

# **MANAGEMENT REPORT**

This document is based on the Consolidated Financial Statements of CAIXA on September 30, 2014, and contains statements about expectations, growth estimates, projections of results. Such statements are based on current expectations about future events and financial trends that may affect the Company's business.

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.

Since June 30, 2010, the information presented is consolidated and includes statements from both CAIXA Financial Institution and CaixaPAR company, wholly CAIXA-owned subsidiary.

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 results achieved and actions taken by CAIXA in the third quarter of 2014, according to the accounting practices adopted in Brazil, applied to institutions authorized to operate by the Central Bank of Brazil.

## **MANAGEMENT REPORT – 3Q14**

### **INTRODUCTION**

CAIXA accumulates along its trajectory, several awards and recognitions that corroborate its commitment and its importance to their customers. In September 2014, CAIXA won for the fifth consecutive time a prominent position in the report “Top 5 Institutions” of the Central Bank - BACEN. This report is published monthly with the top five institutions classification in projections of IPCA, IGP-M, IGP-DI, Exchange and Selic, for short, medium and long terms. Another recognition was the award received for the thirteenth consecutive time, as the most reminded brand in the Savings Accounts category, in the “Top of Mind 2014” award, a Datafolha Institute annual research.

As a result of its solid performance and its efficient management, CAIXA has achieved in the quarter, the balance of R\$ 1.0 trillion in own assets, 5.8% higher than the presented in the second quarter of this year and 18.6% higher than the third quarter of 2013. Those numbers mark the Institution history and confirm its relevance, strengthening it as an excellence public bank.

In relation to the economic performance, CAIXA has obtained net profit of R\$ 5.3 billion until September 2014, increment of 5.6% in 12 months. The result was mainly due to the increase in financial income credit in 44.4%, the expansion of results of the securities and derivatives in 47.8% and the increase in revenues from services and fees by 12.0%.

The amplified loan portfolio balance totaled R\$ 576.4 billion, an increase of 24.4% in 12 months, highlighting the sanitation and infrastructure operations and housing credit, 52.8% and 26.1%, respectively.

During the nine months of 2014, CAIXA has injected about R\$ 501.1 billion in the Brazilian economy by means of new loans, distribution of social benefits, investments in own infrastructure, salaries, social destination of lotteries, among others.

Moreover, it is in the execution of government programs that CAIXA reaffirms its historic mission. Until September 2014, R\$ 20.4 billion in social benefits and R\$ 148.6 billion in benefits to workers were paid, increases of 4.1% and 11.6% in 12 months, respectively.

These were some highlights of the third quarter. In the sequence, the numbers of CAIXA in the period and the benefits to society will be presented.

## CUSTOMERS AND SERVICE CHANNELS

CAIXA customer base reached 77.2 million of account holders and savers, until the third quarter of 2014, increment of 10.0% in 12 months. The individual portfolio has reached 75.0 million, 9.9% higher than the same period of the previous year, and the corporate portfolio, 2.1 million evolution of 15.5% comparing to September 2013.

The Institution aims to improve the relationship with its customers and invests constantly in improving its products and services, expanding its channels towards the excellence in service to their customers.

Nowadays, CAIXA network has more than 68.3 thousand service points. There are 4.1 thousand branches and service points, 32.5 thousand of lotteries and correspondent outlets, 31.7 thousand machines distributed around the country, 2 riverboat branches and 18 truckbased units. Beyond that, CAIXA offers 15.7 thousand Banco24Horas terminals.

Besides the physical network, the Institution also offers to its customers the application "access to the account" by smartphones and tablets and the Internet Banking that reached a basis of 1.6 million and 11.7 million users, respectively, in the third quarter of 2014.

At first, the CAIXA Internet Banking by cellphone had 18 features, however, nowadays are offered 109 features, for example, information lotteries, Guarantee Fund for Time Service - FGTS and social payments.

Moreover, in order to align with market practices and considering the CAIXA particularities as a public bank, the Company operates in social network to increase opportunities for relationship which this environment offers.

SAC - Customer Service has served nearly 6.9 million occurrences and the CAIXA service for citizen has answered 33.5 million calls, regarding Social Integration Program - PIS, unemployment Insurance, FGTS, Social Card and Citizen Information Service.

## ECONOMIC-FINANCIAL PERFORMANCE

CAIXA's net profit totaled R\$ 5.3 billion until the third quarter of 2014. The most important factors influencing the result were the evolution of 44.4% of income from loan operations and the growth of 47.8% in income from securities and derivatives financial instruments, in 12 months. Operating profit was R\$ 6.0 billion, growth of 24.3% in relation to the same period of 2013.

At the end of the period, CAIXA's assets totaled R\$ 1.0 trillion, increment of 18.6% in 12 months. Loan operations represented 56.6% from this total, with R\$ 576.4 billion, and securities with R\$ 167.9 billion corresponded to 16.5%.

Items (in R\$ Billion)	3Q12	3Q13	3Q14
Caixa's Asset	673	859	1019
Amplified Loan Portfolio	331	463	576
Saving Deposits	170	200	229
Managed assets (Third party)	545	635	714

Assets under management by CAIXA totaled R\$ 1.7 trillion, increase of 16,0% in 12 months, highlighting FGTS with R\$ 397.7 billion of balance, growth of 12.9% and Asset Management that amounted R\$ 240.1 billion, evolution of 9.3% in 12 months.

Of total liabilities, 39.6% consisted in deposits and 28.2% were funding and notes in the open market. Time deposits grew 19.2%, and demand deposits totaled R\$ 24.6 billion.

CAIXA's net equity showed a balance of R\$ 64.4 billion in September 2014, including R\$ 35.9 billion in hybrid capital and debt instruments, eligible to compose the main capital in Basel III, as Net Equity. The return on average equity was 17.8% in the last 12 months. BIS Ratio, at the end of the quarter was 15,3%, 4.3 p.p. above the legal requirement of 11%.

The results directly reflect the goals established by the company that aimed to promote the efficient management of its resources, taking it to new levels of operational efficiency to contribute the maintenance of sustainable results.

As a result of actions to increase operational efficiency, combined with the early maturity of the investments made in recent years, CAIXA improved operating efficiency ratio in 3.8 p.p., if compared to the same period of 2013, reaching 56.7% in September 2014.

Ratios (in %)	3Q12	3Q13	3Q14
Return on Average Assets (accumulated 12 months)	1.0	0.9	0.8
Return on Average Equity (accumulated 12 months)	27.5	26.5	17.8
BIS Ratio (or Basel II Index)	12.6	17.0	15.3
Public Sector Debt	27.9	23.1	29.0
Fee Income / Administrative Expenses (accumulated 12m)	66.8	63.4	63.4
Fee Income / Personnel Expenses (accumulated 12m)	109.7	101.7	102.9
Operating Efficiency Ratio (accumulated 12m)	58.4	60.5	56.7

## SECURITIES AND DERIVATIVES FINANCIAL INSTRUMENTS

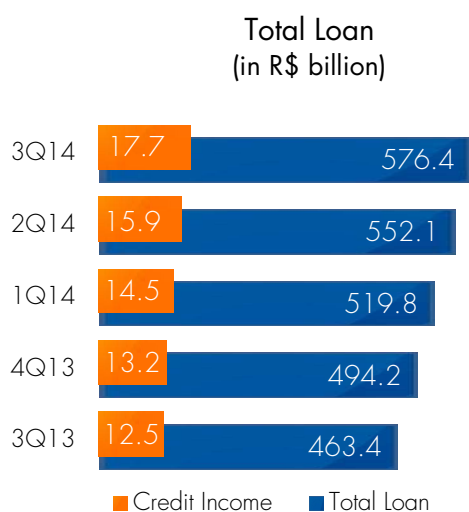
Securities and derivatives financial instruments portfolio had a balance of R\$ 167.9 billion in September 2014, of which R\$ 147.9 billion were government bonds and R\$ 20.0 billion were private-issued securities.

Operations with securities and derivatives financial instruments reached R\$ 20.8 billion, 47.8% higher than the same period of 2013.

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\$ 47.1 billion, until their respective maturities, and also states to have the financial capability required to do so.

## AMPLIFIED LOAN PORTFOLIO

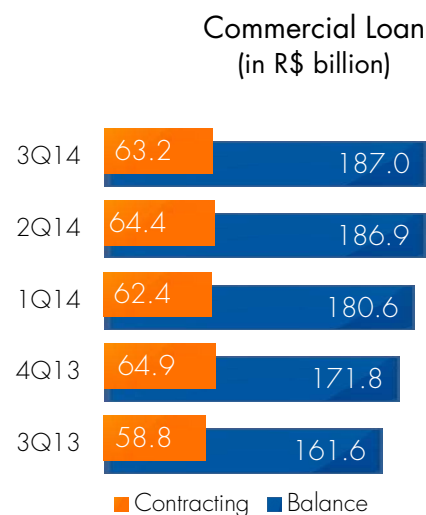
CAIXA's amplified loan portfolio expanded 24.4% in comparison to September 2013, reaching a balance of R\$ 576.4 billion. New loans increased 6.6% and reached R\$ 364.2 billion, stands out the commercial loan portfolio with R\$ 187.0 billion of balance and R\$ 189.9 billion of new contracts in the period, respectively 15.7% and 8.1% higher than September 2013.



Operations with individuals has registered a balance of R\$ 91.7 billion, growth of 21.1% in 12 months. Operations presented a balance of R\$ 106.0 billion, increase of 2.4% until September 2014.

Among the individual segment products, stands out the payroll with amount contracted of R\$ 21.4 billion and R\$ 51.5 billion of balance, 18.3% higher than the same period in 2013. The market share was 21.0%, an increase of 1.23 p.p. in 12 months.

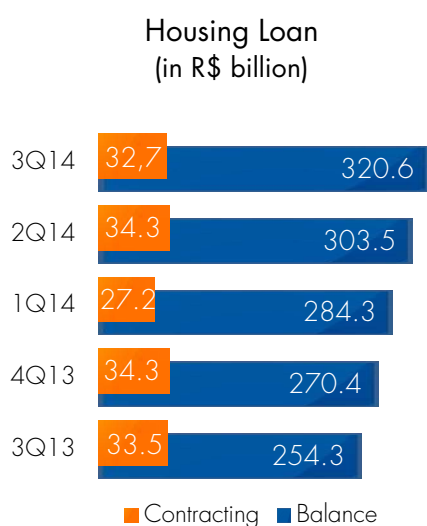
Corporate segment at the end of the period presented R\$ 95.3 billion of balance and R\$ 83.9 billion hired, respective increase of 11.0% and 3.2% in 12 months.



The operations of sanitation and infrastructure presented a balance of R\$ 51.3 billion at the end of September 2014, increment of 52.8% in 12 months. New loans in this segment reached the amount of R\$ 20.7 billion, increase of 17.2% in 12 months. From these, R\$ 3.0 billion were hired in sanitation; R\$ 8.3 billion in electric power financing and logistic; R\$ 4.1 billion in urban mobility and R\$ 5.3 billion in urban infrastructure.

In September 2014, the balance of real estate portfolio reached R\$ 320.6 billion, evolution of 26.1% in 12 months. CAIXA remained the market leader with a 67.6 % of market share, not including mortgage-backed securities.

Contracts in housing loan portfolio totaled R\$ 94.2 billion until September 2014, from these, R\$ 29.4 billion were engaged with FGTS resources and R\$ 54.0 billion with Brazilian Savings and Loans System (Sistema Brasileiro de Poupança e Empréstimo, or SBPE) resources and R\$ 10.8 billion engaged with other resources.



To “My House, My Life” Program, R\$ 25.8 billion were engaged until the third quarter, totaling 321.6 thousand housing units. Of this amount, 34.7% were destined to families with maximum income of R\$ 1.6 thousand fully subsidized by the program.

CAIXA’s Rural Credit balance increased, in its second year, from R\$ 889 million in September 2013 to R\$ 4.2 billion in September of 2014. Contracting in the period totaled R\$ 3.4 billion with resources destined to agricultural and cattle breeding, investment operations in machines and equipment, animal acquisition and rural infrastructure projects.

The loan portfolio quality remained high during the period, approximately 92% of its total classified in ratings from AA-C. The delinquency rate was 2.73%, showing a decrease compared with the previous quarter.

The delinquency in commercial loan ended the period in 4.72%, at the end of the period, increase of 0.1 p.p. in relation to June 2014, of which 5.72% in individual portfolio and 3.70% in the corporate portfolio. For real estate loans, the indicator presented the perceptual of 1.84%, keeping up stable compared to the previous quarter.

## DEPOSITS AND FUNDING

The total funding reached a balance of R\$ 794.9 billion in September 2014, evolution of 23.1% in relation to the same period of 2013.

CAIXA is the second largest bank in deposits in the country, with a balance of R\$ 403.0 billion in September 2014, an increase of 14.2% in 12 months. Highlights the savings with R\$ 228.7 billion of balance, 14.1% higher than September 2013, which keeps CAIXA in the leadership in this market.

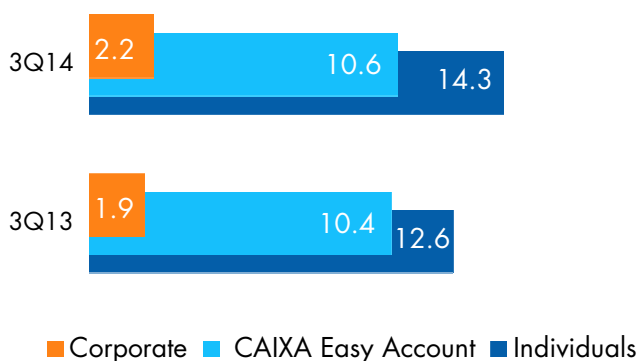
In 12 months, 6.6 million of savings accounts were opened, totaling 57.2 million at the end of September 2014, an increase of 13.0%.

CAIXA's current account basis increased 9.2%, in the period, evolving to 27.1 million distributed as follows: 24.9 million of individual accounts, (10.6 million were CAIXA Easy Account - CAIXA Fácil), and 2.2 million of corporate accounts.

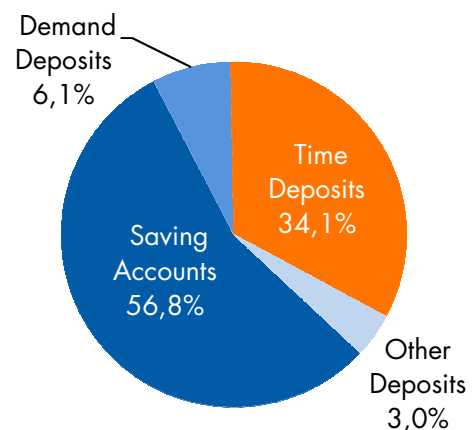
Demand deposits totaled R\$ 24.6 billion and time deposits, R\$ 137.0 billion, increase of 19.2% in comparison to September 2013. Certificate of Bank Deposit - CDB resources represented 63.4%, accounting R\$ 86.9 billion, increment of 20.4% in relation to the same period of the previous year. Judicial deposits expanded 17.2% in 12 months, reaching a balance of R\$ 50.1 billion. The remaining deposits at the end of the period totaled R\$ 12.4 billion of balance.

In nine months, Mortgage linked notes, local credit notes and agribusiness credit notes totaled R\$ 30.2 billion of net funding. In September, Notes reached a balance of R\$ 114.7 billion, increment of 65.2% if compared to September 2013 and 12.3% higher in relation to the second quarter of 2014.

Quantity of Accounts  
(In million)



Composition of Deposits Balance



Emphasis on the mortgage linked notes evolution of 66.4%, reaching a balance of R\$ 76.8 billion in the quarter, corresponding to 54.3% of market share. Local credit notes reached a balance of R\$ 35.5 billion, and agribusiness credit notes achieved R\$ 2.4 billion of balance, growths of 63.8% and 49.4%, respectively.

In relation to the international funding, CAIXA totaled a balance of R\$ 14.0 billion, an increase of 185.4% in 12 months, including international emissions and foreign loans.

CAIXA has earned the trust of investors and consolidating itself in the international market after successive emissions, gaining greater visibility and diversifying its funding sources.

## **ASSET MANAGERMENTS**

In September 2014, net equity of asset managements and managed portfolio totaled R\$ 485.6 billion of balance, including FI of FIC and FI FGTS. Exclusive funds, with R\$ 107.6 billion, grew 1.9% in 12 months, and retail funds, R\$ 103.3 billion, increment of 11.0% in comparison to September 2013.

Fixed income funds at the end of the period totaled R\$ 189.1 billion of balance, 7.9% higher than the same period of 2013.

At the end of September, the Institution participated with 8.7% of market funds, according to the National Association of Capital Markets Participants (ANBIMA), growth of 0.15p.p in 12 months.

In September 2014, CAIXA administrated 409 products of investment, of which 384 Asset Management (excluding FFs) and 25 Managed Portfolios, from which 18 were launched in 2014, these 6 in the last quarter.

## CREDIT AND DEBIT CARDS

CAIXA's cards customers performed 860.1 million of transactions, corresponding a financial volume of R\$ 67.7 billion until September this year. The evolution of the transactions was 12.0% while the turnover grew 19.1% in 12 months.

Debit cards reached a basis of 87.0 million in MasterCard, VISA Electron and Elo banners, 7.9% higher in comparison to September 2013. These cards performed more than 712.8 million of transactions, which represented an increment of 25.0% in 12 months and a financial volume of R\$ 45.5 billion.

Credit cards has reached a basis of 10.7 million in Elo, MasterCard and VISA banners. There were carried out more than 238.6 million transactions, corresponding to a financial volume of R\$ 27.9 billion.

Only the Elo cards base has reached the mark of 19.9 million, from these, 19.0 million were debt cards and 948.6 thousand were credit cards, increment of 76.0% and 186.5% in 12 months, respectively.

## BANKING SERVICES

Until September of 2014, 5.4 billion of banking transactions were accomplished, evolution of 14.6% if compared to the same period of the previous year. Only the Internet Banking has reached 955.0 million transactions among withdrawals, deposits, payments and transfers, corresponding to 12.3% of the total transactions. Transactions using cellphones and smartphones have presented increase of 177% in 12 months.

Income from services and fees totaled R\$ 13.5 billion until September 2014, evolution of 12.0% in relation to the same period of the previous. From these, stand out banking services with R\$ 4.4

billion until the third quarter of 2014, increase of 9.5% in 12 months.

Aiming to meet the needs of its customers, in partnership with "CAIXA Seguros" Group, CAIXA provides its clients with products such as insurance of life, real estate and vehicle, capitalization certificates, private pension and consortium that have been transacted R\$ 3.8 billion until September, 33.3% higher than the value traded in the same period of 2013. These products yielded R\$ 212.3 million in fees until the third quarter, increment of 27.5% in 12 months.

# CAIXA IN NUMBERS

**R\$ 1.0**  
**TRILLION**

Own assets

**+18.6%**  
against 3Q13

Net Profit

**R\$ 5.3**  
**BILLION**

9M14

**+5.6%**  
Higher than 9M13

**R\$ 1.7**  
**TRILLION**

AUM

**+16.0%**  
in 12 months

**R\$ 52.3**  
**MILLION**

Invested in training  
programs and higher  
education 9M14

**R\$ 576.4**  
**BILLION**

Amplified loan  
portfolio

**+24.4%**  
in 12 months

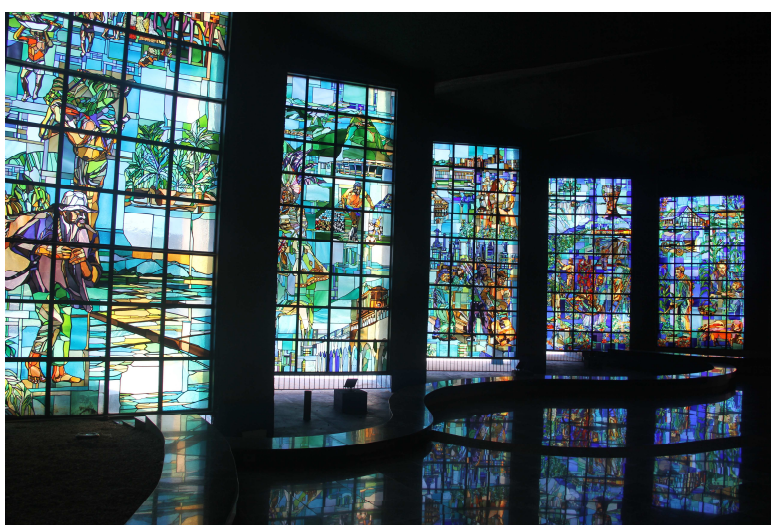
**R\$ 167.9**  
**BILLION**

Securities and  
derivatives

**+8.0**  
in 12 months

**100.1**  
**THOUSAND**  
employees

**4,8 thousand**  
Hired in  
12 months



Glass Atrium - CAIXA Matriz II building  
Photography: Brasil Alves, 2014

# CAIXA IN NUMBERS

**R\$ 67.7**  
**BILLION**  
 financial volume moved  
 by CAIXA Cards  
**+ 19,1%**  
 against 9M13

**77.2**  
**MILLION**  
 customers  
**+ 10.0%**  
 In 12 months

## TOTAL LOAN

**19.6%**  
 Market share

## SAVINGS

**35.5%**  
 Market share

Nearly  
**R\$ 13.9**  
**MILLION**  
 Invested in culture  
 in 3Q14

**R\$ 233.0**  
**MILLION**  
 Invested in sports  
 in 9M14

## HOUSING

**67.6%**  
 Market share

## ASSET MANAGEMENT

**8.7%**  
 Market share



Painting "O Candango" by Eduardo Kobra - CAIXA Matriz II building  
 Photography: CAIXA News (Intranet). August, 2014

## GOVERNMENT SERVICES

As the main operating agent of the Federal Government social programs, CAIXA actively contributes to eradicating poverty and improving income distribution for the Brazilian population. In 9 months, were paid approximately 131.2 million of benefits corresponding to R\$ 20.4 billion.

The main income transfer program, Family Allowance, has paid about 120.2 million of benefits in the period, which totaled R\$ 19.0 billion, increase of 6.9% in 12 months.

In relation to the programs intended for workers, the Institution paid 130.8 million of benefits in 9 months, totaling R\$ 148.6 billion, including Unemployment Insurance (Seguro Desemprego), Salary Allowance (Abono Salarial) and Brazilian Social Integration Program—PIS, corresponding to R\$ 37.6 billion, evolution of 8.6% in comparison to the same period of the previous year.

There were paid 49.5 million of retirement and pensions to the beneficiaries of National Institute of Social Security - INSS, representing an amount of R\$ 48.9 billion, growth of 12.6% in 12 months.

The FGTS collection has reached R\$ 76.8 billion and withdrawals totaled R\$ 62.2 billion. At the end of September, the Fund was comprised for 136 million of active accounts.

In order to facilitate the transmission of information related to FGTS, were made available for use by employers, by means of the Internet, the CAIXA Social Connectivity services.

This channel allows employers using, online, services such as, for example, sending monthly archives, registration data regularization, removal communication, reporting and registration PIS of its employees.

## LOTTERIES

The first contest of CAIXA Lotteries, number 1 extraction off the Federal Lottery , was launched 52 years ago, on September 15, 1962. Over the years the CAIXA Lottery amassed several achievements and consolidated as a safe business, transparent, profitable, sustainable and with great national acceptance.

Products and processes managed by CAIXA Lotteries are globally recognized as excellent, certified for safety by the world's foremost authority, the World Lottery Association - WLA, that by the end of 2014 will certify CAIXA Lotteries as a practitioner of Responsible Gaming, for fulfilling strictly the ethical criteria for their marketing.

In 9 months, CAIXA Lottery revenues was R\$ 9.2 billion, 17.0% higher than the value collected in the same period of the last year. Stands out the Timemania, Mega-Sena and Instant Lottery products which increased by 63.5%, 34.5% and 14.1%, respectively, over the same period of 2013.

A launch in the period was the inclusion of the Brasileirão Feminino 2014 matches in sports betting Loteca and Lotogol programming.

From the amounts collected in Lotteries portfolio, R\$ 3.4 billion were transferred to the Federal Government social programs in the areas of social security, sport, culture public safety, education and health.

Lotteries Destination (in R\$ million)	3Q12	3Q13	3Q14
Social destination	960	981	1,237
Prizes	943	946	1,242
Taxes	225	244	259
Expenses of Costs and Maintenance	511	518	654
<b>Total</b>	<b>2,639</b>	<b>2,688</b>	<b>3,392</b>

## STRATEGIC INVESTMENTS

CAIXAPAR, established in 2009, our wholly-owned subsidiary, is the strategic partner of the Institution in business related to investments in other companies, working in economic sectors and in similar and complementary activities to the Company business.

The main activities are related to new business prospects, to the management and the governance of our equity participations, contributing to the expansion and diversification of the CAIXA's business.

Among the companies included in the portfolio holdings of CAIXAPAR, highlight: CAIXA Seguros, Banco PAN, Capgemini, and Elo Services.

Compositions of Investments (in R\$ million)	3Q12	3Q13	3Q14
CAIXA Seguros Holding S.A.	1,760	2,051	2,232
Banco PAN	898	574	1,050
Capgemini	320	280	244
Elo Serviços	12	10	12
CIBRASEC – Cia Brasileira de Securitização	7	7	7
Caixa Seguros Participações - CSP	-	3	-
Crescer	-	6	1
Branes	-	2	2
BIAPE	1	1	1
FGO - Fundo de Garantia de Operações	-	-	82
FGHAB - Fundo Garantidor da Habitação Popular	-	-	198
Asset Management - Share	-	39	39
Others	229	198	2
<b>TOTAL</b>	<b>3,226</b>	<b>3,172</b>	<b>3,870</b>

## INTERNATIONAL OPERATIONS

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

By means of the Remittance Program, living abroad customers can send Money to Brazil. The program raised in the third quarter, R\$ 91.0 million through the corresponding banks (SWIFT) and partner banks (insured).

In the foreign trade segment, CAIXA accomplished in the third quarter of 2014, R\$ 805.1 million in foreign exchange operations and working capital to finance exports, increase of 117.1% compared to the third quarter of 2013. Stands out also the increase of 40.9% in contracting ACC/ACE operations over the same period last year, reflecting the CAIXA commitment on increasing the participation of Brazilian companies in the international trade.

During the period, the CAIXA Representative Offices in the United States and Japan have strengthened the actions with the local Brazilian community in supporting the realization of Itinerant Consulates and participating in traditional events.

Regarding to the corporate segment, the Offices represented CAIXA in meetings aimed to business, especially those conducted by the Chamber of Commerce Brazil United States, and the Joint

Meeting of the Brazil-Japan Economic Cooperation Committee, sponsored by the National Confederation of Industry - CNI and its counterpart in Japan Keidanren - Japan Federation of Economic Organizations.

Within the International Cooperation, CAIXA has formalized in August a Memorandum of Understanding with the Regional Office of United Nations - UN Habitat in Latin America and the Caribbean. The document defines the partnership between the entities for achieving mutual exchange of experiences and cooperation projects for sustainable urban development, international technical cooperation and actions under the Program Cash Management Best Practices in Local.

## CORPORATE GOVERNANCE

CAIXA maintains its works to become a benchmark in corporate governance practices, either by the current management model, which has corporate 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 have become concretes in various management tools, such as the CAIXA's Code of Ethics and CAIXA's Performance Policies.

Its 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 decision levels of the organization, the work agenda and vision of the key management issues.

CAIXA has collegiate and specific unit that perform the functions related to supervision and oversight of CAIXA's administrators management, besides supervisory boards and external control.

As part of its governance system, the Institution has instruments that ensure the inhibition of interest conflicts between their various levels of management. For the rules related to the non-participation of the Vice-Presidents of the segregated areas such as board members. CAIXA's Statute contains other segregation rules of duties that should be observed by the management.

CAIXA provides information about its corporate governance on the website <http://www14.caixa.gov.br/portal/governanca>.

## INTERNAL CONTROLS

CAIXA's Internal Control System (CAIXA SCI) is the set of elements consisting 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, internal and external rules applicable to them, 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 Treadway Commission) components: control environment, risk assessment, control activities and compliance, monitoring, information and communication.

Among its control activities stands out the money laundering prevention, combating the terrorism financing and corruption. The guidelines of this activity are consolidated in the Prevention of Money Laundering Policy and Terrorism Financing.

In adherence to the new management model was implemented the concept of Defense Lines with the creation of the National Centralized Monitoring Standards and Risk, whose activities started in July

2014 and will aggregate gradually indicators for monitoring of significant risks, with order to identify situations that require improvement control, that will be handled from the development of Action Plans with the responsible areas.

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.

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 SCI and the preparation of Internal Control Reports for compliance with Resolution CMN n.º 2,554/1998, Circular BACEN n.º 3,467/2009 and IBRACON Technical Communication n.º 003/2010, as well as CVM Instruction n.º 505/2011.

## RISK AND CAPITAL MANAGEMENT

CAIXA's risk and capital management is based on the best market practices and in compliance with the standards issued by the National Monetary Council – CMN and Central Bank of Brazil - BACEN, performed by means of compatible management structures with the size of exposures to the risk credit, operational, market, liquidity and other risks that CAIXA is exposed.

These structures are composed by policies, processes, practices, procedures, models and systems, appropriate to the nature and complexity of products and services offered by the Institution.

Policies approved by the Supervisory Board establish the principles, values and guidelines adopted in the management of these risks and define the operational limits and procedures to maintain exposure in levels considered acceptable by the Institution.

The management covers all relevant sources of risk, with opportune reporting to deliberative instances, ensuring lower earnings volatility for Institution, alignment with best market practices and compliance with legal requirements.

The risk management activities are segregated of the business and audit activities. The inherent risks in new products and services are previously identified, analyzing their suitability to procedures and controls adapted by CAIXA, to exposure limits and concentration to risks.

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

The CAIXA capital management is aligned to the business plan that considers business objectives, macroeconomic scenarios and the risks to which the institution is subject, Capital Plan being prepared for a minimum horizon of three years, in normal and stress scenarios.

## SOCIAL ENVIRONMENTAL RESPONSIBILITY

CAIXA has a standardized environmental policy and social responsibility corporate and works as an inducer of sustainable practices. By means of the Social Environmental Fund, since 2010, the Institution allocates resources corresponding to up to 2% of the profits to support environmental projects and investments aiming to consolidate and expand its operations in encouraging actions that promote sustainable development.

Until September of 2014, the Social Environmental Fund invested R\$ 7.8 million in 110 projects related to environmental management, generation of wind and solar energy, work and income, culture, health and education, among other areas, benefiting primarily the low-income population.

Among the projects supported by the Fund, stands out the generation of income and energy project whose goal is to assist low-income households by means of installing solar and wind microgeneration systems, and promote cooperative and exchange experiences and solutions that maximize the income earned by energy generation.

The Fund also supports the Emerging and Sustainable Cities Initiative - ICES, methodology of the Inter-American Development Bank - IDB, in the cities of João Pessoa/PB, Vitória/ES, Palmas/TO and Florianópolis/SC. This methodology foresees actions for short and medium terms for providing quality public services, ensure security, promote

employment and make efficient use of natural resources, which makes CAIXA differentiate to support municipalities in order structured, stimulating the construction and implementation of its development agenda in emerging cities.

Unlike previous years, CAIXA Sustainability Report 2013 was not published and was unavailable for the society in the third quarter, due to restrictions imposed by the electoral period as set the Normative Instruction SECOM n.º 14/2014. CAIXA returned to disclose again the report on the website containing data based on industry indicators and environmental responsibility after the elections.

## INFORMATION TECHNOLOGY

CAIXA continued to invest in improvement, innovation and refinement of services for Information Technology and Communication. In that sense, until September 2014 R\$ 933.5 million were invested in new platforms, expansion, increased capacity, improvements in performance and availability, maintenance and upgrade of its technology park.

In the third quarter there was a process of updating the financial lottery terminals, 15.0 thousand new equipment were installed. In total 25.0 thousand terminals will be replaced by the end of the year. The new machines are replacing older and out of warranty equipment, besides contributing to the expansion of the network.

The advantage is offer more efficient equipment for the lottery network, with guarantee and reduced maintenance cost. Since the beginning of the substitution, there was a reduction of 25% in the called maintenance. Actions are also being implemented to improve service in the channel, as the adoption of biometrics, recharge cards by approximation (NFC) and improved connection to the company.

The CAIXA Technological Park is also being updated. By the end of the year will be renewed approximately 60% of network equipment, including 93.0 thousand workstations, 23.0 thousand stations used by executive cashier, and 15.0 new ATMs.

During the quarter, the CAIXA cloud services began to be used, as a pilot test, in some units of the Institution. It is a new way for providing technology services offering virtual environments for data processing and storage services. It is already available on the platform the virtual station work and the client applications which do not require the availability of computer application.



Source: *CAIXA Information Technology portal (Intranet).  
September, 2014*

## PEOPLE MANAGEMENT

In September 2014, CAIXA totaled in its staff 100.1 thousand gazetted employees and 16.1 thousand trainees and apprentices. In a year, 4.8 thousand employees were hired.

The payroll expenditure totaled R\$ 12.8 billion in 9 months, contemplating the benefits provided to employees and their dependents in the amount of R\$ 1.6 billion and employees' remuneration plus charges.

Another benefit that the Institution offers employees is the possibility to supplement their income after retirement, by means of sponsorship of benefit plans pension, administered by the CAIXA's Employee Foundation - FUNCEF, which in August completed 37 years of service to its participants.

At the end of the third quarter, FUNCEF reached about 97.0% of the staff, and completed the mark of 136.4 thousand associates. Within this number 99.8 thousand are active employees, 29.6 thousand are retirees and 7.0 thousand pensioners.

In addition to several programs for health and safety of employees, the Institution seeks to integrate to the management of performance and skills and to the knowledge management the corporate education, by means of training, creation and maintenance of systems and processes of knowledge dissemination and skills development. In this sense, CAIXA invested R\$ 52.3 million, in the period in training programs and higher education.

CAIXA was included in the list of "150 best companies for people management practices - PGP's 2014". The Institution was also recognized in the dimension Quality of Life. The survey assesses from questionnaires completed by employees, the dimensions targeted for leadership, people development, life quality, diversity and communication.

## SUPPORT FOR CULTURE AND SPORTS

Tuned with the guidelines of the Federal Government, CAIXA include in its strategic planning, cultural marketing actions oriented for the following aspects: social inclusion, human development, national values, democratization, decentralization and transparency.

During the third quarter, nearly R\$ 13.9 million were invested in 130 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 were invested approximately R\$ 233.0 million in the third quarter of 2014.

## AWARDS AND RECOGNITION

CAIXA won for the fifth consecutive time a prominent position in the Top 5 Institutions of the Central Bank - BACEN report. This report is published monthly with the classification of the top five institutions in projections of IPCA, IGP-M, IGP-DI, Exchange and Selic, for short, medium and long terms. BACEN publishes monthly a classification of the institutions participating in the Research Market Expectations, in order to stimulate the ability to forecast market.

CAIXA received awards, for the thirteenth consecutive time as the most recalled brand in the Savings Accounts category, in Top of Mind Award 2014, an annual Datafolha Institute survey. With 50% of the memories, CAIXA achieved the best performance of the brand since the category was created in 2002. The percentage is five times higher than the second place in the ranking and six points higher compared to the last edition.

Furthermore, the continuous search for excellence in the management and operation of the Guarantee Fund for Time Service - FGTS has afforded for the Institution the recognition of the Quality and Productivity Gaucho Program – PGQP for the fifth consecutive year.

According to an unedited ranking compiled by the Corporate Image public relations agency, of the 100 largest Brazilian companies that participated in the ranking, CAIXA is the second one that best communicates. They were analyzed 58 criterions related with the pressroom pages of the major

companies listed on the 2013 edition of the ranking "Value 1000", from the Valor Economico newspaper. The evaluation included items such as the pace of updating the content, integration with social networking, multimedia and even access to basic information such as a phone number.

## **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