



MANAGEMENT  
**REPORT**  
—  
**1Q20**  
**CAIXA**

## MANAGEMENT REPORT

To the Brazilian society, employees, contractors, investors and clients,

CAIXA presents the Management Report and the Consolidated Financial Statements of CAIXA ECONÔMICA FEDERAL for the first quarter of 2020, in agreement with accounting practices and standards established in the country applied to institutions authorized to operate by the Central Bank of Brazil.

### CAIXA'S WORK TO MITIGATE COVID-19'S IMPACTS

The current critical moment - due to the worldwide public health emergency related to the new coronavirus (Covid-19) - led to events that resulted in different challenges to be managed by all countries in order to timely deal with the economic impacts stemming from the crisis. Around the world, measures are being taken to mitigate infection risks, as well as expand the capacity of health systems and meet the basic needs of the population in social distance.

CAIXA has taken several steps to minimize the impact on the lives of citizens and companies.

#### Emergency Aid

One of the main measures adopted by the Federal Government is the payment of an emergency financial aid for the population in most need.

CAIXA, as the Brazilian State's main partner in implementing public policies, synonym of social responsibility and banking inclusion, and paying agent for this new benefit, has been working, since then, to make the operation feasible in record time.

Up to April 30, 2020, 96.9 million applications were made, with over 556.3 million visits to the website and 110.4 million calls to the call center 111. The Emergency Aid app had 70.4 million downloads and CAIXA Tem app had 68.9 million downloads. In addition, 18.9 million digital savings accounts were opened, in the largest bank inclusion action ever carried out in Brazil.

TYPE	QTY.	AMOUNT (R\$)
Bolsa Família (Family Stipend)	19.2 million	15.2 billion
CadÚnico	10.5 million	7.0 billion
App/Website	20.3 million	13.3 billion
<b>TOTAL</b>	<b>50.1 million</b>	<b>35.5 billion</b>

Source: CAIXA

TYPE	BOLSA FAMILIA (FAMILY STIPEND)	CADÚNICO	APP/ WEBSITE	TOTAL
Approved	19.2 million	10.5 million	20.4 million	50.1 million
Ineligible	0.7 million	13.3 million	12.1 million	26.1 million
Inconclusive		3.1 million	12.4 million	15.5 million
First Analysis			5.2 million	5.2 million
<b>APPLICATIONS</b>	<b>19.9 million</b>	<b>26.9 million</b>	<b>50.1 million</b>	<b>96.9 million</b>

Source: CAIXA

As one of the means to receive the aid, the digital social savings, automatically opened by CAIXA in the application app, will be transacted through CAIXA Tem app. The App focuses on the segments of basic income, social and MEI, with low data consumption, operation in areas with slow or unstable internet connections and on past-generation smartphone models.

Besides receiving the Emergency Aid, Caixa Tem also makes it possible to pay bills, transfer money and search social benefits related to the Severance Payment Fund (FGTS - *Fundo de Garantia do Tempo de Serviço*), Social Integration Program (PIS - *Programa de Integração Social*), *Abono Salarial* (bonus for low-income individuals), *Bolsa Família* (Family Stipend) and Unemployment Insurance (*Seguro Desemprego*), among other services.

### Loan Offer

CAIXA made over R\$154 billion available to the economy, with R\$60 billion going to working capital for micro, small and medium-sized companies; R\$43 billion directed to housing loans; R\$40 billion to purchase portfolios, R\$6 billion for agricultural loan and R\$5 billion in loans to *Santas Casas* hospitals.

### Interest Rate Cuts

In line with the drop in the Brazilian economy's basic interest rate, CAIXA further decreased the interest rates for its main products. The measure's purpose is to provide financial relief to clients and help companies recover their cash flow.

Overdraft interest rates for individuals who are clients with salary credit at CAIXA, were cut down from 4.95% to 2.90% p.m., representing a 41.4% decrease. The payment in installments of credit card invoices went from an average rate of 7.7% p.m. to rates starting at 2.90% p.m., down by 62.3%. (Special conditions valid for 90 days and starting on April 1, 2020).

One of the highlights is the drop in interest rates for loan lines focused on hospitals and philanthropic entities that provide services to the Unified Health System (SUS), which now has minimum interest rates of 0.80% per month in operations, with terms of up to 60 months, and 0.87% per month for operations, with terms from 61 to 120 months.

### Halt in Loan Payments

The decision, in March/2020, to allow the suspension of loan payments, benefited, until April 30, 2020, over 1.8 million clients who requested a halt in payments, only in housing loans.

In addition, CAIXA granted a halt of up to 3 months in the payment of installments of several loan lines. The amortization term for contracts was extended and a grace period of up to 3 installments was granted for new contracts and renewals, with the goal of making the access to loans easier and reducing the effects of the pandemic on households' consumption power.

### Funding for States and Municipalities

CAIXA increased the volume of loans to States and Municipalities through the Funding for Infrastructure and Environmental Sanitation (FINISA - *Financiamento à Infraestrutura e Saneamento Ambiental*) and funding with FGTS resources. The line, opened on March 2, 2020 and used in only 15 days, resulted in R\$3.7 billion in contracts with 216 borrowers throughout all regions of the country.

Additionally, to stimulate the regional economy, CAIXA provided free technical support to monitor and guide States and Municipalities in equalizing their financial health, thus being able to resume funding conditions.

## Support for Micro and Small Enterprises

On April 20, 2020, CAIXA signed a partnership with the Brazilian Service to Support Micro and Small Enterprises (SEBRAE - *Serviço Brasileiro de Apoio às Micro e Pequenas Empresas*), to further reinforce the steps taken by each entity. The amount contributed by SEBRAE may reach R\$500 million, allowing CAIXA to inject R\$7.5 billion in easy loan lines for the industry, potentially reaching 250,000 companies. Through the partnership, credit operations with guarantee from the Guarantee Fund for Micro and Small Enterprises (FAMPE - *Fundo de Aval às Micro e Pequenas Empresas*) will be made available.

In addition, by offering the Giro CAIXA Folha loan line, companies will access exclusive funds to finance the payment of their payrolls. The operation will have a 6-month grace period and a rate of 3.75% per year; in turn, companies benefiting from the program will undertake not to terminate, without just cause, the labor agreement of their employees between the contracting date of the loan and the 60<sup>th</sup> day after receiving the last installment.

## Housing Support Measures

With the purpose to protect and encourage civil construction, CAIXA announced measures for individuals, as well as construction companies and developers.

For individuals, the Bank implemented the following actions:

- 180-day grace period for new funding contracts;
- Possibility of suspending the payment or making a partial payment for 90 days regarding the installments, including clients who use an account linked to FGTS to pay part of the installment;
- Renegotiating contracts with clients overdue between 61 and 180 days, allowing a suspension of up to 3 installments;
- Receiving documents in digital media and providing remote support;
- Early release of up to 2 installments, without inspection, for clients building with CAIXA's funding (individual construction).

For construction companies and developers, CAIXA implemented the following measures:

- Reducing the interest rates on housing loans for construction companies, with the minimum rate going from RR+9.25% to RR+6.50% per year;
- Advancing up to 20% of the fund to Finance the Production of developments with construction works to be started;
- Including of the price of the land donated by the Government as a counterpart for individuals;
- Advancing up to 3 months of the schedule for construction works in progress, limited to 10% of the total amount funded;
- Possibility of suspending the payment or making a partial payment for up to 3 installments;
- Including or extending grace periods for up to 180 days, for developments with construction works concluded and in the amortization phase;
- Possibility of postponing the start of the construction works for up to 180 days;
- Authorizing the reformulation of the construction work schedule, in cases of contingency in execution due to issues arising from the pandemic;
- Creating new corporate housing loan lines indexed to IPCA (National Consumer Price Index) and CDI (Interbank Deposit Certificate).

## FGTS Measures

In March 2020, the Federal Government published Provisional Measure (MP) 927, which suspends the enforceability of the FGTS deposit for March, April and May of the current year.

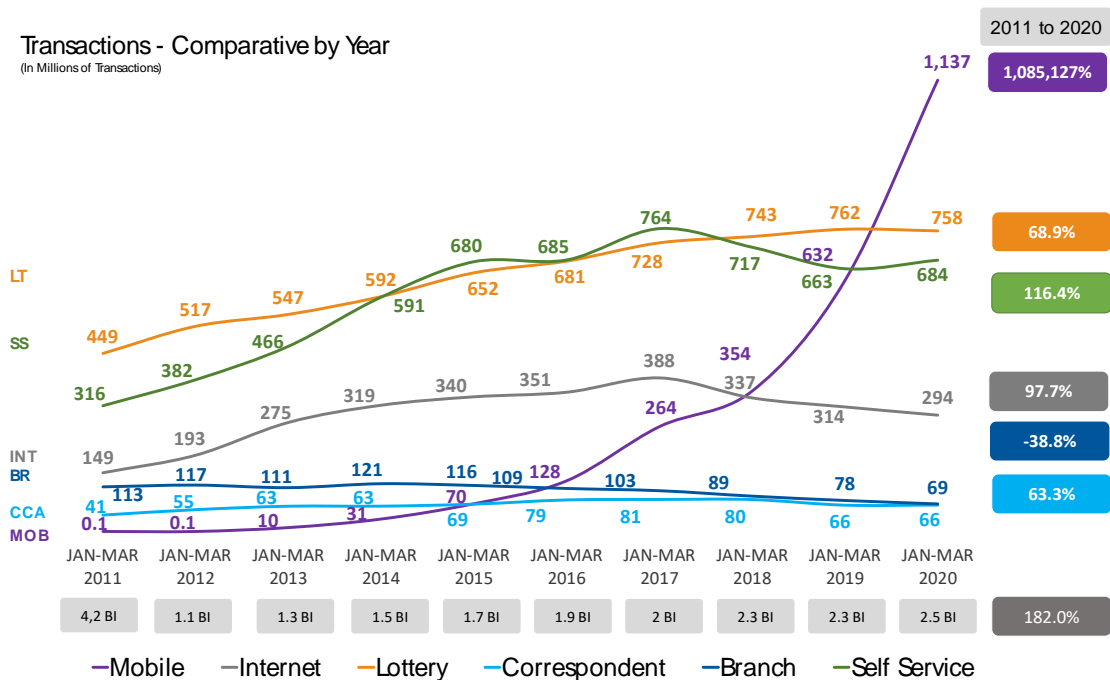
With an impact of up to R\$25.5 billion, around 4 million companies and 1.2 million domestic employers will be eligible. In addition, the said MP extended the term of the FGTS Certificates of Good Standing (CRF) for employers.

In addition, in April 2020, MP 946 was published by the Federal Government, releasing R\$1,045 of the FGTS balance per worker. Payments could free up to R\$36.2 billion for 60.8 million workers.

### Service

With the purpose to reduce the concentration of clients in branches and thus mitigate the infection risk between clients and/or employees in the units, CAIXA increased the availability of products and services in Internet Banking, Mobile Banking (App), Digital Branches and Self Service.

In addition, the Digital Branch service was made available via WhatsApp for all CAIXA’s clients with checking or savings accounts. By typing the branch and account number, the client is directed to service at its branch remotely. The service is available from Monday to Friday, from 8 a.m. to 10 p.m.



Source: CAIXA

### Employees and Contractors

CAIXA distributed over 2.5 million masks to employees and contractors and made hand sanitizers available in all units, with priority given to customer service. The branches and self-service rooms are sanitized 5 times a day.

With the purpose to reduce queues to provide customer service and preserve the physical integrity of customers, employees, contractors, and branches, around 5,000 new security guards and receptionists were made available to reinforce the units.

CAIXA included the test to detect the new coronavirus in CAIXA's Health plan. In addition, CAIXA has anticipated the 2020 vaccination against influenza and is providing remote medical guidance for all its employees.

CAIXA made the early payment of the 13<sup>th</sup> salary (Christmas Bonus) for teenagers and young people linked to CAIXA's Apprenticeship Program, representing a transfer of over R\$3.4 million. With an audience made up of young people between 15 and 19 years old in situation of social vulnerability, whose family income per capita is, at most, half a minimum wage, each of the more than 4,000 contractors received between R\$397.00 and R\$954.00.

## MANAGEMENT COMMITMENTS

CAIXA management has focused on measures to increase operational efficiency and generate long-term results to support its operation, leveraging the business and providing transparency to processes.

To achieve these goals, based on the premises to become a more profitable bank, more focused on the Brazilian society, CAIXA has set six Management Pillars for the next years, including:

- I. Meritocracy and Governance;
- II. Housing Loan, Payroll-Deductible Loan and Microcredit;
- III. Capital Efficiency and Cost Reduction;
- IV. Asset Monetization;
- V. Inclusion Bank;
- VI. Integration between Employees, Lotteries, and Correspondents.

### I. MANAGEMENT PILLARS – Meritocracy and Governance

Implementing a culture that values and recognizes results through transparent, structured and exempt selection processes and ensuring the compliance with the best market practices for governance and integrity, strengthening the business with the due controls.

#### Award I CGU Contest of Good Practices in the Brokerage Network

CAIXA won the 1<sup>st</sup> place in the "CGU Contest of Good Practices in the Internal Affairs Network" in the "Innovation" category, promoted by the Comptroller General of the Union (CGU - *Controladoria-Geral da União*).

The winning practice, registered by CAIXA - CORED Internal Affairs, addresses the dissemination of information sent periodically by CORED to all CAIXA employees. The innovation took place through a different dissemination method, with a unique look, an educational bias and a preventive approach.

The recognition certifies that CAIXA's performance has been in line with good corporate governance practices.

## II. MANAGEMENT PILLARS – Housing Loan, Payroll-Deductible Loan and Microcredit

Focused on housing loan, payroll-deductible loan, and microcredit operations.

### Innovation in Housing Loans - IPCA and Pre-Fixed Rate

CAIXA innovated in the offer, in 2019, of a housing loan line with the due balance updated by the IPCA. The product has been yet another option for housing loans and may have the first installment with a reduction between 30% and 50% compared to the RR-indexed housing loan.

At the end of February 2020, CAIXA announced the launch of a new housing loan line with fixed interest rates. This is a type of loan with an interest rate starting at 8.00% per year, without indexing to any financial index, with options of Constant Amortization System (SAC), for contracts of up to 360 months, and Price, for loans of up to 240 months.

In the first quarter of 2020, a total of 9.7 thousand contracts were signed regarding the loans indexed to the IPCA and fixed rate (SBPE - Brazilian System of Savings and Loans), totaling R\$2.5 billion in new contracts.

### Payroll-Deductible Loans

Payroll-deductible loan operations reached R\$62.6 billion in March 2020, up by 5.2% YoY and stable QoQ. In the period, there were R\$12.5 billion in new contracts, up by 30.7% YoY.

### Microcredit

In the first quarter of 2020, CAIXA's microcredit reached around R\$92 million, through the *Empreender* + CAIXA program, serving directly or indirectly over 21,000 Brazilian entrepreneurs.

The targeted productive microcredit lines are marketed through the program, including a package of solutions that offer microcredit directly to the entrepreneur through CAIXA's service channels, as well as providing funds in credit lines such as funding for Microfinance Institutions (IMF) or state promotion agencies that market the microcredit.

The next steps in the program include expanding partnerships with microcredit institutions, state promotion agencies and using direct marketing nationally with entrepreneurs through digital platforms, such as CAIXA Tem app.

Among the partners are SEBRAE and the Brazilian Association of Microcredit and Microfinance Operator Entities (ABCRED - *Associação Brasileira de Entidades Operadoras de Microcrédito e Microfinanças*), offering consultancy and assisted monitoring to entrepreneurs throughout the cycle of operations.

### III. MANAGEMENT PILLARS – Capital Efficiency and Cost

#### IHCD Payment

In 1Q20, the value of the monetary restatement of the IHCD (Hybrid Capital and Debt Instrument) fell by 59.4% over 1Q19, due to the payment of R\$11.35 billion in 2019.

The IHCD return means direct savings for CAIXA, considering that the cost of this debt is much higher than Selic (Special Settlement and Custody System), the economy's basic interest rate, and reflects the premise of preserving the sustainability of the Bank's financial balances. The payment of the remaining contracts is part of the strategic planning.

### IV. MANAGEMENT PILLARS – Monetizing Assets

Focused on the strategy of monetizing assets, leveraging capital market operations and having an IPO of own stakes, CAIXA signed partnerships in the insurance and capitalization segments, which will result in future inflows of R\$9.5 billion.

#### Caixa Cartões Holding starts Operating

In January 2020, the subsidiary CAIXA Cartões Holding S.A. ("CAIXA Cartões") started operating. CAIXA Cartões has the purpose to explore rights and commercial activities related to the segment of payment methods, as well as to manage equity interests, acquiring or selling shares in existing or created companies, public or private, whose corporate purpose is related to payments method, covering, among others, activities such as issuance, account management, payment instrument, acquiring business, accreditation, and loyalty. CAIXA holds 100% of the share capital of CAIXA Cartões S.A.

#### Strategic Partnership - Payment Methods - Credit and Debit Cards

In March 2020, CAIXA concluded the process to sign the contract with Visa, which will operate as a preferred partner in CAIXA's credit and debit card programs for the next 10 years. The partnership provides for Visa's preferential participation in credit, debit cards and other electronic payment methods issued by CAIXA at branches, lotteries and correspondents throughout Brazil.

Competitive processes for strategic partnerships in the acquiring business and in the prepaid card segment are still in progress.

### V. MANAGEMENT PILLARS - Inclusion Bank

#### Women's Leadership and CAIXA Women Program

In January 2020, the 4<sup>th</sup> edition of the Women's Leadership event was held with the attendance of women from the Bank's senior management. The event was attended by the CEO, VPs, Board Members, Superintendents, and National and Regional Managers, Legal and Executive Consultants, among others. At the two-day event, the participants discussed the challenges and developed proposals to foster and expand the female leadership in the Institution, addressing leadership styles, work hours and use of time and also CAIXA's culture. As a Result of this initiative, in March 2020, CAIXA had 8 female leaders in its management positions.

To leverage female entrepreneurship in the country, CAIXA launched in March 2020 the CAIXA Women Program, which offers new credit lines, unique rates, free annual fees and support for training.

The special conditions were presented during a debate at CAIXA Cultural, which brought together opinion makers, businesswomen and representatives of the financial market, to talk about women's power to act and influence the Brazilian society. With the partnership of Caixa Seguridade, the event celebrated the World Day of Female Entrepreneurship.

## **VI. MANAGEMENT PILLARS - Integration between Employees, Lotteries and Exclusive Correspondents CAIXA Aqui**

### **CAIXA Mais Brasil Program**

With the presence of the CEO, CAIXA's leaders, and institutional guests, CAIXA Mais Brasil Program covered all Brazilian states. There were 49 visits over 42 weekends, visiting 25 capitals and 74 municipalities in the 5 regions of the country.

In the 1<sup>st</sup> four months of 2020, six CAIXA Mais Brasil meetings were held, visiting the cities of Goiânia/GO, Anápolis/GO, Recife/PE, João Pessoa/PB, Santarém/PA, Bom Jesus/PI, Mossoró/RN, Taguatinga/DF and Ceilândia/DF.

During the visits, meetings were held with the Company's employees, from diverse hierarchical levels, in order to bring them closer to senior management, in addition to meeting with Municipal and State authorities, regional leaders, local entities, entrepreneurs of the infrastructure, industrial, housing, commerce and service provider sectors, among others. Thus, it was possible to understand the regional needs and evaluate how CAIXA can help public entities to make room for business. CAIXA also visited communities and the projects it supports that have high transformational power and great impact on the local population.

Executive Retail Superintendencies were opened, bringing the bank closer to its main stakeholders, promoting a better management of the service in the municipality and in the region's branches and service channels.

### **Closer Relationship with Lottery Players and Correspondents**

Continuing CAIXA's process to have a closer relationship with its Lottery and Correspondent network, Nação CAIXA event was held in February 2020, targeting around 8,000 CAIXA Aqui Correspondents (CCA). The event had the attendance of over 100 CCA entrepreneurs and 100 CAIXA employees, gathered to further strengthen their relationship with the institution.

### **Other Highlights**

#### **FGTS and PIS Payment**

In March 2020, the payment of the FGTS Immediate Withdrawal, started in September 2019, ended at around R\$28.1 billion for 60.4 million people. Workers were able to withdraw up to R\$500.00 per account linked to the FGTS balance. Those who had, on July 24, 2019, a balance of up to R\$998.00 were able to withdraw all existing resources.

Most of the FGTS Immediate Withdrawal operations were through account deposits, made automatically in CAIXA's savings accounts or in accounts of another bank, indicated by workers in the FGTS App, totaling R\$17 billion paid to 39.3 million workers. In the physical service channels, 21.1 million workers received R\$11.1 billion, which were withdrawn from lottery units, CAIXA Aqui correspondents, ATMs and CAIXA's branches. With the purpose to

make things easier for the worker, the branches had extended hours and opened some Saturdays.

Regarding the payment of PIS Quotas, CAIXA made the withdrawal possible for 139,700 quota holders in the 1<sup>st</sup> quarter of 2020, injecting a total R\$172.8 million into the economy.

Due to Resolution 1 of the Board of Directors of the PIS/PASEP Fund, of April 15, 2020, the payment of PIS Quotas for the 2019/2020 calendar was terminated in advance, on April 30, 2020, to facilitate the migration of the fund's resources to FGTS, as per Provisional Measure 946 of April 7, 2020.

## ECONOMIC SCENARIO

The first quarter was defined by the beginning of the pandemic due to the new coronavirus (Covid-19). Initially, the cases were concentrated in Asia, however, since March, the number of people affected has shown a sharp rise worldwide, which led to the adoption of measures to stop the virus from spreading. Thus, there was a halt in activities worldwide and forecasts for the performance of the global economy now point to a strong recession. As a result, many countries have announced monetary- and tax-stimulus measures in an attempt to mitigate the effects on the economy.

Given the uncertainties brought by the pandemic, there was a sharp increase in risk aversion in the markets, making asset prices to fall and the US Dollar to appreciate against other currencies, including the Real. In addition, the decline in demand for oil and disagreements between producing countries led to a further decrease in the price of this commodity, intensifying the volatility in financial markets.

The already known indicators show that the adopted isolation measures and the suspension of activities led to a retraction of the economy in March, which should be more intense in April. The need to fight the pandemic and its effects on the economy has also led to the national adoption of stimulus measures, with relevant tax impacts, but restrained to 2020, so far.

With a high idleness and low commodity prices, inflation had a downward trend in the first months of the year, allowing the continuation of the cycle of reductions in the basic interest rate, which reached the lowest level in history at the May meeting, at 3.00% per year.

However, despite the high uncertainty due to the pandemic, we reinforce our positive view for the Brazilian economy in the long-run, including the inflation under control, floating exchange rates and tax austerity - despite the justified deviation in the short term, with increased government spending to mitigate the impacts of the crisis on the economy.

## PERFORMANCE ANALYSIS - RESULT

In R\$ million	1Q20	4Q19	Δ%	1Q19	Δ%
Financial Margin	10,638	10,556	0.8%	12,351	-13.9%
Allowance for Loan Losses	(2,012)	(1,608)	25.2%	(2,827)	-28.8%
<b>Income from Financial Intermediation</b>	<b>8,626</b>	<b>8,948</b>	<b>-3.6%</b>	<b>9,524</b>	<b>-9.4%</b>
Income from Services and Banking Fees	5,794	6,078	-4.7%	5,837	-0.7%
Administrative Expenses	(7,889)	(8,526)	-7.5%	(8,026)	-1.7%
Other Operational Income/Expenses	(2,077)	(4,629)	-55.1%	(2,925)	-29.0%
Tax Expenses	(992)	(787)	26.0%	(1,023)	-3.0%
Result from Interests in Subsidiaries and Affiliated Companies	454	323	40.6%	380	19.2%
<b>Operating Income</b>	<b>3,915</b>	<b>1,407</b>	<b>178.3%</b>	<b>3,766</b>	<b>4.0%</b>
<b>Non-Operating Result</b>	<b>61</b>	<b>(96)</b>	<b>-</b>	<b>3</b>	<b>-</b>
Income Tax, Social Contribution and Profit-Sharing	(927)	1,205	-176.9%	(474)	95.7%
<b>Recurring Net Income</b>	<b>3,049</b>	<b>2,516</b>	<b>21.2%</b>	<b>3,295</b>	<b>-7.5%</b>

CAIXA's recurring net income reached R\$3.0 billion in the first quarter of 2020. With this result, the return on assets totaled 0.93% and the return on net equity 14.40%, up by 0.14 p.p. and 2.0 p.p., respectively.

Gross Profit from Financial Intermediation reached R\$8.6 billion, highlighting the 12.1% YoY decrease in funding costs, reflecting the behavior of the basic interest rate and the management's strategy for funding sources.

The control of administrative costs, following the pace of nominal reduction, were reflected in the period's results, down by 1.7% over 1Q19 and by 7.5% over 4Q19.

In the same line, the coverage ratio of administrative expenses grew 2.88 p.p. in 12 months and reached 76.14%. The coverage ratio of personnel expenses reached 119.51%, up by 3.40 p.p. YoY.

## PERFORMANCE ANALYSIS – ASSETS AND LIABILITIES

Managed Assets totaled R\$2.4 trillion, up by 2.2% over March 2019, with R\$1.3 trillion in own assets and R\$1.1 trillion in third-party assets.

Regarding third-party assets, the highlights were: FGTS, with a balance of R\$534.6 billion, and Investment Funds, which totaled R\$456.7 billion, up by 7.5% YoY.

Main lines of CAIXA's balance sheet:

In R\$ million	Mar20	Dec19	Δ%	Mar19	Δ%
Total Assets	1,313,852	1,293,015	1.6	1,292,008	1.7
Amplified Loan Portfolio	699,622	693,724	0.9	685,842	2.0
Securities and Derivative Financial Instruments	219,760	213,995	2.7	202,721	8.4
Allowance for Loan Losses	(34,931)	(35,153)	-0.6	(35,925)	-2.8
Liabilities <sup>1</sup>	1,230,467	1,212,361	1.5	1,207,089	1.9
Deposits	536,562	534,950	0.3	523,457	2.5
Bonds	49,322	50,676	-2.7	60,026	-17.8
Net Equity	83,385	80,654	3.4	84,919	-1.8

<sup>1</sup> Excludes Net Equity.

CAIXA's assets totaled R\$1.3 trillion, up by 1.7% in 12 months, affected by the 8.4% increase in the Securities and Derivative Financial Instruments portfolio and by the 2.0% increase in the Expanded Loan Portfolio.

### Amplified Loan Portfolio

Amplified Loan Portfolio ended the quarter with a balance of R\$699.6 billion, up by 0.9% QoQ.

In 1Q 2020, CAIXA totaled R\$90.6 billion in new loans to the Brazilian population, up by 8.8% YoY, showing the recovery of the institution's loan portfolio.

During the period, there were no changes in the process for calculating the credit risk provision, as well as the establishment of a prudential provision, considering the characteristics of CAIXA's operations, which are concentrated in long-term operations, with real guarantees and over 90% of operations classified at risk levels between AA and C. CAIXA will continue to monitor credit operations following the evolution of the COVID-19 pandemic.

### Housing Loans

The housing loan portfolio balance increased by 5.2% in 12 months, totaling R\$470.4 billion in March 2020, of which R\$293.1 billion were granted with FGTS resources and R\$177.4 billion with CAIXA/SBPE resources. CAIXA is the market leader in this segment, with a 69.1% market share, up by 0.32 p.p. in 12 months and stable in the quarter.

In 1Q20, CAIXA reached R\$21.0 billion in new housing loans, up by 25.0% in 12 months. The highlight was the new contracts with SBPE resources, totaling R\$7.8 billion, up by 81.9% YoY.

In the *Minha Casa Minha Vida* housing program (MCMV), for the 1<sup>st</sup> quarter of 2020, CAIXA totaled R\$7.4 billion in new contracts, equivalent to 66,458 new housing units.

This result shows CAIXA's direction as for its business focus in the housing segment, reinforcing its performance in the housing loans segment with SBPE and popular housing.

### Infrastructure Credit

Infrastructure operations reached a balance of R\$84.7 billion in March 2020, up by 1.2% over 1Q19. Due to its great relevance and leading role, as well as its deep connection to the national economic development, this segment is part of the scope of CAIXA's strategic action.

### Rural Credit

CAIXA rural credit reached a balance of R\$5.9 billion in March 2020, highlighting the modality available to individuals, which totaled R\$3.1 billion. With this balance, CAIXA holds a 2.25% market share.

CAIXA made available, in March 2020, R\$5.2 billion for the 2020/2021 crop, equivalent to five times the amount of new loans in March 2019, showing an expanded performance in the agribusiness sector. The resources were used to pre-fund expenses in the production cycle of soybeans, corn, cotton, rice, beans, cassava and coffee, and may also include specific crops in the country's regions.

## Funding

The table below shows the evolution in the Company's main funding lines in the last 12 months:

Funding (R\$ million)	Mar20	Dec19	Δ %	Mar19	Δ %
Saving Deposits	<b>321,106</b>	321,189	0.0	296,625	8.3
Time Deposits	<b>168,468</b>	166,765	1.0	188,436	-10.6
Bonds <sup>1</sup>	<b>49,322</b>	50,676	-2.7	60,026	-17.8
Demand Deposits	<b>35,937</b>	35,776	0.5	28,042	28.2
Other Deposits	<b>11,050</b>	11,220	-1.5	10,353	6.7
Issues of Securities Abroad	<b>2,775</b>	2,058	34.9	7,156	-61.2
Borrowings and Onlendings	<b>324,449</b>	320,717	1.2	303,809	6.8
<b>Total</b>	<b>913,108</b>	<b>908,400</b>	<b>0.5</b>	<b>894,448</b>	<b>2.1</b>

<sup>1</sup> includes housing, mortgage, financial and agricultural bonds.

Total funding reached R\$913.1 billion in March 2020, up by 2.1% over 1Q19. Savings accounts totaled R\$321.1 billion, up by 8.3% YoY. With this balance in Savings accounts, CAIXA remained the market leader, with a market share of 37.8%, up by 0.41 p.p. YoY.

In March 2020, the Company registered 83.6 million savings accounts, up by 4.8 million accounts compared to March 2019.

## Net Equity

The Company ended the first quarter of 2020 with a net equity of R\$83.4 billion, up by 3.4% QoQ.

## BACEN's Official Letter 3068/2001

In compliance with BACEN's Official Letter 3068/2001, Article 8, CAIXA stated the intention of maintaining the securities classified in Tier III, which totaled R\$17.0 billion in the period, until their respective maturities and attesting the required financial capability.



In March 2020, CAIXA's Basel Ratio reached 18.7%, higher by 7.7 percentage points than the minimum of 11.0% established by National Monetary Council Resolutions 4192 and 4193, which regulates the recommendations of the Basel Committee on Banking Supervision related to the capital structure of financial institutions.

The Basel Ratio reached by generating recurring income and asset monetization reinforces CAIXA's ability to sustainably keep moving with its strategic plan.

The fixed asset ratio was 11.0%, maintaining CAIXA's compliance with CMN Resolution 2669/1999, which establishes the 50.0% limit.

The Public Sector Indebtedness Index in the period was 36.7%. According to CMN Resolution 2827/01, a financial institution loan portfolio with public entities and institutions are limited to 45.0% of its reference equity.

## LOTTERIES

CAIXA Lotteries raised R\$4.0 billion in 1Q 2020, up by 22.4% YoY. From the amounts collected in the period, about R\$1.5 billion were transferred to the Federal Government's social programs in social security, sports, culture, public safety, education, and health, corresponding to a transfer of 37.2% of the total collected.

Lotteries Destination (R\$ million)	1Q20	4Q19	Δ %	1Q19	Δ %
Social Destination	1,497	1,716	-12.8	1,222	22.5
Premiums <sup>1</sup>	1,758	2,015	-12.7	1,437	22.4
Costs and Maintenance	769	881	-12.7	628	22.4
Total Collected	4,025	4,612	-12.7	3,287	22.4

<sup>1</sup>Includes taxes.

## FURTHER USUAL ARRANGEMENTS

### Governance

CAIXA keeps an ongoing improvement of good corporate governance practices, seeking to become a reference through a management aligned with its principles, with transparency, fairness, accountability, corporate social responsibility and sustainability, compliance and strategic risk management principles. These principles are embodied in several governance documents, resulting in management tools, such as the CAIXA's Bylaws, Corporate Governance Model, Hierarchical Approvals and Actuarial Policies, which enable CAIXA to become a competitive market player and to respond to current challenges.

CAIXA's Governance Model is structured in three pillars: Governance Documents, Governance Instruments and Collegiate Bodies.

#### Governance Documents

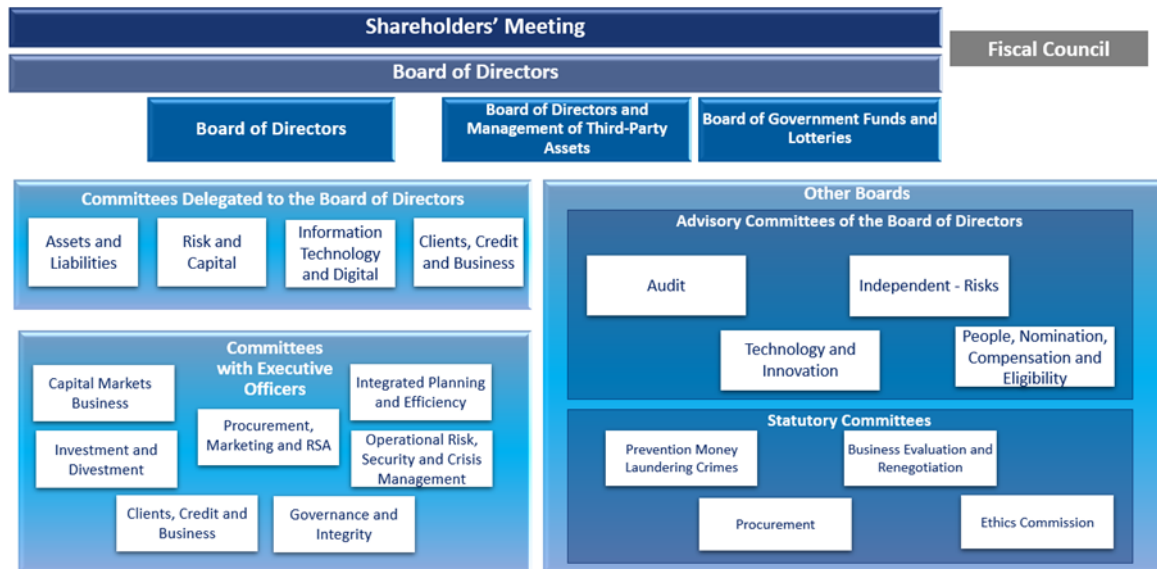
With the purpose to guide CAIXA's Management and other governance agents, the rules are consolidated in the Governance Documents, namely: Bylaws (set of rules and general provisions, with the goal of establishing lines and Policies for CAIXA's operations); Actuarial Policies (principles and guidelines that guide the work and decision-making process of CAIXA's Management) and Hierarchical System (set of values that define the limits of the decision of the competent authority, to approve deals, credit operations, purchases, and hiring, among others).

#### Governance Instruments

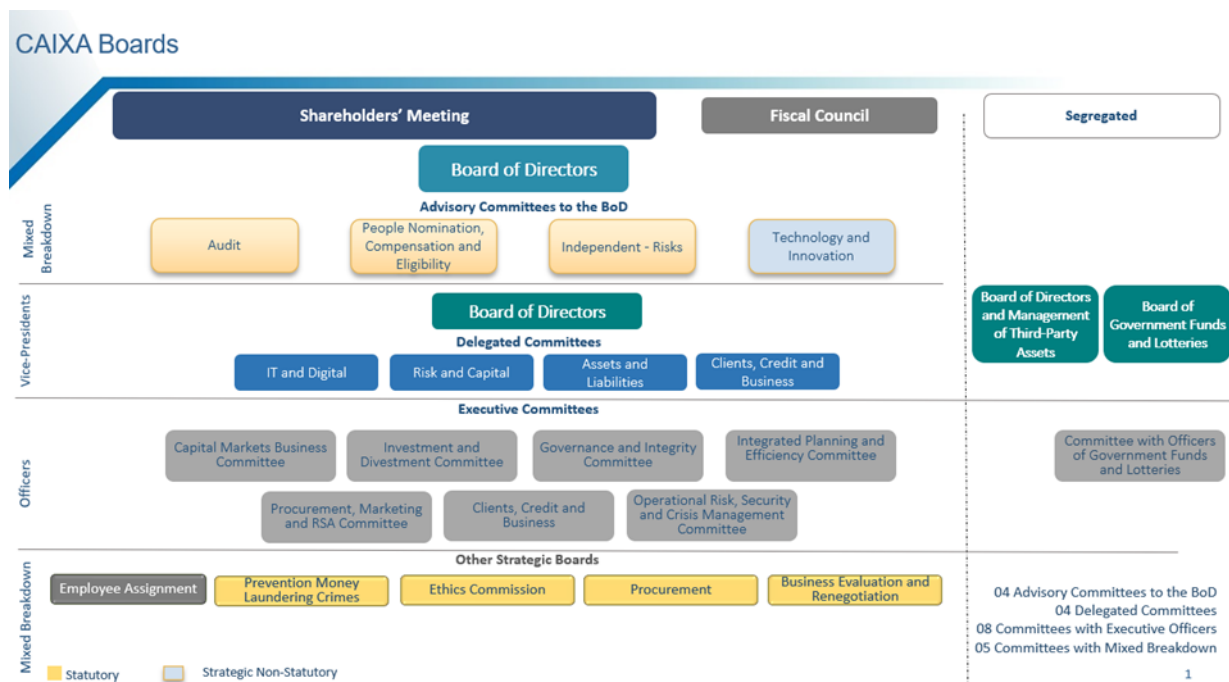
CAIXA uses the following Governance Instruments: System of Regulatory Guidelines; System of Internal Controls; Instruments and Tools for Management, Control, and Supervision; Annual Charter of Public Policies and Corporate Governance; System of Control and Compliance for Regulations, Products, and Projects; and Governance Page.

#### Collegiate Bodies

With the operation regulated by Internal Regulations, the image below illustrates the configuration of CAIXA's Collegiate Bodies:



To improve the decision-making process of the Senior Management, the new Collegiate Model was approved at CAIXA's instances, in force as of April 6, 2020.



Regarding the new model, it should be noted that the improved corporate governance represents one of the strategic guidelines of the Senior Management for the CAIXA Conglomerate. Therefore, it will enable the due evaluation of operations and the mitigation of future risks, in addition to helping consistently increase the Company's profitability.

In 1Q20, we highlight the publication of a new version of CAIXA's Bylaws, with the goal to optimize the CAIXA Conglomerate's performance, as well as to promote conditions for stakeholders, for transparency and equity aspects to raise the Company's maturity level, through sustainable results.

It should be noted the adjustments referring to the collegiate bodies and their powers, especially the review of the Advisory Committees of the Board of Directors. The adjustments were in line with the precepts to increase productivity, quality, efficiency and effectiveness,

established in the new CAIXA's Bylaws, and provide more assertiveness and security in CAIXA Conglomerate's decision-making process.

## Integrity

We highlight the following implementations in the CAIXA Integrity's processes:

- **Integrity Research on Board Members and Senior Executives (Background Check):** Has the purpose to strengthen the corporate governance through an integrity research when appointing a public agent to occupy strategic positions in CAIXA Conglomerate, safeguarding the institutional image. Includes a summary of the data found in many sources, such as public agencies and specialized companies, and information on CAIXA's internal systems, to help the decision-making process;
- **Due Diligence of Suppliers:** Has the purpose to identify and assess the integrity risks to which CAIXA may be exposed in its business relationships, based on the assessment of the profile, history, reputation and practices to prevent and fight fraud and corruption of external agents, to support the decision-making process when hiring suppliers.

## 2019 – 2023 Strategic Plan for the Conglomerate

CAIXA Conglomerate's current Corporate Strategy, set for 2019-2023, was built based on six strategic priorities aligned to the Federal Government's guidelines, with the purpose to support the decision-making process in the market positioning and guidance for the client:

- Simplify, accelerate and improve the productivity with efficient resource management;
- Innovate in the management of talents, performance and work models;
- Lead in risk management, in line with the appetite and the best market practices.
- Strengthen the culture of Integrity in all processes and businesses;
- Apply new technologies in a structured and consistent way to grow;
- Improve the management of the Conglomerate to ensure the complementarity of business and the sustainability of CAIXA.

In 1Q20, the Company started to review the Corporate Strategy, considering macro-environment trends, medium and long-term economic scenarios, and the competition's trends and perspectives, in order to redefine or reaffirm the corporate priorities, aligning the expected goals and results, for CAIXA to monitor changes in the scenarios and withstand the challenges presented by the market and the competitive financial industry.

## Internal Controls

CAIXA's internal controls and compliance policy aims to promote conditions to ensure compliance with external and internal regulations, strengthening CAIXA's corporate governance and reputation.

The Company also has a Conglomerate's Internal Controls Policy focused on promoting the effectiveness and strengthening the System of Internal Controls to ensure, with reasonable security, that CAIXA Conglomerate's goals are met. This policy is based on the document Committee of Sponsoring Organizations of the Treadway Commission – COSO, as well as CMN Resolutions 2554/1998 and 3056/2002.

## Risk and Capital Management

At CAIXA, risk and capital management are perceived as a competitive advantage in the financial market and the main means to preserve the Institution's solvency, liquidity, and profitability.

The risk and capital management structures are in accordance with the prevailing legislation, appropriate to the nature and complexity of CAIXA's financial instruments, products, services, and operations and to the good corporate governance practices. Thus, this allows the Senior Management to identify the capital commitment in order to deal effectively with the risks, evaluate the impacts on the results, and promptly decide on accepted exposure limits.

The Risk Management Policy and the Capital Management and Result Distribution Policy are reviewed, at least, every year, as well as the exposure and capital limits. The periodicity has the goal of aligning such policies and limits with the strategy, macroeconomic factors, business environment, and the Institution's risk-taking ability.

Risk management activities are separated from business and audit activities, and they are maintained as independent structures for model monitoring, in order to avoid conflicts of interest and safeguard the impartiality of the work performed.

The loan portfolio risk is controlled by monitoring indicators of delay, delinquency, performed losses, expected and unexpected losses, provision, and demands for regulatory and economic capital, in several granularities and segmentations. This type of measurement makes possible, based on the information of each contract, a broad vision of the profile of the expositions, by borrower, operation, portfolio segments, geographic region, and activity sector, among others.

Additionally, since 2017, the Independent Risk Committee has been established, which reports to the Board of Directors, advising it on matters related to risk and capital management.

## Sustainability and Social & Environmental Responsibility

CAIXA's Social-Environmental Responsibility Policy (PRSA), which is regulated under the terms of BACEN Resolution 4327/2014, considers principles such as ethics, compliance and anti-corruption, participative management, promotion of sustainable development, social inclusion, environmental efficiency, environmental protection and conservation, and transparency.

CAIXA Socio-Environmental Fund (FSA), created in 2010, allocates resources of up to 2% of CAIXA's adjusted net income to support projects related to sustainable cities, biome and water protection, clean energy and socioeconomic promotion. FSA CAIXA currently has an active portfolio of 55 projects.

FSA CAIXA also funds projects related, for example, to the preservation of Caatinga and Cerrado, and to the recovery of water sources in metropolitan regions in water crisis. The actions focus on the sustainable development of territories where low-income people live, besides promoting social development and citizenship.

## Policy for Sponsorship and Investments in Culture and Sports

As one of the most traditional sponsors of sport, artistic and cultural events in Brazil, CAIXA believes and invests in the promotion of sport and the dissemination of culture to encourage the promotion of citizenship.

Investment in sports have the goal to provide Brazilian athletes with adequate training conditions and promote the education and social inclusion of children and adolescents, opening opportunities to new talents.

With its sponsorship strategy, CAIXA prioritizes social sports projects, supports the development of athletes and prospects educational projects focused on the low-income segment. In the same sense, in the cultural field, CAIXA encourages regional productions and beginning artists, as well as supports initiatives that promote social development.

## ACKNOWLEDGEMENTS

The results achieved in the period reflect the commitment and tireless work of all employees and contractors, to whom CAIXA thanks for their efforts and commitments. CAIXA also thanks all clients and partners for their trust and loyalty, which motivates the Company in its constant search for improvement, essential for the development of CAIXA and Brazil.

The Management.