

(A free translation of the original in Portuguese)

**Caixa Econômica
Federal - CAIXA**
Financial Statements
at December 31, 2008 and 2007
and Report of Independent Auditors

(A free translation of the original in Portuguese)

Report of Independent Auditors

To the Board of Directors and Stockholders
Caixa Econômica Federal - CAIXA

- 1 We have audited the accompanying balance sheet of Caixa Econômica Federal - CAIXA as of December 31, 2008, and the related statements of income, of changes in stockholders' equity, of cash flows and of value added for the year then ended and for the second six-month period of 2008. These financial statements are the responsibility of CAIXA's management. Our responsibility is to express an opinion on these financial statements.
- 2 We conducted our audit in accordance with approved Brazilian auditing standards, which require that we perform the audit to obtain reasonable assurance about whether the financial statements are fairly presented in all material respects. Accordingly, our work included, among other procedures: (a) planning our audit taking into consideration the significance of balances, the volume of transactions and the accounting and internal control systems of CAIXA, (b) examining, on a test basis, evidence and records supporting the amounts and disclosures in the financial statements, and (c) assessing the accounting practices used and significant estimates made by management, as well as evaluating the overall financial statement presentation.
- 3 In our opinion, the financial statements audited by us present fairly, in all material respects, the financial position of Caixa Econômica Federal - CAIXA at December 31, 2008, and the results of its operations, the changes in stockholders' equity, the cash flows and the value added to CAIXA's operations for the year then ended and for the second six-month period of 2008, in accordance with accounting practices adopted in Brazil.

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- 4 We previously audited the financial statements of Caixa Econômica Federal - CAIXA for the year ended December 31, 2007, comprising the balance sheet and the statements of income, of changes in stockholders' equity and of changes in financial position, as well as the supplementary information comprising the statements of cash flows and of value added, on which we issued an opinion dated February 21, 2008, with limitations of scope in respect of: (i) the non-completion of the studies and calculations required by Accounting Standard and Procedure (NPC) 26 of the Institute of Independent Auditors of Brazil (IBRACON), which determines specific criteria for the calculation of costs to provide benefits to employees of companies sponsoring defined benefit pension plans, as well as health care plans; and (ii) the effects of the possible reversal of the valuation allowance for tax credits relating to temporary differences because the estimates of the realization of these tax credits in up ten years were being analyzed by management, in accordance with the National Monetary Council (CMN) Resolution No. 3355/2006. These matters were resolved during 2008, as mentioned in Note 2. As mentioned in Note 25 (e), the accounting practices adopted in Brazil were modified effective January 1, 2008. The financial statements for the year ended December 31, 2007, presented together with the financial statements for 2008, were prepared in accordance with the accounting practices adopted in Brazil in effect until December 31, 2007, and, as allowed by Technical Pronouncement No. 13 of the Brazilian Accounting Pronouncements Committee (CPC) - First-time Adoption of Law No. 11638/07 and Provisional Measure No. 449/08, have not been restated to facilitate comparison between the years.
- 5 As mentioned in Note 19, CAIXA has income tax and social contribution on net income credits of R\$ 13,500 million at December 31, 2008 (December 31, 2007 - R\$ 11,378 million) arising from tax losses, temporary differences and social contribution to be offset, and a valuation allowance in relation to these credits of R\$ 5,280 million (December 31, 2007 - R\$ 4,690 million). The net amount of R\$ 8,220 million (December 31, 2007 - R\$ 6,688 million), recorded as an asset, refers to management's estimates of the amounts to be realized in the next ten years. The amount to be used in the future for tax offset is conditioned to the generation of taxable income and may differ from the current estimates.

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- 6 As described in Note 1 to the financial statements, the financial and economic management of CAIXA is considered within the decisions of the Brazilian Federal Government. In this context, as described in Note 7 (b), CAIXA has credits receivable from the Salary Variation Compensation Fund (FCVS) of R\$ 26,451 million (December 31, 2007 - R\$ 24,800 million). Housing loans already signed with coverage of the FCVS, but awaiting approval, amount to R\$ 7,992 million (December 31, 2007 - R\$ 8,121 million) and their effective realization depends on the adherence to a set of rules and procedures defined in regulations issued by the FCVS. CAIXA established criteria to estimate the losses arising from transactions that do not comply with these rules and recorded a provision therefor of R\$ 2,733 million (December 31, 2007 - R\$ 3,150 million). The realization of the credits relating to housing loans already approved by the FCVS, in the net amount of R\$ 17,721 million (December 31, 2007 - R\$ 16,066 million), is subject to a securitization process, as prescribed by Law 10150/00.

Brasilia, February 11, 2009

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5 "F" DF

Ricardo Baldin
Contador CRC 1SP110374/O-0 "S" DF

Caixa Econômica Federal - CAIXA

Balance Sheet

At December 31

(In thousands of reais)

(A free translation of the original in Portuguese)

Assets	2008	2007
Current Assets	139,802,973	125,813,348
Cash and Cash Equivalents (Note 4)	2,632,645	2,123,592
Short-term Interbank Investments (Note 5)		
Money market investments	30,551,684	11,834,515
Interbank deposits	2,433,015	
	32,984,699	11,834,515
Securities and Derivative Financial Instruments (Note 6)		
Own portfolio	34,345,152	27,492,575
Subject to repurchase agreements	15,750,364	30,330,581
Pledged in guarantee	935,544	218
Derivative financial instruments (Note 6(g))	110	15,510
	51,031,170	57,838,884
Interbank Accounts		
Payments and receipts pending settlement	131,409	74,213
Restricted deposits - Brazilian Central Bank deposits (Note 7(a))	20,855,196	28,092,398
Correspondent banks	299,206	242,966
	21,285,811	28,409,577
Interdepartmental Accounts		
Third party funds in transit	87	72
Internal transfers of funds	173,046	111,308
	173,133	111,380
Loan Operations (Note 8)		
Loans, bills discounted and financing	15,152,834	11,829,954
Real estate financing	8,479,281	6,635,866
Infrastructure and development financing	395,481	314,922
Allowance for loan losses (Note 8(f))	(2,728,272)	(1,922,308)
	21,299,324	16,858,434
Other Receivables		
Receivables from guarantees honored	24,670	19,087
Foreign exchange portfolio	12,497	10
Income receivable (Note 9(a))	750,708	806,462
Negotiation and intermediation of securities	381	
Specific credits	54,472	78,394
Sundry (Note 9(b))	7,988,290	6,749,882
Provision for other losses (Note 9(c))	(86,098)	(66,088)
	8,744,920	7,587,747

Caixa Econômica Federal - CAIXA

Balance Sheet
At December 31
(In thousands of reais)

(continued)

Assets	2008	2007
Other Assets (Note 10)		
Other assets	1,001,949	1,090,168
Provision for losses	(201,008)	(232,794)
Prepaid expenses	850,330	191,845
	1,651,271	1,049,219
Non-current Assets	156,117,357	127,761,663
Long-term Receivables	152,789,322	125,233,449
Securities and Derivative Financial Instruments (Note 6)		
Own portfolio	49,876,513	60,807,092
Subject to repurchase agreements	9,105,558	1,039,185
Pledged in guarantee	131	1,026,769
Deposits with the Brazilian Central Bank	10,568,495	1,556,361
	69,550,697	64,429,407
Interbank Accounts		
SFH - National Housing System (Note 7(b))	23,145,193	21,165,991
	23,145,193	21,165,991
Loan Operations (Note 8)		
Loans, bills discounted and financing	14,389,285	7,998,261
Real estate financing	36,595,910	25,838,881
Infrastructure and development financing	5,049,621	3,270,193
Allowance for loan losses (Note 8(f))	(4,171,769)	(3,167,454)
	51,863,047	33,939,881
Other Receivables		
Income receivable (Note 9(a))	8,310	
Sundry (Note 9(b))	8,478,944	5,961,103
Provision for other losses (Note 9(c))	(256,869)	(262,933)
	8,230,385	5,698,170

Caixa Econômica Federal - CAIXA

Balance Sheet
At December 31
(In thousands of reais)

(continued)

Permanent Assets	3,328,035	2,528,214
Investments		
Investments in subsidiary and associated companies	795,860	580,928
. Domestic (Note 11(a))	787,011	572,027
. Foreign	8,849	8,901
Other investments	119,238	53,414
Provision for loss	(11,093)	(11,092)
	904,005	623,250
Property and Equipment (Note 11(b))		
Properties in use	179,498	186,540
Revaluations of properties in use	848,588	853,814
Other property and equipment in use	2,618,479	2,256,133
Accumulated depreciation	(1,984,160)	(1,710,406)
	1,662,405	1,586,081
Intangible assets (Note 11(c))		
Payroll acquisition rights	577,099	
Other intangible assets	2,415	
Accumulated amortization	(88,153)	
	491,361	
Deferred Charges (Note 11(c))		
Organization and expansion costs	542,110	523,133
Accumulated amortization	(271,846)	(204,250)
	270,264	318,883
	295,920,330	253,575,011

Caixa Econômica Federal - CAIXA

Balance Sheet
At December 31
(in thousands of reais)

(continued)

Liabilities and Stockholders' Equity	2008	2007
Current Liabilities	237,751,932	203,386,499
Deposits (Note 12)		
Demand deposits	13,216,430	11,556,286
Savings deposits	92,549,546	75,600,969
Interbank deposits	11,182	
Time deposits	48,553,199	41,314,623
Special deposits and deposits of funds and programs (Note 12(b))	11,007,965	13,076,680
Other deposits	116,827	192,149
	165,455,149	141,740,707
Deposits Received Under Security Repurchase Agreements (Note 12)		
Own portfolio	24,901,534	31,373,301
Third party portfolio	26,301,235	10,595,411
	51,202,769	41,968,712
Funds from Acceptances and Issue of Securities (Note 13)		
Funds from real estate, mortgage, credit and similar notes	291,523	1,526,068
	291,523	1,526,068
Interbank Accounts		
Receipts and payments pending settlement	86,331	69,835
Correspondent banks	5,533	1,418
	91,864	71,253
Interdepartmental Accounts		
Third party funds in transit	648,407	484,790
Internal transfers of funds	11,801	16,424
	660,208	501,214
Local Onlendings - Official Institutions (Note 15)		
National Bank for Economic and Social Development (BNDES)	4,292	5,700
Government Severance Indemnity Fund for Employees (FGTS)	8,204	8,166
Other	75	38
	12,571	13,904
Derivative Financial Instruments (Note 6(f))		
SWAP transactions	7,659	11,930
	7,659	11,930

Caixa Econômica Federal - CAIXA

Balance Sheet
At December 31
(in thousands of reais)

(continued)

Liabilities and Stockholders' Equity	2008	2007
Other Liabilities (Note 16)		
Collection and payment of taxes and social contributions	194,434	115,137
Foreign exchange portfolio	12,518	10
Social and statutory	1,776,384	1,235,850
Taxes and social security contributions (Note 16(a))	1,485,285	1,588,402
Negotiation and intermediation of securities	52,047	15,010
Funds with specific purposes: (Note 16(b))		
Lottery operations	345,200	280,003
Social funds and programs	3,182,721	1,951,639
Financial development funds	1,065,739	1,620,574
Sundry (Note 16(c))	11,915,861	10,746,086
	20,030,189	17,552,711
 Non-current liabilities	 45,463,728	 39,603,042
Deposits (Note 12)		
Time deposits	72,654	47,993
	72,654	47,993
 Funds from Acceptances and Issue of Securities (Note 13)		
Funds from real estate, mortgage, credit and similar notes	1,225,342	4,824,683
	1,225,342	4,824,683
 Borrowings (Note 14)		
Foreign borrowings	16,974	15,954
	16,974	15,954
 Local Onlendings - Official Institutions (Note 15)		
Federal Treasury - Social Integration Program (PIS)	590,816	563,936
National Bank for Economic and Social Development (BNDES)	1,373,017	750,325
Government Severance Indemnity Fund for Employees (FGTS)	26,946,515	19,182,091
Other	197,607	154,893
	29,107,955	20,651,245

Caixa Econômica Federal - CAIXA

Balance Sheet
At December 31
(in thousands of reais)

(continued)

Liabilities and Stockholders' Equity	2008	2007
Other liabilities (Note 16)		
Taxes and social security contributions (Note 16(a))	226,770	193,473
Subordinated debt - Eligible for capital (Note 16(d))	3,439,717	3,439,717
Subordinated debt - Non-eligible for capital (Note 16(d))	994,002	660,395
Hybrid Instruments of Capital and Debt - Eligible for Capital (Note 16(e))	5,200,000	5,200,000
Hybrid Instruments of Capital and Debt - Non-eligible for capital (Note 16(e))	488,012	143,873
Sundry (Note 16(c))	4,692,302	4,425,709
	15,040,803	14,063,167
Stockholders' Equity (Note 17)		
Capital - local residents	9,292,000	8,002,717
Revaluation reserve	551,197	630,412
Revenue reserves	2,874,477	754,053
Adjustment to fair value - securities and derivative financial instruments	(13,004)	88,970
Retained earnings		1,109,318
	12,704,670	10,585,470
	295,920,330	253,575,011

The accompanying notes are an integral part of the financial statements.

Caixa Econômica Federal - CAIXA

Statement of Income

(in thousands of reais)

(A free translation of the original in Portuguese)

	2 nd six-month period of <u>2008</u>	Years ended December 31, <u>2008</u> <u>2007</u>	
Income from Financial Intermediation			
Loans	6,013,632	10,923,706	9,197,698
Securities	9,914,522	17,439,516	13,537,984
Derivative financial instruments	(795,938)	(341,723)	183,114
Foreign exchange, net	12,305	13,427	1,441
Compulsory deposits	2,308,121	4,264,007	3,907,204
	<u>17,452,642</u>	<u>32,298,933</u>	<u>26,827,441</u>
Expenses from Financial Intermediation			
Deposits and money market funding	(8,990,001)	(15,935,843)	(14,035,602)
Borrowings and onlendings	(1,373,723)	(2,388,160)	(1,827,409)
Allowance for loan losses (Note 8(g))	(1,826,472)	(2,689,701)	(1,939,462)
	<u>(12,190,196)</u>	<u>(21,013,704)</u>	<u>(17,802,473)</u>
Net Financial Intermediation Income	<u>5,262,446</u>	<u>11,285,229</u>	<u>9,024,968</u>
Other Operating Income (Expenses)			
Service fees (Note 20(a))	3,442,603	6,839,080	6,456,039
Revenues from bank charges (Note 20(a))	293,200	527,069	408,537
Personnel expenses (Note 20(b))	(4,480,273)	(8,485,004)	(7,276,535)
Other administrative expenses (Note 20(b))	(2,612,188)	(4,912,431)	(4,721,757)
Taxes	(573,908)	(1,128,053)	(1,197,150)
Equity in the earnings of subsidiary and associated companies	114,976	254,420	237,071
Other operating income (Note 20(c))	1,912,255	3,561,309	3,635,152
Other operating expenses (Note 20(c))	(2,584,821)	(4,949,348)	(4,822,612)
	<u>(4,488,156)</u>	<u>(8,292,958)</u>	<u>(7,281,255)</u>
Operating Profit	<u>774,290</u>	<u>2,992,271</u>	<u>1,743,713</u>
Non-Operating Expenses, Net (Note 20(d))	<u>114,677</u>	<u>90,265</u>	<u>(115,540)</u>
Profit Before Taxation and Profit Sharing	<u>888,967</u>	<u>3,082,536</u>	<u>1,628,173</u>
Income Tax and Social Contribution on Net Income (Note 19(b))			
Income tax	(16,471)	(229,917)	(201,833)
Social contribution on net income	(7,093)	(69,458)	(51,688)
Deferred taxes	828,532	1,532,802	1,328,583
	<u>804,968</u>	<u>1,233,427</u>	<u>1,075,062</u>
Profit Sharing (Note 20(e))	<u>(353,661)</u>	<u>(432,674)</u>	<u>(310,781)</u>
Net Income for the six-month period / year	<u>1,340,274</u>	<u>3,883,289</u>	<u>2,392,454</u>

The accompanying notes are an integral part of the financial statements.

Caixa Econômica Federal - CAIXA

Statement of Changes in Stockholder's Equity
(in thousands of reais)

(A free translation of the original in Portuguese)

	<u>Capital</u>	<u>Revaluation reserve</u>	<u>Revenue reserves - legal and other</u>	<u>Adjustment to fair value</u>	<u>Retained earnings</u>	<u>Total</u>
At June 30, 2008	8,002,717	577,849	951,833	73,044	2,874,719	12,480,162
Asset valuation adjustments				(86,048)		(86,048)
Capital increase (Note 17(a))	1,289,283		(179,526)		(1,109,757)	
Tax effects on realization of the revaluation reserve		5,130				5,130
Payment of taxes on the revaluation reserve					(5,388)	(5,388)
Realization of reserve		(31,782)			31,782	
Impairment of assets (Note 25(e.4))					(44,293)	(44,293)
Net income for the six-month period					1,340,274	1,340,274
Appropriations of net income (Note 17)						
Legal reserve			67,013		(67,013)	
Lottery reserve			104,095		(104,095)	
Operating margin reserve			1,931,062		(1,931,062)	
Interest on own capital					(308,638)	(308,638)
Dividends					(676,529)	(676,529)
At December 31, 2008	9,292,000	551,197	2,874,477	(13,004)		12,704,670
At December 31, 2007	8,002,717	630,412	754,053	88,970	1,109,757	10,585,909
PRIOR YEAR ADJUSTMENTS (Note 17(e))					(439)	(439)
Adjusted opening balance	8,002,717	630,412	754,053	88,970	1,109,318	10,585,470
Asset valuation adjustments				(101,974)		(101,974)
Capital increase (Note 17(a))	1,289,283		(179,526)		(1,109,757)	
Tax effects on realization of the revaluation reserve		(33,297)				(33,297)
Payment of taxes on the revaluation reserve		(1,276)			(9,761)	(11,037)
Realization of reserve		(44,642)			44,642	
Impairment of assets (Note 25(e.4))					(44,293)	(44,293)
Adjusted net income for the year					3,883,289	3,883,289
Appropriations of net income (Note 17)						
Legal reserve			194,164		(194,164)	
Lottery reserve			174,724		(174,724)	
Operating margin reserve			1,931,062		(1,931,062)	
Interest on own capital					(617,058)	(617,058)
Dividends					(956,430)	(956,430)
At December 31, 2008	9,292,000	551,197	2,874,477	(13,004)		12,704,670

Caixa Econômica Federal - CAIXA

Statement of Changes in Stockholder's Equity (in thousands of reais)

(continued)

	<u>Capital</u>	<u>Revaluation reserve</u>	<u>Revenue reserves - legal and other</u>	<u>Adjustment to fair value</u>	<u>Retained earnings</u>	<u>Total</u>
At December 31, 2006	6,556,161	623,548	541,852	107,182	1,353,727	9,182,470
Prior-year adjustments (Note (2) and 17(e))					117,205	117,205
Adjustments to market value - Securities and derivative financial instruments				(18,212)		(18,212)
Capital increase	1,446,556		(92,829)		(1,353,727)	
Tax effects on realization of the revaluation reserve		9,090				9,090
Revaluation reserve in subsidiary/associated companies		(119)				(119)
Realization of reserve		(24,586)			24,586	
Reversal/realization of the revaluation reserve		22,479			(8,360)	14,119
Net income for the year					2,392,454	2,392,454
Dividends distributed relating to prior years						
Appropriations of net income (Note 17)						
Legal reserve			125,504		(125,504)	
Lottery reserve			179,526		(179,526)	
Interest on own capital					(539,268)	(539,268)
Dividends					(572,269)	(572,269)
At December 31, 2007	8,002,717	630,412	754,053	88,970	1,109,318	10,585,470

The accompanying notes are an integral part of the financial statements.

Caixa Econômica Federal - CAIXA

Statement of Cash Flows

(in thousands of reais)

(A free translation of the original in Portuguese)

	<u>2nd six-month period of 2008</u>	<u>Years ended December 31,</u>	
		<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income	1,340,274	3,883,289	2,392,454
Allowance for loan losses	1,826,472	2,689,701	1,939,462
Depreciation and amortization	276,539	469,082	383,330
Equity in the earnings of subsidiary and associated companies	(114,976)	(254,420)	(237,071)
Decrease (increase) in short-term interbank investments	(8,072,927)	(13,181,008)	5,031,250
Decrease (increase) in securities and derivative financial instruments	(4,262,530)	1,686,424	(28,587,765)
Decrease (increase) in interbank accounts	15,897,426	12,402,378	(12,330,304)
Decrease (increase) in interdepartmental accounts	330,741	97,241	(3,907)
Decrease (increase) in loan operations	(16,864,296)	(25,053,757)	(11,517,823)
Decrease (increase) in other receivables	(3,079,515)	(3,689,388)	(123,862)
Decrease (increase) in other assets	(469,549)	(602,052)	(76,419)
Adjustment to market value	(86,048)	(101,974)	(18,212)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(13,278,389)</u>	<u>(21,654,484)</u>	<u>(43,148,868)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (decrease) in deposits	17,513,133	23,739,103	20,398,208
Increase (decrease) in deposits received under security repurchase agreements	9,015,447	9,234,057	8,356,666
Increase (decrease) in funds from acceptance and issue of securities	(1,839,398)	(4,833,886)	(450,947)
Increase (decrease) in derivative financial instruments	(6,230)	(4,271)	5,350
Increase (decrease) in borrowings and onlendings	4,715,362	8,456,397	3,611,435
Increase (decrease) in other liabilities	2,802,187	3,455,550	6,737,637
Prior year adjustments	0	(439)	(439)
Proposed dividends	(676,529)	(956,430)	(572,269)
Interest on own capital paid and/or provided	(308,638)	(617,058)	(539,268)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>31,215,334</u>	<u>38,473,023</u>	<u>37,546,373</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase (decrease) in compulsory deposits with the Brazilian Central Bank	(8,551,952)	(7,237,203)	6,253,903
Sale of investments	78,106	(66,038)	179,958
Purchases of property and equipment in use	(401,793)	(403,303)	(273,482)
Increase in deferred charges	(75,947)	(142,405)	(149,615)
Investment in intangible assets	(491,361)	(491,361)	
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(9,442,947)</u>	<u>(8,340,310)</u>	<u>6,010,764</u>
INCREASE IN CASH AND CASH EQUIVALENTS	<u>8,493,998</u>	<u>8,478,229</u>	<u>408,269</u>
CHANGES IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at the beginning of the period/year	2,107,823	2,123,592	1,715,323
Cash and cash equivalents at the end of the period/year	<u>10,601,821</u>	<u>10,601,821</u>	<u>2,123,592</u>
Increase in cash and cash equivalents	<u>8,493,998</u>	<u>8,478,229</u>	<u>408,269</u>

The accompanying notes are an integral part of the financial statements.

Caixa Econômica Federal - CAIXA

Statement of Value Added

(in thousands of reais)

(A free translation of the original in Portuguese)

Description	2 nd six-month	Years ended December 31,	
	period of	2008	2007
	2008	2008	2007
1. REVENUES	21,388,905	40,626,955	35,272,167
1.1 Financial intermediation	19,364,897	35,860,242	30,462,593
1.2 Rendering of services	3,735,803	7,366,149	6,864,576
1.3 Allowance for doubtful accounts - Reversal/(new allowance)	(1,826,472)	(2,689,701)	(1,939,462)
1.4 Non-operating	114,677	90,265	(115,540)
2. EXPENSES FROM FINANCIAL INTERMEDIATION	10,363,724	18,324,003	15,863,011
3. INPUT MATERIALS ACQUIRED FROM THIRD PARTIES	4,630,255	8,839,469	8,670,841
3.1 Materials, energy and others	931,101	1,737,746	1,697,565
3.2 Third-party services	1,114,332	2,152,375	2,150,664
3.3 Loss/Recovery of assets	2,584,822	4,949,348	4,822,612
4. GROSS VALUE ADDED(1-2-3)	6,394,926	13,463,483	10,738,315
5. RETENTIONS	276,539	469,082	383,330
5.1 Depreciation, amortization and depletion	276,539	469,082	383,330
6. NET VALUE ADDED/PRODUCED BY THE ENTITY (4-5)	6,118,387	12,994,401	10,354,985
7. VALUE ADDED/RECEIVED AS A TRANSFER	114,976	254,420	237,071
7.1 Equity in the earnings of subsidiary and associated companies	114,976	254,420	237,071
8. VALUE ADDED TO BE DISTRIBUTED (6+7)	6,233,363	13,248,821	10,592,056
9. DISTRIBUTION OF THE VALUE ADDED	6,233,363	13,248,821	10,592,056
9.1 Personnel and charges	4,244,506	7,803,233	6,497,644
- Salaries	2,774,858	5,481,689	4,636,913
- Social security charges	188,704	352,967	309,813
- Pension fund	157,664	264,502	194,188
- Benefits	769,619	1,271,401	1,045,949
- Profit sharing	353,661	432,674	310,781
9.2 Taxes, fees and contributions	358,367	1,009,072	1,094,116
- Income Tax (IR) and Social Contribution on Net Income (CSLL)	23,564	299,375	253,520
- Deferred Income Tax/Social Contribution (IR/CSLL) credits	(828,533)	(1,532,802)	(1,328,583)
- Social Contribution on Revenues/Social Integration Program/ Public Services Employee Savings Program/National Institute of Social Security (COFINS/PIS/PASEP/INSS)	1,069,966	2,040,724	1,789,088
- Tax on Services of Any Nature/Municipal Real Estate Tax/Fees (ISSQN/IPTU)	93,370	201,775	380,091
9.3 Rentals	290,216	553,227	490,198
9.4 Interest on own capital and dividends	308,639	1,573,488	1,111,537
9.5 Retained earnings	1,031,635	2,309,801	1,398,561

In accordance with article 188 of Law No. 11638/07 and the guidelines for preparation issued by Directive Release No. 1 of the Brazilian Securities Commission (CVM/SNC/SEP) of February 14, 2007, CAIXA prepared the Statement of Value Added to show the wealth generated by the Company and its distribution, as follows:

- 58.90% was distributed to Personnel and Charges, totaling R\$ 7,803,233 in the year;
- 7.62% was paid to the Government as Income Tax (IR), Social Contribution (CSLL), Social Contribution on Revenues (COFINS), Social Integration Program (PIS), Public Services Employee Savings Program (PASEP), National Institute of Social Security (INSS), Tax on Services of Any Kind (ISSQN), Municipal Real Estate Tax (IPTU) and rates, totaling R\$ 1,094,116 in the year, including Deferred Tax Credits. Excluding Deferred Tax Credits, the percentage increases to 19.19%, and the total to R\$ 2,422,699;
- 4.18% was allocated to rentals, totaling R\$ 553,227;
- 11.88% was distributed to the Federal Government, as Interest on Own Capital and Dividends, totaling R\$ 1,573,488;
- 17.42% was retained as earnings, totaling a net amount of R\$ 2,309,801 for the year.

The accompanying notes are an integral part of the financial statements.

(A free translation of the original in Portuguese)

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1 Operations

CAIXA is a financial institution established by Decree-Law 759, dated August 12, 1969, a government company formed in accordance with commercial law, linked to the Ministry of Finance and subject to the general rules, decisions and regulations issued by the National Monetary Council (CMN) and the Brazilian Central Bank (BACEN). The capital of CAIXA belongs to the Brazilian Federal Government and, within the macroeconomic context, CAIXA's economic-financial management occurs within the decisions of the Federal Government.

Areas of activity

CAIXA is authorized to perform business activities related to real estate loans, basic sanitation, urban infrastructure, commercial banks, as well as the rendering of services of a social nature, delegated by the Federal Government.

In the performance of these activities, CAIXA obtains its funding through savings accounts, mortgage notes, judicial deposits, demand and time deposits, including making investment in loans mainly linked to housing, including onlending of funds from the Government Severance Indemnity Fund for Employees (FGTS).

CAIXA also administers investment funds, lotteries, funds and programs, which include the Government Severance Indemnity Fund for Employees (FGTS), the Salary Variation Compensation Fund (FCVS), the Social Integration Program (PIS), the Social Development Fund (FDS) and the Residential Lease Fund (FAR). The funds and programs managed are independent legal entities governed by specific regulations, maintaining their own accounting records and presenting their results of operations in separate financial statements.

2 Presentation of the Financial Statements

The financial statements are the responsibility of management and are presented and prepared in accordance with accounting practices adopted in Brazil and the rules and regulations of the Brazilian Central Bank.

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The financial statements include estimates and assumptions, such as the determination of the allowance for loan losses, estimates of the fair value of certain financial instruments, the provision for contingencies, other provisions, supplementary pension plans and the determination of the useful lives of certain assets. The actual results may, therefore, differ from those estimates and assumptions.

Changes in accounting practice and prior year adjustments

Due to the completion of the actuarial calculations relating to employee benefits, as described in Note 22, and of the studies relating to the realization of income tax and social contribution on net income credits relating to temporary differences, as mentioned in Note 19, the financial statements for 2007 are being presented duly restated, as established in Accounting Standard and Procedure (NPC) 12 of the Institute of Independent Auditors of Brazil (IBRACON) - Accounting Policies, Changes in Accounting Estimates and Correction of Errors.

Balance Sheet	Original 12/31/2007	Adjustments	Adjusted 12/31/2007
Assets			
Current (i)	125,930,992	(117.644)	125,813,348
Non-current (ii)	123,705,827	4,055,836	127,761,663
Total assets	249,636,819	3,938,192	253,575,011
Liabilities and Stockholders' Equity			
Current	203,386,499		203,386,499
Non-current			
Long-term liabilities (iii)	35,664,411	3,938,631	39,603,042
Stockholders' equity			
Capital	8,002,717		8,002,717
Reserves	1,473,435		1,473,435
Retained earnings (i), (ii) and (iii)	1,109,757	(439)	1,109,318
Total liabilities and stockholders' equity	249,636,819	3,938,192	253,575,011

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Statement of Income	<u>Original</u> <u>12/31/2007</u>	<u>Adjustments</u>	<u>Adjusted</u> <u>12/31/2007</u>
Income from financial intermediation	26,827,441		26,827,441
Expenses from financial intermediation	(17,802,473)		(17,802,473)
Other operating income (expenses) (i)	(7,163,611)	(117,644)	(7,281,255)
Operating profit	1,861,357	(117,644)	1,743,713
Non-operating expenses, net	(115,540)		(115,540)
Income tax and social contribution on net income	1,075,062		1,075,062
Profit sharing	(310,781)		(310,781)
Net income for 2007	2,510,098	(117,644)	2,392,454

The adjustments were as follows:

- (i) Recording of the current expenses for 2007 relating to the sponsor's liabilities with the Saúde CAIXA plan (Note 22).
- (ii) Reversal of the valuation allowance relating to the income tax and social contribution on net income credits on temporary differences (Note 19).
- (iii) Recording of the provision for actuarial liabilities relating to Saúde CAIXA (Note 22).

3 Significant Accounting Policies

The significant accounting policies are summarized as follows:

(a) Net income

Net income is determined on the accrual of basis of accounting, correlating the realizations of income and expenses, regardless of receipts and payments.

(b) Cash and cash equivalents

Cash and cash equivalents in local currency are stated at face value and those in foreign currency are converted at the closing rate of exchange advised by the Brazilian Central Bank (BACEN).

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(c) Short-term interbank investments

The short-term interbank investments are stated at cost plus accrued income up to the balance sheet date less provision for loss, when applicable.

(d) Securities

BACEN Circular No. 3068/2001 established criteria for the recording and valuation of the portfolio of securities which are classified in accordance with management's intention, in three specific categories, meeting the following accounting criteria:

- . Trading securities - securities purchased with the objective of being frequently and actively traded. These are adjusted to fair value with a contra entry to income or expense for the period.
- . Available-for-sale securities - securities which are not considered as trading securities nor held to maturity. These are adjusted to fair value with a contra entry to a separate account in stockholders' equity, denominated "Adjustment to fair value - securities and derivative financial instruments", net of tax, when applicable. Gains and losses, when realized, are recorded as income or expense for the period.
- . Securities held to maturity - securities acquired with the intention and financial capacity of being held up to maturity. These are recorded at cost plus accrued income.

Regardless of the category in which they are classified, the income from securities is recorded in a statement of income account.

(e) Derivative financial instruments

These are classified at the time of the transaction as hedge or non-hedge, based on management's intention. The derivative financial instruments which do not comply with the hedging criteria defined by the Brazilian Central Bank, mainly derivatives used to manage global risk exposure, are recorded at fair value, with realized and unrealized gains and losses directly recorded in the statement of income.

When the derivative financial instrument is contracted through negotiations associated with the funding or investment of resources, in the terms of BACEN Circular 3150/02, the valuation is

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based on the conditions defined in contract, with no adjustment arising from the fair value of the derivative.

(f) Loan operations and allowance for loan losses

Loans are classified observing the parameters established by CMV Resolution 2682/99, which requires their classification in nine levels, from "AA" (minimum risk) to "H" (maximum risk), and assessment by management as to the risk level. This assessment, carried out periodically, takes into consideration the economic situation, past experience and the specific and overall risks in relation to the transactions, the debtors and guarantors. Also, the periods of arrears for attribution of the levels of classification are taken into consideration, as follows:

Period in arrears		Classification of the customer
Regular term	Special term (i)	
. from 15 to 30 days	. from 30 to 60 days	B
. from 31 to 60 days	. from 61 to 120 days	C
. from 61 to 90 days	. from 121 to 180 days	D
. from 91 to 120 days	. from 181 to 240 days	E
. from 121 to 150 days	. from 241 to 300 days	F
. from 151 to 180 days	. from 301 to 360 days	G
. over 180 days	. over 360 days	H

(i) These include operations with remaining maturity term in excess of 36 months, according to Resolution No. 2682/99.

The interest accrued on loans overdue up to 59 days is recorded as income from loans.

The operations classified as risk level "H" for more than six months and in arrears for more than 180 days are written off against the existing allowance, and controlled for at least five years in memorandum accounts provided that no further possibilities of collection exist.

(g) Tax credits

Deferred income tax and social contribution on net income calculated on tax losses and on temporary differences are recorded as tax credits based on the expectation of generating future taxable income, in accordance with CMN Resolution No. 3355/06.

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The realization of tax credits is carried out based on their origin. The tax credits arising from temporary differences are realized through the use or reversal of the provisions upon which they were recorded. The tax credits from tax losses are realized through the generation of taxable income as an offset in the calculation basis of the taxes, up to the limit of 30% of this basis.

Tax credits are recorded based on the expectation of their realization, according to technical studies and analyses carried out by management.

(h) Prepaid expenses

Prepaid expenses represent prepayments whose benefit or rendering of services will occur in future periods. They are recorded in assets on the accrual basis of accounting to ensure their proper recognition as an expense, simultaneously with income when this is related to the expense.

(h) Permanent assets

Investments

Investments in subsidiary and associated companies and those equivalent to associated companies, with significant or presumptuously significant influence, are recorded on the equity method of accounting and are subject to impairment tests.

The other permanent investments are stated at cost of acquisition for purposes of future calculation and determination of their recoverable value, and are subject to impairment tests.

Property and equipment

Property and equipment are stated at cost of acquisition or formation plus price-level statements up to December 31, 1995, including the balance of the revaluation reserve added to cost as determined by National Monetary Council (CMN) Resolution No. 3617/08, and are subject to impairment tests and depreciated on the straight-line method, without residual value, based on the following estimated useful lives:

Type	2008
Buildings	50 years
Security system	5 years
Communication System	10 years

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Type	2008
Data processing system	5 years
Furniture and equipment	10 years

Intangible assets

These are stated at the cost of acquisition or formation of the intangibles less amortization, when applicable, calculated on the straight-line method, based on the contractual terms, and are subject to impairment tests.

Deferred charges

Deferred charges are recorded at cost of acquisition or formation less amortization calculated on the straight-line method in up to five years, and are subject to impairment tests.

As established by CMN Resolution No. 3617/08, the balances at September 2008 will be maintained up to their total amortization.

(j) Current and long-term liabilities

These are recorded at known or estimated amounts plus accrued charges and daily "pro rata" monetary and exchange rate variations incurred.

The contribution to Public Services Employees Savings (PASEP) was calculated at the rate of 0.65% and that to Social Contribution on Revenues (COFINS) at the rate of 4%, in accordance with specific applicable legislation.

The provision for corporate income tax (IRPJ) was calculated at the rate of 15% plus an additional 10% on taxable income above R\$ 240. The provision for social contribution on net income (CSLL) was calculated at the rate of 9% up to April 2008 and 15% as from May 2008, calculated on taxable income.

(l) Benefits to employees

Short-term benefits granted to the employees are recognized in income for the period in which the employee is entitled to the benefit.

The recognition of actuarial gains or losses for post-employment benefits is carried out in accordance with item 53 of IBRACON NPC 26, as follows:

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- (i) The portion of actuarial gains or losses to be recognized as income or expense corresponds to the amount of unrecognized accumulated gains or losses which exceed, in each year/period, the higher of the following limits:
 - I. 10% of the present value of the total actuarial liability of the defined benefit; and
 - II. 10% of the fair value of the plan's assets.
- (ii) Accordingly, the portion of actuarial gains or losses to be recognized in each year/period will be obtained by dividing the amount of accumulated actuarial gains or losses, as mentioned in item (i), by the remaining average time of service estimated for the participants of the plan.

(m) Contingent assets and liabilities

The recognition, determination and disclosure of contingent assets and liabilities and legal liabilities are made in accordance with the criteria defined in CMN Resolution No. 3535/08, which follows the rules established by IBRACON NPC 22.

(i) Contingent assets - these are not recognized in the financial statements unless management has evidence that there are collateral guarantees or favorable legal decisions against which no further appeals are possible.

(ii) Contingent liabilities - these are recognized in the financial statements when, on the basis of legal opinions, the risk of loss in judicial or administrative proceedings is considered as probable, considering the nature of CAIXA's activities.

4 Cash and Cash Equivalents

	<u>2008</u>	<u>2007</u>
Cash	1,547,116	1,164,150
Available currency	1,047,837	938,414
In foreign currencies	<u>37,692</u>	<u>21,028</u>
	<u>2,632,645</u>	<u>2,123,592</u>

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5 Short-term Interbank Investments

	<u>2008</u>	<u>2007</u>
Money market investments		
Held position		
Financial Treasury Bills	300,012	14,999
Federal Treasury Bills	3,950,254	1,220,003
Federal Treasury Notes	16	4,102
	<u>4,250,282</u>	<u>1,239,104</u>
Financed position		
Financial Treasury Bills	5,399,602	
Federal Treasury Bills	15,573,755	10,595,411
Federal Treasury Notes	5,328,045	
	<u>26,301,402</u>	<u>10,595,411</u>
Interbank deposits	<u>2,433,015</u>	
	<u>32,984,699</u>	<u>11,834,515</u>

6 Securities and Derivative Financial Instruments

(a) Summary of the classification of securities and derivative financial instruments

Category	<u>2008</u>	<u>2007</u>
I - Trading securities	36,403,153	36,196,001
II - Available-for-sale securities	1,731,905	2,811,909
III - Securities held to maturity	82,446,699	83,244,871
Derivative financial instruments (assets)	110	15,510
	<u>120,581,867</u>	<u>122,268,291</u>

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(b) Analysis of the securities portfolio

	<u>2008</u>	<u>2007</u>
OWN PORTFOLIO	84,221,665	88,299,667
Fixed income securities	83,786,099	87,887,901
Financial Treasury Bills	7,425,319	16,026,902
Federal Treasury Bills	12,084,304	9,873,948
Federal Treasury Notes	56,857,010	54,715,342
Financial Treasury Certificates	55,997	65,896
Securitized credits - CVS	5,935,415	6,716,027
Promissory notes	971,252	200,425
Debentures	385,596	226,059
Other securities	71,206	63,302
Shares in investment funds	424,145	399,200
Shares in real estate funds	11,421	12,566
SECURITIES SUBJECT TO COMMITMENTS	36,360,092	33,953,114
Securities subject to repurchase agreements	24,855,922	31,369,766
Financial Treasury Bills	22,343,260	25,568,749
Federal Treasury Bills	2,512,662	5,801,017
Deposits with BACEN	10,568,495	1,556,361
Financial Treasury Bills		1,556,361
Federal Treasury Notes	10,568,495	
Pledged in guarantee - Financial Treasury Bills	935,675	1,026,987
DERIVATIVE FINANCIAL INSTRUMENTS	110	15,510
	<u>120,581,867</u>	<u>122,268,291</u>

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(c) Consolidated classification by categories and maturities

Securities	Up to 1 year	From 1 to 3 years	From 3 to 5 years	Over 5 years	Book value	Cost plus accrued income	Market value
TRADING SECURITIES	14,308,249	14,447,325	6,632,449	1,015,130	36,403,153	36,338,725	36,403,153
Financial Treasury Bills	3,255,519	4,037,573	736,934	1,003,709	9,033,735	9,027,716	9,033,735
Federal Treasury Bills	10,586,024	1,261,578			11,847,602	11,816,018	11,847,602
Federal Treasury Notes	466,706	9,148,174	5,889,955		15,504,835	15,478,163	15,504,835
Debentures			5,560		5,560	5,407	5,560
Shares in real estate funds				11,421	11,421	11,421	11,421
AVAILABLE-FOR-SALE SECURITIES	285,331	100,899	716,483	629,192	1,731,905	1,735,763	1,731,905
Financial Treasury Bills			297,827		297,827	296,142	297,827
Federal Treasury Bills	285,331	100,840	146,508	21,908	554,587	555,899	554,587
Financial Treasury Certificates			55,997		55,997	58,207	55,997
Rural Debt Securities			243		243	220	243
Mortgage backed securities				70,963	70,963	73,025	70,963
Debentures		59	215,908	112,176	328,143	328,125	328,143
Shares in investment funds - FND				424,145	424,145	424,145	424,145
SECURITIES HELD TO MATURITY	14,348,997	22,120,223	23,374,814	22,602,665	82,446,699	82,446,699	79,714,621
Financial Treasury Bills	11,905,747	6,087,173	1,137,466	2,242,306	21,372,692	21,372,692	21,423,207
Federal Treasury Bills	265,961	2,483,403			2,749,364	2,749,364	2,792,116
Federal Treasury Notes	1,206,037	13,549,647	22,185,455	14,424,944	51,366,083	51,366,083	49,904,832
Debentures			51,893		51,893	51,893	52,266
Promissory notes	971,252				971,252	971,252	971,853
Securitized credits - CVS				5,935,415	5,935,415	5,935,415	4,570,347
DERIVATIVE FINANCIAL INSTRUMENTS	110				110	110	110
Total - 2008	28,942,687	36,668,447	30,723,746	24,246,987	120,581,867	120,521,297	117,849,789
Total - 2007	32,750,496	41,948,299	24,443,420	23,126,076	122,268,291	122,188,005	120,427,492

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The market value of the securities is based on quoted prices at the balance sheet date. If there is no market price quotation, the values are estimated based on quotations by distributors, price definition models, quotation models or quotations of prices for instruments with similar characteristics.

The CVS securities, relating to the Salary Variation Compensation Fund (FCVS) debt renewal contracts, mature in 2027 and earn income based on the Referential Interest Rate (TR) plus annual interest of up to 6.17%. Based on Provisional Measure 2196-3 of August 24, 2001, the Federal Government is authorized to exchange them for other securities issued by the Federal Treasury at updated face value. Aware that the exchange, whenever necessary, will be made and taking into consideration the financial capacity of CAIXA, management decided to classify these securities in the held to maturity category.

(d) Adjustment to market of marketable securities and derivative financial instruments for the year - trading securities and futures contracts (DI)

	Positive adjustment	Negative adjustment	Net effect on income
Financial Treasury Bills	239	(27,037)	(26,798)
Federal Treasury Bills	142,503	(172,560)	(30,057)
Federal Treasury Notes	1,228,088	(1,054,458)	173,630
Debentures	13	(622)	(609)
	1,370,843	(1,254,677)	116,166
Taxes on the market value adjustment	(11)	(24,852)	(24,863)
Futures contracts (DI)	1,081,711	(1,410,663)	(328,952)
Total 2008	2,452,543	(2,690,192)	(237,649)

(e) Adjustment to market value of securities for the year - Available-for-sale securities

	Opening balance	Positive adjustment	Negative adjustment	Net adjustment to stockholders' equity	Balance in stockholders' equity
Financial Treasury Bills	3,506	20	(1,841)	(1,821)	1,685
Federal Treasury Notes	126,424	35,213	(162,949)	(127,736)	(1,312)
Financial Treasury Certificate	(2,334)	1,828	(1,704)	124	(2,210)
Rural Debt Securities	31	15	(23)	(8)	23
Debentures	9,505	4,511	(13,998)	(9,487)	18
Real Estate Receivables Certificate	(2,342)	1,115	(835)	280	(2,062)
Associated companies	(6)	3,890	(13,030)	(9,140)	(9,146)
	134,784	46,592	(194,380)	(147,788)	(13,004)
Taxes on the market value adjustment	(45,814)	58,434	(12,620)	45,814	
Total - 2008	88,970	105,026	(207,000)	(101,974)	(13,004)
Total - 2007	107,182	100,899	(119,111)	(18,212)	88,970

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(f) Securities held to maturity

CMN Resolution No. 3181, of March 29, 2004, establishes in its article 1 that the sales of Federal Government Securities (TPF) classified as securities held to maturity simultaneously with the purchase of new securities of the same nature, with a longer maturity and in an amount equal to or higher than that of the securities sold, do not imply any change in the financial institution's intention as to their classification in this category.

The sales were based on scenarios and opportunities for renewing assets that would mature in 2008. With the purpose of decentralizing the volume of securities falling due during 2008, CAIXA has strategically decided for the rollover of Federal Government Securities.

Amount of TPF held to maturity sold in February 2008					
National Treasury Secretariat (STN) Ordinance No. 81 settled on 2/29/2008					
Event	Security	Maturity	Quantity	Unit price	Final amount
Sale - exchange auction	LFT	03/19/2008	400,452	3,371.13	1,349,974
Purchase - exchange auction	LFT	03/07/2014	400,000	3,374.94	1,349,975
Total quantity sold		400,452	Total value sold		1,349,974
Total quantity purchased		400,000	Total value purchased		1,349,975

(g) Derivative financial instruments

The positions of these derivatives have their reference values recorded in memorandum accounts, and the adjustments in balance sheet accounts. The reference value of these transactions is R\$ 15,325,330 (2007 - R\$ 22,903,461), The Swap difference payable on this date is R\$ 7,659 (2007 - R\$ 11,930) and the Swap difference receivable, R\$ 110 (2007 - R\$ 15,510).

Derivatives	2008	2007
Futures contracts (DI) (i)	14,564,427	17,713,757
Futures contracts (Dollar)	7,074	
Swap contracts	753,829	5,189,561
	<u>15,325,330</u>	<u>22,903,318</u>

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(i) Analysis of the futures contracts:

	Reference value		Equity value paid	Financial value
	2008	2007	2008	2008
Futures contracts	14,571,501	17,713,757	(75,735)	14,495,766
Sales commitments (DI)	14,564,427	17,713,757	(75,735)	14,488,692
Sale commitment (Dollar)	7,074			7,074

The Futures Contracts fall due as follows:

Clearing	From 31-180 days	From 181-365 days	Above 365 days
- Dollar	7,074		
- Futures (DI)		192,011	14,296,681

(g.1) Guarantee margin

The guarantee margin on transactions with derivative financial instruments required at December 31 is as follows:

	2008	2007
Government securities		
- Financial Treasury Bills	879,875	899,336

(g.2) Risks and valuation of the derivative financial instruments

The main risks inherent to derivative financial instruments are credit, market and operational risks, all similar to those related to other types of financial instruments.

The credit risk exposure in futures contracts is minimized due to the daily adjustments. Swap contracts registered with the Clearing House for the Custody and Financial Settlement of Securities (CETIP) and the Futures & Commodities Exchange (BM&F) are subject to credit risk if the counterparty does not have the capacity or is not willing to perform its contractual obligations. At December 31, 2008, the total exposure in swap credits is R\$ 1,148 (2007 - R\$ 108,533).

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(h) Mark-to-market

The objective of a mark-to-market approach is to verify the impacts of the market factor fluctuations on the prices of CAIXA's assets and liabilities, in order to represent the negotiation conditions of the market and also to evaluate the impacts of these activities on the institution's financial statements.

Market value of marketable securities is based on price quotations at the balance sheet date. If there is no market price available, the values are estimated based on distributor quotations, pricing models, quotation models or price quotations for instruments with similar characteristics.

The methodology for valuing the market value of derivative financial instruments uses as a parameter the net probable realizable value obtained through the use of curves of future values of interest rates, foreign exchange rates, price indexes and currencies, advised by BM&F, National Association of Open Market Institutions (ANDIMA) and BACEN.

The market value measurement model uses the assumption of the construction of interest rate curves for each identified risk factor, using the transaction prices or firm bids for a financial instrument or market prices of a financial instrument derived from some model or independent processing, and has the following sources of information: (i) Public prices or available prices open to all institutions and/or (ii) Prices arising from private surveys.

7 Interbank Accounts - Restricted Deposits

- (a) The deposits with the Brazilian Central Bank mainly comprise compulsory deposits which are updated monetarily by official indexes and interest rates, except those relating to demand deposits.

	<u>2008</u>	<u>2007</u>
On demand deposits	2,362,826	3,824,966
On savings deposits	18,470,341	14,984,210
Additional requirement	<u>22,029</u>	<u>9,283,222</u>
	<u>20,855,196</u>	<u>28,092,398</u>

- (b) The "National Housing System - SFH" account includes predominantly the residual amounts of terminated contracts to be reimbursed by the FCVS, totaling R\$ 26,451,411, and provisions of R\$ 3,472,447, which are in the process of renewal with the Fund. These contracts currently accrue interest of up to 6.17% a year and are updated monetarily according to the Referential Interest Rate (TR). The effective realization of these credits depends on adherence to a set of

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rules and procedures defined in regulations issued by the FCVS. CAIXA's management has implemented a process for analyzing and checking the conditions and details of these contracts as to their qualifying under the rules and procedures, which justified the establishment of criteria to estimate the provisions for probable losses arising from contracts that do not meet the rules and procedures defined by the FCVS.

Contracts status	Balance	Provision	Balance	Provision
	2008		2007	
Not qualified (i)	2,486,506	(301,991)	2,487,008	(407,171)
Qualified and not approved (ii)	5,505,159	(2,431,391)	5,634,152	(2,742,703)
Qualified and approved (iii)	18,459,746	(739,065)	16,679,172	(612,760)
	26,451,411	(3,472,447)	24,800,332	(3,762,634)

(i) Contracts not yet submitted to approval by the FCVS as they are under process of qualification by CAIXA.

(ii) Contracts already qualified by CAIXA and under analysis by CAIXA and/or FCVS for final approval of the FCVS.

(iii) Credits qualified and approved represent the contracts already analyzed and accepted by the FCVS and depend on the process of securitization, as prescribed by Law 10150/00, for their realization.

The provision for credits with the FCVS is based on half-yearly statistical studies and takes into account the history of loss due to negative coverage attributed by this Fund.

In 2008, the Federal Government and CAIXA entered into an FCVS debt renewal agreement, which resulted in the receipt of CVS securities in the amount of R\$ 60,594.

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8 Loan Portfolio

(a) Analysis of the loan portfolio by type of transaction

Description	2008	2007
Loans, bills discounted and financing	29,542,119	19,828,215
Real estate financing	45,075,191	32,474,747
Infrastructure and development financing	5,445,102	3,585,115
Other receivables	1,774,907	1,503,138
	81,837,319	57,391,215

(b) Analysis of loans by sector of activity

Description	2008	%	2007	%
FEDERAL GOVERNMENT	4,725,288	5.77	1,088,275	1.90
Government - Direct and indirect administration	1,108,097	1.35	1,078,890	1.88
Business activities	3,617,191	4.42	9,385	0.02
Industry	3,607,562	4.41	1,614	
Commerce	7,563	0.01	5,675	0.02
Other services	2,066		2,096	
STATE GOVERNMENT	2,800,326	3.42	2,209,105	3.85
Government - Direct and indirect administration	1,418,818	1.73	1,126,608	1.96
Business activities	1,381,508	1.69	1,082,497	1.89
Industry	1,352,066	1.65	1,060,078	1.85
Commerce	7,215	0.01	5,701	0.01
Financial intermediaries	15,169	0.02	14,450	0.03
Other services	7,058	0.01	2,268	
MUNICIPAL GOVERNMENT	1,262,209	1.54	626,414	1.09
Government - Direct and indirect administration	1,153,312	1.41	533,735	0.93
Business activities	108,897	0.13	92,679	0.16
Industry	96,120	0.11	80,124	0.14
Other services	4,226	0.01	4,406	0.01
Housing companies	8,551	0.01	8,149	0.01

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Description	2008	%	2007	%
PRIVATE SECTOR	73,049,496	89.27	53,467,421	93.16
Rural	807		9,076	0.02
Industry	1,265,414	1.55	754,111	1.31
Commerce	973,059	1.19	1,475,665	2.57
Financial intermediaries	291		293	0.00
Other services	12,493,652	15.27	7,607,774	13.26
Individuals	15,128,092	18.49	12,153,325	21.18
Housing - Individuals/Companies	43,188,181	52.77	31,467,177	54.82
	81,837,319	100.00	57,391,215	100.00

(c) Concentration of the main debtors

	2008	% of the portfolio	2007	% of the portfolio
Main debtor (*)	3,605,934	4.41	693,960	1.21
10 largest debtors	6,830,009	8.35	2,888,608	5.03
20 largest debtors	8,376,173	10.24	3,745,361	6.53
50 largest debtors	10,510,489	12.84	4,920,077	8.57
100 largest debtors	11,839,284	14.47	5,570,673	9.71

(*) Refers to loans to Petrobras, falling due within 25 months, in a lump sum, at the end of the term.

(d) Analysis of loan operations and other receivables with loan characteristics, by maturity

	Public sector	Private sector	2008 Total	2007 Total
Current	451,988	23,215,383	23,667,371	18,949,439
From 0 to 90 days	129,486	9,160,076	9,289,562	7,755,287
From 91 to 360 days	322,502	14,055,307	14,377,809	11,194,152
Long-term	8,333,242	47,821,992	56,155,234	36,679,922
From 1 year to 3 years	4,430,552	21,585,960	26,016,512	17,081,257
From 3 years to 5 years	893,736	14,738,360	15,632,096	10,365,978
From 5 years to 15 years	1,085,065	9,827,515	10,912,580	6,915,326
Over 15 years	1,923,889	1,670,157	3,594,046	2,317,361
Total normal	8,785,230	71,037,375	79,822,605	55,629,361
Total overdue	2,593	2,012,121	2,014,714	1,761,854
Total	8,787,823	73,049,496	81,837,319	57,391,215

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(e) **Classification by type and risk level of loan operations and other receivables with loan characteristics**

<u>Risk level</u>	<u>Loans and bills discounted</u>	<u>Financing</u>	<u>Financing for real estate, infrastructure and development</u>	<u>Other receivables</u>	<u>Total in 2008</u>	<u>%</u>	<u>Total in 2007</u>	<u>%</u>
AA	5,848,075	694,480	1,165,947		7,708,502	9.42	3,645,768	6.35
A	8,742,229	2,164,736	15,636,179	746,661	27,289,805	33.34	23,047,065	40.17
B	4,882,385	909,952	15,944,928	466,201	22,203,466	27.13	11,815,161	20.58
C	2,265,996	301,790	12,959,767	168,417	15,695,970	19.18	11,157,752	19.44
D	970,544	199,457	1,263,342	300,523	2,733,866	3.34	2,612,728	4.55
E	222,865	49,668	258,439	31,369	562,341	0.69	517,106	0.9
F	196,122	51,477	376,003	10,019	633,621	0.77	435,117	0.76
G	363,302	222,243	159,843	28,523	773,911	0.95	619,359	1.08
H	787,134	669,664	2,755,845	23,194	4,235,837	5.18	3,541,159	6.17
	24,278,652	5,263,467	50,520,293	1,774,907	81,837,319	100.00	57,391,215	100.00

The balance sheet items comprising the amount of R\$ 1,774,907 relating to “Other receivables with loan characteristics” are described in Note 9(b.1).

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(f) Analysis of the allowance for possible loan losses by risk level and other receivables with loan characteristics

<u>Risk Level</u>	<u>Loans and bills discounted</u>	<u>Financing</u>	<u>Financing for real estate, infrastructure and development</u>	<u>Other receivables</u>	<u>Total in 2008</u>	<u>%</u>	<u>Total in 2007</u>	<u>%</u>
A	178,519	43,015	85,850	3,733	311,117	4.44	115,235	2.23
B	126,833	27,500	170,370	4,662	329,365	4.70	118,152	2.28
C	238,192	11,250	440,227	5,052	694,721	9.92	334,733	6.47
D	200,048	20,189	126,456	30,053	376,746	5.38	261,274	5.05
E	68,236	14,942	77,532	9,412	170,122	2.43	155,132	3
F	120,503	25,739	188,001	5,010	339,253	4.85	217,663	4.2
G	256,516	155,570	111,890	19,967	543,943	7.77	433,551	8.37
H	787,149	669,666	2,755,849	23,194	4,235,858	60.51	3,541,159	68.4
	1,975,996	967,871	3,956,175	101,083	7,001,125	100.00	5,176,899	100.00

The balance sheet items comprising the amount of R\$ 101,083 relating to "Other receivables with loan characteristics" are described in Note 9(c).

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(g) Changes in the allowance for possible loan losses in loan operations and other receivables with loan characteristics.

	<u>2008</u>	<u>2007</u>
Opening balance - December 2007/2006	5,176,899	4,878,808
Additional allowances in the year (i)	2,689,701	1,939,462
Loans transferred to loss in the year	<u>(865,475)</u>	<u>(1,641,371)</u>
	<u>7,001,125</u>	<u>5,176,899</u>

(i) Includes an additional allowance over the minimum required, of R\$ 635,284, established under prudent criteria and good banking practice in order to cover possible increases in default resulting from the current reversal of the economic environment, calculated based on the historical behavior of the credit portfolio in conditions of stress.

(h) Loans renegotiated, written off and recovered

	<u>2008</u>	<u>2007</u>
Loans renegotiated in the year	1,838,052	1,589,011
Loans recovered in the year	541,634	419,145

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9 Other Receivables

(a) Income receivable

Income receivable refers to amounts receivable for services rendered.

	<u>2008</u>	<u>2007</u>
Dividends and interest on own capital receivable (i)	220,274	199,923
FGTS	169,001	171,210
Unemployment insurance	9,067	18,974
General Federal Government Budget	146,701	124,221
Agreements	21,394	21,523
INSS	48,766	56,451
Investment funds	33,424	37,133
Family allowance	56,706	42,356
EMGEA - Empresa Gestora de Ativos (Asset Management Company)	24,892	25,192
FIES	13,568	70,281
Others	15,225	39,198
	<u>759,018</u>	<u>806,462</u>

(i) Refers to dividends and interest on own capital of Caixa Seguros and the National Development Fund (FND).

(b) Sundries

	<u>2008</u>	<u>2007</u>
Advances	179,013	169,217
Tax credits (Note 19)	8,220,642	6,687,840
Receivables from guarantee deposits (Note 21(a))	3,406,215	3,162,817
Taxes and contributions to offset	248,577	111,876
Payments to be reimbursed	15,002	38,240
Prepaid investments	1,573,488	513,210
Other receivables with loan characteristics (b.1)	1,750,237	1,484,051
Other receivables without loan characteristics (b.2)	328,727	356,966
Sundry debtors (b.3)	964,184	400,369
Provision for losses - Sundry (i)	(218,851)	(213,601)
	<u>16,467,234</u>	<u>12,710,985</u>

(i) Mainly the provision for definitive net losses and indemnity claims for housing financing.

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(b.1) Other credits with credit granting characteristics

	<u>2008</u>	<u>2007</u>
Debtors for the purchase of assets	12,806	13,799
Securities and credits receivable	1,737,431	1,470,252
Credit cards	1,606,810	1,272,153
Government of the State of Bahia - EMBASA	130,621	198,099
Subtotal	1,750,237	1,484,051
Receivables from honored guarantees	24,670	19,087
Total	<u>1,774,907</u>	<u>1,503,138</u>

(b.2) Other credits without credit granting characteristics

	<u>2008</u>	<u>2007</u>
Governments of the State of Pernambuco - COMPESA (ii)	241,884	241,884
Credit card	43,854	32,724
Provisioning Fund - VISANET (Note 11(a(ii)))		35,897
Saúde CAIXA	41,153	45,329
Other	1,836	1,132
	<u>328,727</u>	<u>356,966</u>

(ii) Advance of privatization funds to the Government of the State of Pernambuco (COMPESA), which are fully provided.

(b.3) Sundry debtors

	<u>2008</u>	<u>2007</u>
Amounts to allocate (iii)	558,998	90,949
Insurance receivable	129,009	119,996
Other debtors	198,351	94,518
Credits purchased	77,826	94,906
	<u>964,184</u>	<u>400,369</u>

(iii) Amounts not classified by the credit control systems which are being identified for appropriation to the corresponding accounts. These amounts are linked to credits of the same nature indicated in Note 16 (c.3).

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(c) Provision for loss of other receivables

In accordance with BACEN Circular 3048/02, securities and credits receivable are classified as "with loan characteristics" - R\$ 101,083 (2007 - R\$ 87,137) and "without loan characteristics", R\$ 241,884 (2007 - R\$ 241,884).

	<u>2008</u>	<u>2007</u>
With loan characteristics	101,083	87,137
. Credit cards	81,132	64,046
. Government of the State of Bahia (EMBASA)	13,062	19,810
. Receivables from honored guarantees	3,763	1,821
. Receivables from sale of assets	3,126	1,460
Without loan characteristics - COMPESA	241,884	241,884
	<u>342,967</u>	<u>329,021</u>

10 Other Assets

	<u>2008</u>	<u>2007</u>
Assets not in use (i)	778,538	836,802
Prepaid expenses (ii)	850,330	191,845
Consumption materials	22,403	20,572
	<u>1,651,271</u>	<u>1,049,219</u>

(i) The assets not in use mainly refer to adjudicated properties, properties received as payments in kind for loans and also properties no longer used in CAIXA's own operations, and are subject to impairment tests.

(ii) The amount relating to "Prepaid expenses" refers mainly to prepaid normal contributions to the Credit Guarantee Fund (FGC) in 2008. The balance in 2007 refers to a payroll acquisition and was reclassified to Intangible Assets.

The payroll acquisition balances totaling R\$ 488,946 recorded in prepaid expenses were transferred to intangible assets, in compliance with CMN Resolution No. 3617 of September 30, 2008 (Note 11(c)).

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11 Permanent Assets

(a) Investments

(i) The investments in associated companies substantially relate to CAIXA SEGUROS S.A. and are recorded on the equity method of accounting. The main details of the investee and investment at December 31, 2008 are as follows:

	<u>2008</u>	<u>2007</u>
Investee		
Stockholders' equity (A)	1,675,393	1,291,321
Capital	600,000	600,000
Capital increase under approval	400,000	
Number of shares (B)	16,930,108	16,930,108
Retained earnings	468,213	445,069
Capital reserve	42,812	
Unrealized gains and losses with securities	(18,972)	(15)
Goodwill reserve		86,721
Net income for the year	637,705	561,871
Dividends	(356,561)	(320,344)
Interest on own capital	(97,804)	(75,052)
Prior-year adjustment		(6,929)
Book value per share (A/B) - R\$ 1.00	99	76
Investment		
Number of shares held	8,161,426	8,161,426
Percentage investment (%)	48,20658	48,20658
Book value of the investment	787,011	572,027
Equity in earnings	254,248	237,360
Dividends proposed	39,264	169,119
Interest on own capital received		36,183
Reversal of dividends - 2006		(17,985)
Total of investments in associated companies	<u><u>787,011</u></u>	<u><u>572,027</u></u>

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(ii) Other investments are stated at cost of acquisition and are subject to impairment tests, and are shown as follows:

	2008	2007
Câmara Interbancária de Pagamento (CIP)	2,100	2,100
Cia Brasileira de Securitização (CIBRASEC)	6,000	6,000
Tecnologia Bancária (TECBAN)	31,818	31,818
VISANET (1)	65,824	
Other investments	2,403	2,404
	108,145	42,322

(1) Acquisition of a 1.14% investment in VISANET on January 31, 2008.

(b) Property and equipment in use

	2007			2008		
	Balance	Additions	Disposals	Recoverable value of assets	Depreciation	Balance
Properties in use	1,004,223	20,142	(9,217)	(23,192)	(31,170)	960,786
- Buildings	109,821	18,917	(2,151)	(8,661)	(9,432)	108,494
- Revaluation of buildings	591,596	1,015	(3,949)		(21,738)	566,924
- Land	70,517	0	(616)	(14,531)		55,370
- Revaluation of land	232,289	210	(2,501)			229,998
Construction in progress	3,463	1,162				4,625
Furniture, installations and equipment in use	127,959	40,071	(1)		(35,457)	132,572
Communications system	19,091	7,573			(4,899)	21,765
Data processing system	390,719	285,626	(281)		(170,628)	505,436
Transport and security system	40,626	28,195			(31,600)	37,221
	1,586,081	382,769	(9,499)	(23,192)	(273,754)	1,662,405

CAIXA included the revaluation reserve balance in the cost of revalued assets, and changed the economic useful life of property and equipment from 25 years to 50 years and of the security system from 10 years to 5 years. It also carried out impairment tests considering as recoverable value the net sales value and the valuation of properties carried out between 2006 and 2007 (Note 25 (e.1) and (e.2)).

(c) Intangible assets

In accordance with CMN Resolution No. 3617/08, the balances relating to the rights of payment of salaries, wages, remunerations, retirement benefits, pensions (Note 10(ii)) and logistic projects - Software, previously recorded in Deferred Charges (Note 11(d)), were transferred to Intangible Assets. An impairment test was carried out for the payroll acquisition based on the discounted cash flow method.

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	2007	Additions	Write-offs	Recoverable value of assets	Amortization	2008
Payroll acquisition		598,194		(21,101)	(88,147)	488,946
Logistic projects - Software		2,421			(6)	2,415
		600,615		(21,101)	(88,153)	491,361

(d) Deferred charges

	2007	Additions	Reclassification	Amortization	2008
Expenses with leasehold properties	152,304	64,333	(65,337)	(18,887)	132,413
Expenses with logistic projects	103,912	14,046	(2,421)	(36,389)	79,148
Improvements to own properties	62,667	29,559	(21,203)	(12,320)	58,703
	318,883	107,938	(88,961)	(67,596)	270,264

According to CMN Resolution No. 3617/08, the existing balances at September 2008, prior to the issue of this Resolution, will be maintained until they have been fully amortized. The amounts of additions and reclassifications after September 30, 2008 were as follows:

- Expenditures with leasehold properties and improvements to own properties were recorded in property and equipment (Note 11(b) - Buildings).
- Expenditures with logistic projects were reclassified to intangible assets (Note 11(c)).

(e) Compliance with the capitalization ratio

The capitalization ratio is 11.99% and CAIXA is therefore in compliance with the limits defined by CMN Resolution 2669/99, which establishes the limit of 50% as from December 31, 2002.

12 Deposits and deposits received under security repurchase agreements

- (a) Time deposits include judicial deposits totaling R\$ 30,315,711 (2007 - R\$ 28,918,570), which are remunerated based on the Referential Interest Rate (TR). They also include bank deposit certificates CDB FLEX, of R\$ 15,880,191 (2007 - R\$ 10,634,752), which, despite having a maturity of over 360 days, are classified as having no maturity since they have the option of early redemption. The judicial deposits of a labor and state government nature also incur interest of 6% p.a. The deposits are analyzed as follows:

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Deposits

	Demand	Time	Savings	Funds and Programs (b)	Others	Total
Current	13,216,430	48,553,199	92,549,546	11,007,965	128,009	165,455,149
No maturity	13,216,430	46,152,755	92,549,546	11,007,965	128,009	163,054,705
From 31 to 90 days		658,220				658,220
From 91 to 360 days		1,742,224				1,742,224
Long-term		72,654				72,654
2008	13,216,430	48,625,853	92,549,546	11,007,965	128,009	165,527,803
2007	11,556,286	41,362,616	75,600,969	13,076,680	192,149	141,788,700

The deposits received under security repurchase agreements of R\$ 51,202,769 (2007 - R\$ 41,968,712) are guaranteed by federal government securities, and these transactions are carried out in the short term.

- (b) The special deposits and deposits of funds and programs comprise those of the FGTS and of other funds and programs. The FGTS deposits are restated by the Special System for Settlement and Custody (SELIC) rate and the other deposits in accordance with Resolutions 279 and 295/98 of the FGTS Trustee Council. Special remunerated deposits, FAS, FISANE and PRODEC, are restated by the TR. The PIS deposits are updated based on a rate calculated by BACEN.

	2008	2007
Deposits - FGTS	4,604,303	7,009,310
Deposits - Special with remuneration	1,405,517	1,283,097
Deposits - FAS	10,308	5,027
Deposits - FAT (1)	4,257,218	4,078,938
Deposits - FISANE	4,416	282,863
Deposits - PRODEC	36,606	34,159
Deposits - PIS	58,203	48,599
Deposits - FIEL	50,639	46,893
Deposits - FGS	131,194	121,249
Deposits - FAR	190,387	62,220
Deposits - FDS	116,503	56,533
Deposits - Profrota pesqueira (fishing fleet)	41,723	31,973
CAIXA Health Care Program	80,135	
Others	20,813	15,819
	11,007,965	13,076,680

- (1) 68.98% of the resources of the Fund for Workers' Assistance (FAT) is intended for the Program for Generating Employment and Income (PROGER), in the amount of R\$ 2,936,796; 10.06% for Housing, in the amount of R\$ 428,191 and 20.96% for Other Lines of Credit (Digital Inclusion and BCD - Durable Consumer Goods and infrastructure), in the amount of R\$ 892,231, The resources

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free for investment, updated on the basis of the SELIC rate, in the amount of R\$ 602,540, correspond to 14.15% of the total resources. The balance of the resources invested, of R\$ 3,654,678 equivalent to 85.85% of the total of funds, is updated by the TJLP.

13 Funds from Acceptances and Issue of Securities

Paper	Index	Minimum redemption term				2008	2007
		3 months	12 months	3 years	5 years		
LH	IGPM			10,355	458,880	469,235	426,959
LH	INPC				9,672	9,672	9,054
LH	TR			129	120,116	120,245	178,452
LCI	IGPM		28,655	7,422	6,647	42,724	38,787
LCI	INPC			31,773		31,773	31,079
LCI	TR	291,523	551,693			843,216	5,666,420
		291,523	580,348	49,679	595,315	1,516,865	6,350,751

These refer to funds from mortgage notes (LH) and real estate credit notes (LCI) which are restated by the Referential Interest Rate (TR), or the General Market Price Index (IGP-M) or National Consumer Price Index (INPC) inflation indexes.

The issues in TR (including all original transactions with and without swap, weighted in accordance with the updated balance) also incur average interest of 7.5% per annum and have a minimum redemption term of three months.

The issues of LH in IGP-M and INPC also incur average interest of 10.96% and 11.20% per annum, respectively, and have a minimum redemption term of three months.

The issues of LCIs indexed to the IGP-M and INPC also incur average interest of 10.95% and 11.00% per annum, respectively, and have a minimum redemption term of three months.

14 Borrowings

Foreign borrowings incur interest of up to 3.00% per annum and exchange variation of the currency in which they are stated, mainly U.S. dollars, with maturity dates up to 2013. The balance at December 31, 2008 amounts to R\$ 16,974 (2007 - R\$ 15,954).

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15 Local Onlendings - Official Institutions

These are mainly funds transferred by the FGTS for investment in infrastructure, urban development and real estate loan operations. These obligations are subject to monetary restatement in accordance with the Referential Rate (TR) and an average interest rate of 6.17% per year. The average term for maturity for these operations is 8 years.

	<u>2008</u>	<u>2007</u>
FGTS	26,954,719	19,190,257
BNDES	1,377,309	756,025
FDS	197,680	115,546
National Treasury - PIS	590,816	563,936
Other institutions	2	39,385
	<u>29,120,526</u>	<u>20,665,149</u>

16 Other Liabilities

(a) Taxes and social security

	<u>2008</u>	<u>2007</u>
Taxes and contributions on profits	78,811	121,040
Income tax		27,979
Social contribution on net income		8,153
COFINS	67,896	73,214
PASEP	10,915	11,694
Taxes and contributions payable	283,953	233,842
On salaries	186,112	205,937
On services	97,841	27,905
Deferred taxes and contributions	265,651	255,322
Income tax (IRPJ) on revaluation reserve - Buildings	141,731	142,260
Social contribution (CSLL) on revaluation reserve - Buildings	85,039	51,213
IRPJ on adjustments to market value - Available-for-sale securities		33,687
CSLL on adjustments to market value - Available-for-sale securities		12,127
IRPJ on adjustments to market value - Trading securities	15,539	
CSLL on adjustments to market value - Trading securities	9,324	
Public Service Employees' Saving Program - PASEP	14,018	16,035
Provision for tax risks (Note 21 (c))	1,083,640	1,171,671
PASEP	683,146	663,430
INSS	237,993	215,145
ISS	29,960	244,803
Social contribution	104,149	
Others	28,392	48,293
	<u>1,712,055</u>	<u>1,781,875</u>

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(b) Funds with specific purposes

These refer to liabilities arising from funds from operations related to lotteries, liabilities arising from fund resources and social programs administered by CAIXA and fund resources or special programs provided with Government or public entity funds, administered by CAIXA.

	<u>2008</u>	<u>2007</u>
Lottery operations	345,200	280,003
Social funds and programs	3,182,721	1,951,639
FGTS	2,442,303	1,398,741
FISANE	1,651	10,213
FIES (Student Financing)	41,627	14,778
"Bolsa Família" (Family Grant)	209,556	168,487
Housing Subsidy Program (PSH)	357,267	285,959
PRONASCI (i)	44,253	
Others funds and programs	86,064	73,461
Financial development funds	1,065,739	1,620,574
PIS	963,060	1,241,984
Others	102,679	378,590
	<u>4,593,660</u>	<u>3,852,216</u>

(i) National Program for Public Security with Citizenship, whose purpose is to provide public security actions to prevent, control and restrain criminality, establishing social policies and actions for the protection of victims.

(c) Sundry

	<u>2008</u>	<u>2007</u>
Contributions to the SFH	111,387	20,305
Official agreements	238,405	269,466
Accrued expenses (c.1)	6,393,816	5,837,986
Provision for contingent liabilities (c.2)	5,490,931	5,152,215
Real estate financing	227,556	194,478
Funds linked to loans (2)		14,256
FGTS funds for amortizations	2,815	1,733
Sundry creditors - Abroad	230	
Sundry creditors - Brazil (c.3)	4,143,023	3,681,356
	<u>16,608,163</u>	<u>15,171,795</u>

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(c.1) Accrued expenses

	<u>2008</u>	<u>2007</u>
Personnel expenses	1,158,604	1,062,555
Post-employment benefits - NPC 26 (Note 22(f))	4,989,585	4,626,826
Saúde CAIXA	4,234,482	3,938,631
Meal voucher and food basket	712,423	688,195
PREVHAB	42,680	
Other payments	245,627	148,605
	<u>6,393,816</u>	<u>5,837,986</u>

(c.2) Provision for contingent liabilities

	<u>2008</u>	<u>2007</u>
PREVHAB - Technical reserves (1)	502,341	487,078
Provision for contingencies (Note No. 21 (a))	4,988,590	4,665,137
Labor	1,694,646	1,556,898
Civil lawsuits	3,129,757	3,085,129
Other	164,187	23,110
	<u>5,490,931</u>	<u>5,152,215</u>

(c.3) Sundry creditors - Brazil

	<u>2008</u>	<u>2007</u>
Credit cards	1,628,795	1,348,206
Accounts payable	530,905	480,042
Empresa Gestora de Ativos (EMGEA) (3)	267,549	308,429
Receivables purchased	398,932	458,550
Amounts to allocate (Note No. 9 (b.3))	545,369	352,730
Other sundry credits	771,473	733,399
	<u>4,143,023</u>	<u>3,681,356</u>

(1) PREVHAB - Technical reserves

Due to the extinction of the National Housing Bank (BNH) determined by Decree 2291, of November 21, 1986, CAIXA took on the employees of the extinct Bank who were associated to the BNH Complementary Pension Plan (PREVHAB).

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In compliance with this Decree, a voluntary process was launched in September, 1997 for PREVHAB's active members to adhere to FUNCEF - Fundação dos Economizários Federais and for retired members and beneficiaries to a Special Benefits Plan under the auspices of CAIXA SEGUROS S.A.

The active members of PREVHAB signed terms of adherence and assignment of rights relative to pension reserves, formally accepted by CAIXA in its capacity of sponsor, and by FUNCEF in its capacity of a closed private pension entity, in conformity with the rights and obligations specified in the Private Instrument of Assumption of Obligations and Other Covenants between CAIXA and FUNCEF, with mediation of PREVHAB. The mathematical reserves of PREVHAB relative to the active members were liquidated in December 2002 by means of the assignment of Federal Treasury Bills.

The retired members and beneficiaries of PREVHAB signed contracts to join CAIXA SEGUROS's Special and Exclusive Benefit Plan, governed by the Contract for Institution of a Special Benefit Plan between CAIXA and CAIXA SEGUROS, with mediation of PREVHAB, and the contract for Administration of the Securities Portfolio, both signed between CAIXA SEGUROS and CAIXA, in the amount of R\$ 625,689, relating to the mathematical reserves appraised and recorded on October 1, 1998, and restated to R\$ 784,655 as of June 2002, including provisions for lawsuits. No further technical appraisal reports were made of these reserves after the date of record.

On November 1, 2002, a termination agreement was signed between CAIXA and CAIXA SEGUROS with respect of the contract of the Special Benefit Plan, transferring all the plan's guaranteeing resources to CAIXA.

As a result of the cancellation of this contract, the total guaranteeing resources of the Special Benefit Plan were transferred by CAIXA SEGUROS to CAIXA, and to avoid a lapse in the payment of the complementary benefits to the participants of that plan, payment of the benefits was authorized by the Department of Complementary Pensions (SPC), through Notice 2099/SPC/CGAJ, of December 13, 2002. Payment was authorized on an exceptional basis, from November 2002 until the implementation of the necessary conditions for FUNCEF to be able to administer the plan(s) to be instituted for this group of participants, when the amounts for the payments to the retired members and beneficiaries are recorded, until the full adherence thereof to the existing plans or those to be instituted at FUNCEF.

As from April 15, 2003, the process for transferring retired members and beneficiaries from PREVHAB to FUNCEF was launched, through adherence to the Benefit Plan (REB).

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(2) Funds linked to loans

These refer to funds recorded in accounts linked to loans in the name of customers, not used by them, and remunerated by the same charges as those of the respective transactions.

(3) EMGEA - Empresa Gestora de Ativos

These refer to responsibilities of CAIXA arising from the management of contracts, in loans and assets not for use.

(d) Subordinated debt eligible and non-eligible for capital

Under the terms of CMN Resolution No. 2837/01, on October 11, 2005 part of the existing debt referring to loan liabilities of CAIXA with FGTS was converted into subordinated debt, used in the calculation of the Basel limits. This transaction was approved by BACEN in October 2005 and amounts to R\$ 3,439,717. The payment of the debt contracted will start as from March 20, 2013. The grace period of 88 (eighty-eight) months for the payment of the subordinated debt will extend up to February 20, 2013 and will be automatically renewed if CAIXA is no longer classified in respect of the minimum capitalization required by current legislation, as from March 20, 2013, or in the event of the payment itself generating declassification. The total debt, during the grace or declassification period, will incur price-level restatement and capitalized monthly interest at the rate of 6,125%, corresponding to the effective rate of 6.300% p.a., which is equivalent to the average rate of the current agreements. The subordinated debt non-eligible for capital amounting to R\$ 994,002 refers to amounts to be included related to price-level restatements and interest.

(e) Hybrid instruments of capital and debt eligible and non-eligible for capital

The Federal Government was authorized, through Provisional Measure 347/07, converted into Law 11485/07, to grant a loan to CAIXA of R\$ 5,200,000, at financial and contractual conditions that permit the transaction to be classified as a hybrid instrument of capital and debt, as defined by Resolution 3444/07 of the Monetary National Council (CMN), in order to increase its operating limits. The grant was formalized on May 24, 2007 through a loan agreement signed by the Federal Government and CAIXA, and the loan was paid on June 13, 2007. BACEN, through Deorf/Cofin Official Letter II 2007/5808, of July 2, 2007, authorized CAIXA to consider the funds contracted eligible to the level II of capital. The debt does not have a maturity date. Interest is accrued monthly to the debit balance and paid annually in accordance with the terms of the contract, at the annual average effective rate of the first stage (cash) of the auctions of Federal Treasury Notes, B series, falling due on May 15, 2045, weighted by the number of these securities negotiated by the National Treasury in the auctions immediately prior to the release date of each installment, calculated on the nominal restated

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amount of the debt, with price-level restatement calculated based on the IPCA variation. The hybrid instruments of capital and debt non-eligible for capital totaling R\$ 488,012 (2007 - R\$ 143,873) refer to price-level restatement and interest. In 2008, the amount of R\$ 322,757 in interest was paid to the National Treasury.

17 Stockholders' Equity

(a) Capital

Decree No, 6473, dated June 5, 2008, which approved the new bylaws of CAIXA, establishes in article 6 the Authorized Capital as R\$ 13,562,433 and in article 7 approves the Capital of R\$ 8,002,717, exclusively paid up by the Federal Government.

The capital will be increased annually, up to the authorized limit, through capitalization of the capital reserves. The capital increase carried out through capitalization of other reserves and of the balance of retained earnings after appropriation of the net income for the period, and the absorption of possible losses through the use of revenue reserves, will be carried out upon approval of the Minister of Finance, after discussion of the respective proposals by the Board of Directors, considering the opinions of the Executive and Statutory Audit Boards.

(b) Compliance with levels required by Resolution 2099/94 (Basel Accord)

In conformity with Resolution of CMN 2099/94 and later regulations, which establish the minimum levels of referential equity for financial institutions, based on the volume of their operations, CAIXA shows an index of 20.6% whereas the minimum required in Brazil is 11%.

(c) Revenue reserves

The revenue reserves comprise the legal reserve calculated at 5% of the annual net income, totaling R\$ 194,164 (2007 - R\$ 125,504), the reserve for incorporation as capital arising from the profits from the management of lotteries of R\$ 174,724 (2007 - R\$ 179,526) and the operating margin reserve of R\$ 1,931,062, calculated in 2008.

(d) Dividends and interest on own capital

The Federal Government is guaranteed a minimum dividend of 25% of adjusted net income in accordance with Decree 2673/98. Dividends corresponding to 40.52% of the adjusted net income for the year ended December 31, 2008 of R\$ 1,573,488 (2007 - R\$ 1,111,537) were provided, of which R\$ 956,430 (2007 - R\$ 572,269) as dividends and R\$ 617,058 (2007 - R\$ 539,268) as interest on own capital calculated on stockholders' equity and limited to the

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daily *pro rata* variation of the Long-Term Interest Rate, as provided for in article 9 of Law 9249, dated December 26, 1995. This latter amount reduced the income tax and social contribution on net income expense by approximately R\$ 219,342 (2007 - R\$ 183,351).

	<u>2008</u>
Net income	3,883,289
Prior year adjustments	(30,676)
Legal reserve	(194,164)
Realization of the revaluation reserve	18,866
Lottery reserve	(174,724)
Basis for the calculation of dividends	3,502,591
Dividends proposed	1,573,488
Interest on own capital	617,058
Dividends	956,430

(e) Prior-year adjustments

As described in Note 2 to the financial statements, as a result of the completion of the actuarial calculations relating to employee benefits and of the studies of the realization of income tax and social contribution on net income tax credits on temporary differences, prior year adjustments were recorded at December 31, 2008 of R\$ 439, relating to the accounting for the provision for actuarial liabilities with Saúde CAIXA of R\$ 4,056,275, and to the reversal of the valuation allowance of tax credits of R\$ 4,055,836. Due to the first-time adoption of Law No. 11638/07, the recoverable value of assets was adjusted by R\$ 30,237 (Note 25 (e.4)).

18 Remuneration Paid to Management and Employees

The remuneration paid to management and employees is shown below, without deduction of the payments disallowed referred to in Decree-Law No. 2355/87 and Law No. 8852/94.

<u>Remuneration</u>	<u>Management - R\$ 1,00</u>		<u>Employees - R\$ 1,00</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Highest	30,229	28,517	18,405	16,178
Average	24,985	23,570	5,188	4,420
Lowest	20,349	19,060	836	948

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19 Corporate Income Tax (IRPJ) and Social Contribution on Net Income (CSLL)

(a) Tax credits

The principal amounts included in the "Tax credits" are:

- . CSLL credits, relating to the tax years ended up to December 1998, calculated at the rate of 18%, based on article 8 of Provisional Measure 2158-35/2001;
- . IRPJ credits relating to accumulated tax losses, which do not prescribe, and temporary differences; at the rate of 25%; and
- . CSLL credits relating to accumulated losses and temporary differences determined as from 1999, at the rate of 15%.

The tax credits recorded amount to R\$ 8,991,422 (2007 - R\$ 8,718,888) for IRPJ and R\$ 4,608,893 (2007 - R\$ 2,658,797) for CSLL, totaling R\$ 13,500,315 (2007 - R\$ 11,377,685), and a valuation allowance for the realization of these credits of R\$ 5,279,673 (2007 - R\$ 4,689,845), resulting in total tax credits net of the allowance of R\$ 8,220,642 (2007 - R\$ 6,687,840).

A technical study on the expectation of realizing the tax credits over ten years was carried out by CAIXA and, based on the results obtained, the credit determined amounted to R\$ 215,800 from tax losses and R\$ 5,365,097 from temporary differences, of which R\$ 1,309,261 was recorded in income for the year and R\$ 4,055,836 was recorded as prior-year adjustments (see Note 17(e)). Furthermore, the amount of R\$ 188,543 was provided due to the increase in the CSLL rate from 9% to 15%. Therefore, the tax credit recorded in the year totaled R\$ 1,713,606.

Book value

Year of realization	Income tax losses	Social contribution losses - 9% and 15%	Credit at 18% - 1998	Temporary differences	TOTAL
2009	188,746	113,248	79,274	1,993,921	2,375,189
2010	227,327	136,395	95,477	1,912,069	2,371,268
2011	238,781	143,268	100,288	287,659	769,996
2012	187,831	62,109	78,889	235,800	564,629
2013	147,533		61,964	226,790	436,287
2014 to 2018	958,074		36,341	708,858	1,703,273
	1,948,292	455,020	452,233	5,365,097	8,220,642

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Present value

Year of realization	Income tax losses	Social contribution losses - 9% and 15%	Credit at 18% - 1998	Temporary differences	TOTAL
2009	167,786	100,672	70,470	1,772,492	2,111,420
2010	190,822	114,493	80,145	1,605,034	1,990,494
2011	189,360	113,616	79,531	228,122	610,629
2012	140,723	46,532	59,104	176,662	423,021
2013	104,423		43,858	160,521	308,802
2014 to 2018	567,670		25,722	443,120	1,036,512
TOTAL	1,360,784	375,313	358,830	4,385,951	6,480,878

Tax credits of R\$ 180,804 were realized during 2008. In accordance with the technical study carried out as of December 31, 2007, the realization projected for the period was R\$ 138,882.

Origin of the tax credits

	2008		2007	
	IRPJ	CSLL	IRPJ	CSLL
Allowance for loan losses	2,097,889	1,113,755	1,743,693	90,430
Provision SFH	868,112	520,867	940,658	338,637
Provision for contingencies	1,491,612	894,967	1,458,839	525,182
Others	808,653	396,251	688,523	402,188
Provision for Saúde CAIXA - NPC 26	1,058,621	635,172	1,014,069	365,064
Adjustment to market value	234,380	140,628	435,914	156,929
Former criterion of CSLL - MP 1998				(14,109)
Subtotal of temporary differences	6,559,267	3,701,640	6,281,696	1,864,321
Tax losses	2,973,570		2,973,570	
Write-offs up to the period	(641,415)		(536,378)	
Tax losses up to 2000		701,139		512,595
Write-offs up to the period		(246,118)		(201,549)
Credit at 18% - 1998		624,515		624,514
Write-offs up to the period		(172,283)		(141,084)
Total tax credits	8,891,422	4,608,893	8,718,888	2,658,797

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Changes in the tax credits

	Gross amount	Valuation allowance	Total
Balance at December 31, 2007	11,377,685	(4,689,845)	6,687,840
Recorded in the period	2,303,434	(589,828)	1,713,606
Write-off of tax credit - IRPJ	(105,037)		(105,037)
Write-off of tax credit - CSLL	(75,767)		(75,767)
Changes in the period	2,122,630	(589,828)	1,532,802
Balance at December 31 2008	13,500,315	(5,279,673)	8,220,642

(b) Calculation of IRPJ and CSLL

	2008		2007	
	IRPJ	CSLL	IRPJ	CSLL
PROFIT BEFORE TAXATION	3,082,536	3,082,536	1,628,173	1,628,173
Prior year adjustments			(4,056,275)	(4,056,275)
			(2,428,102)	(2,428,102)
IRPJ and CSLL expense at the rates of 25% and 9%	(770,610)	(325,097)	607,050	218,529
Tax effects of the additions and deductions	158,075	65,824	(1,126,553)	(405,034)
Provision - Saúde CAIXA - NPC 26	(1,058,621)	(446,586)	(1,014,069)	(365,064)
Adjustment in LPA	1,014,069	427,792		
FGTS	557,160	235,042	612,639	220,550
Allowance for loan losses	(414,667)	(174,930)	(251,195)	(90,430)
Provision for contingencies	113,238	47,770	(174,132)	(62,688)
Provision for SFH	72,547	30,604	96,038	34,574
Others	(125,651)	(53,868)	(395,834)	(141,976)
Interest on own capital	154,265	65,078	134,817	48,534
Profit sharing	108,169	45,632	77,695	27,970
Deferred IRPJ / CSLL tax asset	105,037	75,767	92,105	33,000
Tax incentive	8,725		6,906	
Realization of the revaluation reserve	6,422	3,338	6,147	2,213
Write-off of tax credit - CSLL 18%			-	23,100
Total IRPJ and CSLL expense	(229,917)	(69,458)	(201,833)	(51,688)

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20 Statement of Income

(a) Service fee income

	2 nd six- month period	Years ended December 31,	
	2008	2008	2007
Administration of the FGTS	1,025,024	2,150,758	2,021,292
Administration of the FCVS	53,577	93,151	97,943
Administration of the PIS	35,862	55,585	61,178
Administration of lotteries	315,158	569,642	513,803
Unemployment insurance	11,946	36,302	45,399
General Federal Government Budget (OGU)	45,912	67,631	41,462
Family allowance	113,893	240,726	234,401
INSS - Collection and payment fees	26,525	50,229	81,980
Management of investment funds	401,370	791,982	671,650
Fees from agreements	508,205	1,002,576	986,092
Check and paper clearing services	259	25,768	102,640
Current account maintenance fees	58,612	145,973	206,897
Opening credit fee (TAC)	149,710	321,383	472,784
Credit cards	83,005	153,645	139,310
Collection of bills	159,530	306,484	266,647
EMGEA - Administration of contracts	142,253	286,030	299,479
Risk rate - financial agent	65,015	121,890	92,111
Bonus payment	48,121	45,507	45,227
Other services	198,626	373,818	75,744
	3,442,603	6,839,080	6,456,039
Revenues from bank charges	293,200	527,069	408,537
Total services rendered and bank charges	3,735,803	7,366,149	6,864,576

CAIXA is already adjusted to the new parameters for bank charges established by the Brazilian Central Bank and published on March 31, 2008. According to the legislation, increases in fees must be published with 30 days' prior notice and are only permitted within a minimum interval of six months.

The rules established by the Brazilian Central Bank also include a standard list of priority services and creates a basic basket of services, which makes it easier for the customer to compare the prices charged by each bank when selecting a bank. As the new rules do not impose a price control, free competition among the banks is ensured.

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(b) Personnel and administrative expenses

	2 nd six-month period	Years ended December 31,	
	2008	2008	2007
Personnel expenses			
Salaries	(2,694,257)	(5,339,637)	(4,512,328)
Salaries and benefits	(2,433,875)	(4,902,841)	(4,184,853)
Labor indemnities	(260,382)	(436,796)	(327,475)
Benefits	(769,619)	(1,271,401)	(1,163,592)
Social charges	(933,820)	(1,728,113)	(1,472,713)
FGTS	(186,728)	(349,166)	(306,497)
Social security	(589,428)	(1,114,445)	(972,028)
Supplementary social security pensions	(157,664)	(264,502)	(194,188)
Others	(82,577)	(145,853)	(127,902)
	(4,480,273)	(8,485,004)	(7,276,535)
	2 nd six-month period	Years ended December 31,	
	2008	2008	2007
Administrative expenses			
Communication	(197,010)	(354,873)	(373,606)
Maintenance and repairs of assets	(195,892)	(380,122)	(374,994)
Water and electricity	(108,046)	(202,962)	(212,945)
Rentals and leases	(290,216)	(553,228)	(490,198)
Materials	(54,492)	(103,624)	(94,915)
Data processing	(466,083)	(954,338)	(1,056,507)
Promotions and public relations	(70,351)	(115,509)	(106,102)
Advertising and publicity	(151,492)	(261,002)	(269,062)
Financial system services	(97,155)	(192,406)	(185,879)
Third party services	(273,307)	(520,990)	(489,740)
Specialized services	(115,970)	(205,889)	(183,810)
Surveillance and security services	(204,760)	(395,835)	(314,504)
Depreciation and amortization	(276,539)	(469,082)	(383,330)
Other administrative expenses	(110,875)	(202,571)	(186,165)
	(2,612,188)	(4,912,431)	(4,721,757)

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(c) Other operating income/expenses

Other operating income	2 nd six-month period	Years ended December 31,	
	2008	2008	2007
Commissions and fees on operations	509,525	1,051,746	1,015,206
Expenses recovered	312,631	556,365	449,888
Reversal of other operating provisions	503,889	1,032,307	1,446,626
Revenues from other credits	9,725	19,431	25,622
Credit card revenues	179,555	328,443	239,027
Dividend income	53,230	63,413	45,899
Restatement of guarantee deposits	97,894	180,725	147,376
Interim dividends received	73,487	73,487	13,209
Other operating income	172,319	255,392	252,299
	1,912,255	3,561,309	3,635,152

Other operating expenses	2 nd six-month period	Years ended December 31,	
	2008	2008	2007
Expenses with actuarial reserves - FUNCEF/PREVIHAB	(36,679)	(66,935)	(56,835)
Expenses with FCVS receivable - Provision/Losses	(143,574)	(273,943)	(548,846)
Expenses with obligations with funds and programs	(27,583)	(46,326)	(128,812)
Provision for contingencies (i)	(254,139)	(720,190)	(1,200,692)
Provision for taxes on trading securities	(24,863)	(24,863)	(178,168)
EMGEA/Federal Government	(58,176)	(112,382)	(45,507)
Expenses with lottery resellers	(89,062)	(162,182)	(174,787)
Expenses with credit cards	(208,072)	(375,510)	(281,095)
Expenses with automated services	(67,309)	(130,781)	(137,480)
Discounts on loans	(45,079)	(54,920)	(17,967)
Non-banking correspondents	(306,296)	(576,170)	(464,846)
Hybrid instrument of capital and debt - price-level restatement	(300,748)	(666,895)	(275,570)
FGTS - Collection/payment	(320,834)	(562,749)	(458,749)
Social benefits	(47,074)	(68,872)	(44,001)
FGTS investment fund	(46,741)	(46,741)	
Expenses with goodwill on the purchase of commercial portfolios	(1,886)	(3,933)	(18,464)
Expenses with business promotion	(25,723)	(69,525)	(85,580)
Adverse legal judgments	(193,458)	(334,638)	(170,789)
Expenses with receivables managed by third parties	(9,929)	(19,251)	(18,643)
Expenses with financial management of pension funds	(58,188)	(108,425)	(83,642)
Expenses with contributions to SFH	(89,990)	(90,719)	(1,284)
Other operating expenses	(229,418)	(433,398)	(430,855)
	(2,584,821)	(4,949,348)	(4,822,612)

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(d) Non-operating expenses, net

Refers mainly to expenses from transactions with assets which are not for own use and fraudulent electronic withdrawals.

(e) Employee profit sharing

R\$ 432,674 (2007 - R\$ 310,781) was provided for payment of employee profit sharing.

21 Contingent assets and liabilities

CAIXA is a party to judicial and administrative proceedings of a tax, civil and labor nature. Based on opinions of its legal advisors, management records full provisions for cases where the risk of loss is classified as probable. In addition, certain tax cases considered as having a possible or remote risk of loss are also partially provided.

The litigation filed against CAIXA, through citation, relating to the elimination of the inflationary effects from savings accounts as a result of the "Bresser", "Verão" and "Collor" plans, is provided for based on the criteria established in the current regulation.

The provisions for contingencies are shown as follows:

(a) Provisions recorded

(i) Analysis of balance sheet balances

	2007	Additions	Reversals/ Write-offs	Price-level restatement	2008
Tax	1,171,671	126,584	(248,013)	33,398	1,083,640
- PASEP	663,430			19,716	683,146
- CSLL		101,682		2,467	104,149
- ISS	244,803	2,055	(228,113)	11,215	29,960
- Other	263,438	22,847	(19,900)		266,385
Civil	3,085,129	197,384	(228,155)	75,399	3,129,757
Labor	1,556,898	102,791	(42,899)	77,856	1,694,646
Other	23,110	141,077			164,187
	<u>5,836,808</u>	<u>567,836</u>	<u>(519,067)</u>	<u>186,653</u>	<u>6,072,230</u>
Judicial deposits	<u>3,162,817</u>	<u>538,235</u>	<u>(457,144)</u>	<u>162,307</u>	<u>3,406,215</u>

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The provision for tax contingencies is recorded in "Other liabilities - tax and social security" (Note 16(a)), and the provision for other contingencies is recorded in "Other liabilities - Sundry" (Note 16(c.2)).

(ii) Analysis by risk classification

	2008		2007	
	Amount	Provision	Amount	Provision
Probable	5,151,091	5,151,091	4,958,233	4,958,233
Losses and damages	1,579,778	1,579,778	1,434,638	1,434,638
Savings accounts	973,067	973,067	1,015,736	1,015,736
Lotteries	80,104	80,104	83,637	83,637
Real estate credits	130,180	130,180	131,573	131,573
Curtailment of FGTS	366,628	366,628	419,545	419,545
Labor	1,694,646	1,694,646	1,556,898	1,556,898
Tax	162,501	162,501	293,096	293,096
Others	164,187	164,187	23,110	23,110
Possible	5,132,120	921,139	12,342,017	878,575
Tax	5,132,120	921,139	12,342,017	878,575
	10,283,211	6,072,230	17,300,250	5,836,808

(b) Labor and civil lawsuits

CAIXA has contingent liabilities from labor claims, lawsuits relating to disagreements with indexes applied to asset and liability transactions, including those related to economic plans, numerous lawsuits relating to real estate financing, lotteries, losses and damages, tax lawsuits, amongst others. These lawsuits are periodically evaluated and reviewed, including with regard to the historical average amounts of labor claims losses.

Based on reports from its legal advisors and that the procedures followed by CAIXA are in accordance with existing laws and regulations, management believes that these lawsuits will not cause significant losses in excess of the provision recorded for these contingencies, of R\$ 4,988,590 (2007 - R\$ 4,665,137), considered sufficient to cover eventual legal decisions unfavorable to CAIXA.

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(c) Tax lawsuits

(i) On December 6, 1996, CAIXA was notified by the Federal Revenue authorities on the allegation of underpayment of PIS/PASEP from January 1991 to December 1995, a period in which Decree Laws 2445 and 2449/1988 were in force, and offsetting, supposedly improperly, overpayments from January 1992 to May 1993, of R\$ 667,691 in principal, R\$ 500,768 in fines and R\$ 2,667,771 in interest, totaling R\$ 3.836.230 at December 31, 2008 price levels (2007 - R\$ 11,155,275, total amount). The provision recorded amounts to R\$ 683,146 (2007 - R\$ 663,430).

The Second Taxpayers' Council, in a session held on October 18, 2006, through Decision 202-17402, partially granted the voluntary appeal of CAIXA. On September 3, 2007, an Embargo to the Declaration was lodged, which was examined by the Second Taxpayers' Council and submitted to DRF/BSB/DF (the Federal Revenue authorities in Brasilia) on March 14, 2008.

The DRF/BSB/DF, through summons No. 345/08, notified CAIXA of the revised amounts of the tax assessment considering the decrease resulting from the grant of matters adjudged and presented through Decision 202-17402, and also considering the refusal of the Embargoes to Declaration lodged (Dispatch No. 202-132 of the Second Chamber of the Second Taxpayers' Council).

New Embargoes to Declaration were lodged on October 6, 2008 against Instruction 202-132, which was accepted by the Second Taxpayers' Council and is under analysis.

Once all possibilities of recourse have been filed at the administrative level, it is still possible to file an appeal to the Judicial Power.

(ii) CAIXA was assessed by inspectors from the National Institute of Social Security (INSS) for non-payment of social security contributions on payments made to its employees, for the period from January 1982 to August 1999, which according to an INSS report amount to R\$ 1,333,481 (2007 - R\$ 1,186,104). The related provision amounts to R\$ 237,993 (2007 - R\$ 215,145) restated to December 31, 2008.

(iii) CAIXA was assessed by municipal tax inspectors in various municipalities of Brazil on the allegation of lack of payment or underpayment of the Services Tax - ISS, amounting to R\$ 263,361 (2007 - R\$ 244,803) at December 31, 2008. Due to the historical success and a recent technical and juridical analysis of the current legal scenario, the provision was established at R\$ 29,960 (2007 - R\$ 244,803).

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According to the analysis of the legal counsel, nine lawsuits of the total municipal litigation were considered as of possible unfavorable outcome to CAIXA, totaling R\$ 114,512 at December 2008.

(iv) CAIXA is contesting before the Taxpayers' Council an assessment of R\$ 104,149 relating to a CSLL offset (PERD/COMP) which had not been approved. Based on legal judgments on the matter, legal counsel recommended full provision for the amount.

Based on the nature of the matters at issue and on the judgment of court decisions and other case law, the studies carried out by the legal and tax advisors of CAIXA indicate that the provisions recorded are sufficient to cover the risks of possible unfavorable decisions in the merits of some of the issues of the lawsuits.

22 Employee Benefits

In 2008, CAIXA completed the studies and calculations required by the Accounting Standard and Procedure NPC 26 of the Institute of Independent Auditors of Brazil (IBRACON), to determine the cost of the benefits provided to employees of entities which sponsor defined benefit pension plans and health care plans, with effects in prior years (Notes 2 and 17 (e)).

(a) Private pension plan

CAIXA is the sponsor of the Fundação dos Economiários (FUNCEF), which administers pension funds, in accordance with their regulations, and there currently exist defined benefit and defined contribution plans.

a.1) REG/REPLAN

The plan aggregates the regulations established in 1977 (REG) and 1979 (REPLAN) considered as a single plan, which was last amended on June 14, 2006. This is a Defined Benefit Plan, linked to the National Institute of Social Security (INSS) and to the Sponsor's Jobs and Salaries Plan (PCS).

The defined benefits of this plan were settled by an amendment to its regulation. Through this procedure, the benefit amount is settled, calculated and restated based on the plan index, the participation salary is dissociated and the benefit is granted and maintained by a social security government agency. The regular contribution to this plan is cancelled and the participant adheres to another benefit plan offered by the sponsor.

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The sponsor's contribution is determined through an annual actuarial calculation and should not exceed the total contribution paid by the participant and the beneficiary, being limited to 7.85% of the total participant contribution salaries.

a.2) REB

The REB benefit plan is sponsored by CAIXA and FUNCEF and managed by FUNCEF. This is a Variable Contribution Plan. The regular participant's contribution, including the self-sponsored participant, will be calculated by applying a percentage on the participant salary, defined on adhesion, not lower than 2%.

Upon the establishment of the REB Plan, new adhesions to REG/REPLAN were ceased. On February 4, 2002, the plan's regulation was amended to permit the migration of REG/REPLAN participants to REB. This experience influenced the process of preparing the proposal for REG/REPLAN Settled and the establishment of the Benefit Plan "Novo Plano".

The sponsor's contribution to REB 1998 is limited to 8, 34% of the total salary of the employees participating in the plan. For the REB 2002 plan, the sponsor's contribution is made on an equal basis and limited to 7% of the total salaries of active employees.

a.3) Novo Plano

The benefit plan Novo Plano was approved by the appropriate authorities on June 16, 2006 and started operating on September 1, 2006. This is a Variable Contribution Plan, with a defined contribution during the stage of formation of reserves and defined benefits during the stage of receipt of benefits and in cases of risk, such as disability and death pension.

The Novo Plano also adopts a new contribution basis by increasing the portion destined by CAIXA to the participant's account balance. The regular participant's contribution, including the self-sponsored participant, will be calculated by applying a percentage on the participant salary, defined on adhesion, not lower than 5%.

The costing of administrative expenses is shared on an equal basis between the sponsor and the participants, including beneficiaries, and should be approved by the FUNCEF Board of Officers and Deliberative Council, with due regard to the limits and criteria established by the regulatory body.

The sponsor's contribution equals the participants' regular contributions, limited to 12% of the total participant salaries and the total of the regular contributions made by the participants, including the beneficiaries.

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(b) Meal Vouchers/Food Basket

CAIXA provides employees and management with Meal Vouchers/Food Basket in accordance with current legislation and the Collective Bargaining Agreement. This benefit is defined in September of each year. For the period from September 2008 to August 2009, the meal vouchers amount to R\$ 350.24 (three hundred and fifty reais and twenty-four centavos) per month for payment of meals in restaurants and similar places. The food basket for the same period amounts to R\$ 272.93 (two hundred and seventy-two reais and ninety-three centavos) per month for the purchase of food in supermarkets or other commercial establishments.

(c) Beneficiaries of PREVHAB

CAIXA manages the remaining balance of funds guaranteeing the technical reserves for the beneficiaries of PREVHAB, transferred from SASSE (current Caixa Seguros S/A).

(d) Reconciliation of assets and liabilities

Items	2008					
	REG/REPLAN	REB	PREVHAB	Novo Plano	Meal vouchers and food basket	Gratuity
c.1) Present value of liabilities with coverage	30,495,721	700,805		670,022		5,494
c.2) Present value of liabilities without coverage	2,163,838		42,680		642,158	5,833
c.3) Present value of actuarial liabilities (c.1 + c.2)	32,659,559	700,805	42,680	670,022	642,158	11,327
c.4) Fair value of plan assets	(30,495,721)	(879,725)		(670,344)		(5,494)
c.5) Present value of liabilities in excess of (lower than) the fair value of assets	2,163,838	(178,920)	42,680	(322)	642,158	5,833
c.6) Unrecorded actuarial (gains) or losses	(5,237,751)	72,502		(3,325)	70,265	(6,453)
c.7) Net actuarial liabilities/(assets) (c.5 + c.6)	(3,073,913)	(106,418)	42,680	(3,647)	712,423	(620)
c.8) Amount not recognized as (asset)/liability due to the standard established	1,081,919	(89,460)		(161)		
c.9) Net actuarial liabilities/(assets) (c.7 (-) c.8)	(4,155,832)	(16,958)	42,680	(3,486)	712,423	(620)

The net actuarial assets (c.9) were not recorded in the balance sheet.

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(e) Summary of the activities

Items	Calculation - 2008					
	REG/REPLAN	REB	PREVHAB	New Plan	Meal vouchers and food basket	Cash assistance
Actuarial liabilities (assets) recorded at 12/31/2007			41,108		688,195	
Contributions to the plan	(31,230)	(20,220)	(2,637)	(195,533)	(46,128)	(167)
Expense / (income) determined	(4,124,602)	3,262	4,209	192,047	70,356	(453)
Net actuarial liabilities (assets)	(4,155,832)	(16,958)	42,680	(3,486)	712,423	(620)
Actuarial liabilities (assets) recorded at 12/31/2008			42,680		712,423	

(f) Health care plan - Saúde CAIXA

Since 1977, CAIXA offers health care to its employees and relatives through Saúde CAIXA - a program established and managed by CAIXA, under the form of self-management. It offers medical, hospital, dental, psychological, physiotherapy, and speech therapy assistances, occupational therapy, nutritional assistance and social services, which are rendered by a network of accredited entities and a system of reimbursement with Brazilwide coverage. It is a benefit granted by CAIXA to members who opt for it and their related inscribed dependents, the members being employees and retirees linked to FUNCEF, PREVHAB, PMPP Fund and INSS.

The revenues of Saúde CAIXA, according to the amendment implemented in 2004, comprise a monthly contribution by CAIXA equivalent to 70% of the assistance expenditures, with a minimum of 3.5% of the expense with personnel, and the beneficiary contributes with 30%, through monthly payments of 2% of his/her base remuneration, for the family group, plus a co-participation of 20% on the use of the assistance, limited to an annual ceiling.

The Saúde CAIXA plan does not have financial assets and therefore the provision calculated corresponds to the amount of the actuarial liability. This liability represents the actuarial present value of the post-employment benefits relating to the currently retired employees and beneficiaries, and was calculated considering that these groups have already completed the years of service.

With respect to the active employees, the actuarial provision was calculated taking into consideration the ratio between years of service at the valuation date and at the retirement date.

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The amount of the actuarial provision obtained through the calculation at present value of all the flows of welfare expenses relating to current and future retirees and beneficiaries is R\$ 4,234,482 (Notes 2 and 17(e)) and the expenses projected for 2008 amount to R\$ 133,686 (2007 - R\$ 117,644).

(g) Summary of the actuarial liabilities

	Balance at December 31, 2007	Adjustment calculated	Balance at December 31, 2008
PREVHAB	41,108	1,572	42,680
Meal Vouchers and Food Basket	688,195	24,228	712,423
Saúde Caixa	4,056,275	178,207	4,234,482

(h) Economic assumptions

The main economic assumptions adopted for the actuarial calculations were as follows:

	<u>2008</u>	<u>2007</u>
	<u>Saúde CAIXA</u>	<u>Other plans (1)</u>
Discount rate for the actuarial liability	5.5% p.a	10.57% p.a.
Expected yield on the plan's assets		16.50% p.a.
Increase in salaries		1.50% p.a.
Increase in welfare costs	IPCA + 2% p.a.	

(1) Refers to private pension plans, savings assistance, meal vouchers and food basket. The rates consider inflation effects.

(i) Recognition of actuarial gains and losses

i.1) REG/REPLAN, REB and Novo Plano: CAIXA's management decided not to record actuarial gains due to (i) the remaining social security commitments of these plans; (ii) the fluctuations that could affect the fair value of the plan assets, and (iii) the ability to realize actuarial gains in view of the current legislation.

i.2) Saúde Caixa: the actuarial losses relating to this liability which exceed the limit stated in Note 3(l) will be recorded over the average remaining time of service of the participants.

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23 Related parties

The operations with CAIXA Seguros, the Federal Treasury and FUNCEF are carried out in the context of the operating activities of CAIXA and its responsibilities established in specific regulations. CAIXA carries out bank transactions with related parties, such as deposits in checking accounts, remunerated deposits, service rendering and rental of properties.

CAIXA does not grant loans and financing to its vice-presidents or members of the Statutory Audit Board, Management and of the Audit Committee.

Transactions with related parties	<u>2008</u>	<u>2007</u>
Assets		
Income receivable	317,947	291,632
Total	317,947	291,632
Liabilities		
Demand deposits	398,544	559,047
Local onlending - official institutions	590,816	563,936
Sundry liabilities	25,086	
Total	<u>423,746</u>	<u>582,133</u>
Income		
From services rendered	278,862	196,017
Investments	260,270	237,360
Other operating income		102
Total	539,132	433,479
Expenses		
Investment expenses	(6,022)	
Administrative expenses - rentals	(34,603)	(23,387)
Other operating expenses	(1,198)	(311)
Total	<u>(41,823)</u>	<u>(23,698)</u>

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24 Corporate Risk Management

The implementation of the Risk Management Policy, which was established in accordance with the strategic plan, internal and external regulations and corporate governance best practices, allows senior management to identify the amount of capital committed to cover the risks inherent to the products, services and operations, assess the impacts on the results of operations and promptly decide on the accepted exposure limits. This policy is annually reviewed, explained and disclosed to all the employees through the internal system of regulations disclosure.

CAIXA defines maximum exposure limits for each category of risk and for losses on operations, which are periodically adjusted according to the strategy, macroeconomic factors, business environment and the ability to take risks, aimed at preserving solvency, liquidity and profitability and observing the rules of the regulatory body and good market practices.

(a) Basel II

CAIXA's Management Committee approved the establishment of the Strategic Project Basel II, which now manages all the actions in progress to adjust CAIXA to the requirements of the New Basel Capital Accord linked to the corporate risk management unit. The establishment of the Project formalizes the due recognition and strategic prioritization assigned by management to the implementation of risk management best practices.

The Project aims to ensure the improvement, development, implementation and certification of the basic/standard and internal/advanced models of market risk, credit risk and operating risk, besides several actions for human resources qualification and dissemination of the CAIXA risk management culture.

CAIXA fully met the regulatory body requirements relating to the basic/standard models, as defined by CMN Resolution No. 3,490/07, and continues to improve its practices, processes and models of risk management, with direct impact on all its activities, intended to qualify CAIXA for the adoption of the internal/advanced models established in Basel II.

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(b) Portfolio credit risk

The portfolio credit risk arises from the credit transactions contracted by CAIXA and implies the need of managing the loss level of the credit portfolio, recording the required allowance to cover expected losses and appropriating capital to meet unexpected losses.

CAIXA's strategic decision of maintaining the quality of its credit portfolio without compromising its expansion, included in the Risk and Credit policies, demands continuous improvement of management processes and credit risk control, supported by correct management practices, reliable models for measurement of the exposure level to risks, and communication channels that permit the direct impact of risk information on the decision-making process.

The balance in the credit portfolio, both in the aspect of risk and return, is ensured by the improvement of measurement techniques and models and by measures intended to mitigate risks.

CAIXA strategically decided to adopt the advanced risk models defined in the Basel Accord. As to credit risk, the Brazilian Reinsurance Institute (IRB) methodologies are under development, following the timetable determined by the Brazilian Central Bank through Notice No.16137/07.

The report relating to the management of portfolio credit risk implemented in CAIXA is available in the website <http://www.caixa.gov.br>, in the menu "Sobre a CAIXA".

(c) Market risks

The market risk consists of the possibility of losses resulting from fluctuations in market values of portfolios held, including transactions subject to foreign exchange variations, interest rates, prices of shares and of goods.

The Policy of Market Risk management defines guidelines, values, rules and responsibilities to manage this risk.

For the calculation of the value at risk (VaR) of its business portfolio and of its assets and liabilities, CAIXA adopts a parametric model with time horizon forecast of one day and a confidence level of 99%, in addition to stress tests based on historic scenarios, which daily evaluate the probable impacts of extreme activities on the portfolio and quantify the unfavorable effects on the positions held.

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The historical simulations of interest rate variations in extreme market conditions allow the determination of the interest rate risk on the important asset and liability exposures.

Based on the calculation of market risk in normal and extreme conditions, mitigation alternatives are proposed to the product and service managers and the financial area. Also, tests of adherence to the models are carried out daily to evaluate the accuracy levels.

CAIXA adopts a conservative risk management policy, the decision-making process of which is guided by the analysis of the risk-return ratio, compliance with the maximum exposure limits established, which are periodically adjusted according to the strategy, macroeconomic factors, business environment and its ability to take risks.

The report relating to the market risk management structure implemented in CAIXA is available in the website <http://www.caixa.gov.br>, in the menu "Sobre a CAIXA".

(d) Liquidity risk

Liquidity risk refers to the probability that the price for the settlement of assets is different from the mark-to-market price due to the volume of transactions or to market situations and that CAIXA does not have sufficient funds to meet its commitments or that it becomes difficult to raise new funds at compatible prices.

CAIXA manages liquidity risk through internal models of projected financial flows of the operations, under normal and stress market conditions, and through the systematization of procedures to be followed in response to liquidity crisis situations - Liquidity Contingency Plan.

The simulations of extreme conditions, including breaches of assumptions, are considered in the determination of limits and in the evaluation of capital adequacy.

The risk of new activities and products are previously identified through the analysis of their adequacy to the risk level accepted by CAIXA.

(e) Operating risk

The operating risk is defined as the possibility of losses resulting from failures, deficiency or inadequacy of internal processes, personnel and systems, or external events. This definition includes the legal risk associated with inadequacy or deficiency in the contracts signed, as well as with penalties resulting from non-compliance with legal provisions and indemnities for damage to third parties arising from the activities carried out by CAIXA.

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The operating risk management is based on the best market practices and complies strictly with the standards issued by the Brazilian Central Bank. In conformity with these standards, the operating risk management structure was implemented to identify, evaluate, monitor, control and mitigate this risk, to which CAIXA's operations are exposed. The capital allocation calculation method adopted by CAIXA is the Alternative Standardized Approach (ASA).

The database for the operating risk management was expanded through key risk indicators which complement the information on losses, allowing the determination, evaluation and monitoring of the exposures.

Moreover, the actions for the Business Continuity Program management were improved to protect CAIXA against situations which suspend the normal performance of its activities. The critical processes were defined taking into consideration the effects on the business arising from possible interruptions.

The structure monitors the mitigation actions implemented by the managers and those suggested in the launch of new products or services. To complement the mitigation actions, the process of awareness of the operating risk management culture was one of special emphasis in 2008, including in relation to instructions on the importance of this management for the sustainability and solidity of CAIXA.

The structured process of internal communication and information disclosure to the market was redefined, with disclosure also being made through the internet, as well as the preparation of a report for the external public.

Accordingly, the operating risk structure implemented in CAIXA achieves a proper environment, as well as the recommended management process and transparency.

The report relating to the operating risk management implemented in CAIXA is available in the website: <http://www.caixa.gov.br>, in the menu "Sobre a CAIXA".

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25 Other Information

(a) Management of social entities

The net equity of the social funds and programs managed by CAIXA are as follows:

Entity	2008	2007
Social Integration Program (PIS)	25,192,767	25,074,198
Government Severance Indemnity Fund for Employees (FGTS)	27,900,357	22,956,479
Housing Lease Fund (FAR)	3,967,174	3,802,648
Social Development Fund (FDS)	867,660	816,029
Social Development Support Fund (FAS)	38,052	51,444
Special Educational Credit Program (PCE)	16,202	27,493
Salary Guarantee Fund (FGS)	186,958	121,588
Fund for Payment of Installments in cases of Unemployment or Permanent Disability (FIEL)	43,301	43,396
	58,212,471	52,893,275
FCVS (i)	(80,545,698)	(75,502,509)

(i) The responsibility for covering the negative equity of the FCVS is the exclusive obligation of the Federal Government. The balance is as of December 2008.

(b) Guarantees provided to third parties

These amount to R\$ 66,813 (2007 - R\$ 66,894) and refer to properties and securities pledged as guarantees provided to third parties, relating to litigation against CAIXA.

(c) FGTS

The credit risk of operations contracted as from June 1, 2001 lies with CAIXA in its capacity of Operating Agent, whereas the Federal Government assumes the risk in loans made up to that date, as established in article 9 of Law 8036/90, of May 11, 1990, amended by article 12 of Provisional Measure 2196-3/01, of August 24, 2001.

CAIXA recognizes this credit risk as a provision in "Sundry liabilities", in the amount of R\$ 34,834 (2007 - R\$ 19,286).

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(d) Changes to tax legislation

Provisional Measure No. 413 of January 3, 2008, which became Law 11727 of June 23, 2008, provides for certain tax measures and increased the rate of the Social Contribution on Net Income (CSLL) for financial institutions, insurance and capitalization companies, from 9% to 15% of the taxable income. This provision became effective as from May 1, 2008, which increased, by the same proportion, the expenses with this contribution as well as the recorded tax credits.

Direct Unconstitutionality Suits (ADIs) No. 4003 and 4101 were filed at the Federal Supreme Court (STF), both requesting injunction, the former alleging unconstitutionality of articles 17 and 41, paragraph II of this law. Both lawsuits are pending judgment.

Provisional Measure No. 449 was issued on December 3, 2008 to address the tax impacts resulting from the changes introduced by Law No 11638/07 in Brazilian corporate legislation, specifically to enable the tax rules to comply with the new accounting practices and criteria. It establishes, among other provisions, the Transition Tax Regime (RTT).

The adhesion to this tax regime is optional, effective for 2008 and 2009, and was adopted by CAIXA in accordance with the applicable legislation, impacting the current year.

According to the RTT, the effects of the changes in corporate legislation should not be considered for taxable income calculation purposes, and should be adjusted in the Taxable Income Calculation Ledger (LALUR) to reverse the impacts in the accounting records and to reflect the accounting principles in effect at December 31, 2007.

The other adjustments in the LALUR, relating to additions, deductions and offsets will continue to be carried out as established in tax legislation.

The option for the RTT must be made to the tax authorities on filing of the Corporate Income Tax Return (DIPJ) for 2009 (year ended December 31, 2008).

(e) Changes to Brazilian corporate legislation in 2008

Significant changes in regulations impacted the preparation of the financial statements for 2008, specifically Law No. 11638 enacted on December 28, 2007, altered by Provisional Measure (MP) No. 449 of December 4, 2008.

The new legislation introduces significant changes in Law No. 6404, of December 15, 1976, the Brazilian Corporate Law, in relation to the preparation of financial statements of limited liability companies, also including large companies not established as limited liability

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companies, in respect of the provisions for bookkeeping records and preparation of financial statements required in Law No. 6404/76.

Law No. 11638/07 provides for the convergence of Brazilian accounting standards and practices with international accounting practices. Brazilian financial institutions, insurance companies and listed companies, based on standards issued and to be issued by the regulatory agencies, are obliged to prepare and make available consolidated financial statements in full compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

The changes approved by Law No. 11638/07 are applicable to the annual financial statements to be prepared for the years beginning as from January 1, 2008. The regulation of the main changes introduced by the Law is under the responsibility of the Brazilian Accounting Pronouncements Committee (CPC), whose purpose is to issue pronouncements for the full convergence of Brazilian accounting practices with international standards.

Several changes introduced by Law No. 11638/07 and Provisional Measure No. 449 were already being adopted by CAIXA, as follows:

- a) Presentation of the Statements of Cash Flows and of Value Added (voluntary adoption);
- b) Investments in marketable securities: valuation of the trading and available-for-sale securities at fair value with contra entry to income for the year and stockholders' equity, respectively. See Note 6 (c);
- c) Adoption of the classification criterion and mark-to-market valuation of financial instruments. See Notes 6 (d) and (e);
- d) Recording of derivative financial instruments at fair value. See Note 6 (g).

The changes in the Brazilian Corporate Law which impacted the financial statements of CAIXA are the following:

(e.1) Property and equipment in use

Law No. 11638/07 eliminated the possibility of spontaneous revaluations of assets, establishing that existing balances of revaluation reserves recorded before the Law must be maintained until their realization, or be reversed up to the end of 2008.

Notwithstanding the Law, CMN Resolution No. 3565, of May 29, 2008, prohibited financial institutions from carrying out revaluations of property and equipment in use, with the recording of the respective revaluation reserve, and determined that the existing revaluation reserve balances must be maintained up to the date of their effective realization through depreciation or write-off, or as a result of sale of the revalued assets.

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In conformity with CMN Resolution No. 3565/08, CAIXA included the revaluation reserve balances in the cost of the revalued assets.

With the purpose of updating the property and equipment depreciation method, studies and analyses were carried out by the Units of CAIXA with changes in the economic useful lives over which the assets will be depreciated and that, at the end, the assets have no residual value.

Based on these studies, the depreciation rates for existing property and equipment at December 31, 2007 were recalculated. The table below presents the parameters used.

Type	2008	2007
Buildings	50 years	25 years
Security system	5 years	10 years
Communication system	10 years	10 years
Data processing system	5 years	5 years
Furniture and equipment	10 years	10 years

(e.2) Determination of loss resulting from impairment of permanent assets

The CPC Technical Pronouncement 13 - First-time adoption of Law No. 11638/07 and Provisional Measure No. 449/08 establishes that the entity must apply CPC 01 - Impairment of assets, to record the asset at its recoverable value.

CAIXA determined a loss from impairment of properties in use and of intangible assets, in the latter only for payroll acquisitions.

For properties in use, the recoverable value was considered as the net sales value. However, no significant facts that might impact their values were identified and, based on the principle of prudence, the value of the last valuation carried out between 2006 and 2007 was considered as the market value, according to legislation in effect at the date which established that such valuations should be carried out at least every four years. If no valuation exists, the net book value at December 2008 was considered as market value.

The calculation of the impairment of intangible assets was based on the net present value of income flows to be generated by the acquisition agreements.

(e.3) Reclassification of assets

In compliance with CMN Resolution No. 3617, of September 30, 2008, the balance of the acquisitions of rights on payrolls, which was recorded in prepaid expenses, and the expenditures with logistic projects - software carried out as from October 2008, were reclassified to Intangible assets. Also, expenditures with leasehold properties and improvements to own properties are now recorded as property and equipment.

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(e.4) Table of the effects in the statement of income and stockholders' equity of the first-time adoption of Law No. 11638/07 and Provisional Measure No. 449/08

The adjustments required by Law No. 11638/07 and Provisional Measure No. 449/08 are not considered as changes in circumstances, estimates or subsequent economic events, since they result from the regulatory process for the convergence with International Accounting Standards, and must be recorded according to the accounting provisions applicable to a change in accounting criterion (or practice).

In this respect, paragraph 1 of article 186 of Law No. 6404/76 establishes that the corresponding initial adjustments be recorded directly in retained earnings or accumulated deficit.

The table below provides information on the comparability of the income and stockholders' equity with the amounts which would have existed if these adjustments had not been carried out.

Accounts	Adjustment	Effect		
		LPA	Income	Revaluation reserve
Properties in use	Recoverable value of assets	(9,136)	(7,314)	(14,056)
Acquisition of rights on payrolls	Recoverable value of assets	(21,101)		
Properties in use	Useful life	4,899	(5,231)	(4,899)
Security system	Useful life		(20,847)	
		(25,338)	(33,392)	(18,955)

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Maria Fernanda Ramos Coelho
President

Carlos Antonio de Brito
Vice-President

Carlos Augusto Borges
Vice-President

Clarice Coppetti
Vice-President

Édilo Ricardo Valadares
Vice-President

Fábio Lenza
Vice-President

Jorge Fontes Hereda
Vice-President

Márcio Percival Alves Pinto
Vice-President

Marcos Roberto Vasconcelos
Vice-President

Sérgio Pinheiro Rodrigues
Vice-President

Raphael Rezende Neto
National Accounting Superintendent
Accountant CRC 9,037 - DF

