

Caixa Econômica Federal - CAIXA

Financial statements

June 30, 2002 and 2001

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Management's report - 1st semester 2002

1 - Introduction

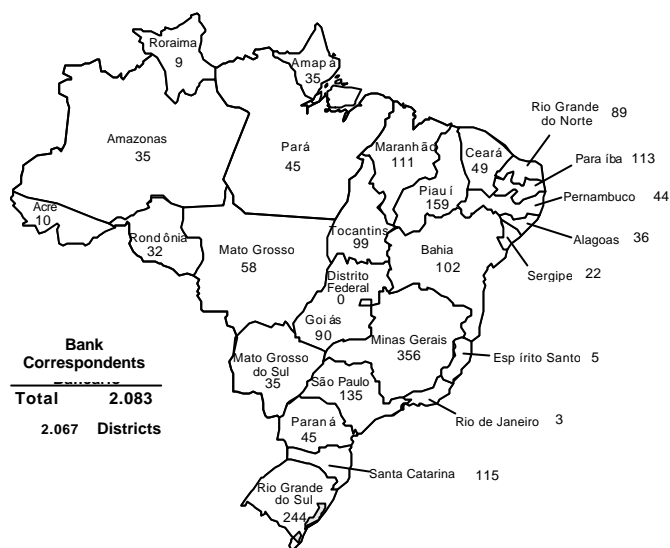
The positive effects of the efforts made by the National Treasury and by Caixa Econômica Federal - CAIXA, during the equity restructuring of this company, started to become evident during the first semester of 2002.

Focusing on its economic-financial equilibrium, CAIXA ended the semester with net profit of R\$ 564 million, recorded R\$826 million in taxes and social charges and allocated R\$ 129 million to the National Treasury in the form of dividends.

The semester that ended with the country seeing the Brazilian football team become world champion for the fifth time, was also marked by CAIXA 's numerous achievements with regards to its social mission, with the most significant events being: (i) it is the first and only financial institution to be present in all of the 5,561 Brazilian municipalities; (ii) it was able to honor the largest agreement in the world with the payment of complementary Government Severance Indemnity Fund (FGTS) credits to Brazilian employees; (iii) it became once again a worldwide reference, with its selection among the ten greatest winners worldwide for its project in investment in urban, social and economic development, in which it was a participant; and (iv) the transparent statement of its economic, financial results before society, its investors and its clients.

2 - Physical and electronic attendance network

CAIXA became the first and only financial institution to be present in all of the 5,561 Brazilian municipalities, making transactions in real time. With the integration of the physical network of 14,323 outlets, adequately distributed between 1,697 branches, 293 bank attendance posts (PAB), 946 electronic service posts (PAE), 231 24hour rooms, 9,084 lottery shops, 68 other channels and 2,083 bank correspondents, enabling the Brazilian population to have access to banking services and the benefits of the Federal Government social programs. Banking correspondents are present in 2,067 Brazilian municipalities, distributed as follows:



With the implementation of bank correspondents during this semester, the Brazilian population now has access to a wide range of financial products and services within its residential municipalities, achieving, within a short time, a total of 2.4 million bank transactions.

The lottery shops, present in 3,516 Brazilian municipalities, made more than 487 million transactions during the first semester of 2002, which represented a 50% increase compared with the same period for 2001. June closed with a total of 204 million transactions, 70 million of which are service transactions and 134 million in various lotteries.

Service transactions include receiving payment for electricity, telephone and water and sewage bills, with 49 million transactions recorded in June; collection of 5.4 million payment documents; 3.3 million balance consultations, withdrawals and bank deposits; approximately 4.0 million social security benefit payments and collection of 1.6 million INSS (National Institute of Social Security) payment documents. At the end of June, the complementary FGTS credits began to be paid, reaching an average of 42 thousand transactions per day.

Comparing 2002 with 2001, there was an increase of 9% in the volume of transactions in the lottery network, with 847 million in lotteries (67%) and 487 million in services (33%) and an increase of 36% in the value of transactions, with R\$ 1.3 billion collected from lotteries (6%) and R\$ 20.2 billion from services (94%).

Transactions using electronic banking services increased by 133.1% during the first semester of 2002, when compared with the same period for the previous year, amounting to 24.4 million transactions. Monthly accesses to our electronic address reported an average of 30 million visits, maintaining CAIXA as the outright leader in the Brazilian ranking and, according to surveys, it holds second place in the world, based on users that access the worldwide computer network - Internet, within a domestic environment.

The awards given to CAIXA by iBest, recognized as the “Oscar” of the Internet and which represents a seal of quality for the main sites in Brazil, attests to the quality and efficiency of the contents of its products and services made available by electronic means. CAIXA won, for the second time, the iBest award for the best Brazilian internet site, in the Public Services category, and also won two other awards: TOP3 among the banks and TOP 10 in the Federal District regional category.

The “CAIXA Aqui” electronic account enlarges the banking service alternatives and is aimed at the public that previously did not have access to the banking system, enabling this social segment to be included as a user of these services throughout Brazil. The importance of CAIXA, present in all Brazilian municipalities, is accomplished with the offer of products and access to financial services and the benefits of social programs, keeping the resources in the municipalities, themselves, thus facilitating the lives of millions of Brazilians, and permitting the development of the communities and social inclusion of citizens.

3 - Financial services

Investment products

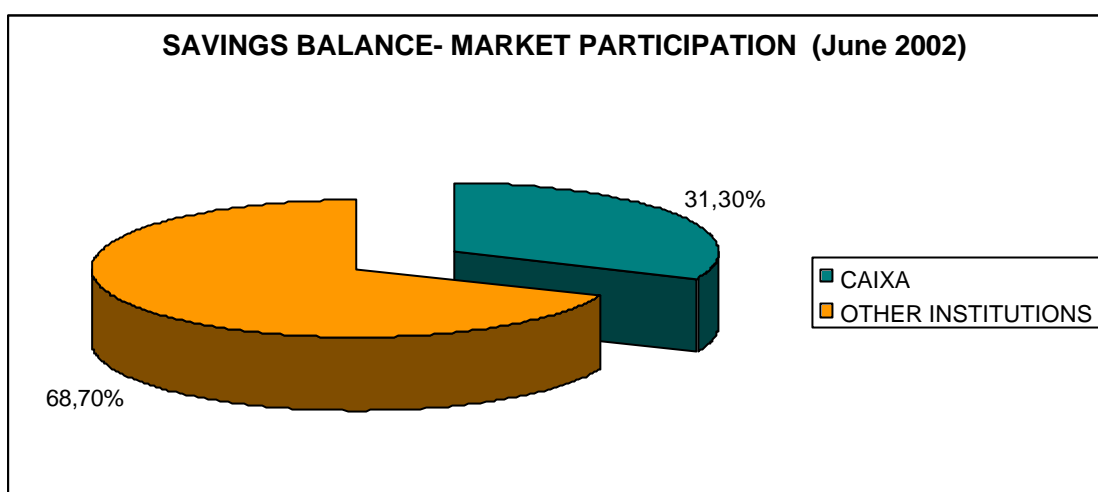
For investment products of the popular economy, the last month of the semester was atypical. By a joint ruling of the Central Bank and the Securities Commission (CVM), fund managers were required to record in advance, the market values of the securities (Financial Treasury Bills - LFT) that compose their portfolios.

Although investors have indicated that they will retain their investments, since the tendency is, and has been, that the fund market will recover, the frustration caused by the reduction in funds has caused investors to transfer their funds to other products, which has greatly benefited Saving deposits, Mortgage Notes - CAIXA LH and Bank Deposit Certificates/Receipts - CDB/RDB.

The balance for Savings deposits, in June 2002, showed an increase of 5.46% compared with the previous month. Given that average remuneration credited during the period was approximately 0.71%, the increase in the balance reflects a real increase in funds of approximately 4.75%, representing approximately R\$ 1.8 billion for the month. The net funds obtained by the Savings deposits, of approximately R\$ 2.8 billion during the semester, was equivalent to an increase of 115% compared with that obtained during the same period for 2001.

It is worth noting that the Savings market, excluding CAIXA’s participation, although it increased in June 2002, reported a net loss of funds between January to June 2002, of R\$ 608 million.

Investors are seeking savings accounts due to their preference for liquidity, security or profitability.



The investors' preference for Poupança CAIXA in June was equivalent to 33.8% of the total market, with the institution achieving an overall share of 31.30%.

Growth in Mortgage Letters reached R\$ 502 million, when the average preference for this asset recorded to the previous month was approximately R\$ 228 million.

Commercial loan products

The volatility experienced by the financial market during the first semester of 2002, directly influenced demand for commercial credit. Nevertheless, CAIXA continued to extend its competitive position in the market in terms of volume, increasing extension of credit to individuals by 75% and by 51% to corporate entities, compared with the same period for 2001.

Presented below are the volumes for the main credit products consumed during the period, by individuals and corporate entities:

Individuals

		<i>Values in millions</i>	
		<i>Volume in units</i>	
Operations		Number of operations	Value (R\$)
Direct consumer credit	CAIXA direct credit	338,990	520
	Rotational credit	1,643,644	2,110
Total		1,982,634	2,630
Loans	Senior credit	102,153	128
	Personal credit	24,172	48
	Consignments	120,034	405
	Consumer durables	988	2
Total		247,347	583
Pledges	Pledges	4,556,899	1,552
Total		4,556,899	1,552

Total	6,786,880	4,765
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Corporate entities

Values in millions
Volumes in units

Operations	Number of operations	Value (R\$)
Working capital		
CAIXA funds	34,854	622
Special company credit	236	18
PIS funds	34,593	224
Total	69,683	864
Rotational credit		
Anticipated trade receivables	62	5
Company check CAIXA	76,352	391
Checks	29,941	281
Business credit	25	7
Discount	10,487	107
Multiple	15,117	164
Total	131,984	955
Investments		
BNDES	158	4
FINAME	365	21
MicroCrédito	135	0
Proger PF	11,457	69
Proger PJ	5,183	141
Total	17,298	235
Total	218,965	2,054

Commercialization of credit cards reached a total of 443 thousand cards, generating income of approximately R\$ 48 million. As from the next semester management of the credit card - CAIXA will be performed internally, which will permit full control of the product with good prospects of improving its profit potential.

Fidelity products

CAIXA SEGUROS, an affiliate of CAIXA, operates its insurance product directly, and it sells capitalization and private pension products through its subsidiary companies, CAIXA CAPITALIZAÇÃO and CAIXA VIDA & PREVIDÊNCIA, respectively.

The products offered by CAIXA SEGUROS are distributed through CAIXA's attendance network, which reported the following performance during the first semester of 2002:

- For Private Pensions, market share, in terms of billing, reached 3.3%, with sales of R\$ 22.9 million, which referred to 74 thousand products sold.
- For Capitalization products, CAIXA recorded 556 thousand sales, with billing of R\$ 101 million, representing market share of 8.1%.

- For insurance products, CAIXA made more than 1 million sales, with billing of R\$ 76 million, representing 2.6% of the market share.

4 - Transfer of benefits

During the first semester of 2002, CAIXA realized its greatest achievement in recent years in terms of logistics, involving internal and external mobilization, by recording 19 million complementary credit payments, with regards to the Summer Plan and the Collor 1 Plan, to approximately 10 million workers, equivalent to payments of approximately R\$ 4.3 billion.

Up till August 31, 2002, after only three months of operation, CAIXA had already paid more than half - 59% - of all accounts liberated for withdrawals. FGTS calculates, from the opening of the respective period, that more than 26 million employees will benefit from the agreement for complementary credit payments. Attendance is being carefully monitored, with final records showing an average waiting period of 15 minutes; payments between 9:00 and 15:00 of 70,945 accounts per hour and 1,183 per minute, through the various channels. Of the total withdrawals, 13.6% are made in the lottery shops, using the Citizen Card, but the vast majority of payments are made in the CAIXA agencies.

To face this challenge, CAIXA had to make investments in technology, in training and contracting of personnel and in marketing, which involved sums of approximately R\$ 260 million. This mobilization was unique, given the interaction, within a short space of time, of the Company's marketing, distribution and human resources. It is a true success story, where strategy, experience in attending clients and development and training of staff worked hand in hand.

Social protection network

CAIXA is responsible for conducting and implementing the public policies of the Social Protection Network, especially those related to payment of social benefits. Once a single database has been created for its social actions, the Federal Government will have a clear vision of the needy families in Brazil, their basic needs and the programs to which they have access. At the same time it will be able to rationalize the process for registering citizens, thus making economies in the management of the resources allocated to social programs.

The single database includes 1.8 million families registered in 2,247 municipalities, with complete information on the social and economic profile of each family (at the end of the process 9.3 million families will be registered throughout Brazil).

The Citizen Card was the main instrument launched to facilitate attending these cardholders. By means of this card, it has been possible to attend approximately 46 million citizens, beneficiaries of social programs involving the transfer of income throughout CAIXA's attendance network.

This magnetic card permits unified payments to be made for School Grants, Food Supplements, Gas Assistance, Eradication of Child Labor (PETI) and Young Agents for Social and Human Development. By the end of the year CAIXA will have distributed approximately 4.3 million of these cards.

Social security benefit attendance and payments

By the end of the first semester, 5 million families had been included in the School Grant program, a further 212 thousand received the Meal Supplement and 5.4 million families were registered in the Gas Assistance program. The following table presents a summary of the operations and results of the Transfer of Benefits segment, reported during the period:

Attendance, registrations and collections

Values in millions

Volumes in units

Program	Activity	1st semester 2001		1st semester 2002	
		Value (R\$)	Volume	Value (R\$)	Volume
Unemployment insurance	Attendance	-	9,216,689	-	10,472,228
Salary bonus/PIS	Attendance	-	21,035,616	-	29,440,230
Social security benefit	Collection	5,953	12,298,033	3,196	13,932,899
School grants	Families - Approved	-	15,751	-	208,873
	Children - Approved	-	26,933	-	292,378
Total School grants		-	42,684	-	501,251
Cards	CPF		3,424,614	-	2,298,387
(Issues/registrations)	Citizen card	-	2,947,296	-	9,790,497
	INSS Payment Card	-	189,895	-	301,898
	SUS - Registration	-	631,432	-	17,332,975
Total Cards		-	7,193,237	-	29,723,757
PCE	Contracts in Disbursement	315	14,464	171	6,467
	Contracts in Grace	335	17,060	239	9,306
	Contracts in Amortization	1,404	184,288	1,641	191,512
Total contracts in portfolio		2,054	215,812	2,051	207,285
FIES	Supplements	165	81,875	204	100,363
	Contracts in Portfolio	618	117,306	1,187	179,009
Total FIES		783	199,181	1,391	279,372
Total		8,790	50,201,252	6,638	84,557,022

Payments

Values in millions

Volumes in units

Program	Activity	1st semester 2001		1st semester 2002	
		Value (R\$)	Volume	Value (R\$)	Volume
Unemployment insurance		2,071,449	8,740,750	2,702,752	10,053,857
Salary bonus/PIS		578,937	3,814,450	830,669	4,608,135
Social security benefit		3,617,327	13,214,668	4,344,951	13,876,425
PIS	Revenues	384,469	14,097,667	436,945	14,675,846
	Quotes	259,052	408,243	283,144	410,143
Total PIS		643,521	14,505,910	720,089	15,085,989
Net of Social Assistance	School Grants	306	12,011	696,572	26,979,374
Net of Social Assistance	Food Supplements	175 (*)	6,382 (*)	8,876	349,851
Total	Gas Assistance (**)	-	-	175,292	16,598,736
Total of Net of Social Assistance		481	18,393	880,740	43,927,961
General total		6,911,715	40,294,171	9,479,201	87,552,367

Obs.: (*) Accumulated in the year 2001

(**) The program for gas assistance is working since 2002.

5 - Urban development

Since 2001, CAIXA has promoted four important studies in this segment: Review/Launch of property products, Redesign of OGU, the New Housing Policy and the Redesign of Urban Development.

These projects, which involve short and long term actions, gave rise to the repositioning and launch of products throughout the first semester of 2002, and continue to encourage discussion of a new housing policy for the country, predicting the definition of subsidies; repricing and review of housing loan contracts, with adjustments being made to fees to ensure economic and financial equilibrium and a new structure and parameters for participation, concession, control and return of the Housing Finance and Urban Infrastructure Systems.

Housing programs

The National Housing Subsidy Program of Social Interest (*Programa Nacional de Subsídio à Habitação de Interesse Social*) - PSH, is aimed exclusively at the segment of the population with a monthly income of up to R\$ 580.00, who do not have access to credit, using non conventional operations, in partnership with the State and municipal governments. CAIXA's goal for this program is to contract 8,264 housing units by October 21, 2002.

The financing program using FGTS funds, aimed at the population with income between R\$ 1,000 and R\$ 2,000, was altered in various ways, with the objective of: establishing greater rationality and efficiency to subsidies conceded to borrowers; providing greater transparency and visibility in the system for distributing subsidies, guaranteeing economic and financial equilibrium to the operations and encouraging participation by a greater number of financial agents.

Financing using FGTS funds was also subject to further innovative actions, including establishing new income ranges covered by this program and extending the valuation and financing limits for the purchase of new property, individual construction and still at the planning stage. The main objectives of these changes are: to enlarge the segment attended by FGTS, reaching part of the middle class; to guarantee the financial and economic equilibrium of the operations; to improve the profitability profile of FGTS and encourage participation by a greater number of Financial Agents.

Alterations were also made to the Residential Leasing Program – PAR during the period: an increase in the maximum limit for monthly family income from six to eight minimum salaries, in the case of public security, and an increase in the maximum value of real estate valuations from R\$ 35 thousand to R\$ 62 thousand, in the case of urban recovery projects and restoration of historic sites.

CASACAP, a capitalization title, that permits real estate purchases to be programmed by means of monthly payments, was another great innovation, aimed mainly at segments of the population with a family income of between R\$ 800 and R\$ 4,500. At July 31, 2002, CAIXA had sold 15,087 titles and collected R\$ 1.08 million.

The product, Carta de Crédito FAT Habitação, with funds from the Fund for Workers' Assistance - FAT, was also altered, with financing being made available to purchase used property being the most relevant, with a total allocation of R\$ 150 million and contracting limited to 50% of the financing of new properties/individual constructions. Presented below is a summary of the contracts for housing programs, and their main impacts during the first semester:

Housing programs - 1st semester 2002

Values in millions

Volumes in units

Origin	Program	Value of repass/ contract (R\$)	Volume of operations	Population attended	Jobs created
FGTS Funds	Individual Letter of Credit	1,123	90,338	366,772	47,186
	Property at Planning Stage	303	9,965	40,458	13,188
	Pro-Moradia e Pro-Sanitation (Repass)	47	54	669,030	30,150
	Pro-Sanitation (Contracting)	12	1	325,408	3,114
Total FGTS		1,485	100,358	1,401,668	93,638
CAIXA Funds	Construcard	22	2,642	48,919	6,616
	CAIXA letter of credit	522	10,562	8,611	4,866
Total CAIXA		544	13,204	57,530	11,482
FAT Funds	FAT Housing	91	1,972	8,006	3,809
FAR Funds	PAR	217	9,973	37,897	9,128
IDB/IBRD Funds	HABITAR BRASIL BID	3	3	276,609	2,800
Total		2,340	125,510	1,781,710	120,857

Federal Government General Budget - OGU

Historically, the OGU has been the main source of funds used by the public sector to finance housing programs to benefit low income segments and for urbanization of deteriorated areas. At the end of the first semester, as presented in the following table, which also presents the main impacts, CAIXA was successful in implementing the OGU, making viable a total sum of R\$ 1,419 million through 9,239 contracts.

OGU - 1st semester 2002

Value in millions

Volumes in units

Manager	Program	Value of Repass (R\$)	Number of operations	Population benefited	Jobs created
ANA	Management of water resources	19	51	280,491	1,841
EMBRATUR	Tourism Infrastructure	93	412	9,122,816	7,321
FNMA	Brasil Joga Limpo	5	14	1,065,204	2,472
INCRA	Agrarian reform	34	441	554,949	3,812
MAPA	PRODESA	226	3,231	19,679	33,096
MDA	PRONAF	97	792	1,779	14,559
MET	<i>Brasil Potência Esportiva</i>	11	32	641,413	3,710
	<i>Esporte Direito de Todos</i>	30	174	763,336	5,016
	<i>Esporte Solidário</i>	65	618	4,284,431	14,213
	New Millenium Industry	2	27	2,209,342	237
	Municipalization of Tourism	33	51	1,191,517	3,777
	Pró-Desporto	15	174	400	21
	Tourism in the heart of Brazil	6	1	4,000	44
Total MET		162	1,077	9,094,439	27,018
SEDU	Habitar Brasil	46	285	1,001	15
	<i>Morar Melhor</i>	291	1,483	4,615,671	41,393
	Municipalization of Tourism	3	16	213,141	653
	PASS	40	251	1,620	225
	Pro-Infra	403	1,186	7,471,826	54,419
Total SEDU		783	3,221	12,303,259	96,705
Total		1,419	9,239	32,442,616	186,824

New programs for sanitation

The innovation introduced in this line refers to enlarging the program for financing private sanitation projects, which also includes treatment of solid residues. Under the system for leasing assets, the public service concessionary calls tenders for the construction of components of the water or sewage systems to be leased to the concessionary for a certain period and the winning bidder constitutes a Specific Purpose Company - SPE, to obtain financing from CAIXA/FGTS or from investors.

Best practices

Eight investment projects in the urban, social and economic development sectors, undertaken in partnership with CAIXA, were selected amongst the 100 best practices worldwide, for the BEST PRACTICES AND LOCAL LEADERSHIP PROGRAMME, awarded by the United Nations Center for Human Settlement (UNO/HABITAT). CAIXA celebrated the award with an exhibition of all of the winning initiatives, at its head Office in Brasília - DF.

As the country's main agent for urban development, in 1999 CAIXA launched the CAIXA Best Practices competition. This competition is held every two years, and CAIXA selects and awards the best practices in local management undertaken using investments from the Bank. The objective is to publicize the winning initiatives, and to encourage the adoption of similar practices and to contribute to an improvement in the quality of life for the population and to promote sustainable development of human settlement, duplicating tested practices. The ten best practices selected by CAIXA have been inscribed to represent Brazil in the competition promoted by UNO/HABITAT.

The best Brazilian project, selected among the ten winners worldwide, was developed in Santo André, São Paulo, and is being implemented since 1997. The proposal is to integrate the Sacadura Cabral shantytown with the city, and to develop the shantytown in order to break its ghetto image, created by the precarious living conditions of its inhabitants. The shantytown is located in an area of 42 thousand square meters and accommodates 780 families that, over the years, have suffered from a complete absence of infra-structure, especially basic sanitation, as well as lack of jobs and schools.

Without a sewage network, the inhabitants of Sacadura suffered annual flooding of nearly all the locality, situated in a dip, resulting in approximately 580 families being homeless during the rainy season.

As a result of this project, estimated at R\$ 10.5 million, Sacadura will become part of the Program for the Urban Integration of Shantytowns, developed by the Santo André municipal government in partnership with CAIXA, and part of the integrated Program for Social Inclusion, created to overcome the limitations of other shantytown intervention programs and to lever social inclusion processes.

60% of the estimated value to realize this project has already been invested, 20% of which has been allocated to infra-structure projects and 45% to transferring families to the Prestes Maia housing complex, financed by CAIXA.

6 - Management of lottery shops

The lottery shops managed by CAIXA, as well as honoring payment of lottery winnings from the various lotteries available, also play an important role in paying for the Federal Government's social programs.

Few public services have as wide a range of activities as the lottery shops. The millions distributed in winnings are a fraction of the funds obtained each year. A significant proportion is reinvested in social security, financing students through higher education, culture, sports and other initiatives available to citizens, as presented in the following table:

Values in R\$ millions

Caixa Lottery Offices		
Winnings and repasses: January to June 2002		
Net winnings	443,7	
General Repasses	774,5	% of total repassed
Income tax	181,0	12.0
National Culture fund	39,0	2.7
Social security	231,0	16.0
Educational loans	93,0	6.6
Soccer clubs	3,3	0.2
National Sports Secretariat	3,5	0.2
FUNPEN	39,0	2.7
COB	22,0	1.5
“Paraolimpic” Committee	3,9	0.3

7 - Human resources

At the end of the semester, CAIXA employed a total of 55.9 thousand effective staff, with 30.6 thousand holding commissioned positions. Continuing with its policy of attending the extraordinary demand for services aligned to the implanted Segmentation Model, 9 thousand training grants were conceded and 3 thousand places were offered to young learners and 10.3 thousand to temporary bank staff. A total of 5.2 thousand temporary bank staff were contracted to attend to the payment of FGTS complementary credits.

During the semester Caixa Econômica Federal received the award “e-Learning Brasil ABRH 2002”, in the Business category for its activities at the *Universidade Corporativa*. This is the first edition of the award, conceded by the Brazilian Association of Human Resources (ABRH - NACIONAL), aimed to encourage companies to improve, develop and implement training programs using electronic media. The idea of corporate education meets the demand, both short and long term, for qualifying employees, considering the type of professional the organization requires to maintain a competitive position in today’s market. It represents a new form of training management and has been developed considering the company’s requirements, and has been implemented throughout Brazil.

The concept of distance learning, which is still recent in Brazil, predicts the use of new technology as one of its strategies to democratize and raise the quality of education. The ABRH award highlights pioneering and successful practices using technology in the human learning and development processes, and which act as references for consolidating this concept.

Universidade CAIXA was selected amongst the eight finalists from the business category. Twenty-two organizations competed, including banks, telecommunication operators, wholesalers, teaching entities and others. *Universidade* CAIXA was created in January 2001, and almost 96% of its staff have graduated from this institution, including employees, trainees and service suppliers, in various courses related to CAIXA’s business areas, offered through intranet.

CAIXA’s employees can access from anywhere in Brazil, via computer, all of the courses available. During the period, a total of 144.8 thousand CAIXA employees received training.

8 - Finances

The advances in the centralization of cash, including expenses and asset and liability operations, consolidated the Treasury's efforts, thus optimizing CAIXA's financial performance. The purchase and sale of assets related to real estate, including the purchase of loans from the Salary Variation Compensation Fund – FCVS; issue of Real Estate Credit notes - LCI and the securitization of receivables, extended the negotiations and operations of the market related to real estate loans.

The protocol for the assignment of real estate loans of R\$ 58 million, with Companhia Brasileira de Securitização - CIBRASEC, will be tied to the issue of Real Estate Receivable Certificates - CRI, to be acquired by FGTS. CRIs are freely negotiable loan securities. CAIXA has created the mortgages and will sell them to CIBRASEC, obtaining the funds necessary to invest in new financing for housing. This operation, as well as stimulating the secondary market in real estate, generates greater liquidity for CAIXA.

9 - Social-cultural activities

Athletics is the sport that won the most medals for Brazil in the Olympic games: 12 in total. It is also this sport – responsible for 98 Brazilian medals in Pan American games and more than three thousand in South American competitions - in which the only South American double-champion competed, Adhemar Ferreira da Silva, who died at the beginning of 2001.

As from 2001, CAIXA has been the “Official Sponsor for Brazilian Athletics”. In 2002, a total of R\$ 2 million will be invested in all types of athletics and part of this amount has been allocated directly to athletes and trainers selected by the Brazilian Athletics Confederation - CBAt, based on technical parameters. In this way CAIXA helps with the monthly costs that benefit 104 sportsmen and women, including young talented individuals and top-level athletes.

This sponsorship, besides providing a greater chance of medals being won by Brazil, is another effort to achieve CAIXA's social mission, by contributing to encouraging education through sports, by identifying new talents and training athletes, in an integrated process of physical and cognitive growth and citizenship.

Community solidarity

CAIXA has participated in the daily lives of Brazilians for 141 years, encouraging the social and economic development of the country, in the search for solutions that identify ways to improve the quality of life of the population, particularly needy communities, in ways that shorten distances and bring people closer, reducing economic distortions.

It is with this focus in mind that CAIXA prioritizes projects with great social coverage, within the ambit of its programs, and still supports other initiatives developed with the same objective.

In 2002, CAIXA will sponsor two large projects as part of the Community Solidarity program, with investments of approximately R\$ 868 thousand.

Comunitas - Partners for Solidarity Development

With the main objective of creating a market for artistic products and groups that benefit from the Artistic Support Project for Income Distribution, sponsored by CAIXA since 2002, the partnership has managed to add value to its products through their social and cultural characteristics, guaranteeing that the project sustains itself through developing a system that generates funds that can be invested in new communities

Solidarity Literacy Program

One of the innovative aspects of the Solidarity Literacy program is the articulation of various new partnerships within Brazil. Inaugurating this extensive mobilization against illiteracy, the program introduced a new way of organizing social actions, different from the old formulas adopted in Brazil, characterized only by providing assistance and by inefficient and obsolete centralizing policies.

CAIXA has participated in the Program since it was set up, and for 2002, the goal is to attend 2,010 municipalities in 19 states and open rooms for the Large Urban Centers Project in Belo Horizonte and São Luís, which is an action that has been implemented in São Paulo, Rio de Janeiro, Federal District, Goiânia and Fortaleza. This year it intends to reach 1.2 million students, totaling 3.6 million citizens, participating in the Program in the six years it has been operating.

Cultural activities

CAIXA Cultural activities in Salvador - BA

Projeto Expresso Cultural CAIXA, in partnership with Viação Itapemirim, which consists of taking children from schools in periphery areas, crèches, orphans, old people from rest homes and citizens from other institutions, to visit exhibitions.

CAIXA Cultural activities in São Paulo - SP

CAIXA supports two pedagogical projects:

- School project - the first attempt to offer workshops to students and to train teachers to use these techniques in their schools, in order to make a theatrical presentation at the end of the year. The workshops include, scenery, models, theatrical props, history of theater, corporal expression, interpretation/theater games
- School project - museum, school and family, which involves monitored visits and acting of students and their families, creating plays about the history of savings, lottery shops, pledges, how an agency operated at the time, as well as demonstrating the importance of CAIXA in realizing the dream of home ownership.

The two projects are aimed exclusively at schools recommended by the Secretary of Education for the State of São Paulo.

CAIXA Cultural activities in Brasília - DF

In partnership with the Universidade de Brasília - UnB, CAIXA supports the project See and Understand, which aims to train Art Education teachers from the public network and to provide complementary education for students from the private public network.

10 - Internal controls and prevention of money laundering

CAIXA constantly develops its internal control system in order to ensure excellence in its business activities, with return on investment for its controller – the National Treasury, and in the last instance, the Brazilian society - and satisfying its clients needs. With this focus, it uses tools to implement actions that maintain adequate controls and minimized risks for all of its processes, services and systems, in order to assure its business and transactions are managed in a safe, efficient and effective manner.

Internal controls are evaluated and monitored in such a way to guarantee compliance with norms, measurement of operational risks and adherence to the limits and operational contingencies defined by the regulatory body for the National Financial System.

The Company has one of the most advanced financial transaction monitoring systems, including “money laundering”, verified by international bodies, including the Treasury Secretary for the United States of America.

CAIXA, as part of its institutional policies and its awareness of the importance of the matter within the world scenario and its narrow relation with the high risks to which financial institutions are exposed, created an Operational Risk Committee and a Prevention Against Money Laundering Crimes Committee, responsible for examining and taking decisions on matters that aim, respectively, to mitigate operational risk and prevent “money laundering” within the company.

11 - Credit evaluation

The continual search for operational equilibrium from business activities was achieved during the period with the increase in effective collection and credit recovery actions, with an increase of 8.2% in the amounts recovered, compared to the same period for 2001. The availability of various payment options at CAIXA’s different attendance channels and the possibility of issuing second copies of payment documents by electronic means contributed significantly to the results achieved.

CAIXA has developed statistical tools to measure expected losses from conceding commercial and housing credits, continually improving the quality of these portfolios. The constant review and up date of credit risk analysis models is essential for the advances achieved.

Accompanying the portfolio and checking performance and non performance in corporate data banks, containing historic information, effectively ensures the quality of credits conceded by CAIXA.

12 - Corporate Governance

Corporate governance principles are adopted by CAIXA aimed at aggregating results and minimizing risks, by observing fundamental accounting principles, adequate internal controls and transparency in the decision making process. Strategic guidelines and actions, in accordance with regulatory acts and laws, accompany the economic-financial management, shareholding interests, related, subsidiary and sponsored companies, using information and analyses on the companies' performance, complementing good management practices.

Ouvidoria CAIXA was introduced in the internal environment in June, and created in the following month. As another corporate governance instrument, this new unit will enable integration between the operational flow and information systems for the client attendance services. This unit is tied to the presidency, and its functions include representing clients and citizens towards CAIXA, encouraging access channels to become less bureaucratic and providing managers and top management with information received directly from the sources it represents. The information collected by *Ouvidoria*, is used to improve products and services and to assist in implementing actions that optimize the relationship between CAIXA and its clients, employees and public in general.

The highlight of the advances made during the period was the presentation for the first time in CAIXA's history, of its balance sheet to Abamec - Brazilian Association of Capital Market Analysts, from the Central Western region. This unprecedented procedure is only required for public stock corporations, and consolidates a new management model at CAIXA, based on transparency of economic-financial results towards society, investors and clients. The next presentations will be at Abamec in Rio de Janeiro and São Paulo.

The Institution recently published its quarterly balance sheet and contracted the agency Moody's to obtain its international rating, a classification which will be published regularly. This rating is essential to enable a company to participate on the international market and, for example, to make an external securitization of securities with the issue of Eurobonds, attract investors for housing financing programs or purchase mortgage notes.

During the period CAIXA was recommended by the Central Bank as a dealer in Public Federal Securities, demonstrating the regulatory body's confidence in the company's rigid financial system and control mechanisms.

13 - Gratefullness

The Collegiate Directory of CAIXA recognizes the efforts of its staff, service entities and suppliers, evident in the achievements presented herein, and whose participation in CAIXA's daily activities exalt our commitments towards the Brazilian society. We would like to thank our clients, the Federal Government, and all of Brazilian citizens, whose increased satisfaction is strategically fundamental for the Institution.



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Independent auditors' report

To
The Supervisory Board
Caixa Econômica Federal - CAIXA
Brasília - DF

1. We have examined the balance sheets of Caixa Econômica Federal - CAIXA as of June 30, 2002 and 2001, and the related statements of income, changes in shareholders' equity and changes in financial position for the semesters then ended, which are the responsibility of its management. Our responsibility is to express an opinion on these financial statements.
2. Our examinations, with exception of the issue mentioned in the following paragraph, were conducted in accordance with auditing standards generally accepted in Brazil and included: (a) planning of the audit work, considering the materiality of the balances, the volume of transactions and the accounting systems and internal accounting controls of CAIXA; (b) verification, on a test basis, of the evidence and records which support the amounts and accounting information disclosed; and (c) evaluation of the most significant accounting policies and estimates adopted by CAIXA management, as well as the presentation of the financial statements taken as a whole.
3. CAIXA has credits receivable from the Salary Variations Compensation Fund (*Fundo de Compensação de Variações Salariais* - FCVS), corresponding to housing contracts of its own and acquired from other agents, with coverage by FCVS. The effective realization of these credits depends on adherence to a set of rules and procedures defined in FCVS regulations. Currently, CAIXA has been implementing a process for analyzing and checking the conditions and data of these contracts, to comply with these rules and procedures. During our examinations, we verified that the current stage of this process presents various discrepancies in data and a set of contracts pending checking and analysis, which prevented us from obtaining an adequate basis to evaluate the possible losses arising from contracts considered irregular for the purposes of cover by FCVS. Consequently, it was not practicable, in the circumstances, to perform additional exams, which would allow us to evaluate the adequacy of the provision for losses, recorded in "Interbank accounts - Housing Finance System" (SFH), which amount, at June 30, 2002, is R\$ 1,908 million, (R\$ 2,294 million at June 30, 2001).
4. In our opinion, except for the possible effects arising from the subject discussed in the previous paragraph, the financial statements mentioned in the first paragraph present fairly, in all material respects, the financial position of Caixa Econômica Federal - CAIXA as of June 30, 2002 and 2001, and the result of its operations, changes in its shareholders' equity and changes in its financial position for the six-month periods then ended, in conformity with accounting principles derived from the Brazilian Corporation Law and rules of the Central Bank of Brazil with regards to that mentioned in the following paragraph.



5. In conformity with that described in Note 5(a), CAIXA adopted, in the six-month period ended June 30, 2002, the new criteria for recording and valuating the securities and derivative financial instruments, as determined by the Central Bank of Brazil.
6. CAIXA, as demonstrated in Note 8(c), has an amount of R\$ 1,998 million (R\$ 1,890 millions at June 30, 2001), recorded as assets, corresponding to income and social contribution tax credits, which realization and maintenance is conditional on generating taxable income in the future, and to complying with rules defined by Circular BACEN 2.746/97. These determine, among other procedures, the reversal of tax credits in the event of a tax loss for income tax or a negative base for social contribution tax occurring for three consecutive financial years.
7. As mentioned in Notes 15(a) and 15(b), CAIXA was assessed by the Inspection Service of the National Institute for Social Security (*Instituto Nacional do Seguro Social - INSS*), on the allegation that social security contributions were not effected on certain payments made to its employees, and by the Federal Internal Revenue Service, on the allegation of an insufficiency in the payment of PIS/PASEP. In line with the understanding of its legal and tax departments, which claim that not all the amounts listed by the INSS are subject to social welfare contributions, and in view of the possibilities of a successful defense of the filing related to PIS/PASEP, CAIXA management understands that it is not necessary to set aside contingent provisions for this matter, in addition to those already existing at December 31, 2001, which amounted to R\$ 218 million (INSS) and R\$ 500 million (PIS/PASEP), at June 30, 2002 (INSS - R\$ 314 million and PASEP - R\$ 500 million, at June 30, 2001). In addition, as shown in Note 8(a), CAIXA has an amount, totaling R\$ 294 million, at June 30, 2002, (R\$ 334 million in June 30, 2001) to receive from the INSS, settlement of which could, according to management's understanding, be forwarded as a solution for the above mentioned process.
8. As explained in Note 1(b), CAIXA carried out, in June 2001, various operations under the conditions of Provisionary Measure 2196-2, of July 26, 2001 (previously Provisionary Measure 2155, of June 22, 2001), which introduced the Program for Strengthening Federal Financial Institutions. These operations basically consisted of transferring assets with low net income and liquidity and increasing capital by the amount of R\$ 9,350 million, which resulted in CAIXA reaching the minimum equity levels required by the Monetary Authority. In addition, CAIXA carried out various adjustments to its accounts in compliance with accounting practices derived from the Brazilian Corporation Law, as well as the norms established by the Central Bank of Brazil.

August 23, 2002

KPMG Auditores Independentes
CRC-SP-014428/O-6-F

Original report in Portuguese signed by
Francesco Luigi Celso
Contador CRC-SP-175.348/O-5-S-DF

Caixa Econômica Federal - CAIXA

Balance sheets

June 30, 2002 and 2001

(In thousands of Reais)

Assets	2002	2001	Liabilities	2002	2001
Current assets	26,356,002	33,073,930	Current liabilities	92,017,891	78,128,976
Cash and cash equivalents	525,608	491,235	Deposits (Note 11)	72,689,713	64,860,800
Interbank funds applied (Note 4)	3,986,754	861,131	Demand deposits	4,087,659	3,381,878
Money market funds applied	3,927,585	806,454	Saving deposits	39,763,966	33,136,494
Interbank deposits	59,169	54,677	Interbank deposits	20,009	15,871
Securities (Note 5)	8,768,879	5,203,077	Time deposits	25,372,029	25,522,715
Own portfolio	6,430,634	4,608,891	Special deposits, funds and programs	3,444,011	2,803,775
Subject to repurchase commitments	2,316,859	694,723	Deposits in foreign currency	2,039	67
Subject to guarantee services	6,719	-	Money market repurchase commitment	4,534,959	694,723
Derivatives financial instruments	14,667	-	Own portfolio	2,285,611	694,723
Valuation allowance	-	(100,537)	Third parties portfolios	2,249,348	-
Interbank accounts	7,904,656	6,840,528	Acceptances and endorsements	6,669,948	5,586,823
Collections in transit	630,818	602,636	Mortgage note funds (Note 12)	6,669,948	5,586,823
Term deposits- Brazilian Central Bank deposits	7,143,330	6,141,523	Interbank accounts	708,488	562,924
Interbank repasses	-	1,944	Payments in transit	708,387	560,565
Correspondents	130,508	94,425	Correspondents	101	2,359
Interbranch accounts	76,752	51,607	Interbranch accounts	200,972	87,635
Third party funds in transit	33,014	1,446	Third party funds in transit	86,129	81,217
Own funds in transit	43,738	50,161	Own funds in transit	114,843	6,418
Loans (Note 7)	3,340,319	16,129,328	Derivatives financial instruments	142,288	37,120
Loans, discounted loans and financing:			Other liabilities (Note 15)	7,071,523	6,298,951
Public sector	268,630	13,631,321	Collection of taxes	404,050	323,457
Private sector	3,666,129	3,530,452	Foreign exchange portfolio	-	12,357
Real estate financing	363,089	231,240	Due to shareholders	129,051	-
Provision for doubtful loans	(957,529)	(1,263,685)	Taxes payable	1,065,316	700,325
Other receivables (Note 8)	816,877	2,214,539	Securities clearing accounts	84,766	4,095
Foreign exchange portfolio	-	12,357	Funds to specific destination:		
Income receivable	605,861	526,421	Lottery operations	265,914	215,342
Securities clearing accounts	-	4,873	Social program and fund obligations	461,015	170,795
Specific credits	20,385	24,272	Obligation to financial and development funds	307,958	271,677
Specific values	-	1,353,713	Others	4,353,453	4,600,903
Others	190,631	292,903	Long-term liabilities	17,099,708	13,474,193
Other assets (Note 9)	936,157	1,282,485	Deposits (Note 11)	821,481	1,265,092
Assets received in settlement of debt	1,342,793	1,612,757	Time deposits	821,481	1,265,092
Valuation allowance	(421,307)	(346,912)	Money market repurchase commitment	3,619,472	468,992
Prepaid expenses	14,671	16,640	Own portfolio	243,811	156,336
Long-term assets	84,613,998	60,145,657	Third parties portfolios	3,375,661	312,656
Interbank funds applied (Note 4)	4,398,031	2,040,855	Acceptances and endorsements	4,383,406	4,744,693
Money market funds applied	4,398,031	2,040,855	Mortgage note	169,109	2
Securities (Note 5)	39,895,741	16,305,098	Mortgage note funds (Note 12)	4,214,297	4,744,691
Own portfolio	38,561,133	16,098,359	Borrowings (Note 13)	116,788	151,188
Subject to repurchase commitments	239,861	156,243	Foreign currency trade finance borrowings	116,788	151,188
Deposits with Central Bank	809,635	43,176	Repass borrowings from public sector - Domestic (Note 14)	4,429,115	3,624,296
Subject to guarantee services	285,112	7,320	National Treasury	421,177	477
Interbank accounts (Note 6)	20,719,571	26,903,385	BNDES (Federal Development Bank)	292,715	237,886
Housing finance system- SFH	20,719,571	26,903,385	FGTS (Government Severance Indemnity Fund for Employees)	3,391,716	3,236,352
Loans (Note 7)	14,905,369	10,751,460	Others	323,507	149,581
Loans, discounted loans and financing:			Other liabilities (Note 15)	3,729,446	3,219,932
Public sector	366,255	-	Social program and fund obligations	48,838	55,958
Private sector	2,616,823	884,329	Others (Note 15c)	3,680,608	3,163,974
Real estate financing	13,419,637	11,855,112	Shareholders' equity (Note 17)	4,301,135	4,189,927
Infrastructure and development financing	401,273	326,178	Capital - Domestic	3,345,727	12,350,000
Provision for doubtful loans	(1,898,619)	(2,314,159)	Capital reserves	54,973	54,973
Other receivables (Note 8)	4,695,286	4,144,859	Revaluation reserves	485,060	505,520
Income receivable	14,695	5,832	Revenue reserves	28,222	230,282
Specific values	230,960	213,616	Statutory reserves	84,423	-
Others	4,796,145	3,934,513	Adjustment to market value- securities and derivatives	(126,680)	-
Provision for doubtful loans	(346,514)	(9,102)	Retained earnings/loss	429,410	(8,950,848)
Permanent assets (Note 10)	2,448,734	2,573,509			
Investments (Note 10 (a))	226,903	208,610			
Subsidiaries and affiliates	190,081	180,473			
Other investments	58,544	52,176			
Provision for losses	(21,722)	(24,039)			
Premises and equipment	1,601,860	1,699,677			
Premises	342,882	333,721			
Premises revaluation	701,616	713,349			
Other fixed assets	1,420,745	1,420,678			
Accumulated depreciation	(863,383)	(768,071)			
Deferred charges (Note 10 (b))	619,971	665,222			
Deferred charges	1,133,832	994,743			
Accumulated amortization	(513,861)	(329,521)			
	113,418,734	95,793,096		113,418,734	95,793,096

See the accompanying notes to the financial statements.

Caixa Econômica Federal - CAIXA

Statements of income

Semesters ended June 30, 2002 and 2001

(In thousands of Reais)

	2002	2001
Financial operations income	<u>7,150,578</u>	<u>6,566,986</u>
Loans	1,695,746	4,157,023
Securities income	4,368,087	1,156,703
Derivatives financial instruments income	(83,555)	(17,365)
Trade finance and foreign exchange income	406	274
Compulsory investments	1,169,894	1,270,351
Financial operations expenses	<u>(4,214,922)</u>	<u>(7,912,132)</u>
Deposits, money market and interbank funds	(3,839,374)	(2,809,344)
Borrowings and repasses	(200,436)	(2,289,249)
Allowance for losses on doubtful receivables	(175,112)	(2,813,539)
Net income (loss) on financial operations	<u>2,935,656</u>	<u>(1,345,146)</u>
Other operating income/expense	<u>(2,190,590)</u>	<u>(2,834,332)</u>
Service fee income	2,016,161	1,449,348
Equity in earnings of subsidiaries	29,396	31,487
Personnel expenses	(1,703,588)	(1,673,243)
Other administrative expenses	(1,573,948)	(1,431,106)
Fiscal expenses	(312,572)	(183,345)
Other operating income (Note 19 (a))	744,351	3,476,359
Other operating expenses (Note 19 (a))	(1,390,390)	(4,503,832)
Operating result	<u>745,066</u>	<u>(4,179,478)</u>
Non-operating result	<u>(61,416)</u>	<u>(214,135)</u>
Net income (loss) before income taxes and profit sharing	<u>683,650</u>	<u>(4,393,613)</u>
Income tax	(34,098)	-
Social contribution on net income	<u>(85,118)</u>	<u>-</u>
Net income/loss for the semester	<u><u>564,434</u></u>	<u><u>(4,393,613)</u></u>

See the accompanying notes to the financial statements.

Caixa Econômica Federal - CAIXA

Statements of changes in shareholders' equity

Semesters ended June 30, 2002 and 2001

(In thousands of Reais)

	<u>Capital reserves</u>			<u>Revaluation reserve</u>	<u>Revenue Reserves</u>		<u>Retained earnings (loss)</u>	<u>Total</u>
	<u>Capital</u>	<u>Special reserve Law 8200</u>	<u>Other</u>		<u>Legal and other</u>	<u>Adjustment to market value</u>		
Balances at January 1st, 2002	12,350,000	54,973	-	490,770	316,375	-	(9,320,649)	3,891,469
Prior year adjustments (Note 5 (a))	-	-	-	-	-	-	96,635	96,635
Adjustment to market value- securities and derivatives	-	-	-	-	-	(126,680)	-	(126,680)
Capitl increase	316,375	-	-	-	(316,375)	-	-	-
Capital reduction	(9,320,648)	-	-	-	-	-	9,320,648	-
Reversal of reserves	-	-	-	(79)	-	-	-	(79)
Taxes on revaluation	-	-	-	3,742	-	-	-	3,742
Revaluation reserve in subsidiaries and affiliates	-	-	-	665	-	-	-	665
Realization of reserve	-	-	-	(10,038)	-	-	10,038	-
Net income in the semester	-	-	-	-	-	-	564,434	564,434
Destination:								
Reserves	-	-	-	-	112,645	-	(112,645)	-
Dividends	-	-	-	-	-	-	(129,051)	(129,051)
Balances at June 30, 2002	<u>3,345,727</u>	<u>54,973</u>	<u>-</u>	<u>485,060</u>	<u>112,645</u>	<u>(126,680)</u>	<u>429,410</u>	<u>4,301,135</u>
Balances at January 1st, 2001	3,000,000	54,973	10	513,746	168,995	-	(667,700)	3,070,024
Prior year adjustments (Note 1b (iii))	-	-	-	-	-	-	(3,838,423)	(3,838,423)
Capital increase	9,350,000	-	-	-	-	-	-	9,350,000
Reversal of reserves	-	-	(10)	(2,068)	-	-	-	(2,078)
Taxes on revaluation	-	-	-	4,017	-	-	-	4,017
Realization of reserve	-	-	-	(10,175)	-	-	10,175	-
Net loss in the semester	-	-	-	-	-	-	(4,393,613)	(4,393,613)
Destination:								
Reserves	-	-	-	-	61,287	-	(61,287)	-
Balances at June 30, 2001	<u>12,350,000</u>	<u>54,973</u>	<u>-</u>	<u>505,520</u>	<u>230,282</u>	<u>-</u>	<u>(8,950,848)</u>	<u>4,189,927</u>

See the accompanying notes to the financial statements.

Caixa Econômica Federal - CAIXA

Statements of changes in financial position

Semesters ended June 30, 2002 and 2001

(In thousands of Reais)

	2002	2001
Sources of funds	<u>14,649,439</u>	<u>59,156,257</u>
Net income	<u>757,900</u>	<u>-</u>
Net income for the semester	564,434	-
Depreciation and amortization	222,862	-
Equity in earnings of subsidiaries	(29,396)	-
Capital increase	<u>-</u>	<u>9,350,000</u>
Taxes on revaluation	<u>3,742</u>	<u>4,017</u>
Realization of reserve- subsidiaries and affiliates	<u>665</u>	<u>-</u>
Adjustment to market value of prior years	<u>97,558</u>	<u>-</u>
Securities for trading	3,429	-
Securities - Available for sale	9,853	-
Securities - Held to maturity	84,276	-
Funds provided	<u>13,788,310</u>	<u>47,509,608</u>
Increase in current and long-term liabilities	<u>12,601,038</u>	<u>6,597,833</u>
Deposits	4,253,928	3,005,228
Money market repurchase commitment	5,587,918	-
Acceptances and endorsements	887,957	1,365,062
Interbank accounts	640,151	516,016
Repass borrowings from public sector	1,088,796	-
Derivatives - Financial instruments	142,288	-
Other liabilities	-	1,711,527
Decrease in current and long-term assets	<u>1,187,272</u>	<u>40,911,775</u>
Interbank funds applied	-	382,740
Interbranch accounts	14,923	-
Loans	-	38,729,616
Other receivables	1,019,786	1,648,214
Other assets	152,563	151,205
Disposal of assets and investments	<u>1,264</u>	<u>193,774</u>
Investments	-	3,506
Premises	1,264	190,268
Decrease in deferred charges	<u>-</u>	<u>2,098,858</u>
Application of funds	<u>14,600,281</u>	<u>58,993,080</u>
Net loss	<u>-</u>	<u>4,172,122</u>
Loss in the semester	-	4,393,613
Depreciation and amortization	-	(252,978)
Equity in earnings of subsidiaries	-	31,487
Reversal of reserves	<u>79</u>	<u>2,078</u>
Prior year adjustments	<u>-</u>	<u>3,838,423</u>
Adjustment to market value- securities and derivatives	<u>126,680</u>	<u>-</u>
Adjustment to market value- swap	<u>923</u>	<u>-</u>
Inversion in:	<u>64,476</u>	<u>140,470</u>
Investments	3,100	7,686
Premises	61,376	132,784
Deferred charges	<u>113,217</u>	<u>261,728</u>
Funds applied	<u>14,165,855</u>	<u>50,578,259</u>
Increase in current and long-term assets	<u>13,243,234</u>	<u>12,573,378</u>
Interbank funds applied	3,561,034	-
Securities	6,032,237	11,225,688
Interbank accounts	1,681,415	1,340,348
Interbranch accounts	-	7,342
Loans	1,968,548	-
Decrease in current and long-term liabilities	<u>922,621</u>	<u>38,004,881</u>
Money market repurchase commitment	-	149,183
Interbranch accounts	191,011	263,719
Borrowings	254,862	9,473,309
Repass borrowings from public sector - Domestic	-	28,118,670
Other liabilities	476,748	-
Provisioned dividends	<u>129,051</u>	<u>-</u>
Increase in cash and cash equivalents	<u>49,158</u>	<u>163,177</u>
Changes in cash and cash equivalents		
Beginning of the period	476,450	328,058
End of the period	<u>525,608</u>	<u>491,235</u>
Increase	<u>49,158</u>	<u>163,177</u>

See the accompanying notes to the financial statements.

Caixa Econômica Federal - CAIXA

Notes to the financial statements

Semesters ended June 30, 2002 and 2001

(In thousands of Reais)

1 Operations

CAIXA is a financial institution constituted by Decree-Law 759, dated August 12, 1969, under the form of a public company with the personality of a legal entity of private law, linked to the Ministry of Finance and subject to general norms, decisions and the normative regulations established by the National Monetary Council (CMN) and the Brazilian Central Bank (BACEN). The capital of CAIXA belongs to the Union and, within the macroeconomic context, the company's economic-financial management falls under the group of decisions of the Federal Government.

a. Business areas

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

In the conduction of these activities, CAIXA executes the funding of resources through savings accounts, mortgage notes, judicial, demand deposits and time deposits, besides executing investment in loans mainly linked to housing, including operations relative to transfers of the Government Severance Indemnity Fund for Employees (*Fundo de Garantia do Tempo de Serviço - FGTS*).

CAIXA also administrates lotteries, funds and programs, which include the Government Severance Indemnity Fund for Employees (*Fundo de Garantia do Tempo de Serviço - FGTS*), the Fund for Compensating Salary Variation (*Fundo de Compensação de Variações Salariais - FCVS*), the Employees's Profit Participation Program (*Programa de Integração Social - PIS*), the Social Development Support Fund (*Fundo de Apoio ao Desenvolvimento Social - FAS*), the Social Development Fund (*Fundo de Desenvolvimento Social - FDS*) and the Residential Lease Fund (*Fundo de Arrendamento Residencial - FAR*). The funds and programs managed are independent legal entities governed by specific regulations, possessing their own accountability, whereby their operations presented in segregated financial statements.

Caixa Econômica Federal - CAIXA

Notes to the financial statements

(In thousands of Reais)

b. Operations within the scope of the Federal Financial Institution Strengthening Program

- (i)** CAIXA carried out during the first semester of 2001, several operations supported by *Medida Provisória* 2196-3, dated August 24, 2001, (previously *Medida Provisória* 2155, dated June 22, 2001), which introduced the Federal Financial Institution Strengthening Program and which are summarized below:
 - a.** Assignment of the entire real estate loan portfolio with coverage and part of the Salary Variations Compensation Fund (FCVS), to the Asset Management company - Empresa Gestora de Ativos - EMGEA (company created by Decree 3848, dated June 26, 2001) for its book value corresponding to R\$ 26,613,556, net of provisions, which payment was made by means of the assumption of CAIXA's debts with FGTS (R\$ 26,188,122), FAHBRE (R\$ 382,710) and FDS (R\$ 42,724).
 - b.** Acquisition by the Union of credits representative of "Sanitation and Urban Infrastructure" and Housing contracts granted through FGTS funds, for the book value of R\$ 8,198,347, net of provisions, which payment was made through the issuance of Financial Treasury Bills (LFT).
 - c.** Capital increase in the amount of R\$ 9,350,000, through the Union's assumption of CAIXA's debt with the BACEN, related to PROER loans.
 - d.** Exchange with the Union of loans granted by CAIXA related to Law 8727/93 (refinancing of state and municipal debts) for Financial Treasury Bills (LFT), for the book value of R\$ 12,999,999.
 - e.** Exchange with the Union of the CVS Securities in the amount of R\$ 5,671,495 received due to the novation of credits with FCVS, for Financial Letters of Treasury (LFT).
 - f.** Advance settlement of part of CAIXA's debt with the FGTS, through the utilization of CVS securities, in the amount of R\$ 6,000,000.

Caixa Econômica Federal - CAIXA

Notes to the financial statements

(In thousands of Reais)

- (ii) Additionally CAIXA made book adjustments with the objective of complying with accounting principles derived from Brazilian Corporation Law, as well as Brazilian Central Bank norms. The principal adjustments occurred in the equity restructuring in June of 2001 are summarized as follows:

	Shareholders' Equity (*)	Result
Reversal of the Credit Risk Reserve of FGTS operations, in view that the Union assumed the credit risk relative to operations made until June 1 st , 2001 (Note 16b)	-	2,541,482
Provision for FCVS receivable losses	-	(2,174,127)
Additional credit risk provision to comply with Resolution 2682/99	-	(2,280,458)
Additional provision for Other assets	-	(174,671)
Amortization of 100% of deferred charges resulting from discounts on advance SFH financial settlements	(2,098,858)	107,766
Provision for the complementing of debt with FUNCEF (Note 15c)	(1,738,745)	(84,414)
Provisions for contingencies	-	(1,722,513)
Others	(820)	=
	<u>(3,838,423)</u>	<u>(3,786,935)</u>

(*) Prior year adjustments.

2 Presentation and preparation of financial statements

The financial statements are the responsibility of company management and were prepared in accordance with the accounting practices derived from Corporation Law and Brazilian Central Bank (BACEN) rules.

3 Description of significant accounting policies

The main accounting policies are summarized as follows:

a. Income

Calculated according to the accrual basis of accounting.

Caixa Econômica Federal - CAIXA

Notes to the financial statements

(In thousands of Reais)

b. Current and long-term assets

Current assets and long-term assets are recorded at cost plus income accrued and, whenever applicable, adjusted by market or realization value. Includes tax credits of income tax and social contribution tax, resulting from tax losses, temporary additions and negative calculation bases.

Securities - The Central Bank of Brazil (BACEN), through Circular 3068/2001, established new criteria for the recording and valuation of the portfolio of securities which began to be classified in accordance with management's intention in three specific categories, meeting the following accounting criteria:

- **Trading securities:** securities acquired with the objective of being frequently and actively traded, which are adjusted to market value in a counter entry to the income of the period.
- **Securities available for sale:** securities which are not considered as trading securities nor held to maturity. These securities are adjusted to market value in a counter entry to the separate account in shareholders' equity "Adjustment to market value - Securities and Derivatives", net of tax, when applicable.

Gains and losses, when realized, are recognized through specific identification on the date of negotiation in the income statement, in a counter entry to the specific shareholders' equity account, net of tax.

- **Securities held to maturity:** securities which management intends and has the financial capacity, to hold to maturity, which are stated at cost of acquisition, plus accrued income.

Derivative financial instruments - In accordance with Circular 3082, of January 30, 2002 and later regulations, on June 30, 2002, the derivative financial instruments began to be classified on the date of their acquisition in accordance with management intention to use them for hedge purposes or not.

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Notes to the financial statements

(In thousands of Reais)

The operations that use financial instruments made on request of clients, on own account or which do not meet the criteria of protection (mainly derivatives used to administer overall exposure to risk) are adjusted to market value, with the gains and losses realized and not realized, recognized directly in the income statement.

The derivatives used for protection against risk exposure or to modify the characteristics of financial assets and liabilities, and which are highly correlated with regards to changes in their market value in relation to the market value of the item that is being protected, both at the beginning and throughout the life of the contract and considered effective in the reduction of the risk associated to the exposure to be protected against, are classified as hedge in accordance with their nature:

- **Market risk hedge:** The financial assets and liabilities, as well as the respective related derivative financial instruments, are adjusted to the market value with the gains and losses realized and not realized, recognized directly in the income statement.
- **Cash flow hedge:** The effective portion of hedge of financial assets and liabilities, as well as the respective related financial instruments, is adjusted by the market value with the gains and losses realized and not realized, less tax, when applicable, recognized in a specific shareholders' equity account. The non effective portion of the hedge is recognized directly in the income statement.

c. Permanent assets

Permanent assets are recorded at cost, price level restated up to December 31, 1995, combined with the following aspects:

- Property reevaluations carried out in October 1998;
- Provisions for devaluations of other investments, when applicable;
- Depreciation of premises, plant and equipment is provided using the straight-line method at rates that take into account the estimated useful lives of the assets, being: real estate in use - 4%, equipment - 10%, vehicles - 20% and other assets in use - 10% to 20%; and
- The amortization of deferred charges is calculated using the straight-line method for a period of up to 10 (ten) years in 2000 and of up to 5 (five) years since 2001.

Caixa Econômica Federal - CAIXA

Notes to the financial statements

(In thousands of Reals)

d. Current and long-term liabilities

Current and long-term liabilities are recorded at known or calculable values, including monetary charges and variations “pro rata diem” and exchange rate variations incurred.

The provision for income taxes, when applicable, was calculated at the rate of 15% of taxable income, plus a 10% surtax, as per the limit established in Law. The provision for social contribution, when applicable, was computed at the rate of 9%, on income before income tax.

The contribution to PASEP was calculated at the rate of 0.65%, and the contribution to COFINS was calculated at the rate of 3%, in accordance with prevailing legislation.

4 Interbank funds applied

Interbank funds applied are evaluated at the value cost, added for profited revenues and adjusted to the market value.

	2002	2001
Money market funds applied	<u>8,325,616</u>	<u>2,847,309</u>
Position held	<u>2,704,209</u>	<u>2,534,652</u>
Financial Treasury Bills	53,682	1,262,444
National Treasury Bills	1,570,034	-
National Treasury Notes	995,347	74,021
Central Bank Notes	85,146	1,198,187
Position financed	<u>5,621,407</u>	<u>312,657</u>
Financial Treasury Bills	65,171	60,012
National Treasury Bills	671,396	-
National Treasury Notes	2,701,451	52,520
Central Bank Notes	2,183,389	200,125
Interbank deposit	<u>59,169</u>	<u>54,677</u>
	<u>8,384,785</u>	<u>2,901,986</u>

Caixa Econômica Federal - CAIXA

Notes to the financial statements

(In thousands of Reais)

5 Securities and financial instruments

a. New criteria for valuation and classification

The Central Bank of Brazil (BACEN), through Circulars 3068/2001 and 3082/2002, established new criteria for the recording and valuation of securities and derivative financial instruments which are now classified according to management intention.

In keeping with the new criteria defined by Circulars 3068/2001 and 3082/2002, and later regulations, we made the adjustment arising from the application of the new criteria for the classification of the portfolio of securities and financial instruments, considering the market value at December 31, 2001. Thus, the following adjustments were recognized:

Category	Retained earnings/ accumulated losses
Trading securities	
Positive adjustment to market value	3,429
Securities available for sale	
Reversal of provision - December 2001	9,853
Securities held to maturity	
Reversal of provision - December 2001	84,276
Derivative financial instruments	
Adjustment to market value	(923)
	<u>96,635</u>

Caixa Econômica Federal - CAIXA

Notes to the financial statements

(In thousands of Reais)

b. Adjustment to market value of securities available for sale

Securities available for sale	Positive adjustment	Negative adjustment	Net adjustment in equity
Financial Treasury Bills	-	(76,573)	(76,573)
National Treasury Bills	500	-	500
National Treasury Notes	4,819	(19,150)	(14,331)
Central Bank Notes	2,593	(4,109)	(1,516)
Siderbrás Debentures	259		259
Agricultural Debt Securities	7	(235)	(228)
CVS	904	(122)	782
FDS Quotas	639		639
FND Quotas	<u>-</u>	<u>(36,212)</u>	<u>(36,212)</u>
	<u>9,721</u>	<u>(136,401)</u>	<u>(126,680)</u>

c. Impacts on the net income and shareholders equity without the effects of Circulars 3068/2001 and 3082/2002

We present, below, the net income and the shareholders' equity for the six-month period ended June 30, 2002, without the effects of BACEN Circulars 3068/2001 and 3082/2002:

	Net income	Shareholders' equity
Balances with the effects of the circulars	564,434	4,301,135
Positive adjustment to market value of the trading securities	(1,278)	(3,429)
Adjustment to market value of the securities available for sale	(126,548)	116,827
Adjustment to market value of securities held to maturity	(1,186,000)	(84,276)
Adjustment to market value of the derivative financial instruments	(18,684)	923
Total adjustment in the income for the six-month period	<u>-</u>	<u>(1,332,510)</u>
Balances without the effects of the circulars	<u>(768,076)</u>	<u>2,998,670</u>

Caixa Econômica Federal - CAIXA

Notes to the financial statements

(In thousands of Reais)

d. Summary of the classification of the securities and derivative financial instruments

Category	2002
Trading	8,563,413
Available for sale	4,469,016
Held to maturity	35,617,524
Derivatives financial instruments	<u>14,667</u>
	<u><u>48.664.620</u></u>

e. Composition of securities

	2002	2001
Own portfolio	<u>44,991,767</u>	<u>20,707,250</u>
Fixed Rate Securities	<u>44,695,162</u>	<u>20,390,977</u>
Financial Treasury Bills	40,274,257	14,693,433
National Treasury Bills	2,378,522	3,507,993
National Treasury Notes	548,364	291,842
Central Bank Notes	163,861	132,721
Treasury Financial Certificates	801,748	810,567
Credits securitized	505,900	928,523
Other securities	<u>22,510</u>	<u>25,898</u>
Investments funds quotes	<u>296,605</u>	<u>316,273</u>
Securities committed	<u>3,658,186</u>	<u>901,462</u>
Subject to repurchase commitments	<u>2,556,720</u>	<u>850,966</u>
Financial Treasury Bills	141,718	850,966
National Treasury Bills	2,415,002	
Deposits with Central Bank	<u>809,635</u>	<u>43,176</u>

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Notes to the financial statements

(In thousands of Reais)

	2002	2001
Financial Treasury Bills	809,635	43,176
Subject to guarantee services	<u>291,831</u>	<u>7,320</u>
Financial Treasury Bills	291,831	7,320
Financial instruments	<u>14,667</u>	<u>-</u>
	<u>48.664.620</u>	<u>21.608.712</u>
Valuation allowance	<u>-</u>	<u>(100,537)</u>
	<u>48.664.620</u>	<u>21.508.175</u>

f. Consolidated classification by categories and maturity dates:

	Until 1 year	From 1 to 3 year	From 3 to 5 year	Up to 5 year	Account value	Accrued value	Market Value
Securities							
Trading	<u>7.017.658</u>	<u>42.174</u>	<u>1.503.581</u>	<u>-</u>	<u>8.563.413</u>	<u>8.694.954</u>	<u>8.563.413</u>
Financial Treasury Bills	2,226,378	42,174	1,318,043	-	3,586,595	3,661,277	3,586,595
National Treasury Bills	4,679,644	-	-	-	4,679,644	4,736,755	4,679,644
National Treasury Notes	111,636	-	185,538	-	297,174	296,922	297,174
Available for sale	<u>190.799</u>	<u>1.895.922</u>	<u>983.082</u>	<u>1.399.213</u>	<u>4.469.016</u>	<u>4.595.696</u>	<u>4.469.016</u>
Financial Treasury Bills	70,904	1,524,424	656,480	222,048	2,473,856	2,550,427	2,473,856
National Treasury Bills	-	113,880	-	-	113,880	113,380	113,880
National Treasury Notes	-	98,307	73,471	28,100	199,878	214,210	199,878
Central Bank Notes	49,683	39,003	75,175	-	163,861	165,377	163,861
CFT	59,727	104,752	104,752	532,517	801,748	801,748	801,748
CVS	-	-	-	312,262	312,262	311,481	312,262
TBA	9,547	2,142	-	-	11,689	11,689	11,689
ELET	-	-	72,727	-	72,727	72,727	72,727
TDA	938	953	477	499	2,867	3,095	2,867
Debentures Siderbrás	-	12,461	-	-	12,461	12,202	12,461
State Securities - Union	-	-	-	7,182	7,182	7,182	7,182
FDS quotas	-	-	-	8,952	8,952	8,313	8,952

Caixa Econômica Federal - CAIXA

Notes to the financial statements

(In thousands of Reals)

	Until 1 year	From 1 to 3 year	From 3 to 5 year	Up to 5 year	Account value	Accrued value	Market Value
Securities							
Cotas quotas	-	-	-	287,653	287,653	323,865	287,653
Held to maturity	-	24,997,239	10,568,973	51,312	35,617,524	35,617,524	34,347,248
Financial Treasury Bills	-	24,997,239	10,459,751	-	35,456,990	35,456,990	34,194,848
National Treasury Notes	-	-	-	51,312	51,312	51,312	51,312
SUNA	-	-	109,222	-	109,222	109,222	101,088
Derivatives financial instruments	14,667	-	-	-	14,667	14,667	14,667
Total	7,223,124	26,935,335	13,055,636	1,450,525	48,664,620	48,922,841	47,394,344

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

g. Derivative financial instruments

The operations performed by CAIXA involving derivatives aim to meet their own needs and their clients' needs and, also, to reduce market, currency and interest rate risks. The management of these risks is done by defining operation strategies, establishing a system of internal controls and determining the limits of the positions.

The values of the positions of those derivatives that are related to swap contracts, are recorded in memorandum accounts and the adjustments in equity accounts. The referential values of these operations is R\$ 9,010,873 (2001 - R\$ 8,404,516), the differential payable at this date amounts to R\$ 76,382 (2001 - R\$ 37,120) and the differential receivable to R\$ 747 (2001 - R\$ 86), stated in "Securities clearing accounts" and "Swap operations - differential payable and differential receivable", respectively.

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Notes to the financial statements

(In thousands of Reais)

6 Term deposits

- a. The deposits made with BACEN are mainly comprised of compulsory payments that suffer monetary correction based on official indices and interest rates, except for those resulting from demand deposits.
- b. The “Housing Finance System - SFH” account includes the residual values of contracts terminated to be paid by the FCVS, in the amount, net of provisions, of R\$ 20,700,575, as follows (2001 - R\$ 26,809,998), which are in the process of novation with that Fund. At present, these contracts earn an annual interest rate of 6.17% plus monetary correction according to the Referential Rate (*Taxa referencial - TR*) variation.

Specification	Value at June 30, 2002
Loans originating in CAIXA	11,869,430
Loans received in lieu of payment	3,191,529
Acquired from internal third parties	4,344,282
Acquired and managed by third parties	3,202,990
	<u>22,608,231</u>
Provision for possible losses and rejections	(1,907,656)
	<u>20,700,575</u>

As a result of a commitment assumed by the Union, for the purpose of exchange of CVSs in novation, for Federal Public Securities, in December 2002 and 2003, at their face value, mark-to-market was not necessary for these loans.

The novation process is preceded by the habilitation and homologation phases with FCVS, occasions on which analyses are made of the consistency of values and pertinent documentation, with the possibility of rejections.

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Notes to the financial statements

(In thousands of Reais)

For the loans acquired from third parties, there is a pre-solvency clause in the contracts, foreseeing the recomposition of the values on the part of the assignors in cases of rejection. For coverage of the rejections in the other loans, as well as in complement to the guarantee foreseen in the contracts cited above, there is provision for losses in the amount of R\$ 1,907,656 (2001 - R\$ 2,293,931).

This provision was constituted taking into consideration the expectation of rejection of about 7%, based on studies made based on novations already made. Currently, due to the volumes of loans already renewed and on the characteristics of the remaining loans, the aforementioned studies are being reviewed.

In 2001, R\$ 2,398,838 was securitized, related to debt novation processes against the FCVS relative to the period December 1999 through December 2000, and R\$ 8,069,527 related to novation processes in 2001.

7 Loans

a. Composition of loans per type of operation

Description	2002	2001
Discounted loans and securities (1)	6,282,952	4,414,781
Financing operations - Law 8727/93 (2)	634,885	13,631,321
Real estate financing operations	13,782,726	12,086,352
Infrastructure and development financing operations	401,273	326,178
Other credits (recorded in other receivables)	<u>1,414,204</u>	<u>914,415</u>
	<u>22,516,040</u>	<u>31,373,047</u>

(1) Includes assets related to the portfolio of educational credit financing operations in the amount of R\$ 893,823 (2001 - R\$ 1,403,324), granted within the scope of the Educational Credit Program that Law 8436/1992 refers to, the ownership of which was transferred to FIES - High School Student Financing Fund (*Fundo de Financiamento ao Estudante de Nível Superior*), pursuant to Law 10.260, dated July 12, 2001 (previously Provisional Measure 2094-28/2001), which CAIXA acquired in June 1999. The VOTE 071/1999 by the National Monetary Council, dated June 30, 1999, authorized CAIXA to acquire said credits, which have an average interest rate of 6% p.a. and an average term of 12 years.

Caixa Econômica Federal - CAIXA

Notes to the financial statements

(In thousands of Reais)

- (2) Refers to the public sector finance in the amount of R\$ 634,885 (2001 - R\$ 13,631,321), related to refinancing contracts of state and municipal government debts, based on Law 8727/93, whereby the Union is responsible for their settlement. Provisional Measure 2181-45 (previously *Medida Provisória* 2103-42), dated August 24, 2001, authorized the Union to settle these contracts in advance. Said contracts have an annual interest rate of 12% plus monetary correction according to the Referential Rate (TR) variation. These refinancing operations are guaranteed by the State and Municipality Participation Fund.

b. Breakdown of loans by client/activity

Description	2002	2001
Federal public sector	<u>642,254</u>	<u>13,649,814</u>
Government - Indirect administration	7,183	18,031
Business activities - Financial intermediaries	635,071	13,631,783
State public sector	<u>1,126,049</u>	<u>888,207</u>
Government	<u>865,143</u>	<u>751,227</u>
Direct administration	199,060	178,631
Indirect administration	666,083	572,596
Business activities	<u>260,906</u>	<u>136,980</u>
Industry	252,667	125,102
Financial intermediaries	5,445	11,878
Housing companies	2,794	-
Municipal public sector	<u>132,716</u>	<u>120,010</u>
Government	60,965	117,490
Direct administration	60,369	117,490
Indirect administration	596	

Caixa Econômica Federal - CAIXA

Notes to the financial statements

(In thousands of Reais)

Description	2002	2001
Business activities - industry	71,751	2,520
Private sector	<u>20,615,021</u>	<u>16,715,016</u>
Industry	93,034	48,171
Commerce	650,906	444,756
Financial Intermediaries	1,547	571
Other services	937,906	309,622
Individuals	5,028,297	3,956,114
Housing - Individuals/Legal entities	<u>13,903,331</u>	<u>11,955,782</u>
	<u>22.516.040</u>	<u>31.373.047</u>

c. Concentration of main debtors

	<u>At June 30, 2002</u>	
	Amount	% of portfolio
Main debtor	666,083	2.96
10 main debtors	2,308,616	10.25
20 main debtors	2,442,852	10.85
50 main debtors	2,552,687	11.34
100 main debtors	2,611,464	11.60

d. Composition of loans according to maturity of operations

Description	<u>June 30, 2002</u>		
	Public sector	Private sector	Total
Current assets	<u>268,630</u>	<u>4,029,218</u>	<u>4,297,848</u>
0 to 30 days	93,283	2,071,662	2,164,945
31 to 90 days	172	758,374	758,546
91 to 360 days	175,175	1,199,182	1,374,357

Caixa Econômica Federal - CAIXA

Notes to the financial statements

(In thousands of Reais)

Description	June 30, 2002		
	Public sector	Private sector	Total
Long-term assets	<u>1,632,388</u>	<u>16,585,804</u>	<u>18,218,192</u>
1 year up to 3 years	8,863	2,586,733	2,595,596
3 years up to 5 years	4,281	1,072,010	1,076,291
5 years up to 15 years	1,467,734	5,826,287	7,294,021
More than 15 years	151,510	7,100,774	7,252,284
Total	<u>1,901,018</u>	<u>20,615,022</u>	<u>22,516,040</u>
Total - Normal condition	<u>1,807,735</u>	<u>17,887,763</u>	<u>19,695,498</u>
Total - Past due	<u>93,283</u>	<u>2,727,259</u>	<u>2,820,542</u>

e. Classification according to risk level

Risk level	Loans and discounted loans	Financing	Real estate financing	Other receivables	Total	%
AA	369,184		888,819	1	1,258,004	5.59
A	831,130	71,980	4,432,566	904,254	6,239,930	27.71
B	557,658	161,481	1,560,454		2,279,593	10.12
C	1,024,730	1,006,356	2,710,193	852	4,742,131	21.06
D	922,037	524,818	3,830,849	196,005	5,473,709	24.31
E	77,211	21,437	299,578	454	398,680	1.77
F	44,703	102,392	151,970	2,983	302,048	1.34
G	55,387	18,860	107,258	1	181,506	0.81
H	<u>267,558</u>	<u>226,030</u>	<u>837,197</u>	<u>309,654</u>	<u>1,640,439</u>	<u>7.29</u>
	<u>4,149,598</u>	<u>2,133,354</u>	<u>14,818,884</u>	<u>1,414,204</u>	<u>22,516,040</u>	<u>100.00</u>

f. Composition of the provision for doubtful loans

During the period from 1996 to May 2001, the provision for credit operations relative to housing financing and transfers from development, basic sanitation and urban infrastructure agencies was constituted based only on installments in arrears. As of June 2001, the provision for credit operations and other receivables was constituted for their full amount based on National Monetary Council Resolution - CMN 2682/1999.

Caixa Econômica Federal - CAIXA

Notes to the financial statements

(In thousands of Reais)

The amounts provisioned at December 31, 2001 are composed as follows:

Risk level	Loans and discounted loans	Financing	Real estate financing	Other receivables	Total	%
A	4,154	360	22,164	4,522	31,200	0.97
B	8,574	3,615	21,512		33,701	1.05
C	46,065	32,191	125,427	26	203,709	6.36
D	242,938	99,349	522,962	30,682	895,931	27.97
E	23,164	6,432	89,871	137	119,604	3.73
F	22,352	51,196	75,984	1,492	151,024	4.72
G	38,771	13,202	75,080	1	127,054	3.97
H	<u>267,558</u>	<u>226,030</u>	<u>837,197</u>	<u>309,654</u>	<u>1,640,439</u>	<u>51.22</u>
	<u>653,576</u>	<u>432,375</u>	<u>1,770,197</u>	<u>346,514</u>	<u>3,202,662</u>	<u>100.00</u>

g. Changes in the provision for doubtful loans

Description	2002	2001
Opening balance	3,722,470	4,091,362
Additions	752,893	3,517,750
Reversals	(577,781)	(704,211)
Write offs (against provision)	(<u>694,920</u>)	(<u>3,317,955</u>)
	<u>3,202,662</u>	<u>3,586,946</u>

h. Renegotiated credits, entered as loss and recovered

	2002	2001
Total renegotiated operations for the semester	335,113	578,893
Total operations entered as loss for the semester	359,875	413,577
Total recovered operations for the semester	211	830

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8 Other receivables

a. Income receivable

The "Income receivable" account includes the amount of R\$ 294,002 (2001 - R\$ 333,664) related to amounts receivable for the rendering of collection, payment and regular supply of social security information services that fed the INSS records with data regarding employment relationships, remunerations and other social security contribution facts,

b. Specific credits

The specific credits are mainly comprised of Federal Public Securities, received from the Union within the scope of the securitization process, and lottery operations, as demonstrated below:

	2002	2001
Federal Public Securities - PREVHAB	-	1,353,713
Federal Public Securities - Property negotiations	107,818	107,489
Federal Public Securities - Vote 162 MP 1702	83,045	69,237
Federal Public Securities - Decree Law 2164/84	40,024	36,817
Other	<u>73</u>	<u>73</u>
	<u>230.960</u>	<u>1,567,329</u>

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<i>c. Others</i>	2002	2001
Various advances	677,762	196,818
Bahia State Government - EMBASA (i)	666,083	572,596
Tax Credits (ii)	1,998,339	1,889,748
Amounts receivable - BAMERINDUS (iii)	302,941	-
Guarantee deposit debtors	774,338	721,534
SASSE/PREVHAB/DATAMEC	173,866	196,668
Taxes and contributions to compensate	84,864	52,902
Pernambuco State Government - COMPESA	167,666	101,188
Insurance receivable	120,932	205,549
Other debtors	<u>19,985</u>	<u>290,413</u>
	<u>4,986,776</u>	<u>4,227,416</u>

(i) Refers to the advance of privatization funds to the Bahia State Government, partly remunerated by the IGP-M benchmark rate plus 6% annual interest and partly by the SELIC (Special System for Settlement and Custody) rate,

(ii) The most relevant amounts in the "Tax credits" account include Income Tax (IR) credits resulting from accumulated non-expiring tax losses and from temporary differences (mainly provisions for credit operations) supported by BACEN Circular 2746/1997, and Social Contribution on Net Income (CSLL) credits, related to the periods ended December 1998, constituted at the rate of 18%, based on Article 8 of *Medida Provisória* 2158-33/2001,

The tax credit amount that can be constituted is R\$ 5,766,532 for Income Tax and R\$ 1,607,918 for Social Contribution, The amount of tax credit subject to constitution is R\$ 5,766,532 for Income Tax and R\$ 1,607, 918 for Social Contribution, which is expected to be realized over a period of 10 years,

Taking into consideration the compensations of R\$ 10,353 of IR and of R\$ 25,536 of CSLL, made this six-month period, the current balance of the activated credits corresponds to R\$ 1,602,370 for IR and R\$ 395, 968 for CSLL,

(iii) Refer to credits with the bankrupt estate of Banco Bamerindus, originating preponderantly from the acquisition of property credits, which are totally provisioned for,

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9 Other assets

The assets not in use mainly refer to adjudicated properties, properties received as payments in kind for loans and also properties no longer used in CAIXA's operations. The provision for devaluation of these properties is constituted at the moment of repossession or upon transfer of the property in use, based on an appraisal report prepared by CAIXA experts,

As of the second semester of 1999, CAIXA initiated a re-appraisal process of assets not of use maintained in stock for more than one year with the objective of adjusting them to their current market value, At June 2002, there are 1,423 properties in stock with outdated appraisal reports, fully provisioned however, in the amount of R\$ 36,224, broken down as follows: 25 own properties in the amount of R\$ 1,997 and 1,398 adjudicated properties or properties bought at auction in the amount of R\$ 34,227,

10 Permanent assets

The investments in subsidiaries are substantially formed by SASSE - Caixa Seguradora S.A., and are evaluated according to the equity method, The main information about the investee and the investment are presented as follows:

Investee	2002	2001
Shareholders's equity	664,313	308,524
Capital	360,000	330,000
Quantity of shares	16,930,108	16,164,827
Revaluation reserve/profit retaining	2,047	3,062
Goodwill reserve	285,252	-
Retained earnings	17,013	(24,538)
Book value per share - R\$	39,24	19,09
Investment		
Quantity of shares owned	8,161,426	7,103,917
Participation on paid-in capital (%)	48,20658	48,20658
Accounting value of the investment	181,745	173,657
Equity result	182	18,287

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(In thousands of Reais)

CAIXA also has R\$ 7,349 in shares of CIBRASEC and R\$ 987 related to the revaluation reserve of the subsidiaries.

11 Deposits

- a. Time deposits include judicial deposits in the amount of R\$ 20,934,964 (2001 - R\$ 19,968,536), which are remunerated based on the Referential Rate (TR), Judicial deposits of a labor and state nature include, furthermore, an annual interest rate of 6%. The deposits are distributed as follows:

	<u>2002</u>		
	<u>Demand</u>	<u>Time</u>	<u>Saving deposits</u>
Short-term	<u>4,087,659</u>	<u>25,372,029</u>	<u>39,763,966</u>
Without maturity	4,087,659	20,914,764	39,763,966
31 to 90 days	-	1,705,764	
91 to 360 days	-	2,751,501	
Long-term	<u>-</u>	<u>821,481</u>	<u>-</u>
More than 360 days	<u>-</u>	<u>821,481</u>	<u>-</u>
	<u>4,087,659</u>	<u>26,193,510</u>	<u>39,763,966</u>

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(In thousands of Reais)

- b. Special deposits for funds and programs are composed of Government Severance Indemnity Fund for Employees (Fundo de Garantia do Tempo de Serviço - FGTS) deposits and deposits from other funds and programs, whereby the FGTS deposits are restated by the SELIC rate, and the other deposits according to the variation of official indices and, whenever applicable, interest rates of up to 6% per year, demonstrated as follows:

	2002	2001
FGTS deposits	1,315,416	1,284,193
Special deposits with remuneration	700,733	713,106
FAS deposits	304,518	82,433
PROGER deposits	855,281	450,080
FISANE deposits	131,215	111,078
PRODEC deposits	44,151	43,448
PIS deposits	21,570	22,593
Others	<u>71,127</u>	<u>96,844</u>
	<u>3,444.011</u>	<u>2,803.755</u>

12 Mortgage notes funds

Refer to funds from mortgage notes and property credit notes, on which there are financial charges, equivalent to the Referential Rate (TR), IGP-M or INPC.

To the issues in TR are added average interests of 11,82% (including all original operations with and without swap, weighted in accordance with the updated balance) and a minimum redemption term of 180 days.

To the issues in IGP-M and INPC are added average interests of 10,83% and 10,93% per annum respectively, and a minimum redemption term of 5 years.

To the issues of LCIs indexed to IGP-M are added average interests of 10,79% per annum and a minimum redemption term of 3 years.

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13 Borrowings

The foreign loans are subject to interest of up to 5,32% per annum and exchange variation of the currently, which they are related to, substantially in U,S, dollars, with maturity date until 2013.

14 Repass borrowings from public sector

Are mainly composed of funds transferred by the FGTS for investments in infrastructure, urban development and real estate credit operations, These obligations are subject to monetary correction according to the Referential Rate (TR) variation with an average interest rate of 6,10% per year, The average term of these operations is 15 years.

15 Other liabilities

a. Taxes payable

	2002	2001
Provision for income taxes on the revaluation reserve - Buildings	104,888	111,773
Provision for social contribution on the revaluation reserve - Buildings	37,760	40,238
Tax credit	-	(152,011)
Provision for contingencies - PASEP (i)	500,000	500,000
Social security contributions	39,416	37,893
Tax contributions	109,029	30,016
States and municipals taxes	130,297	110,921
Income taxes payable	29,678	
Social contribution payable	50,995	
Others	<u>63,253</u>	<u>21,495</u>
	<u>1.065.316</u>	<u>700.325</u>

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- (i) CAIXA, on December 6, 1996, was charged by agents from the Federal Income Secretariat (*Receita Federal* - SRF), under the argument of insufficiency in the collection of PIS/PASEP, related to the period from January 1991 to December 1995, a period in which Decree Laws 2445 and 2449/1988 were in force, and compensation, supposedly unjustified, of collections made for more in the period from January 1992 to May 1993, in the amounts of R\$ 2,691,943 of principal, R\$ 2,011,254 of fines and R\$ 4,310,818 of interest, at June 30, 2002, CAIXA presented an appeal to the Taxpayers Council, which evaluated the process on February 3, 1999, In accordance with the vote of the Counselor Relater, the elements brought to the proceeding by the agents do not allow the identification of what exclusions of the taxable base of PASEP were considered dismissed and what was the motivation for the National Treasury to make the disallowance, According to a resolution of the members of the Second Chamber of the Second Taxpayers Council, the judgment was converted into diligence to the Federal Income Secretariat - SRF, so that the inspection may clarify the facts and justify the disallowance made, informing CAIXA of the contents of this procedure and giving an adequate term to reply, The Federal Revenue Service in Brasilia advised CAIXA, on October 21, 1999, of the diligence report, in which the National Treasury maintained the same reasons reported in the assessment, CAIXA sent a pronouncement on the tax diligence report to the Second Taxpayers Council, which evaluated the process on November 7, 2000, According to the resolution of the members of the council, the judgment was converted into a new diligence to SRF, CAIXA was informed of the Tax Diligence Report, on April 26, 2001, in which the National Treasury maintained the same reasons reported in the assessment, mentioning that an examination of the identification of the disallowance accounts would not be possible, On May 28, 2001, CAIXA sent a new pronouncement to the Second Taxpayers Council, where the process awaits a new judgment, If there are no longer possibilities in the administrative sphere, there are still appeals in the judicial sphere, Based on the opinion of its legal advisors, and considering the case laws already disclosed on the issue, and due to the possibilities of success, Management understands that the constituted provision, in the amount of R\$ 500,000 is sufficient to cover possible unfavorable decisions on some parts of the proceeding.

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(In thousands of Reais)

b. Others

	2002	2001
SFH contribution obligations	47,536	7,705
Official agreement obligations	62,811	74,526
Provision for payments to be made	<u>873,615</u>	<u>800,030</u>
Personnel expenses	587,725	572,580
Other payments	285,890	227,450
Provision for contingent liabilities	<u>5,189,024</u>	<u>4,842,490</u>
FUNCEF - Technical Reserves (1)	2,983,414	2,577,118
PREVHAB/FUNCEF - Technical Reserves (2)	300,329	329,558
Provision for contingencies (3)	1,905,281	1,935,814
FGTS funds	84,335	83,236
Other creditors - Domestic (4)	<u>1,776,740</u>	<u>1,956,890</u>
	<u>8,034,061</u>	<u>7,764,877</u>

1 - FUNCEF - Technical Reserves

- (i) On September 30, 1993, CAIXA signed with the *Fundação dos Economizadores Federais* (FUNCEF) a contract of admission and payment of debt, which efficiency is subject to a judicial order proposed by CAIXA, which foresees the payment of 240 monthly installments, as from January 31, 1994, which balance amounts to R\$ 2,983,414 (2001 - R\$ 2,577,118), recorded in "Other liabilities - FUNCEF Technical Reserve", monetarily updated in accordance with the variation of the National Consumer Price Index (INPC), with an annual interest rate of 6%. The installment paid until the filing of the lawsuit, which focus on the rescission of the referred contract, was classified in assets as "Prepaid expenses", being reclassified and recorded in a rectifying account of the same liability group, in "Expenses to appropriate - Technical Reserves Coverage - FUNCEF", amounts to R\$ 2,040,217 (2001 - R\$ 1,823,158) and, at December 31, 2001, it was completely provisioned for.

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According to rulings 497/1995 and 413/1996 of the Federal Audit Court (*Tribunal de Contas da União - TCU*), which were contrary to the efficacy of the above mentioned contract, CAIXA's management suspended payment of the installments as of August 12, 1996, filing a suit in September of that same year to rescind the contract.

- (ii) In order to achieve the FUNCEF objectives and in complementation to the contributions of participants, CAIXA makes contributions in accordance with the percentage determined by actuarial formulas. The amount disbursed in the first semester of 2002 totaled R\$ 59,634 (2001 - R\$ 61,343). The costing plan of the entity is considered a defined benefit for 43,726 members, whereas for 3,641 members it is a defined contribution plan.
- (iii) CAIXA, as a sponsor of Bank's Employees' Foundation - *Fundação dos Economistas Federais (FUNCEF)*, submitted to the appreciation of the Ministry of Finance and obtained its approval, as well as a favorable manifestation of the Department of Coordination and Control of State-Owned (*Departamento de Coordenação e Controle das Empresas Estatais - DEST*), of a change in the Regulation of the Benefit Plan of FUNCEF, to: (i) complying partially with *Lei Complementar* 108 and 109, both of May 29, 2001, (ii) the incorporation of new conditions of costing of the Plan by the participants and the sponsor; and (iii) the establishment of migration criteria of the participants of the benefit plan REPLAN/REB to the new version of the plan REB of defined contribution. For compliance with the implementation of the migration process, CAIXA constituted provision in the amount of R\$ 168,527.

2 - *PREVHAB/FUNCEF - Technical Reserves*

Due to the extinction of the National Housing Bank (BNH) determined by Decree 2,291, dated November 21, 1986, CAIXA took on the employees of the extinct Bank, who were associated to the PREVHAB Complementary Pension Plan.

In compliance with said Decree, a voluntary adhesion process for active members from PREVHAB to FUNCEF and for retired and pension members to the Special and Exclusive Benefit Plan of SASSE - Cia, Nacional de Seguros Gerais S.A., currently Caixa Seguradora S.A., was established.

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Of the 4,758 active members of PREVHAB, 4,568 (96%) signed adhesion and assignment of rights instruments relative to pension reserves, formally accepted by CAIXA, in the condition of sponsor, and by FUNCEF, in the condition of closed private pension entity, in conformity with the rights and obligations specified in the Private Instrument of Assumption of Obligations and Other Covenants, between CAIXA and FUNCEF, with intervention of PREVHAB. The mathematical reserves of PREVHAB relative to the active members totaled R\$ 336,044 on October 1, 1998, repositioned to the amount of R\$ 332,239 in March 1999, by means of a contract amendment and, in June 2002 to the amount of R\$ 300,329, after deduction of the payments made in the year.

Of PREVHAB's 2,772 retired and pension members, 2,239 (80,77%) signed the contract to join SASSE's Special and Exclusive Benefit Plan, governed by the Special Benefit Plan Institution Contract between CAIXA and SASSE, with mediation of PREVHAB, and the Securities Portfolio Administration Contract, both entered into between SASSE and CAIXA, in the amount of R\$ 625,689, related to the mathematical reserves appraised and positioned on October 1st, 1998, and repositioned to the amount of R\$ 784,655 in June 2002, including provisions for legal matters.

3 - Contingent liabilities

CAIXA has as a liability, civil labor claims related to property financing, lotteries, losses and damages, as well as tax claims. These claims are periodically evaluated and reviewed.

Management understands, based on reports from its legal advisors, that such proceedings will not cause relevant losses, and that the provision will not exceed the balance for these contingencies of R\$ 1,905,821 (2001 - R\$ 1,935,814), is sufficient to cover possible legal decisions, unfavorable to CAIXA.

CAIXA was assessed by the agents of the National Institute of Social Security (INSS) for the collection of social contributions on payments made to its employees, for the period from January 1989 to August 1999, which amounts repositioned to June 30, 2002, according to an INSS report, amount to R\$ 955,112.

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CAIXA understands that the payments assessed are not subject to the collection of the social contribution, due to their indemnifying characteristic.

Pursuant to article 11, of *Medida Provisória* 2180-35, of August 24, 2001, the ongoing proceedings were sent to the General Advocacy of the Union (*Advocacia Geral da União* - AGU) for analysis and solution of the controversies existent between CAIXA and INSS, and a specific Working Group was created, with representation of both parties, resulting in the recognition, by CAIXA, of some proceedings.

In accordance with the opinion of its legal and tax advisors, Management, due to the possibility of success foreseen for the other proceedings, considers unnecessary the constitution of additional provisions for these contingencies, in addition to that recorded in "Provision for contingencies - others", in the amount of R\$ 218,324.

4 - Other creditors - Domestic

Contemplates mainly: the amount of interests from judicial deposits in R\$ 439,013 (2001 - R\$ 482,463), of suppliers/accounts payable in R\$ 190,617 (2001 - R\$ 103,508), management credits in R\$ 933,868 (2001 - R\$ 995,398) and other creditors in R\$ 213,242 (2001 - R\$ 251,136).

16 FGTS

- a. The balances related to FGTS applications and funding were excluded in 1990 from CAIXA's accounting books by force of a legal determination, According to Article 9 of Law 8036, dated May 11, 1990, amended by Article 12 of *Medida Provisória* 2196-3, dated August 24, 2001, CAIXA is responsible for the full settlement of credits owed to the FGTS relative to operations contracted as of June 1st, 2001.

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(In thousands of Reais)

- b. According to Resolutions 279 and 295 of the FGTS Trustee Council (*Conselho Curador do FGTS*), dated February 17 and August 26, 1998, CAIXA began operating as the investment manager of the FGTS, receiving for such service part of the income that exceeds the Referential Rate (TR) variation plus interest of 6% per year. Of the amount received, 97,5% was destined to compose the reserve fund for losses with FGTS operations, recorded in the "Other liabilities - Social Programs and fund obligation" account. At December 31, 2000, the balance in this reserve fund amounted to R\$ 2,234,222. The risk from FGTS credit operations contracted as of June 1st, 2001 became the Union's responsibility. On June 30, 2001, CAIXA proceeded with the reversal of the reserve fund balance in the amount of R\$ 2,541,482.

17 Shareholders' equity

a. Capital

In conformity with Resolution of the Board of Directors, minutes 1565, of February 5, 2002, report of the Statutory Audit Committee of CAIXA, Resolution of the Supervisory Board of CAIXA and authorization of the State Minister of Finance, the paid-in capital was changed from R\$ 12,350,000 to R\$ 3,345,727, through incorporation of reserves and absorption of accumulated losses.

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

In conformity with provisions of Resolution 2099/94 and later regulations, which establish the minimum levels of shareholders' equity for financial institutions, based on the volume of its operations, CAIXA presents the following situation:

Security/risk factors	2002			2001		
	Balance	Weighted risk	Net equity required	Balance	Weighted risk	Net equity required
Nil risk - 0%	64,279,219			44,338,517		
Reduced risk - 20%	21,338,541	4,267,708	469,448	27,414,101	5,482,820	603,110
Reduced risk - 50%	14,533,188	7,266,594	799,325	13,406,889	6,703,445	737,379

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Security/risk factors	2002			2001		
	Balance	Weighted risk	Net equity required	Balance	Weighted risk	Net equity required
Normal risk – 100%	11,955,061	11,955,061	1,315,057	8,540,306	8,540,306	939,433
Tax credits 300%	1,998,339	5,995,017	659,452	1,889,748	5,669,244	623,617
Swap credit risk	321,580	321,580	64,316	350,059	350,059	70,011
Market risk – interest rate	-	-	151,125	-	-	131,840
Total	<u>114,425,928</u>	<u>29,805,960</u>	<u>3,458,723</u>	<u>95,939,620</u>	<u>26,745,874</u>	<u>3,105,390</u>
Reference equity			4,301,135			4,189,927
Sufficiency			842,412			1,084,537
Basel Index		13.68%			14.84%	

c. Revaluation reserves

In October 1998, CAIXA carried out a reappraisal of all its properties in use. The amount of the revaluation reserves is net of the provision for Deferred Income and Social Contribution taxes.

d. Revenue reserves

The revenue reserve is constituted by a legal reserve in the amount of R\$ 28,222, calculated at 5% of the net income, and a reserve for incorporation of capital arising from the income from the management of lotteries, in the amount of R\$ 84,423 in the first six-month period of 2002 (2001 - R\$ 61,287).

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e. Dividends

The Union is guaranteed a minimum dividend of 25% of adjusted net income, as provided for in Decree 2673, dated July 16, 1998, calculated as follows:

	2002	2001
Net income in the semester	564,434	(4,393,613)
Legal reserve	(28,222)	
Prior semester adjustments - Securities and Derivatives	96,635	(3,838,423)
Adjustment to market value - Securities and Derivatives	(126,680)	
Realization of revaluation reserve by depreciation	<u>10,038</u>	<u>10,175</u>
Calculation basis of the dividends	516,205	(8,221,861)
Percentage	<u>25%</u>	<u>25%</u>
Dividends Proposed	<u>129,051</u>	<u>-</u>

18 Remuneration of employees and administrators

The remuneration paid to employees and administrators is demonstrated below, not including the exclusion installments referred to in Decree-Laws 2355/1987 and 8852/1994.

December 2001 remuneration	Administrators	Employees
Highest	9,600,00	8,000,00
Average	9,600,00	2,864,30
Lowest	9,600,00	452,35

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19 Other Information

a. Composition of "Other operating income and expenses"

Other operational income	2002	2001
Commissions and taxes on operations	291,966	332,420
Expenses recovered	93,633	112,387
Credits with the Union - PM 2181-45	23,165	91,137
Reversal of other operating provisions	125,650	92,001
Pension fund investments - Monetary Correction	40,307	38,898
Participation in credit card results	58,596	42,345
Credit income - COMPESA	10,788	5,846
Reversal of reserve fund - FGTS (Notes 1b and 16b)	-	2,541,482
Income of securitization credits	26,529	105,143
Other operating income	<u>73,717</u>	<u>114,700</u>
Other operational expenses	<u>744,351</u>	<u>3,476,359</u>
Monetary correction and interest on actuarial reserves - FUNCEF	(186,337)	(167,666)
Losses in the adjudication of properties financed	(21,655)	(101,511)
Housing financing expenses	(16,469)	(20,036)
FCVS receivable expenses - Residuals	(340,033)	(2,274,316)
Expenses with fund and program obligations	(81,622)	(74,933)
Expenses with unemployment insurance	(62,075)	-
Remuneration - Lottery dealerships	(106,887)	-
Contingent provisions	(189,485)	(1,672,213)
Monetary correction - EMGEA/UNIÃO	(129,936)	-
Expenses with lotteries	(96,783)	(34,069)
Expenses - Banco 24 horas	(36,635)	(21,774)
Savings bank prizes	(20,749)	(60,167)
Other operational corrections	<u>(101,724)</u>	<u>(77,147)</u>
	<u>(1,390,390)</u>	<u>(4,503,832)</u>

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b. Personnel expenses

Personnel expenses are detailed as follows:

Other operating income	2002	2001
Provisions	(1,051,070)	(1,054,195)
Benefits	(231,485)	(175,449)
Social charges:		
FGTS	(79,429)	(77,044)
Social security	(231,459)	(247,494)
Complementary social security	(56,924)	(64,116)
Others	<u>(53,221)</u>	<u>(54,945)</u>
	<u>(1,703,588)</u>	<u>(1,673,243)</u>

c. Administrative expenses

	2002	2001
Communications	(155,351)	(109,923)
Maintenance and preservation of assets	(103,680)	(88,810)
Water and electricity	(39,315)	(39,039)
Rents	(71,973)	(70,417)
Material expenses	(50,415)	(40,691)
Philanthropic contributions	(769)	(1,845)
Data processing	(426,913)	(442,482)
Promotions and public relations	(11,185)	(8,863)
Advertising and marketing	(44,252)	(52,683)
Financial system services	(64,374)	(52,845)
Third-party services	(99,631)	(62,819)
Specialized services	(159,223)	(99,365)
Taxes	(71,768)	(32,856)
Depreciation and amortization	(222,862)	(252,978)
Other administratives	<u>(52,237)</u>	<u>(75,490)</u>
	<u>(1,573,948)</u>	<u>(1,431,106)</u>

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d. Administration of social entities

The shareholders' equity balances of entities managed by CAIXA (Note 1) amount to R\$ 31,420,767 (2001 - R\$ 32,608,763). The main balance refers to the Salary Variations Compensation Fund (*Fundo de Compensação de Variações Salariais* - FCVS) in the amount of R\$ 63,075,398 (2001 - R\$ 61,724,961), for which the Federal Union is responsible for meeting such obligations, as provided in Law 10150, dated December 21, 2000.

Fund	2001	2000
PIS	18,600,781	17,383,516
FGTS	10,208,782	9,413,187
FAR	1,705,433	1,335,556
FCVS	(63,075,398)	(61,724,961)
FDS	422,548	400,492
FAS	326,817	317,015
SH	128,573	
PCE	233,780	240,507
FIEL	<u>27,917</u>	<u>25,925</u>
	<u>(31,420,767)</u>	<u>(32,608,763)</u>

e. "Programa de Geração de Emprego e Renda" - PROGER

The funds from the Fund for Workers' Assistance (FAT), for the application in the Income and Employment Generation Program (*Programa de Geração de Emprego e Renda* - PROGER), in the amount of R\$ 855,281, has funding cost based on SELIC rate, while not applied in credit operations, and based on TJLP, after release to the borrowers. The average term of the investments is 4 years and the final maturity date is in 2012. The funds free for investment, updated based on the SELIC rate, amounted to R\$ 234,755. The balance of the funds applied is R\$ 620,506.

Caixa Econômica Federal - CAIXA

Notes to the financial statements

(In thousands of Reais)

f. Health plan - SAÚDE CAIXA

On February 1st, 2002, SAÚDE CAIXA came into force. This is a health program instituted and administered by CAIXA, in a self-management modality, offering medical, hospital, dental, psychological, and nutritional assistance; physiotherapy, phono-audiology, occupational therapy and social service, with assistance provided by an accredited network with national coverage. It is a benefit granted by CAIXA to opting titleholders and respective inscribed beneficiaries. By titleholders are understood employees and retired persons related to FUNCEF, PREVHAB, SASSE, PMPP Fund or INSS.

The resources of SAÚDE CAIXA are constituted as follows:

- Monthly contribution by CAIXA, corresponding to 3,5% of the payroll, including social charges;
- Monthly payment by the holder, of R\$ 38,26, per family group;
- Monthly payment by the holder, of R\$ 21,67, for each dependant.

The plan is balanced, based on actuary, and counts on an adhesion of 96,6% and is foreseen in Collective Labor Agreement 2001/2002.

g. Net non-operating result

Refers mainly to the expenses with provisions for the devaluation of its own properties not in use, deducted from the profit on the sale of properties.

Caixa Econômica Federal - CAIXA

Notes to the financial statements

(In thousands of Reais)

20 Reclassification for comparison purposes

To better comparison of this financial statements, were made reclassifications in branches of June 2001, to adequate procedures and account classifications.

Balance sheet	Published value	Amount reclassified	Account in the balance sheet
Assets			
Current and long-term			
Securities - Own portfolio	19,778,727	928,523	20,707,250
Securities - Valuation allowance	(100,623)	86	(100,537)
Other receivables - Securities clearing accounts	4,959	(86)	4,873
Other receivables - Specific credits	952,795	(928,523)	24,272
Interbank accounts - Correspondents	1,137	93,288	94,425
Other receivables - Income receivables	545,597	(13,344)	532,253
Other receivables - Others	4,307,360	(79,944)	4,227,416
Liabilities			
Current and long-term			
Derivatives financial instruments		37,120	37,120
Other liabilities - Securities clearing accounts	41,215	(37,120)	4,095
Statements of income			
Financial operations income	<u>6,464,858</u>	<u>102,128</u>	<u>6,566,986</u>

Caixa Econômica Federal - CAIXA

Notes to the financial statements

(In thousands of Reais)

	Published value	Amount reclassified	Account in the balance sheet
Balance sheet			
Securities income	1,037,210	119,493	1,156,703
Derivatives financial instruments income		(17,365)	(17,365)
Financial operations expenses	<u>(7,912,132)</u>	<u>-</u>	<u>(7,912,132)</u>
Net income (Gross) on financial operations	<u>(1,447,274)</u>	<u>102,128</u>	<u>(1,345,146)</u>
Other operating income/expenses	<u>(2,732,204)</u>	<u>(102,128)</u>	<u>(2,834,332)</u>
Other operating income	3,578,487	(102,128)	3,476,359

Caixa Econômica Federal – CAIXA

Valdery Frota de Albuquerque
President

Aser Cortines Peixoto Filho
Director

Isabel Pereira de Souza
Director

João Aldemir Dornelles
Director

José Renato Correa de Lima
Director

Jorge Luiz Ávila da Silva
Director

Luiz Francisco Monteiro de Barros Neto
Director

Mário da Cunha Haag
Director
Accountant - CRC-CE-5,031/O-4 T - DF

Telmo Marques Costa
National Accounting Superintendent

José Rogério Krticka
National Accounting Manager
Accountant - CRC-RS-035890/T-2 - DF