



## Socio-environmental Risk Management

Interbank highlights the importance of the evaluation of social and environmental aspects in the credit process, mainly of commercial banking clients, that is why for several years we have already had policies related to the evaluation of environmental risks in medium-term operations, financed with resources from multilateral banks and development banks. As of the entry into force of Resolution SBS No. 1928-2015: "Regulation for the Management of Social and Environmental Risk" in February 2016, Interbank has adapted to this regulation and has incorporated into its manuals, policies, and procedures that they allow projects to be categorized according to the degree of social and environmental risk exposed (low, medium, or high risk), as well as monitoring and reporting processes in the credit process.

The application of the indicated standard applies to the services of:

- 1) Bridge loan, financing, or advisory service for the financing of a project when the total estimated investment in the project exceeds US \$ 10 MM.
- 2) Credits to a non-retail client related to a stage of a project, provided that the following conditions are met:
  - The total amount of client credits related to the project in the financial system amounts to at least US \$ 50 MM; and
  - The total amount of client credits related to the project in the company is, at least, US \$ 25 MM.
- 3) Corporate credit greater than US \$ 10 MM destined to primary suppliers of a project.

Interbank asks its clients to answer a questionnaire as indicated in article 9 of the regulation. Based on the responses to the questionnaire, it categorizes each of the projects considering three possible categories: high, medium, and low.

The main objective of the Risk Vice Presidency on this issue has been the development of procedures and instruments that allow detecting and managing social and environmental risks in a timely manner, prior to granting loans, seeking to promote responsible risk management, and ensuring corporate reputation. The result of the evaluation and monitoring is published annually on the bank's website.