STRATEGIC PARTNERSHIP

CAIXA

Capgemini

Analyst Day – London
May 2014
Agenda

- CAIXA’s Overview
- CAIXA’s IT Overview: Challenges and Strategy
- Our Strategic Partnership with Capgemini
- What are we doing?
- What do we need to do?
71,700 Million Clients  
153 Years  
98,200 Employees

**Assets**
- US$664 billion Total Assets
- US$379.9 billion Company Assets
- US$11.5 billion Book Equity Value
- US$218.7 billion Credit Portfolio

**Market Share**
- 35.1% Savings (in savings accounts)
- 18.1% Credit
- 68.5% Mortgage Lending

5,570 We are present in all Brazilian Counties

67,500 Points-of-presence

Source: RA CAIXA 2013
Drilling deeper...

**Corporate Vision (Dec. 2012)**

To be among the top three banks in Brazil by 2022, keeping leadership as a governmental social policy agent.

**Tangible Assets**

<table>
<thead>
<tr>
<th>Year</th>
<th>Billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>226</td>
</tr>
<tr>
<td>2012</td>
<td>311</td>
</tr>
<tr>
<td>2013</td>
<td>379</td>
</tr>
</tbody>
</table>

**Credit Portfolio**

<table>
<thead>
<tr>
<th>Year</th>
<th>Billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>112</td>
</tr>
<tr>
<td>2012</td>
<td>160</td>
</tr>
<tr>
<td>2013</td>
<td>218.5</td>
</tr>
</tbody>
</table>

**Net Income**

<table>
<thead>
<tr>
<th>Year</th>
<th>Billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>2.3</td>
</tr>
<tr>
<td>2012</td>
<td>2.7</td>
</tr>
<tr>
<td>2013</td>
<td>2.9</td>
</tr>
</tbody>
</table>

**Points of Presence**

<table>
<thead>
<tr>
<th>Year</th>
<th>Thousand</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>44.6</td>
</tr>
<tr>
<td>2012</td>
<td>62</td>
</tr>
<tr>
<td>2013</td>
<td>67.5</td>
</tr>
</tbody>
</table>

**Transactions Volume**

<table>
<thead>
<tr>
<th>Year</th>
<th>Billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>4.1</td>
</tr>
<tr>
<td>2012</td>
<td>5.6</td>
</tr>
<tr>
<td>2013</td>
<td>6.7</td>
</tr>
</tbody>
</table>

**Customer Base**

<table>
<thead>
<tr>
<th>Year</th>
<th>Million</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>58.5</td>
</tr>
<tr>
<td>2012</td>
<td>65.2</td>
</tr>
<tr>
<td>2013</td>
<td>71.7</td>
</tr>
</tbody>
</table>
Brazilian Bank with the largest number of client advocates*

<table>
<thead>
<tr>
<th>Rank</th>
<th>Category</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st</td>
<td>Mortgage Lending</td>
<td>51.9 million Saving Accounts</td>
</tr>
<tr>
<td>2nd</td>
<td>Credit Portfolio</td>
<td>13.1 million Current Accounts</td>
</tr>
<tr>
<td>4th</td>
<td>Brazilian Bank</td>
<td>2.0 million Company Accounts</td>
</tr>
</tbody>
</table>

To be among the top three banks in Brazil by 2022… We’ll be... before 2022. Certainly!
CAIXA IT

**Mainframe**
- 219,000 MIPS

**IT Assets**
- 133,000 Desktops
- 11,300 Notebooks
- 4,969 Routers
- 12,900 Servers

**Storage**
- 11 PB
- 08 Robots
- 08 Virtual Storage VSM

**Applications**
- 439 Business Applications

**Budget & Suppliers**
- 168 Suppliers
- 322 Active Contracts
  - US$4.3 billion
  - US$1.15 billion

**IT Units**
- 03 Development Units
- 16 Support Units
- 04 Datacenters
- 02 PKI Sites

This IT Structure supports:
- 12,900 Lottery Houses
- 21,200 CAIXA AQUI Bank Partners
- 683 Small Branches
- 3,329 Branches
- 3,200 Electronically Advanced Branches (PAE)
- 3,287 Electronic Devices
- 4,321 ATM rooms
- 29,400 ATMs
- 18 Truck Branches
- We cover all Brazil

**Staff**
- 3,015 Employees
- 18 Software Houses
- 09 External Operation Support teams

Position: May 2014
IT Strategy

Current IT Effort Distribution

- 2012: 30%
- 2013: 40%
- 2014: 60%
- 2015: 60%
- 2016: 40%
- 2017: 70%
- 2018: 60%
- 2019: 40%
- 2020: 60%
- 2021: 40%
- 2022:

IT Effort Objective

- Innovate
- Transform
- Business Growth
- Business Sustainability

Business Platform
- IT Platform
- IT Projects
IT Strategic Partnership

Deliverables
This model will allow to build specialized and solid teams favoring continuous performance growth and quality of IT delivery.

To tackle the following challenges
- Insufficient and Low Quality IT Delivery
- Inadequate speed in delivering innovative solutions
- Knowledge loss due to lack of long term partnership with third parties
- Inadequate IT effort to support CAIXA Strategic Objectives

Acquiring
CAIXA will exercise its right to contract directly from its subsidiary monitoring market prices for similar services.
Decision Process

Multiple-Criteria Decision Analysis (MCDA)

Analysis Dimensions

- Focus on Financial Industry
- Control and Management Best Practices
- Consultancy Services
- Strong Country Coverage

- Gartner Advisory
- Benchmark
Final Outcome

- Focus on Financial Industry
- Control and Management best practices
- Consultancy Services
- Strong Country Coverage

Evaluation & weighting criteria

Ranking of suppliers
The scope

Assistant: Current Services

- Network device maintenance
- Mortgage Project
- Support, Operation and Consultancy for CAIXA new Datacenters
- Development of the new Internet Banking CAIXA application including layout and features
- ERP and loan platforms (core banking)
- Social Services Platform
- CAIXA Mobile Platform development
- Consultancy for High Availability Infrastructure model
Partnership Goals – Evolution

With the contracted services, our first goal will be achieved two months ahead of target.
Together We Innovate!

- **Mobile Devices Solutions**
  - **Objective:** Lead in mobile devices solutions

- **Loan Platform**
  - **Objective:** Reduce Time-to-market while launching new products, at lower costs
  - First of the major banks in Brazil to adopt a core banking platform for loan products

- **Internet and Mobile Banking**
  - **Objective:** Achieve leadership in Brazil with a product that focuses on usability and user experience
## Innovation & Competitiveness

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Key Innovation</th>
<th>Competitiveness</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Internet Banking</td>
<td>▪ Over 200 different functions available</td>
<td>▪ Leveraging a lower cost transaction channel</td>
</tr>
<tr>
<td></td>
<td>▪ Mobility Readiness</td>
<td>▪ Banking everywhere</td>
</tr>
<tr>
<td></td>
<td>▪ Enhanced user experience</td>
<td>▪ Universal access to unbanked population</td>
</tr>
<tr>
<td>ERP – Assets Management</td>
<td>▪ Best Practice reference model</td>
<td>▪ Agility and assertiveness</td>
</tr>
<tr>
<td></td>
<td>▪ Substitution of a 10 year legacy system</td>
<td>▪ Avoiding Regulatory Fines</td>
</tr>
<tr>
<td></td>
<td>▪ State of the art solution covering 90% of portfolio</td>
<td>▪ Reducing operational risk in +US$30 million</td>
</tr>
<tr>
<td></td>
<td>▪ Platform based model instead of product based</td>
<td></td>
</tr>
<tr>
<td></td>
<td>▪ Faster time-to-market</td>
<td></td>
</tr>
<tr>
<td>Credit Platform</td>
<td>▪ Agility creating new welfare programs</td>
<td>▪ Leaner process with faster credit concession</td>
</tr>
<tr>
<td></td>
<td>▪ Substitution of a 10 year legacy system</td>
<td>▪ Prepared to double the number of contracts reaching 14 million in 2022</td>
</tr>
<tr>
<td></td>
<td>▪ Platform based model instead of product based</td>
<td></td>
</tr>
<tr>
<td>Social Program Platform</td>
<td>▪ New app development methodology</td>
<td>▪ Prepared to handle Brazil’s main social instrument</td>
</tr>
<tr>
<td></td>
<td>▪ Mobile advisory board</td>
<td>▪ Scalability</td>
</tr>
<tr>
<td></td>
<td>▪ Omni channel approach</td>
<td></td>
</tr>
<tr>
<td>Mobility Office</td>
<td>▪ Dedicated Methodology developed for data center migration</td>
<td>▪ Mobility lead in digital banking</td>
</tr>
<tr>
<td></td>
<td>▪ New Communication, People and Risk management model adoption.</td>
<td>▪ Faster time to market app delivery</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Addressing business needs on both B2C and B2E</td>
</tr>
<tr>
<td>Data center migration advisory</td>
<td></td>
<td>▪ High level migration security</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Agility and lean migration effort</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Over 99% assertivity</td>
</tr>
</tbody>
</table>
Social Platform Program

Integrated Platform to address the world’s largest social program

MEASURE
Measure client, agency, provider and program success based on key performance indicators. Use statistical analysis to predict future needs and to prevent fraud.

IDENTIFY
Identify target client(s) through stated needs or predictive analysis. Verify client identity and provide secure access to information about benefits and services and targeted recommendations.

ASSESS
Assess priority, complexity and risk based on evidence-based models and a clear understanding of social context and client strength and needs. Identify optimal client outcomes and key performance indicators for measuring client success.

Manage
Create and manage the client’s service plan, provision services and deliver appropriate response. Configure, calculate and manage delivery of financial payments.

Respond
Determine eligibility and entitlement. Determine appropriate response and identify qualified, effective providers who can deliver benefits and services.

Apply for Benefits and Services
Check Eligibility and Entitlement
Plan Service and Benefit Delivery
Manage Delivery and Measure Outcomes
New Credit Solution

Replace several dedicated solutions by one single Business Platform

Today
Inflexible and Complex

Future
Flexible and Straight Forward

Client
Branch
Internet
ATM
Mobile
URA

Product
Line of Business
Operation
Technology

Channels
Segment / Distribution
Production
Operation
Technology

Modernize, Transform, Enable Growth and Efficiency.
Mobile Office

Transforming How CAIXA Operates

Leadership in retail banking, diversity of operations in business banking

Mobile as the face to serve the client with the highest level of quality

Promote creativity and innovation targeted at customer’s service and efficiency

Welfare provider

Leading National Bank

Lottery Supplier

B2C

Experience & Design to engage varied customers

B2E

Application Development With focus on Security

B2B

End-to-End Mobile Transformation

Mobile Factory

Outsourced, industrialized processes

mCoE
Project Pipeline

- Consultancy for new business product development
- Loan Platform – New platform
- ERP – Post office shipping management
- ERP – Accounting and Controller’s Department
- Consultancy for High Availability Model
- CAIXA Health Insurance Plan Management – 250,000 lives
- Service Desk – Combined Operation (16 sites)
Looming on the Horizon...

Lot’s of work!
Questions?

Thank you!

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