



# MANAGEMENT

REPORT



## 3Q20

# 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 third quarter of 2020, in accordance with accounting practices and standards established in the country applicable to institutions authorized to operate by the Central Bank of Brazil.

### CAIXA'S EFFORTS TO MITIGATE THE IMPACTS OF COVID-19

CAIXA is responsible for operationalizing the **largest** payment of social and cash transfer programs in Brazilian history, with the potential to reach more than **120 million Brazilians** and total payment of more than **R\$ 356 billion**, which means that **7 out of every 10 adults** in the country are receiving benefits from the federal government.

#### Beneficiaries

Total People	120 million
Invisible <sup>1</sup>	38 million
With Bank Accounts	34 million

<sup>1</sup>People who were not in any government registry

CAIXA has also launched the **biggest social, digital and financial inclusion movement in Brazil**, enabled by the use of technology through the Emergency Aid App and the CAIXA Tem platform, as well as by its unique reach in the country, with presence in more than 99% of Brazilian municipalities and over 25,0 thousand exclusive banking service points.

#### Payment of Benefits to the Brazilian Population

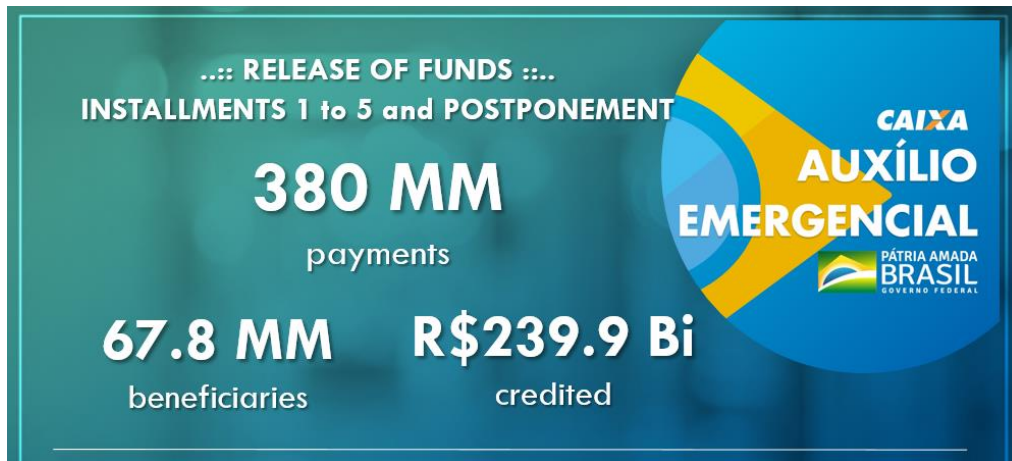
Benefits	People	Potential Payments
Emergency Aid	67.8 million	R\$297.8 billion
FGTS Emergency Withdrawal	60.0 million	R\$37.7 billion
BEm	4.3 million	R\$15.8 billion
Prepayment <i>Abono</i> - PIS (bonus for low-income individuals)	6.0 million	R\$4.6 billion
<b>Total</b>	<b>120.0 million<sup>1</sup></b>	<b>R\$355.9 billion</b>

Source: CAIXA – payments estimated total value

Source: CAIXA – considering only individuals IDs

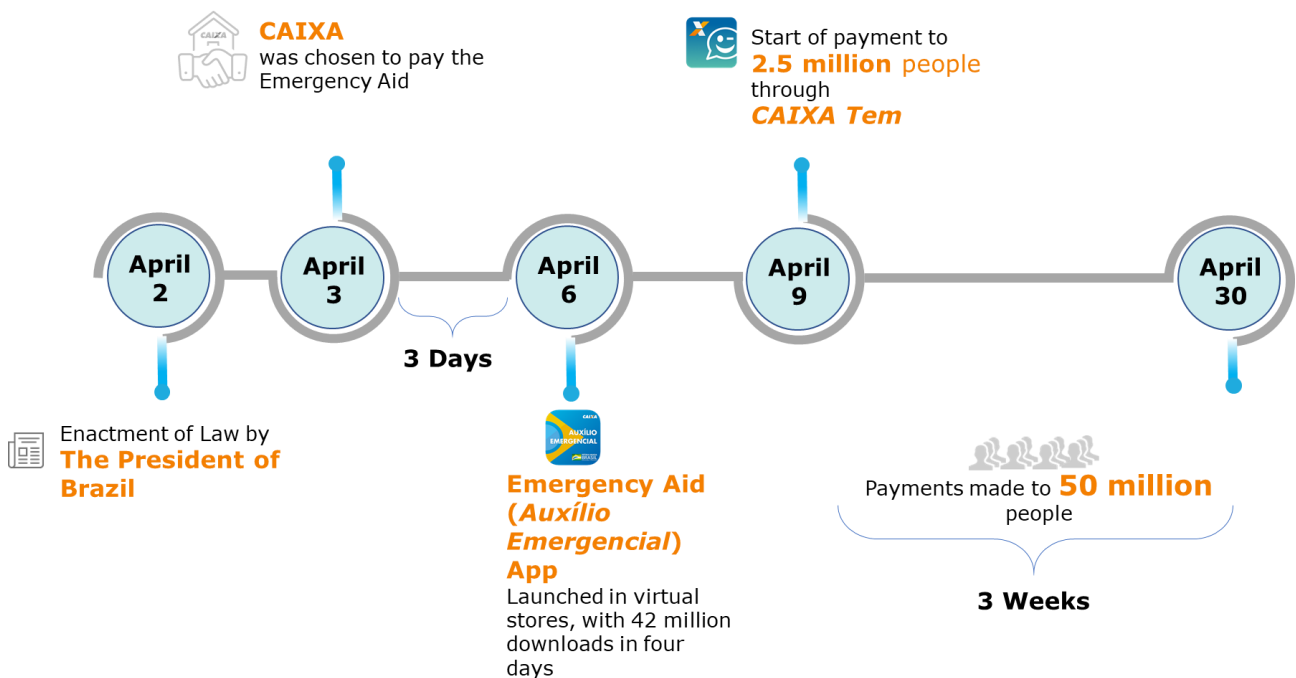
### Emergency Aid

CAIXA made 380.0 million Emergency Aid payments, totaling R\$239.9 billion and benefitting more than 67.8 million Brazilians by October 30<sup>th</sup>.



Source: CAIXA

CAIXA worked in record time to pay the first installment of the Emergency Aid benefit to more than 50 million people by the end of April, 2020. This was only possible because the Emergency Aid app was released only three days after the enactment of the law and the CAIXA Tem app was used to pay benefits after only seven days.



Source: CAIXA

The Emergency Aid is the largest cash transfer initiative in the country's history, with the following numbers by October 30<sup>th</sup>:

- **109.1 million** applications processed;
- **1.81 billion** visits to the Emergency Aid website;
- **583.0 million** calls received by the exclusive 111 call center;
- **126.0 million** downloads of the Emergency Aid app;
- **262.3 million** downloads of the *CAIXA Tem* app.

### FGTS (Severance Payment Fund) Emergency Withdrawal

The FGTS Emergency Withdrawal has 60 million potential beneficiaries, totaling R\$37.7 billion in payments. At the end of 3Q 2020, R\$28.5 billion were already paid to 45.2 million workers, based on Provisional Measure 946/20, which limited payments to R\$1,045 per worker, considering the sum of balances of all active or inactive FGTS accounts.

The payment is taking place gradually, since June 29, 2020, and all amounts will be available until December 31, 2020. The funds credited to the digital social savings accounts that are not transferred will be returned to the workers' FGTS accounts plus any interest and monetary restatement.

### Emergency Benefit to Preserve Employment and Income (*BEm*)

Until October 2020, CAIXA paid R\$13.6 billion to more than 4.3 million beneficiaries in *BEm*, a program aimed at workers who had a proportional reduction in working hours and wages or whose employment contracts were temporarily suspended, based on Law 14,020/2020.

### Prepayment of *Abono Salarial* (bonus for low-income individuals) - Social Integration Program (*PIS - Programa de Integração Social*)

CAIXA made early payments regarding the 2020/2021 *Abono Salarial*, under CODEFAT's Resolution 857, of April 1, 2020, yet another Federal Government measure to mitigate the economic effects of the novel coronavirus pandemic (COVID-19).

In the period, R\$4.6 billion was prepaid for beneficiaries who had a CAIXA account. For beneficiaries without any account, the payment will be made according to the defined payment schedule.

Up to September 2020, the Institution paid R\$13.9 billion through 17.4 million banking transactions.

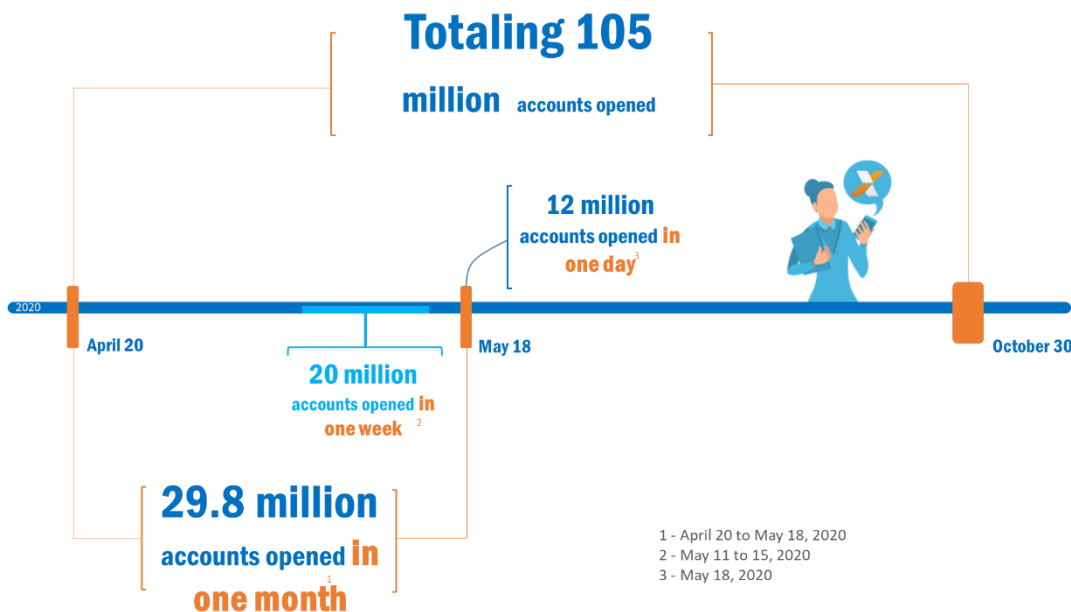
### Digital Platform - *CAIXA Tem*



All social benefits were paid through a credit to the Digital Social Saving Account, opened by CAIXA on behalf of the workers, who can check their accounts through *CAIXA Tem* app, making it possible to pay bank slips and bills, use it as virtual debit card and QR Code to make purchases.

Reaching a record number of 105 million free digital social savings accounts opened by the end of October 2020, CAIXA's app has enabled the largest social, digital, and financial inclusion movement in Brazil. With a potential payment of around R\$ 355.9 billion in social benefits (*Emergency Aid*, *Emergency FGTS Withdrawal*, *BEm* and *Prepayment Abono - PIS*) for over 120 million people, the app has the market's lowest data consumption and focuses on the basic, social and individual microentrepreneur (*MEI*) segments.

CAIXA Tem reached the following numbers in 2020: In just one month, 29.8 million accounts were opened (between April 20<sup>th</sup> and May 18<sup>th</sup>); in the week of May 11<sup>th</sup>, nearly 20 million accounts were opened, and on May 18<sup>th</sup>, 12 million accounts were opened.



On October 2<sup>nd</sup>, CAIXA surpassed the mark of 300 million financial transactions in CAIXA Tem app. The main transactions include using the virtual debit card, paying bank slips and utility bills, such as water, electricity and phone, as well as withdrawals, payments through QR Code and transfers.

### Virtual Debit Card

With 69.0 million transactions carried out, R\$27.5 billion in transactions, and 95.9 million cards issued by October 2020, CAIXA, since launching the CAIXA Tem digital platform, improved its virtual debit card, enabling the use by beneficiaries of social programs, while respecting social distancing. The card also allows purchases on more than 1 million websites.

### QR Code in the CAIXA Tem App

Up to October 2020, over R\$9.3 billion had been paid through more than 64.7 million transactions via QR Code. It can be used in physical stores equipped to process such transactions. The app also allows users to send and receive funds between themselves without the need to enter the recipient's bank details.

### PIX

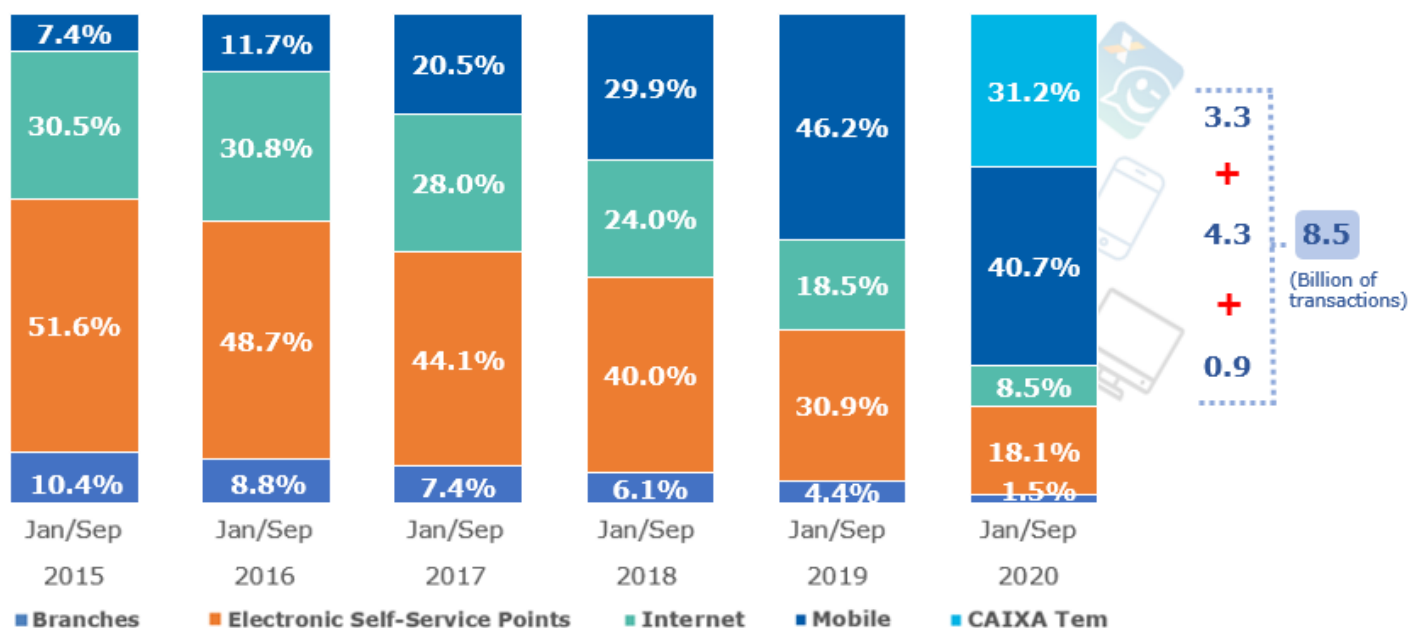
First among major banks, CAIXA reached 6.5 million keys registered with PIX, Central Bank’s new payment and transfer system, up to November 5, 2020.

The service is available to all customers, especially those who have checking accounts, saving accounts and digital social saving accounts, and can be registered through CAIXA, CAIXA Tem and Internet Banking CAIXA apps.

### CAIXA's Digital Channels

Including *CAIXA Tem*, Internet banking and CAIXA app, digital payment means have been continuously improved by CAIXA and reached, in 3Q20, an 80.4% share in total transactions carried out, excluding those carried out in lottery outlets, *CAIXA Aqui* Correspondents and shared partner network. In the mobile channels and *CAIXA Tem* app alone, 7.6 billion transactions were carried out.

## Transactions by Channel



(Does not consider lottery outlets, CCA and Shared Network transactions)

Source: CAIXA

### Loan to Micro and Small Enterprises - PRONAMPE, FAMPE, and FGI

CAIXA reached, until October 30, 2020, R\$25.4 billion made available to micro and small entrepreneurs. The contracts were established with special rates and conditions to support the segment face the effects that the COVID-19 pandemic had on the economy.

In the period, R\$12.1 billion was granted through *PRONAMPE* (National Support Program for Micro and Small Enterprises). CAIXA was the first financial institution to operate this facility line, granting loans as of June 16, 2020.

In the facility line supported by the Guarantee Fund for Micro and Small Enterprises (*FAMPE*), R\$2.3 billion were granted. This modality has Loans Assisted from the Brazilian Micro and Small Business Support Service (*SEBRAE*), before, during and after granted.

As of August 24, 2020, CAIXA made available to small and medium enterprises the new facility line for working capital with collateral from the Investment Guarantee Fund (*FGI*), within the scope of the Emergency Program for Access to Loans (*PEAC*). From launching until the end of October 2020, R\$11.1 billion have already been.

## FGTS Birthday Withdrawal advance credit Line

CAIXA was the first bank to offer the FGTS Birthday Withdrawal Advance Credit Line, which allows workers to access the funds corresponding to the next two years without the need to wait for the month of their birthdays. The interest rate for the early payment is 0.99% p.m., one of the lowest charged by CAIXA to individuals.

Until October 16, 2020, 1.2 million prepayments for FGTS Birthday-Withdrawal were requested, with a balance totaling R\$3.0 billion.

## Housing Loans

In order to protect and guarantee access of the low-income population to housing and boost construction in Brazil, CAIXA has implemented measures designed to assist individuals, construction companies and real estate developers.

New support measures for Individuals:

- Reduction of up to 0.50 p.p. in the facility line indexed by the Reference Rate (TR). Minimum rate of RR + 6.25% and maximum rate of RR + 8.00% for new loans.
- Postponement of the grace period to start paying installments of new housing contracts until December 2020.
- Option of partial payment of the installment: The client can pay 75% of the installment for up to six months, or between 50% to 75% for up to three months.
- Launched *Real Fácil CAIXA*, revitalizing the Own Property Loan (*CIP*), a loan operation for individuals, with no specific destination, with the property as collateral.

To unburden the budget of Brazilian families, CAIXA granted a pause of up to 180 days in the payment of housing installments, corresponding to R\$2.3 billion in paused installments.

## Employees and Contractors

To strengthen service, CAIXA hired 88 new employees in 3Q to work directly on the front lines at the branches, with 6 of them PwDs. Therefore, the Company's PwD headcount increased to 3,501 employees, reaffirming CAIXA's commitment in strengthening the Bank's inclusion culture, in addition to valuing diversity and human kindness.

In October, CAIXA expanded the protocol to avoid the new coronavirus, making testing available to all employees as a preventive measure for health and safety at work. In total, a potential sample of 68,400 employees allowed mapping regions with greater exposure to COVID-19 and obtaining insights to improve the protocols and regional measures.

Since the beginning of the pandemic, CAIXA has distributed over 2.5 million masks and more than 36,5 thousand acrylic face shields to employees and contractors, as well as provided alcohol-based hand sanitizer in all units, prioritizing customer service. The branches and self-service rooms are sanitized 5 times a day.

In order to reduce lines and preserve the physical integrity of clients, employees, contractors and branches, CAIXA has reinforced the units with up to 5,0 thousand new security guards and receptionists.

## MANAGEMENT COMMITMENTS

CAIXA's management has focused on measures to increase operational efficiency and produce long-term results to support its operation, boosting business and providing transparency to processes.

To achieve these goals, based on the premise of being a profitable bank, focused on 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. Cost Efficiency and 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.

#### Alignment of the Corporate Strategy with the Sustainability Agenda

Another significant improvement in CAIXA's governance was the integration of the sustainability and social and environmental responsibility area into the Organization and Strategy Office (*DEGOE*), reflecting the importance of the topic to the corporate strategy and aligning CAIXA's model with the best market practices.

#### CAIXA Reforestation (*CAIXA Refloresta*) Program

Launched on October 9, 2020, *CAIXA Refloresta* Program has the purpose to fund training and tree planting projects across the country. To this end, funds from CAIXA Socio-Environmental Fund (*FSA CAIXA*) will be invested by signing Financial Cooperation Agreements with selected executing agents.

The Program will cover all regions of the country and the main biomes, including: Amazonia, Caatinga, Cerrado, Atlantic Forest and Pantanal. Besides planting trees, the Program also covers training rural communities in a situation of social vulnerability to collect and produce seedlings, generating income through forest production.

## Recognition as the Country's 3<sup>rd</sup> Most Valuable Brand

CAIXA is the country's third most valuable brand, according to a survey by the British consultancy firm Brand Finance, specialized in this type of study, published this month by *Exame* magazine. The bank's brand was estimated at US\$4.8 billion, up by 14.3% over 2019. This represents an increase of US\$605 million in the value of the CAIXA brand.

The survey considers the performance of business, equity and investments in marketing and is considered the most respected brand assessment worldwide, listening to around 50,0 thousand consumers in 29 countries.

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

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

### Housing Loans

CAIXA grew 102.2% in loans granted with funds from the Brazilian Savings and Loan System (SBPE) until September 2020 YoY. By the end of August, CAIXA had already exceeded the total granted with SBPE resources throughout 2019.

A benchmark in the housing market, with a market share of 69.2%, CAIXA carries out more than 254,0 thousand simulations and conducts more than 4,4 thousand credit assessments daily.

The Institution is a national leader in granting loans for home ownership and reached, in October 2020, the historic number of R\$500 billion in the portfolio balance of this type of loan.

In 3Q 2020 alone, loans granted with SBPE funds reached 16.4 billion, with R\$3.0 billion granted in the modality indexed to *IPCA* (Amplified Consumer Price Index), representing over 12,0 thousand contracts.

Until September 2020, an average of 2,148 contracts were signed per day, benefiting 1.3 million people with their own home. In July 2020 alone, R\$11.8 billion was granted in housing loans, which represented the month with the highest total granted in the last 4 years.

In the period, 197.6 million accesses to housing services were made outside physical channels, protecting clients against the risk of being exposed to crowds. The Housing Loan app had 92.6 million visits, our Internet Banking had 77.9 accesses, CAIXA's website had 22.4 million visits and the call center received 4.7 million calls.

### Housing Loan through App

In October 2020, CAIXA made available to all customers housing loans granted digitally. Through CAIXA Housing (*Habitação CAIXA*) app, the user has access to an interactive service, covering all financing stages, from registration to approval; streamlining and making housing loans safer.

This option is also convenient to the customer, who can closely monitor all stages of his/her housing process in a simple and intuitive way and, if necessary, solve issues in the app itself. With all stages carried out on the digital platform, the user will need to go to a CAIXA branch only once, to sign the contract.

In the app, customers will have access to other services for their contract, such as issuing a bank slip, changing the contract data, amortizing the loan, including automatic debit, early settlement, using FGTS, issuing an annual debt settlement statement, statement of amounts paid and income tax statement.

### Casa Verde e Amarela Housing Program

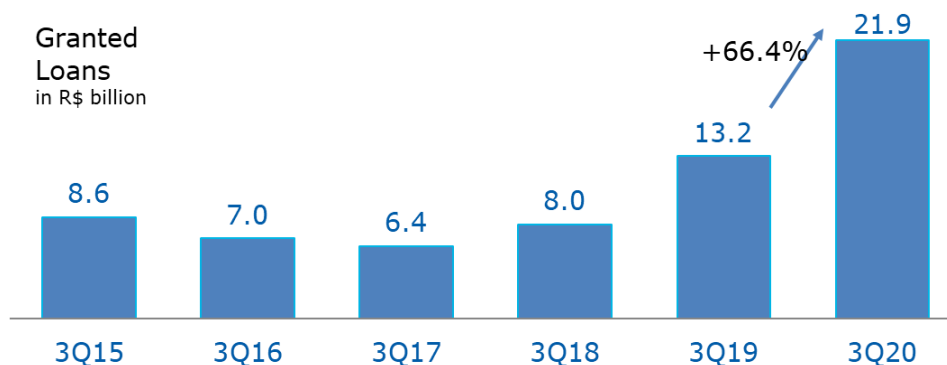
In August 2020, with Provisional Measure 996/2020, CAIXA, as executor of the Federal Government’s housing policies, announced that the new housing contracts with *FGTS* funds, for families with gross monthly income up to R\$7,000.00, became part of the Casa Verde e Amarela Housing Program.

The program brings together housing initiatives from the federal government to expand the housing stock and meet the housing needs of the population. *Casa Verde e Amarela* has the purpose to promote institutional development efficiently in the housing segment and encourage modernization of the construction industry and technological innovation.

In 3Q 2020, the *Minha Casa Minha Vida* and *Casa Verde and Amarela* Housing Programs granted R\$16 billion, corresponding to 100,5 thousand new housing units. For *Casa Verde and Amarela* Program alone, R\$5.3 billion was made available to over 34,0 thousand housing units.

### Payroll-Deductible Loans

CAIXA had a 66.4% increase in payroll-deductible loans in 3Q20 vs. 3Q19, totaling R\$21.9 billion, which represented the largest total granted in the last 5 years in this modality. The operations of this facility line reached a balance of R\$66.5 billion in September 2020, up by 9.1% over September 2019 and by 4.5% over June 2020.



## Microcredit

In the third quarter of 2020, CAIXA's microcredit through the *Empreender + CAIXA* program reached around R\$120 million, serving, directly or indirectly, over 30,0 thousand entrepreneurs nationwide.

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

CAIXA has allocated around R\$50 million since September 2020 to benefit around 3,0 thousand micro-companies through PRONAMPE Microcredit, which has a partnership with Sebrae for loan assisted before, during and after granted by CAIXA.

Focused on micro-enterprises with annual revenues of up to R\$360,0 thousand the new facility line is limited to R\$20,0 thousand. The total term of the loan is 36 months, with a grace period of eight months, with monthly capitalization of interest, which will be incorporated into the outstanding balance. The maximum annual interest rate is equal to the basic interest rate, Selic, plus 1.25% per year.

The next steps of the program include implementing and using *EMPREENDER+CAIXA* program, in a national scale, with all entrepreneurs through digital platforms, such as *CAIXA Tem*.

## Individual and Corporate Renegotiation - *Você no Azul* Campaign

CAIXA launched *Você no Azul* 2020 Campaign to settle debts of a target audience of 3 million individual customers and 379,0 thousand companies with discounts of up to 90% with payment in cash.

Until October 18, 2020, R\$1 billion of overdue debts had been paid, making it possible to settle over 177,0 thousand commercial contracts with 129,2 thousand individual and corporate customers.

A large part of the measure's target audience, around 23.5%, has regularized their contracts through digital channels. Only through WhatsApp CAIXA, 20,0 thousand contracts were paid, totaling R\$100 million.

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

#### Payment of Hybrid Capital and Debt Instruments (IHCD)

In 9M20, the cost of the monetary restatement of IHCD fell by 51.6% from 9M19, representing savings of R\$1.0 billion, mainly due to the repayment of R\$11.35 billion in 2019.

The IHCD repayment means direct savings for CAIXA, as the cost of this debt is much higher than the Selic basic interest rate and reflects the commitment to reducing the Bank's cost of capital.

#### IV. MANAGEMENT PILLARS – Asset Monetization

Focus on the strategy of monetizing assets, leveraging capital market operations and having an IPO of own stakes.

##### Sale of Banco PAN's Shareholding

CAIXA, through its wholly owned subsidiary CAIXAPAR, sold its entire shareholding in preferred shares of Banco PAN, raising the gross amount of R\$743.7 million. The shareholding in common shares remained unchanged, preserving the same governance levels at Banco PAN as before the operation.

The Price per Share was set at R\$8.30 based on the bookbuilding procedure carried out by coordinators of the Restricted Offer with institutional investors. This represents a gross gain of 74.7% in relation to the book value of R\$4.75 per share, considering the investment included in CAIXAPAR's financial statements for 2Q 2020.

##### Strategic Partnerships – CAIXA Seguridade

CAIXA has already signed 5 strategic partnerships, with a total volume of R\$9.8 billion to be received in 2021 as an upfront. These partnerships are part of the restructuring process of the insurance operation and are in line with the strategy of simplifying the governance and equity management structure.

In 3Q 2020, two new partnerships were signed by CAIXA Seguridade:

###### I - CNP Credit Letter insurance Agreement

Signed with CNP Assurances, the agreement provides for the incorporation of a new company that will operate, for a period of 20 years, the Credit Letter insurance lines in CAIXA's distribution network.

Pursuant to the agreement, CAIXA Seguridade will have a 75% interest in the capital stock of the new company, holding 49.99% of the common shares and 100% of the preferred shares of the New Company. CNP will hold 50.01% of the common shares, corresponding to a 25% interest in the capital stock of the New Company.

Upon closing the transaction, CNP will subscribe to a capital increase of R\$250 million in the New Company. This amount will be transferred by the New Company to CAIXA Econômica Federal pursuant to the terms of the concession granted by it (upfront concession fee), and CAIXA Seguridade will enter into a distribution agreement with the New Company, granting the latter the right to explore the CAIXA Counter for 20 years. The New Company will pay a distribution commission to intermediaries indicated by CAIXA Seguridade with the total marketing expenses per product in pre-defined amounts.

The management and governance of the New Company will be shared between CAIXA Seguridade and CNP, in order to leverage the strengths of each shareholder.

###### II - Tempo Assistance Services Agreement

Signed with Tempo Assist, the agreement provides for the incorporation of a new company that will operate, for a period of 20 years, the Assistance Services insurance lines in CAIXA's distribution network.

Pursuant to the agreement, CAIXA Seguridade will have a 75% interest in the capital stock of the new company, holding 49.99% of the common shares and 100% of the preferred shares of the New Company. Tempo will hold 50.01% of the common shares, corresponding to a 25% interest in the capital stock of the New Company.

Upon closing the transaction, Tempo will subscribe to a capital increase of R\$30 million in the New Company. This amount will be transferred by the New Company to CAIXA Econômica Federal pursuant to the terms of the concession granted by it (upfront concession fee), and CAIXA Seguridade will enter into a distribution agreement with the New Company, granting the latter the right to explore the CAIXA Counter for 20 years. The New Company will pay a distribution commission to CAIXA Seguridade, pursuant to contractual terms. In addition, in the years following the transaction closing, there will be new capital increases in the New Company, at amounts that may reach up to R\$40 million, to be subscribed to by Tempo and transferred to CAIXA if certain sales performance goals are met by the New Company.

The management and governance of the New Company will be shared between CAIXA Seguridade and Tempo, in order to leverage the strengths of each shareholder, under the best corporate governance practices.

## V. MANAGEMENT PILLARS - Inclusion Bank

### The largest banking inclusion movement in Brazil

Reaching 34 million unbanked citizens and 38 million people who were not included in any government register, CAIXA has launched the **largest social, digital and financial inclusion movement in Brazil**, using technology in registration (Emergency Aid app) and payment (*CAIXA Tem*). Besides, CAIXA operates in more than 99% of Brazilian municipalities, with more than 25,0 thousand exclusive banking service points.

### First Meeting with CAIXA Mais APAEs

CAIXA, a bank for all Brazilians, with the purpose to promote specialized health care and expand partnerships, launched *CAIXA Mais Saúde* program.

The program's goal is to strengthen the relationship with institutions that promote health, such as *Santas Casas*, hospitals, APAEs and other specialized service entities.

To achieve the purposes of the program, CAIXA is promoting several actions with partner entities, as well as prospecting new relationships, deepening the knowledge of their needs and offering support to this network, so that it offers suitable products and services.

The partnership between CAIXA and health entities goes beyond the Bank's relationship with the client, making our structure and employees available to, together, promote actions for health.

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

### CAIXA Mais Brasil Program

With the presence of the CEO, CAIXA's senior management, and institutional guests, CAIXA Mais Brasil Program covered all Brazilian states. The program covered over 200,0 thousand km in all Brazilian states, allowing the Bank to learn more about the reality of the municipalities, especially the most needy ones, where the presence of CAIXA is decisive. Over 80 weekends, the program visited clients, more than 300 branches, over 20,0 thousand employees and more than 150 Lottery Partners and CAIXA Aqui Correspondents.

Continuing the initiatives developed in 2019, a new phase of the CAIXA Mais Brasil Program was launched in January 2020, focusing on smaller cities and towns, maintaining the goal of hosting meetings with its employees at all hierarchical levels, in order to bring them closer to senior management, as well as with municipal and state authorities, regional leaders, local entities, clients, service providers and companies in the infrastructure, industry, housing, agribusiness and commerce sectors, among others. The Program is designed to strengthen institutional relationships and identify how CAIXA can contribute to local development by understanding regional needs.

In 3Q 2020 there were 14 CAIXA Mais Brasil meetings and visits to 23 cities in the following states: Goiás, Minas Gerais, Rio Grande do Sul, Amapá, Pernambuco, Bahia and Rio Grande do Norte.

*CAIXA Mais Desenvolvimento*, a spin-off of CAIXA Mais Brasil, consists of face-to-face or remote meetings held with the public entities of the places visited by CAIXA Mais Brasil, with the presence of the head office management areas responsible for the products and services catering to those clients (financing, housing, sanitation and infrastructure, among others), strengthening relationships.

### ECONOMIC SCENARIO

In the international scenario, the economy is affected by the pandemic from the new coronavirus (COVID-19). After a strong downturn in the first months of the year, the economic indicators show a recovery, reacting to monetary and fiscal stimulus and the gradual cut back of social distancing. The dynamics of the COVID-19 pandemic have been different across countries and some of them have shown an increase in concern about the growth of new cases, which has led to discussions about new social distancing measures.

At the domestic level, the fiscal and monetary stimulus measures have been important to reduce the pandemic's impacts on the economy. Regarding the economic activity, the main negative impacts, so far, were concentrated in March and April, with partial recovery as of May, mainly on trade and industry. The indicators for the third quarter released so far point to this recovery's continuity. The unemployment rate is still high and has shown a delayed response to the domestic downturn. It should be noted that in the latest releases regarding the formal job market, there has already been a net creation of new jobs.

Despite the ongoing recovery, the economy remains at a high level of idleness. Thus, despite one-off pressures, especially in food prices, 9M20 vs. 9M19 inflation remains at a relatively low level and market inflation forecasts are below the mid target for 2020 and 2021. Given this scenario, the Central Bank of Brazil cut down the *Selic* rate to the lowest level in the historical series, to 2% per year.

The measures to mitigate the effects of the pandemic and the downturn of economic activity have worsened fiscal results and led to an increase in public debt. However, the forecast is that the commitment to rebalance public accounts will be upheld in coming years.

## PERFORMANCE ANALYSIS - RESULT

CAIXA's net income reached R\$1.9 billion in 3Q20 and totaled R\$7.5 billion in 9M20.

In R\$ million	3Q20	2Q20	Δ%	3Q19	Δ%	9M20	9M19	Δ%
Financial Margin	9,879	9,615	2.7%	19,011	-48.0%	30,132	45,510	-33.8%
Allowance for Loan Losses	(3,671)	(2,817)	30.3%	(2,933)	25.2%	(8,500)	(9,157)	-7.2%
<b>Income from Financial Intermediation</b>	<b>6,208</b>	<b>6,797</b>	<b>-8.7%</b>	<b>16,078</b>	<b>-61.4%</b>	<b>21,631</b>	<b>36,352</b>	<b>-40.5%</b>
Income from Services and Banking Fees	6,113	5,390	13.4%	6,980	-12.4%	17,298	20,156	-14.2%
Administrative Expenses	(8,546)	(8,287)	3.1%	(7,969)	7.2%	(24,723)	(24,273)	1.9%
Other Operational Income/Expenses	(2,983)	(398)	649.8%	(3,339)	-10.7%	(5,458)	(10,066)	-45.8%
Tax Expenses	(894)	(924)	-3.3%	(1,282)	-30.3%	(2,810)	(3,396)	-17.3%
Income from Interests in Subsidiaries and Affiliated Companies	533	323	65.2%	427	24.9%	1,309	1,163	12.6%
<b>Operating Income</b>	<b>431</b>	<b>2,901</b>	<b>-85.1%</b>	<b>10,895</b>	<b>-96.0%</b>	<b>7,247</b>	<b>19,936</b>	<b>-63.6%</b>
<b>Non-Operating Income</b>	<b>442</b>	<b>(11)</b>	<b>-</b>	<b>218</b>	<b>103.2%</b>	<b>492</b>	<b>163</b>	<b>201.5%</b>
Income Tax, Social Contribution and Profit Sharing	1,017	(331)	-407.0%	(3,087)	-132.9%	(241)	(3,941)	-93.9%
<b>Accounting Net Income</b>	<b>1,890</b>	<b>2,558</b>	<b>-26.1%</b>	<b>8,026</b>	<b>-76.4%</b>	<b>7,498</b>	<b>16,158</b>	<b>-53.6%</b>

Financial margin reached R\$9.9 billion in 3Q 2020, up by 2.7% QoQ, due to the 1.3% growth in revenues from loan operations and the 11.4% drop in funding expenses.

In 3Q20, revenues from housing loans totaled R\$8.3 billion, up by 3.9% over 2Q20. These revenues represent 52.5% of total loan revenues. Also noteworthy is the 15.2% growth in revenues from sanitation and infrastructure operations.

Funding expenses were mainly affected in the quarter by the 18.9% drop in saving accounts operations, 35.7% drop in certificate of bank deposit, 22.1% drop in repurchase agreements and 29.9% in bonds. The behavior of these expenses reflects the strong growth in lower-cost lines combined with the current scenario of the economy's basic interest rate.

In the third quarter of 2020, income from services and banking fees totaled R\$6.1 billion, up by 13.4% over 2Q 2020. We highlight the 19.1% increase in government services, 9.1% increase in checking accounts revenue, 37.0% increase in cards and 215.2% increase in insurance.

The strong digital expansion of the customer and account base is already reflected in the performance of these incomes.

With this, the coverage ratio of administrative expenses reached 72.9%, up by 7.9 p.p. in the quarter, while the coverage ratio of personnel expenses totaled 113.6%, up by 14.2 over 2Q 2020.

## PERFORMANCE ANALYSIS – ASSETS AND LIABILITIES

Assets under Management totaled R\$2.5 trillion, up by 7.5% over September 2019 and 2.1% over June 2020, with R\$1.5 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\$544.2 billion, and investment funds, which totaled R\$477.9 billion, up by 7.1% YoY and 6.8% QoQ.

Main lines of CAIXA's balance sheet:

In R\$ million	Sep20	Jun20	Δ%	Sep19	Δ%
Total Assets	<b>1,472,258</b>	1,429,166	3.0	1,299,260	13.3
Amplified Loan Portfolio	<b>756,488</b>	720,080	5.1	683,186	10.7
Securities and Derivative	<b>244,837</b>	258,883	-5.4	210,087	16.5
Allowance for Loan Losses	<b>(34,176)</b>	(34,066)	0.3	(34,873)	-2.0
Liabilities <sup>1</sup>	<b>1,384,849</b>	1,343,031	3.1	1,212,112	14.3
Deposits	<b>621,539</b>	611,494	1.6	526,058	18.2
Bonds	<b>44,501</b>	48,748	-8.7	54,076	-17.7
Net Equity	<b>87,409</b>	86,135	1.5	87,149	0.3

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

CAIXA's assets totaled R\$1.5 trillion, up by 13.3% YoY, affected by the 29.2% increase in the Liquid Interbank Investments, the 16.5% increase in Securities and Derivative Financial Instruments portfolio and the 10.7% increase in the Amplified Loan Portfolio.

### Amplified Loan Portfolio

Amplified Loan Portfolio ended the quarter with a balance of R\$756.5 billion, up by 5.1% QoQ.

Until the third quarter of 2020, CAIXA granted loans totaling R\$310.2 billion to the Brazilian population, up by 13.2% YoY, showing a recovery in the Institution's loan portfolio. In the third quarter alone, CAIXA granted R\$122.9 billion in loans, up by 27.5% over 2Q 2020.

As a result of the high quality of CAIXA's portfolio, the portfolio's delinquency closed the third quarter at 1.87%, down by 0.61 p.p. over 2Q 2020. The provision coverage increased 49.4 p.p. in the quarter and reached 239.2%.

During the period, there were no changes in the calculation of the allowance for loan losses or the recording of an additional prudential provision, given the characteristics of CAIXA's operations, which are concentrated in the long term and backed by collateral, with over 91.9% of operations with a risk rating between AA and C. CAIXA will continue to monitor credit operations, tracking the impacts of the COVID-19 pandemic on the economy.

### Housing Loans

The housing loan portfolio balance increased by 9.3% YoY, totaling R\$498.7 billion in September 2020, of which R\$310.7 billion were granted with FGTS resources and R\$187.9 billion with CAIXA/SBPE resources. CAIXA is the market leader in this segment, with a 69.2% market share, increasing by 0.43 p.p. YoY.

Until the third quarter of 2020, CAIXA granted R\$81.4 billion in housing loans, up by 34.2% YoY. The highlight was loans with SBPE funds, which totaled R\$35.0 billion, up by 102.2% YoY.

In the third quarter of 2020 alone, R\$33.2 billion were made available for housing, up by 58.7% YoY, highlighting the loans granted with SBPE funds, which totaled R\$16.4 billion, up by 126.6% YoY.

For the *Minha Casa Minha Vida* (MCMV) and *Casa Verde e Amarela* housing programs, R\$16 billion were granted by CAIXA in 3Q20, corresponding to 100,5 thousand 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 totaled R\$86.7 billion in September 2020, up by 6.1% over September 2019. New contracts in this segment totaled R\$9.3 billion in 9M20, up by 32.8% YoY. Due to its great relevance and leading role, as well as its deep connection to the national economic development, this segment falls within the scope of CAIXA's strategic operations.

### Rural Credit

CAIXA rural credit reached a balance of R\$6.9 billion in September 2020, up by 32.9% YoY, highlighting the corporate modality, which totaled R\$3.5 billion. With this balance, CAIXA holds a 2.53% market share.

Until September 2020, CAIXA granted R\$5.7 billion in loans, up by 74.0% YoY. In the third quarter alone, R\$2.5 billion were granted to rural producers.

In the 2020/2021 harvest year, CAIXA plans to invest over R\$8.0 billion, up by 18% over the previous agricultural year. This highlights CAIXA's prominent position in the agribusiness sector. The funds will be used in different lines and for different purposes, especially to fund expenses in the production cycle of the main Brazilian crops, including soybeans, corn, cotton, rice, beans, cassava and coffee, as well as livestock farming.

### Funding

The table below shows the evolution in the Company's main funding lines YoY:

Funding (R\$ million)	Sep20	Jun20	Δ %	Sep19	Δ %
Saving Deposits	387,614	363,842	6.5	311,470	24.4
Time Deposits	168,841	184,381	-8.4	176,890	-4.6
Bonds <sup>1</sup>	44,501	48,748	-8.7	54,076	-17.7
Demand Deposits	54,080	51,974	4.1	26,328	105.4
Other Deposits	11,004	11,297	-2.6	11,370	-3.2
Issues of Securities Abroad	2,979	2,873	3.7	2,165	37.6
Borrowings and On-lending	335,776	330,735	1.5	309,927	8.3
<b>Total</b>	<b>1,004,795</b>	<b>993,850</b>	<b>1.1</b>	<b>892,225</b>	<b>12.6</b>

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

Total funding's balance reached over R\$1.0 trillion in September 2020, up by 12.6% over September 2019. Saving accounts totaled R\$387.6 billion, up by 24.4% YoY. With this balance in Saving Accounts, CAIXA remained the market leader, with a market share of 38.7%, up by 0.62 p.p. YoY and 0.14 p.p. QoQ.

In September 2020, the Company registered 180.8 million savings accounts, including accounts opened for the emergency aid and emergency FGTS withdrawal.

## Net Equity

At the end of the third quarter of 2020, equity totaled R\$87.4 billion, up by 1.5% QoQ.

## BACEN's Official Letter 3,068/2001

In compliance with BACEN's Official Letter 3,068/2001, Article 8, CAIXA stated the intention of maintaining the securities classified in Tier III, which totaled R\$17.1 billion in the period, until their respective maturities and attesting the required financial capability.

## BASEL

In September 2020, CAIXA's Basel Ratio reached 17.8%, higher by 7.6 percentage points than the minimum of 10.25% established by National Monetary Council Resolutions 4,192 and 4,193, 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 11.2%, keeping CAIXA in accordance to the CMN Resolution 2,669/1999, which sets the limit at 50.0%.

## LOTTERIES

CAIXA lotteries raised R\$11.9 billion until September 2020. From the amounts collected in the period, approximately R\$4.4 billion, or 37.3% of the total amount, was transferred to federal government social programs related to social security, sports, culture, public security, education and health.

Lotteries Destination (R\$ million)	3Q20	2Q20	Δ %	3Q19	Δ %	9M20	9M19	Δ %
Social Destination	1,665	1,261	32.0	1,507	10.5	4,424	4,505	-1.8
Prizes <sup>1</sup>	1,944	1,461	33.1	1,768	10.0	5,164	5,283	-2.3
Costs and Maintenance	852	644	32.3	774	10.2	2,265	2,313	-2.0
<b>Total Collection</b>	<b>4,462</b>	<b>3,367</b>	<b>32.5</b>	<b>4,049</b>	<b>10.2</b>	<b>11,853</b>	<b>12,101</b>	<b>-2.0</b>

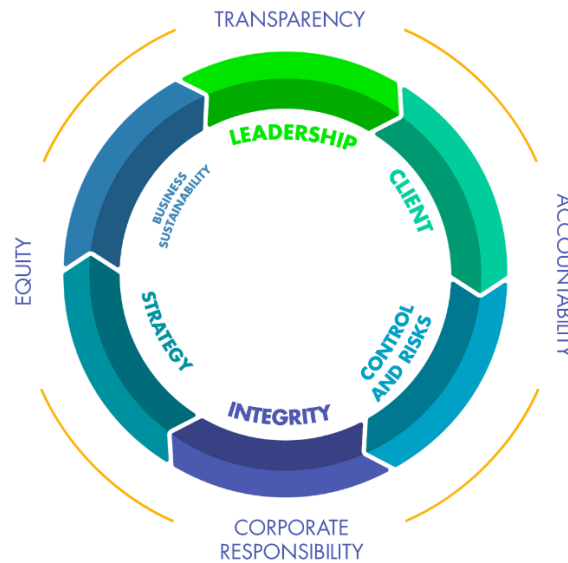
<sup>1</sup>Includes taxes.

## FURTHER USUAL ARRANGEMENTS

### Governance

CAIXA's governance has the purpose to direct, monitor and encourage the optimization of performance and protection of the rights of all stakeholders. It is based on the principles of transparency, equity, corporate responsibility and accountability and aligned with the Business Goals to maximize the economic and social results.

To achieve its goals, CAIXA operates with a focus on leadership, strategy, business sustainability, customer, risk management, control and integrity, consolidating the tools in an integrated and interdependent environment.



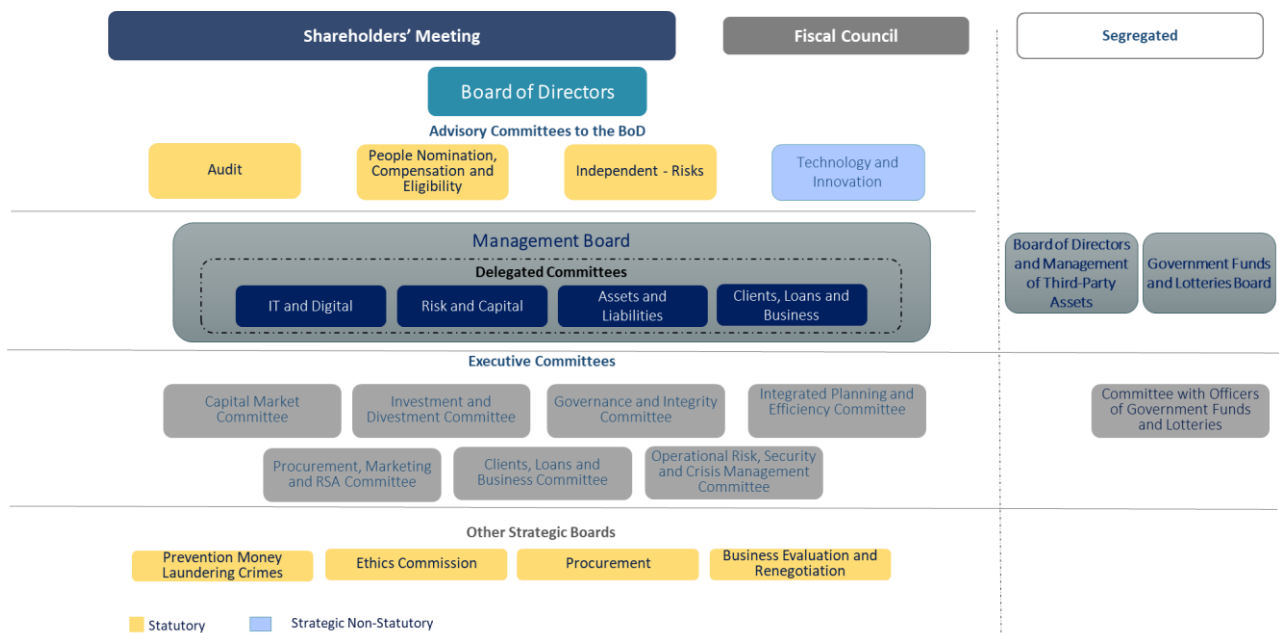
The main institutional governance instruments are:

- Bylaws - Governs and establishes the Institution's operating method, defining the guidelines in compliance with the legislation;
- Policies - Set of guidelines that direct the performance and decision-making process of CAIXA's senior management, board members and employees;
- Regulations - Present the powers and duties of the collegiate bodies, in line with the Bylaws and strategic guidelines;
- Standards - Set of rules and procedures related to a product, activity, service or subject to be observed by CAIXA's employees when carrying out their assignments;
- Hierarchical Levels System - Covers a set of values that define the limits of the decision of the competent authority, to approve deals, loan operations, purchases and hiring, among others.
- Annual Letter of Public Policies - Document that describes the commitments to achieve the goals of public policies and their respective economic and financial impacts;
- Code of Conduct and Ethics - Establishes values and principles that support organizational culture to comply with rules and regulations and the continuous development of employees, members of the Board of Directors.

### Collegiate Structure

Management is structured to favor board resolution, by creating internal forums, at a strategic, tactical or operational level, to provide the necessary synergy between areas, avoid conflicts of interest and safeguard the interests of CAIXA and subsidiaries. Thus, there is a balance between board decisions and the individual autonomy of managers, through accountability mechanisms for decisions made.

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



### Governance Model of the Entity regarding the Conglomerate’s Companies

CAIXA establishes governance practices through corporate and business instruments, establishing the roles and responsibilities of each company in the Conglomerate, promoting the integration of governance between collegiate bodies for strategic alignment, achievement of expected results and business sustainability.

In the role of parent company, CAIXA follows and monitors companies in the Strategic and Governance, Corporate and Legal, Negotiation, Economic and Financial, Risks and Internal Controls scopes.

As a good governance practice, subsidiaries are recommended to adopt systems established for divestment and strategic partnership projects, with due adjustments regarding the organizational structure and governance of each company, to align the management and business sustainability.

### Integrity

To improve our practices and advance towards an integrity ecosystem model, in 2019 we created the Integrity Management Unit (UGI). The Integrity Ecosystem has an integrated set of players that interrelate in an autonomous and organic way through processes, activities and deliveries related to integrity, covering internal and external agents of the institution. The purpose is to coordinate and support the processes, procedures and protocols to encourage ethical behavior, manage integrity risks, correct any damage and ensure the transparency and effectiveness of actions. Instead of replicating or doubling monitoring and compliance roles, the Integrity Ecosystem’s purpose is to ensure that strategic goals are met, through the early identification of possible events that could threaten the goals, compliance with deadlines, laws and regulations etc, preserving CAIXA’s reputation and longevity, preventing intentions that induce unethical or illegal practices, or that violate the legitimate rights and interests of stakeholders.

### Main Players of CAIXA’s Integrity Ecosystem



To implement the ecosystem model, the main units directly related to the subject were defined - their terms and processes, as well as good market practices were identified.

The units work to identify weaknesses and practices dissenting with the implementation of integrity measures. The exchange of information allows the improvement of the internal control mechanisms, focused on generating results in a sustainable manner guided by ethics in business and relationships. The centralized articulation by the UGI with supervisory, control and investigation bodies provides more transparency and speed in CAIXA’s work to contribute to the procedures taken by these players.

### Integrity Highlights

- Due Diligence of Suppliers: designed 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. It is used to support the decision-making process when selecting suppliers;
- Background Check of Board Members and Senior Executives: conducted when appointing and nominating public agents to strategic positions;
- Forensic Audit: Designed to investigate possible indications of irregularities such as influence peddling, conflicts of interest in loan operations, contracts and sponsorships involving employees and senior management. In 2019, the audit process was completed and control improvements were forwarded to UGI for implementation and monitoring;
- New whistleblowing channel ([www.contatoseguro.com.br/Caixa](http://www.contatoseguro.com.br/Caixa)): an independent company was hired to operate an information system that receives, records, classifies, investigates and responds to reports;

The tool guarantees the anonymity and protection of the whistleblower and is open to any citizen who has demands associated with corruption, money laundering, terrorist financing, harassment, ethical misconduct and other illegalities. Information security is fundamental to the protection of sensitive information and data provided by whistleblowers to the employees and systems of the outsourced company. Therefore, any and all sensitive information provided by users is stored and transmitted in encrypted form. As this is a new channel, the number of accesses increased by 69% compared to the previous tool, which was used in 2018. Complaints can be made through the portal or by phone 24/7.

## 2019 – 2023 Strategic Plan for the Conglomerate

During 2019, we reissued our 2019-2023 conglomerate's corporate strategy, to face market challenges and incorporate the guidelines of the Senior Management. Based on the Senior Management's guidelines, six Strategic Priorities were proposed, explained below:

- Simplifying, accelerating and improving productivity with efficient resource management;
- Innovating in talent management, performance and work models;
- Leading in risk management, in line with our appetite and best market practices;
- Strengthening the culture of Integrity in all processes and businesses;
- Applying new technologies in a structured and consistent way to grow;
- Improving the management of the Conglomerate to ensure the complementarity of business and the sustainability of CAIXA.

From the Strategic Priorities, the Business Goals were defined, highlighting:

### Income

- Ensuring sustainable results for CAIXA's Conglomerate;
- Maximizing the Return on Allocated Capital;
- Increasing Operational Efficiency;
- Promoting Social Transformation through sustainable development.

### Housing

- Being the Housing Bank.

### Integrity and Governance

- Ensuring the Integrity of the management and the effectiveness of Governance.

To ensure the convergence of the Conglomerate's efforts to meet the priorities of the controller, customers and the adoption of best governance practices, CAIXA's Strategic Plan is under review.

In this sense, the revised Corporate Strategy has the purpose to mitigate the risk of business misalignment given the changes in a challenging and unprecedented environment, generated mainly by the COVID-19 pandemic.

## Internal Controls

CAIXA's internal controls and compliance policy aims to promote conditions to ensure compliance with external and internal regulations, as well as Compliance risk management, in order to strengthen CAIXA's corporate governance and reputation. This compliance policy was based on the document "Compliance and the compliance function in banks - Basel Committee on Banking Supervision" as well as on federal laws and regulations. These standards (Law 13,303, CGPAR Resolution 18 and CMN Resolutions 2,554, 4,553, 4,557 and 4,595, among others) emphasize the importance of a Compliance Policy.

The CAIXA Conglomerate also has an 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 a document called *Committee of Sponsoring Organizations of the Treadway Commission – COSO*, as well as CMN Resolutions 2,554/1998 and 3,056/2002.

## Risk and Capital Management

At CAIXA, risk and capital management is 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, allowing 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 concentration and capital limits, with 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 delinquency and default indicators; realized, expected and unexpected losses; provisions; and demands for regulatory and economic capital, in several granularities and segmentations, making possible to have a comprehensive insight on the profile of exposures, either by sole taker, by segment, by modality, geographic region and operating area, among others.

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

A detailed description of the risk and capital management structures, including responsibilities, practices, processes, procedures and models, is available at <http://www.caixa.gov.br>, in the Investor Relations, Reports and Documents, Financial Information, Risk Management, Reports and CAIXA Risk and Capital Management sections.

## Sustainability and Social & Environmental Responsibility

CAIXA's Social and Environmental Responsibility Policy (PRSA), which is regulated by BACEN Resolution 4,327/2014, 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 allocates up to 2.0% of its adjusted net income to CAIXA's Social and Environmental Fund (FSA CAIXA), created in 2010 to support projects related to the most pressing social and environmental issues for Brazil and strategic issues for the Company, such as promotion of socioeconomic development, sustainable cities, clean energy, protection of water sources and conservation of biodiversity. FSA CAIXA currently has an active portfolio of 47 projects. In 9M 2020, R\$2.3 million have already been invested in 10 projects, with R\$482,0 thousand in 2 projects in 3Q 2020.

Among the supported projects, FSA CAIXA finances projects for organic waste composting, recovery of water sources in metropolitan regions in water crisis (in partnership with the Ministry of the Environment), sustainable development of housing land of social interest (applying the Integrated and Sustainable Development Land methodology), in addition to

social development and citizenship (within the scope of Request for Development and Citizenship Proposals) and innovative practices to promote sustainable development and adaptation to climate change (within the scope of Request for Renewable Energy and Water Resources Proposals).

### **Policy for Sponsorship and Investments in Culture and Sports**

Given the public calamity caused by COVID-19 pandemic, we continued the actions that were underway and could remain active. We highlight the projects from the Brazilian Confederation of Athletics (CBAT), Brazilian Confederation of Gymnastics (CBG) and Brazilian Paralympic Committee (CPB).

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 teenagers, 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.