

**State Street Brasil S.A.  
Banco Comercial**

# **Pillar 3 Disclosure Statement**

**as of June 30, 2020**

In accordance with the requirements of  
Circular nº 3,930 of the Central Bank of  
Brazil.



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## 1. Scope of Application

Resolution nº 4,557/17, of the National Monetary Council (CMN) and Circular nº 3,930/19, of the Central Bank of Brazil (CBB).

### 1.1. Basis of Disclosures

This disclosure statement (the “Statement”) has been prepared by the State Street Brasil S.A. – Banco Comercial, São Paulo, Brazil, also referred to as (“State Street Brasil” or the “Bank”) within this Statement, to comply with the disclosure requirements of Article 23 of Circular nº 3,930/19, Article 56 of Resolution nº 4,557/17 and Circular nº 3,930/19 of the Central Bank of Brazil as well as related regulations and amendments.

**Pillar 1:** defines the rules and regulations for calculating risk-weighted assets and regulatory minimum capital requirements. These comprise: base capital resources requirements, credit risk, market risk and operational risk requirements; its local regulatory requirements are established in Resolution nº 4,192/13 and Resolution nº 4,193/13 of the CMN.

**Pillar 2:** addresses a firm’s internal process for assessing overall capital adequacy in relation to its risks. This is also referred to as the Internal Capital Adequacy Assessment Process (“ICAAP”) as disposed in BCB Circular nº 3,846 of September 13, 2017.

**Pillar 3:** enforced by Circular nº 3,930/19, it complements Pillars 1 and 2 and is designed to promote market discipline by providing market participants with key information on a firm’s risk exposure and risk management processes through a set of minimum disclosure requirements.

Unless otherwise stated all information in this Pillar 3 report is based at June 30, 2020. Respecting regulatory requirements, the document is updated and published quarterly. It will, however, be published more frequently if there are significant changes to the business. It has not been verified independently.

Copies of this Statement, along with other financial information, are available at: <http://www.statestreet.com/utility/brazil/legal-disclosure-english.html>

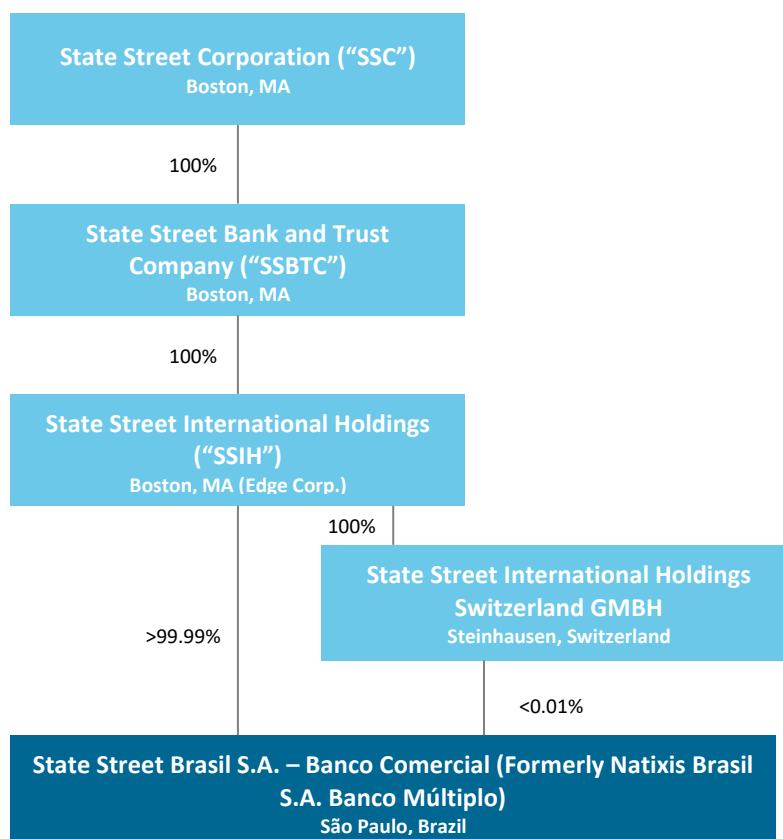
## 2. General Information

### 2.1. Company Structure

State Street Brasil is authorized by the Central Bank of Brazil, under its attributions disposed by Federal Law nº 4,595, of December 31, 1964, to operate as a Comercial Bank and to perform all activities permitted by a commercial banking license. For regulatory purposes State Street Brasil is classified as a S4 financial institution according to Resolution CMN nº 4,553/17.

In compliance with ownership requirements under Brazilian Law, State Street International Holdings (SSIH) holds directly all of the interests of State Street Brasil other than one share, held indirectly through its subsidiary SSIH Switzerland. State Street International Holdings, Boston, United States of America, is an Edge corporation wholly owned by State Street Bank and Trust Company (SSBTC), Boston, United States of America, which is wholly owned by State Street Corporation (SSC), Boston, United States of America. The ultimate group parent company SSC is subject to the supervision and regulation of the Board of Governors of the Federal Reserve System (the “Federal Reserve”) and the Federal Deposit Insurance Corporation (FDIC) and SSBTC is subject to the primary supervision and regulation of the Federal Reserve and the Massachusetts Commissioner of Banks. State Street Brasil is subject to regulation by the Brazilian National Monetary Council.

Figure 1:  
State Street Brazil Legal  
Entity Structure



## 2.2. Business Profile

State Street Brasil S.A – Banco Comercial is a private financial institution, incorporated as a Corporation, authorized to operate as a Commercial Bank, engaged in active, passive and accessory transactions, inherent in its authorized business portfolio, as well as Exchange transactions, in addition to any other transactions that may be permitted to similar Companies, in accordance with legal and regulatory provisions, and the Bank may hold equity interest in other companies, as a partner or shareholder.

Through the Special Shareholder’s Meeting held on April 26, 2018, at 11:00 a.m. With authorization from the Central Bank of Brazil on February 19, 2019, the following was resolved (i) cancelation of the authorization for the Company to develop the investment portfolio, (ii) change in the business purpose to reflect that the Bank will operate as a commercial bank only, and (iii) change in the Bank’s name from “Natixis Brasil S.A. Banco Múltiplo” to “State Street Brasil S.A. – Banco Comercial”. These changes arose from the purchase agreement signed on April 8, 2018 between “Natixis” and “Natixis Participation” (“sellers”), and “State Street International Holdings” and “State Street International Holdings Switzerland GmbH” (“buyers”).

## 2.3. Balance Sheet

The Balance Sheet was prepared in accordance with accounting practices and policies adopted in Brazil, and rules and instructions of the Central Bank of Brazil, including the criteria for the registration and valuation of securities and derivative financial instruments. Revenues and expenses are recognized on a monthly accrual basis, including the provision for taxes and contributions on income.

The following table presents the published balance sheet as of the reference date of this report.

## State Street Brasil S.A - Banco Comercial

Table 1: Balance Sheet

Assets		Total (in BRL thousands)
1	<b>Current and long-term assets</b>	<b>428,597</b>
2	<b>Cash and cash equivalents</b>	<b>493</b>
3	<b>Interbank investments</b>	<b>30,930</b>
4	Investments in interbank deposits	30,930
5	<b>Marketable securities</b>	<b>379,950</b>
6	Own portfolio	377,675
7	Tied to guarantees given	2,275
8	<b>Other receivables</b>	<b>16,778</b>
9	Sundry	16,778
10	<b>Other assets</b>	<b>446</b>
11	Prepaid expenses	446
12	<b>Permanent assets</b>	<b>5,982</b>
13	<b>Property and equipment in use</b>	<b>4,024</b>
14	Other property and equipment in use	8,573
15	Accumulated depreciation	(4,459)
16	<b>Deferred intangible assets</b>	<b>1,958</b>
17	Other intangible assets	2,064
18	Accumulated amortization	(106)
19	<b>Total</b>	<b>434,579</b>

Liabilities and equity		Total (in BRL thousands)
1	<b>Current liabilities</b>	<b>17,628</b>
2	<b>Other obligations</b>	<b>17,628</b>
4	Tax and social security	13,050
5	Sundry	4,578
6	<b>Equity</b>	<b>419,486</b>
7	<b>Capital</b>	
8	Foreign residents	394,266
9	<b>Income reserves</b>	
10	legal reserve	5,091
11	Special earning reserve - other	4,709
12	<b>Equity adjustments - Marketable securities</b>	<b>15,420</b>
13	<b>Profits and Losses</b>	<b>(2,535)</b>
14	<b>Operating income</b>	<b>9,949</b>
15	<b>(Operating expenses)</b>	<b>(14,400)</b>
16	<b>(Income taxes)</b>	
17	<b>(Social contribution taxes)</b>	
18	<b>(Deferred tax assets)</b>	<b>1,916</b>
19	<b>Total</b>	<b>434,579</b>

**Notes**

The Balance Sheet was prepared in accordance with accounting policies adopted in Brazil and Central Bank of Brazil rules and instructions.

**Executive Office**

Chief Executive Officer: Praxitelis Theodoropoulos / Chief Financial Officer: João Luiz Macedo

**Responsible Accountant**

João Luiz Macedo - CRC - SP264395/O-0

### 3. Governance and Risk Management Framework

#### 3.1. Structure and Organization of Risk Management

##### Supervisory Committee

The State Street Brasil Supervisory Committee is primary governance committee for the oversight and management of the Bank's activities. The Committee is entrusted with overall strategic direction of State Street Brasil S.A, including review and approve the strategy for State Street Brasil S.A. to ensure alignment with State Street Bank and Trust and local regulations.

The risk management responsibilities of the Supervisory Committee include:

- I. Ensuring alignment of the Bank's risk management processes with the enterprise-wide risk management framework;
- II. Review and approval of policies and guidelines that govern the identification, analysis, management and approval of all significant risks across the Bank, including but not limited to Liquidity Risk, Credit Risk and Operational Risk;
- III. Review of Key Risk Indicators (KRIs) and risk appetite measures; and
- IV. Identification, review, and discussion on emerging risk issues.

##### Executive Office

The Executive Office is comprised of the CEO and CFO, the two statutory directors of State Street Brasil. The Chief Compliance and Risk Officer, the Supervisory Committee and other senior managers of the Bank, support the Executive Office.

The risk management responsibilities of the Executive Office comprise of:

- I. Approve and revise when necessary, at least annually the risk management strategies (inclusive of systems , routines and procedures); risk appetite levels expressed in the Risk Appetite Statement (ultimate approval granted by Supervisory Committee); the capital management strategies; the business continuity management policies; the liquidity contingency plan; and the capital plan;
- II. Ensure the Bank's adherence to the risk management policies, strategies and limits; cultivating a risk excellence culture within the institution; ensuring that personnel understand and continually monitor risks; and have adequate training on risk management policies, processes, reports, systems and models;
- III. Enforce corrective action to remediate any deficiencies in the risk and the capital management structures; and authorize, when necessary, exceptions to policies, procedures, limits and levels of risk appetite expressed in the Risk Appetite Statement;



- IV. Ensure the adequacy and sufficiency of resources for an independent, objective and effective performance of the activities related to risk management and to capital management;
- V. Ensure that the Bank's compensation structure does not encourage behaviors inconsistent with the levels of risk appetite expressed in the Risk Appetite Statement; and
- VI. Ensure that capital and liquidity levels are adequate and sufficient;

### Chief Compliance and Risk Officer

The Chief Compliance and Risk Officer is responsible for the compliance and risk management functions of the Bank, including management of credit risk, market risk, liquidity risk, operational and other relevant risks, as well as for providing independent oversight of all activities in a manner that meets local regulatory requirements.

The responsibilities of the Chief Compliance and Risk Officer as they pertain to risk management comprises of:

- I. Ensure risk systems and infrastructure are established to ensure the proper capture, measurement, and reporting of all risks in a rigorous and sustainable manner;
- II. Ensure risk management policies, procedures and systems and infrastructure for the Bank are consistent with, and integrated into where necessary, the global operating model for State Street;
- III. Oversee the development, implementation and performance of the risk management structure, including its improvements;
- IV. Review and implement policies, processes, reports, systems and models consistent with the Bank's Risk Appetite Statement;
- V. Provide support to and participate in the strategic decision-making processes related to risk management and, where applicable, to capital management, as an assistance to the Executive Office;
- VI. Ensure that personnel understand and continually monitor risks; and have adequate training on risk management policies, processes, reports, systems and models; and
- VII. Ensure full adherence of the anti-money laundering and anti-terrorist financing (AML / ATF) with global and local regulations, as well as anti-bribery and corruption rules.

### 3.2. The Three Lines of Defense

The Bank is incorporated in State Street's global corporate controls, risk management and compliance framework and ensures there are policies, procedures and controls in place to identify, assess, measure, mitigate and report key risks across the business. This includes routine controls and

oversight for risks inherent in the normal course of operations and as unexpected issues arise.

The Bank also deploys the State Street’s corporate three lines of defense governance model:

**First Line of Defense |** Business and Functional Units who perform day-to-day operational and/or support activities that may give rise to risk operate as the First Line of Defense (“FLoD”). The FLoD owns the risks associated with their activities and is responsible for establishing effective internal controls to manage such risks to an acceptable level, and promoting a strong culture of risk awareness.

**Second Line of Defense |** Control functions independent of the FLoD, such as Enterprise Risk Management, and Compliance, operate as the Second Line of Defense (“SLoD”). The SLoD is responsible for either setting the Risk Appetite; developing policies and procedures to evaluate whether risks are contained within the appropriate limits; monitoring risk-taking; monitoring and testing compliance with laws independently of the FLoD; or providing credible review and challenge to the FLoD risk management practices.

**Third Line of Defense |** Corporate Audit operates as the independent Third Line of Defense (“TLoD”). The TLoD is responsible for assessing the effectiveness of the First and Second Lines of Defense as it relates to managing risk and providing reporting to the Executive Office and management.

### 3.3. Risk Profile and Strategy

In the normal course of the Bank’s business activities, the Bank is exposed to a variety of risks, some inherent in the financial services industry, others more specific to business activities. The Bank’s risk management framework focuses on material risks, which include the following:

- I. Credit and counterparty risk;
- II. Liquidity risk, funding and management;
- III. Operational risk;
- IV. Market and interest rate risk; and
- V. Socioenvironmental risk

The Bank’s risk management approach, including executive office oversight and a system of policies, procedures, limits, risk measurement and monitoring and internal controls, allows for an assessment of risks within a framework for evaluating opportunities for the prudent use of capital that appropriately balances risk and return.

The Bank’s risk management is based on the following major goals:

- I. A culture of risk awareness that extends across all business activities;
- II. The identification, classification and quantification of the Bank's material risks;
- III. The establishment of a risk appetite and associated limits and policies, and compliance with these limits and policies;
- IV. The establishment of a risk management structure at the "top of the house" that enables the control and coordination of risk-taking across the business lines;
- V. The implementation of stress testing practices and a dynamic risk-assessment capability;
- VI. A direct link between risk and strategic-decision making processes and incentive compensation practices; and
- VII. The overall flexibility to adapt to the ever-changing business and market conditions.

Our risk appetite framework outlines the quantitative limits and qualitative goals that define risk appetite, as well as the responsibilities for measuring and monitoring risk against limits, and for reporting, escalating, approving and addressing exceptions.

#### 3.4. Risk Culture and Dissemination

The State Street Brasil strives for a risk culture that focuses on putting risk at the forefront of how it does business. It is embedded into the day-to-day decision-making. This means effectively managing risk and control environments, complying with risk and regulatory requirements, and demonstrating ethical behavior. This is achieved through ensuring a strong tone from the top focused on risk; awareness and education for all individuals to understand their role in managing risk; personal accountability with respect to risk excellence; and governance, reward and recognition systems which support a risk excellence culture.

A number of group corporate initiatives are embedded at the State Street Brasil and support a "risk culture" to drive and embed some corporate values. These include the "Standard of Conduct" policy and framework; the "Speak up, Listen up" activities aimed at raising challenge and escalating issues. Further information regarding risk excellence driving a strong risk culture is detailed in the Bank's Risk Appetite Statement.

Additionally, the State Street Brasil has a robust communication process that ensures the dissemination of its manuals and policies to ensure that its employees, according to their level of activity, have access to reliable, timely and understandable information deemed relevant to their business.

### 3.5. Relevant Risk Types

Giving its business strategy, the Bank's current risk profile is organized into six main risk categories, which serve as the organizing principle for the quantitative and qualitative limit framework that has been established to articulate the risk appetite across risk types and business activities.

- Credit Risk;
- Market and Interest Rate Risk;
- Operational Risk;
- Liquidity Risk;
- Technology Risk; and
- Socio-environmental Risk.

#### 3.5.1. Credit Risk

State Street Brasil defines Credit Risk as the risk of financial loss if a counterparty, borrower or obligor, collectively referred to as counterparty, and is either unable or unwilling to repay borrowings or settle a transaction in accordance with underlying contractual terms. The acceptance of credit risk is governed by the Risk Appetite Statement and Credit Risk Policy. The Credit Risk Policy sets forth the corporate standards and requirements regarding credit risk management, including credit risk governance, credit evaluation and approval, credit risk mitigation, exposure management, and credit risk stress testing.

#### 3.5.2. Market and Interest Rate Risk

State Street Brasil's market and interest rate risk management follows global guidelines in conjunction with the standards set forth in Resolution nº 4,557/17, and is supported by State Street's global tools and supervision.

The market risk management structure is based on internal policy, which determines the responsibilities, strategies, processes and methodologies used for the identification, assessment, monitoring, control and mitigation of risk in an integrated manner and supported by the executive body.

Interest rate risk is defined as the risk that changes in interest rates can negatively impact State Street Brasil's profitability, capital adequacy and the economic value of the Bank's assets and liabilities.

### 3.5.3. Operational Risk

State Street Brasil recognizes that operational execution risk is intrinsic to State Street Brasil's business and cannot be managed to zero. The Bank seeks to manage operational risk to a level consistent with achieving its strategic, financial and operational objectives with the goal of having an effectively designed and well-controlled operating environment within its established appetite. The Bank addresses operational execution risk by identifying, collecting and analyzing operational risk data; utilizing the data to quantify its operational risk exposure and by implementing an operational risk management and governance structure.

### 3.5.4. Liquidity Risk

Liquidity risk is the risk to an institution's financial condition or safety and soundness arising from its inability, whether real or perceived, to meet its contractual obligations. The assessment of liquidity risk prospectively measures the need for available funding to meet obligations, and ensures the availability of cash to fulfill those needs at the appropriate time by managing the various sources of funds available to the Bank under normal and stressed conditions. State Street Brasil's liquidity management practices utilize internally defined quantitative liquidity standards, as well as those set forth by the Central Bank of Brazil.

### 3.5.5. Technology Risk

State Street Brasil manages information technology with the intention to operate within its regulatory and contractual obligations, fiduciary and other legal duties, policies and standards, strategic and operational objectives as well as to meet client commitments. State Street Brasil defines technology risk as the inability to materially achieve strategic, financial, and operational objectives due to issues arising from the use, ownership, operation, involvement, influence and adoption of information technology. This includes technology products and services provided by third parties, IT teams or non IT personnel.

### 3.5.6. Socio-environmental Risk

State Street Brasil is committed to its responsibilities to the environment and society and to act ethically with respect to the four pillars of social and environmental considerations: environmental responsibility, ethical responsibility, human rights and; labor responsibility and sustainability. In relation to its operations, the Bank performs a targeted assessment to identify any potential socio-environmental issues when onboarding customers, suppliers and new products/services.

### 3.6. Risk Reporting

In compliance with Resolution nº 4,557/17, the Risk policies and guidelines prescribe that reporting shall be generated with the appropriate frequency and level of detail to facilitate the effective management of risk by the executive office. Key risk and performance indicators are used to monitor risk exposure. These indicators are utilized to establish State Street Brasil actual risk profile which is measured against its target risk profile as established through the risk appetite setting process. These key indicators are intended to trigger a management response when indicator threshold breaches are observed.

Measures and thresholds established for these indicators are consistent with corporate standards and industry best practices. Key risk and performance indicators are incorporated into management reporting which is provided to the supervisory committee and the executive office. Threshold breaches are escalated in accordance with established escalation procedures, as described on the Risk Appetite Statement. Commentary and analysis addressing cause and corrective actions should accompany reporting of any threshold breaches.

### 3.7. Stress Testing

In order to assess the Bank's ability to sustain losses and test the resilience of its capital in extreme economic and market conditions, the Bank conducts stress tests.

The Bank's Stress Test Program is based on the sensitivity analysis methodology, which simulates severe economic and market conditions on main variables. The test considers the following risks, which are considered relevant:

- Liquidity;
- Market; and
- Credit Risk.

Its results are reported to the Executive Office and incorporated in the Capital Analyses process and in the Risk Appetite Framework review.

## 4. Capital Management

State Street Brasil's capital management is based on clearly defined policies and strategies that formalize systems, routines and processes that enable the assessment of capital adequacy and include a capital plan and management reports for the executive directors.

#### 4.1. Regulatory Capital

The Regulatory Capital used to verify compliance with the operational limits enforced by CBB consists of the sum of Tier I and Tier II capital, as defined under the terms of CBB Resolution nº 4,192/13.

The Common Equity Tier 1, the Tier 2 and Total Capital of the Bank as of the base date of this report as follows:

<b>Table 2: Regulatory Capital</b>				
<b>(BRL Thousands)</b>		<b>Apr-20</b>	<b>May-20</b>	<b>Jun-20</b>
<b>Regulatory Capital - Tier 1</b>		<b>411,938</b>	<b>412,799</b>	<b>412,961</b>
Core Tier 1 capital		411,938	412,799	412,961
Other qualifying Tier 1 capital securities				
<b>Supplementary Capital - Tier 2</b>				
Subordinated-term debt				
<b>Regulatory Adjustments</b>				
<b>Total Capital (TC = T1 + T2)</b>		<b>411,938</b>	<b>412,799</b>	<b>412,961</b>

#### 4.2. Breakdown of the Referential Equity and Information on its adequacy (Appendix I)

Appendix I of this document presents the composition of the State Street Brasil regulatory capital and information on capital adequacy.

#### 4.3. Composing Instruments

Currently, State Street Brasil does not have composing instruments that are part of its regulatory capital (PR).

#### 4.4. Capital Adequacy

For the purposes of calculating the minimum capital requirements and the additional tier 1 capital, mentioned respectively in Art. 4 to 6 and 8 of Resolution nº 4,193/13, the amount of risk weighted assets (RWA) must be determined, which corresponds to the sum of the following components:

- **RWA Cirb**, relative to credit risk exposures subject to the calculation of capital requirement under the internal rating systems for credit risk (IRB approaches) approved by the Central Bank of Brazil;
- **RWA Cpad**, relative to credit risk exposures subject to the calculation of capital requirement under the standardized approach;
- **RWA Mint**, relative to market risk exposures subject to the calculation of capital requirement under an internal model approved by the Central Bank of Brazil;

- **RWA Mpad**, relative to market risk exposures subject to the calculation of capital requirement under the standardized approach. RWA Mpad is the sum of the following parts:
  - RWA jur1, relative to exposures subject to a variation in fixed interest rates denominated in real, for which capital requirement is calculated using the standardized approach;
  - RWA jur2, relative to exposures subject to rate variations in foreign currency coupons, for which capital requirement is calculated using the standardized approach;
  - RWA jur3, relative to exposures subject to rate variations in price indices coupons, for which capital requirement is calculated using the standardized approach;
  - RWA jur4, relative to exposures subject to rate variations in interest rates coupons, for which capital requirement is calculated using the standardized approach;
  - RWA Acs, relative to exposures subject to variations in the price of shares, for which capital requirement is calculated using the standardized approach;
  - RWA Com, relative to exposures subject to variations in the prices of commodities, for which capital requirement is calculated using the standardized approach; and
  - RWA Cam, relative to exposures to gold, in foreign currency and in assets subject to foreign exchange variations, for which capital requirement is calculated using the standardized approach.
- **RWA Oama**, relative to the calculation of required capital for operational risk under an internal model approved by the Central Bank of Brazil.
- **RWA Opad**, relative to the calculation of required capital for operational risk under the standardized approach.

The Bank's overall regulatory capital requirement for the reference date of this report for all Pillar 1 risk types, in accordance with Resolution nº 4,193/13, are illustrated as follows:

**Table 3: Minimum Capital Requirement**  
(BRL Thousands)

	<b>Apr-20</b>	<b>May-20</b>	<b>Jun-20</b>
RwA for Credit Risk (Cpad)	19,170	20,022	20,238
RwA for Market Risk (Mpad)	20	274	321
RwA for Operational Risk (Opad)	60,885	60,885	60,885

Information Classification: General



<b>Total risk weighted assets</b>	<b>80,075</b>	<b>81,181</b>	<b>81,444</b>
<b>Minimum capital requirement for RWA</b>	<b>6,406</b>	<b>6,494</b>	<b>6,516</b>
<b>Interest Rate Risk on the Banking Book (Rban)</b>	<b>20,597</b>	<b>20,640</b>	<b>20,648</b>

#### 4.4.1. Regulatory Requirement for Credit Risk

The Bank follows the Standardized Approach, as enforced by Circular nº 3,644/13 of the Central Bank of Brazil, for the calculation and reporting of Credit Risk. The following table sets forth State Street Brasil Pillar 1 capital requirement expressed as the total risk-weighted exposure amounts for each of the applicable standardized Credit Risk exposure classes as of the reference date of this report.

**Table 4: Composition of Risk-Weighted Assets**

<b>(BRL Thousands)</b>	<b>Apr-20</b>	<b>May-20</b>	<b>Jun-20</b>
<b>Exposure weighted by Credit Risk (RwA Cpad)</b>	<b>19,170</b>	<b>20,022</b>	<b>20,238</b>
<b>Weighting factor (FPR)</b>			
FPR at 0%			
FPR at 1%			
FPR at 20%	5,934	6,727	6,209
FPR at 35%			
FPR at 50%	6,523	6,523	6,523
FPR at 75%			
FPR at 85%			
FPR at 100%	4,324	4,344	4,719
FPR at 150%			
FPR at 250%	2,388	2,428	2,787
FPR at 300%			
FPR up to 1250%			
<b>Risk-Weighted Assets for Market Risk - Standard Approach (RwA Mpad)</b>	<b>20</b>	<b>274</b>	<b>321</b>
<b>Interest Rate Risk</b>			
Fixed income interest (RwA jur1)			
Foreign currencies coupon (RwA jur2)			
Inflation linked coupon (RwA jur3)			
Interest Rate linked coupon (RwA jur4)			
<b>Commodities (RwAcom)</b>			
<b>Gold, Foreign Currencies and Exchange (RwAcam)</b>	<b>20</b>	<b>274</b>	<b>321</b>
<b>Risk-Weighted Assets for Operational Risk (RwA Opad)</b>	<b>60,885</b>	<b>60,885</b>	<b>60,885</b>
<b>Total risk weighted assets</b>	<b>80,075</b>	<b>81,181</b>	<b>81,444</b>
<b>Minimum capital requirement for RWA</b>	<b>6,406</b>	<b>6,494</b>	<b>6,516</b>
<b>Interest Rate Risk on the Banking Book (Rban)</b>	<b>20,597</b>	<b>20,640</b>	<b>20,648</b>

#### 4.4.2. Regulatory Requirement for Market Risk

The Bank follows the Standardized Approach for the calculation and reporting of Market Risk.

#### 4.4.3. Trading Book

The trading book comprises all positions in instruments not subject to any trading restrictions, including derivatives, held with the intent of trading or as a hedge of other elements of the trading book.

Instruments held with intent of trading are those designated for:

- Resale;
- Benefitting from movements in prices, either effective or expected; or
- Arbitrage.

State Street Brasil is not exposed to any material interest rate or commodities risk on the trading book as of the base date of this report.

**Table 5: Composition of Risk-Weighted Assets for Market Risk**

RL Thousands)	Apr-20	May-20	Jun-20
<b>Risk-Weighted Assets for Market Risk - Standard Approach (RwAMpad)</b>	<b>20</b>	<b>274</b>	<b>321</b>
Interest Rate Risk	-	-	-
Fixed income interest (RwA jur1)			
Foreign currencies coupon (RwA jur2)			
Inflation linked coupon (RwA jur3)			
Interest Rate linked coupon (RwA jur4)			
Commodities (RwAcom)			
Gold, Foreign Currencies and Exchange (RwAcam)	<b>20</b>	<b>274</b>	<b>321</b>

#### 4.4.4. Banking Book

The banking book, in line with Resolution nº 4,557/17, comprises of the instruments not included in the trading book.

The interest rate risk on the banking book (Rban) is estimated by the amount of parallel interest rate shocks required to cause market value of the total capital to be reduced in 5% (five per cent), 10% (ten percent) and 20% (twenty percent). Using this target reduction, shock scenarios are created for identifying the Internal Rate of Return (IRR) values needed to cause these changes in market value of the capital. After obtaining the new required IRR values, the variation between the original value and the obtained values is observed.

**Table 6: Rban Impact**

**890.40.01 - Price Index Coupon (BRL Thousands)**

**Market Value Change**

**Apr-20      May-20      Jun-20**

Information Classification: General

1st Percentile	24,181	14,872	10,398
99th Percentile	(36,244)	(43,162)	(45,399)
<b>Basis points to affect the Regulatory Capital*</b>			
5%	2.76%	2.69%	2.64%
10%	5.86%	5.80%	5.83%
20%	13.14%	13.13%	13.36%
<b>RBAN / Diversification / Allocated Capital by Diversifying Factor</b>	<b>20,597</b>	<b>20,640</b>	<b>20,648</b>

\*Code 999 must be informed in situations where it is not possible to adequate measure individual elements.

The calculation of capital allocated by factor before diversification consists in obtaining the difference between the market value of financial instruments and the value of the calculated instrument that has a 5% impact on the Reference Equity.

#### 4.4.5. Regulatory Requirement for Operational Risk

To measure the degree to which Pillar 1 Operational Risks are covered by the capital, State Street Brasil applies the basic indicator (AIB) of the Standardized Approach pursuant to methodology disposed on Circular nº 3,640/13 of the Central Bank of Brazil.

**Table 7: Composition of Risk-Weighted Assets for Operational Risk**

(BRL Thousands)	Apr-20	May-20	Jun-20
<b>RwA for Operational Risk (Opad)</b>	<b>60,885</b>	<b>60,885</b>	<b>60,885</b>

#### 4.4.6. Total Regulatory Capital Requirements

Effective October 2013, the new Basel III rules set new conditions and new minimum capital requirements, as well as define which companies should compose the Prudential Consolidated Balance Sheet to be used to calculate the capital base and required capital.

The Bank's overall regulatory capital requirement for all Pillar 1 risk types, in accordance with Resolution nº 4,193/13 are illustrated as follows:

**Table 8: Regulatory Capital**

(BRL Thousands)	Apr-20	May-20	Jun-20
<b>Regulatory Capital - Tier 1</b>	<b>411,938</b>	<b>412,799</b>	<b>412,961</b>
Core Tier 1 capital	411,938	412,799	412,961
Other qualifying Tier 1 capital securities			
<b>Supplementary Capital - Tier 2</b>			
Subordinated-term debt			
<b>Regulatory Adjustments</b>			
<b>Total Capital (TC = T1 + T2)</b>	<b>411,938</b>	<b>412,799</b>	<b>412,961</b>

Minimum capital requirement for Rwa	6,406	6,494	6,516
Excess capital in relation to the limit + RBAN	384,935	385,665	385,797
Excess capital in relation to the limit + RBAN + ACP	383,934	384,650	384,779

#### 4.4.7. Leverage Ratio

The calculation of the Leverage ratio is based on Circular nº 3,748/15. The following disclosure of the leverage ratio as of the base date of this report is published in accordance with the Chapter V of Circular nº 3,678/13.

**Table 9: Basel Limits**

Capital ratios (%)	Apr-20	May-20	Jun-20
Core Tier 1 ratio	514.44%	508.49%	507.05%
Total Tier 1 ratio	514.44%	508.49%	507.05%
Basel ratio	514.44%	508.49%	507.05%
Broad Basel ratio includes the Banking Book (Rban + ACP)	117.68%	117.32%	117.23%
Broad Basel ratio includes the Banking Book (Rban)	122.04%	121.70%	121.62%
<b>Leverage Ratio (%)</b>			
Leverage ratio	97.10%	96.32%	95.91%

$$\text{Leverage Ratio} = \frac{\text{Tier 1}}{\text{Total Exposure}}$$

- Tier 1 capital corresponds to the sum of CET1 and AT1, as defined in Art. 2, Art. 3 and Art. 6 of Resolution nº 4,192/13.
- Total Exposure is calculated by: a) the sum of the exposures dealt with in art. 5th; and b) the deduction of the amounts corresponding to the equity items included in item “a” and deducted in the calculation of Tier I of the Regulatory Capital (PR), gross of associated deferred tax assets subtracted in the calculation of Tier I capital, as defined in Art. 5 and 6, item II, item “a”, of Resolution nº 4,192/13.

State Street Brasil maintains capital ratios in excess of the minimum capital requirements. Since January 1st, 2018, due to the enforcement of Resolution nº 4,615/17, Brazil follow international standards and adopts 3% as a minimum requirement for leverage ratios.

## **5. Remuneration Practices and Policies**

State Street Corporation and its direct and indirect subsidiaries operate a group-wide compensation strategy including a remuneration policy that applies to all State Street entities globally. As such State Street Brasil is fully integrated into State Street's group-wide compensation strategy. It is subject to the global and regional governance structure of State Street Brasil to provide appropriate and effective control of the remuneration arrangements including compliance with Resolution nº 3,921/10, which disposes of executive remuneration for financial institutions.

## **6. Appendix I – Breakdown of the Referential Equity and Information on its adequacy**



Appendix I - Breakdown of the Referential Equity and Information on its adequacy

		Total	Transitory	Financial Conglomerate
Common Equity Tier I: instruments and reserves		(in BRL Thousands)	Adjustments <sup>1</sup>	Balance Sheet equivalent <sup>2</sup>
1	Instruments Eligible for the Common Equity Tier I	394,266	394,266	
2	Revenue reserves	7,265	7,265	
3	Other revenue and other reserve	15,420	15,420	
4	Instruments that are authorized to compose the Common Equity Tier I before Resolution No. 4,192 of 2013 comes into effect			
5	Non-controlling interest in subsidiaries that are part of the conglomerate, non-deductible from the Common Equity Tier I1			
6	Common Equity Tier I before prudential adjustments	416,950	416,950	
Common Equity Tier I: prudential adjustments		Total	Transitory	Financial Conglomerate
		(in BRL Thousands)	Adjustments <sup>1</sup>	Balance Sheet equivalent <sup>2</sup>
7	Prudential adjustments related to the pricing of financial instruments			
8	Goodwill paid upon the acquisition of investments based on the expectation of future profitability			
9	Intangible assets	1,957	1,957	
10	Tax credits arising from income tax losses and social contribution tax loss carryforwards and those originating from this contribution related to determination periods ended until December 31, 1998	2,032	2,032	
11	Adjustments related to the market value of derivative financial instruments used to hedge the cash flows of protected items whose mark-to-market adjustments are not recorded in the books.			
12	Downward difference between the amount recognized as a provision and the expected loss for institutions using the IRB			
13	Gains arising from securitization operations			
14	Gains or losses arising from the impact of changes on the credit risk of the institution on the fair value assessment of liability items			
15	Actuarial assets related to defined benefit pension funds			
16	Shares or other instruments issued by the bank authorized to compose the Core Capital, acquired directly, indirectly or synthetically			
17	Investments crossed with instruments eligible for the Common Equity Tier I			
18	Added value of investments lower than 10% of the capital of companies that are similar to non-consolidated financial institutions, insurance companies, reinsurance companies, capitalization companies and sponsored pension fund entities, that exceeds 10% of the amount of the Common Equity Tier I, disregarding specific deductions.			
19	Investments higher than 10% of the capital of companies that are similar to non-consolidated financial institutions, insurance companies, reinsurance companies, capitalization companies and sponsored pension fund entities			
20	Mortgage servicing rights			

21	Tax credits arising from temporary differences that depend on the generation of income or future taxable income for their realization, above the limit of 10% of the Common Equity Tier I, disregarding specific deductions			
22	Amount that exceeds 15% of the Common Equity Tier I			
23	of which: arising from investments in the capital of companies that are similar to non-consolidated financial institutions, insurance companies, reinsurance companies, capitalization companies and open ended pension entities			
24	of which: arising from mortgage servicing rights			
25	of which: arising from tax credits resulting from temporary differences that depend on the generation of income or future taxable income for their realization			
26	National regulatory adjustments			
26.a	Deferred permanent assets			
26.b	Investment in dependence, financial institution abroad or non-financial entity that is part of the conglomerate, with respect to which the Central Bank of Brazil does not have access to information, data and documents			
26.c	Funding instruments eligible for the Common Equity Tier I issued by an institution that is authorized to operate by the Central Bank of Brazil or by a financial institution abroad, and that is not part of the conglomerate			
26.d	Increase of unauthorized capital			
26.e	Excess of the amount adjusted of Common Equity Tier I			
26.f	Deposit to cover capital deficiency			
26.g	Amount of intangible assets established before Resolution No. 4,192 of 2013 comes into effect			
26.h	Excess of resources invested on permanent assets			
26.i	PR emphasis			
26.j	Other residual differences concerning the Common Equity Tier I calculation methodology for regulatory purposes			
27	Regulatory adjustments applied to the Common Equity Tier I due to the Insufficiency of Additional Capital Tier I and Tier II to cover deductions			
28	<b>Total regulatory deductions from the Common Equity Tier I</b>	<b>3,989</b>	<b>3,989</b>	
29	<b>Common Equity Tier I</b>	<b>412,961</b>	<b>412,961</b>	
<b>Additional Tier I Capital: instruments</b>		<b>Total (in BRL Thousands)</b>	<b>Transitory Adjustments<sup>1</sup></b>	<b>Financial Conglomerate Balance Sheet equivalent<sup>2</sup></b>
30	Instruments eligible for the Additional Tier I Capital			
31	of which: classified as Common Equity Tier I in accordance with the accounting rules			
32	of which: classified as liabilities in accordance with the accounting rules			
33	Instruments that are authorized to compose the Additional Tier I Capital before Resolution No. 4,192 of 2013 comes into effect			
34	Non-controlling interest in subsidiaries that are part of the conglomerate, non-deductible from the Additional Tier I Capital <sup>3</sup>			

Information Classification: General



35	of which: instruments issued by subsidiaries before Resolution No. 4,192 of 2013 comes into effect			
36	<b>Additional Tier I Capital before regulatory deductions</b>			
<b>Additional Tier I Capital: regulatory deductions</b>		<b>Total (in BRL Thousands)</b>	<b>Transitory Adjustments<sup>1</sup></b>	<b>Financial Conglomerate Balance Sheet equivalent<sup>2</sup></b>
37	Shares or other instruments issued by the bank authorized to compose the Additional Tier I Capital, acquired directly, indirectly or synthetically			
38	Investments crossed with instruments eligible for the Additional Tier I Capital			
39	Added value of investments lower than 10% of the capital of institutions authorized to operate by the Central Bank of Brazil or by a financial institution abroad that are not part of the conglomerate and that exceeds 10% of the amount of the Additional Capital Tier I			
40	Investments higher than 10% of the capital of institutions authorized to operate by the Central Bank of Brazil or by a financial institution abroad that are not part of the conglomerate			
41	National regulatory adjustments			
41.a	Added value of investments lower than 10% of the capital of institutions authorized to operate by the Central Bank of Brazil or by a financial institution abroad that are not part of the conglomerate and do not exceeds 10% of the amount of the Additional Tier I Capital			
41.b	Non-controlling interest in Additional Tier I Capital			
41.c	Other residual differences concerning the Additional Tier I Capital calculation methodology for regulatory purposes			
42	Regulatory adjustments applied to the Additional Tier I Capital due to the insufficiency of Tier II Capital to cover deductions			
43	<b>Total regulatory deductions from the Additional Tier I Capital</b>			
44	<b>Additional Tier I Capital</b>			
45	<b>Tier I</b>	<b>412,961</b>	<b>412,961</b>	
<b>Tier II: instruments</b>		<b>Total (in BRL Thousands)</b>	<b>Transitory Adjustments<sup>1</sup></b>	<b>Financial Conglomerate Balance Sheet equivalent<sup>2</sup></b>
46	Instruments eligible for Tier II			
47	Instruments that are authorized to compose Tier II before Resolution No. 4,192 of 2013 comes into effect			
48	Non-controlling interest in subsidiaries that are part of the conglomerate, non-deductible from Tier II			
49	of which: instruments issued by subsidiaries before Resolution No. 4,192 of 2013 comes into effect			
50	Excess of provisions with respect to the loss expected in IRB			
51	<b>Tier II before regulatory deductions</b>			
<b>Tier II: regulatory deductions</b>		<b>Total (in BRL Thousands)</b>	<b>Transitory Adjustments<sup>1</sup></b>	<b>Financial Conglomerate Balance Sheet equivalent<sup>2</sup></b>
52	Shares or other instruments issued by the bank authorized to compose Tier II, acquired directly, indirectly or synthetically			
53	Investments crossed with instruments eligible for Tier II			

54	Added value of investments lower than 10% of the capital of institutions authorized to operate by the Central Bank of Brazil or by a financial institution abroad that are not part of the conglomerate and that exceeds 10% of the amount of Tier II		
55	Investments higher than 10% of the capital of institutions authorized to operate by the Central Bank of Brazil or by a financial institution abroad that are not part of the conglomerate		
56	National regulatory adjustments		
56.a	Funding instruments issued by an institution that is authorized to operate by the Central Bank of Brazil or by a financial institution abroad, and that is not part of the conglomerate, limited to the instruments held by third parties and issued until December 31, 2012		
56.b	Non-controlling interest in Tier II		
56.c	Other residual differences concerning Tier II calculation methodology for regulatory purposes		
57	<b>Total regulatory deductions from Tier II Capital</b>		
58	<b>Tier II</b>		
59	<b>Referential Equity (Tier I + Tier II)</b>	<b>412,961</b>	<b>412,961</b>
60	<b>Total risk-weighted assets</b>	<b>81,444</b>	<b>81,444</b>

<b>BIS Ratios and Additional Capital Buffers</b>		<b>%</b>	
61	<b>Common Equity Tier I Ratio<sup>1</sup></b>	<b>507,05</b>	
62	<b>Tier I Ratio</b>	<b>507,05</b>	
63	<b>BIS Ratio</b>	<b>507,05</b>	
64	<b>Common Equity Tier I Ratio minimum required specifically to the institution (% of RWA)</b>		
65	of which: conservation capital		
66	of which: countercyclical additional		
67	of which: additional for institutions that are systemically important at global level (G-SIB)		
68	<b>Common Equity Tier I available to meet the requirement of the Additional Capital Buffers (% of RWA)</b>		

<b>National Minimum</b>		<b>%</b>	
69	Common Equity Tier I Ratio, if different from that established in Basel III		
70	Tier I Ratio, if different from that established in Basel III		
71	BIS Ratio, if different from that established in Basel III		

<b>Amounts below the limit for deduction (non-weighted by risk)</b>		<b>Total (in BRL Thousands)</b>	<b>Transitory Adjustments<sup>1</sup></b>	<b>Financial Conglomerate Balance Sheet equivalent<sup>2</sup></b>
72	Added value of investments lower than 10% of the capital of companies that are similar to non-consolidated financial institutions, insurance companies, reinsurance companies, capitalization companies and sponsored pension fund entities			

Information Classification: General

73	Investments higher than 10% of the capital of companies that are similar to non-consolidated financial institutions, insurance companies, reinsurance companies, capitalization companies and sponsored pension fund entities	
74	Mortgage servicing rights	
75	Tax credits arising from temporary differences, not deducted from the Common Equity Tier I	

Limits to the inclusion of provisions in Tier II		Total (in BRL Thousands)	Transitory Adjustments <sup>1</sup>	Financial Conglomerate Balance Sheet equivalent <sup>2</sup>
76	Generic provisions eligible for the inclusion in Tier II related to exposures subject to the calculation of the capital requirement by means of a standardized approach			
77	Limit for the inclusion of generic provisions in Tier II for exposures subject to the standardized approach			
78	Provisions eligible for the inclusion in Tier II related to exposures subject to the calculation of the capital requirement by means of the IRB approach (before the application of the limit)			
79	Limit for the inclusion of provisions in Tier II for exposures subject to the IRB approach			

Instruments authorized to compose the Referential Equity before Resolution No. 4,192 of 2013 comes into effect (applicable between October 1, 2013 and January 1, 2022)		Total (in BRL Thousands)	Transitory Adjustments <sup>1</sup>	Financial Conglomerate Balance Sheet equivalent <sup>2</sup>
80	<i>Current limit for instruments that are authorized to compose the Common Equity Tier I before Resolution No. 4,192 of 2013 comes into effect</i>			
81	<i>Amount excluded from the Common Equity Tier I due to the limit</i>			
82	<i>Instruments that are authorized to compose the Additional Tier I Capital before Resolution No. 4,192 of 2013 comes into effect</i>			
83	<i>Amount excluded from the Additional Tier I Capital due to the limit</i>			
84	<i>Instruments that are authorized to compose Tier II before Resolution No. 4,192 of 2013 comes into effect</i>			
85	<b><i>Amount excluded from Tier II due to the limit</i></b>			

## Notes

1. Column indicating the value of regulatory adjustments subject to temporary treatment. The regulatory adjustment corresponds to the value of: - the instruments authorized to compose the bank's PR before the enforcement of Resolution No. 4,192 of 2013, which, between October 1, 2013 and December 31, 2021, still make up the Bank's PR. Institution, according to art. 28 of Resolution No. 4,192 of 2013 (lines 33, 35, 47, 48 and 49 may have values filled in this column until December 31, 2021); - Prudential adjustments that, between October 1, 2013 and December 31, 2017, are not yet fully deducted from PR, pursuant to art. 11 of Resolution No. 4,192 of 2013 (rows 5, 8, 9, 12, 15, 18, 19, 21, 22, 23, 24, 25, 34, 48, 83 and 85 may have values filled in this column up to 31 December 2017).

2. This column, for the dates of June 30 and December 31 of each year, contains instruments reported in the table in relation to the balance sheet of the financial conglomerate, as per item I and paragraph 1 of art. 3rd of this Circular. 3 Lines 4, 33, 35, 47 and 49 should be deleted from January 1, 2022, when the instruments informed therein will no longer be acceptable to compose the PR.



## 7. Appendix II – Disclosure of information on Leverage Ratio

### State Street Brasil S.A - Banco Comercial

#### Appendix II - Disclosure of information on Leverage Ratio

		Total (in BRL Thousands)
<b>On-balance sheet items</b>		
1	Balance sheet items other than derivative financial instruments, securities received on loan and resales for settlement under repurchase transactions	434,577
2	Adjustments for equity items deducted in calculating Level I Capital	(3,989)
<b>3</b>	<b>Total exposure shown in the Balance Sheet</b>	<b>430,588</b>
<b>Transactions using Derivative Financial Instruments</b>		
4	Replacement value for derivatives transactions	
5	Potential future gains from derivatives transactions	
6	Adjustment for collateral in derivatives transactions	
7	Adjustment for daily margin held as collateral	
8	Derivatives in the name of customers where there is no contractual obligation to reimburse in the event of bankruptcy or default of the entities responsible for the settlement system	
9	Reference value adjusted for credit derivatives	
10	Adjustment of reference value calculated for credit derivatives	
<b>11</b>	<b>Total exposure for derivative financial instruments</b>	
<b>Repurchase Transactions and Securities Lending (TVM)</b>		
12	Investments in repurchase transactions and securities lending	
13	Adjustment for repurchases for settlement and creditors of securities lending	
14	Amount of counterparty credit risk	
15	Amount of counterparty credit risk in transactions as intermediary	
<b>16</b>	<b>Total exposure for repurchase transactions and securities lending (lines 12 to 15)</b>	
<b>Off-balance sheet items</b>		
17	Reference value of off-balance sheet transactions	
18	Adjustment for application of FCC specific to off-balance sheet transactions	
<b>19</b>	<b>Total off-balance sheet exposure</b>	
<b>Capital and Total Exposure</b>		
<b>20</b>	<b>Level I</b>	<b>412,961</b>
<b>21</b>	<b>Total Exposure</b>	<b>430,588</b>
<b>Leverage Ratio</b>		
<b>22</b>	<b>Basel III Leverage Ratio</b>	<b>95.91%</b>