This document is based on the Consolidated Financial Statements of CAIXA on December 31, 2016, 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 2016, according to the accounting practices adopted in Brazil, applied to institutions authorized to operate by the Central Bank of Brazil.

MANAGEMENT REPORT – 2016

INTRODUCTION

In 2016, CAIXA operated seeking to fulfill its proposition of being more than a bank to the Brazilian population, believing in the ability of the country to overcome in adverse scenarios. To do so, it kept the continuous search for efficiency in management and sustainability in business, which allowed CAIXA to continue with its mission as a important vector for investment in infrastructure, active participant on the development of the national economy and on implementation of policies aimed at reducing social and regional inequalities.

Through the year, by the concession of housing loans, in the financing of production and consumption and in the development of sanitation and infrastructure actions, the balance of the loans portfolio increased in 4.4% in 12 months, reaching R$ 709.3 billion.

The delinquency ratio closed 2016 at 2.88%, decrease of 0.7 p.p. in 12 months, showing that the actions of risk management improvement, recovery and all other elements of the credit cycle continue to produce the effect planned by the Institution.

Regarding the execution of government programs, in 2016, R$ 28.3 billion were paid in social benefits and R$ 242.1 billion in benefits to workers. The main income transfer program, Family Allowance paid R$ 27.4 billion in benefits in the period, being fundamental to the reduction of child mortality and school dropout rates due to the conditionalities of the Program.

As for the financial and economic performance, CAIXA reached net profit of R$ 4.1 billion in 2016. Operating profit was R$ 4.0 billion, a nominal growth of R$ 2.9 billion in comparison to the same period of the last year, which reflects the improvements reached through advances on operational efficiency. At the end of december, the Institution had more than R$ 2.1 trillion in assets under management, CAIXA’s assets reached R$ 1.3 trillion, evolution of 4.3% in 12 months.

This report presents CAIXA results in 2016 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.

To CAIXA, the satisfaction of its customers with the provided services, and the continuous improvement of
CUSTOMERS AND SERVICE CHANNELS

these services are fundamental aspects of its operations.

In this sense, the Institution continually invests in improving its products and channels, aiming to provide the best experience to its customer base, which reached 87.1 million of account holders and savers, which represents an evolution of 4.2 million customers in 12 months. The individual portfolio reached 84.6 million and the corporate portfolio 2.5 million.

To serve its customers, CAIXA network has 60.0 thousand service points. There are 4.2 thousand branches and service points, 24.5 thousand of lotteries and correspondent outlets, 31.2 thousand machines distributed around the country and 2 riverboat.

Also, becoming every day more present in the virtual environment, CAIXA continued to prioritize investments in the constant improvement of the applications, which allows access to the account by smartphones, and Internet Banking (including tablets) that reached in the period a basis of 17.3 million users.

The newest version of the CAIXA Internet Banking does not need a computer to validate other gadgets. Besides, the self register that is needed to check account balances now only demands 3 screens.

These innovations are part of the bank strategy to make its digital channels the main option of service to the customers, delivering to them a quicker and more convenient service.

With this, the amount of transactions in smartphones raised in 67.0%, in comparison to the same period of the last year, totaling 197 million transactions.

17.3 Million Users
with access to the account by smartphones and Internet Banking
In 2016, CAIXA reached net profit of R$ 4.1 billion. Impacted in reaching this result the increase of 3.6% in loans operations income and the advance of 8.4% in income from services and banking fees. The efficient management of the financial intermediation expenses, which increased only 2.0% in 12 months, also contributed for the advance of the operating profit. Allowance for loan losses evolved 2.3%, showing the quality of the portfolio and continuous improvement of the policies and process of the loans cycle management.

Allied to these factors and to the rigid control of administrative expenses, which grew only 6.3% in 2016, the operating profit evolved R$ 2.9 billion in comparison to 2015, finishing december with R$ 4.0 billion, even with the challenging macroeconomic scenario faced in 2016.

The assets under management by CAIXA totaled R$ 2.1 trillion, highlight to FGTS with a balance of R$ 502.0 billion, and Asset Management that amounted R$ 287.4 billion, evolutions of 9.0% and 12.5%, in 12 months, respectively.

CAIXA’s assets totaled R$ 1.3 trillion, increment of 4.3% in 12 months. Amplified loan portfolio represented 56.5% from this total, with R$ 709.3 billion, and securities and derivatives with R$ 181.3 billion corresponding to 14.4%.

### Economic-Financial Performance

<table>
<thead>
<tr>
<th>Items (in R$ Billion)</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAIXA’s Asset</td>
<td>1,065</td>
<td>1,203</td>
<td>1,255</td>
</tr>
<tr>
<td>Amplified Loan Portfolio</td>
<td>607</td>
<td>679</td>
<td>709</td>
</tr>
<tr>
<td>Saving Deposits</td>
<td>238</td>
<td>242</td>
<td>252</td>
</tr>
<tr>
<td>Managed assets (Third party)</td>
<td>724</td>
<td>805</td>
<td>881</td>
</tr>
</tbody>
</table>

Demand deposits presented a balance of R$ 31.9 billion and time deposits totaled R$ 210.7 billion, evolutions of 24.7% in relation to the previous year. Saving deposits, with a growth of 4.1% in 12 months, totaled a balance of R$ 252.4 billion in december 2016.

Mortgage linked notes totaled R$ 101.7 billion, decrease of 9.2% in 12 months, aligned with the funding strategy of the Institution.

CAIXA’s net equity totaled a balance of R$ 63.6 billion, including R$ 36.5 billion in Hybrid capital and debt instrument eligible as capital to compose the main capital in Basel III.
In December 2016, the return on average equity (accumulated in 12 months), was 6.6%, the Basel ratio was 13.5%, 3.0 p.p. above the legal requirement of 10.5%.

Coverage ratio of administrative expenses improved 1.4 p.p. in 12 months, reaching 67.6%. Coverage for personnel expenses increased to 106.7%, growing 1.9 p.p. in relation to the same period in 2015.

The Operating Efficiency Ratio reached 52.1%, decrease of 1.7 p.p. in 12 months, reaching the best mark of the institution in the last ten years. The betterment of these ratios is a result of improvement actions implemented in order to optimize CAIXA’s expenses.

<table>
<thead>
<tr>
<th>Ratios (in %)</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return on Average Assets (accumulated 12 months)</td>
<td>0.7</td>
<td>0.6</td>
<td>0.3</td>
</tr>
<tr>
<td>Return on Average Equity (accumulated 12 months)*</td>
<td>15.2</td>
<td>11.4</td>
<td>6.6</td>
</tr>
<tr>
<td>Total Capital Ratio</td>
<td>16.1</td>
<td>14.4</td>
<td>13.5</td>
</tr>
<tr>
<td>Public Sector Debt</td>
<td>28.4</td>
<td>30.6</td>
<td>37.6</td>
</tr>
<tr>
<td>Fee Income / Administrative Expenses (accumulated 12m)</td>
<td>63.9</td>
<td>66.2</td>
<td>67.6</td>
</tr>
<tr>
<td>Fee Income / Personnel Expenses (accumulated 12m)</td>
<td>103.0</td>
<td>104.8</td>
<td>106.7</td>
</tr>
<tr>
<td>Operating Efficiency Ratio (accumulated 12m)</td>
<td>53.7</td>
<td>53.6</td>
<td>52.1</td>
</tr>
</tbody>
</table>

*According to CMN Resolution 4,192/13, Net equity includes the Hybrid capital and debt instruments in amount of R$ 36.5 billion, of which R$ 28.0 billion were included in the Net Equity in July of 2014.

**SECURITIES AND DERIVATIVES FINANCIAL INSTRUMENTS**

At the end of 2016, securities and derivatives financial instruments portfolio totaled a balance of R$ 181.3 billion.

From the total, R$ 160.2 billion were government bonds and R$ 20.3 billion were private-issued securities.

Operations with securities and derivatives financial instruments reached R$ 41.8 billion, decrease of 4.3% in comparison to the same period of 2015.

In compliance with the dispositions of BACEN Circular 3,068/2001, Article 8º, CAIXA states the intention of maintaining the securities classified in Tier III, which totaled R$ 49.5 billion in the period, until their respective maturities, and states to have the financial capability required to do so.
AMPLIFIED LOAN PORTFOLIO

At the end of 2016, CAIXA’s amplified loan portfolio totaled a balance of R$ 709.3 billion, evolution of 4.4% in relation to the previous year. Commercial loan portfolio totaled a balance of R$ 191.0 billion.

Sanitation and infrastructure operations evolved 10.8% in 12 months, totaling a balance of R$ 78.6 billion at the end of December 2016.

Operations with individuals reached a balance of R$ 101.9 billion, decrease of 0.8% in 12 months. Among the products for the individual segment, we highlight the payroll deduction loans with balance of R$ 63.9 billion, growth of 7.2% in relation to the same period of the last year. The market share was 22.2%, at the end of 2016.

Corporate segment totaled a balance of R$ 89.1 billion at the end of 2016, reduction of 7.4% in 12 months, the same behavior observed in the Brazilian Financial System.

CAIXA Rural Credit reached a balance of R$ 7.2 billion in December of 2016. We highlight the corporate modality, which evolved 15.5% in comparison to the last year.

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 contract the CAIXA Costing Easy (CAIXA Custeio Fácil), and have access to various information and products.
The balance of real estate portfolio showed an evolution of 5.6% in 12 months, totaling R$ 406.1 billion in December 2016, of which R$ 203.4 billion were made with FGTS resources including subsidies, R$ 201.9 billion with Brazilian Savings and Loans System (Sistema Brasileiro de Poupança e Empréstimo, or SBPE) resources and R$ 0.8 billion contracted with other resources.

CAIXA remains the market leader with 67.0% of market share, not including mortgage-backed security.

In “My House, My Life Program”, R$ 41.4 billion in new loans were made in 2016, totaling 355 thousand housing units. Of this amount, 9.8% were destined to the FAIXA 1 of the program, composed by families with maximum income of R$ 1.8 thousand.

The loan portfolio quality remained high at the end of 2016, approximately 90.8% of its total classified in ratings from AA-C, maintaining the historical profile of the portfolio quality.

The delinquency rate above 90 days was 2.88% in the end of 2016, and it remains below the market average of 3.71%. These effects derived by development of the risk model, the politics of concession and loans recovering, even in the face of a challenging economic environment.
DEPOSITS AND FUNDING

The total funding reached a balance of R$ 984.1 billion in December of 2016, evolution of 4.5% in relation to the same period in the previous year. The relation between total funding and loans portfolio was 138.7%.

CAIXA deposits reached a balance of R$ 512.2 billion, nominal growth of R$ 56.5 billion in 12 months.

We highlight time deposits, with a balance of R$ 210.7 billion, evolution of 24.7% in 12 months.

Demand Deposits totaled R$ 31.9 billion, evolution of 16.3% in 12 months.

Savings totaled a balance of R$ 252.4 billion, growth of 4.1% in relation to 2015, reaching 38.0% of marketshare, evolution of 1.2 p.p., showing a recovery tendency.

At the end of december 2016, savings accounts totaled 68.8 million, growth of 5.0 million accounts in relation to the same period of 2015.

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.

Judicial deposits increased 19.6% in 12 months, reaching a balance of R$ 74.2 billion.

The balance of Notes totaled R$ 140.9 billion, emphasis on the mortgage linked notes that reached a balance of R$ 101.7 billion at the end 2016.

Deposits Balance Composition
**Banking Services**

In 2016, 8.4 billion of banking transactions were performed, evolution of 6.8% in relation to the registered in the same period of 2015.

The increasing in transactions reflected the evolution of 8.4% in income from services and fees in relation to the same period of the previous year, totaling R$ 22.5 billion in the end of 2016.

The main highlights were revenue with current accounts, covenants and recovery, and revenues from investment funds, which grew 23.7%, 12.7% and 6.8% respectively.

From the total number of transactions, 610 million were made using cellphones and smartphones, a growth of 67.0% in 12 months.

Aiming to offer new solutions to the customers, CAIXA launched a new version of Construcard, a loan aimed to individuals who want to build, reform or enlarge residential realty.

Accepted on a wide network, with more than 80 Thousand stores in Brazil, the Construcard can be used to buy any kind of building material, from basics to finishing, including bricks, cement, floor, wares, cabinets, pools, among others.

The customer has two to six months to buy everything, and during this period, pays only the interest of the amount spent, being able to pay for the loan in up to 240 months. The average value of the loans is R$ 14 Thousand, and the limit is variable, according to the customers paying capacity, without a maximum value.
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. At the end of 2016, approximately 163.8 million of social benefits were paid, corresponding to R$ 28.3 billion.

The main income transfer program, Family Allowance has paid about 158.6 million of benefits in 2016. The amount paid totaled R$ 27.4 billion.

In relation to the programs intended for workers, in the accumulated of the year, the Institution paid 164.6 million of benefits, totaling R$ 242.1 billion in the period.

Including Unemployment Insurance (Seguro Desemprego), Salary Allowance (Abono Salarial) and Brazilian Social Integration Program—PIS, corresponded to R$ 54.0 billion.

Retirement and pensions to the beneficiaries of National Institute of Social Security - INSS totaled 65.4 million of payments, representing an amount of R$ 81.5 billion in 2016.

FGTS collection reached R$ 119.1 billion in 2016 and the withdrawals totaled R$ 106.6 billion. At the end of 2016, the Fund was comprised of 151.1 million accounts.

In 2016, the FGTS completed 50 years.

Since its creation, more than R$ 426 billion were invested in popular housing, highways, docks, watercourses, airports, railways, renewable energy and basic sanitation. More than 4 thousand brazilian counties (73%) had constructions funded with FGTS resources.

As operator of the FGTS resources, at every 10 minutes, CAIXA enables the payment of resources from the Fund to about a thousand workers. There are 60 thousand branches spread in Brazil and Internationally, which attend more than 10 million users permanently.

Celebrating the anniversary, CAIXA released a lottery ticket with a print allusive to the 50 years of the FGTS.
LOTTERIES

CAIXA Lottery have the certification WLA-SCS:2012, 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, ensuring to CAIXA 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 2016, CAIXA Lottery revenue was R$ 12.9 billion. Mega Sena was the most demanded product by gamblers, corresponding to 39.7% of the revenue of Caixa Lottery in the period.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Social destination</td>
<td>4,932</td>
<td>5,450</td>
<td>4,792</td>
</tr>
<tr>
<td>Prizes</td>
<td>4,768</td>
<td>5,264</td>
<td>4,519</td>
</tr>
<tr>
<td>Taxes</td>
<td>1,220</td>
<td>1,344</td>
<td>1,095</td>
</tr>
<tr>
<td>Expenses of Costs and Maintenance</td>
<td>2,608</td>
<td>2,854</td>
<td>2,458</td>
</tr>
<tr>
<td>Total</td>
<td>13,529</td>
<td>14,911</td>
<td>12,863</td>
</tr>
</tbody>
</table>

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$ 4.8 billion were transferred to social programs from the federal government in areas of social security, sport, culture, public safety, education and health.
**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** (Microfinances)
- Partners with support profile CAIXA operations, such as Capgemini (IT) and TecBan (service network);
- **Branes** (support in the capture and processing credit transactions)
- **Habitar** (network correspondent for housing).

### Strategic Investments

(1) Amount of net investment of provision (R$ 208.136) in 31/12/2016; (R$ 344.779) in 31/12/2015;

(2) Amount of net investment of provision (R$ 33) in 31/12/2016; (R$ 33) in 31/12/2015;

(3) Amount of net investment of provision (R$ 43.266) in 31/12/2016; (R$ 11.085) in 31/12/2015;

(4) Investments valued by the cost of acquisition.
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 is 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 collegiate and specific units that perform the functions related to supervision and oversight of CAIXA administrator’s 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 of Directors, CAIXA’s Statute contains other segregation rules of duties that must be observed by the Management.

CAIXA published on its page on Internet the Manual of Corporate Governance that contains important information about the Institution’s governance, such as the conglomerate and the governance structure - model, 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_goveranca_corporativa2407.pdf](http://www.caixa.gov.br/Downloads/caixa_goveranca_corporativa2407.pdf)
INTERNATIONAL OPERATIONS

By means of the partnerships and the offering of products and services, CAIXA international operation is aligned to the expectations of the Federal Government to support Brazilians living abroad and the institutions from several countries. We highlight the increase of 48.0% in the operations of ACC/ACE in relation to 2015, which reflects the CAIXA commitment in offering products and services that contribute to the increased participation of Brazilian companies in the international trade.

CAIXA offers a program for international money transfer, wherewith its customers that live abroad can send resources to Brazil. The program has collected in 2016, R$ 963 million through correspondent banks and partner banks, representing a growth of 17.5% in comparison to the same period of 2015.

Between 2014 and 2016, CAIXA increased in 40% the number of international banks that the institution has relations, expanding its international activities to more than 50 countries.

On the scope of international technical cooperation, CAIXA participated on the 50th Annual Assembly of the FELABAN (Latin America Banks Federation), which took place in the period from 05 to 08 of November 2016, in Buenos Aires: There were 25 appointments aimed to consolidate and negotiate new partnerships, acquirement of new loans, and fortification of the CAIXA brand abroad.

CAIXA approved the continuity of the partnership between the Brazil-Japan Commerce Chamber, and the Brazil-USA Commerce Chamber, whose activities take place mainly through the CAIXA’s offices in the US and Japan.


Aimed to improve the relationship with international institutions, CAIXA participated on the I Seminar of International Financial Cooperation, on which was possible to interact with the main development banks in the world, that have representation in Brazil.
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 maintain and provide managerial and financial information, and to have all its activities performed in accordance with the laws, internal and external rules, reducing the risk of damages to its image.

The Institution’s Internal Controls Policy and Compliance aims to promote conditions to ensure the effectiveness of CAIXA’s Internal Control System to ensure, with reasonable certainty, the achievement of the Institution’s goals.

It is structured according to the five COSO (Committee of Sponsoring Organizations of the Tread way Commission) components: Control Environment, Risk Assessment, Activities, Information and Communication control and Monitoring Activities.


As for the compliance activities, we highlight:

Monitoring of CAIXA adequation to external standards and to the implementation of mandatory activities;

Conformity procedures about the development, release revision and withdrawal of products and services;

Prevention of money laundering and combating the financing of terrorism and corruption, whose guidelines are consolidated in Prevention Policy Money Laundering and Terrorism Financing.

The process of registry information on the activities of Internal Control, developed by the various units of the Institution is automated supporting the system monitoring and the development of internal control reports in compliance with CMN Resolution No. 2.554/1998 the Central Bank Circular No. 3.467/2009 and CVM Instructions that predicts periodic reports.

In 01/08/2013 the Law 12.846 (Anti corruption law), was released, with the objective of charging corporations for the practice of unlawful acts against the public administration, regulated by the Decree n° 8.420, 18/03/2015.

CAIXA, in order to adequate itself to the standards mentioned in law, has structurated and published an Anti Corruption policy and an integrity program.
The Anti Corruption Policy, with the objective of establishing rules of prevention and correction in order to mitigate the risk of involvement of employees, suppliers and the conglomerate partners of CAIXA in acts of corruption, was published in June and structurated accordingly to the characteristics and risks of the activities of CAIXA and applied to the attitudes and behaviors of its managers, employees, outsourced, contracted, suppliers and partners, in order to inhibit the practice of corruption acts in active or passive ways, with principles, directives, indicators, and responsibilities clearly defined.

The integrity program, has the objective of preventing, detecting and correcting corruption acts practiced against CAIXA and against the public administration, national and foreign, through the integration of instruments and control activities aimed to the management of risks of frauds and corruption.

This policy consolidates the set of policies, mechanisms, procedures and actions conducted by many units of the organizational structure of the institution, in consonance with its assignments.
RISK AND CAPITAL MANAGEMENT

CAIXA adopts national and international good practices 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 Directors.

Management of risks and capital are 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.

For the Risk Management Policy, Capital Management Policy and Result Distribution Policy, the exposure limits and capital limits are reviewed at least annually as are the exposition limits and the capital limits, aiming to the alignment to the strategy, to the strong macroeconomic factors, and to the business environment and to the capacity of taking risks of the institution.

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, realized, expected and unexpected 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, including responsibilities, practices, processes, procedures and models, is available on the site: http://www.caixa.gov.br, about CAIXA, Corporate Governance.
**SOCIAL ENVIRONMENTAL RESPONSIBILITY**

CAIXA has a standardized Environmental Responsibility Policy - PRSA according to BACEN Resolution nº 4,327/2014, that takes in consideration principles such as: ethics, conformity and fight against corruption, participatory management, promotion of sustainable development, social inclusion, environmental efficiency, environmental protection and conservation, and transparency.

In attendance to the resolution, CAIXA has elaborated a plan of action, approved by its boards, which considers the new scenario, the challenges and the opportunities related to the trends that impact directly in the business of the institution, with a schedule of execution until 2019.

Complying with the directives of the PRSA, CAIXA adopts the best practices in socio-environmental risk management, attending, in loans concession, the regularity of the activities of the projects, and of the customers. In 2016, about R$ 12 billion in loans were submitted to an analysis of socio-environmental regularity of customers. In the financing of big enterprises (Hydroelectric, highways, ports among others) more than R$ 7 billion invested in projects went through analysis and monitoring of socio-environmental impacts.

Since 2011, CAIXA destines up until 2% of its adjusted net profit to projects related to sustainable cities, protection of biomes and waters, clean energy and socioeconomic promotion, through the CAIXA Socio-Environmental Fund. In 2016, R$ 20.9 million were invested in 262 projects.

Among them, are the projects for the preservation of the Caatinga and the Cerrado, projects for the recovery of springs on metropolitan regions that are affected by shortage of water, projects of sustainable development of low income territories, and projects of support to the dissemination of social technologies such as biodigesters and recycling of electronic residue.

Aiming to ensure the promotion of sustainable development and citizenship, in 2016, CAIXA started its interaction with startups releasing the Challenge to Business with Social Impact: Financial Education and Financial Services for Everyone. With the objective to potentiate a new generation of solutions and business that promote the financial inclusion and attend the needs of the population of low income in Brazil.

At the end of the steps, previewed to December 2017, the project will select 5 impact business that will receive R$ 200 thousand to test the solution with the population of low income.
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 in 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 2016, CAIXA invested R$ 35.2 million in training programs and higher education.

In this scope, in december 2016, CAIXA inaugurated the renewed CAIXA university Campus.

The campus, in operation since 2011, has received a new visual identity, improvements on its infrastructure and has now an innovation room, the “Lab Ideias”, and 7 development rooms, 3 group rooms and 1 lab.

The Lab Ideias is a space prepared to generate new ideas. The space was structured based in studies so that it allows a greater dynamism, flexibility and creativity in the search for solutions to daily questions.

At the end of december 2016, CAIXA totaled in its staff 95.0 thousand gazetted employees and 14.4 thousand trainees and apprentices. In 2016, personal expenses totaled R$ 21.0 billion, contemplating benefits to employees and dependents in the value of R$ 2.4 billion, besides the employees salaries 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 the december of 2016, FUNCEF reached about 96.8% of the staff in the period, totaling 136.185 thousand associates. From these, 94.635 thousand are active employees; 34.193 thousand are retirees and 7.357 thousand pensioners.
CAIXA, an important Brazilian sports stimulator, includes in its strategic planning, cultural marketing actions oriented for the following aspects: social inclusion, human development, national values, democratization, decentralization and transparency.

In 2016, nearly R$ 50.5 million were invested in theater, movies and expositions, in 527 events that took place at the CAIXA Cultural units in Brazil, which were attended by more than 1 million people.

CAIXA is the greatest sponsor of the national sports, linking its brand to modalities such as athletics, gymnastics, cycling and olympic wrestling, besides its support to the parasports. The objective is to boost the growth and popularization of these sports, contributing to the dissemination of its practice. CAIXA also supports the brazilian athletes and invests in projects aimed at social inclusion through sports.

CAIXA also invests in featured modalities, on the national and international scenario, such as the sponsorship of the “Novo Basquete Brasil” - NBB, through the “Liga Nacional de Basquete”- LNB, and to female basketball, through the “Liga de Basquete Feminino” - LBF, both for a 4 year period.

In soccer, CAIXA consolidate its position as the greatest supporter of the sport that is a national passion, of the brazilians, by sponsoring teams, arenas and championships.

CAIXA is sponsored in 2016 the following teams: Atlético Goianiense, Atlético Mineiro, Atlético Paranaense, Avaí, Bahia, Botafogo Corinthians, Coritiba, Chapecoense, CRB, Cruzeiro, Figueirense, Flamengo, Fluminense, Goiás, Náutico, Paysandu, Santos, Sport, Vasco and Vitória.

The total value invested in sports sponsorship in 2016 was R$ 261.6 million.
AWARDS AND RECOGNITION

In 2016, we highlight the following awards and recognitions received by CAIXA:

- The Institution was chosen for the third consecutive time as the most loved bank in Brazil, according research conducted by the consulting firm Oficina Sophia.
- CAIXA was the bank with the best performance on the financial sector of the “Prêmio Empresas Mais” from “Estadão”.
- First Place on the “Top of Mind” award, from Folha de São Paulo, in the savings category.
- In the “Ranking Marcas Mais do Estadão” CAIXA reached the first place in the savings category, and second place in the category Banks.
- By the Folha de São Paulo - Revista O Melhor de São Paulo Serviços—CAIXA was awarded in two categories: best housing loan, and best individual loan.

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.