



Consolidated Financial Statements BrGaap

December 31, 2016

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Independent Auditor's Report

A free translation from Portuguese into English of independent auditors' Report on consolidated financial statements prepared in Reais and in accordance with accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil

Independent auditor's report on consolidated financial statements

The
Board of Directors and Shareholder
Caixa Econômica Federal - CAIXA
Brasília-DF

Qualified opinion

We have audited the consolidated financial statements of Caixa Econômica Federal – CAIXA and its subsidiaries ("CAIXA" or "Institution"), which comprise the consolidated statement of financial position as at December 31, 2016 and the consolidated statements of income, of changes in equity, and of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting practices.

In our opinion, except for the possible effects of the matter mentioned in our "Basis for qualified opinion" paragraph, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Caixa Econômica Federal – CAIXA and its subsidiaries as at December 31, 2016, its consolidated financial performance and cash flows for the year then ended, in accordance with accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil.

Basis for qualified opinion

As mentioned in Note 32, CAIXA sponsors retirement, pension and supplementary health care plans and meal allowance/staple food basket, as defined benefits, and determines actuarial obligations in accordance with the report issued by its actuarial advisor. Valuation of certain plan assets whose values are not quoted on the stock exchange is made by a specialized advisory firm engaged by the pension fund. On November 30, 2016, the investment in Florestal Fundo de Investimentos Participações ("FIP Florestal"), which holds interest in Eldorado Brasil Celulose S.A. ("Eldorado"), was recorded in the statement of financial position of the pension fund for R\$1.6 billion, resulting from the financial valuation report prepared in 2015. The financial valuation report of Eldorado as of December 31, 2016 has not yet been completed. Accordingly, it was not possible to measure and conclude on the impacts of the investment of FIP Florestal fund on the fair value of assets of the CAIXA pension plans and, consequently, on the actuarial liabilities and equity balances as of December 31, 2016.

We conducted our audit in accordance with Brazilian and international standards on auditing. Our responsibilities, under those standards, are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" paragraph of our report. We are independent of CAIXA and its subsidiaries and comply with the relevant ethical principles set forth in the Code of Professional Ethics for Accountants and the professional standards issued by Brazil's National Association of State Boards of Accountancy (CFC), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion,

Independent Auditor's Report

Emphasis of matters

Receivables from the Salary Variation Compensation Fund (FCVS)

We draw attention to Note 7(b) to the consolidated financial statements, which describes that at December 31, 2015, CAIXA has receivables from the Salary Variation Compensation Fund (FCVS), in the net amount of R\$ R\$28,002 million as of December 31, 2016. Housing loans closed with FCVS coverage, not yet approved, total R\$12,167 million and their effective realization depends on compliance with a set of rules and procedures defined in regulations issued by the FCVS. CAIXA defined statistical criteria to estimate losses from operations that will not meet such rules, for which a provision of R\$3,259 million was recognized. Realization of receivables from housing loans already approved by FCVS, R\$19,094 million as of December 31, 2016, follows a securitization process (issue of bonds by the Federal Government), as provided for in Law No. 10150 of 2000. Our opinion is not qualified in respect of this matter.

Tax credits recorded in jointly-controlled subsidiary

At December 31, 2016, the jointly-controlled subsidiary Banco Pan S.A., valued under the equity method, records income and social contribution tax credits totaling R\$3,205 million, substantially recognized based on study of the current and future scenarios approved by the Board of Directors. The key assumptions used in such study were macroeconomic indicators disclosed in the market. Realization of such tax credits depends on materialization of these projections and of the business plan, as approved by the management bodies of Banco Pan S.A. Our opinion is not qualified in respect of this matter.

Risks related to non-compliance with laws and regulations

As mentioned in Note 2(d), due to news broadcasted in the media, as from April 10, 2015, in relation to the alleged involvement of CAIXA's service suppliers in the 11th investigation phase conducted by federal public authorities regarding the operation known as the "A Origem", and also due to news broadcasted in the media, as from January 13, 2017, with respect to the alleged involvement of a former CAIXA managing officer in the operation known as "Cui Bono?", CAIXA management adopted investigation actions in order to identify possible non-compliance with laws and regulations by its employees and management related to such allegations. These actions have already been completed, including the internal investigation processes. However, since the operations "A Origem" and "Cui Bono?" are still ongoing, it is not possible to predict future developments arising from the investigation processes conducted by public authorities nor their possible effects on CAIXA's consolidated financial statements. Our opinion is not qualified in respect of this matter.

Independent Auditor's Report

Restatement of corresponding figures

We draw attention to Note 3 (t) to the consolidated financial statements, which describes that, as a result of corrections of errors and changes in accounting practices adopted by CAIXA, the corresponding figures for the six-month periods ended June 30, 2015 and 2016 and December 31, 2015, and years ended December 31, 2014 and 2015, presented for comparison purposes, have been adjusted and are being restated, as provided for in NBC TG 23, or CPC 23, (Accounting Practices, Changes in Accounting Estimates and Errors). Our opinion is not qualified in respect of this matter.

Presentation of individual and consolidated financial statements

CAIXA prepared a set of general purpose individual and consolidated financial statements for the year ended December 31, 2016, in accordance with accounting practices adopted in Brazil applicable to financial institutions authorized to operate by the Central Bank of Brazil, on which we issued an audit opinion containing the same modification described above, the same key audit matters described below and the same emphasis paragraphs described above, dated August 24, 2017.

Key audit matters

Key audit matters are those that, in our professional judgment, were the most significant in our current year audit. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in the formation of our opinion on these consolidated financial statements and, as such, we do not express a separate opinion on these matters. In addition to the matter described in the "Basis for qualified opinion" paragraph, we determined that the matters described below are the key audit matters to be informed in our report.

1. Technology environment

CAIXA's operations, considering their nature, are highly dependent on the proper operation of the technology structure and its systems, which is why the technology environment is regarded as a relevant component in our scope and, consequently, considered a key audit matter.

As disclosed in the management report, CAIXA believes that the success of its activities depends on the improvement and continuous enhancement and integration of its technology platforms necessary for the adequate performance of its operations.

In the course of our examinations, experts from the technology team were involved to assist in the performance of tests of the general technology controls for the systems considered relevant in the context of the audit, with emphasis on change management of applications and user access granting processes. We also tested the effectiveness of automated controls considered relevant, which support significant business processes, and the respective bookkeeping of operations.

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2. Allowance for loan losses

Management exercises significant judgment for the purpose of determining allowance for loan losses in accordance with Resolution No. 2682/99 of the Central Bank of Brazil. As disclosed in Note 8, as of December 31, 2016, the gross balance of loans is R\$709,289 million, for which an allowance for loan losses of R\$35,775 million was recognized. In 2016, expenses with loan losses totaled R\$20,109 million.

We consider this area to be significant due to: (i) the materiality of the loan balance, subject to assessment of loss; (ii) the guarantees received for loans granted, which may impact the allowance level to be considered; (iii) the economic situation of the country and the market in which the borrowers are inserted; (iv) management's judgment regarding the assignment of ratings that determine the level of the minimum individual allowance by transaction, borrower or economic group; among others.

In our audit, we considered the understanding of the process established by management to record the allowance, as well as the performance of tests of internal controls related to: (i) origin of operations; (ii) analysis and approval of loans considering the levels of authority established by CAIXA's internal policies; (iii) assignment of rating by operation, borrower or economic group; (iv) analysis of the sufficiency of guarantees received; (v) timely updating of information on borrowers; (vi) recognition of interest income from operations in the ordinary course of business; and (vii) suspension of recognition of revenue on loans past due for more than 59 days, among others.

Our audit procedures also included performing, for a sample of loans, tests related to analysis of the documentation that substantiates the level of allowance determined for the sample items, recalculation of the allowance for loan losses based on the assigned ratings and indicators of days in arrears, submission of confirmation letters regarding balances directly to the selected borrowers, in addition to comparison of the database total with the corresponding book records.

We also checked the adequacy of CAIXA's disclosures, which are included in the aforementioned note.

3. Tax credit

At December 31, 2016, CAIXA records credits referring to income tax, social contribution tax, PASEP and COFINS totaling R\$38,581 million, calculated on tax losses, temporary differences and social contribution tax to offset, net of provision for realization of these credits of R\$1,992 million. Analysis of realization of this deferred tax asset is significant for our audit process due to the magnitude of the amounts recorded in the consolidated financial statements and also because of the complexity and subjectivity involved in the process of preparing and revising future income projections. These projections are prepared based on subjective assumptions and are affected by future expectations regarding economic and market conditions and realization of these credits.

Independent Auditor's Report

Among other procedures, our audit procedures included the use of our experts for: (i) the understanding and evaluation of the methodology and assumptions used in the projections of future taxable profit estimated by Management, in addition to the comparison of the bases used for preparation of projections with the book records; (ii) analysis of additions and exclusions used as income and social contribution tax base; (iii) evaluation of the reasonableness and recalculation of relevant projections, considering assumptions estimated by management; (iv) analysis of tax credit amounts recorded and realized in the last periods, as established by CMN Resolution No. 3059/2002, as amended by CMN Resolution No. 3355/2006; and (v) comparison of the calculation total with the book records.

We also checked the adequacy of CAIXA's disclosures, which are included in Note 20 (d) and (e).

4. Valuation of plan assets of employee benefits

CAIXA sponsors retirement, pension and supplementary health care plans and meal allowance/staple food basket, as defined benefits, and determines actuarial obligations in accordance with the report issued by its actuarial advisor. Valuation of certain plan assets whose values are not quoted on the stock exchange was considered a focal point in our audit, given the level of complexity involved in the pricing process, which is substantially based on use of assumptions, estimates and judgments defined by the pension fund in charge of management of the plans. Accordingly, there is some degree of uncertainty surrounding measurement of the fair value of plan assets, in view of assumptions and estimates used in pricing of such assets.

As described in Note 32, the balance of the actuarial obligation related to employee benefit plans of CAIXA totaled R\$22,816 million as of December 31, 2016.

Our approach included, among other procedures, the involvement of our experts to evaluate the assumptions, methodologies and criteria used in pricing of the plan assets that are not quoted on the stock exchange. We also performed a test to recalculate the market value of the key assets that form the fair value of plan assets, considered in actuarial obligation calculation.

We also checked the adequacy of CAIXA's disclosures, which are included in the aforementioned note.

5. Valuation of actuarial obligation of employee benefit plans

For valuation of the actuarial obligation of retirement, pension and supplementary health care plans and meal allowance/staple food basket as defined benefits, CAIXA's management considers complex and subjective assumptions and estimates, such as long-term rates, life expectancy of beneficiaries and market conditions, among others. Therefore, any differences in the assumptions and estimates used in the calculation may significantly affect the result of the actuarial valuation and the actuarial liability determined.

Independent Auditor's Report

As described in Note 32, the balance of the actuarial obligation related to employee benefit plans of CAIXA totaled R\$22,816 million as of December 31, 2016. Given the degree of judgment involved and balances, this was considered a key audit matter.

Our approach included, among other procedures, the involvement of our actuarial experts to evaluate the assumptions, methodologies and criteria used in calculating the actuarial liability, as well as in recalculating the actuarial obligation. We also performed (i) validation test of the databases for the selected sample of items; and (ii) recalculation of the fair value of the key plan portfolio assets, considered in the calculation of the actuarial obligation.

We also checked the adequacy of CAIXA's disclosures, which are included in the aforementioned note.

Other matters

Statement of value added

The consolidated statement of value added (SVA) for the year ended December 31, 2016, prepared under the responsibility of CAIXA management and presented as supplementary information to the consolidated financial statements, was submitted to the audit procedures together with the consolidated financial statements of CAIXA. To form our opinion, we evaluated whether this statement is reconciled with the consolidated financial statements and book records, as applicable, and whether its format and content are in accordance with the criteria set forth in Accounting Pronouncement CPC 09 - Statement of Added Value. In our opinion, except for the effects of the matter described in the "Basis for qualified opinion" paragraph, this statement of value added has been adequately prepared, in all material respects, in accordance with the criteria set forth in the above Accounting Pronouncement and is consistent with the overall financial statements.

Other information accompanying the consolidated financial statements and the auditor's report

CAIXA management is responsible for such other information, which includes the management report.

Our opinion on the consolidated financial statements does not cover the management report and we do not express any form of audit conclusion thereon.

In connection with the audit of the consolidated financial statements, our responsibility is to read the management report and, in so doing, consider whether this report is materially inconsistent with the financial statements or with our knowledge obtained in the audit or otherwise appear to contain material misstatements. If, based on our work, we conclude that there is a material misstatement in the management report, we are required to report this fact. As mentioned in the "Basis for qualified opinion" paragraph, it was not possible to measure and conclude on the impacts of the investment of FIP Florestal fund on the fair value of assets of the CAIXA pension plans and, consequently, on the actuarial liabilities and equity balances as of December 31, 2016. Accordingly, it was not possible to conclude whether the other information presents a material misstatement in connection with this matter.

Independent Auditor's Report

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing CAIXA's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting for preparation of the financial statements, unless management either intends to liquidate the CAIXA or to cease operations, or has no realistic alternative but to do so.

Those charged with governance of CAIXA and its subsidiaries are responsible for overseeing the financial statement preparation process, and include the Board of Directors and the Audit Committee of CAIXA and its subsidiaries.

Auditor's responsibilities for the audit of consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International standards on auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of the audit conducted in accordance with Brazilian and international standards on auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess risks of material misstatements of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve override of internal controls, collusion, forgery, intentional omissions or misrepresentations.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CAIXA's and its subsidiaries' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent Auditor's Report

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast substantial doubt as to CAIXA's and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause CAIXA and its subsidiaries to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Of the matters that were the subject of communication with those charged with governance, we determined the ones that were considered most significant in the audit of the financial statements for the current year and, consequently, considered key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

São Paulo, March 24, 2017

ERNST & YOUNG
Auditores Independentes S.S.
CRC-2SP015199/O-6

Flávio Serpejante Peppe
Accountant CRC-1SP172167/O-6

Consolidated Balance Sheet

In thousands of reais, unless otherwise stated

ASSETS	12/31/2016	12/31/2015 (Note 3 (t))
ASSETSCURRENT ASSETS	601,935,701	593,685,216
CASH AND BANKS (Note 4)	10,763,601	11,510,594
SHORT TERM INTERBANK INVESTMENTS (Note 5)	156,944,929	153,488,590
Money market investments	144,645,896	143,111,942
Interbank deposits	12,299,071	10,376,868
Provisions for losses	(38)	(220)
SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS (Note 6)	127,523,817	131,584,306
Own portfolio - unrestricted	86,937,378	58,252,803
Subject to repurchase agreements	30,269,898	61,308,900
Derivative financial instruments	390,684	745,707
Restricted with Brazilian Central Bank	1,070,867	
Linked to guarantees given	4,183,775	11,276,896
Unrestricted portfolio	4,671,215	
INTERBANK ACCOUNTS	120,368,660	106,684,916
Payments and receipts pending settlement	19,621	19,846
Restricted deposits with the Brazilian Central Bank (Note 7(a))	119,658,776	106,116,550
Correspondent banks	690,263	548,520
INTERDEPARTMENTAL ACCOUNTS	131,817	479,552
Third-party funds in transit	250	687
Internal transfers of funds	131,567	478,865
LOAN OPERATIONS (Note 8)	144,495,318	144,504,493
Public sector	13,201,644	8,772,424
Private sector	148,680,680	155,052,519
Loan operations linked to assignment	1,937,294	764,730
Provision for loan transactions	(19,324,300)	(20,085,180)
OTHER RECEIVABLES (Note 9)	36,524,340	42,856,045
Receivables from guarantees honored	30,567	30,749
Foreign exchange portfolio	5,412,747	5,473,711
Income receivable	2,138,956	2,833,916
Negotiation and intermediation of securities	15,800	48,313
Specific receivables	937,833	836,716
Sundry	28,445,066	34,016,894
Provision for losses	(456,629)	(384,254)
OTHER ASSETS (Note 10)	5,183,219	2,576,720
Other assets	5,289,756	2,689,411
Provision for losses	(177,004)	(133,958)
Prepaid expenses	70,467	21,267
NON-CURRENT ASSETS	653,516,050	609,700,290
SHORT TERM INTERBANK INVESTMENTS (Note 5)	130,232	
Investments in interbank deposits	130,232	
SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS (Note 6)	53,820,292	50,393,554
Own portfolio - unrestricted	12,236,898	10,151,228
Subject to repurchase agreements	39,641,302	36,843,514
Derivative financial instruments	488,131	3,395,414
Linked to the Central Bank of Brazil	703	820
Linked to guarantees given	1,453,258	2,578
INTERBANK ACCOUNTS	28,111,790	26,162,028
National Housing System (SFH) (Note 7(b))	28,111,790	26,162,028
LOAN OPERATIONS (Note 8)	516,941,701	489,367,963
Public sector	46,536,043	44,216,680
Private sector	474,441,187	453,946,351
Loan operations linked to assignment	11,931,092	4,596,632
Allowance for loan losses	(15,966,621)	(13,391,700)
OTHER RECEIVABLES (Note 9)	42,433,528	31,774,297
Sundry	42,461,465	31,794,014
Provision for losses	(27,937)	(19,717)
PERMANENT	12,078,507	12,002,448
INVESTMENTS (Note 11)	5,174,014	4,890,146
Investments in subsidiary and associated companies:	4,644,478	4,544,514
- In Brazil	4,644,478	4,544,276
- Abroad		238
Other investments	780,971	701,529
Provision for losses	(251,435)	(355,897)
PROPERTY AND EQUIPMENT (Note 12)	3,419,634	3,864,762
Properties in use	1,934,129	1,590,668
Revaluations of properties in use	710,140	715,978
Other property and equipment in use	7,582,219	7,295,520
Accumulated depreciation	(6,806,854)	(5,737,404)
INTANGIBLE ASSETS (Note 13)	3,484,859	3,247,540
Intangible assets	5,169,088	4,650,554
Accumulated amortization	(1,684,229)	(1,403,014)
T O T A L	1,255,451,751	1,203,385,506

See accompanying notes.

Consolidated Balance Sheet

In thousands of reais, unless otherwise stated

LIABILITIES AND EQUITY	12/31/2016	12/31/2015 (Note 3 (t))
CURRENT LIABILITIES	671,211,059	710,933,091
DEPOSITS (Note 14)	403,115,342	368,124,932
Demand deposits	31,882,854	27,414,590
Savings deposits	252,403,109	242,359,933
Interbank deposits	315,402	2,053,259
Time deposits	101,907,035	81,757,139
Special deposits and deposits of funds and programs	16,606,897	14,540,011
Other deposits	45	
DEPOSITS OBTAINED IN THE OPEN MARKET (Note 15)	150,680,825	186,597,458
Own portfolio	60,578,808	87,121,336
Third-party portfolio	86,046,055	99,476,122
Unrestricted portfolio	4,055,962	
FUNDS FROM ACCEPTANCES AND ISSUE OF SECURITIES (Note 16)	49,792,920	91,697,612
Funds from housing bonds , mortgage notes, credit bills and Other Securities issued abroad	49,626,975	91,498,789
	165,945	198,823
INTERBANK ACCOUNTS	402,071	378,120
Receipts and payments pending settlement	383,398	360,696
Correspondent banks	18,673	17,424
INTERDEPARTMENTAL ACCOUNTS	1,350,005	1,598,196
Third-party funds in transit	1,321,178	1,597,614
Internal transfers of funds	28,827	582
BORROWINGS (Note 17)	3,798,282	7,435,182
Foreign borrowings	3,798,282	7,435,182
LOCAL ONLENDINGS - OFFICIAL INSTITUTIONS (Note 17)	1,437,357	1,348,518
Federal Treasury - Social Integration Program (PIS)	455,038	310,418
National Bank for Economic and Social Development (BNDES)	662,750	872,763
Government Severance Indemnity Fund for Employees (FGTS)	317,647	163,305
Other	1,922	2,032
DERIVATIVE FINANCIAL INSTRUMENTS (Note 6 (g))	1,072,811	157,782
Derivative financial instruments	1,072,811	157,782
OTHER LIABILITIES (Note 18)	59,561,446	53,595,291
Collection and payment of taxes and social contributions	352,815	353,726
Foreign exchange portfolio	898,298	104,235
Social and statutory obligations	1,065,283	2,933,544
Tax and social security obligations	2,259,626	3,105,411
Negotiation and intermediation of securities	17,968	3,073
Funds for specific purposes:	9,814,956	12,222,859
- Lottery operations	878,598	1,407,542
- Social funds and programs	7,153,005	9,305,546
- Financial and development funds	1,783,353	1,509,771
Hybrid capital and debt instruments	460,234	1,369,114
Subordinated debts	914,359	
Debt instruments eligible to capital		875,430
Sundry	43,777,907	32,627,899
NON-CURRENT LIABILITIES	520,607,103	430,141,494
DEPOSITS (Note 14)	109,075,169	87,534,510
Interbank deposits	292,877	373,368
Time deposits	108,782,292	87,161,142
DEPOSITS OBTAINED IN THE OPEN MARKET (Note 15)	8,747,172	7,663,763
Own portfolio	8,747,172	7,663,763
FUNDS FROM ACCEPTANCE AND ISSUANCE OF SECURITIES (Note 16)	104,301,509	77,692,747
Funds from housing bonds , mortgage notes, credit bills and other Securities issued abroad	91,286,308	62,188,626
	13,015,201	15,504,121
BORROWINGS (Note 17)	1,626,796	6,902,375
Foreign borrowings	1,626,796	6,902,375
LOCAL ONLENDINGS - OFFICIAL INSTITUTIONS (Note 17)	237,529,064	206,333,649
Federal Treasury - Social Integration Program (PIS)	473,244	367,746
National Bank for Economic and Social Development (BNDES)	30,686,611	31,505,048
Government Severance Indemnity Fund for Employees (FGTS)	203,839,306	172,046,779
Other	2,529,903	2,414,076
LIABILITIES FROM FOREIGN ONLENDINGS (Note 17)	54,668	59,184
Foreign onlendings	54,668	59,184
OTHER LIABILITIES (Note 18)	59,272,725	43,955,266
Tax and social security obligations	121,815	127,238
Funds for specific purposes:	2,956,578	
Funds and social programs	2,956,578	
Hybrid capital and debt instruments	520,528	430,152
Subordinated debts	10,183,670	
Debt instrument eligible to capital	17,443,376	23,243,491
Sundry	28,046,758	20,154,385
EQUITY (Note 19)	63,633,589	62,310,921
Share capital	24,837,171	22,054,802
Capital - local residents	35,000,000	35,000,000
Unpaid capital	(10,162,829)	(12,945,198)
Instrument eligible to capital	36,453,645	36,086,566
Revaluation reserve	379,098	400,384
Revenue reserves	9,074,710	9,269,290
Carrying value adjustments	(7,111,035)	(5,107,599)
Retained earnings		(392,522)
T O T A L	1,255,451,751	1,203,385,506

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

Consolidated Statement of Income

In thousands of reais, unless otherwise stated

DESCRIPTION	2016		2015 (Note 3 (t))	
	2nd semester	Year	2nd semester	Year
INCOME FROM FINANCIAL INTERMEDIATION (Note 21)	76,971,826	149,697,220	78,201,883	144,471,785
Loan operations (Note 8(e))	48,365,483	94,191,989	45,841,182	86,600,379
Securities (Notes 5(a) and 6(d))	22,390,395	50,680,569	17,416,443	34,792,970
Derivative financial instruments (Note 6(j))	(1,129,903)	(8,892,854)	6,855,422	8,874,051
Foreign exchange (Note 9(c.1))	189,330		1,755,227	2,691,087
Compulsory deposits (Note 7(c))	7,100,192	13,626,500	6,294,405	11,435,117
Sales or transfers of financial assets	56,329	91,016	39,204	78,181
FINANCIAL INTERMEDIATION EXPENSES (Note 22)	(63,833,281)	(125,596,050)	(67,468,684)	(123,159,630)
Money market funds (Note 14(c); 15(b), 16(b) and 16(d))	(43,463,766)	(85,246,586)	(45,414,978)	(82,271,862)
Loans, assignments and onlendings (Note 17(c))	(9,755,882)	(16,179,377)	(10,681,506)	(18,415,235)
Foreign exchange (Note 9 (c.1))		(1,225,286)		
Sales or transfers of financial assets	(571,624)	(2,835,434)	(1,298,111)	(2,815,517)
Provision for loan losses (Note 8(i))	(10,042,009)	(20,109,367)	(10,074,089)	(19,657,016)
GROSS PROFIT FROM FINANCIAL INTERMEDIATION	13,138,545	24,101,170	10,733,199	21,312,155
OTHER OPERATING INCOME (EXPENSES)	(9,878,934)	(20,066,458)	(11,051,661)	(20,226,641)
Service revenues (Note 23 (a))	8,982,005	17,481,594	8,570,045	16,518,636
Income from banking fees (Note 23 (b))	2,611,048	4,981,827	2,216,254	4,196,309
Personnel expenses (Note 24)	(10,987,379)	(21,047,978)	(10,132,394)	(19,757,035)
Other administrative expenses (Note 25)	(6,334,967)	(12,199,538)	(5,898,544)	(11,529,003)
Taxes (Note 29)	(1,883,076)	(3,726,483)	(1,766,008)	(3,474,785)
Equity in the results of subsidiary and associated companies (Note 11 (a))	168,320	443,605	632,343	942,991
Other operating income (Note 26)	4,406,846	8,467,041	4,140,813	9,086,594
Other operating expenses (Note 27)	(6,841,731)	(14,466,526)	(8,814,170)	(16,210,348)
OPERATING PROFIT	3,259,611	4,034,712	(318,462)	1,085,514
NON-OPERATING EXPENSES (NOTE 28)	(158,623)	(272,771)	(393,315)	(646,019)
PROFIT BEFORE TAXATION AND PROFIT SHARING	3,100,988	3,761,941	(711,777)	439,495
INCOME TAX AND SOCIAL CONTRIBUTION (Note 20(a))	(625,959)	1,549,447	5,197,658	7,944,234
Current taxes	(614,319)	(740,053)	478,147	(206,851)
Deferred tax assets	480,842	1,519,915	5,730,102	9,066,889
Deferred tax liabilities	(492,482)	769,585	(1,010,591)	(915,804)
EMPLOYEE PROFIT SHARING	(785,881)	(1,174,730)	(837,044)	(1,272,015)
PROFIT FOR THE SEMESTER/YEAR	1,689,148	4,136,658	3,648,837	7,111,714

See accompanying notes.

Consolidated Statement of Changes in Equity

In thousands of reais, unless otherwise stated

EVENTS	CAPITAL	Subordinated debt - eligible as regulatory capital	CAPITAL RESERVE	REVALUATION RESERVE	INCOME RESERVE		ADJUSTMENT TO FAIR VALUE	RETAINED EARNINGS	TOTAL
					LEGAL	STATUTORY			
ADJUSTED BALANCE AT DECEMBER 31, 2014 (Note 3 (t))	22,054,802	35,867,958	167	408,392	2,325,326	4,547,771	(3,113,693)	(347,882)	61,742,841
INSTRUMENT ELIGIBLE TO PRINCIPAL CAPITAL (Note 19)		218,608							218,608
CARRYING VALUE ADJUSTMENTS							(1,994,073)		(1,994,073)
RECLASSIFICATION OF EQUITY INSTRUMENTS OF INVESTEES			(167)				167		
TAX COLLECTION ON REALIZATION OF THE REVALUATION RESERVE				16,847					16,847
PAYMENT OF TAXES ON REVALUATION RESERVE								(10,891)	(10,891)
REALIZATION OF RESERVE				(22,923)				22,923	
REVERSAL OF REVALUATION RESERVE				(1,932)					(1,932)
ADDITIONAL DIVIDENDS DECLARED						(1,043,353)			(1,043,353)
PROFIT FOR THE PERIOD (Note 3(t))								7,111,714	7,111,714
APPROPRIATIONS OF PROFIT									
Legal reserve (income reserve)					292,083			(292,083)	
Lottery reserve (income reserve)						622,716		(622,716)	
Operating margin reserve (income reserve)						2,524,747		(2,524,747)	
Interest on own capital proposed								(1,757,678)	(1,757,678)
Dividends proposed								(656,475)	(656,475)
Interest on subordinated debt - eligible as regulatory capital								(1,314,687)	(1,314,687)
ADJUSTED BALANCE AT DECEMBER 31, 2015 (Note 3 (t))	22,054,802	36,086,566		400,384	2,617,409	6,651,881	(5,107,599)	(392,522)	62,310,921
CARRYING VALUE ADJUSTMENTS							(2,003,436)		(2,003,436)
CAPITAL INCREASE	2,782,369								
PAYMENT OF TAXES ON REVALUATION RESERVE				5,422			(2,782,369)		5,422
TAX COLLECTION ON REALIZATION OF THE REVALUATION RESERVE								(10,396)	(10,396)
REALIZATION OF RESERVE				(25,200)				25,200	
REVERSAL OF REVALUATION RESERVE				(1,508)					(1,508)
INCORPORATION OF IHCD REMUNERATION		367,079							367,079
ADDITIONAL DIVIDENDS DECLARED						(55,296)			(55,296)
PROFIT FOR THE PERIOD (Note 3(t))								4,136,658	4,136,658
APPROPRIATIONS OF PROFIT									
Legal reserve (income reserve)					185,119			(185,119)	
Lottery reserve (income reserve)						511,185		(511,185)	
Operating margin reserve (income reserves)						1,946,781		(1,946,781)	
Interest on own capital proposed								(681,562)	(681,562)
Interest on subordinated debt - eligible as regulatory capital								(434,293)	(434,293)
BALANCE AT DECEMBER 30, 2016	24,837,171	36,453,645		379,098	2,802,528	6,272,182	(7,111,035)		63,633,589

Consolidated Statement of Changes in Equity

In thousands of reais, unless otherwise stated

EVENTS	CAPITAL	Subordinated debt eligible as regulatory capital	CAPITAL RESERVE	REVALUATION RESERVE	INCOME RESERVE		ADJUSTMENT TO FAIR VALUE	RETAINED EARNINGS	TOTAL
					LEGAL	STATUTORY			
ADJUSTED BALANCE AT JUNE 30, 2015 (Note (3t))	22,054,802	36,086,566	167	400,031	2,465,156	3,756,721	(3,839,032)	1,230,843	62,155,254
CARRYING VALUE ADJUSTMENTS							(1,268,734)		(1,268,734)
RECLASSIFICATION OF EQUITY INSTRUMENTS OF INVESTEEES			(167)				167		
TAX COLLECTION ON REALIZATION OF THE REVALUATION RESERVE				9,428					9,428
PAYMENT OF TAXES ON REVALUATION RESERVE								(5,858)	(5,858)
REALIZATION OF RESERVE				(7,143)				7,143	
REVERSAL OF REVALUATION RESERVE				(1,932)					(1,932)
ADDITIONAL DIVIDENDS DECLARED									
PROFIT FOR THE PERIOD (Note 3(t))								3,648,837	3,648,837
APPROPRIATIONS OF PROFIT									
Legal reserve (income reserve)					152,253			(152,253)	
Lottery reserve (income reserve)						370,413		(370,413)	
Operating margin reserve (income reserve)						2,524,747		(2,524,747)	
Interest on own capital proposed								(941,531)	(941,531)
Dividends proposed								(656,475)	(656,475)
Interest on Subordinated debt - eligible as regulatory capital								(628,068)	(628,068)
ADJUSTED BALANCE AT DECEMBER 31, 2015 (Note (3t))	22,054,802	36,086,566		400,384	2,617,409	6,651,881	(5,107,599)	(392,522)	62,310,921
EVENTS	CAPITAL	Subordinated debt eligible as regulatory capital	CAPITAL RESERVE	REVALUATION RESERVE	INCOME RESERVE		ADJUSTMENT TO FAIR VALUE	RETAINED EARNINGS	TOTAL
					LEGAL	STATUTORY			
ADJUSTED BALANCE AT JUNE 30, 2016 (Note (3t))	22,054,802	36,453,645		389,873	2,717,002	6,818,915	(6,590,349)	112,528	61,956,416
CARRYING VALUE ADJUSTMENTS							(520,686)		(520,686)
CAPITAL INCREASE	2,782,369								
PAYMENT OF TAXES ON REVALUATION RESERVE								(4,849)	(4,849)
REALIZATION OF RESERVE				(10,775)				10,775	
REVERSAL OF IOE								492,189	492,189
REVERSAL OF INTEREST ON IHCD								21,371	21,371
PROFIT FOR THE PERIOD								1,689,148	1,689,148
APPROPRIATIONS OF PROFIT									
Legal reserve (income reserve)					85,526			(85,526)	
Lottery reserve (income reserve)						288,855		(288,855)	
Operating margin reserve (income reserve)						1,946,781		(1,946,781)	
BALANCE AT DECEMBER 31, 2016	24,837,171	36,453,645		379,098	2,802,528	6,272,182	(7,111,035)		63,633,589

See accompanying notes.

Consolidated Statement of Cash Flows

In thousands of reais, unless otherwise stated

	2016		2015 (Note 3 (f))	
	2nd semester	Year	2nd semester	Year
CASH FLOWS FROM OPERATING ACTIVITIES				
ADJUSTED PROFIT	13,255,658	29,100,272	11,757,718	23,911,681
Profit for the period/year	1,689,148	4,136,658	3,648,838	7,111,714
Adjustments to profit:	11,566,510	24,963,614	8,108,880	16,799,967
Adjustments of securities and derivative financial instruments (assets/liabilities)	(919,849)	1,617,400	180,372	528,201
(Gain)/loss on investments	(50,332)	159,737	265,086	241,295
(Gain)/loss on sale of fixed assets	(10,826)	(10,826)		(4,193)
(Gain)/loss on sale of fixed assets not for own use	33,011	1,723	(57,451)	(57,506)
Allowance for loan losses	10,042,009	20,109,367	10,074,089	19,657,016
Actuarial liabilities/assets (employee benefits)	1,175,930	2,266,951	961,582	1,700,218
Depreciation and amortization	917,951	1,800,932	847,499	1,650,250
Deferred taxes	11,640	(2,289,500)	(4,719,511)	(8,151,085)
Adjustment to provision for contingencies	456,204	1,235,609	1,006,640	1,843,712
Equity in the results of associates	(168,320)	(443,605)	(632,343)	(942,991)
Expenses with subordinated debt and hybrid instruments	79,092	515,826	182,917	305,629
Monetary adjustment expenses over additional dividends paid				29,421
CHANGES IN ASSETS AND LIABILITIES	(2,500,989)	(33,041,141)	26,580,101	23,076,046
Decrease (increase) in short-term interbank investments	(3,952,627)	(4,899,964)	(3,938,070)	(5,473,859)
(Increase) decrease in marketable securities held for trading	6,000,896	(8,221,187)	1,960,452	(546,058)
(Increase) decrease in compulsory deposits with the Central Bank of Brazil	(12,372,711)	(13,542,226)	(10,348,052)	(12,771,418)
Decrease (increase) in interbank accounts (assets/liabilities)	(983,231)	(2,067,329)	225,773	(1,007,437)
Decrease (increase) in interdepartmental accounts (assets/liabilities)	547,052	99,544	514,186	146,884
Decrease (increase) in loan operations	(27,954,215)	(47,352,938)	(35,536,367)	(82,637,167)
Decrease (increase) in other receivables	(1,965,031)	(2,359,018)	(6,591,234)	(6,683,910)
Decrease (increase) in other assets	(1,386,945)	(2,608,222)	(553,880)	(961,030)
Increase (decrease) in deposits	48,814,326	56,531,069	28,814,789	35,690,831
Increase (decrease) in deposits obtained in the open market	(29,611,320)	(34,833,224)	18,077,317	21,491,337
Increase (decrease) in funds from issuance of securities	(9,888,316)	(15,295,930)	7,106,618	31,641,282
(Decrease) increase in derivative financial instruments	180,573	915,029	83,843	104,064
Increase (decrease) in borrowings and onlendings	14,348,234	22,367,259	21,648,057	39,197,271
Increase (decrease) in other liabilities	15,722,326	18,225,996	5,183,291	5,260,810
Income and social contribution taxes paid			(66,622)	(375,554)
NET CASH PROVIDED BY OPERATING ACTIVITIES	10,754,669	(3,940,869)	38,337,819	46,987,727
NET CASH USED IN INVESTING ACTIVITIES				
Acquisition and redemption of marketable securities available for sale	(7,930,853)	(9,486,510)	2,240,651	(1,037,427)
Acquisition and redemption of marketable securities held to maturity	2,207,229	14,720,612	(16,688,939)	(14,924,092)
Acquisition of investments				
Sales of property and equipment in use	12,630	18,446	11,010	25,076
Acquisition of property and equipment in use	(220,172)	(525,230)	(491,595)	(1,065,169)
Write-off of intangible assets	17,039	48,760	46,697	58,164
Acquisition of intangible assets	(716,105)	(1,124,273)	(588,061)	(875,944)
NET CASH USED IN INVESTING ACTIVITIES	(6,630,232)	3,651,805	(15,470,237)	(17,819,392)
NET CASH USED IN FINANCIG ACTIVITIES				
Incorporation of IHCD remuneration		367,079	(218,608)	
Supplementary dividends for year of 2015		(55,296)		(1,072,773)
Dividends/Interest on equity	492,188	(681,562)	(1,598,006)	(2,414,153)
IHCD remuneration paid		(1,401,544)	1,448,100	
NET CASH USED IN FINANCIG ACTIVITIES	492,188	(1,771,323)	(368,514)	(3,486,926)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,616,625	(2,060,387)	22,499,068	25,681,409
CHANGES IN CASH AND CASH EQUIVALENTS				
Cash and cash equivalents at the beginning of the period	146,220,509	152,897,521	130,398,453	127,216,112
Cash and cash equivalents at the end of the period	150,837,134	150,837,134	152,897,521	152,897,521
Increase (decrease) in cash and cash equivalents	4,616,625	(2,060,387)	22,499,068	25,681,409

See accompanying notes.

Consolidated Statement of Value Added

In thousands of reais, except where otherwise stated

DESCRIPTION	2016				2015			
	2nd semester		Year		2nd semester		Year	
	R\$	%	R\$	%	R\$	%	R\$	%
1. REVENUES	82,771,093		159,020,258		82,661,590		153,970,288	
Financial intermediation	76,971,826		148,471,934		78,201,883		144,471,785	
Rendering of services	11,593,053		22,463,421		10,786,298		20,714,944	
Allowance for loan losses	(10,042,009)		(20,109,367)		(10,074,089)		(19,657,016)	
Other	4,248,223		8,194,270		3,747,498		8,440,575	
2. EXPENSES OF FINANCIAL INTERMEDIATION	53,791,272		104,261,397		57,394,595		103,502,614	
3. MATERIALS AND SERVICES ACQUIRED FROM	11,484,651		23,331,937		13,139,958		24,631,058	
Materials, energy and others	1,428,586		2,671,672		1,283,827		2,487,564	
Data processing and communications	1,117,118		2,213,301		1,013,361		2,025,688	
Advertising, publicity and promotions	435,826		776,601		427,999		751,771	
Outsourced and specialized services	1,217,048		2,353,450		1,190,176		2,354,732	
Surveillance and security services	444,342		850,387		410,426		800,955	
Other	6,841,731		14,466,526		8,814,169		16,210,348	
- Services delegated by the Federal Government	961,878		1,970,949		882,133		1,862,519	
- Lottery and business partners	1,193,152		2,232,430		1,053,894		2,201,820	
- Discounts from loan operations	179,191		302,049		191,647		651,730	
- Expenses with credit/debit cards	565,886		1,057,910		478,625		1,147,790	
- Post-employment benefits	1,175,930		2,266,951		961,582		1,700,218	
- Sundry operating provisions	1,502,753		3,706,400		2,887,794		4,853,595	
- Sundry	1,262,941		2,929,837		2,358,494		3,792,676	
4. GROSS VALUE ADDED(1-2-3)	17,495,170		31,426,924		12,127,037		25,836,616	
5. WITHHOLDING	917,951		1,800,931		847,499		1,650,250	
Depreciation, amortization and depletion	917,951		1,800,931		847,499		1,650,250	
6. NET VALUE ADDED (4-5)	16,577,219		29,625,993		11,279,538		24,186,366	
7. VALUE ADDED RECEIVED AS TRANSFER	168,320		443,605		632,343		942,991	
Result of equity method	168,320		443,605		632,343		942,991	
8. VALUE ADDED TO BE DISTRIBUTED (6+7)	16,745,539		30,069,598		11,911,881		25,129,357	
9. VALUE ADDED TO BE DISTRIBUTED	16,745,539	100.00	30,069,598	100.00	11,911,881	100.00	25,129,357	100.00
Personnel	10,333,340	61.71	19,434,269	64.63	9,619,635	80.76	18,382,221	73.15
- Direct remuneration	7,902,568		14,794,619		7,343,546		13,881,317	
- Benefits	1,952,206		3,712,623		1,837,219		3,642,792	
- FGTS	478,566		927,027		438,870		858,112	
Taxes, fees and contributions	3,948,955	23.58	4,965,475	16.51	(2,081,847)	(17.48)	(1,822,620)	(7.25)
- Federal	3,597,997		4,231,682		(2,400,890)		(2,518,534)	
- State	395		832		122		713	
- Local	350,563		732,961		318,921		695,201	
Third-party capital remuneration	774,096	4.62	1,533,196	5.10	725,256	6.09	1,458,043	5.80
- Rentals	774,096		1,533,196		725,256		1,458,043	
Equity remuneration	(21,371)	-0.13	1,608,043	5.35	2,226,074	18.69	3,728,841	14.84
- Interest on equity and dividends			1,173,750		1,598,007		2,414,154	
- Interest on subordinated debt - eligible as regulatory capital	(21,371)		434,293		628,067		1,314,687	
Retained earnings	1,710,519	10.21	2,528,615	8.41	1,422,763	11.94	3,382,872	13.46

See accompanying notes.

Notes to the Consolidated Financial Statements

In thousands of reais, unless otherwise stated

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Notes to the Consolidated Financial Statements

In thousands of reais, unless otherwise stated

Note 1 – General information

Caixa Econômica Federal (“CAIXA” or “Institution”) is a financial institution set up by Decree Law No. 759, of August 12, 1969, as a private government entity, linked to the Ministry of Finance, headquartered in Brasília – Federal District. CAIXA operates throughout the Brazilian territory and abroad, and through representation offices in Japan, the United States, and Venezuela. CAIXA’s capital is fully controlled by the Federal Government.

In order to fulfill its business purpose and pursuant to Law No. 11908/2009, CAIXA set up the subsidiaries Caixa Participações S.A. – CAIXAPAR, CAIXA Instantânea S.A. and CAIXA Seguridade S.A..

CAIXA conducts its bank activities by raising and investing funds in various operations related to commercial portfolio, foreign exchange transactions, credit to consumers, real estate and rural credit, provision of banking services, including administration of funds and investment portfolios, and of social nature, in addition to supplementary activities related to intermediation of securities, credit and debit card transactions.

The Institution also operates in the insurance, private pension plan, capitalization and consortium management segments, through interests held in CAIXA Seguridade S.A, in Caixa Seguros Holding S/A, Pan Seguros S/A and Panamericano Administração e Corretagem de Seguros e de Previdência Privada Ltda.

As a long-term financing of its operations, CAIXA issues debt bonds in the international market by means of senior and subordinated bonds eligible to Level II Capital under Basel III rules.

CAIXA has an important role in promoting urban development and social justice in Brazil, and is the main partner of the Federal Government in promoting public policies, carrying out income transfer programs, and implementing national housing policies. CAIXA’s operations range through various areas, such as social interest housing programs, basic sanitation, infrastructure, environmental management, employment and income generation, rural development, and other activities related to the sustainable growth, focused on the improvement of the quality of life of Brazilian citizens, especially those of low income.

Administered by the Federal Government, CAIXA operates funds and social programs, with emphasis to the Unemployment Compensation Fund (FGTS), Wage Variation Compensation Fund (FCVS), Social Integration Program (PIS), Social Development Fund (FDS), Residential Lease Fund (FAR), Popular Housing Guarantee Fund (FGHAB), among others, and exclusively manages federal lottery services, and also holds a monopoly on civil pledge transactions, both permanently and continuously. The administered funds and programs are independent legal entities, managed by specific regulation and governance structure, and they have independent accounting.

Notes to the Consolidated Financial Statements

In thousands of reais, unless otherwise stated

Note 2 – Presentation of the consolidated interim financial statements**a) Overview**

CAIXA's consolidated financial statements are the responsibility of management. The consolidated financial statements at December 31, 2016, were approved by the Chairman of the Board on March 21, 2016, and by the Board of Directors at March 23, 2016.

The Consolidated Financial Statements were prepared and are presented regardless of the Central bank of Brazil's requirement for the presentation of financial statements, since CAIXA management believes such disclosure to be relevant for the market due to the volume of operations and operation of CAIXA in the national financial market.

Based on BACEN guidance to reclassify hybrid capital and debt instruments from equity to liabilities in the individual financial statements as from the quarter ended March 31, 2015, CAIXA's management chose not to present the Institution's individual financial statements, presenting only the Consolidated Interim Financial Statements, as it believes that these consolidated financial statements provide the elements needed for a better understanding of its financial position, the total volume of its operations and compliance with regulatory and prudential limits of BACEN, where hybrid capital and debt instruments are classified as eligible for capital and comprise equity.

b) Basis of preparation and statement of compliance

The consolidated financial statements of CAIXA were prepared based on the accounting standards determined by Law No. 4595/64 (National Financial System Law) and No. 6404/76 (Corporation Law), including changes introduced by Law No. 11638/07 and No. 11941/09, in accordance with the standards and rules of the Brazilian Monetary Council (CMN), the Brazilian Central Bank (BACEN), Brazil's National Association of State Boards of Accountancy (CFC), and the accounting practices adopted in Brazil.

These statements have records that reflect the historical cost of transactions, except for portfolio of securities classified as held for trading and available for sale, and derivative financial instruments, at fair value.

The consolidated financial statements are presented in Brazilian reais and all amounts are rounded to thousands of reais, unless otherwise stated.

The accounting practices adopted in Brazil include Management judgment as to the estimates and assumptions for measurement of allowance for doubtful accounts, deferred tax assets, fair value of financial instruments, provision for civil, labor and tax proceedings, impairment of non-financial assets, other provisions, supplementary pension plan, assets and liabilities related to post-employment benefits, and determination of certain assets' useful lives. Definitive values may differ from those determined by these estimates and assumptions, and are only recognized when settled.

c) Basis of consolidation

The consolidated financial statements, including CAIXA and its subsidiaries CAIXAPAR, CAIXA Instantânea and CAIXA Seguridade and its subsidiary CAIXA Securitária, were prepared considering the elimination of the equity, revenue, expense and unearned income balances between the companies.

The financial statements of CAIXAPAR, CAIXA Instantânea, CAIXA Seguridade and CAIXA are prepared using consistent accounting practices. Interest in jointly-controlled entities and investments in subsidiaries are recorded under the equity pickup method. P&L of subsidiaries acquired or disposed of in the period is included in the consolidated income statements as from the acquisition or disposal date.

The acquisition cost of a subsidiary is measured at fair value of offered assets, equity instruments issued and liabilities incurred or assumed at the trade date.

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The identifiable assets acquired, contingencies and liabilities assumed in a business combination are initially measured at their fair value on the acquisition date, irrespective of the proportion of any non-controlling equity interest. The exceeding acquisition cost value of net identifiable assets in relation to the interest fair value is recorded as goodwill based on future profitability.

When the acquisition cost is lower than the fair value of the subsidiary's net assets, CAIXA directly recognizes the difference in income statements.

The key companies where CAIXA holds direct or indirect interest - included in this consolidated financial information - are presented in Note 11.

(d) Risks related to non-compliance with laws and regulations

Due to news broadcasted in the media, as from April 10, 2015, in relation to the alleged involvement of CAIXA's service suppliers in the 11th investigation phase conducted by federal public authorities in the operation known as the "A Origem" (Origin), CAIXA management adopted internal provisional remedy measures to identify possible non-compliances with laws and regulations in relation thereto by its employees, management and suppliers.

Up to the reporting date of the consolidated financial statements as of 12/31/2016, CAIXA, its administrators and employees have not been notified of any report or objective evidence other than those involving its service providers, possibly arising from facts related to the operation "A Origem".

In this regard, CAIXA took measures to analyze the news disclosed in the media and the agreements with the companies cited.

Based on available information, an internal investigation process was conducted, which, however, did not identify consequences from such issue that could impact the consolidated financial statements of December 31, 2016, nor any objective information that could cast doubts about the good conduct of its employees, managing officers and suppliers.

Prospectively, CAIXA will continue to monitor and support the investigation process conducted by the competent authorities until its conclusion, systematically assessing any new information that could require additional analyses or the performance of another investigation process.

By virtue of the news disclosed by the press from January 13, 2017 regarding the alleged involvement of a former officer in the operation known as "Cui Bono?", CAIXA management adopted preemptive measures internally for the purpose of identifying non-compliance with laws and regulations in connection with this matter by any employees and management members.

Until the date these consolidated financial statements at December 31, 2016 were published, CAIXA did not identify any involvement by its current management members and employees in any irregular activity relating to the operations listed in Operation "Cui Bono?".

In this context, CAIXA took measures to assess the news disclosed by the press and the facts in the police investigation reports, as well as verified the governance for the loan transactions mentioned, and has not found, until now, any indication of malfeasance.

Based on the information available, an internal investigation process was conducted and it did not identify any facts relating to this matter that could have an impact on its consolidated financial statements as at December 31, 2016, and there is no objective information that could cast doubt on the conduct of its employees and management members.

CAIXA will prospectively follow up and support the investigation conducted by the relevant authorities until its conclusion, and it will further assess systematically any new information that could require additional analysis or another internal investigation process.

Notes to the Consolidated Financial Statements

In thousands of reais, unless otherwise stated

Note 3 – Significant accounting policies

The significant accounting practices applied in the preparation of this consolidated financial information are set out as follows:

(a) Foreign currency translation

The consolidated interim financial information is presented in reais, CAIXA's functional currency. Items included in the consolidated financial information of each of the group's entities are measured using the same functional currency. Transactions in foreign currency are initially recorded at the functional currency rate prevailing at the transaction date.

Foreign currency-denominated assets and liabilities are translated at the foreign exchange rate of the functional currency at balance sheet date. Gains or losses arising from the translation process are allocated in income for the period.

(b) Profit

Observing the accrual basis, revenue and expenses are recorded upon computation of income (loss) for the period, simultaneously, when they correlate and irrespective of their receipt or payment.

Transactions with fixed financial charges are recorded at redemption value, and revenues (expenses) corresponding to future periods are presented as reduction of the respective assets and liabilities. Floating rate transactions or transactions indexed to foreign currencies are restated up to the balance sheet date.

Revenues and expenses of financial nature are recognized on a daily pro rata basis, computed based on the exponential method, except for those referring to discounted securities or related to foreign operations, which are determined under the straight-line method.

(c) Cash and cash equivalents

Amounts recognized as cash and cash equivalents are represented by cash and cash equivalents in Brazilian currency, foreign currency, investments in open market, investments in interbank deposits, bank deposit certificates and others maturing within 90 days.

Amounts in cash, in Brazilian currency, are stated at fair value based on their face value, and those in foreign currencies are translated at the foreign exchange rate disclosed by BACEN at the consolidated financial statements closing date.

Cash equivalents are typified by their high liquidity, and are considered for management of short-term commitments, maturing within 90 days, and have immaterial risk of changes in value.

Breakdown, cash and cash equivalents are presented in Note 4.

(d) Short-term interbank investments

These are recorded at acquisition cost, plus earnings computed through balance sheet date, less valuation allowance, where applicable.

The fixed income securities used to guarantee repurchase operations (sale with repurchase commitment) are carried under specific asset accounts on the date of the operation by the restated average book value, classified by security type and maturity. The difference between the repurchase value and the sales value is considered as an expense. Recognition is in accordance with the "pro rata" day accrual regime, given the fluidity of the transactions.

Financing granted that is guaranteed by third party fixed income securities (acquisition with repurchase commitment) are recorded at settlement value. Income from operations is represented by the difference between the resale and purchase amounts. Securities issued to guarantee sales operations with repurchase commitments are recorded in specific accounts under Assets, and transferred from the Bank's own resources to its financed position.

Notes to the Consolidated Financial Statements

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As for repurchase agreements, executed under free movement agreement, when securities are definitively sold, the referring liability referring to return of the securities is assessed at market value.

Breakdown, term and earnings computed for short-term interbank investments are presented in Note 5

(e) Securities

Securities acquired to be included in their own portfolio are recorded at the amount actually paid, and management bases the initial classification of financial instruments on the purpose for which they were acquired and on their characteristics. All financial instruments are initially recognized at fair value plus transaction costs, except when financial assets and liabilities are recognized at fair value through profit or loss.

The securities portfolio is regardless in conformity with BACEN Circular 3068/2001 and classified in accordance with Management's intention, in three specific categories:

- **Trading securities:** these are acquired to be actively and frequently traded, adjusted at fair value and matched against P&L for the period;
- **Available-for-sale securities** - instruments held for an indefinite period and that can be sold in response to the need for liquidity or changes in market condition and securities which are not considered as trading securities nor held to maturity. These are adjusted to fair value against a separate account in equity, denominated "Carrying value adjustments". Gains and losses, when realized/recorded as income or expense for the period, net of tax effects.
- **Held-to-maturity securities:** these are acquired to be held to maturity, recorded at acquisition cost or market value when reclassified from another category. Securities in this category shall include their respective earnings, matched against P&L for the period, not assessed at market value.

Securities' earnings, independently of their classification, are recorded on a pro rata daily basis, and also on an accrual basis, observing their remuneration clauses, recorded in the income statements. Securities' losses, irrespective of their classification, are directly recognized in P&L for the period, and then make up the new asset cost basis.

Every quarter CAIXA evaluates whether there is any objective indication of impairment in debt and equity securities, classified as available for sale and held to maturity. In the event that there is evidence, which is not considered temporary, including those mentioned below, its effects are recognized in P&L as realized losses for the period:

- Significant or prolonged decrease in market value of equity securities, below their cost;
- Significant changes with adverse effect, occurred in the IT, market, economic or legal environment where the issuer operates and indicates that the cost of the investment in equity cannot be recovered;
- Significant financial difficulties faced by the issuer, or breach of contract, such as failure to comply or delay in payment of interest or capital.

Classification, breakdown and segmentation of securities are presented in Note 6 (a), (b) and (c).

Notes to the Consolidated Financial Statements

In thousands of reais, unless otherwise stated

(f) Derivative financial instruments

CAIXA uses derivative financial instruments, such as swaps, interest rate future securities, foreign exchange securities in foreign currency, held for trade for financial or accounting hedge purposes, recorded according to BACEN Circular Letter No. 3082/2002.

Derivatives are accounted for at fair value and held as assets when positive, and liabilities when negative. These are also subsequently revalued at fair value, and the corresponding increases and decreases are directly recognized in P&L for the period, except for the effective cash flows hedge portion, which is directly recognized in equity.

When the derivative is contracted for trade, associated to the fundraising or investment transaction, under the terms of BACEN Circular Letter No. 3150/2002, revaluation is made under contractual conditions, with no adjustment arising from the derivative's fair value.

Derivative financial instruments use to fully or partially offset risks from variations in the market value of financial assets and liabilities qualified for accounting hedge are classified as follows:

- **Market risk hedge:** Financial instruments classified under this category, as well as related financial assets and liabilities, are adjusted to market value and gains and losses are posted directly to P&L;
- **Cash flow hedge:** The effective portion of valuation or devaluation of financial instruments classified under this category is recorded in a specific equity account, net of taxes. The non-effective portion is recognized directly in P&L.

By applying the accounting hedge methodology, CAIXA documents, at the beginning of the operation, the relation between hedge instruments (derivatives) and hedged items, the objectives of the risk management and the strategy for hedge realization.

The documentation also covers the nature of hedged risks, the nature of excluded risks, the prospective statement of effectiveness of hedge relation and how the effectiveness of the derivatives will be evaluated in order to offset variations in the fair value of cash flows referring to hedged items.

Breakdown of values recorded in derivative financial instruments, either in equity accounts or offsetting accounts, is presented in Note 6 (g) and (h).

(g) Fair value measurement

The fair value is determined based on consistent and verifiable criteria, which considers the average price of financial instruments at determination date or, in the lack thereof, the market price for assets or liabilities with similar characteristics. If this is also not available the fair value is obtained by quotation with market operators or valuation models that may require judgment by Management.

The fair value of the financial instruments traded in active markets at the balance sheet date is based on quoted market prices at the balance sheet date, without deductions for the transaction costs.

The valuation method consists in the construction of cash flows based on observable data, such as prices and rates of other financial instruments available in the market, such as future contracts, government securities, and swap transactions.

Additional information on how the fair value of financial instruments is calculated are available in Note 33.

Notes to the Consolidated Financial Statements

In thousands of reais, unless otherwise stated

(h) Loans, advances on exchange contracts, other receivables with loan features and allowance for loan losses

Loan operations, advances on exchange contracts and other loans with credit assignment characteristics are classified into nine levels, of which "AA" (minimum risk) and "H" (maximum risk), according to the parameters established by CMN Resolution No. 2682/1999, and in line with management's periodic assessment, which considers the economic scenario, past experience, and specific and global risks in relation to the operations, debtors and guarantors.

In addition, late payment periods established by CMN Resolution No. 2682/1999 are also considered in assigning customers' classification levels, as follows:

Period in arrears	Special term (1)	Customer rating
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	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

(1) For transactions with remaining term over 36 months, delayed periods are counted in double, as determined by CMN Decision No. 2682/1999

Interest accrued on loans overdue up to 59 days is recorded as income from loans, and, after the 60th day, is recognized as income only when effectively received.

The operations classified as risk level "H" for more than six months and in arrears for more than 180 days are charged off against the existing allowance, and controlled for at least five years in memorandum accounts.

Renegotiated operations are kept at least at the same level into which they were classified. Renegotiations which had already been written off for losses, which controlled in offsetting accounts, are classified as of "H" level risk. Any gains from renegotiation can only be recognized when effectively received. When there is significant amortization, or new material facts justifying a change in the risk level take place, the operation will be reclassified to a lower level category.

The allowance for loan losses is calculated at an amount sufficient to cover probable losses and complies with BACEN standards and instructions, as well as the evaluations of Management, in the determination of credit risks.

As from January 2012, according to CMN Resolutions No. 3.533/2008 and No. 3.895/2010, the results of loan assignments with substantial retention of risks and benefits are recognized over the remaining terms of the operations. Financial assets subject matter of the assignment remain recorded as loan operations and the amount received as liabilities for operations involving sale or transfer of financial assets are recorded as assets, with a matching entry in liabilities referring to the obligation assumed.

The modalities, values, terms, risk levels, concentration, participation in economic activity segments, renegotiations, and income from loan transactions, as well as breakdown of expenses and accounts of allowance for doubtful accounts are presented in Note 8.

(i) Income tax and social contribution on net income

Set up of tax credits is based on the estimate of their realization, based on technical and other analyses performed by Management, considering the tax rates in force in the period of realization of these assets. Deferred income and social contribution taxes, computed based on income and social contribution tax losses and temporary differences, are recorded as tax credits in accordance, in "Other Receivables – Sundry", with the expected generation of income in the future, in compliance with the set-up, maintenance and write-off criteria determined by CMN Decision No. 3059/2002, amended by CMN Decision No. 3355/2006.

Notes to the Consolidated Financial Statements

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The realization of tax credits depends on their origin. Those originated from temporary differences are realized by the use or reversal of provisions that were used as a basis for their recognition. In turn, the tax credits on income tax and social contribution losses are realized upon the generation of taxable income, through the offset in the basis of the related taxes, limited to 30% of the taxable income for each year. CAIXA recognizes IRPJ, CSLL, PASEP and COFINS tax credits on the negative adjustments arising from the marking of marketable securities and derivative financial instruments to market recognized in the statement of income and in a separate Equity account.

The provision for income tax is recorded at the rate of 15% of taxable income plus a surcharge of 10%. For the bank, CSLL was calculated considering the rate of 15%, until August 2015. From September 2015 to December 2018, the rate was changed to 20%, under Law No. 13169/15, decreasing to 15% as from January 2019. For the other companies, the social contribution tax is calculated considering the rate of 9%.

Since CSLL increased from September/2015 to December/2018, CAIXA set up supplementary CSLL credits, considering tax credits realizable during the effectiveness thereof at the increased rate, estimated in accordance with technical studies supporting the recognition of such assets.

Breakdown of income and social contribution tax amounts, evidence of calculations, origin and provision for realization of tax credits are presented in Note 20.

(j) 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 (Note 10).

(k) Investments

Investments in subsidiaries or companies whose influence is significant are valued under the equity method. To calculate equity pickup of investments in non-financial entities, amounts are adjusted to converge with the standards and guidelines of the National Monetary Board (CMN), of the Central Bank of Brazil (BACEN). Other permanent investments are measured at acquisition cost. Investments, irrespective of the measurement method, are tested for impairment in conformity with BACEN guidelines and standards. Breakdown of investments in subsidiaries and associated companies is presented in Note 11.

Goodwill is set up as the difference between amount paid and book value of the investment acquired, arising from expected future profitability, based on an economic and financial analysis, amortized and subject to impairment test.

(l) Property and equipment

Property and equipment for own use is represented by rights over tangible assets owned by CAIXA, intended for maintenance of its operating activities, such as buildings, land, furniture, equipment, computer hardware and other fixtures. Such assets are recognized at acquisition or build-up cost and depreciated by the straight-line method with no residual value.

Depreciation expenses of property and equipment are recognized in the income statement and calculated basically using the following useful lives:

Property and equipment	Term
Buildings	25 years
Communication systems	10 years
Furniture and equipment	10 years
Data processing systems	05 years
Security systems	05 years

Notes to the Consolidated Financial Statements

In thousands of reais, unless otherwise stated

CAIXA is not engaged in financing of fixed assets or loans costs related to these assets. CAIXA, at the base date of the financial information, evaluates whether there is any indication of impairment of fixed assets. In this case, the book value of these assets is decreased to their recoverable value, and future depreciation expenses are proportionally adjusted to the reviewed book value and to the new remaining economic useful if, if this is once again estimated.

Likewise, if there is indication of recovery of the value of a fixed asset item, CAIXA reverses impairment losses recorded in previous periods and respectively adjusts future depreciation expenses. In any circumstance the reversal impairment loss of an asset can increase its book value above the value that it should have in the event that this loss had been recognized in previous years.

The estimated useful lives of property and equipment held for own use are reviewed at least at the end of the year presented, to detect possible significant changes. If changes are detected, the useful lives of the assets are adjusted by correcting the depreciation charge to be recognized in the statement of income for coming periods, based on the new useful lives.

Breakdown of cost value of goods and their depreciation, as well as the unrecorded value added for fixed assets and the construction in progress levels are presented in Note 12.

(m) Intangible

Intangible assets are represented by goods which do not have a physical body and allocated for maintenance of the entity's activities or exercised with this purpose. These identifiable non-monetary assets, that can be separated from other assets, without physical substance, arising from legal transactions or internally developed by consolidated entities, whose cost can be reliably estimated and based on which CAIXA considers that future generation of economic benefits is probable.

These assets are initially recognized at acquisition or buildup cost and subsequently deducted the accumulated amortization, computed under the straight-line method, observing the contractual terms and subject to impairment tests, as provided for by CMN Decision No. 3566/2008 and No. 3642/2008.

These can have indefinite useful lives when the period over which it is expected that the asset is capable of generating cash, directly or indirectly, for consolidated entities is unforeseeable, based on analysis of all significant factors. Intangible assets with indefinite useful lives are not amortized, however, they are reviewed at the end of every accounting period in order to determine whether their useful lives remain indefinite and, if that is not the case, take the adequate measures.

Intangible assets are comprised essentially of software and acquisition of payrolls. Payroll-related intangible assets refer to amounts paid in connection with business partnerships formed with public and private sectors to ensure banking services relating to payroll processing, payroll deduction loans, maintenance of collection portfolios, payments to suppliers, and other banking services. Internally developed software are recognized as intangible assets only if CAIXA is able capable to use or sell it and if the future generation of economic benefits can be reliably presented.

Amortization of intangible asset expenses is recognized in the income statements under "depreciation and amortization" in Other administrative expenses and have amortization terms of five years for software projects and up to 5 years for acquisition of payroll.

Breakdown of intangible assets and their changes are presented in Note 13.

Notes to the Consolidated Financial Statements

In thousands of reais, unless otherwise stated

(n) Impairment of non-financial assets

At the end of every year, CAIXA tests its non-financial assets for impairment.

If an indication of impairment is found, this is recognized in P&L for the period when the asset's book balance exceeds its recoverable value, which is determined by the potential sale value, or realization value less the respective expenses or by the value in use computed by the cash-generating unit.

CAIXA has no impairment in items classified as fixed assets in use.

(o) Deposits, open market funding, funds from acceptance and issue of securities, and borrowings and onlending obligations

These are stated at their liability values and include, when applicable, charges accrued up to the balance sheet date on a daily pro rata basis.

Terms and amounts of deposits and fundraising in the open market, funds from acceptances and issue of bonds, and liabilities for loans and on-lending are accounted for in equity and P&L accounts, and their charges are monthly allocated due to the flow of their terms, as stated in Notes 14, 15, 16 and 17, respectively.

For fundraising operations by means of issue of marketable securities, as these are fixed rates, expenses are allocated to P&L over the operation term, and presented as the corresponding liability reducing account.

(p) Contingent assets and liabilities and legal, tax, and social security obligations

The recognition, measurement and disclosure of provisions, asset and liability contingencies, and legal obligations are made according to the criteria defined by CPC 25 – Provisions, Contingent Liabilities and Contingent Assets, approved by CMN Decision No. 3823/2009:

- **Contingent assets:** these are recognized only when there are actual guarantees or unappeasable favorable judicial decisions, for which the gain is practically certain, and for their recovery capacity by receipt or offsetting with other liability. Contingent assets, whose positive outcome is probable, are disclosed in explanatory notes;
- **Contingent liabilities:** as provided for by CPC 25, provision for contingent liabilities is not set up, administrative or legal proceedings classified as possible loss are not recognized in books, and are only disclosed in the notes to financial statements when individually material, and those classified as remote loss require neither provision nor disclosure. The analysis and classification of loss is realized based on the opinion of legal advisors and management;
- **Provisions:** these are set up considering the legal counsel's and management's opinion, the nature of the proceeding, similarity with prior proceedings, complexity and positioning of courts, always that the likelihood of loss is considered probable, which would lead to a probable outcome of resources to settle such obligations, and when the involved amounts are reliably measured;
- **Legal, tax and social security obligations:** these involve ongoing judicial proceedings challenging the enforceability and constitutionality of the obligation and which, regardless of the likelihood of loss, have their amounts fully recognized in the consolidated consolidated financial statements.

Details on contingent assets and liabilities, as well as on provisions, in addition to their corresponding changes, are presented in Note 30.

Notes to the Consolidated Financial Statements

In thousands of reais, unless otherwise stated

(q) Employee benefits

Benefits to employees, related to short-term benefits for current employees, are recognized on an accrual basis in accordance with the services provided. Post-employment benefits under the responsibility of CAIXA and related to supplementary retirement and healthcare are recognized in accordance with CVM Ruling No. 695/2012.

As for the defined benefit (BD) retirement plan, for which contributions are made to an independently managed fund, the actuarial risk of investments is fully or partially posed to the sponsoring entity.

Recognition of costs requires the measurement of plan obligations and expenses, in view of the possibility of actuarial gains or losses, which may generate liabilities when the amount of actuarial obligations exceeds the amount of benefit plan assets.

The present value of obligations arising from this benefit, as well as the current service cost and, where applicable, the cost of past services is determined under the Projected Unit Credit Method, attributing the benefit to periods when the obligation of providing post-employment benefits arises.

If, in subsequent years, an employee's service leads to a level of benefit materially higher than in earlier years, the benefit is attributed on the straight-line method up to the date when the additional service of the employee will lead to an immaterial amount of further benefits.

As for the defined contribution retirement plan, the actuarial risk and the investment risk are undertaken by the participants. Recognition of costs is determined by each period's contribution values, which represent CAIXA's obligation, and no actuarial calculation for measurement of obligations or expenses is necessary, since there is no actuarial gain or loss.

In the variable contribution retirement plan, during the contribution phase, there is no guarantee in relation to the benefit amount to be received upon retirement.

Therefore, it is considered as a defined contribution plan. However, when retirement is granted, the benefit amount is fixed, and it is classified as a defined benefit plan. Actuarial calculation procedures are then to be applied.

Other benefit granted is the healthcare plan – Saúde CAIXA, for employees, retirees and their corresponding dependents. For calculation of liabilities and costs of said healthcare plan, actuarial hypotheses and assumptions approved by CAIXA were adopted, as well as the Projected Unit Credit method.

CAIXA also provides its employees and managers with meal vouchers and food assistance, according to the legislation in force and the Collective Bargaining Agreement, with indemnification nature, not considered a part of their salaries and free of charges for CAIXA or its employees and managers.

Profit sharing is monthly allocated at the proportion of on the budgeted annual income. After the Collective Bargaining Agreement is closed, this value is adjusted considering the approved rules.

CVM Rule no. 695/2012 approved Technical Pronouncement CPC 33 (R1) – Employee Benefits and made changes in the defined benefit plans referring to the accounting and disclosure of post-employment benefits, such as the removal of the corridor mechanism to record plan obligations, in addition to changes in the criteria for recognition of compensatory interest of plan assets.

The adoption of this pronouncement became effective as from January 1, 2013, thus requiring the full recognition of actuarial losses in liability account, as occurred, matching against other equity pickup adjustments account in equity.

Pronouncement CPC 33 (R1) sets forth, for the sponsoring company, parameters specific for measuring assets, liabilities and surplus and deficit of pension plans. However, due to legal provisions in Brazil, the financial statements of the respective plans should be prepared in accordance with the provisions introduced by the corresponding Brazilian authority, resulting in different calculations of surplus and deficit.

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Considering that CAIXA has already set up an actuarial reserve, in compliance with CPC 33 (R1), this reserve should only be supplemented if deficit, subject to equation plan, calculated in accordance with local legislation, is higher than that set forth in CPC 33 (R1).

In this case, the reserve should be supplemented matched against Equity, as provided for in ICPC 20 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

Breakdown of employee benefits and any changes thereof are presented in Note 32.

(r) Other assets and liabilities

Other assets are recorded at realization value, including, where applicable, yield, monetary and currency changes, and provision for losses, on a daily pro rata basis, when deemed necessary. Other liabilities include known and determinable amounts, plus, where applicable, charges, monetary and currency variations, on a daily pro rata basis.

(s) Subsequent events

Subsequent events are events that occur between the financial statements reporting date and the date of authorization for their issue. They include events that give evidence to existing conditions on the financial statements reporting date and cause adjustments, and events that give evidence to conditions that did not exist on the financial statements reporting date and did not give rise to adjustments.

(t) Restatement of comparative balances**(i) Segregation of provisions for contingencies into current and noncurrent**

Until December 31, 2015, considering that it was impossible to calculate the estimated realization of amounts under provision for contingencies with reasonable certainty, CAIXA allocated these amounts to current liabilities, in line with the accounting prudence principle. As from January 1, 2016, the processes intended to estimate civil and labor claims with likelihood of loss classified as probable allowed to estimate realization of these assets and their segregation into current and noncurrent liabilities.

(ii) Deposits in simplified savings accounts

At December 31, 2016, in order to comply with the requirements of the Central Bank of Brazil (BACEN) Circular Letter No. 3763/15 and BACEN Circular Letter No. 3725/15, CAIXA reclassified the balances of savings accounts deposits recorded under "Sundry creditors – country" as "Other creditors – simplified savings account" to the "Deposits" group, together with the respective impact relating to the effects of the monetary restatement for the period from 2006 to 2016.

The effects of the restatement of simplified savings accounts for the period from 2006 to 2014 had an impact on the "Retained earnings and accumulated losses" account, totaling the balances restated at December 31, 2014, in line with the requirements of pronouncement "CPC 23 – Accounting Policies, Changes in Accounting Estimates and Errors.

The comparative positions of these Consolidated Financial Statements are restated with the referred to reclassification of equity amounts.

(iii) Detailing of restatements in the financial statements

As determined by Technical Pronouncement CPC 23 - Accounting Policies, Changes in Accounting Estimates and Errors, the corrections of errors mentioned in the items above were applied retrospectively, impacting the comparative Consolidated Financial Statements, as follows:

Notes to the Consolidated Financial Statements

In thousands of reais, unless otherwise stated

Statement of Financial Position

The comparative consolidated statement of financial position as at December 31, 2015 is restated based on the corrections of errors described in items (i) and (ii), as follows:

Description	12/31/2015		
	Originally presented	Adjustments	Adjusted amount
Assets			
Current assets	593,580,550	104,666	593,685,216
Other receivables	42,751,379	104,666	42,856,045
Sundry (1)	33,912,228	104,666	34,016,894
Noncurrent assets	609,700,290	-	609,700,290
Total assets	1,203,280,840	104,666	1,203,385,506
Liabilities and equity			
Current liabilities	715,340,420	(4,407,329)	710,933,091
Deposits	367,127,623	997,309	368,124,932
Savings deposits (2)	241,362,624	997,309	242,359,933
Other liabilities	58,999,929	(5,404,638)	53,595,291
Sundry (3)	38,032,537	(5,404,638)	32,627,899
Noncurrent liabilities	425,236,977	4,904,517	430,141,494
Other liabilities	39,050,749	4,904,517	43,955,266
Sundry	15,249,868	4,904,517	20,154,385
Equity	62,703,443	(392,522)	62,310,921
Retained earnings/accumulated losses (4)	-	(392,522)	(392,522)
Total liabilities and equity	1,203,280,840	104,666	1,203,385,506

- (1) The adjusted amount of 104,666 reflects the impact of the tax credit arising from recognition of interest expenses and monetary restatement relating to reclassification of the simplified savings account balance (item ii);
- (2) The adjusted amount of 997,309 refers to reclassification of 500,121 relating to the simplified savings account balance (item ii) plus 497,188 relating to the respective interest incurred and monetary restatement;
- (3) The adjusted amount of (5,404,638) refers to reclassification of 4,904,517 relating to provision for contingencies (item i) plus 500,121 referring to the simplified savings account balance;
- (4) The adjusted amount of (392,522) refers to recognition of the interest expense of (497,188) and monetary restatement of the simplified savings account balance, less the respective tax impact of 104,666.

Income Statement:

The comparative consolidated profit or loss for the second Semester of 2015 and 2015 have been restated by virtue of the error correction described in item (ii), as shown below:

Description	2 nd Semester of 2015		
	Originally presented	Adjustments	Adjusted amount
P&L			
Income from financial intermediation	78,201,883	-	78,201,883
Financial intermediation expenses	(67,428,292)	(40,392)	(67,468,684)
Open market funding (1)	(45,374,586)	(40,392)	(45,414,978)
Gross profit from financial intermediation	10,773,591	(40,392)	10,733,199
Other operating income/expenses	(11,053,979)	2,318	(11,051,661)
Tax expenses	(1,768,326)	2,318	(1,766,008)
Operating income (expenses)	(280,388)	(38,074)	(318,462)
Non-operating income (expenses)	(393,315)	-	(393,315)
Income/(loss) before income taxes	(673,703)	(38,074)	(711,777)
Income and social contribution taxes	5,183,874	13,784	5,197,658
Current taxes	468,637	9,510	478,147
Deferred tax asset	5,725,828	4,274	5,730,102
Deferred tax liabilities	(1,010,591)	-	(1,010,591)
Employee profit sharing	(837,044)	-	(837,044)
Net income for the period	3,673,127	(24,290)	3,648,837

- (1) The amount of (40,392) refers to recognition of interest expenses and monetary restatement relating to reclassification of the simplified savings account balance (item ii).

Notes to the Consolidated Financial Statements

In thousands of reais, unless otherwise stated

Description	Year 2015		
	Originally presented	Adjustments	Adjusted amount
P&L			
Income from financial intermediation	144,471,785	-	144,471,785
Financial intermediation expenses	(123,085,119)	(74,511)	(123,159,630)
Open market funding (1)	(82,197,351)	(74,511)	(82,271,862)
Gross profit from financial intermediation	21,386,666	(74,511)	21,312,155
Other operating income/expenses	(20,230,840)	4,199	(20,226,641)
Tax expenses	(3,478,984)	4,199	(3,474,785)
Operating income (expenses)	1,155,826	(70,312)	1,085,514
Non-operating income (expenses)	(646,019)	-	(646,019)
Income/(loss) before income taxes	509,807	(70,312)	439,495
Income and social contribution taxes	7,918,562	25,672	7,944,234
Current taxes	(224,635)	17,784	(206,851)
Deferred tax assets	9,059,001	7,888	9,066,889
Deferred tax liabilities	(915,804)	-	(915,804)
Employee profit sharing	(1,272,015)	-	(1,272,015)
Net income for the period	7,156,354	(44,640)	7,111,714

- (1) The amount of (74,511) refers to recognition of interest expenses and monetary restatement relating to reclassification of the simplified savings account balance (item ii).

▪ **Statement of Changes in Equity:**

The opening financial positions of the Consolidated Statements of Changes in Equity – SCE as at December 31, 2014 have been restated by virtue of the error correction described in item (ii), as follows:

Description	12/31/2014		
	Originally presented	Adjustments	Adjusted amount
Assets			
Current assets	514,548,403	74,795	514,623,198
Other receivables	34,458,544	74,795	34,533,339
Sundry (1)	28,440,582	74,795	28,515,377
Noncurrent assets	550,135,001	-	550,135,001
Total assets	1,064,683,404	74,795	1,064,758,199
Liabilities and equity			
Current liabilities	621,007,710	422,677	621,430,387
Deposits	341,467,033	922,872	342,389,905
Savings deposits (2)	236,836,068	922,872	237,758,940
Other liabilities	58,929,801	(500,195)	58,429,606
Sundry (3)	41,394,998	(500,195)	40,894,803
Noncurrent liabilities	381,584,971	-	381,584,971
Equity	62,090,723	(347,882)	61,742,841
Retained earnings/accumulated losses (4)	-	(347,882)	(347,882)
Total liabilities and equity	1,064,683,404	74,795	1,064,758,199

- (1) The adjusted amount of 74,795 reflects the impact of the tax credit arising from recognition of interest expenses and monetary restatement relating to reclassification of the simplified savings account balance (item ii);
- (2) The adjusted amount of 922,872 refers to reclassification of 500,195 relating to the simplified savings account balance (item ii) plus 422,677 relating to the respective interest incurred and monetary restatement;
- (3) The adjusted amount of 500,195 refers to reclassification of the simplified savings account balance;
- (4) The adjusted amount of (347,882) refers to recognition of the interest expense of (422,677) and monetary restatement of the simplified savings account balance, less the respective tax impact of 74,795.

Notes to the Consolidated Financial Statements

In thousands of reais, unless otherwise stated

The opening financial positions of the Consolidated Statements of Changes in Equity – SCE as at June 30, 2015 and June 30, 2016 have been restated by virtue of the error corrections described in items (i) and (ii), as follows:

Description	06/30/2015		
	Originally presented	Adjustments	Adjusted amount
Assets			
Current assets	541,481,371	88,564	541,569,935
Other receivables	38,304,807	88,564	38,393,371
Sundry (1)	29,579,536	88,564	29,668,100
Noncurrent assets	577,680,802	-	577,680,802
Total assets	1,119,162,173	88,564	1,119,250,737
Liabilities and equity			
Current liabilities	646,014,134	(3,324,278)	642,689,856
Deposits	344,596,723	956,974	345,553,697
Savings deposits (2)	232,117,335	956,974	233,074,309
Other liabilities	52,937,862	(4,281,252)	48,656,610
Sundry (3)	36,020,479	(4,281,252)	31,739,227
Noncurrent liabilities	410,624,553	3,781,074	414,405,627
Other liabilities	35,989,142	3,781,074	39,770,216
Sundry	15,926,726	3,781,074	19,707,800
Equity	62,523,486	(368,232)	62,155,254
Retained earnings/accumulated losses (4)	1,599,075	(368,232)	1,230,843
Total liabilities and equity	1,119,162,173	88,564	1,119,250,737

- (1) The adjusted amount of 88,564 reflects the impact of the tax credit arising from recognition of interest expenses and monetary restatement relating to reclassification of the simplified savings account balance (item ii);
- (2) The adjusted amount of 956,974 refers to reclassification of 500,178 relating to the simplified savings account balance (item ii) plus 456,796 relating to the respective interest incurred and monetary restatement;
- (3) The adjusted amount of (4,281,252) refers to reclassification of (3,781,074) relating to provision for contingencies (item i) plus (500,178) referring to the simplified savings account balance;
- (4) The adjusted amount of (368,232) refers to recognition of the interest expense of (456,796) and monetary restatement of the simplified savings account balance, less the respective tax impact of 88,564.

Description	06/30/2016		
	Originally presented	Adjustments	Adjusted amount
Assets			
Current assets	584,754,810	104,666	584,859,476
Other receivables	33,085,558	104,666	33,190,224
Sundry (1)	24,139,445	104,666	24,244,111
Noncurrent assets	628,706,705	-	628,706,705
Total assets	1,213,461,515	104,666	1,213,566,181
Liabilities and equity			
Current liabilities	685,390,729	497,188	685,887,917
Deposits	362,802,878	997,306	363,800,184
Savings deposits (2)	238,702,276	997,306	239,699,582
Other liabilities	53,191,357	(500,118)	52,691,239
Sundry (3)	34,642,019	(500,118)	34,141,901
Noncurrent liabilities	465,721,848	-	465,721,848
Equity	62,348,938	(392,522)	61,956,416
Retained earnings/accumulated losses (4)	505,050	(392,522)	112,528
Total liabilities and equity	1,213,461,515	104,666	1,213,566,181

- (1) The adjusted amount of 104,666 reflects the impact of the tax credit arising from recognition of interest expenses and monetary restatement relating to reclassification of the simplified savings account balance (item ii);
- (2) The adjusted amount of 997,306 refers to reclassification of 500,118 relating to the simplified savings account balance (item ii) plus 456,796 relating to the respective interest incurred and monetary restatement;
- (3) The adjusted amount of (500,118) refers to reclassification of the simplified savings account balance;
- (4) The adjusted amount of (392,522) refers to recognition of the interest expense of (497,188) and monetary restatement of the simplified savings account balance, less the respective tax impact of 104,666.

Notes to the Consolidated Financial Statements

In thousands of reais, unless otherwise stated

▪ Cash Flow Statement:

The Consolidated Financial Statements for the second half of 2015 and 2015 have been restated by virtue of the error correction described in item (ii), as follows:

Description	2 nd Semester of 2015		
	Originally presented	Adjustments	Adjusted amount
CASH FLOWS FROM OPERATING ACTIVITIES			
ADJUSTED NET INCOME	11,786,282	(28,564)	11,757,718
Net income (1)	3,673,128	(24,290)	3,648,838
Adjustment to net income:	8,113,154	(4,274)	8,108,880
Deferred taxes (2)	(4,715,237)	(4,274)	(4,719,511)
EQUITY DIFFERENCE	26,551,537	28,564	26,580,101
(Increase) decrease in other receivables (3)	(6,579,406)	(11,828)	(6,591,234)
(Decrease) increase in deposits (4)	28,774,454	40,335	28,814,789
(Decrease) increase in other liabilities (5)	5,183,234	57	5,183,291
NET CASH FROM OPERATING ACTIVITIES	38,337,819	-	38,337,819

- (1) The adjusted amount of (24,290) reflects the impact of the tax credit arising from recognition of interest expenses and monetary restatement relating to reclassification of the simplified savings account balance (item ii);
- (2) The adjusted amount of (4,274) reflects the impact of the tax credit arising from recognition of interest expenses and monetary restatement relating to reclassification of the simplified savings account balance (item ii);
- (3) The adjusted amount of (11,828) reflects the impact of the tax credit arising from recognition of interest expenses and monetary restatement relating to reclassification of the simplified savings account balance (item ii);
- (4) The amount of 40,335 refers to recognition of interest expenses and monetary restatement relating to reclassification of the simplified savings account balance (item ii);
- (5) The adjusted amount of 57 refers to changes for the period relating to the reclassified simplified savings account balance.

Description	Year 2015		
	Originally presented	Adjustments	Adjusted amount
CASH FLOWS FROM OPERATING ACTIVITIES			
ADJUSTED NET INCOME	23,964,209	(52,528)	23,911,681
Net income (1)	7,156,354	(44,640)	7,111,714
Adjustment to net income:	16,807,855	(7,888)	16,799,967
Deferred taxes (2)	(8,143,197)	(7,888)	(8,151,085)
EQUITY DIFFERENCE	23,023,518	52,528	23,076,046
(Increase) decrease in other receivables (3)	(6,661,927)	(21,983)	(6,683,910)
(Decrease) increase in deposits (4)	35,616,394	74,437	35,690,831
(Decrease) increase in other liabilities (5)	5,260,736	74	5,260,810
NET CASH FROM OPERATING ACTIVITIES	46,987,727	-	46,987,727

- (1) The adjusted amount of (44,640) reflects the impact of the tax credit arising from recognition of interest expenses and monetary restatement relating to reclassification of the simplified savings account balance (item ii);
- (2) The adjusted amount of (7,888) reflects the impact of the tax credit arising from recognition of interest expenses and monetary restatement relating to reclassification of the simplified savings account balance (item ii);
- (3) The adjusted amount of (21,983) reflects the impact of the tax credit arising from recognition of interest expenses and monetary restatement relating to reclassification of the simplified savings account balance (item ii);
- (4) The adjusted amount of 74,437 refers to recognition of interest expenses and monetary restatement relating to reclassification of the simplified savings account balance (item ii);
- (5) The adjusted amount of 74 refers to changes for the period relating to the reclassified simplified savings account balance.

Notes to the Consolidated Financial Statements

In thousands of reais, unless otherwise stated

Statement of Value Added:

The Consolidated Statements of Value Added (SVA) for the second half of 2015 and 2015 have been restated by virtue of the error correction described in item (ii), as follows:

Description	2 nd Semester of 2015		
	Originally presented	Adjustments	Adjusted amount
1. Revenues	82,661,590		82,661,590
2. Financial intermediation expenses	57,354,203	40,392	57,394,595
3. Inputs acquired from third parties	13,139,958		13,139,958
4. Gross value added (1-2-3)	12,167,429	(40,392)	12,127,037
5. Withholdings	847,499		847,499
6. Net value added (4-5)	11,319,930	(40,392)	11,279,538
7. Value added received in transfer	632,343		632,343
8. Value added to be distributed (6+7)	11,952,273	(40,392)	11,911,881
9. Distribution of value added	11,952,273	(40,392)	11,911,881
Taxes, charges and contributions	(2,065,745)	(16,102)	(2,081,847)
Retained profit	1,447,053	(24,290)	1,422,763

Description	Year 2015		
	Originally presented	Adjustments	Adjusted amount
1. Revenues	153,970,288		153,970,288
2. Financial intermediation expenses	103,428,103	74,511	103,502,614
3. Inputs acquired from third parties	24,631,058		24,631,058
4. Gross value added (1-2-3)	25,911,127	(74,511)	25,836,616
5. Withholdings	1,650,250		1,650,250
6. Net value added (4-5)	24,260,877	(74,511)	24,186,366
7. Value added received in transfer	942,991		942,991
8. Value added to be distributed (6+7)	25,203,868	(74,511)	25,129,357
9. Distribution of value added	25,203,868	(74,511)	25,129,357
Taxes, charges and contributions	(1,792,749)	(29,871)	(1,822,620)
Retained profit	3,427,512	(44,640)	3,382,872

Notes to the Consolidated Financial Statements

In thousands of reais, unless otherwise stated

Note 4 – Cash and cash equivalents

Description	12/31/2016	12/31/2015
Total cash and banks	10,763,601	11,510,594
Cash and banks in local currency	8,926,964	8,792,280
Cash and banks in foreign currency	1,836,637	2,718,314
Short-term interbank investments (1)	140,073,534	141,386,927
Total	150,837,135	152,897,521

(1) Transactions falling due within 90 days from the date of acquisition, subject to insignificant risk of changes in fair value.

Note 5 – Short-term interbank investments

Description	1 to 90 days	91 to 180 days	181 to 360 days	More than 360 days	12/31/2016	12/31/2015
Money market investments - non-financed position	57,735,328	1,016,431	-	-	58,751,759	43,518,292
Financial Treasury Bills (1)	5,700,954	-	-	-	5,700,954	99,997
Federal Treasury Bills	28,324,153	1,016,431	-	-	29,340,584	9,937,518
Federal Treasury Notes	23,710,221	-	-	-	23,710,221	33,480,777
Money market investments - financed position	85,894,137	-	-	-	85,894,137	99,593,650
Financial Treasury Bills	15,189,270	-	-	-	15,189,270	30,911,806
Federal Treasury Bills	70,704,867	-	-	-	70,704,867	68,681,844
Investments in interbank deposits	11,264,334	150,125	884,574	130,232	12,429,265	10,376,648
Investments in interbank deposits	11,264,372	150,125	-	-	11,414,497	9,691,077
Investments in interbank deposits – associated with rural credit	-	-	884,574	130,232	1,014,806	685,791
Provision for losses on investment in Interbank Deposits	(38)	-	-	-	(38)	(220)
Total - current assets	154,893,799	1,166,556	884,574	130,232	157,075,161	153,488,590

(1) Include an agreement for Offsetting and Settlement of Obligations entered into by CAIXA and BANCOOB, in the amount of R\$139,843 as at 12/31/2016, according to CMN Resolution No. 3263/05.

(a) Income from short-term interbank investments

Breakdown of “Income from security transactions” in income statements.

Description	2016		2015	
	2nd Semester	Year	2nd Semester	Year
Income from money market investments	10,297,483	23,370,728	9,177,409	16,961,293
Non-financed position	3,135,166	6,123,797	2,387,469	4,299,354
Financed position	7,162,317	17,246,931	6,789,940	12,661,939
Income from investments in interbank deposits	788,190	1,510,141	539,774	922,482
Total	11,085,673	24,880,869	9,717,183	17,883,775

Notes to the Consolidated Financial Statements

In thousands of reais, unless otherwise stated

Note 6 – Securities and derivative financial instruments
(a) Portfolio

Description	Own Portfolio – Unrestricted	Designated				Derivative financial instruments Repurchase commitments	Total Pledge of warranties
		Repurchase commitments	Pledge of warranties	Unrestricted repurchase agreements	Banco Central		
Brazilian Government Securities	84,531,151	64,278,301	5,637,033	4,671,215	1,071,570	-	160,189,270
Financial Treasury Bills	6,141,692	10,292,030	839,938	-	1,070,867	-	18,344,527
Federal Treasury Bills	64,890,083	19,717,992	4,794,202	4,671,215	703	-	94,074,195
Federal Treasury Notes	13,205,488	34,268,279	2,893	-	-	-	47,476,660
Federal Treasury/Securitization	293,888	-	-	-	-	-	293,888
Corporate Securities	14,643,125	5,632,899	-	-	-	-	20,276,024
Debentures	3,824,477	4,946,087	-	-	-	-	8,770,564
Promissory note	5,140	-	-	-	-	-	5,140
Financial Notes	55,572	-	-	-	-	-	55,572
Investment Fund shares	240,449	-	-	-	-	-	240,449
Mortgage-Backed Securities	2,741,745	686,812	-	-	-	-	3,428,557
Shares	7,775,742	-	-	-	-	-	7,775,742
Others	-	-	-	-	-	878,815	878,815
December 31, 2016	99,174,276	69,911,200	5,637,033	4,671,215	1,071,570	878,815	181,344,109
December 31, 2015	68,404,031	98,152,414	11,279,474	-	820	4,141,121	181,977,860

Notes to the Consolidated Financial Statements

In thousands of reais, unless otherwise stated

(b) Consolidated classification by maturity

December 31, 2016	Cost	P&L adjustment (1)	Equity adjustment (2)	Book Value	Market Value	No maturity	01 – 90 days	91 – 180 days	181 – 360 days	More than 360 days
Description										
Brazilian Government Securities	158,613,846	1,625,222	(49,798)	160,189,270	161,503,080	-	17,340,537	10,971,558	15,295,274	116,581,901
Financial Treasury Bills	18,360,643	(15,669)	(447)	18,344,527	18,335,754	-	-	-	-	18,344,527
Federal Treasury Bills	92,440,021	1,634,174	-	94,074,195	94,139,243	-	6,074,199	2,386,933	15,295,274	70,317,789
Federal Treasury Notes	47,467,267	6,717	2,676	47,476,660	48,734,195	-	11,266,338	8,584,625	-	27,625,697
Federal Treasury/Securitization	345,915	-	(52,027)	293,888	293,888	-	-	-	-	293,888
Corporate Securities	21,146,613	19,684	(890,273)	20,276,024	20,356,837	8,016,191	-	132,707	428,496	11,698,630
Debentures	9,359,979	19,664	(609,079)	8,770,564	8,634,179	-	-	71,995	428,496	8,270,073
Promissory note	5,097	-	43	5,140	5,140	-	-	5,140	-	-
Financial Notes	55,773	-	(201)	55,572	55,572	-	-	55,572	-	-
Investment Fund shares	240,449	-	-	240,449	240,449	240,449	-	-	-	-
Mortgage-Backed Securities	3,453,036	20	(24,499)	3,428,557	3,645,755	-	-	-	-	3,428,557
Shares	8,032,279	-	(256,537)	7,775,742	7,775,742	7,775,742	-	-	-	-
Total – Securities	179,760,459	1,644,906	(940,071)	180,465,294	181,859,917	8,016,191	17,340,537	11,104,265	15,723,770	128,280,531
Trading securities (3)	106,701,497	1,644,906	-	108,346,403	108,346,403	-	15,715,826	2,386,933	15,295,274	74,948,370
Available-for-sale securities	23,567,368	-	(940,071)	22,627,297	22,627,297	8,016,191	-	132,707	428,496	14,049,903
Held-to-maturity securities (4)	49,491,594	-	-	49,491,594	50,886,217	-	1,624,711	8,584,625	-	39,282,258
Derivative financial instruments	878,815	-	-	878,815	878,815	-	643	18,386	371,655	488,131
Total – TVM e derivativos	180,639,274	1,644,906	(940,071)	181,344,109	182,738,732	8,016,191	17,341,180	11,122,651	16,095,425	128,768,662

(1) The mark-to-market in P&L;

(2) Mark-to-market adjustment (Equity) includes the mark-to-market adjustment of marketable securities of the subsidiary. The effect of the mark-to-market recorded in Equity is (181,614) - 12/31/2015 – (1,133,284); net of tax effects;

(3) Securities held as 'For Trading' are classified in current assets, pursuant to BACEN Circular no. 3068/2001;

(4) Securities in the category Held-to-maturity securities, were marked to market, only for disclosure and analysis purposes; however, this marking to market does not have any effect on profit/loss or Equity.

Notes to the Consolidated Financial Statements

In thousands of reais, unless otherwise stated

(c) Summary of the classification of marketable securities by maturity bucket

The market value of the securities is based on quoted prices at the balance sheet date. If there is no market price quotation, the amounts are estimated using the mark-to-market model based on the cash flows of the assets and market interest curves.

Cash flows are prepared based on the characteristics of the marketable securities and interest rate curves using available information/pricing data/market rates of the financial instruments, such as: futures contracts, government securities, or swap transactions.

The marketable securities comprising CAIXA portfolio were not reclassified into categories I, II and III for the periods presented .

(c.1) Category I - Trading Securities

Description	12/31/2016					12/31/2015					
	No maturity	01 to 90 days	91 to 180 days	181 to 360 days	More than 360 days	Cost	Equity Adjustment	Market Value	Cost	Equity Adjustment	Market Value
Brazilian Government Securities	-	15,715,826	2,386,933	15,295,274	74,288,058	106,060,869	1,625,222	107,686,091	101,345,780	(3,688,457)	97,657,323
Financial Treasury Bills	-	-	-	-	7,573,730	7,589,399	(15,669)	7,573,730	3,472,622	3,028	3,475,650
Federal Treasury Bills	-	5,824,291	2,386,933	15,295,274	65,553,289	87,425,613	1,634,174	89,059,787	89,281,974	(3,376,552)	85,905,422
Federal Treasury Notes	-	9,891,535	-	-	1,161,039	11,045,857	6,717	11,052,574	8,591,184	(314,933)	8,276,251
Corporate securities	-	-	-	-	660,312	640,628	19,684	660,312	898,214	(75,227)	822,987
Debentures	-	-	-	-	659,855	640,191	19,664	659,855	881,980	(75,224)	806,756
Investment fund shares	-	-	-	-	-	-	-	-	15,128	-	15,128
Mortgage-backed securities	-	-	-	-	457	437	20	457	1,106	(3)	1,103
Total	-	15,715,826	2,386,933	15,295,274	74,948,370	106,701,497	1,644,906	108,346,403	102,243,994	(3,763,684)	98,480,310

Notes to the Consolidated Financial Statements

In thousands of reais, unless otherwise stated

(c.2) Category II - Available-for-sale securities

Description	12/31/2016						12/31/2015				
	No maturity	01 to 90 days	91 to 180 days	181 to 360 days	More than 360 days	Cost	Equity Adjustment (1)	Market Value	Cost	Equity Adjustment (1)	Market Value
Brazilian Government Securities	-	-	-	-	5,286,757	5,336,555	(49,798)	5,286,757	446,563	(78,263)	368,300
Financial Treasury Bills	-	-	-	-	4,954,720	4,955,167	(447)	4,954,720	-	-	-
Federal Treasury Notes	-	-	-	-	38,149	35,473	2,676	38,149	84,311	1,953	86,264
Federal Treasury/Securitization	-	-	-	-	293,888	345,915	(52,027)	293,888	362,252	(80,216)	282,036
Corporate securities	8,016,191	-	132,707	428,496	8,763,146	18,230,813	(890,273)	17,340,540	17,454,799	(2,678,876)	14,775,923
Debentures	-	-	71,995	428,496	7,469,084	8,578,654	(609,079)	7,969,575	6,816,024	(46,712)	6,769,312
Promissory note	-	-	5,140	-	-	5,097	43	5,140	800,112	12,681	812,793
Real Estate Credit Notes	-	-	-	-	-	-	-	-	82,755	118	82,873
Financial Bills	-	-	55,572	-	-	55,773	(201)	55,572	142,286	230	142,516
Investment fund shares	240,449	-	-	-	-	240,449	-	240,449	172,676	-	172,676
Mortgage-backed securities	-	-	-	-	1,294,062	1,318,561	(24,499)	1,294,062	930,417	(89,645)	840,772
Shares (2)	7,775,742	-	-	-	-	8,032,279	(256,537)	7,775,742	8,510,529	(2,555,548)	5,954,981
Total	8,016,191	-	132,707	428,496	14,049,903	23,567,368	(940,071)	22,627,297	17,901,362	(2,757,139)	15,144,223

(1) Mark-to-market adjustment (Equity) includes the mark-to-market adjustment of marketable securities of the subsidiary. The effect of the mark-to-market recorded in Equity is (181,614) - 12/31/2015 - (1,133,284); net of tax effects;

(2) The equity interests, classified into Category II, are subject to periodic impairment testing, as provided for in BACEN Circular No. 3068/2001. In 2016, there was impairment of assets amounting to R\$ 87,274.

Notes to the Consolidated Financial Statements

In thousands of reais, unless otherwise stated

(c.3) Category III - Held-to-maturity securities

CAIXA has financial capacity to hold these securities to their respective maturities, in accordance with Management's intention.

Description	12/31/2016				12/31/2015		12/31/2015	
	1 to 90 days	91 to 180 days	181 to 360 days	More than 360 days	Cost	Market Value	Cost	Market Value
Brazilian Government Securities	1,624,711	8,584,625	-	37,007,086	47,216,422	48,530,232	64,140,525	60,311,350
Financial Treasury Bills	-	-	-	5,816,077	5,816,077	5,807,304	-	-
Federal Treasury Bills	249,908	-	-	4,764,500	5,014,408	5,079,456	29,688,560	29,339,432
Federal Treasury Notes	1,374,803	8,584,625	-	26,426,509	36,385,937	37,643,472	34,451,965	30,971,918
Securities – companies	-	-	-	2,275,172	2,275,172	2,355,985	71,681	57,460
Debentures (1)	-	-	-	141,134	141,134	4,749	-	-
Real estate receivables certificate	-	-	-	2,134,038	2,134,038	2,351,236	71,681	57,460
Total	1,624,711	8,584,625	-	39,282,258	49,491,594	50,886,217	64,212,206	60,368,810

(1) The debentures classified under Category III are liable to periodical impairment testing, as determined by the BACEN Circular Letter No. 3068/2001; in 2016, impairment of debentures amounting to R\$ 220,767 was computed and recognized.

(d) Income from securities

Description	2016		2015	
	2nd Semester	Year	2nd Semester	Year
Financial assets held for trading	7,644,659	17,606,509	2,751,670	7,562,206
Financial assets available for sale	1,018,760	1,780,558	1,316,160	2,094,147
Financial assets held to maturity	2,635,947	6,410,072	3,619,912	7,241,492
Other	5,356	2,561	11,518	11,350
Total	11,304,722	25,799,700	7,699,260	16,909,195

Notes to the Consolidated Financial Statements

In thousands of reais, unless otherwise stated

(e) Derivative financial instruments

CAIXA uses derivative financial instruments (IFD) recorded in balance sheet and memorandum accounts, which are used to meet its own needs to manage exposures to manage its risk exposure (hedge). These operations involve DI futures contracts, US dollars, exchange coupons, and swap contracts.

Derivative financial instruments, when used as hedging instruments, are designed to hedge changes in foreign exchange rates and variations in the interest rates of assets and liabilities.

Derivatives usually represent future commitments to exchange currencies or indexes, or to purchase or sell other financial instruments under the terms and dates set forth in the contracts. Swap contracts are recorded with or without guarantee in BM&FBovespa or CETIP.

In case they are registered with collateral, there is a clearing that becomes responsible for calculating the daily adjustments and the guarantee margin to be deposited for payment in the event of default of any party. Thus, it is the clearing that becomes the counterparty to the contracts. Accordingly, in this type of registration there is no credit risk.

In case they are registered without collateral, there is no clearing calculating the daily adjustments and guaranteeing the payments and these amounts are calculated between the parties. In this case, however, there is the possibility of entering into contracts (Master Derivative Agreement – CGD and Assignment in Trust), which establish clauses guaranteeing the payment between the parties. Furthermore, in this type of registration, there is a defined credit which, when exceeded, requires assets to be deposited in an escrow account, which is managed by the parties. In this case, there is a credit risk up to the limit set in the agreement.

The reference values of these derivatives are recorded in memorandum accounts, and the differences receivable or payable in balance sheet accounts.

(f) Hedge Accounting

CAIXA established a fair value hedging structures to hedge against exposure to changes in market risk in the interest and principal payment of foreign issues and issues in financial bills indexed to Extended Consumer Price Index (IPCA).

Foreign onlendings and loans are hedged against dollar variation and dollar coupon in payment of principal, interest and 15% tax on payment of interest, which is hedged.

The structure is built for internalized balances and is hedged through swap contracts, as under:

- Swap long position: US Dollar variation + foreign exchange rate;
- Swap short position: DI variation %.

Structured accounting hedge for financial bills indexed to IPCA aims to hedge against changes in IPCA and IPCA coupon, hedge underlying object, and is hedged through swap contracts, as under:

- Swap long position: IPCA variation + rate;
- Swap short position: DI variation %.

Since future flows of the hedge underlying asset are matched with the swap long position, the effectiveness of operations remains close to 100%, within the range of 80% and 125% for hedge effectiveness, as established in BACEN Circular Letter No. 3082/2002

Notes to the Consolidated Financial Statements

In thousands of reais, unless otherwise stated

ACCOUNTING HEDGE								
Structures	12/31/2016				12/31/2015			
	Hedge instruments			Hedge underlying object	Hedge instruments			Hedge underlying object
	Nominal value	Interest	Adjustment to market value (1)	Book value	Nominal value	Interest	Adjustment to market value (1)	Book value
Foreign onlendings	14,828,905	116,658	(27,922)	11,295,759	17,766,840	123,807	3,131,123	13,523,638
Loans 4131	1,629,250	14,713	(197,651)	1,643,963	9,350,559	71,069	943,617	9,421,628
Financial bills	1,020,660	483,801	31,577	1,504,460	1,010,660	301,035	(91,401)	1,311,694
Total	17,478,815	615,172	(193,996)	14,444,182	28,128,059	495,911	3,983,339	24,256,960

(1) Accumulated adjustment of swap contracts

TIMEFRAME						
Maturity	12/31/2016			12/31/2015		
	Foreign onlendings	Loans 4131	Financial bills	Foreign onlendings	Loans 4131	Financial bills
2016	-	-	-	413,232	2,063,749	-
2017	2,161,629	1,471,761	175,000	2,161,628	3,075,832	175,000
2018	958,578	-	21,500	958,578	2,911,506	16,500
2019	4,147,737	-	10,150	4,147,736	-	10,150
2020	30,805	-	16,360	30,805	-	11,360
2021	29,717	-	25,000	29,717	-	25,000
2022	719,797	-	-	719,797	-	-
2023	-	-	562,000	-	-	562,000
2024	-	-	203,450	-	-	203,450
2025	-	-	7,200	-	-	7,200
Total	8,048,263	1,471,761	1,020,660	8,461,493	8,051,087	1,010,660

Notes to the Consolidated Financial Statements

In thousands of reais, unless otherwise stated

(g) Breakdown of derivative financial instruments portfolio by index, stated at notional and equity value:

Description	Offsetting account / reference value		Equity value receivable (received) / payable (paid)	Adjustments to market value (equity)	Equity value	
	12/31/2016	12/31/2015			12/31/2016	12/31/2015
Futures						
Subject to repurchase agreement	98,199,829	70,294,595	-	-	-	-
Interbank market	99,475,047	70,292,013	-	-	-	-
Exchange Coupons	(1,275,218)	2,582	-	-	-	-
Swaps						
Long Position	10,540,683	17,523,240	1,007,961	(129,146)	878,815	4,141,121
Index	1,020,660	1,010,660	43,281	(9,187)	34,094	2,481
Foreign Currency	9,520,023	16,512,580	964,680	(119,959)	844,721	4,138,640
Short Position	10,540,683	17,523,240	1,059,550	13,261	1,072,811	157,782
Index	1,020,660	1,010,660	47	2,469	2,516	93,882
Foreign Currency	9,520,023	16,512,580	1,059,503	10,792	1,070,295	63,900

(h) Breakdown of derivative financial instrument portfolio by counterparty and maturity, stated at equity value :

Description	12/31/2016							12/31/2015
	Equity value receivable (received) / payable (paid)	Adjustments to market value (P&L/ equity)	Equity value	1 to 90 days	91 to 180 days	181 to 360 days	More than 360 days	Equity value
Long Position:								
Swap contracts – adjustments receivable	1.007.961	(129.146)	878.815	643	18.386	371.655	488.131	4.141.121
BM&FBOVESPA	43.281	(9.187)	34.094	-	1.205	483	32.406	2.481
Companies	964.680	(119.959)	844.721	643	17.181	371.172	455.725	4.138.640
Short Position:								
Swap contracts – adjustments payable	1.059.550	13.261	1.072.811	14.098	154.223	82.068	822.422	157.782
BM&FBOVESPA	47	2.469	2.516	-	-	-	2.516	93.882
Companies	1.059.503	10.792	1.070.295	14.098	154.223	82.068	819.906	63.900

Notes to the Consolidated Financial Statements

In thousands of reais, unless otherwise stated

(i) Breakdown of derivative financial instrument portfolio by type of instrument, maturity, stated at reference value:

Description	12/31/2016				12/31/2015	
	1 to 90 days	91 to 180 days	181 to 360 days	More than 360 days	Market Value	Market Value
Offsetting account / reference value						
Futures contracts	14,154,626	2,395,268	15,296,066	66,353,869	98,199,829	70,294,595
Swap agreements	323,795	1,125,617	2,358,978	6,732,293	10,540,683	17,523,240

(j) Realized and unrealized gains (losses) in the portfolio of derivative financial instruments:

Description	2016		2015	
	2nd Semester	Year	2nd Semester	Year
Swap	(388,677)	(4,224,757)	2,886,334	4,277,477
Futures	(741,226)	(4,668,097)	3,969,088	4,596,574
Total realized	(1,129,903)	(8,892,854)	6,855,422	8,874,051

(k) Securities tied to BACEN and offered as collateral

The guarantee margin is the deposit required from all parties that have outstanding risk positions, with the purpose of ensuring performance of all the related contracts. The guarantee margin on transactions with financial instruments is as follows:

Description	12/31/2016	12/31/2015
Brazilian Government Securities	6,708,603	11,280,294
Financial Treasury Bills	1,910,805	-
Federal Treasury Bills	4,794,905	11,277,716
Federal Treasury Notes	2,893	2,578

Notes to the Consolidated Financial Statements

In thousands of reais, unless otherwise stated

Note 7 – Interbank accounts

(a) The deposits with the Brazilian Central Bank mainly comprise compulsory deposits which are adjusted for inflation by official indexes and interest rates, except for those relating to demand deposits, and are not available to fund CAIXA's routine operations, therefore are not considered as cash equivalents.

Description	Yield	12/31/2016	12/31/2015
Compulsory deposits on demand deposits	None	8,730,689	4,970,101
Compulsory deposits on savings deposits (1)	TR + 6,17% p.a.	50,736,247	53,926,379
Compulsory deposits on time deposits	SELIC rate	31,473,690	22,343,773
Additional compulsory deposits	SELIC rate	28,718,150	24,876,297
Total		119.658.776	106.116.550

(1) For deposits made as from May 4, 2012, when the SELIC rate is lower than or equal to 8.5% per year, the yield of the compulsory deposits on savings deposits will be the Referential Interest Rate (TR) + 70% of the annual SELIC rate.

(b) Account "Linked credits – SFH" includes amounts to be refunded to FGTS and residual amounts of contracts terminated and to be reimbursed by FCVS, which are under novation with that Fund.

Description	12/31/2016	12/31/2015
FGTS reimbursable	110,273	91,941
FCVS receivable	31,260,514	28,867,828
Not yet qualified (1)	1,379,046	1,686,271
Qualified and awaiting approval (2)	10,787,748	9,707,114
Qualified and approved (3)	19,093,720	17,474,443
Provision of FCVS receivable	(3,258,997)	(2,797,741)
Total (net of provision)	28,111,790	26,162,028

(1) Contracts not yet submitted to approval of the FCVS, as they are in the process of qualification by CAIXA.

(2) Contracts already qualified by CAIXA, which are under analysis by FCVS for final approval of the FCVS.

(3) Qualified and approved credits represent the contracts already analyzed and accepted by the FCVS and which depend on the process of securitization, as set forth in Law 10150/2000, for their realization.

The contracts to be reimbursed by FCVS accrue interest of up to 6.17% per year and are adjusted for inflation based on the Referential Interest Rate (TR). The effective realization of these credits depends on compliance with a set of 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 compliance with the rules and procedures, which enabled 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. The provision for credits with the FCVS is based on half-yearly statistical studies and takes into account the history of loss due to the Fund's refusal to accept liability.

(c) Income from compulsory investments

Description	2016		2015	
	2nd Semester	Year	2nd Semester	Year
Compulsory deposits at BACEN	5,888,969	11,233,580	5,083,022	9,192,461
Compulsory deposits at SFH	1,211,223	2,392,920	1,211,383	2,242,656
Total	7,100,192	13,626,500	6,294,405	11,435,117

Notes to the Consolidated Financial Statements

In thousands of reais, unless otherwise stated

Nota 8 – Loan portfolio
(a) Analysis of the loan portfolio by type of transaction and risk levels

Loan transactions	AA	A	B	C	D	E	F	G	H	12/31/2016	12/31/2015
Loan transactions	372,618,937	85,610,939	95,610,225	78,502,727	29,211,402	7,077,553	5,312,829	3,314,253	19,469,075	696,727,940	667,349,336
Loans and bills discounted	30,664,269	25,572,700	43,431,071	30,700,339	9,462,061	4,058,300	2,118,077	1,827,880	12,630,664	160,465,361	163,744,084
Financing	12,688,723	9,131,622	2,813,237	2,734,075	1,433,786	446,821	272,485	225,658	1,556,112	31,302,519	35,920,873
Rural and agribusiness financing	1,077,785	2,558,480	1,845,420	1,135,142	238,357	55,480	39,039	28,109	239,101	7,216,913	7,488,834
Real estate financing	277,700,476	24,502,766	41,902,107	36,883,050	15,567,304	2,493,020	1,342,515	868,975	4,235,059	405,495,272	384,175,883
Infrastructure and development financing	49,487,403	11,569,788	5,309,109	6,893,761	2,454,176	-	1,524,648	353,403	787,198	78,379,486	70,658,301
Loan operations linked to assignments (1)	1,000,281	12,275,583	309,281	156,360	55,718	23,932	16,065	10,228	20,941	13,868,389	5,361,361
Other loan-like receivables	3,660,547	5,968,224	1,000,050	951,411	541,057	121,364	61,433	23,054	233,655	12,560,795	12,137,251
Letters of credit	1,108,432	4,776,496	383,582	286,289	154,630	39,858	22,945	15,706	160,216	6,948,154	7,028,676
Advances on exchange contracts (2)	2,544,835	647,082	610,419	564,192	342,209	3,151	30,692	5,962	31,181	4,779,723	4,517,270
Acquired credits (3)	-	541,173	-	94,397	28,542	71,455	-	-	-	735,567	530,573
Sundry	7,280	3,473	6,049	6,533	15,676	6,900	7,796	1,386	42,258	97,351	60,732
Total	376,279,484	91,579,163	96,610,275	79,454,138	29,752,459	7,198,917	5,374,262	3,337,307	19,702,730	709,288,735	679,486,587
Allowance for loan losses	(46,483)	(786,131)	(1,270,257)	(3,087,513)	(3,480,851)	(2,377,300)	(2,688,109)	(2,336,113)	(19,702,730)	(35,775,487)	(33,880,851)
Total net provisions	376,233,001	90,793,032	95,340,018	76,366,625	26,271,608	4,821,617	2,686,153	1,001,194	-	673,513,248	645,605,736

(1) Changes in the balance of Loans granted is due to the loan transaction entered into by CAIXA and CIBRASEC in the second half of the year, as disclosed in Note 8f -

Financial assets sale or transfer operations.

(2) Advances on exchange agreements are recorded as a reduction of "Other Liabilities";

(3) Credits acquired as guarantee of Banks PAN, Cruzeiro do Sul, BMG, Bonsucesso, BMB and Daycoval.

Notes to the Consolidated Financial Statements

In thousands of reais, unless otherwise stated

(b) Analysis of allowance for loan losses

Loan transactions	AA	A	B	C	D	E	F	G	H	12/31/2016	12/31/2015
Regulatory provision	-	(457,895)	(966,102)	(2,383,625)	(2,975,247)	(2,159,675)	(2,687,134)	(2,336,113)	(19,702,730)	(33,668,521)	(32,886,033)
Loan transactions	-	(428,055)	(956,102)	(2,355,082)	(2,921,141)	(2,123,266)	(2,656,417)	(2,319,976)	(19,469,080)	(33,229,119)	(32,499,349)
Loans and bills discounted	-	(127,864)	(434,311)	(921,010)	(946,206)	(1,217,490)	(1,059,039)	(1,279,516)	(12,630,669)	(18,616,105)	(17,638,759)
Financing	-	(45,658)	(28,132)	(82,022)	(143,379)	(134,046)	(136,243)	(157,961)	(1,556,112)	(2,283,553)	(2,446,700)
Rural and agribusiness financing	-	(12,792)	(18,454)	(34,054)	(23,836)	(16,644)	(19,520)	(19,676)	(239,101)	(384,077)	(377,704)
Real estate financing	-	(122,514)	(419,021)	(1,106,492)	(1,556,730)	(747,906)	(671,258)	(608,283)	(4,235,059)	(9,467,263)	(10,124,950)
Infrastructure and development financing	-	(57,849)	(53,091)	(206,813)	(245,418)	-	(762,324)	(247,382)	(787,198)	(2,360,075)	(1,856,743)
Loan operations linked to assignments	-	(61,378)	(3,093)	(4,691)	(5,572)	(7,180)	(8,033)	(7,158)	(20,941)	(118,046)	(54,493)
Other loan-like receivables	-	(29,840)	(10,000)	(28,543)	(54,106)	(36,409)	(30,717)	(16,137)	(233,650)	(439,402)	(386,684)
Letters of credit	-	(23,882)	(3,836)	(8,589)	(15,463)	(11,957)	(11,473)	(10,994)	(160,216)	(246,410)	(235,185)
Advances on exchange contracts	-	(3,235)	(6,104)	(16,926)	(34,221)	(945)	(15,346)	(4,173)	(31,181)	(112,131)	(98,670)
Acquired credits	-	(2,706)	-	(2,832)	(2,854)	(21,437)	-	-	-	(29,829)	(40,443)
Sundry	-	(17)	(60)	(196)	(1,568)	(2,070)	(3,898)	(970)	(42,253)	(51,032)	(12,386)
Supplementary provision (1)	(46,483)	(328,236)	(304,155)	(703,888)	(505,604)	(217,625)	(975)	-	-	(2,106,966)	(994,818)
Loans	(44,801)	(322,411)	(296,067)	(691,383)	(492,400)	(214,680)	(60)	-	-	(2,061,802)	(977,531)
Loans and discounted notes	(14,960)	(36,677)	(103,109)	(239,379)	(291,441)	(136,952)	(21)	-	-	(822,539)	(699,890)
Financing	(3,627)	(15,467)	(24,078)	(57,944)	(109,944)	(77,511)	(36)	-	-	(288,607)	(199,170)
Rural and agribusiness financing	(2,275)	(1,916)	(9,553)	(11,186)	(24,123)	(211)	-	-	-	(49,264)	(20,955)
Real estate financing	(22,006)	(264,421)	(152,398)	(382,566)	(66,892)	(6)	(3)	-	-	(888,292)	(57,516)
Financing of infrastructure	(1,933)	(3,930)	(6,929)	(308)	-	-	-	-	-	(13,100)	-
Other loan-like receivables	(1,682)	(5,825)	(8,088)	(12,505)	(13,204)	(2,945)	(915)	-	-	(45,164)	(17,287)
Credit card	(124)	(353)	(898)	(2,790)	(2,389)	(2,256)	-	-	-	(8,810)	(9,851)
Advances on exchange contracts	(265)	(1,398)	(3,903)	(3,891)	(709)	(80)	-	-	-	(10,246)	(6,479)
Loans acquired	-	-	-	(1,333)	-	-	-	-	-	(1,333)	-
Sundry	(1,293)	(4,074)	(3,287)	(4,491)	(10,106)	(609)	(915)	-	-	(24,775)	(957)
Total provision	(46,483)	(786,131)	(1,270,257)	(3,087,513)	(3,480,851)	(2,377,300)	(2,688,109)	(2,336,113)	(19,702,730)	(35,775,487)	(33,880,851)

(1) It refers to the provision supplementary to minimum percentages required by CMN Resolution No. 2682 of December 21, 1999, using the expected loss methodology, adopted in the institution's credit risk management.

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In thousands of reais, unless otherwise stated

(c) Maturity buckets and risk levels
(c.1) Normal status

Description	AA	A	B	C	D	E	F	G	H	12/31/2016	12/31/2015
Portions falling due	376,176,941	91,291,264	83,979,939	62,504,704	19,360,093	2,680,253	2,518,104	1,078,856	7,090,937	646,681,091	619,065,105
1 to 30 days	10,247,221	7,226,783	3,682,075	3,137,245	1,022,726	145,981	73,383	52,519	1,083,088	26,671,021	23,603,731
31 to 60 days	4,359,422	3,915,297	2,546,150	1,813,504	597,776	110,530	56,316	40,387	269,677	13,709,059	13,514,034
61 to 90 days	4,504,446	3,136,961	2,018,317	1,925,328	596,159	99,949	59,947	36,114	246,090	12,623,311	12,405,708
91 to 180 days	15,328,020	8,521,188	6,740,789	5,235,909	1,570,145	276,776	156,624	99,879	659,308	38,588,638	36,959,435
181 to 360 days	23,593,560	11,769,989	10,353,437	7,518,441	2,409,996	415,170	214,987	149,701	907,453	57,332,734	60,308,995
More than 360 days	318,144,272	56,721,046	58,639,171	42,874,277	13,163,291	1,631,847	1,956,847	700,256	3,925,321	497,756,328	472,273,202
Portions overdue	102,543	287,899	170,656	165,091	72,960	15,203	6,808	3,976	34,759	859,895	1,497,222
01 to 14 days	57,005	260,145	103,236	104,803	50,369	11,180	4,588	2,853	24,188	618,367	1,233,339
15 to 30 days	45,538	27,754	67,420	60,288	22,591	4,023	2,220	1,123	10,571	241,528	263,883
Total	376,279,484	91,579,163	84,150,595	62,669,795	19,433,053	2,695,456	2,524,912	1,082,832	7,125,696	647,540,986	620,562,327

Notes to the Consolidated Financial Statements

In thousands of reais, unless otherwise stated

(c.2) Abnormal status

Description	AA	A	B	C	D	E	F	G	H	12/31/2016	12/31/2015
Past-due Installments	-	-	607,828	1,495,337	1,770,027	1,710,890	1,500,446	1,332,409	8,851,493	17,268,430	20,260,607
1 to 30 days	-	-	466,695	264,784	160,968	51,207	30,991	20,493	105,726	1,100,864	1,074,802
31 to 60 days	-	-	141,129	819,236	250,156	178,873	46,860	26,076	171,316	1,633,646	1,441,634
61 to 90 days	-	-	1	238,638	891,576	266,091	119,240	78,710	442,021	2,036,277	2,856,063
91 to 180 days	-	-	1	172,669	467,207	844,413	912,977	794,836	1,414,283	4,606,386	6,431,632
181 to 360 days	-	-	2	10	120	370,306	390,378	412,294	5,657,236	6,830,346	7,614,252
More than 360 days	-	-	-	-	-	-	-	-	1,060,911	1,060,911	842,224
Falling due Installments	-	-	11,851,852	15,289,006	8,549,379	2,792,571	1,348,904	922,066	3,725,541	44,479,319	38,663,653
1 to 30 days	-	-	194,196	298,341	258,472	109,360	48,727	19,652	120,334	1,049,082	789,011
31 to 60 days	-	-	179,024	271,594	145,632	84,980	45,891	19,453	100,576	847,150	708,886
61 to 90 days	-	-	160,076	259,488	139,438	127,260	43,319	18,365	96,284	844,230	696,699
91 to 180 days	-	-	479,028	728,028	398,855	230,451	84,197	52,246	279,347	2,252,152	1,979,434
181 to 360 days	-	-	859,145	1,158,784	689,357	357,619	136,999	96,163	498,817	3,796,884	3,590,324
More than 360 days	-	-	9,980,383	12,572,771	6,917,625	1,882,901	989,771	716,187	2,630,183	35,689,821	30,899,299
Total	-	-	12,459,680	16,784,343	10,319,406	4,503,461	2,849,350	2,254,475	12,577,034	61,747,749	58,924,260

Notes to the Consolidated Financial Statements

In thousands of reais, unless otherwise stated

(d) Breakdown of loan portfolio by activity sector

Description	12/31/2016	12/31/2015
PUBLIC SECTOR	59,737,687	53,154,586
Direct administration	34,138,953	28,015,215
Indirect administration– petrochemical	11,442,912	11,308,664
Indirect administration– sanitation and infrastructure	4,612,824	4,169,113
Indirect administration – other	9,542,998	9,661,594
PRIVATE SECTOR	649,551,048	626,332,001
LEGAL ENTITY	133,474,909	139,077,776
Retail	21,188,753	24,428,543
Civil construction work	16,650,759	17,291,122
Iron and steel industry	9,607,243	9,630,222
Electricity	16,043,669	12,167,623
Financial services	5,629,158	8,457,686
Other industries	6,270,445	7,726,781
Transport	10,172,335	10,192,010
Agribusiness and extractive activities	4,330,213	5,330,556
Wholesale	7,289,830	7,105,384
Health	4,522,301	4,026,272
Sanitation and infrastructure	6,653,075	5,684,020
Petrochemical	1,775,383	2,497,286
Textile	1,872,246	2,047,543
Communications	1,304,053	1,538,300
Food	2,291,769	2,321,937
Personal services	297,038	346,073
Other services	17,576,639	18,286,418
INDIVIDUAL	516,076,139	487,254,225
Total	709,288,735	679,486,587

(e) Income from loan operations

Description	2016		2015	
	2nd Semester	Year	2nd Semester	Year
Loans, discounted notes and financing	24,930,064	48,760,014	22,661,761	44,277,328
Rural and agroindustrial financing	229,445	457,400	231,007	395,772
Mortgage loans	19,546,168	37,970,862	18,293,023	34,176,442
Financing of infrastructure and development	3,653,163	6,991,120	4,648,777	7,740,781
Other receivables	6,643	12,593	6,614	10,056
Total	48,365,483	94,191,989	45,841,182	86,600,379

(f) Financial assets sale or transfer operations

CAIXA acquires, sells or transfers financial assets as a business strategy in its operations.

Credit assignment is in line with the Institution's operational strategy, which results in the recognition of revenues and expenses from these operations in trading revenues/expenses.

Notes to the Consolidated Financial Statements

In thousands of reais, unless otherwise stated

Effective as from January 1, 2012, CMN Resolution No. 3533/2008 establishes procedures to classify, record and disclose financial assets sale and transfer transactions.

The classification as substantial retention of risks and rewards, in loan transactions, is due to the joint liability in such loans. The referred to classification in assigned transactions remain recorded in the assignor's assets and the funds received are recorded in assets with a matching entry in liabilities, by virtue of the liability assumed. Revenues and expenses referring to loans realized are recognized in profit or loss, according to the remaining term of such transactions.

(f.1) Loan portfolios assigned

In 2016, burdensome loan assignments without joint liability were conducted, as follows:

Description	Credits - assets	Credits written off - losses	Total assignment	Amount received
RCB Planejamento Financeiro LTDA	1,033,898	238,500	1,272,397	65,797
Omni Financeira	980,277	425,838	1,406,115	72,690
Total	2,014,175	664,338	2,678,512	138,487

In the second half of 2016, CAIXA and CIBRASEC – Companhia Brasileira de Securitização entered into an agreement for housing loan assignment with joint liability of R\$6,069,071.

Portfolio assignment				
Description	2016		2015	
	2nd Semester	Year	2nd Semester	Year
Revenue from sales or portfolio assignment	561,781	2,956,743	1,482,162	3,237,459
Recovered amount – loss (1)	-	34,372	124,907	366,765
Ativos S.A	-	-	56,123	85,132
Omni S/A	-	22,058	68,784	68,784
RCB Planejamento Financeiro LTDA	-	12,314	-	-
Renova Companhia Securitizadora S.A	-	-	-	212,849
Reversal of provision (1)	-	2,014,038	1,084,038	2,352,007
Ativos S.A	-	-	-	338,066
Omni S/A	-	980,140	1,084,038	1,084,038
RCB Planejamento Financeiro LTDA	-	1,033,898	-	-
Renova Companhia Securitizadora S.A	-	-	-	929,903
Assignment-related revenue (2)	561,781	908,333	273,217	518,687
CIBRASEC, GAIA and RB Capital Securitizadora	561,781	908,333	273,217	518,687
Sales or portfolio assignment expenses	(571,624)	(2,835,434)	(1,298,111)	(2,815,517)
Assignment-related expenses (2)	(571,624)	(921,006)	(275,050)	(519,166)
CIBRASEC, GAIA e RB Capital Securitizadora	(571,624)	(921,006)	(275,050)	(519,166)
Obligation losses for assignment-related operations (1)	-	(1,914,428)	(1,023,061)	(2,296,351)
Ativos S.A	-	-	(4,486)	(345,257)
Omni S/A	-	(933,775)	(1,018,575)	(1,018,575)
RCB Planejamento Financeiro LTDA	-	(980,653)	-	-
Renova Companhia Securitizadora S.A	-	-	-	(932,519)
Expenses with the provision for portfolios assigned with co-liability (2)	(49,180)	(77,323)	(21,235)	(56,542)
CIBRASEC, GAIA and RB Capital Securitizadora	(49,180)	(77,323)	(21,235)	(56,542)
P&L	(59,023)	43,986	162,816	365,400

(1) Credit assignment, without co-liability.

(2) Credit assignment, with co-liability.

Notes to the Consolidated Financial Statements

In thousands of reais, unless otherwise stated

(f.2) Portfolios acquired

P&L from portfolios acquired				
Description	2016		2015	
	2nd Semester	Year	2nd Semester	Year
With guarantee (1)	54,828	89,515	41,125	82,540
Revenue from credits linked to operations acquired in assignment	56,329	91,016	41,341	85,133
Obligation expenses for assignment-related operations	(1,501)	(1,501)	(216)	(2,593)
Without guarantee (2)	2,077,820	3,884,281	1,611,348	2,822,761
Revenue from credits linked to operations acquired in assignment	2,077,839	3,884,316	1,611,136	2,823,051
Obligation expenses for assignment-related operations	(19)	(35)	212	(290)
P&L	2,132,648	3,973,796	1,652,473	2,905,301

(1) Portfolios acquired from banks Cruzeiro do Sul, BMG, Bonsucesso, BMB, PAN and Daycoval.

(2) Portfolios acquired from Bank PAN.

(g) Concentration of main debtors

Description	12/31/2016	%	12/31/2015	%
Main debtor	11,442,912	1.61	11,308,664	1.66
10 major debtors	48,532,191	6.84	47,803,402	7.04
20 major debtors	68,613,692	9.67	66,334,889	9.76
50 major debtors	92,962,442	13.11	89,689,691	13.20
100 major debtors	108,755,508	15.33	104,434,440	15.37

(h) Breakdown of renegotiation portfolio

Description	2016		2015	
	2nd Semester	Year	2nd Semester	Year
Renegotiated Operations	7,365,881	15,242,818	7,392,620	13,004,376
Commercial Operations	7,132,315	14,331,430	7,183,394	12,532,483
Housing Loan Operations	233,566	911,388	209,226	471,893
Recovered Operations	1,123,668	2,344,390	1,407,960	2,460,437
Commercial Operations	763,830	1,649,367	1,160,889	1,950,470
Housing Loan Operations	359,838	695,023	247,071	509,967

Notes to the Consolidated Financial Statements

In thousands of reais, unless otherwise stated

(i) Changes in the allowance for loan losses

Description	2016		2015	
	2nd Semester	Year	2nd Semester	Year
Opening balance	(36,768,715)	(33,880,851)	(29,413,979)	(26,806,599)
Provision set up for the period	(13,227,321)	(28,822,303)	(21,668,531)	(39,023,091)
Reversal of provision for the period	3,185,312	8,712,936	11,594,442	19,366,075
Losses	11,035,237	18,214,731	5,607,217	12,582,764
Closing balance	(35,775,487)	(35,775,487)	(33,880,851)	(33,880,851)

Note 9 – Other receivables**(a) Breakdown**

Description	12/31/2016	12/31/2015 (Note 3 (t))
Receivables from guarantees honored	30,567	30,749
Foreign exchange portfolio – Note 9 (c)	5,412,747	5,473,711
Income receivable	2,138,956	2,833,916
Dividends and interest on own capital receivable	235,103	217,944
Agreements with the private sector	85,734	106,535
Agreements with the public sector	363,628	499,310
Management of investment funds	82,378	61,192
Management of social funds and programs	1,315,650	1,901,374
Other receivables	56,463	47,561
Negotiation and intermediation of securities	15,800	48,313
Specific receivables	937,833	836,716
Sundry – Note 9 (b)	70,906,531	65,810,908
Provision for losses on other receivables (1)	(484,566)	(403,971)
Total	78,957,868	74,630,342
Current assets	36,524,340	42,856,045
Non-current assets	42,433,528	31,774,297

(1) Refers to provision for credit card portfolios and advance of exchange contracts of the credit concession type (Note 8 (b)).

Notes to the Consolidated Financial Statements

In thousands of reais, unless otherwise stated

b) Other receivables - sundry

Description	12/31/2016	12/31/2015 (Note 3 (t))
Tax credits – (Note 20)	38,580,898	35,934,195
Receivables from escrow deposits – (Note 30 (c))	15,417,738	13,711,179
Salary advances and prepayments	224,402	208,821
Advance of dividends and interest on equity	681,562	2,414,154
Taxes and contributions to be offset	721,485	1,210,837
Credit cards (1)	7,240,943	7,240,589
Premium on purchase of loan portfolios	2,506,533	1,512,617
Insurance receivable	359,916	212,373
Credits acquired	735,567	530,574
Receivables – fund administration and social programs	99,795	138,843
Receivables – royalties	578,362	277,384
Receivables – FND	500,466	451,485
Receivables – correspondents	109,212	107,097
Receivables – redemption of bonus	114,701	105,906
Receivables – government revenue and collection agreements	5,988	8,372
Receivables – administered credits	26,182	25,243
Receivables – health plans – self-management	148,098	13,805
Receivables – Credit assignment	36,458	30,896
Receivables – sureties and guarantees paid	199,578	181,918
Unrecognized amounts (2)	2,978,657	2,294,688
Other debtors	1,051,077	611,019
Discount on other financial assets	(1,411,087)	(1,411,087)
Total	70,906,531	65,810,908
Current assets	28,445,066	34,016,894
Non-current assets	42,461,465	31,794,014

(1) This includes R\$ 6,948,154 (12/31/2015 - R\$ 7,028,676) of credits with credit lending characteristics (Note 8 (a)) and credit card annual fee, with no credit lending characteristics.

(2) Assets classified in suspense accounts, mainly, release of real estate credits and redemption of investments.

Notes to the Consolidated Financial Statements

In thousands of reais, unless otherwise stated

(c) Foreign exchange portfolio

Description	12/31/2016	12/31/2015
Assets – Other receivables		
Foreign exchange purchases pending settlement – Foreign currency (1)	4,877,853	5,342,526
Receivables from foreign exchange sales – Local currency (2)	455,814	52,097
Income receivable from advances granted - ACC/ACE	85,150	80,092
(-) Advances received – Local currency	(6,070)	(1,004)
Current assets	5,412,747	5,473,711
Liabilities - Other liabilities		
Foreign exchange sales pending settlement – Foreign currency	455,487	52,021
Payables for foreign exchange purchases – Local currency	5,130,709	4,489,392
(-) Advances on foreign exchange contracts (ACC/ACE)	(4,687,898)	(4,437,178)
Current liabilities (Note 18 (a))	898,298	104,235

(1) Amount at 12/31/2015 restated due to internal reclassifications of the respective items.

(2) Amount at 12/31/2015 restated due to internal reclassifications of the respective items.

(c.1) Results of foreign exchange transactions

Description	2016		2015	
	2nd Semester	Year	2nd Semester	Year
Revenues	503,255	706,355	21,392,670	34,797,888
Exchange gains/losses - cash in foreign currency (1)	39,133	(189,256)	20,318,862	32,929,924
Exchange gains/losses - other	362,674	713,842	988,141	1,733,574
Foreign exchange transactions	101,448	181,769	85,667	134,390
Expenses	(313,925)	(1,931,641)	(19,637,443)	(32,106,801)
Exchange gains/losses - cash in foreign currency (1)	(3,354)	(1,620,310)	(19,636,716)	(32,092,730)
Exchange gains/losses - other	(310,218)	(310,703)	(442)	(13,517)
Foreign exchange transactions	(353)	(628)	(285)	(554)
Income (loss) from foreign exchange transactions	189,330	(1,225,286)	1,755,227	2,691,087

(1) As determined by Circular Letter No. 3731, of October 13, 2015, in 2016, exchange gains are concentrated in the revenue item and exchange losses are concentrated in the expenses item.

Notes to the Consolidated Financial Statements

In thousands of reais, unless otherwise stated

Note 10 – Other assets

Comprise:

- Assets not for own use (properties adjudicated, properties received as payment of loans, and properties that are no longer used in CAIXA's operations), submitted to impairment tests;
- Prepaid expenses that, at 12/31/2016, basically referred to prepayment of performance premium of commercial portfolios acquired from Banco PAN;
- Inventory of store and supplies.

Description	12/31/2016	12/31/2015
Assets not for own use	5,254,320	2,654,566
Properties not in use	992,886	403,467
Adjudicated/auctioned properties	4,261,434	2,251,099
Prepaid expenses	70,467	21,267
Consumption mate	35,436	34,845
Provisions for real estate devaluation losses (Note 10 (a))	(177,004)	(133,958)
Total	5,183,219	2,576,720

(a) Provisions for loss on devaluation of properties

Description	2016		2015	
	2nd Semester	Year	2nd Semester	Year
Opening balance	(163,896)	(133,958)	(94,693)	(90,591)
Provisions	(81,365)	(142,771)	(57,433)	(69,927)
Write-offs	68,257	99,725	18,168	26,560
Closing balance	(177,004)	(177,004)	(133,958)	(133,958)

Note 11 – Shareholding interest in subsidiaries and affiliates**a) Corporate shareholding interest in the consolidated interim financial statements:**

The consolidated investment portfolio is comprised of associates and jointly-controlled companies, over which CAIXAPAR and CAIXA Seguridade have significant influence or joint control, evaluated under the equity method.

Shareholding interest portfolio - CAIXAPAR	Number of shares		Interest %	
	Common	Preferred	Voting capital	Common
Banco PAN	262,164,546	112,732,358	49.00	40.35
Branes	2,200,010	-	2.00	2.00
FIP Veneza	38,775,176	-	-	75.00
Habitar	25	-	5.00	5.00
FIP Amsterdam	475	-	-	47.35
Capgemini	63,764,544	-	20.70	19.11
Cia. Brasileira de Securitização – CIBRASEC	4,000	20	9.65	9.65
Crescer	40,783,190	-	49.00	49.00
Elo Serviços	62,779	837,031,603	0.01	33.33
TECBAN	375,508,013	-	10.00	10.00

Notes to the Consolidated Financial Statements

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Shareholding interest portfolio - CAIXA Seguridade	Number of shares		Interest %	
	Common	Preferred	Voting capital	Capital
CAIXA Securitária (1)	100,000	-	100.00	100.00
PAN Seguros	166,210,711	51,313	48.99	48.99
PAN Corretora	149,940	-	49.00	49.00
CAIXA Seguros Holding S.A.	2,278,822	-	48.21	48.21

- (1) The equity interest in CAIXA Seguridade, consolidated in CAIXA, refers to the consolidated position of this investment. Accordingly, 100% interest of CAIXA Seguridade in CAIXA Securitária is eliminated upon preparation of the consolidated financial statements of CAIXA Seguridade.

Description	Investments		Equity pick-up result			
	12/31/2016	12/31/2015	2016		2015	
			2nd Semester	Year	2nd Semester	Year
CAIXA Seguros Holding	3,046,972	2,635,360	411,727	801,830	402,956	822,958
Banco PAN	878,142	1,183,161	(201,169)	(305,187)	250,787	121,570
Capgemini	117,889	177,957	(43,173)	(77,960)	(36,585)	(62,137)
Elo Serviços	23,111	18,542	1,937	5,993	(124)	3,694
Cia. Bras. de Securitização - CIBRASEC	6,994	6,956	133	259	124	249
Crescer	-	-	(5,048)	(8,124)	(3,815)	(5,094)
Branes	1,874	1,841	22	34	6	-
Galgo Sistemas de Informações S.A	1,752	-	-	-	-	-
BIAPE	-	238	(104)	(244)	2	(448)
FGO – Fundo Garantia de Operações (1)	287,712	76,069	-	-	-	-
FGHAB – Fundo Garantidor Habitação Popular	265,210	262,766	-	-	-	-
Fundo de Investimento em Participações	32,685	32,428	(568)	(1,073)	(725)	(7,319)
TECBAN	106,537	107,004	(218)	(467)	368	48,028
PAN Corretora (2)	33,130	29,381	1,022	3,749	2,771	4,912
PAN Seguros	363,179	353,709	3,759	24,795	16,578	16,578
Outros Investimentos (3) (4)	8,827	4,734	-	-	-	-
Total	5,174,014	4,890,146	168,320	443,605	632,343	942,991

- (1) Investment amount, net of provision of (R\$208,136) at 12/31/2016; (R\$344,779) at 12/31/2015.
(2) Investment amount, net of provision of (R\$33) at 12/31/2016; (R\$33) at 12/31/2015.
(3) Investment amount, net of provision of (R\$43,266) at 12/31/2016; (R\$11,085) at 12/31/2015.
(4) Investments measured at acquisition cost.

(b) Changes in goodwill on acquisition of investments in subsidiaries

Description	2016		2015	
	2nd Semester	Year	2nd Semester	Year
Prior balance	162,841	180,531	202,879	226,159
Amortization	(17,490)	(35,180)	(22,348)	(45,628)
Current balance	145,351	145,351	180,531	180,531

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Note 12 – Property and equipment in use

Considering the construction in progress rate of 14.45% (31/12/2015 – 14.34%), CAIXA is classified as defined by CMN Decision No. 2669/1999, which determines a 50% limit of Regulatory Capital as from December 31, 2002.

(a) Breakdown

Description	12/31/2016			12/31/2015		
	Cost	Depreciation	Net	Cost	Depreciation	Net
Properties in use	1,934,129	(951,218)	982,911	1,590,668	(518,560)	1,072,108
Buildings	1,872,597	(951,218)	921,379	1,529,447	(518,560)	1,010,887
Land	61,532	-	61,532	61,221	-	61,221
Revaluations of properties in use	710,140	(211,910)	498,230	715,978	(192,466)	523,512
Buildings	519,239	(211,910)	307,329	524,127	(192,466)	331,661
Land	190,901	-	190,901	191,851	-	191,851
Other assets in use	7,582,217	(5,643,724)	1,938,493	7,295,520	(5,026,378)	2,269,142
Construction in progress	3,417	-	3,417	23,881	-	23,881
Facilities, furniture and equipment in use	1,688,696	(937,172)	751,524	1,606,314	(849,561)	756,753
Communications systems	95,304	(79,839)	15,465	91,424	(77,158)	14,266
Data processing system	5,335,906	(4,280,182)	1,055,724	5,154,717	(3,799,290)	1,355,427
Transport and security system	458,894	(346,531)	112,363	419,184	(300,369)	118,815
Total	10,226,486	(6,806,852)	3,419,634	9,602,166	(5,737,404)	3,864,762

(b) Changes

Description	12/31/2015	Transfers	Additions	Write-offs	Depreciation	12/31/2016
Properties in use	1,072,108	20,574	198,326	(389)	(307,708)	982,911
Buildings	1,010,887	20,476	197,897	(173)	(307,708)	921,379
Land	61,221	98	429	(216)	-	61,532
Revaluations of properties in use	523,512	-	-	(3,864)	(21,418)	498,230
Buildings	331,661	-	-	(2,914)	(21,418)	307,329
Land	191,851	-	-	(950)	-	190,901
Other assets in use	2,269,142	(20,574)	326,904	(3,368)	(633,611)	1,938,493
Construction in progress	23,881	(20,574)	110	-	-	3,417
Facilities, furniture and equipment in use	756,753	(6,359)	90,899	(27)	(89,742)	751,524
Communications systems	14,266	2,950	962	(8)	(2,705)	15,465
Data processing system	1,355,427	3,326	195,290	(3,329)	(494,990)	1,055,724
Transport and security system	118,815	83	39,643	(4)	(46,174)	112,363
Total	3,864,762	-	525,230	(7,621)	(962,737)	3,419,634

Notes to the Consolidated Financial Statements

In thousands of reais, unless otherwise stated

Note 13 – Intangible assets
(a) Breakdown

Description	12/31/2016				12/31/2015			
	Cost	Accumulated amortization	Impairment	Net	Cost	Accumulated amortization	Impairment	Net
Payroll acquisitions	3,191,039	(1,162,601)	(1,109)	2,027,329	2,905,765	(992,807)	(6,804)	1,906,154
Other intangible assets	366,655	(73,130)	-	293,525	366,655	(57,614)	-	309,041
Logistics projects - Software	1,612,502	(448,497)	-	1,164,005	1,384,938	(352,593)	-	1,032,345
Total	5,170,196	(1,684,228)	(1,109)	3,484,859	4,657,358	(1,403,014)	(6,804)	3,247,540

(b) Changes

Description	12/31/2015	12/31/2016			Net
	Net	Changes			
		Additions	Write-offs	Amortization	
Payroll acquisitions	1,906,154	816,256	(48,760)	(646,321)	2,027,329
Other intangible assets	309,041	-	-	(15,516)	293,525
Logistics projects- Software	1,032,345	308,016	-	(176,356)	1,164,005
Total	3,247,540	1,124,272	(48,760)	(838,193)	3,484,859

Notes to the Consolidated Financial Statements

In thousands of reais, unless otherwise stated

Note 14 – Deposits
(a) Analysis

Description	12/31/2016	12/31/2015 (Note 3 (t))
Demand deposits – without yield	31,882,854	27,414,590
Individuals	15,149,797	12,800,437
Companies	12,608,920	10,703,860
Restricted	1,976,511	2,071,944
Government	1,569,328	1,343,474
Foreign currencies	-	54,540
Financial institutions	22,272	36,620
Public entities	326,537	215,008
Accounts closed	24,889	18,195
Other	204,600	170,512
Savings deposits – floating-rate yield	252,403,109	242,359,933
Individuals	248,301,920	237,999,158
Companies	2,062,215	2,482,363
Restricted	2,149	2,323
Accounts closed	2,036,825	1,876,089
Interbank deposits	608,279	2,426,627
Time deposits	210,689,327	168,918,281
Fixed-rate yield	97,181,904	80,156,145
Time deposits in local currency	97,181,904	80,156,145
Floating-rate yield	113,507,423	88,762,136
Time deposits in local currency	39,344,026	26,730,337
Remunerated judicial deposits	74,163,397	62,031,799
Special deposits and deposits of funds and programs	16,606,897	14,540,011
Without yield	141,746	271,022
Fixed-rate yield	624,067	557,968
Floating-rate yield	15,841,084	13,711,021
Other	45	-
Total	512,190,511	455,659,442
Current liabilities	403,115,342	368,124,932
Non-current liabilities	109,075,169	87,534,510

(b) Deposits by maturity

Deposits	No maturity	1 to 90 days	91 to 360 days	More than 360 days	12/31/2016	12/31/2015 (Note 3 (t))
Demand deposits	31,882,854	-	-	-	31,882,854	27,414,590
Savings deposits	252,403,109	-	-	-	252,403,109	242,359,933
Interbank deposits	-	151,949	163,453	292,877	608,279	2,426,627
Time deposits	74,175,046	5,639,198	22,092,791	108,782,292	210,689,327	168,918,281
CDB	11,649	5,639,198	22,092,791	108,782,292	136,525,930	106,872,896
Judicial deposits	74,163,397	-	-	-	74,163,397	62,031,799
Other	-	-	-	-	-	13,586
Special deposits and deposits of funds and programs	16,606,897	-	-	-	16,606,897	14,540,011
Other	45	-	-	-	45	-
Total	375,067,951	5,791,147	22,256,244	109,075,169	512,190,511	455,659,442

Notes to the Consolidated Financial Statements

In thousands of reais, unless otherwise stated

(c) Expenses with deposits

Description	2016		2015 (Note 3 (t))	
	2nd Semester	Year	2nd Semester	Year
Savings deposits	(9,537,003)	(18,579,568)	(9,224,555)	(17,430,332)
Interbank deposits	(46,570)	(128,834)	(139,143)	(271,511)
Time deposits CDB/RDB	(8,816,761)	(16,216,880)	(7,090,586)	(12,455,367)
Judicial deposits	(2,388,087)	(4,506,568)	(2,044,744)	(3,685,038)
Special deposits and deposits of funds and programs (d.1)	(1,017,080)	(1,912,890)	(878,018)	(1,525,007)
Other funding	(381,635)	(750,697)	(356,167)	(695,448)
Total	(22,187,136)	(42,095,437)	(19,733,213)	(36,062,703)

(d) Special deposits and deposits of funds and programs

Description	12/31/2016	12/31/2015
Deposits – FGTS	7,488,435	8,569,202
Special deposits with yield	2,246,651	2,064,505
Deposits - FAT (d,2)	1,277,657	1,553,768
Deposits – PRODEC	60,667	56,088
Deposits – PIS	40,848	150,246
Deposits – FGS	365,364	22,768
Deposits – FAR	2,534,465	104,815
Deposits – FDS	896,922	426,318
Deposits – PREVHAB	793,951	701,267
Saúde CAIXA	141,746	271,022
Other	760,191	620,012
Total	16,606,897	14,540,011

Notes to the Consolidated Financial Statements

In thousands of reais, unless otherwise stated

d.1) Expenses with Special deposits and deposits of funds and programs

Description	Yield Rate	2016		2015	
		2nd Semester	Year	2nd Semester	Year
Deposits – FGTS	Selic	(479,297)	(947,580)	(490,380)	(856,840)
Deposits – FAT	Selic and Long-term Interest Rate	(53,779)	(111,101)	(58,905)	(110,216)
Deposits – PRODEC	TR + Interest 0.4868% p.m.	(2,349)	(4,580)	(2,205)	(4,041)
Deposits – PIS	Extra market	(77,693)	(163,566)	(71,671)	(112,679)
Deposits – FGS	Selic day factor /Extra market	(17,472)	(23,340)	(3,406)	(4,811)
Deposits – FAR	Selic	(147,894)	(203,864)	(24,966)	(26,764)
Deposits – FDS	Selic day factor	(36,477)	(67,315)	(28,339)	(51,732)
Deposits – Federal Treasury	Selic	(27,359)	(52,531)	(24,074)	(43,396)
Deposits - PREVHAB	Selic	(50,850)	(97,941)	(45,437)	(82,441)
Deposits – Guarantee	TR	(9,523)	(17,099)	(8,222)	(13,298)
Deposits – FCA	Extra – market	(33,243)	(63,551)	(30,337)	(53,604)
Deposits – Fundo Paulista de Habitação	CDI	(23,485)	(46,376)	(32,608)	(60,790)
Other		(57,659)	(114,046)	(57,468)	(104,395)
Total		(1,017,080)	(1,912,890)	(878,018)	(1,525,007)

(d.2) Special deposits and deposits of funds and programs – FAT

FAT is a special accounting and financial fund established by Law 7998/1990, linked to the Ministry of Labor and Employment and managed by the Executive Council of the Workers' Assistance Fund (CODEFAT).

The main actions funded with FAT funds to promote employment are structured around the programs for the creation of jobs and income, whose resources are allocated through the special deposits established by Law no.8352/1991, in official federal financial institutions, according to the programs and credit facilities presented in the previous table.

The special FAT deposits, while available, incur interest on a daily pro rata basis based on the Average SELIC Rate (TMS); as these deposits are allocated to financing, the TMS is replaced with the Long-term Interest Rate - TJLP throughout the term of the financing.

The interest on the deposits is paid to FAT on a monthly basis, as set forth in CODEFAT Resolutions no. 439/2005 and 489/2006.

Description	Resolution/TADE	Return of FAT funds		12/31/2016			12/31/2015		
		Type	Date	Available	Invested	Total	Available	Invested	Total
Programs				214,871	988,036	1,202,907	159,585	1,319,488	1,479,073
Proger - Urban				153,052	785,400	938,452	96.290	1.021.184	1.117.474
Investment	ago/05	RA	10/10/2005	153,052	785,400	938,452	96.290	1.021.184	1.117.474
FAT infrastructure				61,436	198,742	260,178	62.920	293.584	356.504
Economical infrastructure	13/2006	RA	08/08/2008	61,436	198,742	260,178	62.920	293.584	356.504
FAT – PNMPO				383	3,894	4,277	375	4.720	5.095
FAT – microcredit	15/2006	RA	05/10/2007	383	3,894	4,277	375	4.720	5.095
FAT – microcredit				444	74,306	74,750	417	74,278	74,695
FAT - Pan-American village	Jan/05	SD	12/09/2005	444	74,306	74,750	417	74.278	74.695
Total				215,315	1,062,342	1,277,657	160,002	1,393,766	1,553,768

Notes to the Consolidated Financial Statements

In thousands of reais, unless otherwise stated

Note 15 – Deposits obtained in the open market
(a) Analysis

Description	12/31/2016	12/31/2015
Own portfolio (1)	69,325,980	94,785,099
Financial Treasury Bills	10,267,869	42,991
Federal Treasury Bills	18,925,512	64,294,891
Federal Treasury Notes	34,291,865	22,689,765
Debentures	5,070,596	7,285,266
Mortgage Backed-Securities	770,138	472,186
Third-party portfolio	86,046,055	99,476,122
Federal Treasury Bills	15,319,851	30,798,362
Federal Treasury Notes	70,726,204	68,677,760
Free portfolio	4,055,962	-
Federal Treasury Notes	4,055,962	-
Total	159,427,997	194,261,221
Current liabilities	150,680,825	186,597,458
Non-current liabilities	8,747,172	7,663,763

(1) Amounts calculated considering the unit price of warranty (unit price of guarantee) of the associated security.

(b) Expenses of funds obtained in the open market

Description	2016		2015	
	2nd Semester	Year	2nd Semester	Year
Own portfolio	(4,884,932)	(10,396,942)	(6,192,813)	(10,897,047)
Third-party portfolio	(6,842,619)	(16,554,234)	(6,128,112)	(11,712,800)
Unrestricted portfolio	(242,907)	(358,295)	(18,083)	(37,822)
Total	(11,970,458)	(27,309,471)	(12,339,008)	(22,647,669)

Notes to the Consolidated Financial Statements

In thousands of reais, unless otherwise stated

Note 16 – Funds from acceptance and issuance of securities
(a) Funds from notes

Deposits	Index	Maturity				12/31/2016	12/31/2015
		1 to 90 days	91 to 180 days	181 to 360 days	More than 360 days		
Mortgage Bill	IGP-M	-	-	-	737,113	737,113	687,723
Mortgage Bill	INPC	-	-	-	16,107	16,107	15,029
Real estate Bill	IGP-M	-	10,676	-	-	10,676	9,962
Real estate Bill	CDI	21,203,530	8,339,173	11,400,200	59,887,231	100,830,134	111,221,734
Real estate Bill	TR	-	-	-	61,643	61,643	-
Financial Bill	CDI	2,812,507	1,401,706	3,858,317	29,465,611	37,538,141	39,670,266
Financial Bill	IPCA	-	133,851	97,239	977,085	1,208,175	1,052,891
Agribusiness Bill	CDI	111,385	163,313	95,079	141,517	511,294	1,029,810
Total		24,127,422	10,048,719	15,450,835	91,286,307	140,913,283	153,687,415
Current liabilities						49,626,975	91,498,789
Non-current liabilities						91,286,308	62,188,626

Notes to the Consolidated Financial Statements

In thousands of reais, unless otherwise stated

(b) Expenses related to funds from notes

Description	2016		2015	
	2nd Semester	Year	2nd Semester	Year
Real estate Bill	(6,138,195)	(12,587,563)	(6,433,736)	(11,520,911)
Mortgage Bill	(47,396)	(123,509)	(73,200)	(132,914)
Financial Bill	(2,372,105)	(5,139,866)	(2,883,423)	(5,381,560)
Agribusiness Credit Bills	(40,227)	(96,380)	(107,238)	(211,088)
Total	(8,597,923)	(17,947,318)	(9,497,597)	(17,246,473)

(c) Securities issued abroad

CAIXA issues securities abroad in order to build an alternative source to raise funds in the long term for financing its assets operations. Five issues of securities abroad were realized with 4 senior tranches (stated as follows) and 1 subordinate tranche stated in Note 18 (d1).

Securities	Currency	Amount issued (1)	Yield p.a.	Date of funding	Maturity	12/31/2016	12/31/2015
1 st series	US\$	1,000,000,000	2,38%	Nov/12	Nov/17	3,249,000	3,865,055
2 nd series	US\$	500,000,000	3,50%	Nov/12	Nov/22	1,548,581	1,812,940
3 rd series	US\$	1,250,000,000	4,50%	Oct/13	Oct/18	4,122,982	4,947,455
4 th series	US\$	1,300,000,000	4,25%	May/14	May/19	4,260,583	5,077,494
Total						13,181,146	15.702.944

(1) Amounts in thousands of US\$.

(d) P&L from liabilities for marketable securities abroad

Description	2016		2015	
	2nd Semester	Year	2nd Semester	Year
Securities abroad expenses - without subordination	(559,864)	1,926,070	(3,398,731)	(5,572,970)
Securities abroad expenses - with subordination	(148,385)	179,570	(446,429)	(742,047)
Total	(708,249)	2,105,640	(3,845,160)	(6,315,017)

Notes to the Consolidated Financial Statements

In thousands of reais, unless otherwise stated

Note 17 – Local borrowings and onlendings

Description	12/31/2016	12/31/2015
Local onlendings	238,966,421	207,682,167
FGTS	204,156,953	172,210,084
BNDES	31,349,361	32,377,811
National Treasury - Social Integration Program – PIS	928,282	678,164
Merchant Marine Fund	2,256,745	2,228,930
Other institutions	275,080	187,178
Foreign onlendings	54,668	59,184
Foreign borrowings	5,425,078	14,337,557
From financial institutions abroad	3,798,282	4,726,401
Other credit facilities	1,626,796	9,611,156
Total local borrowings and onlendings	244,446,167	222,078,908
Current liabilities	5,235,639	8,783,700
Non-current liabilities	239,210,528	213,295,208

(a) Local onlendings

These mainly comprise funds transferred by the FGTS for investments in infrastructure, urban development and housing loan operations, and are adjusted for inflation based on the Referential Rate (TR) and an average interest rate of 5.15 % p.a. (housing 5.03 % p.a. infrastructure 5.89 % p.a. and sanitation 6.16 % p.a.) and the average term of return is 248 months (housing 261 months, infrastructure 231 months and sanitation 164 months).

(b) Foreign onlendings

The balance of foreign onlendings, referring to an agreement entered into between CAIXA and the World Bank (IBRD), for application to the Program for Funding for Urban Solid Waste Management and Clean Development Mechanism, is subject to US dollar (US\$) variation, interest rate of 0.8 % p.a., plus LIBOR. The transaction matures between 12 and 15 years.

(c) Foreign loans

The balance of foreign loans comprises mainly loan facilities raised abroad to fund customers' exports, subject to interest rate of up to 3.44% p.a., substantially pegged to the U.S. dollar rate, maturing until 2017. The other funds taken out abroad relate to loans from cross-border financial institutions, subject to interest of up to 4.53% p.a. and to the change in the exchange rate of the U.S. dollar, maturing up to 2017.

(d) Expenses with local onlendings - official institutions

Description	2016		2015	
	2nd Semester	Year	2nd Semester	Year
Domestic onlendings	(9,520,317)	(17,760,456)	(8,097,199)	(14,972,302)
FGTS	(8,154,522)	(15,276,517)	(6,810,791)	(12,365,417)
BNDES	(1,218,818)	(2,326,551)	(1,160,274)	(2,041,215)
National Treasury – PIS	(30,357)	(54,810)	(29,556)	(54,912)
Merchant Marine Fund	(68,192)	(10,412)	(54,343)	(435,237)
Other institutions	(48,428)	(92,166)	(42,235)	(75,521)
Foreign onlendings	(1,726)	10,706	(25,655)	(25,655)
Foreign borrowings	(233,839)	1,570,373	(2,558,652)	(3,417,278)
Total	(9,755,882)	(16,179,377)	(10,681,506)	(18,415,235)

Notes to the Consolidated Financial Statements

In thousands of reais, unless otherwise stated

Note 18 – Other liabilities
(a) Analysis

Description	12/31/2016	12/31/2015 (Note 3 (t))
Collections of taxes and social contributions	352,815	353,726
Foreign exchange portfolio (Note 9 (c))	898,298	104,235
Social and statutory obligations	1,065,283	2,933,544
Tax and social security obligations (Note 18 (b))	2,381,441	3,232,649
Negotiation and intermediation of securities	17,968	3,073
Funds for specific purposes (Note 18 (c))	12,771,534	12,222,859
Hybrid capital and debt instruments (Notes 18 (d))	980,762	1,799,266
Subordinated debt (Note 18 (d))	11,098,029	-
Debt instrument eligible to capital (Note 18 (d))	17,443,376	24,118,921
Sundry (Note 18 (e))	71,824,665	52,782,284
Total	118,834,171	97,550,557
Current liabilities	59,561,446	53,595,291
Non-current liabilities	59,272,725	43,955,266

(1) Reclassification of subordinated debt with the Unemployment Compensation Fund (FGTS), which is part of the required capital, presented in 2015 under Debt instruments classified as eligible for capital

(b) Tax and social security obligations

Description	12/31/2016	12/31/2015
Taxes on salaries payable	476,261	438,803
Taxes on services payable	348,113	415,575
Taxes and contributions on profits payable	239,049	184,376
Income tax	22,743	14,413
Social contribution	2,886	3,647
Social Contribution on Revenues – COFINS	184,044	146,571
Public Service Employee Savings Program – PASEP	29,376	19,745
Deferred taxes and contributions	1,167,080	2,026,544
Revaluation of buildings	121,815	127,238
MTM adjustments – trading securities	782,275	-
Market value adjustment - securities available for sale	262,990	264,045
Futures contracts	-	1,635,261
Fees receivables from Federal Government	-	-
Provision for tax risks (Note 30)	150,938	167,351
Total	2,381,441	3,232,649
Current liabilities	2,259,626	3,105,411
Non-current liabilities	121,815	127,238

Notes to the Consolidated Financial Statements

In thousands of reais, unless otherwise stated

(c) Funds for specific purposes

These refer to obligations arising from lottery operations, resources from social funds and programs managed by CAIXA, and special programs supported by the Federal Government or public entities administered by CAIXA.

Description	12/31/2016	12/31/2015
Social funds and programs	10,109,583	9,305,546
FGTS	4,508,345	4,777,286
"Minha Casa Minha Vida"	4,711,315	3,919,855
Housing Subsidy Program (PSH)	295,412	295,477
Income Transfer Programs	419,494	195,751
Other funds and programs	175,017	117,177
Other funds and programs	1,783,353	1,509,771
PIS	1,222,949	1,258,833
FAT	558,934	249,494
FINSOCIAL	1,470	1,444
Lottery operations	878,598	1,407,542
Total	12,771,534	12,222,859

(d) Debt instruments eligible to capital**(d.1) Subordinated financial instruments – Level II**

CAIXA has 19 Subordinated Financial Instruments (IFS) authorized to compose Level II of Reference Assets – (RA), being 06 Subordinated Debt Instruments (IDS), 12 Subordinated Treasury Bills (LFS) and 1 Subordinated Note (NS) abroad, as detailed in the subsequent items.

The total amount raised through these IFSs of the Institution's capital, positively reflecting on reference assets, operating margin, Basel index, and other indexes, such as public sector equity and debt ratio.

Subordinated Debt Instrument (IDS)

CAIXA has 06 subordinated debt instruments authorized by the Central Bank of Brazil to comprise Level II of RA, in accordance with CMN Resolution No. 4192/13, contracted with the Government Severance and Indemnity Fund for Employees (FGTS) in 2005, 2011, 2012, 2014 and 2015

On the total debt amount will be levied the monetary restatement, upon the adoption of the restatement coefficient identical to the one used for the remuneration of accounts related to FGTS and interest monthly capitalized.

Subordinated financial bills - LFS

CAIXA has 12 subordinated financial bills raised on the local market with total face value of R\$ 234,900, and are all considered eligible for Level II of RA with the Central Bank of Brazil.

Notes to the Consolidated Financial Statements

In thousands of reais, unless otherwise stated

Subordinated bond – NS

CAIXA successfully raised funds amounting to US\$ 500,000 thousand (five hundred million dollars) in the international market on July 23, 2014, by means of issue of subordinated bonds eligible for Level II capital under Basel III rules. Bonds issued are effective for 10 years, but can be called in the fifth year, and its return rate is 7.25% p.a.

This transaction was the first issue of Level II capital under Basel III rules conducted by a Brazilian bank, and the fifth CAIXA transaction in the international capitals market. Bonds have coupons that reset after the fifth year and a "loss absorption" clause, with possibility of principal and interest write-off. That is, bonds can be written off permanently at an amount at least equal to the amount accounted for as Level II capital in the following events: (i) Principal Capital lower than 4.5%, (ii) Enforcement of a commitment to contribute emergency capital to the Issuer, (iii) Determination by the Central Bank of Brazil of non-viability of the bank. In October 2014, BACEN considered NS as eligible. Therefore, as from October 2014, the instrument became part of CAIXA Reference Assets Tier II.

Additional information on Subordinated Financial Instruments is available in the Management Report of Risk and Capital – Pilar 3, at: www.caixa.gov.br, menu "About Caixa".

Maturity	Annual yield	Inception date	Amount issued	Monetary adjustment and interest	Amortization	Impact of market risk hedge accounting	Debt balance 12/31/2016	Debt balance 12/31/2015
Loans payable - FGTS funds								
Feb/20	6.30%	Oct/05	3,439,717	2,645,888	(3,280,376)	-	2,805,229	3,611,408
Apr/26	6.00%	Aug/11	3,000,000	1,342,775	-	-	4,342,775	3,995,860
Jul/32	5.08%	Jun/12	3,000,000	950,025	-	-	3,950,025	3,668,116
Dec/33	5.15%	Oct/14	3,000,000	497,310	-	-	3,497,310	3,246,532
Feb/38	4.80%	Dec/14	4,000,000	579,214	-	-	4,579,214	4,271,464
Dec/40	4.75%	Sep/15	3,000,000	271,725	-	-	3,271,725	3,056,866
May/44	4.75%	Sep/16	4,000,000	82,991	-	-	4,082,991	-
Eligible financial bill – Tier II								
Jun/20	110%CDI	Jun/14	10,000	4,168	-	-	14,168	12,265
Jul/19	110%CDI	Jul/14	17,400	7,032	-	-	24,432	21,153
Dec/21	110%CDI	Dec/14	1,500	503	-	-	2,003	1,735
Jun/24	100%IPCA	Jun/14	200,000	88,439	-	(1,216)	287,223	251,919
Feb/25	100% IPCA + 6,74%	Feb/15	1,200	371	-	38	1,609	1,379
Feb/25	100% IPCA + 6,65%	Feb/15	1,200	366	-	22	1,588	1,374
Feb/25	100% IPCA + 6,58%	Feb/15	2,400	750	-	(4)	3,146	2,762
Mar/25	100% IPCA + 6,45%	Mar/15	1,200	361	-	(11)	1,550	1,369
Eligible marketable securities abroad – Level II								
Jul/24	7.25%	Jul/14	1,106,450	554,725	-	15,242	1,676,417	1,974,719
Total			24,781,067	7,026,643	(3,280,376)	14,071	28,541,405	24,118,921

Notes to the Consolidated Financial Statements

In thousands of reais, unless otherwise stated

(d.2) Hybrid capital and debt instruments

Reference Assets Level I comprises Principal Capital and Supplementary Capital. CAIXA has 6 debt-equity hybrid capital and debt instrument - IHCD authorized to become part of its Principal Capital, but does not have hybrid instruments engaged with Supplementary Capital characteristics.

The Brazilian Monetary Council (CMN) Resolution No. 4192/2013 determines, for financial statements purposes, that instruments classified as Principal Capital be reclassified into equity.

Therefore, additional information on subordinated financial instruments eligible to principal capita may be found in Note 19 (b).

The agreements have fully variable remuneration clauses; monetary restatement is included annually, after payment of interest for prior year.

Interest payable and unincorporated monetary restatement are included in Hybrid Capital and Debt Instruments, classified into Other Liabilities – Hybrid capital and debt instruments, amounting to R\$980,762 em 12/31/2016 (12/31/2015 – R\$1,799,266).

(e) Sundry

Description	12/31/2016	12/31/2015 (Note 3 (t))
Actuarial liabilities – post-employment benefit (Note 32 (a))	22,816,082	15,744,858
<i>Saúde Caixa</i>	13,541,692	12,068,398
Meal vouched and food basket allowance	1,331,503	1,097,455
Benefit plans – private pension plan	7,942,887	2,579,005
Provisions for amounts payable	4,755,950	4,429,195
Sundry creditors - Country (Note 18(f))	14,348,666	14,155,097
Provision for labor contingencies (Note 30)	4,267,274	3,860,506
Provision for civil litigation contingencies (Note 30)	3,298,765	3,030,517
Real estate financing to be released	5,287,471	3,777,476
Funds linked to loan operations (1)	190,153	1,306
Funds linked to loans assigned (2)	13,935,592	5,392,832
Obligations related to agreements	856,953	710,351
Contributions to the National Housing System – SFH	29,397	28,211
FGTS funds for repayment	959,467	682,954
Payables to related parties	1,078,523	965,690
Sundry creditors – Abroad	372	3,291
Total	71,824,665	52,782,284

- (1) Funds allocated in accounts linked to loan transactions on behalf of clients, not changed by these and remunerated with the same charges applied to the respective transactions.
- (2) Housing loan transactions securitized with risk retention - CMN Decision no. 3533/2008.

Notes to the Consolidated Financial Statements

In thousands of reais, unless otherwise stated

(f) Sundry creditors – Brazil

Description	12/31/2016	12/31/2015 (Note 3 (t))
Credit cards	7,081,176	7,126,843
Asset Management Company (EMGEA) (1)	59,179	40,909
Suppliers	1,114,535	952,810
Acquisition of payrolls - amounts pending release	490,437	477,028
Commercial loans – onlendings	70,062	187,549
Real estate loans – onlendings	1,167,649	863,872
Federal Government obligations – onlendings	50,484	45,777
Accounts payable	296,308	141,894
Loan Guarantee Fund – FGC	63,439	59,673
Redeemable amounts – pledge	81,648	91,445
Amounts to be allocated (2)	3,562,379	3,953,131
Other sundry creditors	311,370	214,166
Total	14,348,666	14,155,097

(1) Asset Management Company (EMGEA): these refer to financial amounts and contracts received by EMGEA on behalf of CAIXA.

(2) Liabilities classified in a suspense account, mainly collections of commercial loans and housing loans.

Note 19 – Equity**(a) Share Capital**

Decree No. 7973 of the Presidency of the Republic of Brazil, dated 03/28/2013, approved CAIXA's Articles of Incorporation. Article 7 of that Decree was amended by Decree No. 8830, dated 08/04/2016, which establishes CAIXA's Capital, paid in by the Government alone, totaling R\$ 24,837,171, through incorporation of the Lottery Statutory Reserve accumulated up to 12/31/2015, in the amount of R\$2,782,369.

(b) Debt instruments eligible as capital

Article 16 of CMN Resolution No. 4192/13, authorizes federal financial institutions to make up their Tier I – Core Capital by using equity elements and junior financial instruments and the hybrid equity and debt instruments, provided that meeting the criteria set forth in the Resolution, e.g. having a fully variable remuneration, perpetuity characteristics and absorption of losses while a going-concern.

Also according therewith, the instruments meeting the Core Capital characteristics shall be reclassified as net equity for purposes of Consolidated interim financial statements.

Accordingly, in individual financial statements, the Hybrid equity and debt instruments eligible to comprise Principal Capital are recorded in liabilities and its financial charges recognized as operating expenses, while in the consolidated financial statements these are reclassified to equity, based on the understanding and guidance of the Central Bank of Brazil, in order to improve the quality of the consolidated financial statements.

Accordingly, all CAIXA's Hybrid Capital and Debt Instruments are classified as Core Capital and therefore, make up CAIXA's net equity for disclosure purposes. The table below presents the position of contracts.

Notes to the Consolidated Financial Statements

In thousands of reais, unless otherwise stated

Description	12/31//2016	12/31/2015
Agreement No 348/2007	7,593,569	7,411,895
Agreement No 504/2009	7,749,478	7,564,073
Agreement No 752/2012	6,800,000	6,800,000
Agreement No 754/2012	6,310,598	6,310,598
Agreement No 868 e 869/2013	8,000,000	8,000,000
Total	36,453,645	36,086,566

The Regulatory Capital is made up by considering only the face value of contracts added to prior years' Monetary Restatement. Whereas the contracts have fully variable remuneration clauses, the monetary restatement is annually added after the payment of prior year interest.

In April 2016 interest from IHCD and incorporation of monetary restatement for the year 2015 was paid.

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

Pursuant to CMN Resolution 2099/1994 and subsequent regulations, which establish the minimum levels of reference equity for financial institutions, based on the volume of their operations, CAIXA presents a ratio of 13.54% (Note 33), whereas the minimum ratio required in Brazil is 11%.

(d) Revaluation and revenue reserves

The revenue reserves are formed by the legal reserve, calculated at 5% of net income, the lottery reserve and the operating margin reserve.

The lottery reserves are formed by 100% of the result of the management of the federal lottery for which CAIXA is responsible as the performer of such public services to add to equity, after the portion of the Lottery Development Fund has been deducted. The purpose of the Lottery Development Fund is to fund the investments necessary for modernizing the lotteries and for advertising and publicity expenses, pursuant to the applicable legislation, and may not be used to fund public services.

The operating margin reserve intended for the maintenance of the operating margin consistent with the development of CAIXA's borrowing activities is formed by the justification of the percentage considered up to 100% of the profit balance deducted from the destination to the legal reserve, to the unrealized profit reserves, to contingency reserves, to tax incentive reserves, and for the minimum payment (25% of the adjusted profit) of dividends and interest on own capital, up to the limit of eighty percent of the share capital.

Description	12/31/2016	12/31/2015
Revaluation reserves	379,098	400,384
Revenue reserves	9,074,710	9,269,290
Legal reserves	2,802,527	2,617,409
Statutory reserves – lotteries	511,185	2,782,368
Operating margin reserves	5,760,998	3,869,513

Notes to the Consolidated Financial Statements

In thousands of reais, unless otherwise stated

(e) Dividends and interest on capital

In 2015, CAIXA formalized its principles and guidelines for distribution of profits and approved the Capital Management and Distribution of Profit Policy, establishing prudential capital limits for Principal Capital, Tier I and Basel of 1.5 p.p. above the minimum regulatory value determined by the Brazilian Monetary Council (CMN).

Based on such Policy, the distribution of profits for the year is 50% (fifty percent) of the Adjusted Net Income (LLA). It may a) exceed 50% (fifty percent) of LLA, provided that prudential limits and their respective projections are met for the next 24 months; or b) be lower than 50% (fifty percent) of LLA, in compliance with the minimum legal distribution of 25%, when the projection for the next 12 months indicates noncompliance with the prudential limits set.

As such, there are dividends on LLA of at least 25% after determination of profit for the period.

To calculate the dividend obligations, interest on equity is calculated at remuneration of the TJLP for the period on adjusted net equity, limited to 50% of net income for the period. Total interest on equity amounts to R\$ 681,562 (12/31/2015 – R\$ 1,757,678) and allows for a reduction in the IRPJ and CSLL taxes amounting to R\$ 306,703 in the first six-month period of 2016 (R\$ 703,072 in the year of 2015).

In 2016, R\$57,097 as supplementary dividends for 2015 (R\$1,800 corresponding to monetary restatement) and R\$681,562 as prepaid IOE for 2016 were transferred to the Federal Government.

Note 20 – Corporate income tax (IRPJ) and Social Contribution on net income (CSLL)**(a) Statement of IRPJ and CSLL expenses**

Description	2016		2015 (Note 3 (t))	
	2nd Semester	Year	2nd Semester	Year
Current taxes	(614,319)	(740,053)	478,147	(206,851)
Deferred taxes	(11,640)	2,289,500	4,719,511	8,151,085
Deferred tax liabilities	(492,482)	769,585	(1,010,591)	(915,804)
Deferred tax assets	480,842	1,519,915	5,730,102	9,066,889
Temporary differences – set up / realization	713,051	1,782,454	5,497,048	9,124,507
Income and social contribution tax losses (1)	(138,326)	(155,202)	145,468	(33,298)
CSLL - MP No. 2158-35/01	(93,883)	(107,337)	87,586	(24,320)
Income and social contribution taxes for the period	(625,959)	1,549,447	5,197,658	7,944,234

(1) Social contribution tax losses were fully realized in 2014.

Notes to the Consolidated Financial Statements

In thousands of reais, unless otherwise stated

(b) Changes in tax credits

Description	2016		2015 (Nota 3 (t))	
	2nd Semester	Year	2nd Semester	Year
Income (loss) before taxes and contributions	3,100,988	3,761,941	(711,777)	439,495
IRPJ and CSLL charges	(1,395,431)	(1,692,849)	279,008	(186,115)
Tax effects – additions and exclusions	356,682	(197,604)	(92,148)	(1,193,844)
Interest on equity	-	528,188	376,613	703,072
Interests held in affiliates and subsidiaries	99,334	240,014	(5,965)	142,237
Other	325,096	382,198	(79,361)	327,799
Current income and social contribution taxes	(614,319)	(740,053)	478,147	(206,851)

(c) Deferred tax liabilities

Deferred tax liabilities - IRPJ/CSLL			
Description	12/31/2016	12/31/2015	
Deferred expenses/MTM	908,121	1,678,516	
Other	121,815	127,238	
Income and social contribution taxes for the period	1,029,936	1,805,754	

Deferred tax liabilities - PASEP/COFINS			
Description	12/31/2016	12/31/2015	
Deferred expenses/MTM	137,146	220,791	
Other	1,011	-	
PASEP and COFINS for the Period	138,157	220,791	

Notes to the Consolidated Financial Statements

In thousands of reais, unless otherwise stated

(d) Deferred tax assets

Tax credits - IRPJ/CSLL				
Description	12/31/2015 (Note (3t))	Set up	Reversal	12/31/2016
Temporary differences:	30,137,155	18,721,594	(16,939,139)	31,919,610
Allowance for loan losses	18,891,975	12,480,677	(9,871,301)	21,501,351
Actuarial liabilities	3,816,803	218,755	(593,948)	3,441,610
Provision for labor contingencies	1,737,227	193,203	(81,278)	1,849,152
Provision for civil litigation contingencies	1,379,550	89,055	(99,956)	1,368,649
Provision for tax contingencies	57,077	16,305	(23,750)	49,632
Adjustment to market value – Trading securities	1,634,479	553,020	(1,629,251)	558,248
Provision for devaluation of assets not for use	34,106	110,677	(91,306)	53,477
Others	2,585,938	5,059,902	(4,548,349)	3,097,491
Income and social contribution tax losses:	1,645,294	-	(262,538)	1,382,756
Income tax losses realizable	1,531,161	-	(148,405)	1,382,756
CSLL - MP No. 2158-35/01	107,337	-	(107,337)	-
Total credits impacting P&L	31,782,449	18,721,594	(17,201,677)	33,302,366
Adjustment to market value – Available-for-sale securities	1,465,081	-	(780,783)	684,298
Actuarial losses CPC 33	2,352,880	2,107,262	-	4,460,142
Total credits impacting on net equity	3,817,961	2,107,262	(780,783)	5,144,440
Total tax credits	35,600,410	20,828,856	(17,982,460)	38,446,806
Total unaccrued credits	1,011,134	981,008	-	1,992,142

Breakdown of Tax Credits - PASEP/COFINS				
Description	12/31/2015	Set up	Reversal	12/31/2016
Total credits impacting P&L	175,011	-	(115,078)	59,933
Market adjustment	175,011	-	(115,078)	59,933
Financing expenses not incurred - IHCD	-	-	-	-
Total credits impacting equity	158,774	-	(84,615)	74,159
Market value adjustment - securities available for sale	158,774	-	(84,615)	74,159
Total	333,785	-	(199,693)	134,092

(e) Expected realization

Twice a year, CAIXA carries out a technical study of the expected realization of credits within 10 years. The amounts determined in the study at 12/2016 are as follows:

BOOK VALUE			
Year of Realization	Tax loss	Credit at 18% - 1998	TOTAL
2017	464,854	12,285,656	12,750,510
2018	617,218	10,443,182	11,060,400
2019	300,684	5,030,769	5,331,453
2020	-	670,752	670,752
2021	-	690,901	690,901
2022	-	650,643	650,643
2023 to 2026	-	7,426,239	7,426,239
Total	1,382,756	37,198,142	38,580,898
Present value	1,367,995	31,711,805	33,079,800

Notes to the Consolidated Financial Statements

In thousands of reais, unless otherwise stated

Note 21 – Income from financial intermediation

Description	2016		2015	
	2nd Semester	Year	2nd Semester	Year
Income from loan operations	48,365,483	94,191,989	45,841,182	86,600,379
Repurchase agreements	10,297,483	23,370,728	9,177,409	16,961,293
Financial assets held for trading	7,644,659	17,606,509	2,751,670	7,562,206
Financial assets available for sale	1,018,760	1,780,558	1,316,160	2,094,147
Financial assets held to maturity	2,635,947	6,410,072	3,619,912	7,241,492
Income from derivative financial instruments	(1,129,903)	(8,892,854)	6,855,422	8,874,051
Compulsory deposits with the Central Bank of Brazil	5,888,969	11,233,580	5,083,022	9,192,461
Restricted deposits with the National Housing System - SFH	1,211,223	2,392,920	1,211,383	2,242,656
Foreign exchange transactions	189,330	-	1,755,227	2,691,087
Other	849,875	1,603,718	590,496	1,012,013
Total	76,971,826	149,697,220	78,201,883	144,471,785

Note 22 – Expenses with financial intermediation

Description	2016		2015 (Note 3 (t))	
	2nd Semester	Year	2nd Semester	Year
Operations with customers	(29,721,409)	(58,001,031)	(28,213,650)	(51,512,659)
Operations with customers financial institutions	(46,570)	(128,834)	(139,143)	(271,511)
Repurchase agreements	(11,970,458)	(27,309,471)	(12,339,007)	(22,647,668)
Marketable securities abroad	(708,249)	2,105,640	(3,845,160)	(6,315,017)
Borrowings, assignments and onlendings	(9,755,882)	(16,179,377)	(10,681,506)	(18,415,235)
Special deposits and deposits of funds and programs	-	(1,225,286)	-	-
Allowance for loan losses	(1,017,080)	(1,912,890)	(878,018)	(1,525,007)
Sales or transfer of financial assets	(10,042,009)	(20,109,367)	(10,074,089)	(19,657,016)
Borrowings, assignments and onlendings	(571,624)	(2,835,434)	(1,298,111)	(2,815,517)
Total	(63,833,281)	(125,596,050)	(67,468,684)	(123,159,630)

Notes to the Consolidated Financial Statements

In thousands of reais, unless otherwise stated

Note 23 – Revenues from services and banking fees
a) Revenue from provision of services

Description	2016		2015	
	2nd Semester	Year	2nd Semester	Year
National Treasury and administration of social funds	3,685,048	7,108,264	3,552,413	6,746,387
Unemployment Compensation Fund (FGTS)	2,467,467	4,852,492	2,252,323	4,395,989
Wage Variation Compensation Fund (FCVS)	72,823	144,801	72,990	136,939
Contribution Tax on Gross Revenue for Social Integration Program (PIS)	104,664	170,131	95,942	118,352
Federal lotteries	667,767	1,241,334	848,820	1,443,206
Student Finance (FIES)	258,151	500,635	211,333	420,125
Residential Lease Fund (FAR)	38,514	69,739	25,754	59,353
Brazilian National Treasury Department (STN) – onlendings	51,950	79,696	22,068	118,149
Unemployment insurance	22,828	46,650	23,037	52,699
Other	884	2,786	146	1,575
Revenue from cards	675,761	1,464,580	771,879	1,534,619
Loan transactions and guarantees provided	1,048,039	1,992,315	1,001,883	1,982,477
Collection	496,266	913,814	349,971	684,586
Amounts raised	1,388,633	2,716,176	1,231,986	2,416,853
Investment funds and administered portfolios	779,073	1,549,958	750,221	1,453,056
Checking account	193,180	403,875	202,196	330,616
Income transfer program	217,867	422,531	179,595	349,640
To affiliates – Investment funds	20,529	39,779	18,895	36,879
To affiliates	290,802	495,999	254,459	545,595
Other services	186,807	374,303	256,547	437,928
Total	8,982,005	17,481,594	8,570,045	16,518,636

b) Income from bank fees

Description	2016		2015	
	2nd Semester	Year	2nd Semester	Year
Revenue from cards	331,355	638,784	271,969	578,374
Loan and registration operations	576,039	1,134,037	562,664	1,066,436
Service package	1,150,874	2,181,256	981,637	1,833,679
Deposit accounts	324,950	608,611	253,524	463,088
Transfer of funds	125,350	242,595	108,885	206,486
Other	102,480	176,544	37,575	48,246
Total	2,611,048	4,981,827	2,216,254	4,196,309

Notes to the Consolidated Financial Statements

In thousands of reais, unless otherwise stated

Note 24 – Personnel expenses

Description	2016		2015	
	2nd Semester	Year	2nd Semester	Year
Salaries	(6,349,103)	(12,228,971)	(5,800,707)	(11,398,036)
Labor indemnities	(766,556)	(1,388,972)	(705,093)	(1,210,189)
Benefits	(1,322,481)	(2,427,699)	(1,182,629)	(2,377,275)
Social charges:	(2,472,893)	(4,852,138)	(2,358,083)	(4,605,569)
FGTS	(478,671)	(927,091)	(438,870)	(858,112)
Social security	(1,440,635)	(2,789,681)	(1,350,223)	(2,647,483)
Private pension	(400,704)	(854,971)	(422,649)	(827,555)
Other charges	(152,883)	(280,395)	(146,341)	(272,419)
Other	(76,346)	(150,198)	(85,882)	(165,966)
Total	(10,987,379)	(21,047,978)	(10,132,394)	(19,757,035)

Note 25 – Other administrative expenses

Description	2016		2015	
	2nd Semester	Year	2nd Semester	Year
Communications	(273,744)	(568,914)	(275,115)	(589,812)
Maintenance and repair of assets	(491,726)	(932,866)	(462,066)	(901,807)
Water and electricity	(215,537)	(486,341)	(223,726)	(447,210)
Rentals and leases	(774,096)	(1,533,196)	(725,256)	(1,458,044)
Materials	(70,691)	(138,881)	(74,122)	(178,180)
Data processing	(843,262)	(1,644,276)	(738,246)	(1,435,875)
Promotions and public relations	(189,901)	(366,957)	(189,894)	(372,280)
Advertising and promotion	(245,925)	(409,644)	(238,104)	(379,490)
Financial system services	(281,132)	(553,620)	(268,089)	(516,953)
Outsourced services	(931,678)	(1,802,737)	(868,197)	(1,700,434)
Specialized services	(285,370)	(550,713)	(321,980)	(654,298)
Surveillance and security services	(444,342)	(850,387)	(410,426)	(800,955)
Amortization	(421,667)	(838,194)	(383,033)	(716,686)
Depreciation	(496,284)	(962,738)	(464,466)	(933,564)
Other administrative	(369,612)	(560,074)	(255,824)	(443,415)
Total	(6,334,967)	(12,199,538)	(5,898,544)	(11,529,003)

Notes to the Consolidated Financial Statements

In thousands of reais, unless otherwise stated

Nota 26 – Other operating income

Description	2016		2015	
	2nd Semester	Year	2nd Semester	Year
Commissions and fees without operations	191,240	356,944	153,162	346,027
Commissions and fees without operations – FGTS financial agent	1,645,594	3,299,376	1,977,978	3,846,070
Recovery of expenses	826,624	1,574,077	679,919	1,346,949
Reversal of other operating provisions	620,865	1,133,788	227,399	1,162,070
Restatement of escrow deposits	483,847	961,805	473,712	881,010
Income from specific credits	54,663	104,846	48,657	88,390
Revenue from negative goodwill on acquisition of royalties	43,619	76,647	10,146	13,191
Recovery of expenses – PASEP/COFINS (1)	-	58	7,460	116,597
Monetary restatement on sundry operations	172,540	295,857	115,785	468,262
Other operating income	367,854	663,643	446,595	818,028
Total	4,406,846	8,467,041	4,140,813	9,086,594

(1) Recovered PASEP/COFINS expenses refer to IHCD interest expenses added to the related tax base, based on Law No. 12973/2014.

Note 27 – Other operating expenses

Description	2016		2015	
	2nd Semester	Year	2nd Semester	Year
Expenses with FCVS receivable -provision/losses	(404,520)	(670,360)	(287,814)	(395,307)
Expenses of obligations with funds and programs	(499,555)	(1,055,621)	(432,396)	(979,851)
Hybrid instruments of capital and debt - monetary restatement	(79,093)	(515,826)	(182,919)	(305,629)
Expenses with cards	(565,886)	(1,057,910)	(478,625)	(1,147,789)
Expenses with lotteries	(115,690)	(226,359)	(100,223)	(213,122)
Expenses with lottery resellers and business partners	(1,193,152)	(2,232,430)	(1,053,894)	(2,201,820)
FGTS - Collection/payment	(228,118)	(467,559)	(239,272)	(492,321)
Automated services	(240,287)	(447,376)	(184,512)	(344,814)
Business leverage	(491,314)	(831,873)	(365,872)	(613,179)
Real estate financing operations	(234,326)	(472,845)	(279,994)	(609,205)
Goodwill on the purchase of commercial portfolios	(247,957)	(459,460)	(215,191)	(397,724)
Loan operation discounts	(179,191)	(302,050)	(191,647)	(651,729)
Improvement transactions - monetary restatement	(5,394)	(10,996)	(80,515)	(305,673)
Expenses related to operating provisions	(235,907)	(659,211)	(1,062,796)	(1,600,582)
Provision for contingencies	(456,204)	(1,235,609)	(1,006,639)	(1,843,712)
Adverse legal judgments	(60,531)	(120,376)	(67,634)	(99,162)
Social benefits	(118,514)	(221,409)	(110,241)	(177,225)
Post-employment benefits	(1,175,930)	(2,266,951)	(961,582)	(1,700,218)
Operating adjustments in loan transactions	(129,226)	(617,260)	(1,032,438)	(1,034,033)
Other	(180,936)	(595,045)	(479,966)	(1,097,253)
Total	(6,841,731)	(14,466,526)	(8,814,170)	(16,210,348)

Notes to the Consolidated Financial Statements

In thousands of reais, unless otherwise stated

Nota 28 – Non-operating income (expenses)

Description	2016		2015	
	2nd Semester	Year	2nd Semester	Year
Non-operation income	199,192	489,614	109,250	232,196
Gains on sales of assets	38,318	83,429	39,649	76,008
Sale of properties	34,807	63,486	13,315	26,905
Unclaimed cash surpluses	27,414	54,827	25,109	51,151
Fines and charged	14,420	30,537	10,666	21,718
Capital gains on adjustment of outstanding amounts	4,890	5,851	1,185	24,181
Recovery of losses on fraud	4,900	11,720	4,146	11,758
Gains on permanent investments recorded at cost (1)	67,246	226,971	3	13
Other non-operating income	7,197	12,793	15,177	20,462
Non-operating expenses	(357,815)	(762,385)	(502,565)	(878,215)
Impairment of other assets	(41,218)	(93,309)	(47,680)	(61,043)
Indemnity for losses and damages	(142,742)	(286,705)	(156,183)	(267,348)
Losses on properties	(23,062)	(52,897)	(22,716)	(52,541)
Losses on fraudulent electronic withdrawals	(43,286)	(102,717)	(74,263)	(182,322)
Loss on sales of assets	(75,279)	(84,167)	(11,594)	(27,008)
Losses related to credit cards	-	(4,398)	(2,374)	(54,142)
Losses on permanent investments recorded at cost (1)	(11,675)	(90,330)	(135,900)	(165,888)
Other non-operating expenses	(20,553)	(47,862)	(51,855)	(67,923)
Total	(158,623)	(272,771)	(393,315)	(646,019)

(1) Setup and reversal of impairment of investments assessed at cost

Note 29 – Tax expenses

Description	2016		2015 (Note3 (t))	
	2nd Semester	Year	2nd Semester	Year
COFINS	(1,279,581)	(2,520,644)	(1,219,085)	(2,353,909)
PIS/PASEP	(208,934)	(415,656)	(195,786)	(380,551)
Tax on Services - ISS	(337,884)	(645,538)	(304,602)	(616,274)
Local Property Tax - IPTU	(8,157)	(73,338)	(10,604)	(67,190)
Other	(48,520)	(71,307)	(35,931)	(56,861)
Total	(1,883,076)	(3,726,483)	(1,766,008)	(3,474,785)

Notes to the Consolidated Financial Statements

In thousands of reais, unless otherwise stated

Note 30 – Contingent assets and liabilities, and legal, tax, and social security obligations**Contingent assets**

CAIXA has no contingent assets giving rise to the inflow of economic benefits that could be classified as probable.

Provisions and contingent liabilities

CAIXA is party to various judicial and administrative proceedings of tax, labor and civil nature, arising from the ordinary course of business. Based on the opinion of the legal counsel, and considering that the procedures adopted by CAIXA comply with the legal and regulatory determinations. Management understands that the provisions set up are sufficient to cover the risks arising from any unfavorable outcome.

Considering the high number of administrative and judicial proceedings, CAIXA uses the following methodology to compute the value at risk:

a) for significant proceedings, the analysis is individually made, where the probable case amount is estimated (provisioned); this calculation is based on the economic effect of the claims filed and is weighed according to the status of the proceeding and its prevailing case law in similar cases; these claims are classified as probable, possible or remote;

b) for other proceedings (not significant), the provisioned amount corresponds to the average historical case amount paid in similar proceedings in the last 36 months and are classified as probable.

The proceedings are grouped in tax, civil and labor claims, considering their subject matter and the economic significance of the group.

We did not identify in CAIXA's provisions for contingencies any amounts relating to possible or probable losses, by which a part or the entire disbursement required to settle the provision be reimbursed by the other party.

(a) Probable Risk:

Description	12/31/2015	Changes in 2016					12/31/2016
		New provisions	Monetary restatement	Additions to existing provisions	Reversals of existing provisions	Write-offs after payment	
Tax (Note 18 (b))	167,351	29,319	5,897	5,721	(23,464)	(33,886)	150,938
INSS	25,771	26	471	1	(95)	(12,561)	13,613
IPTU	30,153	1,602	1,638	317	-	(8,340)	25,370
ISSQN	97,665	17,898	3,152	4,440	(23,071)	(5,871)	94,213
Other	13,762	9,793	636	963	(298)	(7,114)	17,742
Civil (Note 18 (e))	3,030,517	496,564	73,679	351,131	(121,679)	(531,447)	3,298,765
Losses and damage	762,321	293,369	20,547	42,495	(16,940)	(345,196)	756,596
Savings accounts	1,276,722	29,137	4,093	290,474	(17,027)	(138,163)	1,445,236
Real estate receivables	105,272	141,564	3,984	17,653	-	(42,886)	225,587
Contingencies related to FGTS	886,202	32,494	45,055	509	(87,712)	(5,202)	871,346
Labor (Note 18 (e))	3,860,506	592,444	105,813	1,048,451	(351,122)	(988,818)	4,267,274
Total	7,058,374	1,118,327	185,389	1,405,303	(496,265)	(1,554,151)	7,716,977

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(i) Tax proceedings

Because CAIXA regularly complies with the tax and labor obligations affecting its activities, operations and services, it discusses, based on legislation, the lawfulness of the collection parameters adopted by finance departments from the various bodies of the Federal Government, in accordance with the corresponding specificities of each case.

Provisions set up for cases whose likelihood of loss is probable, based on the opinion of the legal counsel, refer to income and social contribution tax suits, CAIXA regularly monitors the status of the ongoing legal suits, which, in the medium and long term, may be favorable to CAIXA with the reversal of the respective provisions.

We emphasize the notices served by the National Institute of Social Security (INSS) for collection of social security taxes on payments to CAIXA employees, where the severance and non-compensatory nature of certain amounts are challenged, such as meal voucher, absence allowed for personal reasons (APIP), and premium license, reclassified for December 31, 2016, corresponding to the amount of R\$ 1,546,733 (December 31, 2015 – R\$ 1,496,712), for which a provision of R\$ 13,613 (12/31/2015 – R\$ 25,771) was set up based on the history of success and case laws, grounded on recent technical and legal analysis on the issue.

As for the Service Tax (ISSQN), CAIXA applies the provisions of Federal Supplementary Law No. 116, of July 31, 2003, adjusting its systems and procedures for determination of the tax basis and payment of the tax on services rendered.

Notwithstanding this, tax audits conducted in various Brazilian cities filed suits against CAIXA alleging non-payment or underpayment of the tax, bringing to light the discussion on different interpretations of the materiality, applicable rates and location where the tax should be levied, the total amount of which at December 31, 2016 is R\$ 657,331 (12/31/2015 – R\$ 506,743).

In light of the history of success and case law scenario, assessed in a technical and legal analysis of the matter, as of 12/31/2016 the provision reaches R\$ 94,213 (12/31/2015 – R\$ 97,665).

Also, as a highlight, CAIXA has been discussing the materiality of the debts arising from ex officio levy due to insufficient payments of non-approved offsets which, at 12/31/2016, amount to R\$ \$ 2,735 (12/31/2015 – R\$ 7,795), in connection with procedural questions, which, based on jurisdictional pronouncements on the matter, the advisors suggested that a provision should be set for the full value.

(ii) Labor proceedings

CAIXA is a defendant in claims filed by employees, former employees of CAIXA or service providers and workers' unions, related to their labor activities, career plans, collective bargaining agreements, severance pay, benefits, retirement, subsidiarity, among others.

At December 31, 2016, a provision was recognized for 59,105 thousand labor proceedings, including 55,606 thousand considered "not significant" and 3,499 thousand "significant".

Aiming to reduce litigation and the amounts spent on proceedings, CAIXA continues adopting its in-court and out-of-court reconciliation policy, voluntarily fulfills certain court decisions and makes the analysis of losses incurred in order to mitigate further litigation involving similar cases. Accordingly, the significant claims are not individually disclosed in order not to adversely affect possible agreements.

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(iii) Civil proceedings

CAIXA is a defendant in civil proceedings of a compensatory/contractual nature referring to its products, services and banking services. At December 31, 2016, a provision was recognized for 332,381 thousand civil proceedings, including approximately 330,331 thousand considered "not significant" and 2,050 thousand "significant".

We emphasize proceedings challenging the disregard of the effects of indexes of economic plans, as part of the economic policy of the Federal Government to avoid past inflation rates, upon restatement of savings accounts balances.

CAIXA fulfilled the legal requirements in force at the time, however, considering the suits effectively filed and analysis of the current case laws of the High Court of Justice (STJ), at December 31, 2016 a provision of R\$ R\$ 1,445.236 was recognized for these proceedings (12/31/2015 – R\$ 1,276,722).

It is worth highlighting that the statute of limitations for filing of new claims has expired, thus the absence of a representative potential liability. The Supreme Court (STF) suspended the analysis of all appeals until a decision is rendered by that Court binding all related cases discussing this issue.

The proceedings seeking compensation for damages involving transfer of funds from FGTS are also significant. At December 31, 2016, the provision for these proceedings amounts to R\$ 87,346 (12/31/2015 – R\$ 886,202)

The claims seeking compensation for damages refer to occasional problems with banking services, with the rendering of services or with product acquisition/maintenance.

In 2016, CAIXA entered into 35,072 procedural agreements (61% referring to compensation claims and 39% to credit recoveries), decreasing the amounts that would be fully paid had the judicial decision remained the same, in addition to offering the customer a quick solution to settle the issue. Furthermore, it is still applying its in and out of court settlement policy, voluntarily following the court decisions and analyzing incurred losses in order to mitigate new litigations in similar cases.

(b) Possible Risk

In accordance with CMN Resolution 3823/2009, companies are not required to record provisions for contingencies classified as possible losses:

Description	12/31/2016	12/31/2015
Tax proceedings	5,890,434	5,631,847
Civil Lawsuits	1,996,985	1,454,784
Total	7,887,419	7,086,631

(i) Tax proceedings

CAIXA continuously monitors administrative and legal tax proceedings in which it is a defendant or a claimant and, supported by the opinions of its legal units, classified as possible loss cases that amounted to R\$ 5,890,434, at 12/31/2016 (12/31/2015 - R\$ 5,631,847), including the following main claims based on the amounts under dispute:

a) R\$ 89,730 at 12/31/2016 (12/31/2015 – R\$ 82,772) referring to a tax violation notice filed by the National Foundation for Education Development (FNDE), which claims that CAIXA failed to timely pay the contribution tax as shown in a Tax Debt Notice;

b) PIS/PASEP deficiency notices, totaling R\$ 4,771,962 at 12/31/2016 (12/31/2015 – R\$ 4,621,164), based on underpayment for the period from January 1991 to December 1995, when Decree-Law No. 2445 and No. 2449/1988 were effective, which changed the tax calculation system, and alleged improper offset of overpayments made from January 1992 to May 1993;

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c) PIS/PASEP tax notice amounting to R\$ 215,203 at 12/31/2016 (12/31/2015 – R\$ 206,921), based on the identification of different tax bases for payment from January 1996 to December 1998, and from January to October 1999, resulting from the exclusion of revenues (or failure to include them) and from computing expenses considered incorrect and nondeductible from the tax base, respectively;

d) CSLL amounting to R\$ 165,782 at 12/31/2016 (31/12/2015 – R\$ 155,923) relating to credit arising from overpayment reported in DIPJ and offset in 2003, with discussion regarding procedural issues; and

e) ICMS deficiency notice served by the São Paulo State Finance Department totaling R\$ 248.609 at 12/31/2016 (31/12/2015 – R\$ 233.211), claiming the tax payment stemming from failure to withhold and collect ICMS at source on services classified under "communication" for tax purposes. This tax notice further determines that CAIXA is the ICMS taxpayer due to tax liability under the special agreement published by Brazil's National Board for Fiscal Policy (CONFAZ).

The contingent matters in dispute are followed up on considering possible consolidation or changes in case laws. This enables their maintenance as a consequence of loss risks continually assessed by CAIXA.

(ii) Civil proceedings

With regards to the amounts R\$ 1,996,985 (31/12/2015 - R\$ 1,454,784), Worth noting as probable losses are a class action claiming illegal acts by CAIXA when managing PREVHAB funds as succeeded to by BNH and a public class action on economic plans on savings filed by the association PROJUST, against which CAIXA filed a motion to reopen the case and question the legitimacy of the association. The enforcements involving such public class action are currently suspended following a decision handed down by the Higher Court of Justice.

(c) Analysis of deposits in court:

The balances of amounts deposited in escrow in connection with probable, possible and/or remote contingent liabilities are as follows:

Description	12/31/2016	12/31/2015
Tax proceedings	10,999,076	9,997,452
Civil lawsuits	975,694	917,780
Labor lawsuits	3,442,968	2,795,947
Total	15,417,738	13,711,179

Note 31 – Related parties**(a) Controlling entity**

CAIXA is a government financial institution, linked to the Department of Finance, and its capital was fully paid in by the federal government. Therefore, it is directly controlled by the Brazilian National Treasury Office (STN).

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(b) Related parties

Considering the existence of related-party transactions for the consolidated financial statements reporting period, we present the nature of CAIXA relationships with these entities:

Related Parties	
Entity	Relationship
Brazilian National Treasury - STN	Direct controlling agency
CAIXA Participações S.A. – CAIXAPAR (1)	Direct subsidiary
CAIXA Seguridade (1)	
CAIXA Instantânea (1)	
CAIXA Seguros Holding S.A. (2)	Joint Venture
Banco PAN S.A.	
Capgemini S.A.	
ELO Serviços S.A.	
Tecnologia Bancária S.A. - TECBAN	
Cia Brasileira de Securitização - CIBRASEC	Indirect affiliate
Fundação dos Economizários Federais - FUNCEF	Post-retirement benefit plan

(1) The transactions conducted with these wholly-owned subsidiaries are eliminated upon preparation of the consolidated financial statements of CAIXA.

(2) Organized in order to control CAIXA Seguros Group companies, this comprises: CAIXA Seguros Participações Societárias Ltda., CAIXA Seguradora S.A., CAIXA Vida e Previdência S.A., CAIXA Capitalização S.A., CAIXA Administradora de Consórcios S.A., CAIXA Seguros Especializada em Saúde S.A., CAIXA Seguros Assessoria e Consultoria Ltda., CAIXA Seguros Participações do Sul Ltda. and Companhia de Seguros Previdência do Sul S.A.

(c) Related party transactions

Related-party transactions are conducted in the course of CAIXA operating activities, and their attributions are established in specific regulations.

The Code of Conduct of the Employees and Managing Officers of CAIXA prevents its employees and managing officers from establishing commercial or professional relationship, whether directly or through third parties, with its controllers and companies of the same economic group.

CAIXA conducts sundry transactions with CAIXA Seguros Holding, including its investees, mentioned in the footnote to chart (b) – Related Parties. We point out the availability of its service network for sale, by the referred to parties, of insurance, certificate account with lottery prizes, private pension plans and pooled financing. On the other hand, CAIXA renders several bank services to these related parties, such as maintenance of deposit accounts, short-term investments and payment/collection agreements.

As regards transactions conducted with bank PAN, we point out, among others, maintenance of an operational agreement which determines a revolving credit limit for acquisition of credit portfolios and investment in interbank deposits.

CAIXA maintains with Capgemini IT service contracts for development of corporate solutions for own use. With TECBAN, CAIXA maintains service contracts for use of ATMs. In 12/31/2016, CAIXA amounts held by TecBan reached R\$ 2,237.73. ELO provides CAIXA with services and payment methods. CAIXA maintains contracts for provision of bank services and rent of properties owned by FUNCEF.

In the course of its operations CAIXA generated amounts receivable from its Controlling Entity which at 12/31/2016, totaled approximately R\$ 2 billion. The main part of the amount is comprised of balances relating to operations in prior years, for which CAIXA's management concluded on treatment and reached an understanding with Brazil's National Treasury Department. Receivables procedures are at the validation stage and there is a budgetary projection from the Brazilian Federal Government for its settlement.

Notes to the Consolidated Financial Statements

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The table below shows the statement of financial position balances arising from related-party transactions, considering the relationship with such entities. The group “Other entities” includes FUNCEF and CIBRASEC:

Description	12/31/2016			12/31/2015		
	Controlling entity	Jointly-controlled entities	Other entities	Controlling entity	Jointly-controlled entities	Other entities
ASSETS:	1,976,502	32,566,753	2,386,583	2,697,966	26,703,295	-
Interbank deposits	-	11,229,180	-	-	9,691,758	-
Marketable securities	-	-	2,386,583	-	-	-
Income receivable	1,017,098	18,565	-	1,830,660	25,299	-
Credit Operations – Public Sector	13,980	-	-	26,732	-	-
Credit Operations – Private Sector	-	18,746,764	-	-	15,473,621	-
Other credits (1)	945,424	2,506,533	-	840,574	1,512,617	-
Other values and assets	-	65,711	-	-	-	-
LIABILITIES:	37,024,943	1,360,099	9,040,659	37,204,591	1,158,220	1,630
Deposits	347,121	24,699	703	244,556	718	1,630
Open market funding	-	-	-	-	-	-
Local on-lending - official institutions	34,536,310	-	-	35,286,937	-	-
Funds and social programs	305,014	-	-	118,650	-	-
Financial and development funds	1,783,353	-	-	1,509,771	-	-
Sundry liabilities	53,145	1,335,400	9,039,956	44,677	1,157,502	-

(1) Amounts of the Jointly-Controlled Entities group not stated at 12/31/2015.

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The table below shows the income statement balances arising from related-party transactions, considering the relationship with such entities. The group “Other entities” includes FUNCEF and CIBRASEC:

Description	2nd semester - 2016			Year 2016			2nd semester - 2015			Year 2015		
	Controlling entity	Jointly-controlled entities	Other entities	Controlling entity	Jointly-controlled entities	Other entities	Controlling entity	Jointly-controlled entities	Other entities	Controlling entity	Jointly-controlled entities	Other entities
REVENUE:	106,902	1,280,952	56,328	185,153	2,387,653	94,936	71,089	793,807	-	207,336	1,465,294	-
Result of operations with marketable securities	-	786,256	-	-	1,507,318	-	-	539,893	-	-	920,796	-
Service income	52,239	290,314	-	80,307	494,992	-	22,432	253,914	-	118,946	544,498	-
Other operating income	54,663	204,382	56,328	104,846	385,343	94,936	48,657	-	-	88,390	-	-
EXPENSES:	(2,556)	(720,627)	(576,487)	(4,906)	(1,488,914)	(1,144,648)	(2,393)	(818,572)	(456,159)	(4,423)	(1,011,661)	(876,501)
Market fundraising operations	-	369	-	-	(823)	-	-	-	-	-	-	-
Personnel expenses	-	-	(400,704)	-	-	(854,971)	-	-	(422,627)	-	-	(827,492)
Administrative expenses	-	-	(34,260)	-	-	(67,738)	-	-	(33,532)	-	-	(49,009)
Sale or transfer of financial assets	-	-	(141,523)	-	-	(221,939)	-	-	-	-	-	-
Other operating expenses	(2,556)	(720,996)	-	(4,906)	(1,488,091)	-	(2,393)	(818,572)	-	(4,423)	(1,011,661)	-

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(d) Remuneration of key management personnel

The costs incurred with compensation and other benefits provided to key management personnel (Board of Directors, Statutory Audit Board, Executive Board, and Audit Committee) are shown below:

Description	2016		2015	
	2nd Semester	Year	2nd Semester	Year
Short-term benefits	17,075	40,133	14,806	34,720
Salaries	12,636	29,666	10,978	26,058
Payroll charges	4,439	10,467	3,828	8,662

Description	12/31/2016 (values in R\$)		12/31/2015 (values in R\$)	
	Management	Employee	Management	Employee
Highest salary	56,196.55	42,903.00	53,266.87	36,901.00
Average salary	45,346.45	8,925.50	42,982.42	8,101.39
Lowest salary	41,867.68	2,624.00	39,685.01	2,429.00
Benefits	5,835.16	2,983.72	4,747.86	2,404.27

CAIXA does not provide variable share-based compensation and other long-term benefits, and neither does it offer post-employment benefits to its managers. Post-employment benefits are only offered to CAIXA's staff.

Note 32 – Employee benefits**(a) Analysis of the provision for employee benefits**

Provisions for employee benefits include expected costs in the short term and in the post-employment period. Provisions for short-term benefits are recognized to settle payroll-related costs and profit sharing. Provisions for post-employment benefits refer to expected costs (actuarial calculations) on retirement, pension and health care plans and meal/food vouchers offered by CAIXA.

These provisions are broken down as follows:

Description	12/31/2016	12/31/2015
Short-term benefits	3,025,456	3,020,078
Salary-related	2,641,734	2,500,687
Profit sharing	383,722	519,391
Post-employment benefits (Note 18 (e))	22,816,082	15,744,858
Saúde CAIXA (actuarial calculation (g,1))	13,541,692	12,068,398
Meal and food vouchers (actuarial calculation (g,2))	1,331,503	1,097,455
Benefit plans - private pension	7,942,887	2,579,005
Total	25,841,538	18,764,936

(b) Short-term benefits:

The provisions for short-term benefits mainly comprise salaries payable, 13th month salary, vacation pay, bonus leave, frequency bonus, and employee profit sharing, and mature in the course of twelve months following the period to which the consolidated financial statements refer.

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(c) Post-employment benefits:

CAIXA sponsors post-retirement, pension, supplementary health care plans and meal/food vouchers. These benefits are offered to employees, officers, retirees and pensioners in connection with their employment relationship or with the succession to duties or rights of other entities (as the case is with former Banco Nacional de Habitação – BNH).

(d) Plan management, organizational structure and corporate governance

In relation to retirement and pension plans sponsored by CAIXA, their management is carried out by Fundação dos Economistas Federais (FUNCEF), a closely-held supplementary pension, nonprofit entity with administrative and financial autonomy, created based on Law No. 6435, of July 15, 1977 (repealed by Supplementary Law No. 109, of May 29, 2001).

The foundation is regulated by an industry-related legislation (<http://www.previdencia.gov.br/a-previdencia/previc/legislacao-da-previdencia-complementar/>), its Articles of Organization, regulations of Benefit Plans and management actions, such as the Code of Business Conduct and Code of Best Corporate Governance Practices (www.funcef.com.br).

FUNCEF has an Advisory Board, Executive Board and Supervisory Board, according to Supplementary Law No. 108/2001. The first two bodies are for management purposes and the last for internal control purposes.

The three bodies have internal regulations and obligations, roles, formation and criteria related to the provisions of the Articles of Organization of FUNCEF.

The Advisory Board is the top management board within FUNCEF's organizational structure. Its main role is to make decisions on the Foundation's Cost Plan, and on amendments to the Articles of Organization and to benefit plans. This board further assesses quarterly trial balance sheets, the annual balance sheet and the company's account reporting, by analyzing and approving their contents and opinions thereon. With six members – three appointed by the Sponsor and three by members - the board's chairman is Joaquim Lima de Oliveira, Caixa's Vice-President of Information Technology and the Sponsor's representative.

The Supervisory Board is responsible for examining accounts, books and records. This board issues opinions on balance sheets, accounts, economic and financial measures and statements, and it further examines the fulfilling of legal and statutory duties by management. It has four members and its chairman is Jairo Dantas, a representative of the members.

The Executive Board's mission is to take any actions imposed by the Advisory Board and its Internal Regulation; authorize services and decide on assets; approve trial balance sheets, and report on the company's accounts; decide on plans and criteria necessary to management; decide on agreements involving economic and financial liability and approve any agreements intended for associates.

The three bodies have internal regulations and obligations, roles, formation and criteria related to the provisions of the Articles of Organization of FUNCEF.

In summary, the Advisory Board is the highest authority of the organizational structure of FUNCEF and responsible for defining entity's general management policy and benefit plans. The Supervisory Board is responsible for foundation's internal control. As management board, the Executive Board manages funds, plans and programs, in strict compliance with the rules contained in the Articles of Organization, in Regulations of Benefit Plans and in guidelines and resolutions of the Advisory Board.

The Articles of Organization also provide for Technical Advisory Committees, reporting to the Advisory Board, with their internal regulations approved by that body. In order to support the work of the three statutory bodies, Investment, Benefit, Ethics, Financial Information Quality and Audit Committees comprise members appointed by the Advisory Board, Patrocinadora CAIXA and Executive Board.

The supplementary healthcare plans, food allowance/basket of food staples and PREVHAB members are managed directly by CAIXA.

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(e) Actuarial risks

Among the other significant risks to which CAIXA is exposed, the actuarial risk is inherent in its condition of sponsor of Pension Plans managed by *Fundação dos Economizários Federais* – FUNCEF (REG/REPLAN, REB and Novo Plano), of Health Plan (Saúde Caixa) and of food allowance, in addition to EX-PREVHAB managed by CAIXA.

The concept of actuarial risk may be characterized by the inability to accumulate and/or maintain funds consistent with the commitments made to participants in a Pension Fund, health care plan beneficiaries and other beneficiaries.

Actuarial risk particularly arises from inadequate actuarial hypotheses and assumptions established, which may cause Benefit Plan volatility.

In order to measure the actuarial risk arising from CAIXA's sponsorship of Benefit Plans granted to its employees, a specific methodology was developed following the best domestic and international market practices. This model is based on the application of shock lapse assumptions to the Benefit Plans, by simulating stress events. Based on the amounts resulting from this model, CAIXA calculates the capital to be allocated due to its exposure to the actuarial risk, when necessary. CAIXA's capital margin in December 2016 is sufficient to bear the actuarial risk recorded.

(f) Asset/liability crosschecking strategy

Only Pension Plans managed by FUNCEF (REG/REPLAN, REB and Novo Plano) have financial assets to cover actuarial risks.

As established by CMN Resolution No. 3792 of September 24, 2009, to determine the allocation goal for funds that guarantee benefit plans by investment segment, FUNCEF adopts its own Asset Liability Management (ALM), which uses stochastic scenarios for changes in assets and liabilities, from pessimistic to optimistic scenarios built from scenarios approved by the Executive Board with detailed discussion in investment and technical advisory committees – having representatives of entities representing participants, sponsor and FUNCEF. The purpose of this model is to minimize the risk of benefit plans with expected profitability of five years, exceeding the accumulated actuarial target in more than 1% p.a., considering the individual characteristics of the plans, such as benefit payments, received contributions, committed capital, asset receipt flow and needed liquidity.

As regards the management of actuarial liabilities and of the risk associated thereto, for future projections intended to ALM, the stochastic methodology is used, by which several simulations of the actuarial liability are generated with simultaneous variations in all previously established assumptions, using the SAS system. The stochastic flows consider variations on the main actuarial hypothesis, namely:

- Economic variables related to actual interest and growth rate of participation salaries;
- Biometric and demographic variables related to survival or death of participant not disabled (active or assisted), survival or death of participant disabled, survival or death of spouse, participant as not disabled or disabled and participant turnover.

(g) Benefit plans - details

(g.1) Health care plans – Saúde CAIXA and PAMS

Saúde CAIXA is a self-managed health care program established and managed by CAIXA itself for the purpose of providing medical, hospital, laboratory, radiology, dental, psychological assistance, physical therapy, occupational therapy, social services, speech therapy and diet counseling to beneficiaries and their dependents. This benefit is granted by CAIXA to its employees and retirees associated with FUNCEF, PREVHAB, SASSE, PMPP Fund and the National Institute of Social Security (INSS).

The costs of the Saúde CAIXA Health Care Plan are defrayed by CAIXA through contributions equivalent to 70% of the assistance expenditures.

The beneficiary defrays 30% of the assistance expenditures through monthly payments of 2% on the base remuneration for the family group, plus a co-participation of 20% on the use of the assistance, limited to a co-participation cap, and monthly payments for each indirect dependent enrolled.

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PAMS is a benefit offered by CAIXA to beneficiaries and their dependents who are parties to injunction pending trial and lawsuits. It is a self-managed program established and managed by CAIXA itself for the purpose of providing medical, hospital, dental and psychological assistance, through a network of accredited entities, all over Brazil, in compliance with PAMS rules and Table.

The amount of the actuarial provision obtained through the discount to present value of all the flows of assistance expenses relating to current and future retirees and pensioners is R\$ 13,541,692 (12/31/2015 – R\$ 12,068,398).

(g.2) Meal Vouchers and Food Basket Allowance

CAIXA provides its employees and managing officers with Luncheon/Meal Voucher and Food Staples Basket under current legislation and Collective Bargaining Agreement. The actuarial results presented, related to Luncheon Voucher and Food Staples Basket, refer only to benefits granted to participants assisted entitled to them.

The Food Allowance and Basket of Food Staples are benefits paid exclusively to retirees and pensioners through court decision, or in or out of court settlement. In 2016, 600 new benefits were granted and in 2015, 1,106 were granted.

The monthly value of Luncheon/Meal Voucher and Food Staples Basket is defined in September of each year. For the period from September 2016 to August 2017, the value of the luncheon/meal voucher is R\$ 717.29 per month to pay for meals at restaurants and similar establishments. The value of the food staples basket allowance from September 2016 to August 2017 is R\$ 565.28 per month to purchase food from supermarkets or similar commercial establishments. They have an indemnification nature and are not considered part of salary. Accordingly, there are no charges on the company and employees.

The amount of the actuarial provision obtained through the discount to present value of all the flows of meal and food voucher expenses relating to current and future retirees and pensioners is R\$ 1,331,503 (12/31/2015 – R\$ 1,097,455).

(g.3) Benefit plan - PREVHAB payees

Under Decree No. 2291, of November 21, 1986, the National Housing Bank (BNH) ceased to exist and CAIXA has been the successor to all of its duties and rights, including those arising from employment relations.

Among the obligations assumed by CAIXA in relation to the employees of BNH was the maintenance of Associação de Previdência dos Empregados do BNH – PREVHAB, a Pension Fund responsible for supplementing the social security benefits of the employees of BNH.

For absorption of PREVHAB by Fundação dos Economizários Federais – FUNCEF or transfer of beneficiaries from the former to the latter, in compliance with the private law applicable to the situations, social security strategies were studied and adopted by CAIXA/FUNCEF; however, since they were not in line with CAIXA's proposal or did not meet the requirements established, 65 beneficiaries continue to receive amounts from CAIXA.

Given the characteristics of the Plan, Net Assets will be paid by the Sponsor in the same amount of the Obligation.

(g.4) Supplementary private pension plans

- **REG/REPLAN**

CAIXA sponsors the REG/REPLAN Benefit Plan, managed by FUNCEF, structured as Defined Benefit plan. This plan was approved by the corresponding authority on May 17, 1977, starting on August 1, 1977. The plan incorporates the regulations introduced in 1977 (REG) and 1979 (REPLAN), treated as a single plan.

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The settlement of the benefits of this plan was defined through an amendment to its regulations, on June 14, 2006. Such procedure means that the benefit amount is settled, calculated, and restated based on the plan's index, with no further reference to the participation salary, 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.

In line with the changes in previous plans, some items established by Supplementary Law No. 109, of May 29, 2001, are included, such as: guaranteed conditions for redemption and portability of the balance of the participant's individual account.

REG/REPLAN not settled assures its participants and beneficiaries the following benefits:

- Supplementary retirement benefits based on the contribution period;
- Supplementary retirement benefits for disability;
- Supplementary retirement benefits based on age;
- Supplementary special retirement benefits;
- Supplementary pension benefits for death;
- Supplementary annual bonus;
- Funeral payments;
- Self-sponsorship, deferred proportional benefit, portability and redemption.

The settled benefits provided to participants and beneficiaries are as follows:

- Full planned benefit;
- Prepaid planned benefit;
- Benefit for disability;
- Annual bonus;
- Prepaid single benefit;
- Pension for death;
- Benefit for death.

CAIXA adopted the Risk Sharing concept, considering that the Actuarial Liabilities shall be borne 50% by the Sponsor and 50% by the Participants. We point out that the adoption of the Risk Sharing concept is CAIXA's responsibility, which performed the analysis required technically.

In relation to the costing plan of REG/REPLAN, defined as the calculation prepared by the actuary responsible for the plan that defines the level of contribution necessary for setting up reserves that guarantee benefits, funds, provisions and coverage of other benefit plan expenses, for actuarial balance, it will define the contribution percentages to be applied to the Plan and will be segregated between those opting for settlement or not, with review of minimum annual periodicity, under plan's regulation (available on: www.funcef.com.br/).

As the REG/REPLAN Pension Plan sponsored by CAIXA has recorded in 2014 its third consecutive year of accumulated technical deficit, Company management approved the plan for restructuring, which follows the rule approved by the National Supplementary Pension Council (CNPC) on last November 25 and implemented by MPS/CNPC Resolution N° 22/2015, published in the Official Gazette on December 3, 2015.

According to the regulation of the plan itself and Quase-constitutional Laws N° 108 and 109/2001, CAIXA bears on an equal basis with the members on such plan the accumulated deficit subject matter of the restructuring plan.

The amount to be paid by CAIXA, restated at 12/31/2015, is R\$1,132,946, and the amortization totals 17.4 years or 208 months. In 2016, CAIXA paid R\$72,470 to FUNCEF relating to the referred to equation plan.

Specifically in relation to the REG/REPLAN plan – Paid Type, in connection with the provisions of said Pronouncement, CAIXA maintains a provision for R\$ 7,654,277, at 12/31/2016 (R\$ 2,307,318 - 12/31/2015), to cover the actuarial deficit determined for such plan.

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Accordingly, to the detriment of the fact of an expected increase in current expenses (extraordinary contributions to FUNCEF), the amount of the actuarial provision previously set up by CAIXA, pursuant to Technical Pronouncement CPC 33, is sufficient to support the need for future disbursements relating to the plan to restructure the technical deficit determined by FUNCEF.

- **REB**

CAIXA sponsors the REB Benefit Plan, managed by FUNCEF. The REB Benefit Plan was approved by the corresponding authority on August 5, 1998 and started thereon.

REB is structured as Variable Contribution plan, and the participant's regular contribution is calculated by applying a percentage on the participation salary, defined upon adoption thereof, which cannot be lower than 2% (two percent).

Upon the establishment of the REB Plan, new adhesions to the REG/REPLAN ceased and that plan was offered to employees who joined CAIXA as from 1998. On February 4, 2002, the plan's regulation was amended to permit the migration of REG/REPLAN participants to REB, which was opposed by the members. This experience influenced the process of preparing the proposal for REG/REPLAN Settled and the establishment of the "Novo Plano" Benefit Plan.

Based on Order No. 160/2008/GENEP, the REB Benefit Plan that was virtually segregated into REB 1998 and REB 2002 was unified.

REB assures its participants and beneficiaries the following benefits:

- Life annuity based on the contribution period;
- Life annuity based on retirement for disability of the licensed participant;
- Life annuity based on retirement for disability;
- Pension for death;
- Benefit for death;
- Prepaid annuity;
- Annual bonus; and
- Self-sponsorship, deferred proportional benefit, portability and redemption.

CAIXA adopted the Risk Sharing concept, considering that 50% of the Actuarial Liability will be covered by Sponsor, and the remaining 50% by Members. We point out that the risk sharing adoption is CAIXA's responsibility, and it performed all the required analysis for the development of its technical concept.

In relation to the costing plan of the REB plan, defined as the calculation that determines the level of contributions of the sponsor, participants and assisted participants, in order to establish the benefit plan cost, it will be established with minimum annual periodicity, to properly set the level of social contributions due and administrative costs, mandatorily contained in the result of plan's actuarial assessment, as defined in plan's regulation (available on: www.funcef.com.br).

- **Novo Plano**

CAIXA sponsors the Novo Plano Benefit Plan, managed by FUNCEF. It was approved by the corresponding authority on June 16, 2006 and started on September 1, 2006.

Novo Plano is structured as Variable Contribution, with contribution defined in setting up reserves and benefit defined in receiving benefits, as well as in cases of risk benefits, such as disability and pension for death. It includes items established by Supplementary Law No. 109, of May 29, 2001 – such as guaranteed conditions for redemption and portability of the balance of the participant's individual account. It also adopts the new contribution base, increasing the portion allocated by CAIXA to the balance of the beneficiary's account. The participant's regular contribution is calculated by applying a percentage on the participation salary, defined upon adoption of the plan, which cannot be lower than 5% (five percent).

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Administrative expenses shall be equally borne by the Sponsor, Participants and Beneficiaries and shall be approved by the Executive Board and Decision-Making Board of FUNCEF, in compliance with the limits and criteria established by the corresponding authority.

Novo Plano assures its participants and beneficiaries the following benefits:

- Full planned benefit;
- Prepaid planned benefit;
- Benefit for disability;
- Annual bonus;
- Prepaid single benefit;
- Pension for death;
- Benefit for death; and
- Self-sponsorship, deferred proportional benefit, portability and redemption.

CAIXA adopted the Risk Sharing concept, considering that the Actuarial Liabilities shall be borne 50% by the Sponsor and 50% by the Participants. We point out that the adoption of the Risk Sharing concept is CAIXA's responsibility, which performed the analysis required technically.

The NOVO PLANO costing plan will establish the level of contribution necessary for setting up reserves that guarantee benefits, institutes, funds, provisions and coverage of other expenses, approved by the Executive Board, subject to approval of the Advisory Board of FUNCEF and the sponsor, in compliance with criteria established by the regulator, under plan's regulation (available on: www.funcef.com.br/).

The costing plan will be annual, but may be reviewed at any time if duly justified by FUNCEF, and will be under the responsibility of the sponsor and participants, including those assisted.

FUNCEF's administrative expenses will be borne by the sponsor and participants, including those assisted, in compliance with the limit and criteria established by the regulator.

(h) Number of participants – post-employment benefit:

Description	12/31/2016 (1)			12/31/2015		
	Active	Beneficiaries	Total	Active	Beneficiaries	Total
Saúde Caixa (Including dependents)	93,246	59,649	152,895	93,523	60,939	154,462
Meal Vouchers and Food Basket Allowance (retirees and pensioners)	-	15,153	15,153	-	15,101	15,101
PREVHAB (retirees and pensioners)	-	65	65	-	65	65
REG/REPLAN settled	20,726	36,422	57,148	22,542	34,578	57,120
REG/REPLAN not settled	2,371	3,761	6,132	2,585	3,407	5,992
REB	7,063	757	7,820	7,265	705	7,970
Novo Plano	84,217	5,274	89,491	88,028	4,865	92,893

(1) According to the positions at 09/30/2016 and 09/30/2015 used to calculate the defined benefit obligation.

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(i) Actuarial valuation of benefit plans

The company Deloitte Touche Tohmatsu was engaged to perform the actuarial valuation of benefit plans sponsored by CAIXA. The aforesaid actuarial valuation comprised the following benefit plans Saúde CAIXA, Meal Vouchers and Food Basket Allowance, PREVHAB, REG/REPLAN, REB and Novo Plano.

The actuarial calculations and surveys conducted by the advisory department with the accounting pronouncement CPC 33 (R1), approved by BACEN Resolution No. 4424/2015, support CAIXA's accounting of equity and profit or loss.

CAIXA is partially responsible for covering the liabilities of Saúde CAIXA, REG/REPLAN, REB e Novo Plano plans, and fully responsible for covering the commitments held with Meal Vouchers and Food Basket Allowance and beneficiaries of PREVHAB.

(i.1) Recognition of actuarial gains and losses

CAIXA's accounting policy of gains and losses accounted for in its financial statements for pension and health plans, and post-employment benefits structured as Defined Plan, as determined by CPC 33 (R1), corresponds to recognition of all actuarial gains and losses in the period they take place under the equity method.

In the plans containing net actuarial assets, these are limited to the value of the economic benefit CAIXA may use, calculated as present value of the cash flow of values reversed from CAIXA plans or the actual reduction of future contributions, if any. At 12/31/2016, economic benefits subject to recognition by the sponsor were not determined.

As regards pension plans with structured benefits under the defined contribution modality, based on Pronouncement CPC 33 R1 and on the nature of this benefit, they do not generate actuarial gains or losses recognizable by CAIXA.

(i.2) Main actuarial assumptions adopted in the actuarial valuation of the plans:

As determined by pronouncement CPC 33 (R1), in valuing defined benefit plans, (financial and demographic) assumptions that reflect the entity's best estimates must be applied on variables that will determine the final cost of such employee benefits.

The calculation of the annual actuarial discount interest rate considers the rate of return on first-class government bonds used as reference, taking into account the inexistence of marketable securities with the conditions provided for in CPC 33. This alternative is provided for by such standard.

Among significant actuarial assumptions adopted in Saúde CAIXA, we point to the Medical Cost Growth Rate, with projected annual actual rates (i.e. above the general inflation rate) of 5.00% for 2017, 4.50% for 2018, 4.00% for 2019, 3.50% for 2020, 3.00% for 2021, 2.50% for 2022, 2.00% for 2023, 1.50% from 2024.

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(i.3) Financial and demographic assumptions considered in the actuarial calculations of the benefit plans:

Description	Saúde CAIXA (3)		Allowance and Food Basket		PREVHAB beneficiaries	
	Year 2016	Year 2015	Year 2016	Year 2015	Year 2016	Year 2015
Annual interest rate (1)	9,88	13,91	10,00	14,22	10,07	14,42
Projected annual salary increase	N/A	N/A	N/A	N/A	N/A	N/A
Projected annual benefit increases	N/A	N/A	N/A	N/A	4,00	6,47
Annual average inflation rate	4,00	6,47	4,00	6,47	4,00	6,47
Turnover rate (2)	1,08	1,08	N/A	N/A	N/A	N/A
General mortality table	RP 2000	RP 2000	RP 2000	RP 2000	RP 2000	RP 2000
	(-20%)	(-20%)	(-20%)	(-20%)	(-20%)	(-20%)
Disability table	Light Fraca	Light Fraca	N/A	N/A	N/A	N/A
Disability mortality table	CSO - 58	CSO - 58	CSO - 58	CSO - 58	CSO - 58	CSO - 58
Retirement	H – 55; M – 52	H – 55; M – 52	N/A	N/A	N/A	N/A

- (1) The calculation of the annual actuarial discount interest rate considers, in addition to the inflation rate for the period of 4.00% p.a. (6.47% p.a. in 2015), the yield of top-tier government bonds used as a reference, considering that there are no marketable securities under the conditions provided for by Pronouncement CPC 33. This alternative approach is provided for by the referred to standard.
- (2) Changes in financial and demographic assumptions identified, in line with CPC 33, are explained by the need to consider the best estimates of the entity about variables that will determine the final cost of providing post-employment benefits.
- (3) Among significant actuarial assumptions adopted in Saúde CAIXA, we point out the Medical Cost Growth Rate, with projected annual rates of 5.00% for 2017, 4.50% for 2018; 4.00% for 2019, 3.50% for 2020; 3.00% for 2021; 2.50% for 2022; 2.00% for 2023; 1.50% for 2024.

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Description	REG/REPLAN				REB		NOVO PLANO	
	Settled		Not settled		Year 2016	Year 2015	Year 2016	Year 2015
	Year 2016	Year 2015	Year 2016	Year 2015				
Annual interest rate (1)	10,01	14,27	9,99	14,2	10,06	14,37	10,00	14,27
Projected annual salary increase	N/A	N/A	6,43	9,03	7,31	10,89	6,49	9,85
Projected annual benefit increases	4,00	6,47	5,79	8,41	4,00	6,47	4,00	6,47
Annual average inflation rate	4,00	6,47	4,00	6,47	4,00	6,47	4,00	6,47
Turnover rate (2)	N/A	N/A	N/A	N/A	Experience FUNCEF REB 2013	Experience FUNCEF REB 2013	Experience FUNCEF Novo Plano 2015	Experience FUNCEF Novo Plano 2015
General mortality table	RP 2000	RP 2000	RP 2000	RP 2000	RP 2000	RP 2000	RP 2000	RP 2000
	(-20%)	(-20%)	(-20%)	(-20%)	(-20%)	(-20%)	(-20%)	(-20%)
Disability table	Light	Light	Light	Light	Light	Light	Light	Light
Disability mortality table	CSO - 58	CSO - 58	CSO - 58	CSO - 58	CSO - 58	CSO - 58	CSO - 58	CSO - 58
Retirement	M - 53	M - 53	M - 55	M - 55	100% - 1ª eligibility	100% - 1ª eligibility	M - 55	M - 55
	F - 48	F - 48	F - 52	F - 52			F - 52	F - 52

- (1) The calculation of the annual actuarial discount interest rate considers, in addition to the inflation rate for the period of 4.00% p.a. (6.47% p.a. in 2015), the yield of top-tier government bonds used as a reference, considering that there are no marketable securities under the conditions provided for by Pronouncement CPC 33. This alternative approach is provided for by the referred to standard.
- (2) Changes in financial and demographic assumptions identified, in line with CPC 33, are explained by the need to consider the best estimates of the entity about variables that will determine the final cost of providing post-employment benefits.

(i.4) Reconciliation of present value of plan actuarial obligation:

The present value of the actuarial obligation represents the final costs at present value of defined benefit plans for sponsoring entities. The calculation of these costs considers several variables such as salaries on the benefit grant date, employee turnover and mortality, employee contributions and trends of medical cost. This is, therefore, an attempt to identify actuarial amounts, which mainly intends to calculate with as accurate as possible the obligation amount resulting from employee service in current and past periods.

The Projected Unit Credit Method is used to determine the present value of defined benefit obligations and the respective current service cost and, where applicable, past service cost. It is also known as "accumulated benefit method", treats each period of service as the source of an additional benefit entitlement unit and measures each unit separately to determine the final obligation.

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Description	Saúde CAIXA		Meal and food vouchers		PREVHAB Beneficiaries	
	Year 2016	Year 2015	Year 2016	Year 2015	Year 2016	Year 2015
VPOA ¹ at beginning of year	(12,068,398)	(9,346,949)	(1,097,455)	(861,146)	(41,116)	(49,944)
Current service cost	(199,468)	(256,951)	-	-	-	-
Interest cost	(1,686,282)	(1,291,927)	(157,553)	(122,223)	(5,307)	(5,691)
Re-measurement of actuarial gains (losses)	36,327	(1,519,532)	(191,150)	(219,016)	(10,451)	10,131
Experience adjustments	2,788,480	958,037	(53,550)	(309,166)	(4,980)	5,988
Changes in demographic assumptions	93,408	(510,781)	-	-	-	-
Changes to financial assumptions	(2,845,561)	(1,966,788)	(137,600)	90,150	(5,471)	4,143
Benefits paid by the plan	376,129	346,961	114,655	104,930	5,043	4,388
VPOA¹ at end of year	(13,541,692)	(12,068,398)	(1,331,503)	(1,097,455)	(51,831)	(41,116)

VPOA¹ – Present Value of Actuarial Obligation

Description	REG/REPLAN				REB		NOVO PLANO	
	Settled		Not settled		Year 2016	Year 2015	Year 2016	Year 2015
	Year 2016	Year 2015	Year 2016	Year 2015				
VPOA ¹ at beginning of year	(38,512,812)	(37,832,062)	(3,901,853)	(3,969,884)	(277,605)	(254,556)	(861,103)	(581,419)
Current service cost	-	(64,850)	(3,086)	(18,808)	(1,839)	(2,718)	(9,606)	(20,856)
Interest cost	(5,069,592)	(4,796,711)	(516,800)	(503,340)	(34,525)	(32,052)	(123,692)	(79,020)
Participant's expected contributions	(142,052)	(466)	(28,085)	(30,238)	(842)	(181)	(71)	-
Re-measurement of actuarial gains (losses)	(8,072,610)	1,414,343	(841,399)	402,298	(50,847)	(8,274)	(260,192)	(210,638)
Experience adjustments	(2,915,029)	(2,822,307)	(176,183)	(105,501)	(12,902)	(48,333)	(41,934)	(344,869)
Changes in demographic assumptions	(44,954)	112,849	(23,329)	77,746	(168)	3,002	(5,253)	17,081
Changes to financial assumptions	(5,112,627)	4,123,801	(641,887)	430,053	(37,777)	37,057	(213,005)	117,150
Benefits paid by the plan	2,451,052	2,766,934	208,069	218,119	24,626	20,176	48,620	30,830
VPOA¹ at end of year	(49,346,014)	(38,512,812)	(5,083,154)	(3,901,853)	(341,032)	(277,605)	(1,206,044)	(861,103)

VPOA¹ – Present Value of Actuarial Obligation

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(i.5) Defined benefit obligation maturity:

Description	Saúde CAIXA	Allowance and Food Basket	PREVHAB beneficiaries	REG/REPLAN settled	REG/REPLAN not settled	REB	NOVO PLANO
Payment of expected benefits at the end of 31/12/2017	375,136	122,297	4,803	3,521,736	298,985	25,266	62,959
Payment of expected benefits at the end of 31/12/2018	397,766	112,785	5,398	3,350,362	295,314	23,672	62,727
Payment of expected benefits at the end of 31/12/2019	414,373	103,923	4,910	3,187,171	289,058	22,162	61,894
Payment of expected benefits at the end of 31/12/2020 or after	428,698	95,649	4,452	3,026,263	281,469	20,734	60,499
Payment of expected benefits at the end of 31/12/2021 or after	11,925,719	896,849	32,268	36,260,482	3,918,328	249,198	957,965
Total	13,541,692	1,331,503	51,831	49,346,014	5,083,154	341,032	1,206,044
Duration of actuarial liabilities at December 31, 2016	28.21 years	12.63 years	9.37 years	11.6 years	13.3 years	9.67 years	12.22 years

(i.6) Reconciliation of present value of plan actuarial obligations:

Plan assets represent the funding amounts (main and profitability of interest, dividends and other revenues) held by the entity or pension fund to cover actuarial liabilities of each benefit plan sponsored by CAIXA. These funds are measured at fair value, i.e., considering the amount effectively received for the sale of an asset or paid for the allocation of a liability in unforced transactions between market participants on measurement date.

The supplementary health plans and food allowance/basket of food staples are directly managed by CAIXA and do not have assets.

The following reconciliation shows the evolution of fair value of plan assets:

Description	PREVHAB beneficiaries		REG/REPLAN				REB		NOVO PLANO	
	Year 2016	Year 2015	Settled		Not settled		Year 2016	Year 2015	Year 2016	Year 2015
			Year 2016	Year 2015	Year 2016	Year 2015				
VJAP ¹ at beginning of year	41,116	49,944	33,898,176	35,220,021	3,988,451	3,969,866	250,893	263,803	344,443	279,514
Interest income	5,308	5,691	4,294,905	4,285,132	519,466	483,004	32,991	32,355	60,183	39,089
Gains (losses) on plan assets (excluding interest income)	10,450	(10,131)	(1,132,023)	(2,843,645)	(94,068)	(321,425)	57,294	(25,838)	247,777	24,245
Employer's contributions	-	-	111,942	3,135	22,749	44,887	865	568	47,745	32,425
Contributions paid by the participants in the plan	-	-	142,052	467	28,085	30,238	842	181	71	-
Benefits paid by the plan	(5,043)	(4,388)	(2,451,052)	(2,766,934)	(208,069)	(218,119)	(24,626)	(20,176)	(48,621)	(30,830)
VJAP¹ at end of period	51,831	41,116	34,864,000	33,898,176	4,256,614	3,988,451	318,259	250,893	651,598	344,443

VJAP¹ – Fair value of plan assets

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(i.7) Equity information of plan assets:

The supplementary health plans and food allowance/basket of food staples are directly managed by CAIXA and do not have assets

Description	PREVHAB beneficiaries		REG/REPLAN settled		REG/REPLAN not settled		REB		NOVO PLANO	
	Year 2016	Year 2015	Year 2016	Year 2015	Year 2016	Year 2015	Year 2016	Year 2015	Year 2016	Year 2015
Fixed income	100,00%	100,00%	56,04%	51,65%	55,99%	51,82%	58,50%	53,25%	69,25%	63,48%
Variable income	-	-	22,29%	23,76%	25,17%	24,88%	24,61%	23,94%	19,45%	18,14%
Structured investments	-	-	7,56%	9,31%	6,92%	10,08%	5,21%	7,89%	3,09%	6,78%
Real estate investments	-	-	11,09%	11,99%	10,38%	11,51%	3,54%	4,54%	0,47%	0,73%
Participants	-	-	3,01%	3,27%	1,54%	1,70%	8,14%	10,37%	7,74%	10,87%
Other investments	-	-	0,01%	0,02%	-	0,01%	-	0,01%	-	-
Total	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%

(i.8) Own instruments issued maintained as plan assets and plan properties occupied by CAIXA:

Description	Saúde CAIXA	Allowance and Food Basket	PREVHAB beneficiaries	REG/REPLAN settled	REG/REPLAN not settled	REB	NOVO PLANO
	12/31/2016	12/31/2016	12/31/2016	12/31/2016	12/31/2016	12/31/2016	12/31/2016
Savings account – Own portfolio	-	-	-	3,905,391	350,064	214,895	1,142,500
Investment funds – Own portfolio	-	-	-	31,214,438	3,684,135	1,362,075	9,573,325
Properties – Leased to CAIXA	-	-	-	4,561,388	488,419	63,394	63,639
Total				39,681,217	4,522,618	1,640,364	10,779,464

Notes to the Consolidated Financial Statements

In thousands of reais, unless otherwise stated

(i.9) Net value of plan assets/liabilities recognized in balance sheets:

The net amount of assets/liabilities arises from the cross checking of actuarial obligation of plans with their respective amounts of assets measured at fair value. The existence of a possible deficit (liability) promotes the need for the sponsoring entity to provision funds to cover the identified incremental actuarial obligation based on its participation in the plan (sharing effect). The existence of surplus (asset) may lead to the reversal of amounts of the plan in favor of the sponsoring and sponsored entities, based on their participations, also considering the recognition limit of actuarial asset (effect of asset ceiling).

Description	Saúde CAIXA		Allowance and Food Basket		PREVHAB Beneficiaries	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015	12/31/2016	12/31/2015
VPOA ¹ of end of period	(13,541,692)	(12,068,398)	(1,331,503)	(1,097,455)	(51,831)	(41,116)
VJAP ² of end of period	-	-	-	-	51,831	41,116
Surplus (deficit) of the plan	(13,541,692)	(12,068,398)	(1,331,503)	(1,097,455)	-	-
Effect of restriction on actuarial liability (3)	-	-	-	-	-	-
Asset ceiling effect (4)	-	-	-	-	-	-
Net asset (liability)	(13,541,692)	(12,068,398)	(1,331,503)	(1,097,455)	-	-

 VPOA¹ - Present value of the actuarial liability/ VJAP² - Fair value of plan assets

 VJAP² – Fair value of plan assets

(3) Refers to the calculation of risk-sharing effect with the participants and beneficiaries of the plan, so as to limit the actuarial liability to be recognized by Caixa.

(4) Refers to the calculation of economic benefit available provided for item 65 of CPC 33 R1 (CVM Resolution 695/2012), so as to limit the actuarial asset to be recognized by Caixa.

Description	REG/REPLAN				REB		NOVO PLANO	
	Settled		Not settled		12/31/2016	12/3/2015	12/31/2016	12/31/015
	12/31/2016	12/31/2015	12/31/2016	12/31/2015				
VPOA ¹ of end of period	(49,346,014)	(38,512,812)	(5,083,154)	(3,901,853)	(341,032)	(277,605)	(1,206,044)	(861,104)
VJAP ² of end of period	34,864,000	33,898,176	4,256,614	3,988,451	318,259	250,893	651,598	344,443
Surplus (deficit) of the plan	(14,482,014)	(4,614,636)	(826,540)	86,598	(22,773)	(26,712)	(554,446)	(516,661)
Effect of restriction on actuarial liability (3)	7,241,007	2,307,318	413,270	-	11,387	13,356	277,223	258,331
Asset ceiling effect (4)	-	-	-	(86,598)	-	-	-	-
Net asset (liability)	(7,241,007)	(2,307,318)	(413,270)	-	(11,387)	(13,356)	(277,223)	(258,331)

 VPOA¹ - Present value of the actuarial liability/ VJAP² - Fair value of plan assets

 VJAP² – Fair value of plan assets

(3) Refers to the calculation of risk-sharing effect with the participants and beneficiaries of the plan, so as to limit the actuarial liability to be recognized by Caixa.

(4) Refers to the calculation of economic benefit available provided for item 65 of CPC 33 R1 (CVM Resolution 695/2012), so as to limit the actuarial asset to be recognized by Caixa.

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(i.10) Changes in net assets/liabilities recognized in the Balance Sheet:

Description	Saúde CAIXA		Allowance and Food Basket		PREVHAB Beneficiaries	
	Year 2016	Year 2015	Year 2016	Year 2015	Year 2016	Year 2015
Net (liabilities)/assets recognized at the beginning of the period	(12,068,398)	(9,346,949)	(1,097,455)	(861,146)	-	-
Service cost	(199,468)	(256,951)	-	-	-	-
Net interest on net (liabilities)/assets	(1,686,282)	(1,291,927)	(157,553)	(122,223)	-	-
Entity contributions	-	-	-	-	-	-
Benefits paid directly by the Entity	376,129	346,960	114,655	104,930	-	-
Amount recognized in other comprehensive income	36,327	(1,519,531)	(191,150)	(219,016)	-	-
(Liabilities)/assets recognized at the end of the period	(13,541,692)	(12,068,398)	(1,331,503)	(1,097,455)	-	-

Description	REG/REPLAN				REB		NOVO PLANO	
	Settled		Not settled		Year 2016	Year 2015	Year 2016	Year 2015
	Year 2016	Year 2015	Year 2016	Year 2015				
Net (liabilities)/assets recognized at the beginning of the period	(3,822,923)	(1,306,020)	(60,215)	(9)	-	-	(245,385)	(150,953)
Service cost	-	(64,850)	(7,358)	(18,808)	(1,149)	(2,718)	(1,306)	(20,856)
Net interest on net (liabilities)/assets	(222,784)	(245,623)	(3,162)	(20,334)	-	(145)	(13,935)	(19,966)
Entity contributions	109,486	3,135	11,290	44,886	512	568	23,606	32,425
Benefits paid directly by the Entity	-	-	-	-	-	-	-	-
Amount recognized in other comprehensive income	(3,304,786)	(693,960)	(353,825)	(5,735)	(10,750)	(11,061)	(40,203)	(98,981)
(Liabilities)/assets recognized at the end of the period	(7,241,007)	(2,307,318)	(413,270)	-	(11,387)	(13,356)	(277,223)	(258,331)

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(i.11) Expenses/revenues and payments expected for the six-month period:

(Expense) / income expected – CPC 33 (R1)						
Description	Saúde CAIXA	Allowance/Food Basket	REG/REPLAN		REB	NOVO PLANO
			Settled	Not settled		
	1 st Semester 2017	1 st Semester 2017	1 st Semester 2017	1 st Semester 2017	1 st Semester 2017	1 st Semester 2017
Cost of current service, net	(113,712)	-	-	(6,234)	(13,721)	(503)
Cost of interest, net	(659,427)	(63,523)	(359,606)	(20,350)	(560)	(13,555)
Total (expenses)/ income to be recognized in the next year	(773,139)	(63,523)	(359,606)	(26,584)	(14,281)	(14,058)

/RE						
Description	Saúde CAIXA	Allowance/Food Basket	REG/REPLAN		REB	NOVO PLANO
			Settled	Not settled		
	1 st Semester 2017	1 st Semester 2017	1 st Semester 2017	1 st Semester 2017	1 st Semester 2017	1 st Semester 2017
Common / Risk Contributions (REB) / Benefits (Saúde CAIXA) – Defined benefit	187,568	61,148	-	5,673	265	12,230
Defined contribution	-	-	56,933	198	1	45
Management	-	-	-	-	-	-
Total payments expected for the plan	187,568	61,148	56,933	5,871	266	12,275

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(i.12) Analysis of sensitivity of the main financial and demographic assumptions:

The sensitivity analysis aims at measuring how the defined benefit obligation would be affected by changes in certain significant actuarial assumptions, while maintaining all other constants.

Sensitivity analysis of significant assumptions - CPC 33 (R1)									
Description	Actuarial table		Discount rate		Wage growth		HCCTR (1)		12/31/2016
	+ 1 age	- 1 age	+ 0.25%	-0.25%	+0.25%	-0.25%	+1.00%	-1.00%	
Saúde CAIXA									
Interest expense	(680,807)	(637,815)	(649,372)	(669,813)	N/A	N/A	(786,277)	(560,921)	(1,686,282)
Present value of liabilities	(13,985,105)	(13,087,938)	(13,013,408)	(14,104,324)	N/A	N/A	(16,110,553)	(11,546,833)	(13,541,692)
Luncheon voucher and food staples basket									
Interest expense	(61,976)	(65,053)	(63,838)	(63,191)	N/A	N/A	N/A	N/A	(157,553)
Present value of liabilities	(1,300,562)	(1,362,114)	(1,306,674)	(1,357,262)	N/A	N/A	N/A	N/A	(1,331,503)
EX-PREVHAB									
Interest expense	(4,763)	(5,218)	(4,990)	(4,965)	N/A	N/A	N/A	N/A	(5,307)
Present value of liabilities	(49,686)	(54,200)	(50,740)	(52,946)	N/A	N/A	N/A	N/A	(51,831)
REG/REPLAN settled									
Interest expense	(4,647,072)	(5,077,189)	(4,839,317)	(4,860,725)	N/A	N/A	N/A	N/A	(5,069,592)
Present value of liabilities	(47,304,726)	(51,601,600)	(48,047,262)	(50,682,946)	N/A	N/A	N/A	N/A	(49,346,014)
REG/REPLAN not settled									
Cost of services	(16,252)	(18,262)	(8,263)	(17,909)	N/A	N/A	N/A	N/A	(3,086)
Interest expense	(479,334)	(523,552)	(497,528)	(502,881)	N/A	N/A	N/A	N/A	(516,800)
Present value of liabilities	(4,872,880)	(5,315,503)	(4,933,414)	(5,237,794)	N/A	N/A	N/A	N/A	(5,083,154)
REB									
Cost of services	(24,146)	(26,364)	(12,251)	(25,918)	N/A	N/A	N/A	N/A	(1,839)
Interest expense	(112,467)	(122,969)	(117,012)	(117,835)	N/A	N/A	N/A	N/A	(34,525)
Present value of liabilities	(1,156,154)	(1,261,172)	(1,173,047)	(1,240,048)	N/A	N/A	N/A	N/A	(341,032)
NOVO PLANO									
Cost of services	(806)	(3,023)	(581)	(2,577)	N/A	N/A	N/A	N/A	(9,606)
Interest expense	(114,198)	(124,669)	(118,784)	(119,522)	N/A	N/A	N/A	N/A	(123,692)
Present value of liabilities	(1,156,154)	(1,261,172)	(1,173,047)	(1,240,048)	N/A	N/A	N/A	N/A	(1,206,044)

(1) HCCTR - Medical Cost Growth Rate

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Sensitivity analysis of significant assumptions - CPC 33 (R1)									
Description	Actuarial table		Discount rate		Wage growth		HCCTR (1)		12/31/2015
	+ 1 age	- 1 age	+ 0.25%	-0.25%	+0.25%	-0.25%	+1.00%	-1.00%	
Saúde CAIXA									
Interest expense	(1,717,852)	(1,584,509)	(1,621,978)	(1,682,356)	N/A	N/A	(1,932,078)	(1,426,904)	(1,291,927)
Present value of liabilities	(12,563,127)	(11,569,948)	(11,649,870)	(12,511,603)	N/A	N/A	(14,085,998)	(10,452,989)	(12,068,398)
Luncheon voucher and food staples basket									
Interest expense	(160,838)	(167,192)	(164,306)	(163,773)	N/A	N/A	N/A	N/A	(122,223)
Present value of liabilities	(1,074,924)	(1,119,608)	(1,079,347)	(1,116,182)	N/A	N/A	N/A	N/A	(1,097,455)
EX-PREVHAB									
Interest expense	(5,384)	(5,900)	(5,613)	(5,643)	N/A	N/A	N/A	N/A	(5,691)
Present value of liabilities	(39,415)	(42,995)	(40,344)	(41,904)	N/A	N/A	N/A	N/A	(41,116)
REG/REPLAN settled									
Interest expense	(5,039,635)	(5,518,188)	(5,219,270)	(5,313,643)	N/A	N/A	N/A	N/A	(4,796,711)
Present value of liabilities	(36,919,660)	(40,273,217)	(37,548,754)	(39,503,816)	N/A	N/A	N/A	N/A	(38,512,812)
REG/REPLAN not settled									
Cost of services	(9,523)	(7,464)	(4,611)	(7,845)	N/A	N/A	N/A	N/A	(18,808)
Interest expense	(303,465)	(351,711)	(315,969)	(336,737)	N/A	N/A	N/A	N/A	(503,340)
Present value of liabilities	(3,740,445)	(4,080,205)	(3,790,006)	(4,017,255)	N/A	N/A	N/A	N/A	(3,901,853)
REB									
Cost of services	(510)	(1,468)	(672)	(1,422)	N/A	N/A	N/A	N/A	(2,718)
Interest expense	(36,542)	(40,016)	(38,024)	(38,351)	N/A	N/A	N/A	N/A	(32,052)
Present value of liabilities	(266,121)	(290,294)	(271,905)	(283,436)	N/A	N/A	N/A	N/A	(277,605)
NOVO PLANO									
Cost of services	(15,908)	(17,363)	(8,092)	(17,026)	N/A	N/A	N/A	N/A	(20,856)
Interest expense	(116,086)	(126,786)	(120,188)	(122,125)	N/A	N/A	N/A	N/A	(79,020)
Present value of liabilities	(825,483)	(900,465)	(839,732)	(883,068)	N/A	N/A	N/A	N/A	(861,103)

(1) HCCTR - Medical Cost Growth Rate

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(j) Expenses recognized with pension plans with defined benefit characteristics:

Description	Year 2016	Year 2015
REB	41,381	39,911
Novo Plano	850,860	808,804
Total	892,241	848,715

(k) Expenses recognized for coverage of risks with lawsuits related to benefit plans:

Description	Year 2016	Year 2015
Lawsuits	8,941	3,390
Total	8,941	3,390

Nota 33 – Corporate risk management

CAIXA adopts good local and international practices for managing its credit, operational, market, liquidity, interest rate, concentration, counterparty, strategic, reputation and social environment, including an active capital management in conformity with the principles, amounts, guidelines and limits established by the Board of Directors.

Risk management and capital is understood by Senior Management as a distinguishing feature for financial market competitiveness and the best way of safeguarding CAIXA's solvency, liquidity and profitability.

The risk management structures are in accordance with the current regulations, being adjusted to the nature and complexity of CAIXA's financial instruments, products, services and operations, and good corporate governance practices, ensuring that Senior Management is able to identify the capital commitment required to cover risks, evaluate the impacts on results of operations and make prompt decisions on acceptable exposure limits.

The Risk Management Policy, Capital Management and Distribution of Profit Policy and exposure limits are reviewed at least annually, based on the strategy, macroeconomic factors, the business environment, and on the ability to take risks, and are clearly communicated to all employees in the internal system for disclosure of standards.

A detailed description of the risk and capital management structures, including responsibilities, practices, processes, procedures and models is available for consultation on CAIXA's website: <http://www.caixa.gov.br> under the "About CAIXA" Corporate Governance.

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Capital Management

The capital management structure, capital management process and the internal process of capital adequacy assessment (ICAAP) are adopted by CAIXA in accordance with CMN Resolution No. 3988/11, BACEN Circular No. 3547/11.

CAIXA adopts the best national and international capital management practices in compliance with principles, values, guidelines and limits defined by the Board of Directors, and recommendations of Basel Committee and other regulatory bodies.

The purpose of capital management is ensuring that there is sufficient capital to carry out the Company's strategies and businesses, given that the process is compatible with the nature of its operations, complexity of the products and services offered and the dimension of its exposure to risks.

Accordingly, capital is managed through:

- Mechanisms enabling the identification and evaluation of significant risks incurred by CAIXA;
- Capital management policies and strategies establishing mechanisms and procedures to keep the capital compatible with the risks incurred by CAIXA;
- Capital plan covering a minimum 3-year period;
- Simulation of severe events and extreme market conditions (stress tests) and evaluation of their impacts on capital;
- Periodical management reports on adequacy of capital for Management and Board of Directors; and
- Internal Capital Evaluation and Adequacy Process (ICAAP).

With this management, CAIXA controls and assesses the need for capital in order to avoid risks, evaluates impacts thereof, plans goals through strategic objectives and complies with the guidelines of the Board of Directors. CAIXA also seeks the prospective adoption, with application of ordinary and stress scenarios in order to check and plan its capital use.

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Regulatory Capital Requirements

The table below presents details of the regulatory capital requirement. Pursuant to CMN Resolutions N° 4192 and No. 4193/13, beginning January 2015, the calculation of regulatory capital and minimum capital requirement considers the Prudential Conglomerate. The table below details such capital indicators.

Calculation of regulatory required capital		
Description	12/31/2016	12/31/2015
Capital Requirement	77,719,299	78,962,391
TIER I	54,397,312	55,537,056
Principal capital – CP	54,397,312	55,537,056
Equity	27,179,943	26,616,877
Hybrid capital and debt instruments, authorized according to CMN Decision No. 4192/2013	36,453,644	36,086,566
Exceeded limit established in art. 25 of CMN Resolution No. 4192/2013	-	(1,646,635)
Prudential adjustments	(9,236,275)	(5,519,752)
Supplementary Capital – CC	-	-
Hybrid capital and debt instruments authorized under CMN Resolution No. 3444/2007	-	-
Tier II	23,321,987	23,425,335
Subordinated debt instruments	22,446,278	21,850,246
Subordinated debt instruments (20% deduction)	-	(722,282)
Subordinated debt instruments (40% deduction)	(1,122,092)	-
Subordinated notes	1,681,237	2,014,328
Financial bills	336,890	293,957
Financial bills (20% deduction)	-	(2,453)
Financial bills (40% deduction)	(5,667)	(8,461)
Financial bills (60% deduction)	(14,659)	-
Risk-weighted assets (RWA)	574,167,634	547,136,671
Credit risk - RWA_{CPAD}	509,291,713	504,257,301
Market risk – negotiation portfolio - RWA_{MPAD}	12,094,327	2,529,614
Interest rate – RWA_{JUR}	6,362,640	1,715,595
Commodities – RWA_{COM}	1,809,534	-
Shares – RWA_{ACS}	-	-
Foreign exchange – RWA_{CAM}	3,922,153	814,019
Operating risk - RWA_{OPAD}	52,781,594	40,349,756
Minimum Required Reference Equity (RWA*Factor F) - PRMR	56,699,054	60,185,033
Market risk – non-negotiation portfolio- R_{BAN}	6,912,474	8,226,904
Capital margin (PR - PRMR - R_{BAN})	14,107,772	10,550,454
Principal capital rate (CP / RWA)	9.47%	10.15%
Capital rate – Level I (Level I / RWA)	9.47%	10.15%
Basel rate (PR / RWA)	13.54%	14.43%
Factor F (CMN Resolution No. 4193/2013)	9.88%	11.00%

(1) Equity discounted from hybrid debt/equity instruments authorized under CMN Resolution No. 4192/2013

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Credit Risk

Credit risk is defined as the possibility of incurring losses because a borrower or counterparty fails to perform its financial obligations in accordance with the terms and conditions of the agreement entered into with CAIXA, as well as losses arising from the impairment of loan agreements as a result of the deterioration in the borrower's risk rating, decrease in gains or remuneration, advantages granted upon renegotiation and recovery costs.

Credit risk is controlled and monitored through the identification, measurement, assessment and follow-up of delay and exposure indicators, credit limit by borrower, transaction, segment, geographic region and economic activity sector; incurred, expected and unexpected losses; provisions; transaction ratings; regulatory and economic capital requirements; alternatives proposed to mitigate credit risk and reporting to product and service managers and CAIXA's decision-making levels.

Credit exposures of CAIXA are assessed based on consistent and verifiable criteria which are capable of measuring and classifying the risks involved in each transaction.

All credit exposures of CAIXA are assessed based on consistent and verifiable criteria which are capable of measuring and classifying the risks involved in each transaction. Furthermore, new transactions are evaluated based on Credit Scoring - CS models or analyses performed by experts, depending on the characteristics of the borrower and transaction, Transactions in the portfolio are periodically reviewed; retail transactions make use of Behavioral Scoring - BS models, and rating re-evaluation is used for the other exposures.

As part of the ongoing improvement of the process for controlling and monitoring credit risk, CAIXA annually reviews its models, policies, strategies, exposures or extrapolation limits for purposes of reporting and approval by the Executive Board and Board of Directors. The purpose of the periodic reviews of policies, strategies, practices, processes, models and systems is to ensure compliance with the best market practices and the requirements of the New Capital Accord and regulatory authorities.

All processes and models adopted are previously evaluated and approved by an internal and independent unit for the monitoring and validation of models, whose predictive ability is constantly monitored.

Market Risk

Market risk consists of the possibility of losses arising from changes in the market values of the positions held by the Institution, including transactions subject to foreign exchange variation and fluctuations in interest rates and prices of shares and commodities.

CAIXA's risk area maintains a market risk management structure which is compatible with the nature and complexity of financial instruments, products, transactions and the extent of the exposure to this risk.

CAIXA's risk area maintains activities of market risk management are separated from business and audit activities, with independent structures for the development and monitoring of models, in order to avoid conflicts of interest and to safeguard the impartiality of the work performed.

The risks inherent to new financial instruments, products and transactions are previously identified, with an analysis of the adequacy of the procedures and controls adopted by CAIXA. The exposure limits and market risk concentration, for both the transactions included in the trading portfolio and other positions, including all significant sources of market risk, are monitored with timely reporting to decision-making levels, ensuring lower volatility in CAIXA's results of operations, alignment with the best market practices and compliance with legal requirements.

Market Risk Measurement

Market risk measurement begins with the marking-to-market of securities, i.e., with the calculation of the trading prices of these instruments in the secondary market, based on the identification of all the positions held by CAIXA and the calculation of their cash flows, discounted at the market interest rates for each instrument.

These interest rates are shown by the term structure of interest rates, which is a graphical depiction of the relationship between the interest rates of instruments of the same credit quality, but with different maturities, and whose main objective is to serve as the basis for the pricing of fixed-income instruments.

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CAIXA, this structure is estimated using information on rates or prices traded in the secondary and derivative markets, or, in the case of assets which are not traded, on an appropriate methodology.

Value at Risk – VaR

CAIXA uses the Delta Normal approach to calculate the VaR internal model, a methodology based on a covariance matrix analytical model which assumes that the returns on the portfolio are normally distributed.

Volatilities and correlations are calculated daily for a historical data period of 252 business days based on the series of the returns of the market curves of the various risk factors.

To calculate the VaR, the market risk measurement system uses a data weighting technique, the EWMA - Exponentially Weighted Moving Average, a method that applies weighting factors that decrease exponentially in accordance with the decrease parameter selected, provided that the VaR result is more conservative than that obtained through sample variance.

The accuracy of this model is daily monitored based on a compliance test program, using two methodologies which count the number of violations, a standard procedure established in the Basel Accord and Kupiec's Proportion of Failure (POF) Test. These tests verify whether unrealized gains or losses are lower than the VaR calculated for the 95%, 97.5% and 99% confidence levels.

The determination of the number of violations for the application of these methodologies is carried out by measuring unrealized losses and actual results.

Under the first methodology, violation is defined as the negative result arising from unrealized losses which exceeds the VaR projected for the day. Under the second methodology, violation is defined as the negative result arising from changes in the value of the portfolio, considering the trading activities performed during the day, which is higher than the VaR projected for the day. In both cases, the number of violations in a certain period must be consistent with the confidence interval established for the model.

Stress Testing

The Stress Testing Program, which supplements the information provided by the VaR calculation, adopts historical scenarios and dates, prospective scenarios and sensitivity analyses to reproduce historical periods and important dates, and simulate adversities based on the characteristics of the portfolio and the macroeconomic environment which represent severe conditions and gradual changes in market yield curves, respectively.

The analysis of historical scenarios uses the worst-case scenarios for interest curves which have already occurred to measure their impacts on the value of CAIXA's portfolio.

Two scenarios are used to assess the impacts: the first consists of finding the worst date in the database to define the stress VaR, and the second consists of finding the worst date for each risk factor in the portfolio and adding up these results, thus considering a possible assumption breach.

The analysis of historical dates calculates the VaR based on important and known stress dates which took place from 2000 to 2003. The worst shocks observed in this period are determined and applied to the yield curves with a view to measuring the impairment in the value of the portfolio should these shocks occur again.

The analysis of prospective scenarios consists of verifying the impacts on the value of CAIXA's portfolio in the event the projected scenario takes place.

At CAIXA, the prospective scenarios are proposed by the Vice President of Finance, who explains the assumptions and hypotheses adopted for each model variable, and are approved by the Risk Committee, so that they can be used as inputs for the risk models.

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Currently, three types of prospective scenarios are used in market risk management:

- Basic scenario, considering the most likely changes in variables and macroeconomic indicators;
- High-stress scenario, weighting possible internal and external adversities which lead to an increase in the interest rate above that considered in the basic scenario; and
- Low-stress scenario, considering alternative events which lead to a decrease in the interest rate below that considered in the basic scenario.

The sensitivity analysis, which determines the portfolio's sensitivity to possible changes in the rates of risk factors, is performed by applying percentage points to the term structure of each risk factor, in order to simulate an increase in the rates and a consequent reduction in the prices of the assets.

The results of stress tests are considered during the entire market risk management process, also to establish or review policies and limits on risk exposure.

Trading portfolio

CAIXA's trading portfolio comprises all transactions involving securities, financial instruments, and commodities, including derivatives held for trading or to hedge other components of the portfolio that are not subject to trading limitations. The changes in the portfolio's value at risk, by risk factor, are as follows:

Value at Risk - Normal Scenario ⁽¹⁾		
Risk factors	12/31/2016	12/31/2015
PRE	15,199	23,523
IPCA Coupon	2,492	12,285
SELIC Coupon	(39)	(1)
TR Coupon	-	1
VaR with ED	17,652	35,808

(1) All amounts considering the portfolio diversification effect.

Operations not classified in the trading portfolio

These refer to securities classified in categories II - available-for-sale and III - held-to-maturity, the loan operations of the commercial, housing, sanitation, and infrastructure portfolios and the funding and deposit liability operations.

With a view to ensuring that the Reference Equity (PR) is sufficient to cover the market risks taken by CAIXA, the risk area measures and assesses the interest rate risk of these operations, considering their nature, the complexity of the products and the extent of the exposure to this risk.

The estimation of PR compatible with market risk of operations not classified in the trading portfolio and subject to interest rate variations is performed by means of the Economic Value of Equity (EVE) methodology, in line with the criteria established by BACEN Circular No. 3365/07 and the principles of the Basel Accord.

The monitoring of the levels of exposure of these operations to interest rate risk and the compliance with the limits established are reported to Senior Management on a monthly basis.

Stress testing is conducted in accordance with BACEN Circular No. 3365/2007. Additionally, sensitivity analysis is performed to check any changes in the banking portfolio amount by applying percentage points to the term structure of each one of the risk factors, simulating the increase in rates and the consequent reduction in asset prices.

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Financial Instruments – Market Value

INDIVIDUAL						
Description	Book Value		Mark to Market Value		Payable or Receivable	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015	12/31/2016	12/31/2015
Comparison between the financial instruments recorded in the balance sheet accounts and their mark-to-market value– ASSET						
Investments in interbank deposits	12,429,265	10,376,648	12,429,667	10,376,993	402	345
Investments in repurchase agreements	144,645,896	143,111,942	144,595,084	143,111,942	(50,812)	-
Securities and Financial Instruments	179,646,715	177,087,448	181,060,818	173,244,049	1,414,103	(3,843,399)
Trading securities	108,346,402	98,480,310	108,346,402	98,480,310	-	-
Available-for-sale securities	21,808,716	14,394,931	21,808,716	14,394,931	-	-
Held-to-maturity securities	49,491,597	64,212,207	50,905,700	60,368,808	1,414,103	(3,843,399)
Loan operations, leases and other receivables	683,423,710	662,119,119	626,241,579	588,297,509	(57,182,131)	(73,821,610)
Commercial	191,767,880	199,664,957	208,162,537	213,447,169	16,394,657	13,782,212
Housing	405,495,273	384,175,883	342,401,818	317,248,681	(63,093,455)	(66,927,202)
Infrastructure/Development	78,379,488	70,658,301	67,896,155	49,981,681	(10,483,333)	(20,676,620)
Other receivables	7,781,069	7,619,978	7,781,069	7,619,978	-	-
Comparison between the financial instruments recorded in the balance sheet accounts and their mark-to-market value – LIABILITY						
Funding Transactions	291,527,948	276,941,479	298,464,519	281,422,870	6,936,571	4,481,391
CDB/RDB	137,433,519	107,551,120	139,001,542	108,017,121	1,568,023	466,001
LCI LH	140,913,283	153,687,415	145,806,273	156,956,988	4,892,990	3,269,573
Securities Obligations Abroad	13,181,146	15,702,944	13,656,704	16,448,761	475,558	745,817
Funds obtained from repurchase agreements	159,545,749	194,364,507	159,509,724	194,364,365	(36,025)	(142)
Local borrowings and onlendings and Other	239,472,800	217,538,099	178,245,547	140,358,592	(61,227,253)	(77,179,507)
Abroad	5,425,078	14,337,557	5,448,083	14,382,740	23,005	45,183
Treasury	53,145	44,677	51,303	46,530	(1,842)	1,853
Employee Severance Indemnity Fund - FGTS(1)	204,156,954	172,210,084	147,563,794	108,847,521	(56,593,160)	(63,362,563)
BNDES	28,894,894	29,823,211	24,349,112	16,229,536	(4,545,782)	(13,593,675)
Deposits without yield	942,729	1,122,570	833,255	852,265	(109,474)	(270,305)
Hybrid equity and debt instrument	28,541,406	24,118,920	18,599,007	14,500,124	(9,942,399)	(9,618,796)

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Determination of the marked-to-market value of financial instruments

The prices of the financial instruments in the securities portfolio are determined based on rates or prices adopted in daily transactions, provided that a minimum number of business transactions has been reached on the calculation date.

The market price of shares listed on stock exchanges corresponds to the closing price of the day and the market price of standardized derivatives at the adjustment price of the day.

Trading prices of fixed-income instruments are calculated through the assessment of discounted cash flows at the market interest rates of each instrument.

These interest rates are established by the estimated term structure of interest rates based on information on rates and prices adopted in the secondary market, or, in the case of assets which are not traded, on an appropriate methodology, using the following assumptions in this exact order:

- a) Use of prices and reference rates calculated and disclosed by ANBIMA.
- b) Construction of the term structure by adding the spread between an interest rate curve of government securities and one of BM&F with similar characteristics, or the curve of a similar asset which has liquidity in the secondary market, to the charge or surcharge of the security.

The marking-to-market of the other transactions not classified in the trading portfolio and subject to interest rate risk is based on the construction of the cash flows of assets and liabilities and of the term structures of market interest rates.

The cash flows are constructed based on the characteristics of the operations, using statistical models for those without a defined maturity, These cash flows are discounted by the term structures estimated based on available information on rates and trading market prices of the financial instruments available, such as futures contracts, public securities or swap transactions.

Sensitivity analysis of the significant positions - CVM Instruction No. 475

The sensitivity analysis enables the verification of the impact of interest rate changes on the prices of assets and liabilities by risk factor, These hypothetical studies become a market risk management tool, allowing the definition of mitigation measures in the event such scenarios take place, since the exposures are monitored on a daily basis, and adverse changes in the market result in prompt actions by the units involved in the process with a view to minimizing any possible losses.

In compliance with CVM Instruction 475, of December 17, 2008, the sensitivity analyses for each type of market risk deemed significant by Senior Management, to which CAIXA was exposed, included all the relevant transactions with financial instruments and considered the most significant losses in each of the following scenarios:

- Scenario I: Probable scenario which considers the most likely trend for the variables and macroeconomic indicators;
- Scenario II: Possible scenario which considers a +25% or -25% parallel shock in scenario I in the risk variables at the balance sheet date;
- Scenario III: Second possible scenario which considers a +50% or -50% parallel shock in scenario I in the risk variables at the balance sheet date, which are deemed the worst possible losses.

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The Financial Instruments results at December 31, 2016 are summarized in the following table:

Description	Risk	Probable scenario	25% shift	50% shift
Fixed rate	Increase in interest rate	(238,625)	(5,711,781)	(10,901,015)
Price index	Increase in price index coupons	(12,739)	(351,872)	(740,264)
TR/TBF/TJLP	Increase in TR coupon	(22,620)	(630,076)	(1,301,128)
Foreign exchange variation	Decrease in exchange rates	(184)	(4,882)	(10,721)

Liquidity Risk

Liquidity risk is defined as:

I - The possibility that CAIXA will be unable to efficiently fulfill its expected and unexpected, current and future, commitments, including those arising from offered guarantees, without affecting its daily operations or incurring significant losses; and

II - The possibility that CAIXA will be unable to sell a position at market price, due to its large size in relation to the volume usually traded, or on account of some market discontinuity.

CAIXA maintains a liquidity risk management structure as provided for by CMN Resolutions No. 4090/2012 and 4388/2014.

The liquidity risk management principles and guidelines are explained in the Risk Management Policy of CAIXA Conglomerate.

CAIXA developed and implemented proprietary models to project cash flows of banking transactions in normal and stress scenarios, and to measure the daily potential securities trading and the liquidity risk margin.

In managing the short-term liquidity, the following items are monitored: intraday liquidity and the relation between highly convertible securities, which are assets available for trading and/or realization of repurchase agreements, and the liquidity risk margin, i.e. the strategic minimum reserve of funds to cover any crisis, comprising assets of high-quality liquidity in portfolio, which are required to ensure the Institution's capacity to meet its cash flow obligations expected for the next 30 days.

Furthermore, a Liquidity Contingency Plan containing Alerts for assessment and anticipation of possible liquidity issues or crisis was set up. Any alert is communicated to the Risk and Capital Committee for assessment of the need of the liquidity contingency regime.

The responsibilities of the units and levels involved in the Plan execution, as well as the fund sources and procedures to be followed to bring CAIXA to an acceptable situation or to reestablish its liquidity level, are defined in the Plan.

The measurement and monitoring of the levels of exposure to liquidity risk are reported to the Vice-Presidents of Control, Risk and Finance on a daily basis; to the Risk Committee on a monthly basis; and to the Board of Directors on a half-yearly basis.

Operational Risk

Operating risk is defined as the possibility of losses resulting from failure, deficiency or inadequacy of internal processes, people or systems or from external events. This includes the legal risk associated with inadequacy or weakness in contracts signed by the Bank, in addition to disciplinary actions from non-observance of legal provisions and damages paid to third parties arising from activities carried out by CAIXA.

The perfect cycle for Operating Risk Management and Management of Information on Operating Risks is made up of identification, assessment, measurement, mitigation, and control stages. At CAIXA such management is ultimately based on a three-assumption framework, namely:

- Proper management environment of operational risk, made up by the senior management sponsorship, a set of policies and rules and an audit process;
- Management process of operational risk, made up by the different phases: Identification, Evaluation, Control/Mitigation, Monitoring and Report. All these phases are connected so that the analysis flow has a well-defined beginning, middle and end; and
- Disclosure of information on operational risk, defined according to the goal and targeted audience.

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At CAIXA, Operating Risk is realized through two analyses: a preventive and a reactive analysis. The preventive analysis seeks variables and indicators that may reveal probable occurrences so that actions can be taken before these events take place. The reactive analysis seeks to study the behavior of losses with a view to identifying their possible causes. In both cases, the assessment seeks to provide instruments and sufficient information for the risk to be controlled/mitigated, monitored and reported. The various managing units of CAIXA are the greatest sources of information for the Identification and Assessment of Operating Risk.

CAIXA is implementing the Defense Lines model in order to structure the Company's processes and, consequently, organize roles and responsibilities regarding the risk control and management environment, namely:

- 1st Line – Business / Process Manager: Responsible for implementing controls and managing risks;
- 2nd Line – Control and Risk: Responsible for defining the strategy, policies and methodologies regarding risk and control, monitoring whether the 1st Defense Line is effective, as well as whether the identified risks are within the established tolerance limits;
- 3rd Line – Audit: Responsible for assessing the 1st and 2nd lines operations independently.

Calculation Methodology Adopted by CAIXA

According to criteria in BACEN Circular No. 3640/2013 for calculation of capital required for operational risk under the standardized method (RWAopad), a tool has been developed to perform calculations integrating three approaches provided for:

- Basic Indicator Approach (BIA);
- Alternative Standardized Approach (ASA); and
- Simplified Alternative Standardized Approach (ASA2).

CAIXA adopts ASA approach since this methodology has a more granular character for using gross profit, which is more suitable for operational risk exposure.

Internal Models

Advanced operating risk measurement approach involves improvement of management and control techniques and, as a result, the impact arising from (internal and/or external) fraud, flaws in operating procedures, flaws in labor contract management, is expected to decrease in order to mitigate exposure to operational risk.

The internal model requires, at least, the use and integration of four elements:

- Internal data of operational loss – The databases of occurrences of internal operational losses must include information from operational areas in line with accounting information.
- External database of operational loss – This database helps to quantify operational risk events which have occurred in other financial institutions, as well as to quantify events which seldom occur at CAIXA.
- Factors related to business environment and internal controls – These factors reflect the internal controls and the business and operating environments to which CAIXA is exposed, and which will act as mitigation factors to the exposure of operational risk.
- Analysis of scenarios – opinions of specialists and managers that allow the depiction of changes in the internal and external business environment, including situations that are not covered by internal data, since it enables the consideration of the impacts of extreme events on CAIXA's operations.

Although the use of internal models to calculate regulatory capital is under review by WGOR (Working Group of Operational Risk) of the Basel Committee, especially with the possibility of adopting a new standardized model called SMA (Standardized Measurement Approach), the regulatory requirement for developing and structuring the four above-mentioned Operational Risk elements will be maintained and intensified, since these elements are intended to improve the operational risk management on a continuous basis.

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Monitoring, Operating Control and Mitigation

The losses arising from operational risk events are monitored and reported with a view to improving the decision-making process related to the mitigation actions. Moreover, information on the indicators of CAIXA's exposure to the occurrence of operational risk events is regularly monitored.

The operational control of products and services to be launched is carried out using a specific tool which consolidates opinions from various areas, making contributions that range from the presentation of projects to the assessment of the behavior of products and services in relation to projected risk levels.

The actions taken to mitigate operational risks are recorded in a corporate system to improve the monitoring of preventive or corrective measures and risk management, so that failures, if any, are not repeated or have reduced financial consequences.

Business Continuity Management

Business continuity management is an essential part of operational risk management and has been a focus of CAIXA, through of Business Continuity Program (PCN CAIXA), to be implemented whenever there is an interruption in services and activities, as a key factor for the success of any initiative for the preservation or restoration of CAIXA's ability to do business.

Information security management

Information security management is an important element in the structure of CAIXA, involving all CAIXA's areas in the construction and consolidation of models, procedures, structures, tools and a corporate culture that lead to a management whose main focus is the protection of CAIXA's assets and information of the bank.

Crisis Management

Crisis management is a component of business continuity risk management, which seeks to effectively manage events of significant impact affecting one or more pillars: people, business, infrastructure, information, IT and suppliers. This management involves actions involving the preparation, identification, response, resolution and at the end, observation of lessons learned, the so called post-crisis.

At CAIXA, the crisis management is structured in a model that includes assumptions, responsibilities and ways of working, always in coordination with the Group Management.

Transparency and Disclosure

Transparency and disclosure of information on CAIXA's operational risk management are indispensable factors for market players to be able to assess the quality of this management of this risk category in the institution.

There is a structured process of internal communication and disclosure to the market to make transparency a regular routine and demonstrate CAIXA's commitment to the consistency of the data, banking environment, and to the Brazilian society.

Spreading the Operational Risk Culture

In order to internally disseminate the operational risk management culture, the Bank is offering two courses, basic and advanced, at University CAIXA, which can be accessed on the Bank's Intranet. Accordingly, the Bank made available regulatory manuals related to Operational Risk Policy and procedures associated with this risk management cycle.

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Note 34 – Other information**(a) Assets of Funds/Social Programs administered by CAIXA**

Description	12/31/2016 (1)	12/31/2015
FGTS	502,029,048	457,608,647
PIS	31,476,213	30,454,289
FAR	43,439,305	40,942,599
FCVS	12,754,057	11,970,782
FDS	2,528,756	2,191,802
FGCN	52,102	4,370,720
FGHAB	1,801,570	1,793,750
FGS	1,313,593	799,085
Outros	28,457	29,730
Total	595,423,101	550,161,404

(1) Position in 08/31/2016

(b) Investment Fund Assets administered by CAIXA

Description	12/31/2016	12/31/2015
Share funds	15,048,884	20,014,080
Financial investment funds	186,996,963	164,863,145
Share investment funds- FIC (1)	115,387,486	98,186,360
Total	317,433,333	283,063,585

(1) Include share investment funds not ranked by AMBIMA.

(c) Guarantees provided to third parties

These guarantees amount to R\$ 69,554 (12/31/2015 - R\$ 69,554) and refer to properties and securities pledged as collateral offered to third parties in connection with lawsuits filed against CAIXA.

(d) FGTS

The credit risk from transactions contracted as from June 1, 2001 falls on CAIXA, which is the Operator, while the Federal Government is subject to risk arising from investments made to such date, as established in article 9 of Law No. 8036/1990, amended by article 12 of Provisional Executive Order No. 2196-3/2001. Credit risk assessment is recognized as a provision in CAIXA in "Sundry liabilities" amounting to R\$ 8,323.

(e) FIES

The credit risk of operations contracted as of June 12, 2001 lies with CAIXA in its capacity of Financing Agent and joint debtor, up to the limit of 25%, as established in article 5 of Law 10,260/2001, amended by Law 11,552/2007. The result of the assessment of this credit risk is recognized by CAIXA as a provision under "Sundry liabilities" in the amount of R\$ 231,663 (12/31/2015 – R\$ 217,539).

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Note 35 – Subsequent events**Voluntary termination plan of employees**

CAIXA has adopted a set of measures intended to increase its operational efficiency, and thus face the challenges imposed by the current economic scenario. Within this context, a voluntary termination plan was implemented for employees working at CAIXA for a longer period of time.

The period of application to this Plan ended on 02/24/2017 and 4,356 employees have applied. Their termination will occur until 03/31/2017.

Gilberto Magalhães Occhi
President

Ademir Losekann
Vice-president under
Ordinance No. 0461/2017

Antônio Carlos Ferreira
Vice-president

Arno Meyer
Vice-president

Humberto José Teófilo Magalhães
Vice-president under
Ordinance No. 0415/2017

Marcelo Campos Prata
Vice-president

Marcos Fernando Fontoura dos Santos Jacinto
Vice-president

Naran Peçanha de Araújo
Vice-president under
Ordinance No. 0425/2017

Nelson Antonio de Souza
Vice-president

Paulo Henrique Angelo Souza
Vice-president

Roberto Derziê de Sant'Anna
Vice-president

Marcos Brasileiro Rosa
National Superintendent
Accountant CRC 022351/O-1-DF