

MANAGEMENT REPORT

3Q17

CAIXA

To the Brazilian Public,

We present the Management Report and Consolidated Financial Statements of Caixa Econômica Federal for the third quarter of 2017, according to the accounting practices adopted in Brazil, applicable to institutions authorized to operate by the Central Bank of Brazil.

Key Numbers (R\$ million)	3Q17	2Q17	3Q16	Δ 12M	9M17	Δ 12M	Δ 12M
Net Profit	2,168	2,587	976	122.1%	6,243	3,384	84.5%
Recurring Net Profit	1,582	3,240	1,266	25.0%	6,505	4,066	60.0%
Total Assets	1,270,156	1,276,281	1,231,290	3.2%	1,270,156	1,231,290	3.2%
Amplified Loan Portfolio	712,065	715,886	699,588	1.8%	712,065	699,588	1.8%
Funding	1,038,195	1,016,539	955,492	8.7%	1,038,195	955,492	8.7%
Deposits	510,062	528,032	488,744	4.4%	510,062	488,744	4.4%
Savings	267,001	261,251	242,170	10.3%	267,001	242,170	10.3%
Basel ratio	15.2%	14.4%	13.5%	1.8 p.p.	15.2%	13.5%	1.8 p.p.
Operating Efficiency Ratio	50.6%	50.9%	54.5%	(3.9) p.p.	50.6%	54.5%	(3.9) p.p.
Employees	87,779	90,201	95,094	(7,315)	87,779	95,094	(7,315)
Branches and Banking Service Points - units	4,227	4,244	4,246	(19)	4,227	4,246	(19)
ATMs	30,286	30,555	31,376	(1,090)	30,286	31,376	(1,090)
Payment of social benefits	7,007	7,043	7,338	(4.5)%	21,246	20,943	1.5%
Payment of benefits to workers	70,697	102,926	60,676	16.5%	247,337	179,465	37.8%

1) Highlights

1. 1 - Withdrawal from FGTS Inactive Accounts - Accountability

The payment of the inactive accounts of the Length-of-Service Guarantee Fund (FGTS) has been the greatest challenge for CAIXA in recent years. In August, CAIXA presented the final balance of payments, which took place through CAIXA's wide network with 58 thousand banking service points and the branches, which opened in special days and hours. From March 10 to July 31, CAIXA was able to pay around R\$ 44 billion, benefiting more than 25.9 million Brazilians in Brazil and abroad. The amount corresponds to 88% of the total amount available for withdrawal.

1. 2 - PIS - Payment Schedule

The Federal Government and CAIXA released in September the payment schedule of the PIS quotas due to age and retirement. As per Provisional Measure 797/2017, women from 62 years old and men from 65 years old, who still have a positive balance of quotas, shall be entitled to withdraw the balance. The Measure benefits 6.4 million workers, with a total balance of R\$ 11.2 billion.

1. 3 - Awards and Recognition

In the third quarter of 2017, we highlight the following prizes and awards received by CAIXA:

- Top of Mind Award for the 16th consecutive year in the Savings category from the newspaper Folha de Sao Paulo.
- CAIXA is among the 50 most innovative companies in terms of customer relationships, according to rankings released by Exame magazine, in August of this year .

2 - Performance - Results

In R\$ Million	3Q17	2Q17	3Q16	Δ 12M	9M17	9M16	Δ 12M
Gross Financial Margin	12,618	12,946	11,885	6.2%	38,166	35,104	8.7%
Allowance for Loan Losses	(3,203)	(4,560)	(5,105)	(37.3)%	(12,937)	(15,173)	(14.7)%
Sale and Transfer of Financial Assets	(260)	(281)	(201)	29.8%	(866)	(2,430)	(64.4)%
Income from Financial Intermediation	9,154	8,104	6,579	39.1%	24,363	17,502	39.2%
Income from Services and Banking Fees	6,299	6,211	5,642	11.6%	18,529	16,513	12.2%
Personnel and Other Administrative Expenses	(8,523)	(8,330)	(8,519)	0.0%	(25,565)	(24,444)	4.6%
Other Operational Income/Expenses	(2,799)	(3,090)	(2,069)	35.3%	(7,502)	(5,634)	33.2%
Tax Expenses	(972)	(970)	(918)	5.9%	(2,953)	(2,761)	7.0%
Results from Participation in Affiliates, Controlled and Other Income	259	196	74	251.0%	571	349	63.5%
Income Tax, Social Contribution and Profit Sharing	(1,039)	615	236	(539.8)%	(781)	2,023	(138.6)%
Net Profit	2,168	2,587	976	122.1%	6,243	3,384	84.5%
Return on Average Equity	10.7%	9.0%	6.4%	4.3 p.p.	10.7%	6.4%	4.3 p.p.
Return on Average Assets	0.5%	0.5%	0.3%	0.2 p.p.	0.5%	0.3%	0.2 p.p.

CAIXA ended September 2017 with a net profit of R \$6.2 billion, a growth of 84.5% in 12 months. In the third quarter, the net profit totaled R\$ 2.1 billion, an improvement of 122.1% in comparison to the same period of 2016, having as its main highlights:

2.1. Gross Result From Financial Intermediation: reached R\$ 24.4 billion in 9M17, a growth of 39.2% in the last 12 months, driven by the decrease of 20.8% in funding expenses on the open market, which was offset, in part, by the decrease of 9.0% in the last 12 months of the income from financial intermediation services, due to lower demand for credit.

2.2 Expenses for Allowance for Loan Losses: decrease of 14.7% in comparison with 9M16. The delinquency ratio over a period of 90 days totaled 2.72% in September 2017, a decrease of 0.8pp in 12 months and below the market average of 3.61%.

2.3 Income from Services: increase of 12.2% in the last 12 months, reaching R\$ 18.5 billion in 9M17, driven by revenue from covenants and recovery services, loans and revenue from investment funds. The coverage ratio for administrative expenses evolved 4.8pp and reached 71.9%, the coverage ratio of personnel expenses totaled 111.5%, an improvement of 6.7pp in the last 12 months.

2.4 Administrative Expenses: growth of 4.6% in the last 12 months impacted by the increase of 8.1% in personnel expenses, due to the collective agreement. Other administrative expenses decreased by 1.6% in 12 months, demonstrating the continuous efforts of the Institution towards the rationalization of expenses. This considered, the operating efficiency ratio reached 50.6%, an improvement of 3.9pp in 12 months.

2.5 Operating Profit: CAIXA's operating profit was the best ever achieved by Company, totaling R\$ 7.4 billion in 9M17, a growth of 388.2% in comparison to the same period of 2016. In the third quarter, the operating profit reached R\$ 3.4 billion, 333.2% higher than that verified in the third quarter of 2016, showing that the actions taken by CAIXA's management allowed the Company to achieve a continuous and sustainable improvement in its performance.

3) Circular BACEN 3.068/2001

In compliance with the provisions of BACEN Circular 3,068/2001, Article 8, CAIXA states the intention to maintain the securities classified in Tier III, which totaled R\$ 40.5 billion in the period, until their respective maturities, and states that it has the financial capability required to do so.

4) Performance - Assets and Liabilities

In R\$ Million	Sep17	Jun17	Sep16	Δ 12M
Total Assets	1,270,156	1,276,281	1,231,290	3.2%
Amplified Loan Portfolio	712,065	715,886	699,588	1.8%
Securities and Derivative Financial Instruments	180,200	185,480	181,997	(1.0)%
Allowance for Loan Losses	(35,946)	(35,778)	(36,707)	(2.1)%
Liabilities ¹	1,202,872	1,210,404	1,168,365	3.0%
Deposits	510,062	528,032	488,744	4.4%
Notes	139,009	145,319	153,850	(9.6)%
Equity	67,285	65,877	62,925	6.9%

¹Excluding Equity

CAIXA's assets totaled R\$ 1.3 trillion, an increase of 3.2% over the last 12 months. Asset management added for R\$ 2.2 trillion, an increase of 5.1% compared to 3Q16, highlighting the FGTS, with a balance of R\$ 505.8 billion, and investment funds, with a balance of R\$ 328.9 billion, an evolution of 18.2%. CAIXA's net equity totaled R\$ 67.3 billion, an improvement of 6.9% in the last 12 months.

5) Amplified Loan Portfolio

CAIXA's amplified loan portfolio reached a balance of R\$ 712.1 billion in the third quarter of 2017, a growth of 1.8% in the last 12 months. This growth was influenced by the housing, payroll and infrastructure portfolios, and by the reduction in the commercial portfolio.

5.1 Commercial Loans

The commercial loans portfolio totaled a balance of R\$ 171.1 billion, a decrease of 11.6% in 12 months, due to the low demand for credit and the economic scenario. The corporate segment totaled a balance of R\$ 74.2 billion in the third quarter, a decrease of 17.6% in the last 12 months. The commercial operations with individuals reached a balance of R\$ 96.8 billion, a decrease of 6.3% in the last 12 months. The product that showed the highest growth in the segment was the payroll deduction loan, which advanced by 4.2% in the last 12 months, reaching a balance of R\$ 65.6 billion. CAIXA's market share totaled 21.9% in the period.

5.2 Housing Loans

The balance of the real estate portfolio showed an evolution of 6.8 % in 12 months, totaling R\$ 428.8 billion in September 2017, of which R\$ 230.7 billion came from FGTS resources and R\$ 198.2 billion from CAIXA/SBPE (Brazilian System of Savings and Loans) resources. CAIXA is the market leader, with a 68.7% of market share, an increase of 1.9pp in the last 12 months.

Under the My House My Life Program, in the third quarter of 2017, R\$ 25.2 billion in new loans were made, totaling 187,632 new housing units. Since the beginning of the My House My Life program, R\$ 343.3 billion in loans were made by CAIXA, totaling 4.2 million new housing units. Of these new houses, 33.1% were directed towards the program's FAIXA 1.

5.3 Infrastructure Loans

Infrastructure operations grew by 4.5 % in 12 months, reaching a balance of R\$ 81.3 billion at the end of September 2017, this segment is a priority for CAIXA, as it allows important advances in the economic development of the country and generates a long-term relationship with the corporate customers.

5.4 Rural Credit

CAIXA's Rural Credit reached a balance of R\$ 7.0 billion in September 2017, with an emphasis on the Individual modality, which represented a 7.7 % increase compared to 3Q16. With this balance, CAIXA reached a 2.9% market share.

6) Funding

The total funding balance reached R\$ 1,038 billion in September 2017, an increase of 8.7% in relation to the same period of the previous year. The deposits balance reached R\$ 510.1 billion, representing nominal growth of R\$ 21.3 billion in the last 12 months. Demand deposits totaled R\$ 28.1 billion, an evolution of 8.9 % in the last 12 months.

Savings from CAIXA are one of the main sources of funds for housing loans, and presented a balance of R\$ 267.0 billion, an increase of 10.3 % in the last 12 months. This balance makes CAIXA the market leader with a 38.5% share, gaining 0.97 pp in the last 12 months.

In September 2017, the Company had 73.6 million savings accounts, an increase of 6.0 million accounts compared to September 2016.

The mortgage and real estate notes totaled R\$ 89.3 billion, a reduction of 16.7 % in the last 12 months, in line with the Company's funding strategy.

Funding (in R\$ million)	Sep17	Jun17	Sep16	Δ 12M
Demand Deposits	28,150	30,264	25,850	8.9%
Savings Deposits	267,001	261,251	242,170	10.3%
Time Deposits	203,856	221,315	206,888	(1.5)%
Other Deposits	11,055	15,203	13,836	(20.1)%
Notes	125,906	131,846	140,483	(10.4)%
Issue of Securities Abroad	13,103	13,474	13,366	(2.0)%
Repurchase Agreements - Own Portfolio	125,704	86,197	75,965	65.5%
Borrowing and Onlending	263,420	256,991	236,933	11.2%
Total	1,038,195	1,016,539	955,492	8.7%

7) Government services

As the main agent of social programs of the Federal Government, CAIXA contributes actively to the eradication of poverty and to the improvement of income distribution to the Brazilian population. At the end of September 2017, CAIXA has paid approximately 117.0 million of social benefits, corresponding to R\$ 21.2 billion.

Family Allowance has paid about 113.1 million of benefits, totaling R\$ 20.5 billion in 9M17. The program is crucial to the reduction of child mortality and school dropout rates.

In relation to the programs intended for workers, the Company paid 250.3 million of benefits, totaling R\$ 247.3 billion in the period, including Unemployment Insurance (*Seguro Desemprego*), Salary Allowance (*Abono Salarial*) and Brazilian Social Integration Program (PIS), corresponding to R\$ 40.7 billion.

Retirement and pension payments to the beneficiaries of the National Institute of Social Security (INSS) totaled 52.0 million, representing an amount of R\$ 66.8 billion in the half year. The FGTS collection reached R\$ 92.1 billion from January to September 2017, while withdrawals, which reflected the payment of inactive accounts, totaled R\$ 139.9 billion.

8) Lotteries

CAIXA Lotteries collected almost R\$ 10.0 billion from January to September 2017, an increase of 9.2% in the last 12 months. Mega-Sena was the product most demanded by lottery gamblers, corresponding to 39.1% of the total collected by CAIXA Lotteries in the period.

In addition to provide the dreams of millions of gamblers for its millionaire awards, CAIXA Lotteries are an important source of resources for the country's social development.

Of the amounts collected, around R\$ 3.7 billion were transferred to social programs from the federal government in areas such as social security, sport, culture, public safety, education and health, corresponding to 37.2% of the total, as shown in the table below:

Destinations of Lottery Funds (in R\$ million)	3Q17	2Q17	3Q16	Δ 12M	9M17	9M16	Δ 12M
Social Destination	1,398	1,282	1,195	17.1%	3,712	3,405	9.0%
Prizes	1,345	1,187	1,144	17.5%	3,557	3,229	10.2%
Costs and Maintenance	716	662	614	16.6%	1,910	1,748	9.3%
Taxes	287	331	260	10.3%	811	766	5.8%
Collection	3,746	3,462	3,213	16.6%	9,990	9,147	9.2%

9) Strategic investments

The CAIXA conglomerate, the group of companies formed by the financial institution CAIXA and its direct and indirect interests, seeks to optimize its performance through the capture of gains arising from the integration of their interests. The CAIXA Conglomerate Policy establishes guidelines for the management, investments and new loans, covering the business relationships and governance between CAIXA and the other companies of that conglomerate, and seeking to establish strategic partnerships that enable access, at competitive conditions, to markets considered strategic and services that allow CAIXA and other companies to achieve their goals.

Compositions of Investments (in R\$ thousand)	Sep17	Sep16
CAIXA Seguros Holding	3,381,296	2,941,268
Banco PAN	759,432	971,662
Capgemini	66,794	125,489
Elo Serviços	47,664	25,441
FGO – Fundo Garantia de Operações	425,319	270,465
FGHAB – Fundo Garantidor Habitação Popular	265,210	265,210
Fundo de Investimento em Participações	32,639	31,963
TECBAN	110,701	105,129
PAN Corretora	29,478	32,931
PAN Seguros	380,323	383,306
Other Investments	36,255	15,922
Total	5.535.111	5.168.786

-More information on Notes to Financial Statements nº 11.

10) Corporate Governance

The corporate governance has been structured through a system that emphasizes agile and decentralized collegial decision-making by means of instruments that help strategic decision-making, the organization of decision-making levels, the work agenda and vision of the key management issues.

CAIXA has Collegiates and specific units performing functions related to the supervision and oversight of CAIXA's administrators management, besides monitoring and external control agencies.

CAIXA published on its website the Manual of Corporate Governance setting out important information about the Institution's governance, for example, the conglomerate and the governance structure - models, collegiate bodies, leaders and specific assignments, documents and instruments used. The Manual of Corporate Governance is available on the following page: http://www.caixa.gov.br/Downloads/caixa-governanca/caixa_governanca_corporativa2407.pdf.

11) Internal Controls

CAIXA's Internal Controls and Compliance Policy was subdivided in September 2017, with the creation of the Compliance Policy, which aims to promote the 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 Policy was based on the document “–“The Compliance Function in Banks” issued by the Basel Committee on Banking Supervision, as well as on federal laws and regulations, which emphasize the importance of a Compliance Policy. Among these, we highlight Law No. 13,303, CGPAR Resolution No. 18, CMN Resolutions No. 2,554, 4,553 and 4,557

12) Risk and Capital Management

CAIXA adopts national and international best practice in the management of credit risk, operational, market, liquidity, interest rate, concentration, counterparty, strategy, reputation, actuarial and environmental risks, including an active capital management in line with the principles, values, guidelines and limits set by the Board of Executives.

The management of risks and capital is perceived by senior management as a competitive differential in the financial market and the primary means to preserve the solvency, liquidity and profitability of CAIXA.

The credit risk is controlled through the monitoring of the ratios of delinquency, realized, expected and unexpected losses, provisions and the requirements of regulatory and economic capital, based on several sizes and groups, allowing a broad view of the exposure profile by borrower, operating and portfolio segment, geographical region and activity sector, among others.

A detailed description of the risk management and capital structures, including the responsibilities, practices, procedures, processes and models, is available on the site: <http://www.caixa.gov.br>, in the section About CAIXA, sub-section Risk Management.

13) Social environmental responsibility

CAIXA has a standardized Environmental Responsibility Policy (PRSA) in accordance with BACEN Resolution No. 4,327/2014, which takes into account principles such as: ethics, compliance and anti-corruption; engaged management; promotion of sustainable development; social inclusion; environmental efficiency; environmental protection and conservation, and transparency.

Up to the third quarter of 2017, nearly R\$ 3.9 billion of loans had been submitted to socio-environmental analysis.

Continuing the “Challenge for business with social Impact”, the five selected innovative business (DimDim, Jeitto, Poupe Mai\$, Quero Quitar! and SmartMei) started the pilot in My House My Life and Family Allowance programs in the cities of São Paulo, Belo Horizonte, Curitiba, Campinas and with Family Allowance beneficiaries throughout the country. The results of the pilot will be presented in December.

The “Challenge for Business with Social Impact: Financial Education and Financial Services for All” is an open innovation initiative. The goal of the Challenge is to foster a new generation of businesses with a social impact, providing scalable, innovative solutions that promote financial education, financial products and services tailored to the needs of lower-income people.

14) Support for culture and sport

CAIXA, one of the most important stimulators of Brazilian sporting activity, includes in its strategic planning cultural marketing actions oriented for the following aspects: social inclusion, human development, national values, democratization, decentralization and transparency.

In the third quarter of 2017, nearly R\$ 16.3 million was invested in theaters, movies and exhibitions, across 356 events that took place at CAIXA Cultural units in Brazil, which were attended by more than 322 thousand people.

CAIXA is also the biggest sponsor of national sports, linking its brand to athletics, gymnastics, cycling and Olympic wrestling, as well as support to Paraspports. The objective is to boost the growth and popularization of these sports, and contributing to the dissemination of their practice. CAIXA also supports Brazilian athletes and invests in projects aimed at social inclusion through sports. The total amount invested in sports sponsorship up to the third quarter of 2017 was approximately R\$ 119.4 million.

Acknowledgments

The results achieved in the period reflect the commitment and tireless work of all our employees and contractors, whose efforts we appreciate. We also thank our customers and partners for their trust and loyalty, which drive us in the constant search for improvements, and which are essential to the development of CAIXA and Brazil.

CAIXA