.

### ***3.5 Treasury Department***

Strict observance of the aspects related to reception, origin and amounts used to settle transactions that may show signs of offense or other illicit action provided for under current pertinent legislation.

### ***3.6 Credit / Record Department***

Analysis of credit proposals, documents, and client data, following the criteria determined herein.

Strict observance of aspects related to reception, origin and amounts used for settling transactions that may show signs of offense or other illicit action as provided for under current legislation.

### ***3.7 Formalization / Foreign Exchange Department***

Analysis of client records and documents observing the criteria determined herein.

Strict observance of aspects related to reception, origin and amounts used for settling transactions that may show signs of offense or other illicit action as provided for under current legislation.

### ***3.8 Credit / Foreign Exchange Management***

Observation of the precepts contained herein, carrying out only transactions within the parameters / limits determined, and at all times observing signs of offense or illicit activity.

Immediately informing the Executive Officer Responsible for Prevention of any indications of the offense of "money laundering" or occultation of assets, rights, or valuables.

### ***3.9 Funds / Funding / Business Management***

Verification of information relating to client economic and financial capacity, and income, observing compatibility of the information provided and use of funds.

### 3.10 Other Departments Involved

Control of transactions, ensuring the latter are in accordance with the criteria and procedures determined.

### 4. CONTROL POINTS

Verification of information relating to client economic and financial capacity, and income.

Validation of criteria for setting limits defined by the departmental management and their transmission to all collaborators.

Maintenance of registration documents and registrations of transactions for the period of 5 (five) years.

Setting parameters / operational limits compatible with the information provided by clients.

Maintenance of documents (credit evaluation or Registrations of Occurrences) registering suspicions of the offense of "money laundering" or occultation of assets, rights and valuables.

Maintenance of information relating to records and transactions to meet the requests formulated by the Central Bank.

### 5. FUNCTIONAL SEGREGATION

Operational parameters / limits shall be set by employees other than those operating with clients.

Application of rules and the monitoring of suspect aspects of any transaction shall be the responsibility of all employees but reporting decisions shall be the responsibility of the Executive Officer Responsible for Prevention.

### 6. GENERAL PROVISIONS

#### 6.1 Legal Characterization

Law No. 9613, article 1 describes the offense of money laundering as:

*"To hide or to dissimulate the nature, origin, location, disposition, movement or property of assets, rights or valuables direct or indirectly derived from crime:*

- a) *illicit traffic of narcotic substances or similar drugs;*
- b) *terrorism;*
- c) *smuggling or trafficking arms, ammunition or material for making ammunition;*
- d) *extortion by kidnapping;*
- e) *offenses against the Public Administration, including demanding, any advantage for oneself or for another party, direct or indirectly, as condition or price for the practice or omission of administrative actions;*
- f) *against the national financial system;*
- g) *practiced by a criminal organization".*

#### 6.2 Determining the Operational Normality Situation

Banco Daycoval S.A. defines operational normality situations to provide guidance for all its departments with the aim of conducting its relations with clients in a secure manner, seeking to minimize risks and in particular reduce the impact on operational productivity.

Definition of the operational normality situation will be based on Banco Daycoval S.A.'s evaluation of the clients' economic and financial capacity, using record information and/or their history of transactions.

The Internal Controls Committee and the Credit Committee decide the criteria used to evaluate their clients' operational potential:

- Analyzing case by case;
- Asset evaluation;
- Operational object;
- Market positioning;
- Clients;
- Operational strategies;
- Know your client report (KYC) from account manager to be included in the dossier.

The Internal Controls Committee shall consist of the managers responsible for the following departments:

- Controller Department;
- Accounting;
- Treasury;
- Formalization;
- Collection;
- IT;
- Credit / Records.

The Credit Committee shall comprise:

- Executive Department for Credit Transactions and;
- Administrative Executive Department and Debt Transactions.

These criteria should guide the definition of operational normality situation.

The following transactions are considered operational normality situations:

- Carried out in the interbank market on the basis that counterparts are members of the financial market;
- Financial exchange transactions in the floating market carried out with dealers and brokers;
- Credit up to the limit set by the Credit Committee.

Normality situations shall be the basis for analyzing prevention of "money laundering" in the Credit, Foreign Exchange, Funding, Funds, Treasury, and Exchange operational departments and further in-depth analysis shall only be requested in the occurrence of transactions outside these parameters.

Normality situations shall be periodically reassessed by Internal Controls Committee and Credit Committee.

### **6.3 Obligations of Banco Daycoval S. A.**

Banco Daycoval S/A shall inform the Central Bank as to the Executive Officer responsible for fulfillment of obligations and sign all communications related to the subject.

Banco Daycoval S/A shall register all its clients and maintain their records, documents and data, properly filled out and updated, as stipulated in the normative components of this Manual.

In addition to the registration details requested on opening an account or for analysis of credit transaction proposals, they shall obligatorily contain data supporting the client's economic capacity and incomes.

Banco Daycoval S/A shall maintain for five (5) years:

