



# **MANAGEMENT** **REPORT**

# **2015**



This document is based on the Consolidated Financial Statements of CAIXA on December 31, 2015, and contains statements about expectations, growth estimates, projections of results. These statements are not guarantee of future performance and involve risks and uncertainties that could extrapolate the control of Management, and may thus result in balances and values different from those anticipated and discussed herein.

The information presented in this report is consolidated and includes statements from CAIXA Financial Institution and its subsidiaries CAIXA Seguridade and CaixaPAR.

Managerial statements for previous periods may have been reclassified for comparative purposes, generating possible differences with accounting publications due to reallocations or any grouping of items, which aim to provide a better understanding or vision of changes in assets, liabilities and results, or preserve data comparability between periods.

The figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them due to rounding adjustments. All indexes and variations presented were calculated based on whole numbers, there may be divergence when the calculation is made on the rounded values.

Hereafter, we present the Management Report and Consolidated Financial Statements in 2015, according to the accounting practices adopted in Brazil, applied to institutions authorized to operate by the Central Bank of Brazil.

## **MANAGEMENT REPORT – 2015**

### **INTRODUCTION**

With 155 years, CAIXA keeps its commitment to be more than a bank. It is an institution present in the lives of millions of Brazilians, acting in the implantation of the Federal Government initiatives, in sectors such as infrastructure, housing, sanitation and social benefits, contributing to the development of Brazil, and to the improvement of people's life quality, improving social inclusion.

In this sense, CAIXA works to continue its historical activities, seeking to rise to new levels of performance, aligned to policies guided to the reduction of social and regional inequality, to induction to investment and to the dynamism of the economy of the Country. In 2015, CAIXA's activities were responsible for injecting R\$ 732.7 billion in Brazilian economy through loan contracts, distribution of social benefits, own infrastructure investments, salaries, social destination of lotteries, among others.

In the concession of housing loans, in the financing of production and consumption and in the development of sanitation and infrastructure actions, CAIXA reaffirms its vocation to believe in the ability of the country to overcome, especially in adverse scenarios, which is perceived by the increase in 11.9% on the balance of the loan portfolio, which totaled R\$ 679.5 billion in 2015.

Within the "My House, My Life Program", in 2015, R\$ 39.7 billion were engaged, totaling 347.0 thousand housing units, carrying out the dream of home ownership of many Brazilian families, and contributing to the improvement of economy through the construction.

As for the execution of government programs, in 2015, R\$ 27.5 billion were paid in social benefits, and R\$ 208.8 billion in benefits to workers. The main income transfer program, Family Allowance, paid R\$ 26.4 billion in benefits in the period, contributing to the reduction of child mortality and school dropout rates due to the conditionalities of the program.

In the negotial sphere, CAIXA seeks to fortify the relationship with the customers constantly, by investing on the improvement of the products, services and channels, aiming to the excellency of the servicing to the customers. Today, CAIXA network has 63.6 thousand service points and a basis with 82.9 million of holders and savers. In 12 months CAIXA conquered 4.6 million customers.

In relation to financial performance, CAIXA obtained net profit of R\$ 7.2 billion in 2015, evolution of 0.9% in 12 months, and totaled R\$ 1.2 trillion in own assets, growth of 13.0% in relation to 2014.

This report presents CAIXA results in the year of 2015, that endorse its role as a financial institution and public policies agent, and justify the recognition by society as one of the Institutions that most contribute to the growth of the country and the improvement of people's life quality.

## CUSTOMERS AND SERVICE CHANNELS

CAIXA aims to improve the relationship with its customers and invests constantly in improving its products, services and channels towards the excellence in attendance to their customers.

In 2015, CAIXA's customer base reached 82.9 million of account holders and savers. CAIXA won 4.6 million of customers in 12 months. The individual portfolio reached 80.7 million and the corporate portfolio 2.2 million, respective evolutions of 6.0% and 2.4%, comparing to 2014.

Nowadays, CAIXA network has 63.6 thousand service points. There are 4.2 thousand branches and service points, 27.6 thousand of lotteries and correspondent outlets, 31.7 thousand machines distributed around the country, 2 riverboat branches, and 3 representative offices abroad (Japan, USA and Venezuela). Beyond that, CAIXA offers 18.5 thousand Banco24Horas terminals.

At the virtual ambient, the Institution offers to its customers an application that allows access to the account by smartphones, and Internet Banking (including tablets) that reached in 2015, a basis of 3.1 million and 14.7 million users, respectively.

The registered users basis for access via

smartphones increased 67.7% in relation to 2014 and the users basis that access Internet Banking CAIXA increased 16.3% in the same comparison. The amount of transactions raised in 17.3%, in comparison to 2014, totalling 1.7 billion transactions, corresponding to 21.9% of the total transactions in 2015.

CAIXA is also present in the social medias. Through its profiles in Facebook, Twitter and Youtube, CAIXA answers questions, complaints and sugestions.

Also through these channels, customers can follow news and informations about the Institution, its products and services.



Source: Website CAIXA, 2016

## ECONOMIC-FINANCIAL PERFORMANCE

In 2015, CAIXA's net profit totaled R\$ 7.2 billion, growth of 0.9% in 12 months. The most important factors influencing the result were the evolution of 44.9% in income from securities and derivatives financial instruments, and the growth of 30.5% in income from loan operations in relation to 2014.

Items (in R\$ Billion)	2013	2014	2015
CAIXA's Asset	858	1,065	1,203
Amplified Loan Portfolio	495	607	679
Saving Deposits	210	237	241
Managed assets (Third party)	657	724	805

In 2015, CAIXA's assets totaled R\$ 1.2 trillion, increment of 13.0% in 12 months and 4.1% in relation to the third quarter 2015. Amplified loan portfolio represented 56.5% from this total, with R\$ 679.5 billion, and securities and derivatives with R\$ 182.0 billion corresponding to 15.1% of the total assets.

The assets under management by CAIXA totaled R\$ 2.0 trillion, highlight to FGTS with a balance of R\$ 460.7 billion, and Asset Management that amounted R\$ 255.5 billion, evolutions of 12.2% and 8.6%, in 12 months, respectively.

Of total liabilities, 37.8% consisted in deposits and 30.2% were funding in open market and notes. Demand deposits presented a balance of R\$ 27.4 billion, and time deposits totaled R\$ 168.9 billion, evolution of 18.1% in relation to the previous year. Comparing to the third quarter of 2015, demand deposits grew 12.3%.

CAIXA's net equity showed a balance of R\$ 62.7 billion, including R\$ 36.1 billion in Hybrid capital and debt instrument eligible as capital to compose the main capital in Basel III. The return on accumulated average net equity was 11.4% in the last 12 months.

At the end of 2015, Total Capital Ratio was 14.4%, 3.4 p.p. above the legal requirement of 11.0%.

Ratios (in %)	2013	2014	2015
Return on Average Assets (accumulated 12 months)	0.8	0.7	0.6
Return on Average Equity (accumulated 12 months)*	24.8	15.2	11.4
Total Capital Ratio	15.1	16.1	14.4
Public Sector Debt	24.7	28.4	30.6
Fee Income / Administrative Expenses (accumulated 12m)	64.0	63.9	66.2
Fee Income / Personnel Expenses (accumulated 12m)	102.7	103.0	104.9
Operating Efficiency Ratio (accumulated 12m)	60.3	55.9	56.3

\*According to CMN Resolution 4,192/13, Net equity includes the Hybrid capital and debt instruments in amount of R\$ 36.1 billion.

## SECURITIES AND DERIVATIVES FINANCIAL INSTRUMENTS

In 2015, securities and derivatives financial instruments portfolio totaled a balance of R\$ 182.0 billion, of which R\$ 162.2 billion were government bonds and R\$ 15.7 billion were private-issued securities.

Operations with securities and derivatives financial instruments reached R\$ 43.7 billion, 44.9% higher than the registered in 2014. Influenced mainly by the SELIC rate and the increase in the portfolio balance.

In compliance with the dispositions of BACEN Circular 3,068/2001, Article 8º, CAIXA states the intention of maintaining the securities classified Tier III, which totaled R\$ 64.2 billion in 2015, until their respective maturities, and states to have the financial capability required to do so.

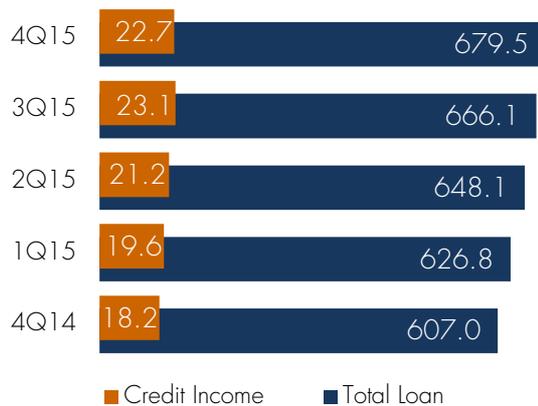
## AMPLIFIED LOAN PORTFOLIO



In 2015, CAIXA's amplified loan portfolio reached a balance of R\$ 679.5 billion, evolution of 11.9% in relation to the previous year. Comparing to the third quarter 2015, the growth was 2.0%. We highlight the commercial loan portfolio with a balance of R\$ 199.5 billion.

Total loans reached R\$ 461.3 billion in 2015. From this total, 58.7% corresponding to commercial loan.

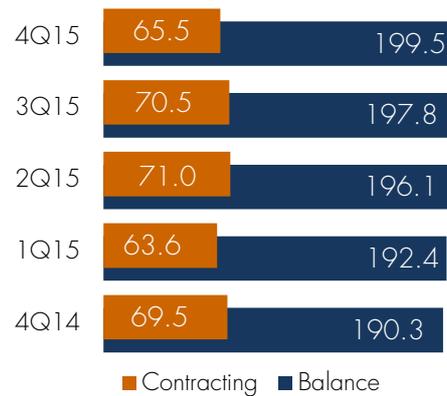
Total Loan  
(in R\$ billion)



Operations with individuals reached a balance of R\$ 103.2 billion, growth of 9.8% in 12 months. New loans increased 4.6%, totaling R\$ 150.6 billion in 2015. Among the products for the individual segment, we highlight the payroll deduction loans with amount contracted of R\$ 30.7 billion and balance of R\$ 59.6 billion, increase of 12.8% in 12 months and 2.3% in relation to the third quarter of 2015. The market share was 21.8%, at the end of 2015.

Corporate segment totaled R\$ 120.1 billion in new loans, increase of 4.0% in relation to 2014. The balance of this segment was R\$ 96.2 billion at the end of 2015.

Commercial Loan  
(in R\$ billion)



Sanitation and infrastructure operations presented a balance of R\$ 70.9 billion in 2015, increment of 24.9% in relation to the previous year. Comparing to the third quarter of 2015, the evolution was 3.6%. New loans in this segment reached the amount of R\$ 8.3 billion.

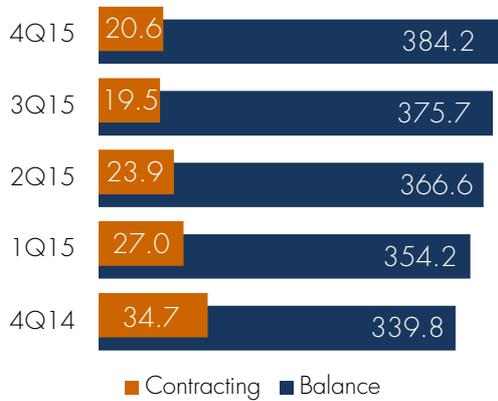
In 2015, the balance of real estate portfolio reached R\$ 384.2 billion, 13.0% higher than the registered in 2014. Comparing to the third quarter of 2015, the evolution was 2.3%.

CAIXA remained the market leader with 67.2% of market share, not including mortgage-backed securities.



New loans in housing loan portfolio totaled R\$ 91.1 billion in 2015, of this amount, R\$ 55.5 billion were made with FGTS resources including subsidies, R\$ 35.0 billion with Brazilian Savings and Loans System (Sistema Brasileiro de Poupança e Empréstimo, or SBPE) resources and R\$ 807.0 million engaged with other resources.

Housing Loan  
(in R\$ billion)



In “My House, My Life Program”, R\$ 39.7 billion were engaged in 2015, totaling 347.0 thousand housing units. Of this amount, 4.6% were destined to families with maximum income of R\$ 1.6 thousand, fully subsidized by the program.

CAIXA Rural Credit reached a balance of R\$ 7.5 billion in 2015, evolution of 52.4% in relation to the previous year. In the period, new loans totaled R\$ 7.0 billion, growth of 40.7% in 12 months. CAIXA Rural Credit is available in more than 1,500 agencies in all the country.

To facilitate access to this credit line, the Institution takes the CAIXA’s Agribusiness truck to the main trade shows and events of this sector, a wheel agency where the producer can even hire the CAIXA Costing Easy (CAIXA Custeio Fácil), and have access to various information and products.

The loan portfolio quality remained high in 2015, approximately 89.9% of its total classified in ratings from AA-C.

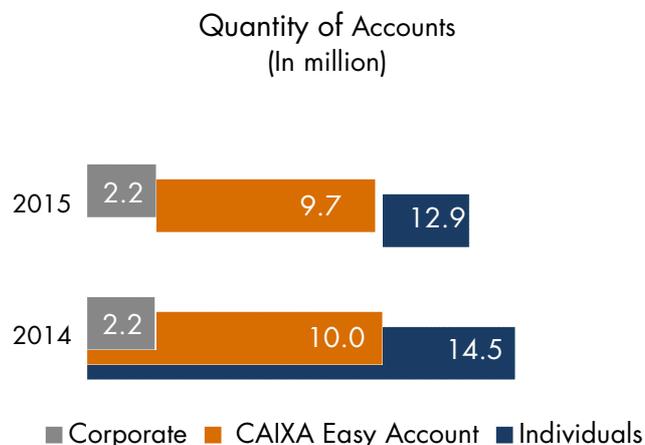
The delinquency rate was 3.55% in the end of the year, influenced by commercial operations with individuals and micro and small corporate. These effects were weakened by the strengthening of the politics of concession models, and loans recovering.

## DEPOSITS AND FUNDING

The total funding reached a balance of R\$ 940.9 billion in 2015, evolution of 15.3% in relation to 2014. In comparison to the third quarter, the growth was of 4.2%.

CAIXA deposits reached a balance of R\$ 454.7 billion, increase of 8.5% in 12 months and 3.3% in the quarter. Savings totaled a balance of R\$ 241.4 billion, growth of 1.9% in relation to 2014.

In 2015, 5.5 million of savings accounts were opened, totaling 63.8 million at the end of the period, evolutions of 2.6% in relation to the third quarter and 9.5% comparing to 2014.



CAIXA's current account basis totaled 24.9 million distributed as follows: 22.7 million of individual accounts (including CAIXA Easy Account - CAIXA Fácil), and 2.2 million of corporate accounts.

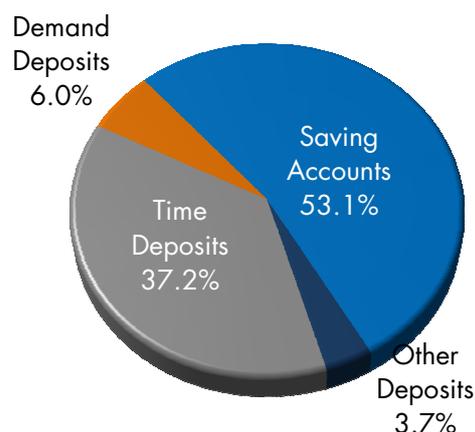
Demand deposits totaled R\$ 27.4 billion and time deposits, R\$ 168.9 billion, increase of 18.1% in relation to 2014. We highlight the Certificate of

Bank Deposit - CDB resources that reached R\$ 106.9 billion, increment of 19.3% in 12 months.

Judicial deposits increased 16.0% in 12 months, reaching a balance of R\$ 62.0 billion. The remaining deposits totaled a balance of R\$ 17.0 billion.

In 2015, the balance of notes was R\$ 153.7 billion, growth of 21.0% if compared to 2014.

Deposits Balance Composition



Emphasis on the mortgage linked notes that evolved 28.2% in 12 months, reaching a balance of R\$ 111.9 billion in 2015, corresponding to 54.3% of market share.

Local credit notes reached a balance of R\$ 40.7 billion, growth of 7.5% in 12 months.

In relation to international funding, CAIXA totalled a balance of R\$ 15.7 billion, increase of 45.7% in 12 months.

**ASSET MANAGERMENTS**

Net equity of asset managements and managed portfolio reached a balance of R\$ 546.6 billion in 2015, including FI FIC and FI FGTS, evolution of 12.0% in 12 months. Exclusive funds totaled a balance of R\$ 167.2 billion, and retail funds, R\$ 121.0 billion, increment of 2.3% and 18.9% in 12 months, respectively.

Asset managements totaled a balance of R\$ 255.5 billion, evolution of 8.6% in 12 months.

At the end of 2015, the Institution participated with 8.4% of market funds, according to the National Association of Capital Markets Participants (ANBIMA), occupying the fourth position among asset managers.

At the end of 2015, CAIXA administrated 448 products of investment, of which 423 asset management (36 FI FIC) and 25 managed portfolios. In the period, were launched 33 asset managements.

**CREDIT AND DEBIT CARDS**

CAIXA's cards customers performed 1.5 billion of transactions in 2015, corresponding to a financial volume of R\$ 116.9 billion. The evolution of the transactions was 15.5% while the turnover grew 13.6% in relation to the previous year.

Debit cards reached a basis of 94.3 million in MasterCard, VISA Electron and Elo banners, 8.9% higher in comparison to 2014. These cards performed about 1.2 billion transactions, which represented an increment of 18.9% in 12 months and a financial volume of R\$ 75.9 billion, increase of 18.4% if compared to 2014.

Credit cards reached a basis of 7.4 million in Elo, MasterCard and VISA banners.

More than 340.6 million transactions were performed, corresponding to a financial volume of R\$ 41.0 billion, increases of 5.0% and 5.8%,

respectively, in relation to 2014.

Elo cards basis increased 43.2% in 12 months, reaching the mark of 38.0 million, from these 37.7 million were debt cards and 294.9 thousand were credit cards.

In 2015, CAIXA concluded the internalization of individual credit cards, which was until then processed by a third party company. The cards migrated to Brasilia Datacenter, one of the most modern centers of technology in the world. The change allowed technological and operational independence, cost reduction, more agility in accomplishing business and the development of new products and services.

## BANKING SERVICES

In 2015, 7.9 billion of banking transactions were performed, evolution of 6.8% if compared to the the previous year.

Transactions using cellphones and smartphones totaled 365.0 million in 2015, growths of 95.8% in 12 months and 20.8% in relation to the third quarter of 2015.

The increasing transactions reflected the evolution of 12.6% in income from services and fees totaling R\$ 20.7 billion in 2015. From these, we highlight banking services with R\$ 6.8 billion, increase of 12.6% in 12 months.

Moreover, in partnership with "CAIXA Seguros" Group, CAIXA provides products for the clients such as life, real estate and vehicle insurance, capitalization certificates, private pension and consortium, that earned R\$ 301.6 million in fees, 3.4% higher than the value traded in 2014.

Aiming to offer new digital solutions to the customers, CAIXA launched a service that allows clients to receive the bills of CAIXA credit cards through e-mail, which is sent on the day of the closing of the bill. This option inhibits the paper bill

that was sent through the Brazilian Post.

That way, the customers of CAIXA credit cards can have access to information in a much shorter time, if compared to the bill that was sent through the Brazilian Post. The sending of the bill through e-mail seeks to diminish the cost of sending paper bills, contributing to the sustainability of the Institution and of the environment, avoiding the waste of resources and helping to protect the environment.

Another highlight is the release of the CAIXA Construcard card with chip on Elo banner, a new model of the product for construction material acquisition.

This new model of card aims to give more security and agility in the buying process. The Construcard customer also has an exclusive service center, and a website for the product, with services that allow ballance and extract verification, card unlocking, and to ask for new password, or password change.

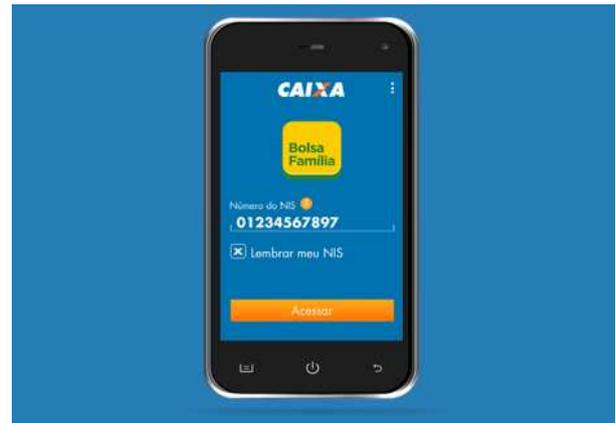
## GOVERNMENT SERVICES

As the main operating agent of the Federal Government social programs, CAIXA contributes actively to eradicating poverty and improving income distribution for the Brazilian population. In 2015, approximately 163.3 million of social benefits were paid, corresponding to R\$ 27.5 billion.

The main income transfer program, Family Allowance has paid about 157.7 million of benefits in the period. In 2015, the amount paid totaled R\$ 26.4 billion.

Aiming to optimize communication with the beneficiaries, CAIXA launched the Family Allowance (Bolsa Família) mobile app. The tool also gathers main information and services currently available in other channels of the institution. Using the app, the beneficiary will be able to accompany the Family Allowance message, which provides important information on family benefit situation, for example, necessity to update the registration, payment schedule, frequently asked questions, the latest installments released for payment and the possibility to consult the nearest CAIXA's payment channels.

The new tool, that since its launch has been downloaded more than 492 thousand times, is available for download in versions for Android operating systems, Windows Phone and iOS.



Source: CAIXA News, 2016.

In relation to the programs intended for workers, the Institution paid 150.1 million of benefits in 2015, totaling R\$ 208.8 billion, including Unemployment Insurance (Seguro Desemprego), Salary Allowance (Abono Salarial) and Brazilian Social Integration Program—PIS, corresponding to R\$ 39.7 billion.

Retirement and pensions to the beneficiaries of National Institute of Social Security - INSS totaled 64.8 million, representing an amount of R\$ 72.1 billion.

The FGTS collection reached R\$ 113.5 billion and withdrawals totaled R\$ 96.9 billion. In December 2015, the Fund was comprised of 146.6 million accounts.

## LOTTERIES

The *World Lottery Association* – WLA, renewed the certification WLA-SCS:2012 of CAIXA lotteries for three more years. The WLA-SCS:2012 is an international regulation of information security patterns of control for the lotteries sector, published in 2012 by the WLA. This regulation evaluates the basis of management of information security, including the ISO 27001, with additional security controls, specific for lotteries, that represent the best practices up to date.

This certification is the acknowledgement of the adoption, by CAIXA Lotteries, of the best practices in governance and management of information security, risk and continuity of business in the operation of federal lotteries. By implementing the controls required by the regulations WLA-SCS:2012 and ISO 27001, CAIXA ensures the conformity of its processes with the legal requirements, the credibility of its image as games operator, and the confidence of gamblers and others.

In 2015, CAIXA Lottery revenue was R\$ 14.9 billion. We highlight Dupla-Sena, Lotogol, and Quina, products which increased by 59.0%, 44.4% and 20.8%, in comparison to 2014. Mega Sena was the most demanded product by gamblers, corresponding to 46.7% of the total bettings carried out in 2015.

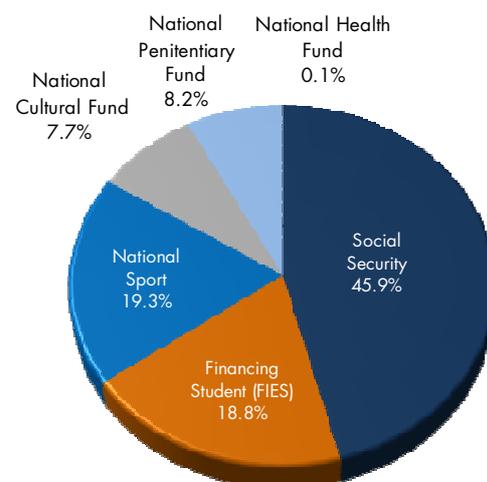
Lotteries Destination (in R\$ million)	2013	2014	2015
Social destination	4,162	4,932	5,450
Prizes	4,046	4,768	5,264
Taxes	1,009	1,220	1,344
Expenses of Costs and Maintenance	2,198	2,608	2,854
Total	11,414	13,529	14,911

### Social Destination

In addition to provide the dreams of millions of gamblers for millionaire awards, CAIXA

Lotteries are an important source of resources for social development.

From the amounts collected in the Lotteries portfolio in the period, approximately R\$ 5.4 billion were transferred to social programs from the federal government in areas of social security, sport, culture, public safety, education and health.



## STRATEGIC INVESTMENTS

CAIXA's conglomerate, group of companies formed by the financial institution CAIXA and its direct and indirect interests, seeks to optimize its performance from the capture of gains arising from the integration with their interests.

The CAIXA Conglomerate Policy establishes guidelines for the management, investments and new loans within the Conglomerate, covering the business relationship and governance between CAIXA and the other companies of that conglomerate and seeking to establish strategic partnerships that enable access, on competitive conditions, to markets considered strategic and services that allows to achieve their goals.

In this context, we highlight the following strategic and commercial partners:

- Banco Pan (payroll deduction loans, vehicles, housing, high income segment and insurance);
- CAIXA Seguros (insurance, capitalization, pension and health);
- Elo, Vale Presente e CIELO: for cards market;
- CAIXA Crescer (microfinance);
- Partners with support profile CAIXA operations, such as Capgemini (IT) and TecBan (service network);
- Branes (support in the capture and processing credit transactions); and
- Habitar (network correspondent for housing).

Compositions of Investments (in R\$ million)	2013	2014	2015
CAIXA Seguros Holding S.A.	2,082,025	2,437,271	2,635,360
Banco PAN	494,554	1,020,949	1,183,161
Capgemini	269,345	236,891	177,957
Elo Serviços	13,318	14,931	18,542
CIBRASEC – Cia Brasileira de Securitização	6,832	6,880	6,956
Caixa Seguros Participações - CSP	41,138	-	-
Crescer	9,323	-	-
Branes	1,897	1,841	1,841
BIAPE	788	619	238
FGO - Fundo de Garantia de Operações	201,552	91,943	76,069
FGHAB - Fundo Garantidor da Habitação Popular	166,958	210,991	262,766
Asset Management - Share	39,029	39,059	32,428
TECBAN	-	58,976	107,004
PAN Corretora	-	24,500	29,381
PAN Seguros*	-	-	353,709
Others**	14,014	43,599	4,734
<b>TOTAL</b>	<b>3,340,773</b>	<b>4,188,450</b>	<b>4,890,146</b>

\*PAN Seguros: Company acquired by CAIXAPAR on June 18, 2015. It was object of split-up and merger by CAIXA Seguridade S.A. on June 30, 2015, according Explanatory note (to financial statements) 11 (a).

\*\* Investments valued at acquisition cost.

## CORPORATE GOVERNANCE

CAIXA maintains its performance to become a reference in corporate governance practices, either by the current management model, which has governance as one of its components, either by adopting management practices aligned to principles such as transparency, equity, accountability, corporate social responsibility, compliance, strategic risk management and sustainability. Principles that materialize in various management tools, such as the CAIXA's Code of Ethics, Competence Regime and CAIXA's Performance Policies.

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

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

As part of its governance system, the Institution has instruments that ensure the inhibition of interest conflicts among its various levels of management.

In addition to the rules related to the non-participation of the Vice-Presidents of the segregated areas as board members, CAIXA's Statute contains other segregation rules of duties that should be observed by the management.

CAIXA published on its page on Internet the Manual of Corporate Governance that contains important informations about the Institution's governance, for example, the conglomerate and the governance structure - models, collegiate bodies, leaders and specific assignments, documents and used instruments

This action seeks to promote improvements in the practices adopted by CAIXA, besides contributing to the consolidation of its governance model.

The Manual of Corporate Governance is available on page: [http://www.caixa.gov.br/Downloads/caixa\\_governanca\\_corporativa2407.pdf](http://www.caixa.gov.br/Downloads/caixa_governanca_corporativa2407.pdf)

## INTERNATIONAL OPERATIONS

CAIXA international operation is aligned to the expectations of the Federal Government to support Brazilians living abroad and the institutions from several countries, through the provision of services, and products.

In the foreign trade segment, CAIXA performed in 2015, R\$ 12.4 billion in advances on credit and foreign exchange transactions for exports and export credit note, increase of 81.1% in relation to 2014, which reflects the CAIXA commitment in offering products and services that contribute to the increased participation of Brazilian companies in the international trade.

CAIXA released a program for international money transfer, whereby its customers that live abroad can send resources to Brazil. The program has collected in 2015, R\$ 603.8 million through correspondent banks (SWIFT) and partner banks (conventioned), representing a growth of 57.3% in comparison to 2014.

CAIXA accomplished in Canada the launch of the expansion of the withdrawal request FGTS service for consular offices in Australia, Canada, Colombia, Guyana, French Guiana, Suriname and Venezuela. The service allows Brazilian workers that live abroad and that are entitled to the FGTS draft, to request the withdrawal without coming to Brazil. With the expansion, CAIXA totalled 54 service points available in 24 countries.

Concerning the International Technical Cooperation, CAIXA was on mission in Nicaragua to initiate the activities of the "Institutional Support to Viviendas de Interés Social" Program, which aims to share knowledge in housing for the low-income population.

It was signed a Memorandum of Understanding between CAIXA and the German Development Bank Kreditanstalt für Wiederaufbau – KfW. With the Memorandum, the institutions agreed to cooperate to mitigate climate change effects, focusing on projects of renewable energy, energy efficiency and forest conservation.

CAIXA, KfW and the Ministry of Environment signed a financial cooperation project for Environmental Regularization of Rural Property in the Amazon and Cerrado Transition Areas, whose goal is the conservation and restoration of forests and other formations of native vegetation in the Amazon and Cerrado. CAIXA has become the financial and administrative operator of these resources.

## INTERNAL CONTROLS

CAIXA's Internal Control System is composed of policies, rules, standards of conduct and culture adopted by the Institution to achieve its goals, to provide consistent managerial and financial information, and to have all its activities performed in accordance with the laws and internal and external rules, reducing the risk of damages to its image.

The Institution's Internal Controls Policy and Compliance aims at establishing principles and guidelines that promote conditions to ensure the effectiveness of CAIXA's Internal Control System, structured according to the five COSO (Committee of Sponsoring Organizations of the Tread way Commission) components: control environment, risk assessment, control activities and compliance, monitoring, information and communication.

In relation to the Compliance activities, we highlight the prevention of money laundering and combating financing of terrorism and corruption, whose guidelines are consolidated in Prevention Policy Money Laundering and Terrorism Financing; Monitoring the adequacy of CAIXA to External Standards and compliance with mandatory activities; and compliance procedures in the development, launch the review and withdrawal of products and services.

About the Internal Control, the Strategic Monitoring comprises the verification of policies

compliance, particularly the Internal Control and Compliance, the Private Complementary Pension Funds Sponsored and Strategic Equity and the Monitoring Operating deals with transactions in Business Network and other activities in all CAIXA's units, focusing on relevant risks.

The process of recording information regarding the activities of Internal Controls developed by the Institution's various units is automated, supporting the monitoring of the system and the preparation of Internal Control Reports in compliance with Resolution CMN 2,554/1998, Circular BACEN 3,467/2009, as well as CVM Instruction 505/2011.

Models for risk assessment of market, credit and operational risks are monitored for compliance and control, within the guidelines, principles and procedures approved by the Risk and Capital Committee, as well as external standards published by the Central Bank and the Bank for International Settlements - BIS.

## RISK AND CAPITAL MANAGEMENT

CAIXA adopts national and international good practices in the management of credit, 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 Directors.

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

The risk and capital management structures are in accordance with current regulation, appropriate to the nature and complexity of financial instruments, products, services and operations of CAIXA and to good corporate governance practices, allowing Senior management to identify the compromised capital to face the risks, evaluate the impact on the results and decide promptly on acceptable exposure limits.

In 2015, on the annual revision of its Capital Management Policy, CAIXA has formalized its principles and guidelines for the distribution of results, and it approved the Policy of Capital Management and Distribution of Results.

For the Risk Management Policy, the exposure limits and capital limits are reviewed at least annually in accordance with the strategy,

macroeconomic factors, business environment and ability to take risk, and its revisions are clearly communicated to all employees in the internal system of disclosure rules.

The risk management activities are segregated from the business and audit activities, and are maintained independent structures of monitoring models in order to avoid conflicts of interest and safeguard the impartiality of the work performed.

The credit risk control occurs by monitoring ratios of delinquency, loss, provision and requirement of regulatory and economic capital in several sizes and groups, allowing a broad view of the profile of exposures, by borrower, operating, portfolio segments, geographic region and activity sector, among others.

Based on the assessment, it can be observed that the delinquency ratios, the provision for loan losses and the loss of the portfolio remained according to expectations.

A detailed description of the risk management and capital structures, is available on the site: <http://www.caixa.gov.br>.

## SOCIAL ENVIRONMENTAL RESPONSIBILITY

CAIXA has a standardized Environmental Responsibility Policy - PRSA according to BACEN Resolution n° 4,327/2014.

In order to guarantee the Promotion of Sustainable Development and Citizenship, the company supports environmental projects through financial incentives. One of the instruments that enable the induction of socially and environmentally responsible practices is the CAIXA Environmental Fund - FSA, to which are allocated resources corresponding to 2% of CAIXA's net income.

In 2015, CAIXA Environmental Fund disbursed R\$ 13.4 million on 56 projects. Among the projects are the ones that propose solutions for local development, integration of public policies, and the better adequation of spaces in enterprises of the "My house, My Life" Program—(Minha Casa , Minha Vida- MCMV), through the Sustainable and Integrated Development of Territories-DIST methodology. The objective is the improvement of the quality of life and the promotion of citizenship in communities, with actions to boost the economy, environmental management, territorial governance, and social

and cultural promotion.

Eleven territories of MCMV enterprises have been embraced for this work. The DIST strategy is also used in the riverboat branches, allowing to the residents of the riverside communities, access to public policies, education, culture, and alternatives to work and income generation, in harmony with the local vocation.

Still about the MCMV program, in 2015 was implemented the Water Solar Heating System, which became a mandatory item, in 183 thousand houses, totalling 224 thousand units since the beginning of the program ( MCMV I and II).

CAIXA Sustainability Report 2014 is available on the site [http://www.caixa.gov.br/Downloads/caixa-relatorio-sustentabilidade/Relatorio\\_de\\_Sustentabilidade\\_2014.pdf](http://www.caixa.gov.br/Downloads/caixa-relatorio-sustentabilidade/Relatorio_de_Sustentabilidade_2014.pdf).

## PEOPLE MANAGEMENT

The current people's management model aims to consolidate an organizational culture based on proactive talent management and competence. The idea is to give emphasis on meritocracy, innovation, high efficiency and continuous improvement, promoting the identification of employees with the values and the mission of CAIXA, engagement of leadership and excellence in customer and society relations.

In addition to several programs for health and safety of employees, the Institution seeks to integrate corporate education to management of performance and skills and to knowledge management, by means of training, creation and maintenance of systems and processes of knowledge dissemination and skills development. In 2015, CAIXA invested R\$ 48.1 million in training programs and higher education.

At the end of december 2015, CAIXA totaled in its staff 97.5 thousand gazetted employees and 15.0 thousand trainees and apprentices.

The payroll expenditure totaled R\$ 19.8 billion in

2015, contemplating the benefits provided to employees and their dependents in the amount of R\$ 2.4 billion besides employees remuneration plus charges.

Another benefit that the Institution offers to employees is the possibility to supplement their income after retirement, by means of sponsorship of pension benefit plans, administered by the CAIXA's Employee Foundation - FUNCEF.

In 2015, FUNCEF reached about 97.4% of the staff, and completed the mark of 136.8 thousand associates. From these, 97.2 thousand are active employees, 32.4 thousand are retirees and 7.1 thousand pensioners.

## INFORMATION TECHNOLOGY

CAIXA invests in the improvement, innovation and refinement of services for Information and Communication Technology. In 2015, R\$ 877.2 million were invested in new platforms, expansion, increased capacity, improvements in performance and availability, maintenance and upgrade of its technological park.

CAIXA' technology stood out in a study conducted by Computerworld. The research provides an overview of the challenges and opportunities of IT leaders in the country and generates a ranking of the Top 100 CIOs in Brazil. The publication "Informatica Hoje" also has praised CAIXA with

the "Professional of Information Technology 2015" Prize, as recognition for the relevance of the IT implemented projects in the institution.

The awards reflects the professionalism of the Institution and its IT employees, besides being a recognition that CAIXA's IT is in level with the IT of the remaining large banks.

## SUPPORT FOR CULTURE AND SPORTS

CAIXA, important Brazilian sports stimulator, tuned with the guidelines of the Federal Government includes in its strategic planning, cultural marketing actions oriented for the following aspects: social inclusion, human development, national values, democratization, decentralization and transparency.

In 2015, nearly R\$ 76.0 million were invested in 539 cultural programs, including programs for cultural occupation of CAIXA Cultural spaces, craft, festivals, as well as projects in partnership with government agencies and events related to popular culture.

In addition, CAIXA stands out as an important sponsor of Brazilian sport, investing in modalities of prominence on the national and international scene as the sponsorship of the Brazilian Confederation of Athletics, Gymnastics, Olympic Wrestling, Brazilian Paralympic Committee, the circuit racing and street racing throughout the country, and Brazilian Confederations Cycling and shooting sports.

Institution also acts in football, sponsoring clubs, arenas and championships. In the sports segment the approved sponsorships totaled R\$ 217.0 million in 2015.

## AWARDS AND RECOGNITION

In 2015, we highlight the following award and recognition received by CAIXA:

- Highlight in the "Maiores & Melhores 2015" research conducted by Exame magazine with the companies that stood out in 18 sectors of the economy in 2014. CAIXA stood out in practically all indicators relating to the financial market.
- Elected again the most prestigious brand in the financial sector in Brazil, according to information of the *Época Negócios* magazine, conducted by the Troiano Branding Group. Each brand was evaluated in nine dimensions: quality of products or services, trust and ethics, social and environmental commitment, innovative approach, admiration, history and evolution, purpose, recognition by the media and popularity of the company.
- Seen as the favorite bank of Brazilians, according to the research result "Marcas Mais Amadas 2015" conducted by Oficina Sophia, the HSR holding. CAIXA was the brand that obtained the best assessment of the banking sector.
- Recognized in the XV e-Finance award 2015 in nine categories at the 25th edition of the Congress and Exhibition of Information Technology for Financial Institutions - CIAB/Febraban.
- The most recalled brand in the Savings Accounts category, for the fourteenth time, with 54% of the memories, according to a survey from Datafolha Institute, in the awards edition of Folha Top of Mind 2015.

## ACKNOWLEDGEMENTS

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

**CAIXA**

A vida pede mais que um banco