GOVERNMENT TO PERSON TRANSFERS

INSIGHTS FROM THE EXPERIENCE OF DATAPREV
ENTERPRISE
2018

IT PUBLIC COMPANY
HQ IN BRASÍLIA

35,3 billions of records in their databases
35 millions of social security benefits paid monthly

6,9 millions unemployment insurance claims processed
3.700 employees across Brazil
<table>
<thead>
<tr>
<th>Location</th>
<th>Useful area</th>
<th>Safe room</th>
<th>Security room</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rio de Janeiro</td>
<td>1028 m²</td>
<td>488 m²</td>
<td></td>
</tr>
<tr>
<td>São Paulo</td>
<td>384 m²</td>
<td>209 m²</td>
<td>75 m²</td>
</tr>
<tr>
<td>Distrito Federal</td>
<td>257 m²</td>
<td>141 m²</td>
<td></td>
</tr>
</tbody>
</table>

Investments
- U$ 62 millions | Infrastructure
- U$ 88 millions | Software & Services

Capacity processing
- 52 THz
- 154,305 Mainframe
- 14.5 Petabytes
### MAIN CLIENTS
2018

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Ministry of Planning, Budget and Management</td>
<td>Ministry of Social Development</td>
<td>Financial Institutions</td>
<td>Ministry of Labor and Employment</td>
</tr>
<tr>
<td>Special Secretariat Digital Government and Management</td>
<td>Chamber Interbank Payments</td>
<td>Secretariat of Evaluation and Information</td>
<td>National Agency Transport Terrestrial</td>
</tr>
</tbody>
</table>
ANNUAL VALUE OF CUSTOMER AGREEMENT

PGFN
R$ 64,744,655,41
VALIDITY: 01.10.17 A 30.09.18

BANCOS
R$ 586,400,000,00
US$ 147 million
2018 VALUES
37% of the revenue

RFB
R$ 167,570,547,27
VALIDITY: 23.01.18 22.01.19

MTB
R$ 170,689,127,50
VALIDITY: 15.03.18 A 14.03.19

INSS
R$ 620,632,272,54
VALIDITY: 16.08.18 A 16.08.19

OTHERS
PREVIC | R$ 5,836,579,93
AEB | R$ 61,112,56
MPDG | R$ 28,246,789,57
ANTT | R$ 2,336,956,68
MDS | R$ 1,500,000,00
MF | R$ 15,841,693,83
ÓBITOS | R$ 3,820,410,14

US$ 147 million
2018 VALUES
37% of the revenue
In 2007 Social Security in Brazil was spending US$ 134 millions per year with banking fees to pay benefits.

US$ 25 Million a year on printing and postage fees for statements.

Government decided to stop paying and study a new model.

This lasted 2 years.
Consigned Credit for Social Security benefits was launched in 2008 after a previous experiences with credit cards. Low interest rates for Brazil (below 3%).

Installments deducted directly from the payroll and distributed to Banks by Dataprev. Installments cannot be more than 30% of the monthly benefit.

Virtually risk free for Banks (10% of the usual risk margins). Big disrupter in the credit market.

Banks perceived the value of the Data within Dataprev. Business Model: charge per transaction and negotiate fees with Federation of Brazilian Banks.
Highly profitable, integrated and competitive. 
Early adopter of Intensive ITC (hyperinflation).
High interest rates and spreads.

144 million (90% of 160 million adults) are Bankarized (2016).
55 million (34% of 160 million adults) contract credit.

23,400 bank agencies, 48,500 POS, 185,000 ATMs.
276,800 payment service providers.
Up from 150,000 in 2010 and down from 375,000 in 2013.

65 billion transactions, up from 32 billion in 2011.
57% digital. 34% mobile. 23% internet.
EVERY FIVE YEARS
BIDDING FOR NEW BENEFITS

TIME LINE

2010
05 YEARS
BIDDING NEW BENEFITS IN REGISTRY ACCOUNT

2014
05 YEARS
BIDDING NEW BENEFITS IN REGISTRY ACCOUNT

2019
05 YEARS
BIDDING NEW BENEFITS IN REGISTRY ACCOUNT

2024
05 YEARS
BIDDING NEW BENEFITS IN REGISTRY ACCOUNT

10
BANKS TOOK PART IN THE BIDDING IN 2010

15
BANKS TOOK PART IN THE BIDDING IN 2014

FEES OFFERED RANGED FROM U$ 0.05 TO U$ 5.6

05
EVERY FIVE YEARS BIDDING FOR NEW BENEFITS
Banks bid for the right to pay new Social Security Benefits. 26 lots organized by social, economic and demographic criteria.

Public Banks were encouraged to bid so private banks would compete.

10 Banks took part in the bidding. Fees offered ranged from US$ 0.05 to US$ 1.35. Averaging US$ 0.75

Operation started in 01/01/2010. Payment Service Providers increased.
Different values paid reflect the geoeconomical data of the 26 lots. Each of the lots has a primary and secondary winner (80% and 20%).

Each new benefit will be allocated in these proportions to the winners. Benefits distributed to each bank will stay with the Bank for 20 years or as long as it lasts.

The beneficiary receives the money in the winning bank but can transfer immediately the full amount at no cost to a Bank of his choice.

The expected number of benefits is a reasonably known quantity per lot. The total is around 500,000 per 5 year period.
23,946,826 benefits issued before 2010.

Successful tender for future benefits allowed a tender for the legacy benefits.

Banks agreed on a fee for the right to pay legacy benefits for 20 years.

Fees ranged from US$ 0.02 to US$ 0.31.
OBLIGATIONS OF THE BANKS

- Keep rigorous QOS
- Monthly statements in ATMs
- Annual benefit statements for tax purposes
- Greater control in EBT card payments
- Free monthly transfer of funds between banks
- Updated records of the beneficiaries
- Broader range of services provided for beneficiaries
Estimated savings of U$ 800 million in fees no longer paid since August 2007. U$ 100 million paid by the Banks each year for the right to pay benefits.

Reduced workload due to obligations assumed by Banks. Estimated U$ 400 million saved in services transferred Banks.

Expansion from 21,000 POS in 2009 to 48,000 POS in 2016.

Social Security has started to charge back from the Banks any service claims related to consigned credit. In 2018 this amounted to US$ 18 million.
. Considerable expansion of the Brazilian financial market in the last 10 years
. Banks want long term relationships with guaranteed income clients
. Consigned Credit is the main reason Banks decided to bid for the right to pay benefits
. Currently 31,8 million consigned credit contracts in Social Security benefits
+210 MILLIONS IN POPULATION 2019

35 MILLIONS IN BENEFITS

26 MILLIONS ELIGIBLE FOR CONSIGNED

32 MILLIONS CLOSED CONSIGNMENT CONTRACTS

1.700 U$ AVERAGE LOAN
MANAGEMENT, CONTROL AND TRANSPARENCY

Contracts, Payments and Cancelations

Banks: Volume and Average of Loans

Beneficiary Profile

Debt profile: Loans and Amortization

Liabilities and installments
## INTEREST RATES

<table>
<thead>
<tr>
<th>Nº</th>
<th>BANCO</th>
<th>QTE. CONTRATOS</th>
<th>TAXA %</th>
</tr>
</thead>
<tbody>
<tr>
<td>936</td>
<td>Cooperativa de Economia e Crédito Mútuo</td>
<td>27</td>
<td>2,72</td>
</tr>
<tr>
<td>021</td>
<td>Banestes</td>
<td>407</td>
<td>2,72</td>
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<tr>
<td>925</td>
<td>BRB Crédito e Financiamento S.A.</td>
<td>5</td>
<td>2,67</td>
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<tr>
<td>104</td>
<td>CEF</td>
<td>68.751</td>
<td>2,63</td>
</tr>
<tr>
<td>003</td>
<td>Banco da Amazônia S.A.</td>
<td>26</td>
<td>2,53</td>
</tr>
<tr>
<td>213</td>
<td>Arbi</td>
<td>1</td>
<td>2,52</td>
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<tr>
<td>743</td>
<td>Semear S.A.</td>
<td>47</td>
<td>2,51</td>
</tr>
<tr>
<td>047</td>
<td>Banese</td>
<td>23</td>
<td>2,50</td>
</tr>
<tr>
<td>070</td>
<td>BRB</td>
<td>149</td>
<td>2,50</td>
</tr>
<tr>
<td>954</td>
<td>Banco CBSS S.A.</td>
<td>2.433</td>
<td>2,48</td>
</tr>
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68 Banks payed Dataprev U$ 147 million in 2019 to check the 30% limit, allow the operation and deduct the installments from the payroll.

37% of the Enterprise Revenue. Paid on time.

Financed a radical and long investment program to modernize technology and infrastructure. Exposed the company to demanding private sector financial clients.

Dataprev was awarded several prizes as best ITC company in Brazil competing against the private sector.
### SOME REFLECTIONS…

<table>
<thead>
<tr>
<th>SOCIAL SECURITY</th>
<th>DATAPREV</th>
<th>NOT YET A DATA MONETIZATION MODEL</th>
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<tbody>
<tr>
<td>MONETIZES</td>
<td>CHARGES DATA PROCESSING FEES ON EXCLUSIVE DATA</td>
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</tr>
<tr>
<td>ACCESS TO VALUABLE CLIENTS</td>
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