



**Consolidated Financial Statements
BrGaap
December 31, 2017**

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(A free translation of the original in Portuguese)

Independent auditor's report

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

Qualified opinion

We have audited the accompanying consolidated financial statements of Caixa Econômica Federal - CAIXA ("CAIXA" or "Institution") and its subsidiaries, which comprise the consolidated balance sheet as at December 31, 2017 and the consolidated statements of income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the section "Basis for qualified opinion" below, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Caixa Econômica Federal - CAIXA and its subsidiaries as at December 31, 2017, and their consolidated financial performance and cash flows for the six-month period and year then ended, in accordance with accounting practices adopted in Brazil, applicable to institutions authorized to operate by the Brazilian Central Bank (BACEN).

Basis for qualified audit opinion

Note 2(d) to the consolidated financial statements discloses that, in connection with the investigation procedures carried out by public federal authorities in the operations mentioned in that Note, the Institution's management became aware of alleged illegal acts performed by certain officers and former officers. In this context, a specific Board-approved Independent Committee was established and independent experts were hired to conduct investigation activities related to those allegations and to identify any breaches of law and regulations as well as the consequent impacts over the Institution's internal controls and consolidated financial statements.

Considering that the activities related to the investigation of these matters are in progress, the possible impacts arising from the eventual resolution are unknown. Consequently, we were unable to determine whether any adjustments or additional disclosures on the consolidated financial statements at December 31, 2017 are necessary regarding this matter.

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of the Institution and its subsidiaries in accordance with the ethical requirements established in the Code of Professional Ethics and Professional Standards issued by the Brazilian Federal Accounting Council, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of matter

Credits with the FCVS

We draw attention to Note 7(b) to the consolidated financial statements, which describes that, at December 31, 2017, the Institution had credits with the Fundo de Compensação de Variações Salariais (FCVS) fund amounting to R\$ 27,813 million, net. Housing financing settled with coverage from the FCVS, still pending approval, amounts to R\$ 12,944 million, and the effective realization depends on the compliance with a set of standards and procedures defined in regulations issued by the FCVS. The Institution established statistical criteria to estimate losses from operations that may fail to comply with those standards and recorded a provision for these losses amounting to R\$ 3,705 million. Pursuant to Law 10,150/2000, there is an ongoing securitization process (securities issued by the Federal Government) related to the realization of the credits linked to FCVS-approved housing financing, amounting to R\$ 18,574 million, at December 31, 2017. Our opinion is not qualified in respect of this matter.

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

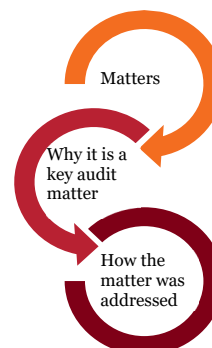
Management is responsible for the other information that comprises the Management Report.

Our opinion on the financial statements does not cover the Management Report, and we do not express any form of audit conclusion regarding such report.

In connection with the audit of the financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in the Management Report, we are required to report that fact. As described in section "Basis for qualified opinion" above, considering that the activities related to the aforementioned investigation are still in progress, we were unable to determine whether any adjustments or additional disclosures are necessary, as related to this matter, on the consolidated financial statements at December 31, 2017. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements, taken as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the "Basis for qualified opinion" section, we have determined the matters described below to be the key audit matters to be communicated in our report.



Why it is a key audit matter	How the matter was addressed in the audit
<p>Provision for impairment of receivables (Notes 3(h) and 8)</p>	
<p>Management has to apply judgment when establishing the estimated provision for impairment of receivables. Determining this provision requires the assessment of a number of assumptions and internal and external factors aligned with the National Monetary Council (CMN) Resolution 2,682, including the default levels and the portfolio guarantees, renegotiation policy, and current and prospective economic scenario. For this reason, we decided to focus on this area in our audit.</p>	<p>We obtained an understanding and tested the relevant internal controls over the measurement and recognition of the provision for impairment of receivables, mainly regarding the following key processes: Credit policy approval; Credit analysis; Credit assignment and renegotiated transactions; Rating assignment considering the risk of recoverable value of operations; Provision processing and accounting; Reconciliation of book balances with the analytical position; and Preparation of notes to the financial statements.</p> <p>We also tested (i) the integrity and totality of the database used in the calculation of the provision for impairment of receivables, and (ii) the application of the calculation methodology of this provision in relation to the assigned ratings. Finally, we compared the book balances and the information disclosed in the notes with the analytical reports.</p> <p>We consider that the criteria and assumptions that Management applied are reasonable in relation to the applicable regulations and internal policies regarding the determination of the provision for impairment of receivables.</p>
<p>Tax credit (Notes 3(i) and 20)</p>	
<p>The tax credit arising from temporary differences in the calculation basis of taxes and tax losses is accounted for to the extent there is expectation of future taxable profits for their realization.</p>	<p>We obtained an understanding of the calculation of tax credits arising from temporary differences and tax losses and of the study on the tax credit realization based on taxable profit projections prepared by Management.</p>
<p>The expected tax credit realization is based on projected short-term and long-term taxable profits that require judgment from the management of the Institution and its subsidiaries. It also includes using assumptions whose accomplishment depends on the considered scenarios being confirmed.</p>	<p>We analyzed certain critical assumptions included in the taxable profit projections and compared them with available macroeconomic data as well as historical and prospective information related to the Institution and its subsidiaries regarding their most relevant aspects.</p> <p>With the support of our tax experts, we tested the nature as well as the amounts of temporary differences and tax losses deductible from future tax bases.</p>
<p>Considering the subjectivity inherent to this process, that is, using different assumptions in the taxable profit projection could significantly modify the terms and amounts expected for the realization of the tax credits, we decided to focus on this area in our audit.</p>	<p>We discussed with management and then analyzed the approval of the technical study that supports the realization of the tax credit by the Executive Board and the consideration by the Board of Directors.</p> <p>We consider that the criteria and assumptions that management adopted regarding the determination and maintenance of tax credits are reasonable in the context of the consolidated financial statements.</p>

Why it is a key audit matter	How the matter was addressed in the audit
<p>Provisions for contingent liabilities (Notes 3(p) and 30)</p> <p>The Institution is party to tax, labor, and civil legal and administrative proceedings that arise in the normal course of its activities.</p> <p>These proceedings, which are usually concluded after a long period, involve not only discussions on the matters, but also complex process-related aspects, according to the case law and effective legislation.</p> <p>The decision to recognize a contingent liability as well as the measurement bases consider the opinions of legal advisors and the judgment applied by management. For this reason, we decided to focus this area in our audit.</p>	<p>Our audit procedures included, among others:</p> <p>Obtaining an understanding of the controls over the identification and constitution of liabilities and the related disclosures in the notes to the financial statements, as well as the calculation templates adopted to record tax, civil, and labor provisions, which consider the individual analysis for relevant proceedings and the average historical amount paid on unfavorable outcomes for other proceedings.</p> <p>We tested the provisions recorded for relevant proceedings. With the support of our experts, we discussed the reasonableness of the likelihood of loss for the most significant tax, labor, and civil proceedings.</p> <p>We tested the application of the mathematical calculation templates for historical average losses related to the other proceedings as well as the number of outstanding proceedings on the base date of the consolidated financial statements.</p> <p>We performed confirmation procedures with the lawyers who are working in the relevant administrative and legal proceedings in order to confirm the assessment on such opinions, the totality of the information, and the correct amount of the provisions.</p> <p>We consider that the criteria and assumptions that management adopted provided a reasonable basis for determining the provision for contingent liabilities in the context of the consolidated financial statements.</p>
<p>Post-employment benefit plan (Notes 3(r) and 32)</p> <p>The Institution has post-employment defined benefit plans whose amounts are significant in the context of the consolidated financial statements and which require (i) the using of a proper database, (ii) the application of the characteristics of each plan in relation to the Institution's responsibility as sponsor, including the contributive parity, and (iii) the determination of highly subjective assumptions by management, such as: discount rate, inflation rate, medical cost evolution rate, and mortality rate.</p>	<p>We, then, obtained an understanding of the constitution and measurement of the liabilities arising from the post-employment benefit plans.</p> <p>Among other factors, our tests considered the controls related to the completeness of the databased used in the actuarial calculations, in addition to the deficit contributive parity.</p> <p>With the support of our actuarial experts, we remade the calculations on a sample basis and discussed management's relevant methodologies and judgment when determining the assumptions applied in the calculation of the obligations in comparison with market parameters. We compared the book balances with the balances disclosed in the actuarial reports.</p>

Why it is a key audit matter	How the matter was addressed in the audit
<p>Furthermore, the Institution approved its new bylaws on December 14, 2017, which amended in the assumptions of the Saúde CAIXA economic plan, with the implementation of a payroll-linked contribution ceiling as a limit for the Institution's expenditures.</p> <p>We focused on this area in our audit because changes in assumptions may significantly affect the obligations related to the defined benefit plans.</p>	<p>We assessed the studies and analyses that management made regarding the accounting recognition of the changes in the plans' assumptions.</p> <p>We consider that the criteria and assumptions that management adopted to determine the provision for post-employment benefit plans are reasonable, in all material respects, in the context of the consolidated financial statements.</p>
<p>Measurement of fair value of the assets from employee benefit plans with low liquidity and with no active market (Note 3(g), 3(r) and 32 (i.6 to i.8))</p> <p>In our audit, we decided to focus on the measurement of the fair value of the financial instruments of the employment benefit plans because of its relevance in the context of the consolidated financial statements and because it involves a highly level of judgment by management, since it depends on valuation techniques based on internal models that involve certain assumptions for the valuation of instruments with low liquidity and with no active market and/or observable data. These financial instruments are substantially comprised of investments in company-issued securities.</p>	
<p>We obtained an understanding of the measurement, recognition, and disclosure of the fair value of assets from employee benefit plans.</p> <p>We analyzed the reasonableness of the main assumptions that management used when preparing internal pricing curves and templates. We also analyzed whether these main assumptions and templates comply with market prices, including for assets for which provisions for losses were recorded.</p> <p>We performed independent valuation tests for certain operations selected on a sample basis.</p> <p>We consider that the criteria and assumptions that management adopted to measure the fair value of these assets provide a reasonable basis, in the relevant aspects, for the using of the determination of the fair value of the financial instruments of the post-employment benefit plans in the context of the consolidated financial statements.</p>	



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Why it is a key audit matter	How the matter was addressed in the audit
Information technology environment <p>The Institution operates in a highly-technology-dependent business environment, which requires a complex infrastructure for supporting the elevated daily number of processed transactions throughout its many systems.</p> <p>The risks that are inherent to the information technology, associated with processes and controls that support the technology system processing, taking into account the existing legacy systems and technology environments, could occasionally result in incorrect processing of critical information, including of that information used in the preparation of the consolidated financial statements. For this reason, we decided to focus on this area in our audit.</p>	<p>With the support of our system experts, we assessed the design and tested the operating effectiveness of the main controls related to the information technology environment management, including the compensation controls established.</p> <p>The procedures performed included the combination of control tests and, when applicable, compensating control tests, as related to information security, system development and maintenance, and computer infrastructure operation that support the relevant information in the preparation of the consolidated financial statements, including access management, incident approach, and segregation of duties.</p> <p>With the results of the aforementioned activities, we determined the nature and extension of our audit and, as a result, we consider that the processes and controls of the technology environment, in conjunction with the compensating controls and tests carried out, provide a reasonable basis for the result of our audit of the consolidated financial statements.</p>

Other matters

Statement of value added

The Statement of value added for the six-month period and year ended December 31, 2017, prepared under the responsibility of the Institution's management and presented as supplementary information for the purposes of the Brazilian Central Bank, was submitted to audit procedures performed in conjunction with the audit of the Institution's financial statements. For the purposes of forming our opinion, we evaluated whether this statement is reconciled with the consolidated financial statements and accounting records, as applicable, and if its form and content are in accordance with the criteria defined in Technical Pronouncement CPC 09 - "Statement of Added Value". In our opinion, except for the effects of the matter described in the "Basis for qualified opinion" section of our report, this Statement of Value Added has been properly prepared in all material respects, in accordance with the criteria established in the Technical Pronouncement, and is consistent with the consolidated financial statements taken as a whole.

Presentation of the parent company financial statements

The Institution prepared an additional set of parent company financial statements for the six-month period and year ended December 31, 2017, in accordance with the accounting practices adopted in Brazil, applicable to institutions authorized to operate by the Brazilian Central Bank, on which we issued our auditor's report, dated March 26, 2018, containing the same qualified opinion and emphasis of matter, as well as the same key audit matters described above.



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Audit of prior-year information

The audit of the consolidated financial statements for the six-month period and year ended December 31, 2016 was conducted by another firm of independent auditors whose report, dated March 23, 2017, issued a qualified opinion based on the lack of an appraisal report related to a certain investee of the pension plan sponsored by the Institution and which was prepared for the first half of 2017. That report also included "Emphasis of matter" paragraphs related to the realization of the credits with the FCVS, realization of the tax credit of the investee Banco PAN S.A., and those aspects related to the failure to comply with laws and regulations.

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

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

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

Those charged with governance are responsible for overseeing the financial reporting process of the Institution and its subsidiaries.

Auditor's responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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



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

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

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

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

Brasília, March 26, 2018

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Guilherme Naves Valle
Contador CRC 1MG070614/O-5

Consolidated Balance Sheet

All amounts in thousands of reais unless otherwise stated

(A free translation of the original in Portuguese)

ASSETS	12/31/2017	12/31/2016
CURRENT	578,542,521	601,935,701
CASH AND BANKS (Note 4)	11,451,854	10,763,601
SHORT TERM INTERBANK INVESTMENTS (Note 5)	144,232,795	156,944,929
Money market investments	130,911,089	144,645,896
Interbank deposits	13,322,183	12,299,071
Provisions for losses	(477)	(38)
SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS (Note 6)	123,013,495	127,523,817
Own portfolio - unrestricted	34,812,304	86,937,378
Subject to repurchase agreements	83,718,783	30,269,898
Derivative financial instruments	35,581	390,684
Linked to the Brazilian Central Bank	1,178,579	1,070,867
Linked to guarantees given	3,268,248	4,183,775
Unrestricted portfolio		4,671,215
INTERBANK ACCOUNTS	127,568,940	120,368,660
Payments and receipts pending settlement	25,515	19,621
Restricted deposits with the Brazilian Central Bank (Note 7(a))	126,690,810	119,658,776
Correspondent banks	852,615	690,263
INTERDEPARTMENTAL ACCOUNTS	28,068	131,817
Third-party funds in transit	326	250
Internal transfers of funds	27,742	131,567
LOAN OPERATIONS (Note 8)	129,931,721	144,495,318
Public sector	8,044,383	13,201,644
Private sector	136,716,197	148,680,680
Loan operations linked to assignment	1,752,600	1,937,294
Provision for loan losses	(16,581,459)	(19,324,300)
OTHER RECEIVABLES (Note 9)	34,028,485	36,524,340
Receivables from guarantees honored	31,336	30,567
Foreign exchange portfolio	3,549,748	5,412,747
Income receivable	2,294,687	2,138,956
Negotiation and intermediation of securities	813	15,800
Specific receivables	1,001,150	937,833
Sundry	27,727,294	28,445,066
Provision for losses	(576,543)	(456,629)
OTHER ASSETS (Note 10)	8,287,163	5,183,219
Other assets	7,948,678	5,289,756
Provisions for losses	(272,551)	(177,004)
Prepaid expenses	611,036	70,467

Consolidated Balance Sheet

All amounts in thousands of reais unless otherwise stated

(continued)

ASSETS	12/31/2017	12/31/2016
NONCURRENT ASSETS	682,225,054	653,516,050
LONG-TERM RECEIVABLES	670,404,216	641,437,543
SHORT TERM INTERBANK INVESTMENTS (Note 5)	-	130,232
Investments in interbank deposits		130,232
SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS (Note 6)	65,121,666	53,820,292
Own portfolio - unrestricted	35,972,597	12,236,898
Subject to repurchase agreements	27,006,500	39,641,302
Derivative financial instruments	961,631	488,131
Linked to the Brazilian Central Bank		703
Linked to guarantees given	1,180,938	1,453,258
INTERBANK ACCOUNTS	27,919,116	28,111,790
National Housing System (SFH) (Note 7(b))	27,919,116	28,111,790
LOAN OPERATIONS (Note 8)	528,303,295	516,941,701
Public sector	49,600,219	46,536,043
Private sector	488,681,532	474,441,187
Loan operations linked to assignment	10,355,526	11,931,092
Provision for loan losses	(20,333,982)	(15,966,621)
OTHER RECEIVABLES (Note 9)	49,060,139	42,433,528
Sundry	49,070,794	42,461,465
Provision for losses	(10,655)	(27,937)
PERMANENT	11,820,838	12,078,507
INVESTMENTS (Note 11)	5,540,551	5,174,014
Investments in subsidiary and associated companies:	4,869,969	4,644,478
In Brazil	4,869,969	4,644,478
Other investments	782,680	780,971
Provision for losses	(112,098)	(251,435)
PROPERTY AND EQUIPMENT (Note 12)	3,065,388	3,419,634
Properties in use	2,292,598	1,934,129
Revaluations of properties in use	693,987	710,140
Other property and equipment in use	7,776,974	7,582,219
Accumulated depreciation	(7,698,171)	(6,806,854)
INTANGIBLE ASSETS (Note 13)	3,214,899	3,484,859
Intangible assets	5,115,260	5,169,088
Accumulated amortization	(1,900,361)	(1,684,229)
TOTAL	1,260,767,575	1,255,451,751

Consolidated Balance Sheet

All amounts in thousands of reais unless otherwise stated

(continued)

LIABILITIES AND EQUITY	12/31/2017	12/31/2016 (Note 3 (t))
CURRENT	679,973,805	670,388,637
DEPOSITS (Note 14)	412,992,266	403,115,342
Demand deposits	32,398,707	31,882,854
Savings deposits	276,693,320	252,403,109
Interbank deposits	425,953	315,402
Time deposits	92,561,172	101,907,035
Special deposits and deposits of funds and programs	10,913,088	16,606,897
Other deposits	26	45
DEPOSITS OBTAINED IN THE OPEN MARKET (Note 15)	140,486,574	150,680,825
Own portfolio	101,921,284	60,578,808
Third-party portfolio	38,565,290	86,046,055
Unrestricted portfolio		4,055,962
FUNDS FROM ACCEPTANCE AND ISSUANCE OF SECURITIES (Note 16)	62,515,796	49,792,920
Funds from housing bonds, mortgage notes, credit bills and other	62,361,482	49,626,975
Securities issued abroad	154,314	165,945
INTERBANK ACCOUNTS	80,162	402,071
Receipts and payments pending settlement	58,113	383,398
Correspondent banks	22,049	18,673
INTERDEPARTMENTAL ACCOUNTS	1,366,748	1,350,005
Third-party funds in transit	1,260,046	1,321,178
Internal transfers of funds	106,702	28,827
BORROWINGS (Note 17)		3,798,282
Foreign borrowings		3,798,282
LOCAL ONLENDINGS - OFFICIAL INSTITUTIONS (Note 17)	1,507,793	1,437,357
Federal Treasury – Social Integration Program (PIS)	399,970	455,038
National Bank for Economic and Social Development (BNDES)	1,024,075	662,750
Government Severance Indemnity Fund for Employees (FGTS)	81,972	317,647
Other	1,776	1,922
DERIVATIVE FINANCIAL INSTRUMENTS (Note 6 (g))	230,448	250,389
Derivative financial instruments	230,448	250,389
OTHER LIABILITIES (Note 18)	60,794,018	59,561,446
Collection and payment of taxes and social contributions	416,763	352,815
Foreign exchange portfolio	149,371	898,298
Social and statutory obligations	3,686,370	1,065,283
Tax and social security obligations	2,285,716	2,259,626
Negotiation and intermediation of securities	45,770	17,968
Funds for specific purposes:	13,766,453	9,814,956
Lottery operations	944,164	878,598
Social funds and programs	6,076,527	7,153,005
Financial and development funds	6,745,762	1,783,353
Hybrid capital and debt instruments	54,115	460,234
Subordinated debts	1,047,814	914,359
Sundry	39,341,646	43,777,907

Consolidated Balance Sheet

All amounts in thousands of reais unless otherwise stated

(continued)

LIABILITIES AND EQUITY	12/31/2017	12/31/2016 (Note 3 (t))
NONCURRENT LIABILITIES	509,410,217	521,429,525
LONG-TERM PAYABLES	509,410,217	521,429,525
DEPOSITS (Note 14)	93,233,297	109,075,169
Interbank deposits	151,448	292,877
Time deposits	93,081,849	108,782,292
DEPOSITS OBTAINED IN THE OPEN MARKET (Note 15)	8,040,692	8,747,172
Own portfolio	8,040,692	8,747,172
FUNDS FROM ACCEPTANCE AND ISSUANCE OF SECURITIES (Note 16)	65,694,389	104,301,509
Funds from housing bonds, mortgage notes, credit bills and other	55,166,852	91,286,308
Securities issued abroad	10,527,537	13,015,201
BORROWINGS (Note 17)	2,147,951	1,626,796
Foreign borrowings	2,147,951	1,626,796
LOCAL ONLENDINGS - OFFICIAL INSTITUTIONS (Note 17)	268,046,149	237,529,064
Federal Treasury – Social Integration Program (PIS)		473,244
National Bank for Economic and Social Development (BNDES)	29,790,078	30,686,611
Government Severance Indemnity Fund for Employees (FGTS)	235,538,406	203,839,306
Other	2,717,665	2,529,903
DERIVATIVE FINANCIAL INSTRUMENTS (Note 6 (g))	400,763	822,422
Derivative financial instruments	400,763	822,422
LIABILITIES FROM FOREIGN ONLENDINGS (Note 17)	55,530	54,668
Foreign onlendings	55,530	54,668
OTHER LIABILITIES (Note 18)	71,791,446	59,272,725
Tax and social security obligations	127,958	121,815
Funds for specific purposes:	4,083,821	2,956,578
Obligations by social programs and funds	4,083,821	2,956,578
Hybrid capital and debt instruments	3,266,583	520,528
Subordinated debts	9,695,095	10,183,670
Debt instruments eligible to capital	24,956,210	17,443,376
Sundry	29,661,779	28,046,758
EQUITY (Note 19)	71,383,553	63,633,589
Share capital:	29,630,119	24,837,171
Capital - local residents	45,000,000	35,000,000
Capital increase	4,792,948	
Unpaid capital	(20,162,829)	(10,162,829)
Instrument eligible to capital	36,975,702	36,453,645
Revaluation reserve	352,348	379,098
Revenue reserves	13,923,642	9,074,710
Carrying value adjustments	(9,498,258)	(7,111,035)
Retained earnings/Accumulated losses		
TOTAL	1,260,767,575	1,255,451,751

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

Consolidated Statement of Income

All amounts in thousands of reais unless otherwise stated

(A free translation of the original in Portuguese)

	2017		2016	
	2nd half	Year	2nd half	Year
INCOME FROM FINANCIAL INTERMEDIATION (Note 21)	62,434,470	133,400,619	76,971,826	149,697,220
Loan operations (Note 8(e))	42,824,834	88,516,444	48,365,483	94,191,989
Securities (Notes 5(a) and 6(d))	16,260,890	36,642,280	22,390,395	50,680,569
Derivative financial instruments (Note 6(j))	(1,082,928)	(2,757,954)	(1,129,903)	(8,892,854)
Foreign exchange (Note 9(c,1))	90,200	322,406	189,330	
Compulsory deposits (Note 7(c))	4,311,489	10,605,077	7,100,192	13,626,500
Sales or transfers of financial assets (Note 8 (f,1))	29,985	72,366	56,329	91,016
FINANCIAL INTERMEDIATION EXPENSES (Note 22)	(45,920,559)	(102,191,304)	(63,833,281)	(125,596,050)
Money market funds (Notes 14(c); 15(b); and 16(d))	(27,940,821)	(64,626,050)	(43,463,766)	(85,246,586)
Loans, assignments and onlendings (Note 17(d))	(8,439,183)	(17,129,804)	(9,755,882)	(16,179,377)
Foreign exchange (Note 9 (c.1))				(1,225,286)
Sales or transfers of financial assets (Note 8 (f.2))	(530,952)	(1,178,874)	(571,624)	(2,835,434)
Provision for loan losses (Note 8 (i))	(9,009,603)	(19,256,576)	(10,042,009)	(20,109,367)
GROSS PROFIT FROM FINANCIAL INTERMEDIATION	16,513,911	31,209,315	13,138,545	24,101,170
OTHER OPERATING INCOME (EXPENSES)	(5,943,089)	(16,615,534)	(9,878,934)	(20,066,458)
Service revenues (Note 23 (a))	9,634,827	19,111,423	8,982,005	17,481,594
Income from banking fees (Note 23 (b))	3,176,725	5,929,659	2,611,048	4,981,827
Personnel expenses (Note 24)	(11,178,955)	(22,443,498)	(10,987,379)	(21,047,978)
Other administrative expenses (Note 25)	(6,140,566)	(11,918,821)	(6,334,967)	(12,199,538)
Taxes (Note 29)	(1,893,937)	(3,875,552)	(1,883,076)	(3,726,483)
Equity in the results of subsidiaries and associates (Note 11)	468,668	780,255	168,320	443,605
Other operating income (Note 26)	11,348,285	15,291,908	4,406,846	8,467,041
Other operating expenses (Note 27)	(11,358,136)	(19,490,908)	(6,841,731)	(14,466,526)
OPERATING PROFIT	10,570,822	14,593,781	3,259,611	4,034,712
NON-OPERATING EXPENSES (Note 28)	(389,513)	(596,668)	(158,623)	(272,771)
PROFIT BEFORE TAXATION	10,181,309	13,997,113	3,100,988	3,761,941
INCOME TAX AND SOCIAL CONTRIBUTION (Note 20(a))	(728,061)	(53,825)	(625,959)	1,549,447
Current taxes	621,909	(618,925)	(614,319)	(740,053)
Deferred tax assets	(1,310,802)	873,722	480,842	1,519,915
Deferred tax liabilities	(39,168)	(308,622)	(492,482)	769,585
EMPLOYEE PROFIT SHARING	(1,011,471)	(1,427,167)	(785,881)	(1,174,730)
PROFIT FOR THE PERIOD	8,441,777	12,516,121	1,689,148	4,136,658

Additional information

	2017	
	2nd half	Year
Profit for the period	8,441,777	12,516,121
Exclusion of non-recurring effects (Notes 2 (a) and 34 (c))	(3,956,118)	(3,956,118)
PROFIT FOR THE PERIOD WITHOUT NON-RECURRING EFFECTS	4,485,659	8,560,003

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

Consolidated Statement of Changes in Equity

All amounts in thousands of reais unless otherwise stated

(A free translation of the original in Portuguese)

EVENTS	SHARE CAPITAL	INSTRUMENT ELIGIBLE TO CAPITAL	REVALUATION RESERVE	REVENUE RESERVE		CARRYING VALUE ADJUSTMENTS	RETAINED EARNINGS / ACCUMULATED LOSSES	TOTAL
				LEGAL	STATUTORY			
ADJUSTED BALANCES AT DECEMBER 31, 2015 (Note (3t))	22,054,802	36,086,566	400,384	2,617,409	6,651,881	(5,107,599)	(392,522)	62,310,921
CARRYING VALUE ADJUSTMENTS						(2,003,436)		(2,003,436)
CAPITAL INCREASE	2,782,369				(2,782,369)			
TAX CHARGES ON REVALUATION			5,422					5,422
PAYMENT OF TAXES ON REVALUATION RESERVE							(10,396)	(10,396)
REALIZATION OF RESERVE			(25,200)				25,200	
REVERSAL OF REVALUATION RESERVE			(1,508)					(1,508)
INCORPORATION OF IHCD REMUNERATION		367,079						367,079
PAYMENT OF ADDITIONAL DIVIDENDS					(55,296)			(55,296)
PROFIT FOR THE PERIOD							4,136,658	4,136,658
ALLOCATION OF PROFIT FOR THE PERIOD:								
Legal reserve (revenue reserve)				185,119			(185,119)	
Lottery reserve (revenue reserve)					511,185		(511,185)	
Operating margin reserve (revenue reserve)					1,946,781		(1,946,781)	
Interest on capital proposed							(681,562)	(681,562)
Interest on debt instrument eligible to capital							(434,293)	(434,293)
ADJUSTED BALANCES AT DECEMBER 31, 2016	24,837,171	36,453,645	379,098	2,802,528	6,272,182	(7,111,035)		63,633,589
CARRYING VALUE ADJUSTMENTS						(2,387,223)		(2,387,223)
CAPITAL INCREASE	4,792,948			(1,401,264)	(3,391,684)			
TAX CHARGES ON REVALUATION			(6,143)					(6,143)
PAYMENT OF TAXES ON REVALUATION RESERVE							(16,013)	(16,013)
REALIZATION OF RESERVE			(20,607)				14,993	(5,614)
OTHER TAX IMPACTS							73	73
INCORPORATION OF IHCD REMUNERATION		522,057						522,057
PROFIT FOR THE PERIOD							12,516,121	12,516,121
ALLOCATION OF PROFIT FOR THE PERIOD:								
Legal reserve (revenue reserve)				623,073			(623,073)	
Lottery reserve (revenue reserve)					562,905		(562,905)	
Operating margin reserve (revenue reserve)					8,455,902		(8,455,902)	
Interest on capital proposed							(2,294,881)	(2,294,881)
Dividends proposed							(523,752)	(523,752)
Interest on debt instrument eligible to capital							(54,661)	(54,661)
BALANCES AT DECEMBER 31, 2017	29,630,119	36,975,702	352,348	2,024,337	11,899,305	(9,498,258)		71,383,553

Consolidated Statement of Changes in Equity

All amounts in thousands of reais unless otherwise stated

(A free translation of the original in Portuguese)

EVENTS	SHARE CAPITAL	INSTRUMENT ELIGIBLE TO CAPITAL	REVALUATION RESERVE	REVENUE RESERVE		CARRYING VALUE ADJUSTMENTS	RETAINED EARNINGS / ACCUMULATED LOSSES	TOTAL
				LEGAL	STATUTORY			
ADJUSTED BALANCES AT JUNE 30, 2016 (Note (3t))	22,054,802	36,453,645	389,873	2,717,002	6,818,915	(6,590,349)	112,528	61,956,416
CARRYING VALUE ADJUSTMENTS						(520,686)		(520,686)
CAPITAL INCREASE	2,782,369				(2,782,369)			
PAYMENT OF TAXES ON REVALUATION RESERVE							(4,849)	(4,849)
REALIZATION OF RESERVE			(10,775)				10,775	
REVERSAL OF INTEREST ON CAPITAL							492,189	492,189
REVERSAL OF INTEREST ON IHCD							21,371	21,371
PROFIT FOR THE PERIOD							1,689,148	1,689,148
ALLOCATION OF PROFIT FOR THE PERIOD:								
Legal reserve (revenue reserve)				85,526			(85,526)	
Lottery reserve (revenue reserve)					288,855		(288,855)	
Operating margin reserve (revenue reserve)					1,946,781		(1,946,781)	
Interest on capital proposed								
ADJUSTED BALANCES AT DECEMBER 31, 2016	24,837,171	36,453,645	379,098	2,802,528	6,272,182	(7,111,035)		63,633,589
EVENTS	SHARE CAPITAL	INSTRUMENT ELIGIBLE TO CAPITAL	REVALUATION RESERVE	REVENUE RESERVE		CARRYING VALUE ADJUSTMENTS	RETAINED EARNINGS / ACCUMULATED LOSSES	TOTAL
				LEGAL	STATUTORY			
ADJUSTED BALANCES AT JUNE 30, 2017	24,837,171	36,975,702	364,105	3,006,218	6,520,858	(8,439,954)	2,612,740	65,876,840
CARRYING VALUE ADJUSTMENTS						(1,058,304)		(1,058,304)
CAPITAL INCREASE	4,792,948			(1,401,264)	(3,391,684)			
TAX CHARGES ON REVALUATION			(6,143)					(6,143)
PAYMENT OF TAXES ON REVALUATION RESERVE							(11,197)	(11,197)
REALIZATION OF RESERVE			(5,614)					(5,614)
OTHER TAX IMPACTS							73	73
PROFIT FOR THE PERIOD							8,441,777	8,441,777
ALLOCATION OF PROFIT FOR THE PERIOD:								
Legal reserve (revenue reserve)				419,383			(419,383)	
Lottery reserve (revenue reserve)					314,229		(314,229)	
Operating margin reserve (revenue reserve)					8,455,902		(8,455,902)	
Interest on capital proposed							(1,276,012)	(1,276,012)
Dividends proposed							(523,752)	(523,752)
Interest on debt instrument eligible to capital							(54,115)	(54,115)
BALANCES AT DECEMBER 31, 2017	29,630,119	36,975,702	352,348	2,024,337	11,899,305	(9,498,258)		71,383,553

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

Consolidated Statement of Cash Flows

All amounts in thousands of reais unless otherwise stated

(A free translation of the original in Portuguese)

	2017		2016	
	2nd half	Year	2nd half	Year
CASH FLOWS FROM OPERATING ACTIVITIES				
ADJUSTED PROFIT	24,390,680	37,416,227	13,255,658	29,100,272
Profit for the period/year	8,441,777	12,516,121	1,689,148	4,136,658
Adjustments to profit:				
Fair value adjustments of securities and derivative financial instruments (assets/liabilities)	15,948,903	24,900,106	11,566,510	24,963,614
(Gain)/loss on investments	(280,567)	(2,480,472)	(919,849)	1,617,400
(Gain)/loss on sale of property and equipment	100,114	413,718	(50,332)	159,737
(Gain)/loss on sale of property and equipment not for own use	1,133	1,123	(10,826)	(10,826)
Allowance for loan losses	143,079	202,849	33,011	1,723
Actuarial liabilities/assets (employee benefits)	9,523,262	19,256,576	10,042,009	20,109,367
Depreciation and amortization	1,276,708	2,393,729	1,175,930	2,266,951
Deferred taxes	897,387	1,806,401	917,951	1,800,932
Expenses on provision for contingencies	1,349,970	(565,100)	11,640	(2,289,500)
Equity in the results of associates	891,219	1,366,916	456,204	1,235,609
Expenses on subordinated debt and hybrid instruments	(468,668)	(780,255)	(168,320)	(443,605)
	2,515,266	3,284,621	79,092	515,826
CHANGES IN WORKING CAPITAL	(17,001,600)	(36,135,083)	(2,500,989)	(33,041,141)
(Increase) decrease in short-term interbank investments	1,599,444	3,679,920	(3,952,627)	(4,899,964)
(Increase) decrease in marketable securities held for trading	8,887,909	1,862,364	6,000,896	(8,221,187)
(Increase) decrease in compulsory deposits with the Brazilian Central Bank	1,059,540	(7,032,034)	(12,372,711)	(13,542,226)
(Increase) decrease in interbank accounts (assets/liabilities)	384,391	(297,481)	(983,231)	(2,067,329)
(Increase) in interdepartmental accounts (assets/liabilities)	732,883	120,492	547,052	99,544
(Increase) decrease in loan operations	604,281	(15,998,724)	(27,954,215)	(47,352,938)
(Increase) decrease in other receivables	(2,182,212)	(3,621,505)	(1,965,031)	(2,359,018)
(Increase) decrease in other assets	(1,875,963)	(3,306,793)	(1,386,945)	(2,608,222)
(Decrease) increase in deposits	(21,806,718)	(5,964,948)	48,814,326	56,531,069
(Decrease) increase in deposits obtained in the open market	2,499,822	(10,900,731)	(29,611,320)	(34,833,224)
(Decrease) increase in funds from issuance of securities	(17,108,962)	(25,884,244)	(9,888,316)	(15,295,930)
(Decrease) increase in derivative financial instruments	(375,203)	(441,600)	180,573	915,029
(Decrease) increase in borrowings and onlendings	14,766,824	27,311,256	14,348,234	22,367,259
(Decrease) increase in other liabilities	(4,727,731)	3,193,708	15,722,326	18,225,996
Income and social contribution taxes paid	540,095	1,145,237		
NET CASH PROVIDED BY OPERATING ACTIVITIES	7,389,080	1,281,144	10,754,669	(3,940,869)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition and redemption of marketable securities available for sale	(11,451,826)	(16,962,839)	(7,930,853)	(9,486,510)
Acquisition and redemption of marketable securities held to maturity	(869,328)	8,402,672	2,207,229	14,720,612
Sale of property and equipment in use	56,881	60,434	12,630	18,446
Acquisition of property and equipment in use	(517,210)	(661,551)	(220,172)	(525,230)
Write-off of intangible assets	183,106	479,757	17,039	48,760
Acquisition of intangible assets	(843,695)	(1,061,957)	(716,105)	(1,124,273)
NET CASH USED IN INVESTING ACTIVITIES	(13,442,072)	(9,743,484)	(6,630,232)	3,651,805
CASH FLOWS FROM FINANCING ACTIVITIES				
Incorporation of IHCD remuneration		522,057		367,079
Additional dividends				(55,296)
Prepaid dividends	(73,130)	(73,130)		
Dividends/Interest on capital			492,188	(681,562)
IHCD remuneration paid		(460,780)		(1,401,544)
NET CASH USED IN FINANCING ACTIVITIES	(73,130)	(11,853)	492,188	(1,771,323)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(6,126,122)	(8,474,193)	4,616,625	(2,060,387)
CHANGES IN CASH AND CASH EQUIVALENTS				
Cash and cash equivalents at the beginning of the period	148,489,064	150,837,135	146,220,509	152,897,521
Cash and cash equivalents at the end of the period	142,362,942	142,362,942	150,837,134	150,837,134
Increase (decrease) in cash and cash equivalents	(6,126,122)	(8,474,193)	4,616,625	(2,060,387)

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

Consolidated Statement of Value Added

All amounts in thousands of reais unless otherwise stated

(A free translation of the original in Portuguese)

	2017				2016			
	2nd half		Year		2nd half		Year	
	R\$	%	R\$	%	R\$	%	R\$	%
1. REVENUES	77,195,191		153,880,365		82,771,093		159,020,258	
Financial intermediation	62,434,470		133,400,619		76,971,826		148,471,934	
Rendering of services	12,811,552		25,041,082		11,593,053		22,463,421	
Provision for loan losses - recognition	(9,009,603)		(19,256,576)		(10,042,009)		(20,109,367)	
Other	10,958,772		14,695,240		4,248,223		8,194,270	
2. 2 EXPENSES ON FINANCIAL INTERMEDIATION	36,910,956		82,934,728		53,791,272		104,261,397	
3. MATERIALS AND SERVICES ACQUIRED FROM THIRD PARTIES	15,849,546		28,083,128		11,484,651		23,331,937	
Materials, energy and others	1,306,691		2,531,490		1,428,586		2,671,672	
Data processing and communications	1,043,480		2,057,550		1,117,118		2,213,301	
Advertising, publicity and promotions	442,088		668,412		435,826		776,601	
Outsourced and specialized services	1,236,451		2,431,876		1,217,048		2,353,450	
Surveillance and security services	462,700		902,892		444,342		850,387	
Other	11,358,136		19,490,908		6,841,731		14,466,526	
- Services delegated by the Federal Government	1,149,436		2,248,077		961,878		1,970,949	
- Lottery and business partners	1,339,332		2,561,296		1,193,152		2,232,430	
- Discounts on loan operations	281,497		596,756		179,191		302,049	
- Expenses on credit/debit cards	491,157		922,094		565,886		1,057,910	
- Post-employment benefits	1,276,709		2,393,730		1,175,930		2,266,951	
- Sundry operating provisions	2,208,626		4,560,267		1,502,753		3,706,400	
- Sundry	4,611,379		6,208,688		1,262,941		2,929,837	
4. 4 GROSS VALUE ADDED(1-2-3)	24,434,689		42,862,509		17,495,170		31,426,924	
5. WITHHOLDING	897,387		1,806,401		917,951		1,800,931	
Depreciation, amortization and depletion	897,387		1,806,401		917,951		1,800,931	
6. NET VALUE ADDED (4-5)	23,537,302		41,056,108		16,577,219		29,625,993	
7. VALUE ADDED RECEIVED THROUGH TRANSFER	468,668		780,255		168,320		443,605	
Equity in the results of subsidiaries and associates	468,668		780,255		168,320		443,605	
8. VALUE ADDED TO DISTRIBUTED (6+7)	24,005,970		41,836,363		16,745,539		30,069,598	
9. DISTRIBUTION OF VALUE ADDED	24,005,970	100.00	41,836,363	100.00	16,745,539	100.00	30,069,598	100.00
Personnel	10,786,939	44.93	21,059,181	50.34	10,333,340	61.71	19,434,269	64.63
- Direct compensation	8,326,925		16,204,955		7,902,568		14,794,619	
- Benefits	1,992,405		3,920,086		1,952,206		3,712,623	
- FGTS	467,609		934,140		478,566		927,027	
Taxes, fees and contributions	4,025,485	16.77	6,740,861	16.11	3,948,955	23.58	4,965,475	16.51
- Federal	3,626,276		5,889,422		3,597,997		4,231,682	
- State	523		1,037		395		832	
- Municipal	398,686		850,402		350,563		732,961	
Third-party capital remuneration	751,769	3.13	1,520,200	3.63	774,096	4.62	1,533,196	5.10
- Rentals	751,769		1,520,200		774,096		1,533,196	
Equity remuneration	1,330,127	5.54	2,349,542	5.62	(21,371)	(0.13)	1,608,043	5.35
- Interest on capital and dividends	1,276,012		2,294,881				1,173,750	
- Interest on debt instruments eligible to capital	54,115		54,661		(21,371)		434,293	
Retained earnings	7,111,650	29.62	10,166,579	24.30	1,710,519	10.21	2,528,615	8.41

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

Notes to the Consolidated Financial Statements

All amounts in thousands of reais unless otherwise stated

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Notes to the Consolidated Financial Statements

All amounts in thousands of reais unless otherwise stated

Note 1 - General Information

Caixa Econômica Federal ("CAIXA" or "Institution") is a financial institution set up by Decree Law 759/1969 as a private government entity, linked to the Ministry of Finance, headquartered in Brasília - Federal District. CAIXA operates throughout the Brazilian territory and abroad, and through representation offices in Japan, the United States, and Venezuela. CAIXA's capital is fully controlled by the Federal Government.

In order to fulfill its business purpose and pursuant to Law 11,908/2009, CAIXA set up the subsidiaries Caixa Participações S/A - CAIXAPAR, CAIXA Instantânea S/A and CAIXA Seguridade S/A.

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

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

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

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

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

Notes to the Consolidated Financial Statements

All amounts in thousands of reais unless otherwise stated

Note 2 - Presentation of the consolidated financial statements**(a) Overview**

CAIXA's consolidated financial statements are the responsibility of management. The consolidated financial statements at December 31, 2017 were approved by the Managing Board at March 6, 2018 and by the Board of Directors at March 23, 2018.

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

Based on BACEN guidance to reclassify hybrid capital and debt instruments from equity to liabilities in the individual financial statements as from the quarter ended March 31, 2015, CAIXA's management chose to present only the Interim Consolidated Financial Statements at December 31, 2017, on the website: <http://www.caixa.gov.br>, as it believes that these interim consolidated financial statements provide the elements needed for a better understanding of its financial position, the total volume of its operations and compliance with regulatory and prudential limits of the Brazilian Central Bank, where hybrid capital and debt instruments are classified as eligible to capital and comprise equity.

The Consolidated Statement of Income presents below the Profit for the Period below the "Profit for the Period without Non-recurring Effects", disclosing this effect as "Exclusion of Non-recurring Effects" (Note 34 (c)).

(b) Basis of preparation and statement of compliance

The consolidated financial statements of CAIXA were prepared based on the accounting standards determined by Law 4,595/64 (National Financial System Law) and BACEN Circular Letter 1,273/87 (COSIF). In addition to these standards, they were also based on Law 6,404/1976 (Corporation Law), including changes introduced by Law 11,638/2007 and 11,941/2009, in accordance with the standards and rules of the Brazilian Monetary Council (CMN), the Brazilian Central Bank (BACEN), Brazilian Federal Accounting Council (CFC), and the accounting practices adopted in Brazil.

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

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

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

(c) Basis of consolidation

The consolidated financial statements, including CAIXA and its subsidiaries CAIXAPAR, CAIXA Instantânea and CAIXA Seguridade, were prepared considering the elimination of assets, liabilities, revenues, expenses and unrealized profits between the companies.

The financial statements of CAIXAPAR, CAIXA Instantânea, CAIXA Seguridade and CAIXA are prepared using consistent accounting practices. Interest in jointly-controlled entities and investments in associates are accounted for under the equity method of accounting.

P&L of subsidiaries acquired or disposed of in the period is included in the consolidated statements of income as from the acquisition or disposal date. The acquisition cost of a subsidiary is measured at fair value of offered assets, equity instruments issued and liabilities incurred or assumed at the trade date.

Notes to the Consolidated Financial Statements

All amounts in thousands of reais unless otherwise stated

The identifiable assets acquired, contingencies and liabilities assumed in a business combination are initially measured at their fair value on the acquisition date, irrespective of the proportion of any non-controlling interests.

The exceeding acquisition cost value of net identifiable assets in relation to the interest fair value is recorded as goodwill based on future profitability.

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

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

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

Due to news broadcasted in the media as from 2015, in connection with the operation known as "A Origem" (Origin) and, as from 2017, in connection with the operations known as "Cui Bono?", "Sepsis" and "Patmos", conducted by the Brazilian Federal Police and the Federal Public Prosecution Office, CAIXA's management adopted in-house precautionary actions in order to detect noncompliance with laws and regulations and any impacts on the internal controls and consolidated financial statements of CAIXA by its employees, officers and suppliers, and began to collaborate actively with the public authorities responsible for those investigations.

In addition, in August 2017, the Board of Directors of CAIXA decided to contract an independent investigation, conducted by a law firm with recognized capacity in the matter, with the support of other external specialists, and supervised by an Independent Committee in order to ensure the development of the work without undue interference.

The first phase of the independent investigation, already completed, generated several recommendations that have been already adopted or are in process of adoption by CAIXA, especially the amendments to the bylaws approved at the Extraordinary General Meeting (EGM) of January 1, 2018, which included a new process to elect and appoint Vice-presidents. This independent investigation has not indicated, to this moment, the existence of any event that would generate a material impact on the financial statements.

New independent investigations are in progress, conducted by a law firm known for its expertise on the matter and supervised by the Independent Committee. CAIXA will continue to monitor and support the investigation processes conducted by the appropriate authorities until their conclusion, systematically assessing any new information that may demand additional measures.

Notes to the Consolidated Financial Statements

All amounts in thousands of reais unless otherwise stated

Note 3 - Significant accounting policies

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

(a) Foreign currency translation

The consolidated financial statements are presented in reais, CAIXA's functional currency. Items included in the consolidated financial statements of each of the group's entities are measured using the same functional currency.

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

(b) Profit

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

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

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

(c) Cash and cash equivalents

The amounts recognized as cash and cash equivalents comprise those in local currency, foreign currency and open market investments made for a period of up to 90 days and with immaterial risk of change in fair value.

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

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

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

(d) Short-term interbank investments

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

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

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

Notes to the Consolidated Financial Statements

All amounts in thousands of reais unless otherwise stated

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

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

(e) Securities and financial instruments

Securities acquired to be included in their own portfolio are recorded at the amount actually paid, and management bases the initial classification of financial instruments on the purpose for which they were acquired and on their characteristics. All financial instruments are initially recognized at fair value.

The securities portfolio is recorded and assessed in accordance with BACEN Circular 3,068/2001 and classified according Management's intent, in three specific categories:

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

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

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

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

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

Notes to the Consolidated Financial Statements

All amounts in thousands of reais unless otherwise stated

(f) Derivative financial instruments

CAIXA uses derivative financial instruments, such as swaps, interest rate future securities, foreign exchange securities in foreign currency, held for trade for financial or accounting hedge purposes, recorded according to BACEN Circular Letter 3,082/2002.

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

When the derivative is contracted for trade, associated to the fundraising or investment transaction, under the terms of BACEN Circular Letter 3,150/2002, revaluation is made under contractual conditions, with no adjustment arising from the derivative's fair value.

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

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

When applying the hedge accounting methodology, CAIXA documents, at the inception of the transaction, the relationship between the hedging instruments (derivatives) and the hedged items, the risk management objectives and the strategy to undertake the hedge.

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

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

(g) Fair value measurement

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

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

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

For additional information on how the fair value of financial instruments is calculated, see Note 33

Notes to the Consolidated Financial Statements

All amounts in thousands of reais unless otherwise stated

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

Loan operations, advances on exchange contracts and other loans with credit assignment characteristics are classified into nine levels, of which "AA" (minimum risk) and "H" (maximum risk), according to the parameters established by CMN Resolution 2,682/1999, and in line with Management's periodic assessment, which considers the economic scenario, past experience, and specific and global risks in relation to the operations, debtors and guarantors.

In addition, late payment periods established by CMN Resolution 2,682/1999 are also considered in assigning customers' classification levels, as follows:

Period in arrears	Special term (1)	Customer rating
from 15 to 30 days	from 30 to 60 days	B
from 31 to 60 days	from 61 to 120 days	C
from 61 to 90 days	from 121 to 180 days	D
from 91 to 120 days	from 181 to 240 days	E
from 121 to 150 days	from 241 to 300 days	F
from 151 to 180 days	from 301 to 360 days	G
over 180 days	over 360 days	H

(1) For transactions with remaining term over 36 months, delayed periods are counted in double, as determined by CMN Decision 2,682/1999

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

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

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

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

As from January 2012, according to CMN Resolutions 3,533/2008 and 3,895/2010, the results of loan assignments with substantial retention of risks and benefits are recognized over the remaining terms of the operations. Financial assets subject matter of the assignment remain recorded as loan operations and the amount received as liabilities for operations involving sale or transfer of financial assets are recorded as assets, with a matching entry in liabilities referring to the obligation assumed.

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

(i) Income tax and social contribution on net income

Set up of tax credits is based on the estimate of their realization, based on technical and other analyses performed by Management, considering the tax rates in force in the period of realization of these assets. Deferred income tax and social contribution, calculated based on income tax and social contribution losses and temporary differences, are recorded as tax credits in "Other Receivables - Sundry", according the expected future taxable income, in compliance with the set-up, maintenance and write-off criteria determined by CMN Decision 3,059/2002, amended by CMN Decision 3,355/2006.

Notes to the Consolidated Financial Statements

All amounts in thousands of reais unless otherwise stated

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

The provision for income tax is recorded at the rate of 15% of taxable income plus a surcharge of 10%. For the bank, CSLL was calculated considering the rate of 15%, until August 2015. From September 2015 to December 2018, the rate was changed to 20%, under Law 13,169/2015, decreasing to 15% as from January 2019. For the other companies, the social contribution is calculated considering the rate of 9%.

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

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

(j) Prepaid expenses

Prepaid expenses represent prepayments whose benefit or rendering of services will occur in future periods. They are recorded in assets on the accrual basis to ensure their proper recognition in profit or loss, simultaneously with income when this is related to the expense (Note 10).

(k) Investments

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

Goodwill is set up as the difference between amount paid and book value of the investment acquired, arising from expected future profitability, based on an economic and financial analysis, amortized and subject to impairment test. Breakdown of investments in subsidiaries and associates is presented in Note 11.

(l) Property and equipment

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

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

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

Notes to the Consolidated Financial Statements

All amounts in thousands of reais unless otherwise stated

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

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

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

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

(m) Intangible assets

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

These assets are initially recognized at acquisition or buildup cost, less subsequent accumulated amortization, calculated under the straight-line method, observing the contractual terms and subject to impairment tests, as provided for by CMN Decision 3,566/2008 and 4,534/2016.

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

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

Amortization of intangible asset is recognized in the income statements under "depreciation and amortization" in accrued expenses and equity adjustments. and have amortization terms of five years for software projects. Acquisition of payroll is amortized over the agreement period.

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

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All amounts in thousands of reais unless otherwise stated

(n) Impairment of non-financial assets

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

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

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

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

Deposits and open market funding, funds from acceptance and issuance of securities, and borrowings and onlending obligations are accounted for in equity and P&L accounts, and their charges are monthly allocated due to the flow of their terms, as stated in Notes 14, 15, 16 and 17, respectively.

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

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

The recognition, measurement and disclosure of provisions, asset and liability contingencies, and legal obligations are made according to the criteria defined by CPC 25 - Provisions, Contingent Liabilities and Contingent Assets, approved by CMN Decision 3,823/2009:

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

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

Notes to the Consolidated Financial Statements

All amounts in thousands of reais unless otherwise stated

(q) Provision for financial guarantees provided

The Provision for Financial Guarantees Provided is set up based on the expected loss model, which is sufficient to cover probable losses over the term of the guarantee provided and recognized in liabilities against P&L for the period, as required by CMN Resolution 4,512/2016.

(r) Employee benefits

Benefits to employees, related to short-term benefits for current employees, are recognized on an accrual basis in accordance with the services provided. Post-employment benefits under the responsibility of CAIXA and related to supplementary retirement and healthcare are recognized in accordance with Technical Pronouncement CPC 33 (R1), established by the Brazilian Central Bank through Resolution 4,424/2015. The actuarial assessments are semiannual.

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

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

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

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

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

In the variable contribution (VC) retirement plan, during the contribution phase, there is no guarantee in relation to the benefit amount to be received upon retirement. Therefore, it is considered as a defined contribution plan.

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

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

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

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

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

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

Notes to the Consolidated Financial Statements

All amounts in thousands of reais unless otherwise stated

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

CAIXA's new bylaws, approved on December 14, 2017, changed the assumptions for Saúde CAIXA, by establishing a ceiling linked to the payroll as a limit for CAIXA's expenses. The effects of this change were classified as cost of past service and were recognized in profit or loss, according to item 120 (a) of CPC 33 (R1).

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

(s) Other assets and liabilities

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

(t) Restatement of comparative balances

(i) Statement of Changes in Equity

The opening balances in the Statement of Changes in Equity as of December 31, 2015 (Individual Equity R\$ 26,616,877 and Consolidated Equity R\$ 62,703,443) are being restated in the Financial Statements disclosed as from March 31, 2016 (Individual Adjusted Equity R\$ 26,224,355 and Consolidated Adjusted Equity R\$ 62,310,921).

The adjusted amount of R\$ 392,522 refers to recognition of expense of R\$ 497,188 on interest and monetary restatement of the simplified savings account balance, reclassified from the group "Sundry creditors - country" to the group "Deposits", less the respective tax impact of R\$ 104,666.

(ii) Segregation of derivative financial instruments into current and noncurrent liabilities

Until December 31, 2016, CAIXA allocated these amounts as current liabilities. Since January 1, 2017, due to the application of the materiality criteria, these liabilities have been segregated into current and noncurrent liabilities. The comparative balance sheets accounts as of December 31, 2016 are being restated, as shown below:

Description	12/31/2016		
	Originally presented	Adjustments	Adjusted amount
Assets			
Total assets	1,255,451,751	-	1,255,451,751
Liabilities and equity			
Current liabilities	671,211,059	(822,422)	670,388,637
Derivative financial instruments	1,072,811	(822,422)	250,389
Noncurrent liabilities	520,607,103	822,422	521,429,525
Derivative financial instruments	-	822,422	822,422
Equity	63,633,589	-	63,633,589
Total liabilities and equity	1,255,451,751	-	1,255,451,751

Notes to the Consolidated Financial Statements

All amounts in thousands of reais unless otherwise stated

Note 4 - Cash and cash equivalents

Description	12/31/2017	12/31/2016
Total cash and banks	11,451,854	10,763,601
Cash and banks in local currency	10,054,701	8,926,964
Cash and banks in foreign currency	1,397,153	1,836,637
Short-term interbank investments (1)	130,911,088	140,073,534
Total	142,362,942	150,837,135

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

Note 5 - Short-term interbank investments

Description	01 to 90 days	91 to 180 days	181 to 360 days	12/31/2017	12/31/2016
Money market investments - sponsored position	92,345,976	-	-	92,345,976	58,751,759
Financial Treasury Bills (1)	70,444,087	-	-	70,444,087	5,700,954
Federal Treasury Bills	392,350	-	-	392,350	29,340,584
Federal Treasury Notes	21,509,539	-	-	21,509,539	23,710,221
Money market investments - financed position	38,565,113	-	-	38,565,113	85,894,137
Federal Treasury Bills	38,565,113	-	-	38,565,113	15,189,270
Federal Treasury Notes	-	-	-	-	70,704,867
Investments in interbank deposits	8,412,658	1,280,043	3,629,005	13,321,706	12,429,265
Interbank deposits	8,309,121	260,918	-	8,570,039	11,414,497
Investments in interbank deposits - associated with rural credit	103,552	1,019,321	3,629,271	4,752,144	1,014,806
Provision for losses on investment in interbank deposits	(15)	(196)	(266)	(477)	(38)
Total - current assets	139,323,747	1,280,043	3,629,005	144,232,795	157,075,161

(1) It includes the agreements for offsetting and settlement of obligations with BANCOOB for R\$ 201,504 and with SICRED for R\$ 72,166 at December 31, 2017, according to CMN Resolution 3,263/2005.

(2) It includes the agreements for offsetting and settlement of obligations with BANCOOB for R\$ 85,416, with SICRED for R\$ 36,500 and with CRESOL for R\$ 34,330 at December 31, 2017, according to CMN Resolution 3,263/2005.

(a) Income from short-term interbank investments

Breakdown of "Income from security transactions" in the statement of income.

Description	2017		2016	
	2nd half	Year	2nd half	Year
Income from money market investments	6,286,714	15,468,985	10,297,483	23,370,728
Non-financed position	3,181,753	6,732,730	3,135,166	6,123,797
Financed position	3,104,961	8,736,255	7,162,317	17,246,931
Income from investments in interbank deposits	497,249	1,222,787	788,190	1,510,141
Total	6,783,963	16,691,772	11,085,673	24,880,869

Notes to the Consolidated Financial Statements

All amounts in thousands of reais unless otherwise stated

Note 6 - Securities and derivative financial instruments
(a) Breakdown

Description	Own Portfolio - Unrestricted	Restricted			Derivative financial instruments	12/31/2017	12/31/2016
		Repurchase commitments	Pledge of warranties	Central Bank			
Brazilian Government Securities	58,904,519	107,746,546	4,449,186	1,178,579	-	172,278,830	160,189,270
Financial Treasury Bills	16,793,045	20,938,537	926,335	1,177,941	-	39,835,858	18,344,527
Federal Treasury Bills	15,883,353	78,583,176	3,519,854	638	-	97,987,021	94,074,195
Federal Treasury Notes	25,943,198	8,224,833	2,997	-	-	34,171,028	47,476,660
Federal Treasury/Securitization	284,923	-	-	-	-	284,923	293,888
Corporate Securities	11,880,382	2,978,737	-	-	-	14,859,119	20,276,024
Debentures (1)	4,019,751	576,260	-	-	-	4,596,011	8,770,564
Promissory note	-	-	-	-	-	-	5,140
Financial bills	-	-	-	-	-	-	55,572
Units of funds	350,075	-	-	-	-	350,075	240,449
Mortgage-Backed Securities	1,084,225	2,402,477	-	-	-	3,486,702	3,428,557
Shares	6,426,331	-	-	-	-	6,426,331	7,775,742
Other	-	-	-	-	997,212	997,212	878,815
Total	70,784,901	110,725,283	4,449,186	1,178,579	997,212	188,135,161	181,344,109

Notes to the Consolidated Financial Statements

All amounts in thousands of reais unless otherwise stated

(b) Consolidated classification by maturity

Position at 12/31/2017	Cost	P&L Adjustment	Equity adjustment (1)	Book Value	Market Value	No maturity	01 to 90 days	91 to 180 days	181 to 360 days	More than 360 days
Description										
Brazilian Government Securities	169,626,045	2,384,756	268,029	172,278,830	174,901,028	-	11,801,262	177,075	9,127,537	151,172,956
Financial Treasury Bills	39,773,845	39,203	22,810	39,835,858	39,842,887	-	101,747	-	50,223	39,683,888
Federal Treasury Bills	95,449,023	2,316,936	221,062	97,987,021	98,064,579	-	9,864,588	177,075	8,448,701	79,496,657
Federal Treasury Notes	34,088,749	28,617	53,662	34,171,028	36,708,639	-	1,834,927	-	628,613	31,707,488
Federal Treasury/Securitization	314,428	-	(29,505)	284,923	284,923	-	-	-	-	284,923
Corporate Securities	16,193,992	(20,581)	(1,314,292)	14,859,119	15,146,645	7,981,328	78,935	43,082	44,966	6,710,808
Debentures	5,235,458	(22,687)	(616,760)	4,596,011	4,452,980	1,204,922	75,483	43,082	41,588	3,230,936
Units of funds	350,075	-	-	350,075	350,075	350,075	-	-	-	-
Mortgage-Backed Securities	3,413,119	6	73,577	3,486,702	3,917,259	-	3,452	-	3,378	3,479,872
Shares	7,195,340	2,100	(771,109)	6,426,331	6,426,331	6,426,331	-	-	-	-
Total - Securities	185,820,037	2,364,175	(1,046,263)	187,137,949	190,047,673	7,981,328	11,880,197	220,157	9,172,503	157,883,764
Trading securities (2)	106,593,252	2,364,175	-	108,957,427	108,957,427	111,313	9,436,231	177,075	5,509,080	93,723,728
Available-for-sale securities	38,137,863	-	(1,046,263)	37,091,600	37,091,600	7,870,015	78,935	43,082	42,452	29,057,116
Held-to-maturity securities (3)	41,088,922	-	-	41,088,922	43,998,646	-	2,365,031	-	3,620,971	35,102,920
Derivative financial instruments	760,133	237,079	-	997,212	997,212	-	1,933	15,712	17,936	961,631
Total - Securities and Derivatives	186,580,170	2,601,254	(1,046,263)	188,135,161	191,044,885	7,981,328	11,882,130	235,869	9,190,439	158,845,395

(1) Mark-to-market adjustment includes the mark-to-market adjustment of marketable securities of the subsidiary. The effect of the mark-to-market recorded) in Equity is (R\$ 233,202) at 12/31/2017 (December 31, 2016- (R\$ 181,614)), net of tax effects;

(2) Securities held as "For Trading" are classified in current assets, pursuant to BACEN Circular Letter 3,068/2001;

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

Notes to the Consolidated Financial Statements

All amounts in thousands of reais unless otherwise stated

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

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

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

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

(c.1) Category I - Trading securities

Description	12/31/2017								12/31/2016		
	No maturity	01 to 90 days	91 to 180 days	181 to 360 days	More than 360 days	Cost	Equity Adjustment	Market Value	Cost	Equity Adjustment	Market Value
Brazilian Government Securities	-	9,436,231	177,075	5,508,949	93,361,097	106,098,596	2,384,756	108,483,352	106,060,869	1,625,222	107,686,091
Financial Treasury Bills	-	101,747	-	50,223	24,705,306	24,818,073	39,203	24,857,276	7,589,399	(15,669)	7,573,730
Federal Treasury Bills	-	7,499,557	177,075	5,458,726	67,576,078	78,394,500	2,316,936	80,711,436	87,425,613	1,634,174	89,059,787
Federal Treasury Notes	-	1,834,927	-	-	1,079,713	2,886,023	28,617	2,914,640	11,045,857	6,717	11,052,574
Corporate Securities	111,313	-	-	131	362,631	494,656	(20,581)	474,075	640,628	19,684	660,312
Debentures	-	-	-	-	362,631	385,318	(22,687)	362,631	640,191	19,664	659,855
Mortgage-Backed Securities	-	-	-	131	-	125	6	131	437	20	457
Shares	111,313	-	-	-	-	109,213	2,100	111,313	-	-	-
Total	111,313	9,436,231	177,075	5,509,080	93,723,728	106,593,252	2,364,175	108,957,427	106,701,497	1,644,906	108,346,403

Notes to the Consolidated Financial Statements

All amounts in thousands of reais unless otherwise stated

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

Description	12/31/2017								12/31/2016		
	No maturity	01 to 90 days	91 to 180 days	181 to 360 days	More than 360 days	Cost	Equity Adjustment (1)	Market Value	Cost	Equity Adjustment (1)	Market Value
Brazilian Government Securities	-	-	-	-	24,973,527	24,705,498	268,029	24,973,527	5,336,555	(49,798)	5,286,757
Financial Treasury Bills	-	-	-	-	8,580,961	8,558,151	22,810	8,580,961	4,955,167	(447)	4,954,720
Federal Treasury Bills	-	-	-	-	11,920,579	11,699,517	221,062	11,920,579	-	-	-
Federal Treasury Notes	-	-	-	-	4,187,064	4,133,402	53,662	4,187,064	35,473	2,676	38,149
Federal Treasury/Securitization	-	-	-	-	284,923	314,428	(29,505)	284,923	345,915	(52,027)	293,888
Corporate Securities	7,870,015	78,935	43,082	42,452	4,083,589	13,432,365	(1,314,292)	12,118,073	18,230,813	(890,273)	17,340,540
Debentures	1,204,922	75,483	43,082	41,588	2,717,101	4,698,936	(616,760)	4,082,176	8,578,654	(609,079)	7,969,575
Promissory note	-	-	-	-	-	-	-	-	5,097	43	5,140
Real Estate Credit Notes	-	-	-	-	-	-	-	-	-	-	-
Financial bills	-	-	-	-	-	-	-	-	55,773	(201)	55,572
Units of funds	350,075	-	-	-	-	350,075	-	350,075	240,449	-	240,449
Mortgage-backed securities	-	3,452	-	864	1,366,488	1,297,227	73,577	1,370,804	1,318,561	(24,499)	1,294,062
Shares	6,315,018	-	-	-	-	7,086,127	(771,109)	6,315,018	8,032,279	(256,537)	7,775,742
Total	7,870,015	78,935	43,082	42,452	29,057,116	38,137,863	(1,046,263)	37,091,600	23,567,368	(940,071)	22,627,297

(1) Adjustment to market value. Mark-to-market adjustment includes the mark-to-market adjustment of marketable securities of the subsidiary. The effect of the mark-to-market recorded in Equity is (R\$ 233,202) at 12/31/2017 (December 31, 2016- (R\$ 181,614)), net of tax effects.

Notes to the Consolidated Financial Statements

All amounts in thousands of reais unless otherwise stated

(c.3) Category III - Securities held to maturity

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

Description	12/31/2017						12/31/2016	
	01 to 90 days	91 to 180 days	181 to 360 days	More than 360 days	Cost	Market Value	Cost	Market Value
Brazilian Government Securities	2,365,031	-	3,618,588	32,838,332	38,821,951	41,444,149	47,216,422	48,530,232
Financial Treasury Bills	-	-	-	6,397,621	6,397,621	6,404,650	5,816,077	5,807,304
Federal Treasury Bills	2,365,031	-	2,989,975	-	5,355,006	5,432,564	5,014,408	5,079,456
Federal Treasury Notes	-	-	628,613	26,440,711	27,069,324	29,606,935	36,385,937	37,643,472
Corporate Securities	-	-	2,383	2,264,588	2,266,971	2,554,497	2,275,172	2,355,985
Debentures (1)	-	-	-	151,204	151,204	8,173	141,134	4,749
Mortgage-Backed Securities	-	-	2,383	2,113,384	2,115,767	2,546,324	2,134,038	2,351,236
Total	2,365,031	-	3,620,971	35,102,920	41,088,922	43,998,646	49,491,594	50,886,217

(1) The debentures classified under Category III are liable to periodical impairment testing, as determined by the Brazilian Central Bank (BACEN) Circular Letter 3,068/2001. At 12/31/2017, impairment of debentures amounting to R\$ 220,767 was computed and recognized.

(d) Income from securities

Description	2017		2016	
	2nd half	Year	2nd half	Year
Financial assets held for trading	5,991,935	13,081,011	7,644,659	17,606,509
Financial assets available for sale	1,648,049	2,715,564	1,018,760	1,780,558
Financial assets held to maturity	1,840,948	4,146,715	2,635,947	6,410,072
Other	(4,005)	7,218	5,356	2,561
Total	9,476,927	19,950,508	11,304,722	25,799,700

Notes to the Consolidated Financial Statements

All amounts in thousands of reais unless otherwise stated

(e) Derivative financial instruments

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

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

Derivatives usually represent future commitments to exchange currencies or indexes, or to purchase or sell other financial instruments under the terms and dates set forth in the contracts. Swap agreements are recorded with or without guarantee at B3.

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

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

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

(f) Hedge Accounting

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

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

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

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

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

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

Since future flows of the hedge underlying asset are matched with the swap long position, the effectiveness of operations remains close to 100%, within the range of 80% and 125% for hedge effectiveness, as established in BACEN Circular Letter 3,082/2002.

Notes to the Consolidated Financial Statements

All amounts in thousands of reais unless otherwise stated

ACCOUNTING HEDGE								
Structures	12/31/2017				12/31/2016			
	Hedge			Hedge underlying object	Hedge			Hedge underlying object
	Principal value	Interest	Adjustment to market value (1)		Principal value (2)	Interest (2)	Adjustment to market value (1)	
Foreign onlendings	6,874,387	1,375,459	182,505	8,171,595	10,043,524	1,350,299	(27,922)	11,295,759
Loans 4131	-	-	-	-	1,583,710	72,116	(197,651)	1,643,963
Financial bills	845,660	543,295	183,497	1,392,658	1,020,660	479,802	31,578	1,504,461
Total	7,720,047	1,918,754	366,002	9,564,253	12,647,894	1,902,217	(193,995)	14,444,183

(1) Accumulated adjustment of swap contracts

(2) "Principal value" for R\$ 17,478,815 and interest for R\$ 615,172 disclosed at 12/31/2016 were adjusted in connection with the revised routine of calculation of these values, adopted from 2017 on.

TIMEFRAME						
Maturity	12/31/2017			12/31/2016		
	Foreign onlendings (1)	Loans 4131 (1)	Financial bills	Foreign onlendings (1)	Loans 4131 (1)	Financial bills
2017	-	-	-	3,286,641	1,583,710	175,000
2018	915,366	-	21,500	899,065	-	21,500
2019	4,690,521	-	10,150	4,607,782	-	10,150
2020	50,076	-	16,360	49,348	-	16,360
2021	48,309	-	25,000	47,606	-	25,000
2022	1,170,115	-	-	1,153,082	-	-
2023	-	-	562,000	-	-	562,000
2024	-	-	203,450	-	-	203,450
2025	-	-	7,200	-	-	7,200
Total	6,874,387	-	845,660	10,043,524	1,583,710	1,020,660

Notes to the Consolidated Financial Statements

All amounts in thousands of reais unless otherwise stated

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

Description	Offsetting account / reference value		Equity value receivable (received) / payable (paid)	Adjustments to market value (equity)	Equity value	
	12/31/2017	12/31/2016	12/31/2017	12/31/2017	12/31/2017	12/31/2016
Futures contracts						
Subject to repurchase agreement	83,110,386	98,199,829	-	-	-	-
Interbank market	84,400,204	99,475,047	-	-	-	-
Foreign Currency	(1,289,818)	(1,275,218)	-	-	-	-
Swap contracts						
Long Position	6,732,293	10,540,683	408,623	588,589	997,212	878,815
Index	845,660	1,020,660	30,940	152,557	183,497	34,094
Foreign Currency	5,886,633	9,520,023	377,683	436,032	813,715	844,721
Short Position	6,732,293	10,540,683	1,063,664	(432,453)	631,211	1,072,811
Index	845,660	1,020,660	232	(232)	-	2,516
Foreign Currency	5,886,633	9,520,023	1,063,432	(432,221)	631,211	1,070,295

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

Description	12/31/2017						12/31/2016	
	Equity value receivable (received) / payable (paid)	Adjustments to market value (Profit or loss/ Equity)	01 to 90 days	91 to 180 days	181 to 360 days	More than 360 days	Equity value	Equity value
Long Position:								
Swap contracts - adjustments receivable	408,623	588,589	1,933	15,714	17,935	961,630	997,212	878,815
B3	30,940	152,557	-	710	235	182,552	183,497	34,094
Financial institutions	377,683	436,032	1,933	15,004	17,700	779,078	813,715	844,721
Short Position								
Swap contracts - adjustments payable	1,063,664	(432,453)	6,007	15,218	209,223	400,763	631,211	1,072,811
B3	232	(232)	-	-	-	-	-	2,516
Financial institutions	1,063,432	(432,221)	6,007	15,218	209,223	400,763	631,211	1,070,295

Notes to the Consolidated Statements

All amounts in thousands of reais unless otherwise stated

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

Description	12/31/2017					12/31/2016
	01 to 90 days	91 to 180 days	181 to 360 days	More than 360 days	Market Value	Market Value
Offsetting account / reference value						
Futures contracts	8,759,366	186,916	5,466,274	68,697,830	83,110,386	98,199,829
Swap contracts	54,849	120,922	804,307	5,752,215	6,732,293	10,540,683

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

Description	2017		2016	
	2nd half	Year	2nd half	Year
Swap	674,956	426,848	(388,677)	(4,224,757)
Futures	(1,757,884)	(3,184,802)	(741,226)	(4,668,097)
Total realized	(1,082,928)	(2,757,954)	(1,129,903)	(8,892,854)

(k) Securities tied to BACEN and offered as collateral

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

Description	12/31/2017	12/31/2016
Brazilian Government Securities	5,627,765	6,708,603
Financial Treasury Bills	2,104,276	1,910,805
Federal Treasury Bills	3,520,492	4,794,905
Federal Treasury Notes	2,997	2,893

Notes to the Consolidated Statements

All amounts in thousands of reais unless otherwise stated

Note 7 - Interbank accounts

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

Description	Yield	12/31/2017	12/31/2016
Compulsory deposits on demand deposits	None	17,673,837	8.730.689
Compulsory deposits on savings deposits (1)	TR + 6.17% p.a.	67,249,183	50.736.247
Compulsory deposits on time deposits	SELIC rate	39,471,354	31.473.690
Additional compulsory deposits (2)	SELIC rate	-	28.718.150
Rural Credit Funds	None	2,296,436	-
Total		126.690.810	119,658,776

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

(2) In 2017, the requirement was suspended by BACEN Circular Letter 3,823/2017 and CMN Resolution 4,573/2017.

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

Description	12/31/2017	12/31/2016
FCVS receivable - not yet qualified (1)	12,943,851	12,166,794
FCVS receivable - qualified and approved (2)	18,574,087	19,093,720
Provision of FCVS receivable	(3,704,747)	(3,258,997)
FCVS receivable - net of provision	27,813,191	28,001,517
FGTS reimbursable	105,925	110,273
Total (net of provision)	27,919,116	28,111,790

(1) Contracts not yet submitted to approval of the FCVS, as they are in the process of qualification by CAIXA amounting to R\$ 1,337,188 and contracts already qualified by CAIXA, which are under analysis by FCVS for final approval of the FCVS amounting to R\$ 11,606,663.

(2) Qualified and approved credits represent the contracts already analyzed and accepted by the FCVS and which depend on the process of securitization, as set forth in Law 10,150/2000, for their realization.

The contracts to be reimbursed by FCVS accrue interest of up to 6.17% per year and are adjusted for inflation based on the Referential Interest Rate (TR). The effective realization of these credits depends on compliance with a set of rules and procedures defined in regulations issued by the FCVS.

CAIXA's management has implemented a process for analyzing and checking the conditions and details of these contracts as to their compliance with the rules and procedures, which enabled the establishment of criteria to estimate the provisions for probable losses arising from contracts that do not meet the rules and procedures defined by the FCVS. The provision for credits with the FCVS is based on quarterly statistical studies and takes into account the history of loss due to the Fund's refusal to accept liability.

(c) Income from compulsory investments

Description	2017		2016	
	2nd half	Year	2nd half	Year
Compulsory deposits at BACEN	3,635,781	8,856,850	5,888,969	11,233,580
Compulsory deposits at SFH	675,708	1,748,227	1,211,223	2,392,920
Total	4,311,489	10,605,077	7,100,192	13,626,500

Notes to the Consolidated Financial Statement

All amounts in thousands of reais unless otherwise stated

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

Loan transactions	AA	A	B	C	D	E	F	G	H	12/31/2017	12/31/2016
Loan transactions	363,671,374	71,921,498	121,636,836	70,681,963	29,380,424	7,840,745	8,795,633	2,844,059	18,377,925	695,150,457	696,727,940
Loans and bills discounted	14,481,103	20,689,464	64,264,268	19,401,620	8,376,134	3,722,866	1,617,766	1,469,324	10,686,939	144,709,484	160,465,361
Financing	3,695,630	5,897,613	1,874,350	2,929,323	1,440,463	343,209	179,923	137,792	1,124,590	17,622,893	31,302,519
Rural and agribusiness financing	1,371,571	2,261,366	1,856,935	1,118,742	46,900	51,205	22,283	19,423	165,978	6,914,403	7,216,913
Real estate financing	294,672,535	21,256,876	44,586,290	42,087,466	17,826,797	3,009,098	3,910,758	1,199,499	2,638,245	431,187,564	405,495,272
Infrastructure and development financing	48,603,246	11,314,122	8,709,287	4,927,288	1,610,168	676,837	3,039,825	-	3,727,212	82,607,985	78,379,486
Loan operations linked to assignments	847,289	10,502,057	345,706	217,524	79,962	37,530	25,078	18,021	34,961	12,108,128	13,868,389
Other loan-like receivables	2,270,304	5,566,675	914,526	1,176,255	699,558	131,159	25,942	15,268	325,380	11,125,067	12,560,795
Credit card	1,406,739	4,957,816	360,207	265,815	190,258	34,467	17,239	13,262	151,172	7,396,975	6,948,154
Advances on exchange contracts (1)	853,912	409,815	548,504	860,332	480,134	11,056	-	505	140,137	3,304,395	4,779,723
Acquired credits (2)	-	196,469	-	44,491	8,051	79,175	-	-	-	328,186	735,567
Sundry	9,653	2,575	5,815	5,617	21,115	6,461	8,703	1,501	34,071	95,511	97,351
Total	365,941,678	77,488,173	122,551,362	71,858,218	30,079,982	7,971,904	8,821,575	2,859,327	18,703,305	706,275,524	709,288,735
Allowance for loan losses (3)	(311,998)	(437,737)	(1,918,927)	(3,371,652)	(3,707,540)	(2,636,858)	(4,412,952)	(2,001,670)	(18,703,305)	(37,502,639)	(35,775,487)
Total net provisions	365,629,680	77,050,436	120,632,435	68,486,566	26,372,442	5,335,046	4,408,623	857,657	-	668,772,885	673,513,248

(1) Advances on exchange agreements are recorded as a reduction of "Other Liabilities" (Note 9 (c)).

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

(3) It includes the provision for other credits with characteristics of credit (Note 9 (a)).

Notes to the Consolidated Financial Statements

All amounts in thousands of reais unless otherwise stated

(b) Analysis of allowance for loan losses

Loan transactions	AA	A	B	C	D	E	F	G	H	12/31/2017	12/31/2016
Regulatory provision	-	(387,440)	(1,225,514)	(2,155,748)	(3,007,998)	(2,391,573)	(4,410,788)	(2,001,529)	(18,703,305)	(34,283,895)	(33,668,521)
Loan transactions	-	(359,607)	(1,216,369)	(2,120,460)	(2,938,042)	(2,352,225)	(4,397,816)	(1,990,842)	(18,377,925)	(33,753,286)	(33,229,119)
Loans and bills discounted	-	(103,447)	(642,643)	(582,049)	(837,613)	(1,116,860)	(808,883)	(1,028,527)	(10,686,939)	(15,806,961)	(18,616,105)
Financing	-	(29,488)	(18,744)	(87,880)	(144,046)	(102,963)	(89,961)	(96,454)	(1,124,590)	(1,694,126)	(2,283,553)
Rural and agribusiness financing	-	(11,307)	(18,569)	(33,562)	(4,690)	(15,362)	(11,141)	(13,596)	(165,978)	(274,205)	(384,077)
Real estate financing	-	(106,284)	(445,863)	(1,262,624)	(1,782,680)	(902,730)	(1,955,379)	(839,649)	(2,638,245)	(9,933,454)	(9,467,263)
Infrastructure and development financing	-	(56,571)	(87,093)	(147,819)	(161,017)	(203,051)	(1,519,913)	-	(3,727,212)	(5,902,676)	(2,360,075)
Loan operations linked to assignments	-	(52,510)	(3,457)	(6,526)	(7,996)	(11,259)	(12,539)	(12,616)	(34,961)	(141,864)	(118,046)
Other loan-like receivables	-	(27,833)	(9,145)	(35,288)	(69,956)	(39,348)	(12,972)	(10,687)	(325,380)	(530,609)	(439,402)
Credit card	-	(24,789)	(3,602)	(7,974)	(19,026)	(10,340)	(8,620)	(9,284)	(151,172)	(234,807)	(246,410)
Advances on exchange contracts	-	(2,049)	(5,485)	(25,810)	(48,013)	(3,317)	-	(353)	(140,137)	(225,164)	(112,131)
Acquired credits	-	(982)	-	(1,335)	(805)	(23,753)	-	-	-	(26,875)	(29,829)
Sundry	-	(13)	(58)	(169)	(2,112)	(1,938)	(4,352)	(1,050)	(34,071)	(43,763)	(51,032)
Supplementary provision (1)	(311,998)	(50,297)	(693,413)	(1,215,904)	(699,542)	(245,285)	(2,164)	(141)	-	(3,218,744)	(2,106,966)
Loan transactions	(304,344)	(49,143)	(687,291)	(1,197,000)	(680,679)	(242,490)	(1,067)	(141)	-	(3,162,155)	(2,061,802)
Loans and bills discounted	(16,199)	(23,017)	(485,730)	(424,499)	(485,013)	(177,301)	(1,045)	(141)	-	(1,612,945)	(822,539)
Financing	(1,782)	(3,057)	(19,722)	(77,867)	(115,571)	(65,179)	(15)	-	-	(283,193)	(288,607)
Rural and agribusiness financing	(779)	(1,332)	(4,779)	(2,926)	(834)	-	-	-	-	(10,650)	(49,264)
Real estate financing	(282,241)	(19,806)	(168,419)	(673,506)	(79,261)	(10)	(7)	-	-	(1,223,250)	(888,292)
Infrastructure and development financing	(3,343)	(1,931)	(8,641)	(18,202)	-	-	-	-	-	(32,117)	(13,100)
Other loan-like receivables	(7,654)	(1,154)	(6,122)	(18,904)	(18,863)	(2,795)	(1,097)	-	-	(56,589)	(45,164)
Credit card	(4)	(125)	(941)	(3,314)	(4,888)	(2,134)	-	-	-	(11,406)	(8,810)
Advances on exchange contracts	(2,023)	(463)	(2,817)	(11,128)	(473)	(60)	-	-	-	(16,964)	(10,246)
Acquired credits	-	-	-	(628)	-	-	-	-	-	(628)	(1,333)
Sundry	(5,627)	(566)	(2,364)	(3,834)	(13,502)	(601)	(1,097)	-	-	(27,591)	(24,775)
Total provision	(311,998)	(437,737)	(1,918,927)	(3,371,652)	(3,707,540)	(2,636,858)	(4,412,952)	(2,001,670)	(18,703,305)	(37,502,639)	(35,775,487)

(1) Refers to the provision supplementary to minimum percentages required by CMN Resolution 2,682/1999, using the expected loss methodology, adopted in the institution's credit risk management.

Notes to the Consolidated Financial Statements

All amounts in thousands of reais unless otherwise stated

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

Description	AA	A	B	C	D	E	F	G	H	12/31/2017	12/31/2016
Portions falling due	365,725,348	77,185,231	108,440,703	48,408,394	18,689,130	4,332,267	3,476,651	662,190	8,146,629	635,066,543	646,681,091
01 to 30 days	5,268,760	5,717,526	3,107,493	1,530,128	775,281	297,181	133,518	54,945	324,725	17,209,557	26,671,021
31 to 60 days	4,751,403	3,520,026	2,970,470	1,274,394	905,056	135,963	126,116	31,950	271,677	13,987,055	13,709,059
61 to 90 days	4,107,204	2,849,200	2,336,564	1,452,652	625,344	133,278	123,746	30,509	235,543	11,894,040	12,623,311
91 to 180 days	12,040,862	7,166,786	7,626,242	4,125,841	1,503,320	320,488	352,844	81,736	648,092	33,866,211	38,588,638
181 to 360 days	21,481,183	9,579,583	14,111,467	5,972,726	2,494,433	637,721	615,770	71,257	846,170	55,810,310	57,332,734
More than 360 days	318,075,936	48,352,110	78,288,467	34,052,653	12,385,696	2,807,636	2,124,657	391,793	5,820,422	502,299,370	497,756,328
Portions overdue	216,330	302,942	179,683	156,737	73,352	15,076	5,262	3,379	23,974	976,735	859,895
01 to 14 days	174,059	278,588	105,971	95,864	48,977	11,420	3,440	2,366	17,727	738,412	618,367
15 to 30 days	42,271	24,354	73,712	60,873	24,375	3,656	1822	1013	6,247	238,323	241,528
Total	365,941,678	77,488,173	108,620,386	48,565,131	18,762,482	4,347,343	3,481,913	665,569	8,170,603	636,043,278	647,540,986

Notes to the Consolidated Financial Statements

All amounts in thousands of reais unless otherwise stated

(c.2) Abnormal status

Description	AA	A	B	C	D	E	F	G	H	12/31/2017	12/31/2016
Portions falling due	-	-	13,313,000	21,658,678	9,567,301	2,246,138	4,100,241	961,702	3,686,183	55,533,243	44,479,319
01 to 30 days	-	-	200,324	410,897	145,022	89,158	42,674	21,143	101,377	1,010,595	1,049,082
31 to 60 days	-	-	196,355	289,481	149,191	45,535	42,726	21,534	86,537	831,359	847,150
61 to 90 days	-	-	165,133	262,769	147,222	45,769	39,593	20,198	82,152	762,836	844,230
91 to 180 days	-	-	515,318	783,467	404,221	133,499	131,680	58,439	246,851	2,273,475	2,252,152
181 to 360 days	-	-	943,528	1,443,386	697,567	226,891	247,468	108,078	449,467	4,116,385	3,796,884
More than 360 days	-	-	11,292,342	18,468,678	8,024,078	1,705,286	3,596,100	732,310	2,719,799	46,538,593	35,689,821
Portions overdue	-	-	617,976	1,634,409	1,750,199	1,378,423	1,239,421	1,232,056	6,846,519	14,699,003	17,268,430
01 to 30 days	-	-	451,186	305,028	183,103	46,011	87,091	21,690	96,959	1,191,068	1,100,864
31 to 60 days	-	-	166,785	707,759	240,592	97,862	77,083	21,154	374,016	1,685,251	1,633,646
61 to 90 days	-	-	5	484,523	1,002,291	396,921	159,649	87,557	631,897	2,762,843	2,036,277
91 to 180 days	-	-	-	137,074	324,140	555,843	609,560	732,974	985,145	3,344,736	4,606,386
181 to 360 days	-	-	-	25	73	281,786	306,038	368,681	3,837,103	4,793,706	6,830,346
More than 360 days	-	-	-	-	-	-	-	-	921,399	921,399	1,060,911
Total	-	-	13,930,976	23,293,087	11,317,500	3,624,561	5,339,662	2,193,758	10,532,702	70,232,246	61,747,749

Notes to the Consolidated Financial Statements

All amounts in thousands of reais unless otherwise stated

(d) Breakdown of loan portfolio by activity sector

Description	12/31/2017	12/31/2016
PUBLIC SECTOR	57,644,602	59,737,687
Direct administration	36,423,408	34,138,953
Indirect administration- petrochemical	6,825,569	11,442,912
Indirect administration- sanitation and infrastructure	4,833,829	4,612,824
Indirect administration - other	9,561,796	9,542,998
PRIVATE SECTOR	648,630,922	649,551,048
LEGAL ENTITY	115,630,610	133,474,909
Electric energy	19,472,897	16,043,669
Retail	17,176,879	21,188,753
Civil construction	16,450,943	16,650,759
Transport	9,521,373	10,172,335
Steel and metallurgy	9,190,287	9,607,243
Sanitation and infrastructure	6,787,591	6,653,075
Other industries	6,068,868	6,270,445
Wholesale	6,022,380	7,289,830
Health	4,698,340	4,522,301
Agribusiness and extractive activities	3,546,648	4,330,213
Food	2,400,554	2,291,769
Textile	1,441,135	1,872,246
Financial services	1,438,153	5,629,158
Communications	1,130,138	1,304,053
Petrochemical	549,047	1,775,383
Personal services	239,282	297,038
Other services	9,496,095	17,576,639
INDIVIDUAL	533,000,312	516,076,139
Total	706,275,524	709,288,735

(e) Income from loan operations

Description	2017		2016	
	2nd half	Year	2nd half	Year
Loans, discounted notes and financing	22,662,897	46,813,083	24,930,064	48,760,014
Rural and agribusiness financing	276,407	538,408	229,445	457,400
Real estate financing	16,528,606	34,179,812	19,546,168	37,970,862
Financing of infrastructure and development	3,351,876	6,977,153	3,653,163	6,991,120
Other receivables	5,048	7,988	6,643	12,593
Total	42,824,834	88,516,444	48,365,483	94,191,989

Notes to the Consolidated Financial Statements

All amounts in thousands of reais unless otherwise stated

(f) Financial assets sale or transfer operations

Effective as from January 1, 2012, CMN Resolution 3,533/2008 establishes procedures to classify, record and disclose financial assets sale and transfer transactions.

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

(f.1) Income related to acquisition of loan portfolios

Description	2017		2016	
	2nd half	Year	2nd half	Year
PORTFOLIOS ACQUIRED WITH JOINT LIABILITY				
Banco Cruzeiro do Sul	7,979	13,700	4,306	9,595
BMG	3,062	6,993	4,933	10,795
BMB	214	921	2,122	6,309
Bonsucesso	787	2,154	2,317	5,779
Daycoval	17,943	48,598	42,651	58,538
Total	29,985	72,366	56,329	91,016

(f.2) Expenses related to assignment of loan portfolios

Description	2017		2016	
	2nd half	Year	2nd half	Year
PORTFOLIOS ASSIGNED WITH JOINT LIABILITY				
Expenses related to assignment	(526,207)	(1,174,129)	(571,624)	(921,006)
CIBRASEC	(340,955)	(769,467)	(313,871)	(387,847)
Gaia	(56,289)	(122,927)	(78,467)	(159,703)
RB Capital Securitizadora	(128,963)	(281,735)	(179,286)	(373,456)
PORTFOLIOS ASSIGNED WITHOUT JOINT LIABILITY				
Expenses related to assignment	(4,745)	(4,745)	-	(1,914,428)
EMGEA	52	52	-	-
Omni S/A	-	-	-	(933,775)
RCB Planejamento Financeiro Ltda.	(216)	(216)	-	(980,653)
Renova Companhia Securitizadora S.A.	(4,581)	(4,581)	-	-
Total	(530,952)	(1,178,874)	(571,624)	(2,835,434)

Notes to the Consolidated Financial Statements

All amounts in thousands of reais unless otherwise stated

(f.3) Recovery of loss and reversal of provision for loan portfolios assigned

In the first half of 2016, loan portfolio assignment transactions without joint liability were entered into by CAIXA, Omni S.A. and RCB Planejamento Financeiro LTDA. These transactions resulted in a recovery of loss of R\$ 34,372 and a reversal of provision of R\$ 2,014,038.

(g) Recovered Loan Operations

Description	2017 (1)		2016	
	2nd half	Year	2nd half	Year
Loan transactions	2,081,888	3,722,827	575,560	760,112
Loans and bills discounted	976,520	1,725,211	301,132	336,678
Financing	481,518	843,977	20,379	28,161
Real estate financing	615,963	1,144,302	254,049	395,273
Loan operations linked to assignments	7,887	9,337	-	-
Other loan-like receivables	20	20	-	-
Sundry	20	20	-	-
Total	2,081,908	3,722,847	575,560	760,112

- (1) The volume of loan operations recovered in 2017 is due to the loan recovery campaigns, mainly the #Quitafácil action, which offers discounts to customers on the settlement of debts overdue for more than 360 days.

(h) Renegotiated Operations

Description	2017		2016 (1)	
	2nd half	Year	2nd half	Year
Commercial Operations	2,015,354	4,619,753	3,824,361	8,196,974
Housing Loan Operations	14,286,047	27,014,057	15,127,475	28,917,272
Total	16,301,401	31,633,810	18,951,836	37,114,246

- (1) The amount of R\$ 18,951,836 for the 2nd quarter of 2016 was adjusted (previously - R\$ 7,365,881) and is determined in light of the new criteria for determination of the reset operations adopted from 2017 on. The amount of R\$ 37,114,246 for 2016 was adjusted (previously - R\$ 15,242,818) and is determined in light of the same criteria as those of the revised routine from 2017 on.

Notes to the Consolidated Financial Statements

All amounts in thousands of reais unless otherwise stated

(i) Changes in the allowance for loan losses

Description	2017		2016	
	2nd half	Year	2nd half	Year
Opening balance	(35,778,333)	(35,775,487)	(36,768,715)	(33,880,851)
Provision set up for the period	(14,579,165)	(28,668,093)	(13,227,321)	(28,822,303)
Reversal of provision for the period	5,569,562	9,411,517	3,185,312	8,712,936
Losses	7,285,297	17,529,424	11,035,237	18,214,731
Closing balance	(37,502,639)	(37,502,639)	(35,775,487)	(35,775,487)

(j) Concentration of main debtors

Description	12/31/2017	%	12/31/2016	%
Main debtor	8,748,920	1.24	11,442,912	1.61
10 major debtors	45,636,295	6.46	48,532,191	6.84
20 major debtors	63,970,927	9.06	68,613,692	9.67
50 major debtors	86,220,949	12.21	92,962,442	13.11
100 major debtors	101,196,331	14.33	108,755,508	15.33

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

Description	12/31/2017	12/31/2016
Receivables from guarantees honored	31,336	30,567
Foreign exchange portfolio (Note 9(c))	3,549,748	5,412,747
Income receivable	2,294,687	2,138,956
Dividends and interest on capital receivable	260,067	235,103
Agreements with the private sector	124,844	85,734
Agreements with the public sector	428,881	363,628
Management of investment funds	43,447	82,378
Management of social funds and programs	1,374,119	1,315,650
Other income receivable	63,329	56,463
Negotiation and intermediation of securities	813	15,800
Specific receivables	1,001,150	937,833
Sundry - Note 9 (b)	76,798,088	70,906,531
Provision for losses on other receivables (1)	(587,198)	(484,566)
Total	83,088,624	78,957,868
Current assets	34,028,485	36,524,340
Non-current assets	49,060,139	42,433,528

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

Notes to the Consolidated Financial Statements

All amounts in thousands of reais unless otherwise stated

(b) Other receivables - sundry

Description	12/31/2017	12/31/2016
Tax credits - (Note 20)	40,114,535	38,580,898
Receivables from escrow deposits - (Note 30 (e))	16,654,094	15,417,738
Salary advances and prepayments	207,291	224,402
Advance of dividends and interest on capital	73,130	681,562
Taxes and contributions to be offset	1,488,793	721,485
Credit cards (1)	502,050	292,788
Premium on purchase of loan portfolios	3,339,036	2,506,533
Insurance receivable	582,357	359,916
Acquired credits	328,186	735,567
Receivables - payment transactions (1)	7,396,975	6,948,155
Receivables - fund administration and social programs	93,454	99,795
Receivables - royalties	611,962	578,362
Receivables - FND	517,425	500,466
Receivables - correspondents	119,048	109,212
Receivables - redemption of bonus	122,503	114,701
Unrecognized amounts (2)	3,854,490	2,978,657
Other debtors	792,759	1,467,381
Discount on other financial assets (3)	-	(1,411,087)
Total	76,798,088	70,906,531
Current assets	27,727,294	28,445,066
Non-current assets	49,070,794	42,461,465

(1) Loan-like receivables (Note 8 (a)), which in 2017 were reclassified from Credit card to Receivables - payment transactions, in compliance with BACEN Circular Letter 3,828/2017.

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

(3) In 2017, reclassified to FCVS Receivable (Note 7 (b)), discount on the assignment of receivables between CAIXA and EMGA in Sep/14.

(c) Foreign exchange portfolio

Description	12/31/2017	12/31/2016
Assets - Other receivables		
Foreign exchange purchases pending settlement - Foreign currency	3,406,445	4,877,853
Receivables from foreign exchange sales - Local currency	69,648	455,814
Income receivable from advances granted - ACC/ACE	79,552	85,150
(-) Advances received - Local currency	(5,897)	(5,920)
(-) Advances received - foreign currency	-	(150)
Current assets (Note 9 (a))	3,549,748	5,412,747
Liabilities - Other liabilities		
Foreign exchange sales pending settlement - Foreign currency	69,665	455,487
Payables for foreign exchange purchases - Local currency	3,304,549	5,130,709
(-) Advances on foreign exchange contracts (ACC/ACE)	(3,224,843)	(4,687,898)
Current liabilities (Note 18 (a))	149,371	898,298

Notes to the Consolidated Financial Statements

All amounts in thousands of reais unless otherwise stated

(c.1) Foreign exchange transactions

Description	2017		2016	
	2nd half	Year	2nd half	Year
Exchange gains/losses - cash in foreign currency	24,356	50,313	35,779	(1,809,566)
Exchange gains/losses - other	(33,707)	60,649	52,456	403,139
Foreign exchange transactions	99,551	211,444	101,095	181,141
Profit of foreign exchange transactions	90,200	322,406	189,330	(1,225,286)

Note 10 - Other assets

These are comprised of:

- assets not for own use (properties adjudicated, properties received as payment of loans, and properties that are no longer used in CAIXA's operations), submitted to impairment tests;
- prepaid expenses relating mainly to performance bonus on commercial portfolios acquired from Banco PAN (12/31/2017 and 12/31/2016);
- inventory of store and supplies.

Description	12/31/2017	12/31/2016
Assets not for own use	7,903,899	5,254,320
Properties not in use	1,743,706	992,886
Adjudicated/auctioned properties	6,160,193	4,261,434
Prepaid expenses	611,036	70,467
Consumption materials	44,779	35,436
Provisions for loss on devaluation of properties (Note 10 (a))	(272,551)	(177,004)
Total	8,287,163	5,183,219

(a) Provisions for loss on devaluation of properties

Description	2017		2016	
	2nd half	Year	2nd half	Year
Opening balance	(238,918)	(177,004)	(163,896)	(133,958)
Provisions	(100,750)	(201,790)	(81,365)	(142,771)
Write-offs	67,117	106,243	68,257	99,725
Closing balance	(272,551)	(272,551)	(177,004)	(177,004)

Notes to the Consolidated Financial Statements

All amounts in thousands of reais unless otherwise stated

Note 11 - Shareholding interest in subsidiaries and affiliates
a) Corporate shareholding interest consolidated financial statements:

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

Shareholding interest portfolio - CAIXAPAR	Number of shares		Interest %	
	Common	Preferred	Voting capital	Capital
Banco PAN	262,164,546	112,732,358	49.00	40.35
Branes	2,200,010	-	2.00	2.00
FIP Veneza	170,873	-	-	75.00
Habitar	1,887,839,025	-	49.98	49.98
Capgemini	63,764,544	-	20.70	19.11
Cia. Brasileira de Securitização (CIBRASEC)	4,000	20	9.65	9.65
Crescer	54,652,415	-	49.00	49.00
Elo Serviços	62,779	837,031,603	0.01	33.33
TECBAN	375,508,013	-	10.00	10.00
Gestora de Inteligência de Crédito (GIC)	3,559,600	3,559,600	20.00	20.00

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

- (1) The 100% interest of CAIXA Seguridade in CAIXA Securitária is eliminated upon preparation of the consolidated financial statements of CAIXA Seguridade, which are used for consolidation of CAIXA Group.

Notes to the Consolidated Financial Statements

All amounts in thousands of reais unless otherwise stated

Description	Investment		Equity in the results of subsidiaries and associates			
	12/31/2017	12/31/2016	2017		2016	
			2nd half	Year	2nd half	Year
CAIXA Seguros Holding	3,402,526	3,046,972	464,384	936,206	411,727	801,830
Banco PAN (1)	759,948	878,142	32,417	(118,540)	(201,169)	(305,187)
Capgemini (2)	13,178	117,889	(33,170)	(67,851)	(43,173)	(77,960)
Elo Serviços	44,692	23,111	15,886	22,657	1,937	5,993
Cia. Bras. de Securitização - CIBRASEC	7,025	6,994	106	288	133	259
Crescer	-	-	(7,878)	(13,600)	(5,048)	(8,124)
Habitar	3,479	-	-	-	-	-
Branes	1,898	1,874	8	24	22	34
Galgo Sistemas de Informações S.A.	1,285	1,752	(116)	(467)	-	-
BIAPE	-	-	-	-	(104)	(244)
FGO - Fundo Garantia de Operações (3)	467,384	287,712	-	-	-	-
FGHAB - Fundo Garantidor Habitação Popular	265,210	265,210	-	-	-	-
Fundo de Investimento em Participações	27,156	32,685	(5,702)	(6,232)	(568)	(1,073)
TECBAN	112,049	106,537	2,318	5,512	(218)	(467)
GIC - Gestora de Inteligência de Crédito	28,724	-	(5,431)	(5,431)	-	-
PAN Corretora (4)	26,698	33,130	1,952	5,340	1,022	3,749
PAN Seguros	368,764	363,179	3,894	22,349	3,759	24,795
Other investments (5) (6)	10,535	8,827	-	-	-	-
Total	5,540,551	5,174,014	468,668	780,255	168,320	443,605

(1) Unrealized profit of (R\$ 6,457) in the 2nd half of 2017 and (R\$ 176,162) in year 2017 (2nd half of 2016 - (R\$ 183,439); Year 2016 - (R\$ 210,318)).

(2) Investment amount adjusted for impairment of R\$ 72,514 (December 31, 2016 - R\$ 32,179).

(3) Investment amount, net of provision of R\$ 28,464 (December 31, 2016 - R\$ 208,136).

(4) Investment amount, net of provision of R\$ 33 (December 31, 2016 - R\$ 33).

(5) Investment amount, net of provision of R\$ 11,087 (December 31, 2016 - R\$ 11,087).

(6) Investments at cost.

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

Description	2017		2016	
	2nd half	Year	2nd half	Year
Prior balance	127,902	145,351	162,841	180,531
Amortization	(9,521)	(26,970)	(17,490)	(35,180)
Current balance	118,381	118,381	145,351	145,351

Notes to the Consolidated Financial Statements

All amounts in thousands of reais unless otherwise stated

Note 12 - Property and equipment in use

Considering the construction in progress rate of 11.03% (12/31/2016 - 14.45%), CAIXA is classified as defined by CMN Decision 2,669/1999, which determines a 50% limit of Regulatory Capital as from December 31, 2002.

(a) Breakdown

Description	12/31/2017			12/31/2016		
	Cost	Depreciation	Net	Cost	Depreciation	Net
Properties in use	2,292,598	(1,277,338)	1,015,260	1,934,129	(951,218)	982,911
Buildings	2,209,434	(1,277,338)	932,096	1,872,597	(951,218)	921,379
Land	83,164	-	83,164	61,532	-	61,532
Revaluations of properties in use	693,987	(231,903)	462,084	710,140	(211,910)	498,230
Buildings	506,919	(231,903)	275,016	519,239	(211,910)	307,329
Land	187,068	-	187,068	190,901	-	190,901
Other assets in use	7,776,974	(6,188,930)	1,588,044	7,582,219	(5,643,726)	1,938,493
Construction in progress	-	-	-	3,417	-	3,417
Facilities, furniture and equipment in use	1,718,989	(1,021,636)	697,353	1,688,698	(937,174)	751,524
Communications systems	94,476	(81,687)	12,789	95,304	(79,839)	15,465
Data processing systems	5,458,031	(4,693,093)	764,938	5,335,906	(4,280,182)	1,055,724
Transport and security system	505,478	(392,514)	112,964	458,894	(346,531)	112,363
Total	10,763,559	(7,698,171)	3,065,388	10,226,488	(6,806,854)	3,419,634

(b) Changes

Description	12/31/2016	Transfers	Additions	Write-offs	Depreciation	12/31/2017
Properties in use	982,911	(175)	428,235	(68,915)	(326,796)	1,015,260
Buildings	921,379	430	405,830	(68,747)	(326,796)	932,096
Land	61,532	(605)	22,405	(168)	-	83,164
Revaluations of properties in use	498,230	-	-	(14,975)	(21,171)	462,084
Buildings	307,329	-	-	(11,142)	(21,171)	275,016
Land	190,901	-	-	(3,833)	-	187,068
Other assets in use	1,938,493	-	257,723	(1,898)	(606,274)	1,588,044
Construction in progress	3,417	-	(3,417)	-	-	-
Facilities, furniture and equipment in use	751,524	(4,788)	38,698	(246)	(87,835)	697,353
Communications systems	15,465	168	4	(25)	(2,823)	12,789
Data processing systems	1,055,724	3,611	174,494	(1,615)	(467,276)	764,938
Transport and security system	112,363	1,009	47,944	(12)	(48,340)	112,964
Total	3,419,634	(175)	685,958	(85,788)	(954,241)	3,065,388

Notes to the Consolidated Financial Statements

All amounts in thousands of reais unless otherwise stated

Note 13 - Intangible assets
(a) Breakdown

Description	12/31/2017				12/31/2016			
	Cost	Amortization Accumulated amortization	Impairment	Net	Cost	Amortization Accumulated amortization	Impairment	Net
Payroll acquisitions	3,347,049	(1,412,750)	(2,429)	1,931,870	3,191,039	(1,162,601)	(1,109)	2,027,329
Other intangible assets	-	-	-	-	366,655	(73,130)	-	293,525
Logistics projects - Software	1,770,640	(487,611)	-	1,283,029	1,612,502	(448,497)	-	1,164,005
Total	5,117,689	(1,900,361)	(2,429)	3,214,899	5,170,196	(1,684,228)	(1,109)	3,484,859

(b) Changes

	12/31/2016	12/31/2017			
Description	Net	Changes			Net
		Additions	Write-offs	Amortization	
Payroll acquisitions	2,027,329	767,890	(187,526)	(675,823)	1,931,870
Other intangible assets	293,525	-	(292,232)	(1,293)	-
Logistics projects - Software	1,164,005	294,068	-	(175,044)	1,283,029
Total	3,484,859	1,061,958	(479,758)	(852,160)	3,214,899

Notes to the Consolidated Financial Statements

All amounts in thousands of reais unless otherwise stated

Note 14 - Deposits
(a) Breakdown

Description	12/31/2017	12/31/2016
Demand deposits - without yield	32,398,707	31,882,854
Individuals	15,571,635	15,149,797
Companies	12,246,363	12,608,920
Restricted	2,172,783	1,976,511
Government	1,511,492	1,569,328
Foreign currencies	9,205	-
Financial institutions	26,820	22,272
Public entities	572,551	326,537
Accounts closed	29,606	24,889
Other	258,252	204,600
Savings deposits - floating-rate yield	276,693,320	252,403,109
Individuals	272,495,932	248,301,920
Companies	2,011,728	2,062,215
Restricted	2,082	2,149
Accounts closed	2,183,578	2,036,825
Interbank deposits	577,401	608,279
Time deposits	185,643,021	210,689,327
Fixed-rate yield	79,494,147	97,181,904
Time deposits in local currency	79,494,147	97,181,904
Floating-rate yield	106,148,874	113,507,423
Time deposits in local currency	31,344,424	39,344,026
Remunerated judicial deposits	74,804,450	74,163,397
Special deposits and deposits of funds and programs	10,913,088	16,606,897
Without yield	64,705	141,746
Fixed-rate yield	566,369	624,067
Floating-rate yield	10,282,014	15,841,084
Other	26	45
Total	506,225,563	512,190,511
Current liabilities	412,992,266	403,115,342
Non-current liabilities	93,233,297	109,075,169

Notes to the Consolidated Financial Statements

All amounts in thousands of reais unless otherwise stated

(b) Deposits by maturity

Deposits	No maturity	01 to 90 days	91 to 360 days	More than 360 days	12/31/2017	12/31/2016
Demand deposits	32,398,707	-	-	-	32,398,707	31,882,854
Savings deposits	276,693,320	-	-	-	276,693,320	252,403,109
Interbank deposits	-	162,033	263,920	151,448	577,401	608,279
Time deposits	74,939,123	4,915,559	12,706,490	93,081,849	185,643,021	210,689,327
CDB	134,673	4,915,559	12,706,490	93,081,849	110,838,571	136,525,930
Judicial deposits	74,804,450	-	-	-	74,804,450	74,163,397
Special deposits and deposits of funds and programs	10,913,088	-	-	-	10,913,088	16,606,897
Other	26	-	-	-	26	45
Total	394,944,264	5,077,592	12,970,410	93,233,297	506,225,563	512,190,511

(c) Expenses on deposits

Description	2017		2016	
	2nd half	Year	2nd half	Year
Savings deposits	(7,656,841)	(16,165,454)	(9,537,003)	(18,579,568)
Interbank deposits	(223)	(53,008)	(46,570)	(128,834)
Time deposits CDB/RDB	(4,997,716)	(12,740,131)	(8,816,761)	(16,216,880)
Judicial deposits	(2,066,112)	(4,432,537)	(2,388,087)	(4,506,568)
Special deposits and deposits of funds and programs (d.1)	(632,913)	(1,584,506)	(1,017,080)	(1,912,890)
Other funding	(385,069)	(778,170)	(381,635)	(750,697)
Total	(15,738,874)	(35,753,806)	(22,187,136)	(42,095,437)

(d) Special deposits and deposits of funds and programs

Description	12/31/2017	12/31/2016
Deposits - FGTS	3,580,263	7,488,435
Special deposits with yield	2,245,150	2,246,651
Deposits - FAT (d,2)	577,319	1,277,657
Deposits - PRODEC	64,725	60,667
Deposits - PIS	303,829	40,848
Deposits - FGS	386,909	365,364
Deposits - FAR	1,621,973	2,534,465
Deposits - FDS	746,517	896,922
Deposits - PREVHAB	867,229	793,951
Saúde CAIXA	64,705	141,746
Other	454,469	760,191
Total	10,913,088	16,606,897

Notes to the Consolidated Financial Statements

All amounts in thousands of reais unless otherwise stated

(d.1) Expenses on special deposits and deposits of funds and programs

Description	Interest	2017		2016	
		2nd half	Year	2nd half	Year
Deposits - FGTS	Selic	(234,033)	(688,564)	(479,297)	(947.580)
Deposits - FAT	Selic and Long-term Interest Rate	(29,497)	(76,601)	(53,779)	(111.101)
Deposits - PRODEC	TR + Interest 0.4868% p.m.	(1,901)	(4,058)	(2,349)	(4.580)
Deposits - PIS	Extra market	(121,350)	(162,770)	(77,693)	(163.566)
Deposits - FGS	Selic day factor /Extra market	(9,837)	(21,813)	(17,472)	(23.340)
Deposits - FAR	Selic	(89,065)	(251,929)	(147,894)	(203.864)
Deposits - FDS	Selic day factor	(25,754)	(70,938)	(36,477)	(67.315)
Deposits - Federal Treasury	Selic	(18,484)	(42,792)	(27,359)	(52.531)
Deposits - PREVHAB	Selic	(33,866)	(78,691)	(50,850)	(97.941)
Deposits - Guarantee	TR	(3,006)	(9,097)	(9,523)	(17.099)
Deposits - FCA	Extra - market	(7,780)	(27,674)	(33,243)	(63.551)
Deposits - Fundo Paulista de Habitação	CDI	(14,894)	(41,129)	(23,485)	(46.376)
Other		(43,446)	(108,450)	(57,659)	(114.046)
Total		(632.913)	(1,584,506)	(1,017,080)	(1,912,890)

Notes to the Consolidated Financial Statements

All amounts in thousands of reais unless otherwise stated

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

FAT is a special accounting and financial fund established by Law 7,998/1990, linked to the Ministry of Labor and Employment and managed by the Executive Council of the Workers' Assistance Fund (CODEFAT).

The main actions funded with FAT funds to promote employment are structured around the programs for the creation of jobs and income, whose resources are allocated through the special deposits established by Law 8,352/1991, in official federal financial institutions, according to the programs and credit facilities presented in the previous table.

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

The interest on the deposits is paid to FAT on a monthly basis, as set forth in CODEFAT Resolutions 439/2005 and 489/2006.

Description	Resolution/ TADE	Return of FAT funds		12/31/2017			12/31/2016		
		Type	Date	Available	Invested	Total	Available	Invested	Total
Programs				303,455	199,171	502,626	214,871	988,036	1,202,907
Proger - Urban				243,786	108,521	352,307	153,052	785,400	938,452
Investment	008/2005	RA	10/10/2005	243,786	108,521	352,307	153,052	785,400	938,452
FAT infrastructure				59,245	87,722	146,967	61,436	198,742	260,178
Infrastructure economical	013/2006	RA	08/08/2008	59,245	87,722	146,967	61,436	198,742	260,178
FAT - PNMPO				424	2,928	3,352	383	3,894	4,277
FAT - microcredit	015/2006	RA	5/10/2007	424	2,928	3,352	383	3,894	4,277
Special lines of credit				415	74,278	74,693	444	74,306	74,750
FAT - Pan	001/2005	SD	12/9/2005	415	74,278	74,693	444	74,306	74,750
Total				303,870	273,449	577,319	215,315	1,062,342	1,277,657

Notes to the Consolidated Financial Statements

All amounts in thousands of reais unless otherwise stated

Note 15 - Deposits obtained in the open market
(a) Breakdown

Description	12/31/2017	12/31/2016
Own portfolio (1)	109,961,976	69,325,980
Financial Treasury Bills	20,857,128	10,267,869
Federal Treasury Bills	77,682,536	18,925,512
Federal Treasury Notes	8,533,004	34,291,865
Debentures	524,349	5,070,596
Mortgage Backed-Securities	2,364,959	770,138
Third-party portfolio	38,565,290	86,046,055
Federal Treasury Bills	38,565,290	15,319,851
Federal Treasury Notes	-	70,726,204
Unrestricted portfolio	-	4,055,962
Federal Treasury Bills	-	4,055,962
Total	148,527,266	159,427,997
Current liabilities	140,486,574	150,680,825
Non-current liabilities	8,040,692	8,747,172

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

(b) Expenses on funds obtained in the open market

Description	2017		2016	
	2nd half	Year	2nd half	Year
Own portfolio	(2,925,231)	(6,490,693)	(4,884,932)	(10,396,942)
Third-party portfolio	(3,075,196)	(8,420,826)	(6,842,619)	(16,554,234)
Unrestricted portfolio	(254,651)	(503,080)	(242,907)	(358,295)
Total	(6,255,078)	(15,414,599)	(11,970,458)	(27,309,471)

Notes to the Consolidated Financial Statements

All amounts in thousands of reais unless otherwise stated

Note 16 - Funds from acceptance and issuance of securities

(a) Funds from notes

Description	Maturity				12/31/2017	12/31/2016
	01 to 90 days	91 to 180 days	181 to 360 days	More than 360 days		
Real Estate Bill (IGP-M)	-	-	-	-	-	10.676
Real Estate Bill (CDI)	5,978,271	9,998,630	15.918.059	50.431.193	82.326.153	100.830.134
Real Estate Bill (TR)	-	-	-	56.682	56.682	61.643
Mortgage Bill (IGP-M)	-	-	-	733.162	733.162	737.113
Mortgage Bill (INPC)	-	-	-	16.414	16.414	16.107
Financial Bill (CDI)	4,050,119	6,805,940	19.439.242	2.891.778	33.187.079	37.538.141
Financial Bill (IPCA)	-	19,415,00	10.027	1.037.623	1.067.065	1.208.175
Agribusiness Bill (CDI)	-	141,779	-	-	141.779	511.294
Total	10,028,390	16,965,764	35.367.328	55.166.852	117.528.334	140.913.283
Current liabilities					62,361,482	49,626,975
Non-current liabilities					55,166,852	91,286,308

(b) Expenses related to funds from notes

Description	2017		2016	
	2nd half	Year	2nd half	Year
Real Estate Credit Notes	(3,031,419)	(7,598,484)	(6,138,195)	(12,587,563)
Mortgage Bill	(48,052)	(72,718)	(47,396)	(123,509)
Financial bills	(1,630,683)	(3,828,980)	(2,372,105)	(5,139,866)
Agribusiness Credit Bills	(7,438)	(27,879)	(40,227)	(96,380)
Total	(4,717,592)	(11,528,061)	(8,597,923)	(17,947,318)

(c) Securities issued abroad

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

Securities	Currency	Amount issued (1)	Yield p.a.	Date of funding	Maturity	12/31/2017	12/31/2016
1st series	US\$	1,000,000,000	2.38%	Nov/12	Nov/17	-	3.249.000
2nd series	US\$	500,000,000	3.50%	Nov/12	Nov/22	1,758,256	1.548.581
3rd series	US\$	1,250,000,000	4.50%	Oct/13	Oct/18	4,229,278	4.122.982
4th series	US\$	1,300,000,000	4.25%	May/14	May/19	4,694,317	4.260.583
Total						10.681.851	13.181.146

(1) Amounts in thousands of US\$

Notes to the Consolidated Financial Statements

All amounts in thousands of reais unless otherwise stated

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

Description	2017		2016	
	2nd half	Year	2nd half	Year
Securities abroad expenses - without subordination	(786,243)	(1,355,750)	(559,864)	1,926,070
Securities abroad expenses - with subordination	(443,034)	(573,834)	(148,385)	179,570
Total	(1,229,277)	(1,929,584)	(708,249)	2,105,640

Note 17 - Local borrowings and onlendings

Description	12/31/2017	12/31/2016
Local onlendings	269,553,942	238,966,421
FGTS	235,620,378	204,156,953
BNDES	30,814,153	31,349,361
National Treasury - Social Integration Program - PIS	399,970	928,282
Merchant Marine Fund	2,380,023	2,256,745
Other institutions	339,418	275,080
Foreign onlendings	55,530	54,668
Foreign borrowings	2,147,951	5,425,078
From financial institutions abroad	2,147,951	3,798,282
Other credit facilities	-	1,626,796
Total local borrowings and onlendings	271,757,423	244,446,167
Current liabilities	1,507,793	5,235,639
Non-current liabilities	270,249,630	239,210,528

(a) Local onlendings

These mainly comprise funds transferred by the FGTS for investments in infrastructure, urban development and housing loan operations, and are adjusted for inflation based on the Referential Rate (TR) and an average interest rate of 5.10 % p.a. (housing 5.03% p.a., infrastructure 5.67% p.a. and sanitation 5.65% p.a.) and the average term of return is 233 months (housing 239 months, infrastructure 205 months and sanitation 163 months).

(b) Foreign onlendings

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

(c) Foreign borrowings

The balance of foreign loans comprises loan facilities raised abroad to fund customers' exports, subject to interest rate of up to 3.44% p.a., substantially pegged to the U.S. dollar rate, maturing until 2018.

In the line item "Other credit facilities", CAIXA's transactions in foreign currencies were settled in July 2017.

Notes to the Consolidated Financial Statements

All amounts in thousands of reais unless otherwise stated

(d) Expenses on local onlendings - official institutions

Description	2017		2016	
	2nd half	Year	2nd half	Year
Local onlendings	(8,430,726)	(17,007,770)	(9,520,317)	(17,760,456)
FGTS	(7,143,907)	(14,415,254)	(8,154,522)	(15,276,517)
BNDES	(1,169,637)	(2,335,834)	(1,218,818)	(2,326,551)
National Treasury - Social Integration Program - PIS	(15,940)	(41,612)	(30,357)	(54,810)
Merchant Marine Fund	(69,653)	(139,976)	(68,192)	(10,412)
Other institutions	(31,589)	(75,094)	(48,428)	(92,166)
Foreign onlendings	475	(2,028)	(1,726)	10,706
Foreign borrowings	(8,932)	(120,006)	(233,839)	1,570,373
Total	(8,439,183)	(17,129,804)	(9,755,882)	(16,179,377)

Note 18 - Other liabilities
(a) Breakdown

Description	12/31/2017	12/31/2016
Collections of taxes and social contributions	416,763	352,815
Foreign exchange portfolio (Note 9(c))	149,371	898,298
Social and statutory obligations	3,686,370	1,065,283
Tax and social security obligations (Note 18 (b))	2,413,674	2,381,441
Negotiation and intermediation of securities	45,770	17,968
Funds for specific purposes (Note 18 (c))	17,850,274	12,771,534
Hybrid capital and debt instruments (Notes 18 (d))	3,320,698	980,762
Subordinated debt (Note 18 (d))	10,742,909	11,098,029
Debt instruments eligible to principal capital (Note 18 (d))	24,956,210	17,443,376
Sundry (Note 18 (e))	69,003,425	71,824,665
Total	132,585,464	118,834,171
Current liabilities	60,794,018	59,561,446
Non-current liabilities	71,791,446	59,272,725

Notes to the Consolidated Financial Statements

All amounts in thousands of reais unless otherwise stated

(b) Tax and social security obligations

Description	12/31/2017	12/31/2016
Taxes on salaries payable	462,102	476,261
Taxes on services payable	316,370	348,113
Taxes and contributions on profits payable	116,448	239,049
Income tax	11,448	22,743
Social contribution	4,228	2,886
Social Contribution on Revenues - COFINS	87,182	184,044
Public Service Employee Savings Program - PASEP	13,590	29,376
Deferred taxes and contributions	1,518,754	1,167,080
Revaluation of buildings	127,958	121,815
MTM adjustments - trading securities	1,124,343	782,275
Market value adjustment - securities available for sale	266,453	262,990
Provision for tax risks (Note 30 (a)) (1)	-	150,938
Total	2,413,674	2,381,441
Current liabilities	2,285,716	2,259,626
Non-current liabilities	127,958	121,815

- (1) From 2017 on, pursuant to the reclassification of COSIF chart of accounts established by BACEN Circular Letter 3,782/2016, the provisions for tax risks will be presented in "Other liabilities - sundry", Note 18(e).

(c) Funds for specific purposes

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

Description	12/31/2017	12/31/2016
Social funds and programs	10,160,348	10,109,583
FGTS	5,997,018	4,508,345
"Minha Casa Minha Vida"	3,390,447	4,711,315
Housing Subsidy Program (PSH)	312,138	295,412
Income Transfer Programs	239,997	419,494
Other funds and programs	220,748	175,017
Financial and development funds	6,745,762	1,783,353
PIS (1)	5,900,384	1,222,949
FAT	843,897	558,934
FINSOCIAL	1,481	1,470
Lottery operations	944,164	878,598
Total	17,850,274	12,771,534

- (1) The change in the period was caused by the contribution of withheld funds in October 2017 for the payment of units and income from PIS, according to MP 797/2017.

Notes to the Consolidated Financial Statements

All amounts in thousands of reais unless otherwise stated

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

CAIXA has 22 Subordinated Financial Instruments (IFS) authorized to compose Level II of Reference Assets - (RA), being 09 Subordinated Debt Instruments (IDS), 12 Subordinated Treasury Bills (LFS) and 1 Subordinated Note (NS) abroad, as detailed in the subsequent items.

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

Subordinated Debt Instrument (IDS)

CAIXA has 09 subordinated debt instruments authorized by the Central Bank of Brazil to comprise Level II of RA, in accordance with CMN Resolution 4,192/2013, contracted with the Government Severance and Indemnity Fund for Employees (FGTS) in 2005, 2011, 2012, 2014, 2015, 2016 and 2017.

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

Subordinated financial bills - LFS

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

Subordinated bond - NS

CAIXA raised funds amounting to US\$ 500,000 thousand (five hundred million dollars) in the international market on July 16, 2014, by means of issue of subordinated bonds eligible for Level II capital under Basel III rules. Bonds issued are effective for 10 years, but can be called in the fifth year, and its return rate is 7.25% p.a.

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

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

Notes to the Consolidated Financial Statements

All amounts in thousands of reais unless otherwise stated

Maturity	Annual yield (%)	Inception date	Amount issued	Monetary adjustment and interest	Amortization	Impact of market risk hedge accounting	Debt balance 12/31/2017	Debt balance 12/31/2016
Loans payable - FGTS funds								
Feb/20	6.30%	Oct/05	3,439,717	2,659,562	(4,168,312)	-	1,930,967	2,805,229
Apr/26	6.00%	Aug/11	3,000,000	1,633,878	-	-	4,633,878	4,342,775
Jul/32	5.08%	Jun/12	3,000,000	1,178,064	-	-	4,178,064	3,950,025
Dec/33	5.15%	Oct/14	3,000,000	701,615	-	-	3,701,615	3,497,310
Feb/38	4.80%	Dec/14	4,000,000	830,426	-	-	4,830,426	4,579,214
Dec/40	4.75%	Sep/15	3,000,000	449,607	-	-	3,449,607	3,271,725
May/44	4.75%	Sep/16	4,000,000	302,865	-	-	4,302,865	4,082,991
Aug/44	4.86%	May/17	4,000,000	135,636	-	-	4,135,636	-
May/44	5.23%	Sep/17	2,000,000	26,513	-	-	2,026,513	-
Eligible financial bill - Tier II								
Jun/20	110% of CDI	Jun/14	10,000	5,726	-	-	15.726	14.168
Jul/19	110% of CDI	Jul/14	17,400	9,720	-	-	27.120	24.432
Dec/21	110% of CDI	Dec/14	1,500	724	-	-	2.224	2.003
Jun/24	100% of IPCA + 6.95%	Jun/14	200,000	116,996	-	51,555	368.551	287.223
Feb/25	100% of IPCA + 6.74%	Feb/15	1,200	523	-	228	1.951	1.609
Feb/25	100% of IPCA + 6.65%	Feb/15	1,200	516	-	218	1.934	1.588
Feb/25	100% of IPCA + 6.58%	Feb/15	2,400	1050	-	431	3.881	3.146
Mar/25	100% of IPCA + 6.45%	Mar/15	1,200	508	-	196	1.904	1.550
Eligible marketable securities abroad - Level II								
Jul/24	7.25%	Jul/14	1,106,450	610,593	-	369,214	2,086.257	1,676.417
Total			30.781.067	8.664.522	(4,168,312)	421,842	35,699,119	28,541,405

(d.2) Hybrid Capital and debt instruments

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

The Brazilian Monetary Council (CMN) Resolution 4,192/2013 determines, for financial statements purposes, that instruments classified as Principal Capital be reclassified into equity.

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

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

Interest payable and unincorporated monetary restatement are included in Hybrid Capital and Debt Instruments, classified into Other Liabilities - Hybrid capital and debt instruments, amounting to R\$ 3,320,698 at 12/31/2017 (12/31/2016 - R\$ 980,762).

Notes to the Consolidated Financial Statements

All amounts in thousands of reais unless otherwise stated

(e) Sundry

Description	12/31/2017	12/31/2016
Actuarial liabilities - post-employment benefit (Note 32 (a))	22,274,820	22,816,082
Saúde CAIXA	10,122,889	13,541,692
Meal voucher and food basket allowance	1,422,383	1,331,503
Benefit plans - private pension plan	10,729,548	7,942,887
Provisions for amounts payable (1)	2,667,915	3,196,141
Sundry creditors - Country (Note 18(f))	12,283,183	11,134,902
Provision for labor contingencies (Note 30)	4,283,853	4,267,274
Provision for civil litigation contingencies (Note 30)	3,080,057	3,298,765
Provision for legal contingencies - tax claims (Note 30 (a)) (2)	281,425	-
Provision for other contingencies (1)	1,745,257	1,559,809
Real estate financing to be released	2,341,570	5,287,471
Funds linked to loan operations (3)	261,876	190,153
Funds linked to loans assigned (4)	12,181,955	13,935,592
Obligations related to agreements	916,130	856,953
Obligations for payment transactions (5)	3,967,431	3,213,764
Contributions to the National Housing System - SFH	25,636	29,397
FGTS funds for repayment	1,171,442	959,467
Payables to related parties	1,520,875	1,078,523
Sundry creditors - Abroad	-	372
Total	69,003,425	71,824,665

- (1) From 2017 on, the payments of real estate loans using FGTS funds were reclassified to "Provisions for other contingencies", pursuant to the provisions of BACEN Circular Letter 3,782/2016.
- (2) Up to 12/31/2016, the provisions for tax risks were disclosed as "Other tax and social security obligations", Note 18 (b). Beginning 2017, pursuant to the reclassification of the COSIF chart of accounts established by BACEN Circular Letter 3,782/2016, these provisions are being disclosed as "Provision for legal contingencies - tax claims".
- (3) Funds allocated in accounts linked to loan transactions on behalf of clients, not changed by these and remunerated with the same charges applied to the respective transactions.
- (4) Housing loan transactions securitized with risk retention - CMN Decision 3,533/2008.
- (5) Obligations related to credit card transactions, which in 2017 were reclassified to this line item in compliance with BACEN Circular Letter 3,828/2017

(f) Sundry creditors - Brazil

Description	31/12/2017	12/31/2016
Credit cards (1)	4,321,167	3,867,412
Asset Management Company (EMGEA) (2)	20,338	59,179
Suppliers	1,154,921	1,114,535
Acquisition of payrolls - amounts pending release	273,043	490,437
Commercial loans - onlendings	36,584	70,062
Real estate loans - onlendings	1,058,585	1,167,649
Federal Government obligations - onlendings	54,894	50,484
Accounts payable	123,697	296,308
Loan Guarantee Fund - FGC	62,482	63,439
Redeemable amounts - pledge	68,906	81,648
Amounts to be allocated	4,852,525	3,562,379
Other sundry creditors	256,041	311,370
Total	12,283,183	11,134,902

- (1) In 2017, the "Obligations for payment transactions" related to credit card transactions were reclassified in compliance with BACEN Circular Letter 3,828/2017 (Note 18(e)). The amount disclosed at December 31, 2016 was R\$ 7,126,843.
- (2) Asset Management Company (EMGEA): these refer to financial amounts and contracts received by EMGEA on behalf of CAIXA.

Notes to the Consolidated Financial Statements

All amounts in thousands of reais unless otherwise stated

Note 19 - Equity**(a) Share capital**

Decree 7,973/2013 of the Presidency of the Republic of Brazil, approved CAIXA's Articles of Incorporation. Article 7 of that Decree was amended by Decree 8,830/2016 which establishes CAIXA's Capital, paid in by the Government alone, totaling R\$ 29,630,119.

(b) Debt instruments eligible to principal capital

Article 16 of CMN Resolution 4,192/2013, authorizes federal financial institutions to make up their Tier I - Principal Capital by using equity elements and junior financial instruments and the hybrid equity and debt instruments, provided that meeting the criteria set forth in the Resolution, e.g. having a fully variable remuneration, perpetuity characteristics and absorption of losses while a going-concern.

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

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

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

Description	12/31/2017	12/31/2016
Agreement No. 348/2007	7,851,945	7,593,569
Agreement No. 504/2009	8,013,159	7,749,478
Agreement No. 752/2012	6,800,000	6,800,000
Agreement No. 754/2012	6,310,598	6,310,598
Agreement No. 868 and 869/2013	8,000,000	8,000,000
Total	36,975,702	36,453,645

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

(c) Compliance with the levels required by Resolution 2,099/94 (Basel Accord)

Pursuant to CMN Resolution 2,099/1994 and subsequent regulations, which establish the minimum levels of reference equity for financial institutions, based on the volume of their operations, CAIXA presents a ratio of 17.65% at 12/31/2017 (12/31/2016 - 13.54%) (Note 33), above the minimum ratio required in Brazil.

Notes to the Consolidated Financial Statements

All amounts in thousands of reais unless otherwise stated

(d) Revaluation and revenue reserves

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

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

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

The Extraordinary General Meeting held on December 14, 2017 approved the capital increase to R\$ 29,630,119 (Note 19(a)), through the incorporation of R\$ 2,880,499 from the Operating margin reserve, R\$ 1,401,264 from the Legal reserve and R\$ 511,185 from the Statutory reserve - lotteries.

Description	12/31/2017	12/31/2016
Revaluation reserves	352,348	379,098
Revenue reserves	13,923,642	9,074,710
Legal reserves	2,024,337	2,802,527
Statutory reserves - lotteries	562,905	511,185
Operating margin reserves	11,336,400	5,760,998

(e) Dividends and interest on capital

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

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

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

To calculate the dividend obligations, interest on capital is calculated at remuneration of the TJLP for the period on adjusted net equity, limited to 50% of net income for the period. Total interest on capital amounts to R\$ 2,294,881 (12/31/2016 - R\$ 681,562) and allows for a reduction in the IRPJ and CSLL taxes amounting to R\$ 1,032,697 in the 1st half of 2017 (R\$ 306,703 in the 1st half of 2016).

Notes to the Consolidated Financial Statements

All amounts in thousands of reais unless otherwise stated

Note 20 - Corporate income tax (IRPJ) and Social Contribution on net income (CSLL)

(a) Statement of IRPJ and CSLL expenses

Description	2017		2016	
	2nd half	Year	2nd half	Year
Current taxes	621,909	(618,925)	(614,319)	(740,053)
Deferred taxes	(1,349,970)	565,100	(11,640)	2,289,500
Deferred tax liabilities	(39,168)	(308,622)	(492,482)	769,585
Deferred tax assets	(1,310,802)	873,722	480,842	1,519,915
Temporary differences - set up / realization	(1,450,546)	967,808	713,051	1,782,454
Income tax and social contribution losses	139,744	(94,086)	(138,326)	(155,202)
CSLL - MP 2,158-35/01	-	-	(93,883)	(107,337)
Income tax and social contribution for the period	(728,061)	(53,825)	(625,959)	1,549,447

(b) Changes in tax credits

Description	2017		2016	
	2nd half	Year	2nd half	Year
Income (loss) before taxes and contributions	10,181,309	13,997,113	3,100,988	3,761,941
IRPJ and CSLL charges	(4,581,577)	(6,298,677)	(1,395,431)	(1,692,849)
Tax effects - additions and exclusions	4,816,557	4,890,931	356,682	(197,604)
Interest on capital	574,205	1,032,696	-	528,188
Interests held in affiliates and subsidiaries	217,803	444,825	99,334	240,014
Other	(405,079)	(688,700)	325,096	382,198
Current income tax and social contribution	621,909	(618,925)	(614,319)	(740,053)

(c) Deferred tax liabilities

Deferred tax liabilities - IRPJ/CSLL		
Description	12/31/2017	12/31/2016
Deferred expenses/MTM	1,219,405	908,121
Other	127,958	121,815
Income tax and social contribution for the period	1,347,363	1,029,936

Deferred tax liabilities - PASEP/COFINS		
Description	12/31/2017	12/31/2016
Deferred expenses/MTM	171,390	137,146
Other	-	1,011
PASEP and COFINS for the Period	171,390	138,157

Notes to the Consolidated Financial Statements

All amounts in thousands of reais unless otherwise stated

(d) Deferred tax assets

Tax credits - IRPJ/CSLL				
Description	12/31/2016	Provisions	Reversal	12/31/2017
Temporary differences:	31,919,610	21,286,328	(20,318,520)	32,887,418
Allowance for loan losses	21,501,351	13,530,705	(12,610,299)	22,421,757
Actuarial liabilities	3,441,610	269,459	(395,708)	3,315,361
Provision for labor contingencies	1,849,152	140,068	(222,131)	1,767,089
Provision for civil litigation contingencies	1,368,649	2,544,838	(2,635,569)	1,277,918
Provision for tax contingencies	49,632	88,452	(51,340)	86,744
Adjustment to market value - Trading securities	558,248	162,052	(5,228)	715,072
Provision for devaluation of assets not for use	53,477	115,560	(77,519)	91,518
Provision for losses - FCVS receivable	1,014,857	228,029	(125,962)	1,116,924
Other	2,082,634	4,207,165	(4,194,764)	2,095,035
Income tax and social contribution losses:	1,382,756	-	(94,086)	1,288,670
Income tax losses realizable	1,382,756	-	(94,086)	1,288,670
Total credits impacting P&L	33,302,366	21,286,328	(20,412,606)	34,176,088
Adjustment to market value - Available-for-sale securities	684,298	49,265	-	733,563
Actuarial losses CPC 33	4,460,142	587,750	-	5,047,892
Total credits impacting equity	5,144,440	637,015	-	5,781,455
Total tax credits	38,446,806	21,923,343	(20,412,606)	39,957,543
Total unaccrued credits	1,992,142	-	(732,743)	1,259,399

Breakdown of Tax Credits - PASEP/COFINS				
Description	12/31/2016	Provisions	Reversal	12/31/2017
Total credits impacting P&L	59,933	17,562	-	77,495
Market adjustment	59,933	17,562	-	77,495
Financing expenses not incurred - IHCD	-	-	-	-
Total credits impacting equity	74,159	5,338	-	79,497
Market value adjustment - securities available for sale	74,159	5,338	-	79,497
Total	134,092	22,900	-	156,992

(e) Expected realization

CAIXA performs semi-annual study of the expected realization of tax credits in a 10 years' time. The amounts determined in the study at 12/31/2017 are as follows:

BOOK VALUE			
Year of Realization	Credit at 18% - 1998	Temporary difference	TOTAL
2018	1,099,531	10,132,352	11,231,883
2019	189,139	1,906,152	2,095,291
2020	-	6,103,235	6,103,235
2021	-	2,931,867	2,931,867
2022	-	4,169,084	4,169,084
2023	-	3,799,730	3,799,730
2024 to 2028	-	9,783,445	9,783,445
Total	1,288,670	38,825,865	40,114,535
Present value	1,275,267	31,249,512	32,524,779

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Note 21 - Income from financial intermediation

Description	2017		2016	
	2nd half	Year	2nd half	Year
Income from loan operations	42,824,834	88,516,444	48,365,483	94,191,989
Repurchase agreements	6,286,714	15,468,985	10,297,483	23,370,728
Financial assets held for trading	5,991,935	13,081,011	7,644,659	17,606,509
Financial assets available for sale	1,648,049	2,715,564	1,018,760	1,780,558
Financial assets held to maturity	1,840,948	4,146,715	2,635,947	6,410,072
Income from derivative financial instruments	(1,082,928)	(2,757,954)	(1,129,903)	(8,892,854)
Compulsory deposits with the Central Bank	3,635,781	8,856,850	5,888,969	11,233,580
Compulsory deposits at SFH	675,708	1,748,227	1,211,223	2,392,920
Foreign exchange transactions	90,200	322,406	189,330	-
Other	523,229	1,302,371	849,875	1,603,718
Total	62,434,470	133,400,619	76,971,826	149,697,220

Note 22 - Financial intermediation expenses

Description	2017		2016	
	2nd half	Year	2nd half	Year
Operations with customers	(19,823,330)	(45,644,354)	(29,721,409)	(58,001,031)
Operations with customers financial institutions	(223)	(53,008)	(46,570)	(128,834)
Repurchase agreements	(6,255,078)	(15,414,599)	(11,970,458)	(27,309,471)
Securities abroad	(1,229,277)	(1,929,584)	(708,249)	2,105,640
Borrowings, assignments and onlendings	(8,439,183)	(17,129,804)	(9,755,882)	(16,179,377)
Foreign exchange transactions	-	-	-	(1,225,286)
Special deposits of funds and programs	(632,913)	(1,584,505)	(1,017,080)	(1,912,890)
Allowance for loan losses	(9,009,603)	(19,256,576)	(10,042,009)	(20,109,367)
Sales or transfer of financial assets	(530,952)	(1,178,874)	(571,624)	(2,835,434)
Total	(45,920,559)	(102,191,304)	(63,833,281)	(125,596,050)

Notes to the Consolidated Financial Statements

All amounts in thousands of reais unless otherwise stated

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

Description	2017		2016	
	2nd half	Year	2nd half	Year
Management of social funds	3,757,162	7,382,943	3,633,098	7,028,568
Unemployment Compensation Fund (FGTS)	2,418,583	4,935,342	2,467,467	4,852,492
Wage Variation Compensation Fund (FCVS)	91,701	162,730	72,823	144,801
Social Integration Program (PIS)	156,297	227,759	104,664	170,131
Federal lotteries	741,187	1,347,248	667,767	1,241,334
Student Finance (FIES)	289,916	586,173	258,151	500,635
Residential Lease Fund (FAR)	37,131	75,488	38,514	69,739
Unemployment insurance	21,474	46,740	22,828	46,650
Other	873	1,463	884	2,786
Brazilian National Treasury Department (STN) - onlendings	63,401	135,384	51,950	79,696
Revenue from cards	714,553	1,416,732	675,761	1,464,580
Loan transactions and guarantees provided	1,028,156	2,124,043	1,048,039	1,992,315
Collection	491,883	993,616	496,266	913,814
Amounts raised	1,590,784	3,161,057	1,388,633	2,716,176
Investment funds and administered portfolios	925,105	1,826,239	779,073	1,549,958
Checking account	249,848	472,129	193,180	403,875
Income transfer programs	224,989	438,597	217,867	422,531
To affiliates - Investment funds	22,568	44,610	20,529	39,779
To affiliates	363,324	717,876	290,802	495,999
Other services	203,054	398,197	186,807	374,303
Total	9,634,827	19,111,423	8,982,005	17,481,594

b) Income from bank fees

Description	2017		2016	
	2nd half	Year	2nd half	Year
Revenue from cards	348,751	687,282	331,355	638,784
Loan and registration operations	596,987	1,175,636	576,039	1,134,037
Service package	1,527,772	2,712,638	1,150,874	2,181,256
Deposit accounts	389,271	739,391	324,950	608,611
Transfer of funds	180,013	319,876	125,350	242,595
Other	133,931	294,836	102,480	176,544
Total	3,176,725	5,929,659	2,611,048	4,981,827

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All amounts in thousands of reais unless otherwise stated

Note 24 - Personnel expenses

Description	2017		2016	
	2nd half	Year	2nd half	Year
Salaries	(6,229,900)	(12,935,574)	(6,349,103)	(12,228,971)
Labor indemnities	(1,083,399)	(1,838,965)	(766,556)	(1,388,972)
Benefits	(1,329,253)	(2,614,328)	(1,322,481)	(2,427,699)
Social charges:	(2,465,527)	(4,921,573)	(2,472,893)	(4,852,138)
FGTS	(467,609)	(934,140)	(478,671)	(927,091)
Private pension	(1,403,488)	(2,812,265)	(1,440,635)	(2,789,681)
Supplementary pension	(442,756)	(888,864)	(400,704)	(854,971)
Other charges	(151,674)	(286,304)	(152,883)	(280,395)
Other	(70,876)	(133,058)	(76,346)	(150,198)
Total	(11,178,955)	(22,443,498)	(10,987,379)	(21,047,978)

Note 25 - Other administrative expenses

Description	2017		2016	
	2nd half	Year	2nd half	Year
Communications	(261,991)	(527,528)	(273,744)	(568,914)
Maintenance and upkeep of assets	(527,714)	(993,966)	(491,726)	(932,866)
Water and electricity	(228,972)	(455,276)	(215,537)	(486,341)
Rentals and leases	(751,769)	(1,520,201)	(774,096)	(1,533,196)
Materials	(65,072)	(139,931)	(70,691)	(138,881)
Data processing	(781,489)	(1,530,022)	(843,262)	(1,644,276)
Promotions and public relations	(227,608)	(387,253)	(189,901)	(366,957)
Advertising and publicity	(214,480)	(281,158)	(245,925)	(409,644)
Financial system services	(273,651)	(544,081)	(281,132)	(553,620)
Outsourced services	(924,979)	(1,856,656)	(931,678)	(1,802,737)
Specialized services	(311,472)	(575,220)	(285,370)	(550,713)
Surveillance and security services	(462,700)	(902,892)	(444,342)	(850,387)
Amortization (Note 13 (b))	(423,926)	(852,160)	(421,667)	(838,194)
Depreciation (Note 12 (b))	(473,461)	(954,241)	(496,284)	(962,738)
Other administrative	(211,282)	(398,236)	(369,612)	(560,074)
Total	(6,140,566)	(11,918,821)	(6,334,967)	(12,199,538)

Notes to the Consolidated Financial Statements

All amounts in thousands of reais unless otherwise stated

Note 26 - Other operating income

	2017		2016	
	2nd half	Year	2nd half	Year
Commissions and fees on operations	276,853	566,973	191,240	356,944
Commissions and fees on operations - FGTS financial agent FGTS	2,134,005	3,898,336	1,645,594	3,299,376
Recovery of expenses	754,668	1,587,201	826,624	1,574,077
Reversal of other operating provisions (1)	2,145,395	2,456,770	620,865	1,133,788
Restatement of escrow deposits	379,939	798,179	483,847	961,805
Income from specific credits	38,058	85,848	54,663	104,846
Revenue from negative goodwill on acquisition of royalties	39,167	88,133	43,619	76,647
Monetary restatement on sundry operations	18,062	70,090	172,540	295,857
Reversal of actuarial provisions - cost of past services (2)	5,260,510	5,260,510	-	-
Other operating income	301,628	479,868	367,854	663,701
Total	11,348,285	15,291,908	4,406,846	8,467,041

(1) The variation in revenues in 2017, when compared to 2016, is mainly caused by the reversal of the provision for litigation and the provision for process to assess operating losses, with the effective recognition of the respective operating losses.

(2) Reversal of actuarial provisions - cost of past services of Saúde CAIXA (Note 32 (g.1) and Note 32 (j.4)).

Note 27 - Other operating expenses

Description	2017		2016	
	2nd half	Year	2nd half	Year
Expenses on FCVS receivable - provision/losses	(397,471)	(640,288)	(404,520)	(670,360)
Expenses on obligations with funds and programs	(479,649)	(1,040,366)	(499,555)	(1,055,621)
Hybrid instruments of capital and debt - monetary restatement (1)	(2,515,266)	(3,284,621)	(79,093)	(515,826)
Expenses on cards	(491,157)	(922,094)	(565,886)	(1,057,910)
Expenses on lotteries	(116,980)	(228,185)	(115,690)	(226,359)
Expenses on lottery resellers and business partners	(1,339,332)	(2,561,296)	(1,193,152)	(2,232,430)
FGTS - Collection/payment	(309,019)	(643,668)	(228,118)	(467,559)
Automated services	(260,319)	(515,546)	(240,287)	(447,376)
Business leverage	(406,176)	(807,223)	(491,314)	(831,873)
Real estate financing operations	(243,788)	(512,891)	(234,326)	(472,845)
Goodwill on the purchase of commercial portfolios	(355,172)	(678,499)	(247,957)	(459,460)
Loan operation discounts	(281,497)	(596,756)	(179,191)	(302,050)
Development transactions - monetary restatement	(11,015)	(14,322)	(5,394)	(10,996)
Operating provisions	(578,446)	(1,115,277)	(235,907)	(659,211)
Provision for contingencies	(891,219)	(1,366,916)	(456,204)	(1,235,609)
Adverse legal judgments	(341,490)	(399,322)	(60,531)	(120,376)
Social benefits	(72,391)	(164,460)	(118,514)	(221,409)
Post-employment benefits	(1,276,709)	(2,393,729)	(1,175,930)	(2,266,951)
Operating adjustments in loan transactions	(51,861)	(258,805)	(129,226)	(617,260)
Other (2)	(939,179)	(1,346,644)	(180,936)	(595,045)
Total	(11,358,136)	(19,490,908)	(6,841,731)	(14,466,526)

(1) Instruments signed with the Federal Government that have a variable income linked to CAIXA's profit or loss for the year.

(2) The amount of expenses in 2017 was mainly affected by the recognition of operating losses arising from the Reversal of other operating provisions (Note 26).

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Note 28 - Non-operating income (expenses)

Description	2017		2016	
	2nd half	Year	2nd half	Year
Non-operating income	287,853	526,211	199,192	489,614
Gains on sales of assets	63,737	110,199	38,318	83,429
Sale of properties	58,112	110,918	34,807	63,486
Unclaimed cash surpluses	32,242	65,220	27,414	54,827
Fines and penalties	16,707	29,431	14,420	30,537
Capital gain on adjustment of pending amounts	183	783	4,890	5,851
Recovery of losses on fraud	6,799	9,607	4,900	11,720
Reversal of permanent investment loss	98,074	179,673	67,246	226,971
Other non-operating income	11,999	20,380	7,197	12,793
Non-operating expenses	(677,366)	(1,122,879)	(357,815)	(762,385)
Impairment of other assets	(93,842)	(203,466)	(41,218)	(93,309)
Indemnity for losses and damages	(153,100)	(281,897)	(142,742)	(286,705)
Losses on properties	(46,466)	(85,004)	(23,062)	(52,897)
Losses on fraudulent electronic withdrawals	(32,453)	(77,418)	(43,286)	(102,717)
Loss on sales of assets	(215,955)	(315,966)	(75,279)	(84,167)
Permanent investment loss	-	(1)	(11,675)	(90,330)
Expenses on fraud in credit card transactions	(96,775)	(96,774)	-	(4,158)
Other non-operating expenses	(38,775)	(62,353)	(20,553)	(48,102)
Total	(389,513)	(596,668)	(158,623)	(272,771)

Note 29 - Tax expenses

	2017		2016	
	2nd half	Year	2nd half	Year
COFINS	(1,272,186)	(2,556,211)	(1,279,581)	(2,520,644)
PIS/PASEP	(207,975)	(417,837)	(208,934)	(415,656)
Tax on Services - ISS	(388,295)	(754,261)	(337,884)	(645,538)
Local Property Tax - IPTU	(6,574)	(77,322)	(8,157)	(73,338)
Other	(18,907)	(69,921)	(48,520)	(71,307)
Total	(1,893,937)	(3,875,552)	(1,883,076)	(3,726,483)

Notes to the Consolidated Financial Statements

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Note 30 - Provisions, contingent assets and liabilities, and legal tax and social security obligations**(a) Contingent assets**

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

(b) Provision for litigation and legal tax and social security obligations

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

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

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

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

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

In CAIXA's provisions for litigation, there are no amounts relating to possible or probable losses, for which a part or the entire disbursement required to settle the provision is expected to be reimbursed by the other party.

(b.1) Changes in provisions for contingences and legal obligations tax and social security

Description	12/31/2016	Changes in 2017					12/31/2017
		New provisions	Monetary restatement	Additions to existing provisions	Reversals of existing provisions	Write-offs after payment	
Tax (Note 18(b) and (e))	150,938	98,037	4,649	66,499	(28,297)	(10,401)	281,425
INSS	13,613	8	313	9,894	(6)	(18)	23,804
IPTU	25,370	1,312	943	21,970	(4,936)	(1,067)	43,592
ISSQN	94,213	19,127	2,972	34,381	(14,527)	(8,476)	127,690
Other	17,742	77,590	421	254	(8,828)	(840)	86,339
Civil (Note 18 (e))	3,298,765	473,566	24,115	254,051	(393,284)	(577,156)	3,080,057
Losses and damage	756,596	227,999	5,072	61,706	(126,649)	(301,062)	623,662
Savings accounts	1,445,236	140,628	877	97,837	(109,462)	(117,560)	1,457,556
Real estate receivables	225,587	69,612	1,300	93,695	(14,206)	(76,571)	299,417
Contingencies related to FGTS	871,346	35,327	16,866	813	(142,967)	(81,963)	699,422
Labor (Note 18 (e))	4,267,274	1,011,316	17,064	790,375	(897,662)	(904,514)	4,283,853
Total	7,716,977	1,582,919	45,828	1,110,925	(1,319,243)	(1,492,071)	7,645,335

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(b.2) Labor proceedings

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

At December 31, 2017, a provision was recognized for 62,674 labor claims - 59,452 "immaterial claims" and 3,222 "material claims".

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

(b.3) Civil proceedings

CAIXA is a defendant in civil proceedings of a compensatory/contractual nature referring to its products, services and banking services. At December 31, 2017, a provision was recognized for 325,399 civil proceedings, including approximately 324,352 considered "immaterial" and 1,047 "material".

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

CAIXA fulfilled the legal requirements in force at the time, however, considering the lawsuits effectively filed and analysis of the current case laws of the High Court of Justice (STJ), at December 31, 2017 a provision of R\$ 1,457,553 was recognized for these proceedings (December 31, 2016 - R\$ 1,445,236).

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

At the end of 2017, FEBRABAN and CONSIF signed an agreement with the main consumer protection agencies to solve the problem. This agreement was approved by the STF on 3/1/2018 and CAIXA enrolled with its conditions.

The proceedings seeking compensation for damages involving transfer of funds from FGTS are also significant. At December 31, 2017, the provision for these proceedings amounts to R\$ 699,424 (December 31, 2016 - R\$ 871,346).

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

In 2017, CAIXA entered into 46,683 procedural agreements (63% referring to compensation claims and 37% to credit recoveries), decreasing the amounts that would be paid if the court decision remained unaltered, offering the customer the possibility of a quick solution to settle the issue. Moreover, CAIXA continues to conduct its in-court and out-of-court reconciliation policy, voluntarily complying with court decisions and analyzing losses incurred in order to mitigate new litigations in similar cases.

(b.4) Legal obligations – tax and social security

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

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

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We emphasize the notices served by the National Institute of Social Security (INSS) for collection of social security taxes on payments to CAIXA employees, where the severance and non-compensatory nature of certain amounts are challenged, such as meal voucher, absence allowed for personal reasons (APIP), and premium license, reclassified for 12/31/2017, corresponding to the amount of R\$ 1,580,215 (December 31, 2016 - R\$ 1,546,733), for which a provision of R\$ 23,806 (December 31, 2016 - R\$ 13,613) was set up based on the history of success and case laws, grounded on recent technical and legal analysis on the issue.

As for the Service Tax (ISSQN), CAIXA applies the provisions of Federal Supplementary Law 116/2003 adjusting its systems and procedures for determination of the tax basis and payment of the tax on services rendered.

Notwithstanding this, tax audits conducted in various Brazilian cities filed suits against CAIXA alleging non-payment or underpayment of the tax, bringing to light the discussion on different interpretations of the materiality, applicable rates and location where the tax should be levied, the total amount of which at 12/31/2017 is R\$ 738,238 (December 31, 2016 - R\$ 657,331).

In light of the history of success and case law scenario, assessed in a technical and legal analysis of the matter, as of December 31, 2017 the provision amounts to R\$ 127,689 (December 31, 2016 - R\$ 94,213).

Also, as a highlight, CAIXA has been discussing the materiality of the CSLL and IRPJ debts arising from non-approval of PER/DCOMP, which at December 31, 2017 total R\$ 79,160 (December 31, 2016 - R\$ 2,735), in connection with procedural issues which, based on jurisdictional pronouncements on each matter, the analysis of the lawyers was for recognizing a provision for the full amount.

(c) Provision for prepayment of real estate receivables with FGTS funds

The real estate financing granted with FGTS funds with a subsidy to reduce the installment remunerates the Financial Agent with the total or partial amount of the subsidy by the FGTS, as defined in the Resolution of the Board of Trustees of the FGTS No. 702/2012 and its amendments.

These amounts are transferred to the Financial Agent CAIXA at the contracting date, in order to cover all the period of the transaction. Changes in the flow initially contracted, such as the early settlement, extraordinary amortization, extraordinary amortization with reduction of term, transfer or reduction of the contracted financing term, requires CAIXA to return to FGTS part of the remuneration received, proportionally.

To cover this return of funds to FGTS, a provision is recognized for the risk of return of income in case of prepayments. The provisioned amounts are calculated based on the average prepayments of the payment flows and their respective impacts on the balance of the remuneration amounts to the Financial Agent CAIXA. At December 31, 2017, the provisioned amount is R\$ 1,745,257.

(d) Contingent liabilities classified as possible losses

In accordance with CMN Resolution 3,823/2009, companies are not required to record provisions for contingencies classified as possible losses:

Description	12/31/2017	12/31/2016
Tax proceedings	5,849,212	5,890,434
Civil proceedings	1,918,840	1,996,985
Total	7,768,052	7,887,419

(d.1) Tax proceedings

CAIXA continuously monitors administrative and legal tax proceedings in which it is a defendant or a claimant and, supported by the opinions of its legal units, classified as possible loss cases that amounted to R\$ 5,849,212, at 12/31/2017 (December 31, 2016 - R\$ 5,890,434), including the following main claims based on the amounts under dispute:

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a) PIS/PASEP deficiency notices, totaling R\$ 4,887,110 at 12/31/2017 (December 31, 2016 - R\$ 4,771,962), based on underpayment for the period from January to December 1995, when Decree-Law 2,445/1988 and 2,449/1988 were effective, which changed the tax calculation system, and alleged improper offset of overpayments made from January to May 1993;

b) PIS/PASEP tax notice amounting to R\$ 221,528 at 12/31/2017 (December 31, 2016 - R\$ 215,203), based on the identification of different tax bases for payment from January to December 1998, and from January to October 1999, resulting from the exclusion of revenues (or failure to include them) and from computing expenses considered incorrect and nondeductible from the tax base, respectively;

c) CSLL amounting to R\$ 173,278 at 12/31/2017 (December 31, 2016 - R\$ 165,782) relating to credit arising from overpayment reported in DIPJ and offset in 2003, discussing procedural issues; and

d) ICMS deficiency notice served by the São Paulo State Finance Department totaling R\$ 263,943 at 12/31/2017 (December 31, 2016 - R\$ 248,609), claiming the tax payment stemming from failure to withhold and collect ICMS at source on services classified under "communication" for tax purposes. This tax notice further determines that CAIXA is the ICMS taxpayer due to tax liability under the special agreement published by Brazil's National Board for Fiscal Policy (CONFAZ).

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

(d.2) Civil proceedings

Based on the opinion of its legal counsel, CAIXA systematically monitors all proceedings considered to be a possible or remote loss.

With regard to the amount of R\$ 1,918,840 (December 31, 2016 - R\$ 1,996,985), we must highlight a class action claiming illegal acts by CAIXA when managing PREVHAV funds, as succeeded to by BNH and a public class action on economic plans on savings filed by the association PROJUST, against which CAIXA filed a motion to reopen the case and question the legitimacy of the association. The enforcements involving such public class action are currently suspended following a decision handed down by the Higher Court of Justice.

(e) Analysis of deposits in court

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

Description	12/31/2017	12/31/2016
Tax proceedings	11,595,707	10,999,076
Civil proceedings	986,923	975,694
Labor proceedings	4,071,464	3,442,968
Total (Note 9 (b))	16,654,094	15,417,738

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

CAIXA is a government financial institution, linked to the Department of Finance, and its capital was fully paid in by the federal government. Therefore, it is directly controlled by the Federal Government.

(b) Related parties

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

Entity	Relationship
Federal Government (1)	Direct controlling agency
CAIXA Participações S.A.- CAIXAPAR (2)	Direct subsidiary
CAIXA Seguridade (2)	
CAIXA Instantânea (2)	
Banco PAN S.A.	Joint venture
Capgemini S.A.	
ELO Serviços S.A.	
Tecnologia Bancária S.A. - TECBAN	
CAIXA Seguros Holding S.A. (3)	Indirect affiliate
Cia Brasileira de Securitização - CIBRASEC	
Petrobras (4)	Entities controlled by the Federal Government
Eletrobras (4)	
Banco do Brasil (4)	
Banco Nacional de Desenvolvimento - BNDES (4)	
Fundação dos Economistas Federais - FUNCEF	Post-retirement benefit plan

(1) Refers mainly to transactions with the Federal Government, represented by their respective Ministries and the National Treasury Office.

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

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

(4) Entities that are controlled or that suffer direct or indirect significant influence of the Federal Government, and their balances are disclosed in "Other entities".

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(c) Related party transactions

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

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

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

On September 28, 2017, the market was informed about a non-binding "Memorandum of Understanding", signed between the subsidiary CAIXA Seguridade Participações S.A. and CNP Assurances S.A., in order to establish a new company effective as from January 1, 2018, engaged in the joint operation of the life insurance, moneylender and private pension lines, with exclusivity, in the distribution network of Caixa Econômica Federal.

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

CAIXA maintains with Capgemini IT service contracts for development of corporate solutions for own use. With TECBAN, CAIXA maintains service contracts for use of ATMs. At 12/31/2017, CAIXA amounts held by TECBAN reached R\$ 2,414,846 (December 31, 2016 - R\$ 2,237,473). ELO provides CAIXA with services and payment methods. CAIXA maintains contracts for provision of bank services and rent of properties owned by FUNCEF.

In the course of its operations CAIXA generated amounts receivable from its Controlling Entity which at 12/31/2017, totaled R\$ 2,818,279 (December 31, 2016 - R\$ 3,353,977).

Of the amount presented at December 31, 2017, R\$ 1,601,346 is comprised of balances relating to old operations, for which CAIXA's management is negotiating with the Federal Government for settlement of the amounts involved.

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The table below shows the balance sheet balances arising from related-party transactions, considering the relationship with such entities.

Description	12/31/2017			12/31/2016		
	Controlling entity	Jointly-controlled entities	Other entities (3)	Controlling entity	Jointly-controlled entities	Other entities (3)
ASSETS:	2,818,279	30,229,427	7,605,403	3,353,977	32,566,753	7,507,886
Short-term interbank investments	-	8,913,230	55,401	-	11,229,180	-
Securities	-	-	7,457,539	-	-	7,438,872
Income receivable	1,125,017	1,392	27,966	1,017,098	18,565	-
Loans - Public Sector (1)	71,439	-	-	184,413	-	-
Credits acquired	-	17,382,296	-	-	18,746,764	-
Other receivables (2)	1,621,823	3,339,036	-	2,152,466	2,506,533	-
Other assets	-	593,473	64,497	-	65,711	69,014
LIABILITIES:	13,234,600	1,638,672	40,676,864	9,085,025	1,409,960	43,886,748
Deposits	585,458	13,609	65,571	347,121	24,699	703
Open market funding	-	-	-	-	-	-
Local on-lending - official institutions	2,781,769	-	30,814,153	3,186,949	-	31,349,361
Funds and social programs	3,045,131	-	-	3,694,266	-	-
Financial and development funds	6,745,762	-	-	1,783,353	-	-
Sundry liabilities	76,480	1,625,063	9,797,140	73,336	1,385,261	12,536,684

(1) Amount of the group Controlling entities changed due to the update of its breakdown. The amount disclosed at December 31, 2016 was R\$ 13,980.

(2) Amount of the group Controlling entities changed due to the update of its breakdown. The amount disclosed at December 31, 2017 was R\$ 945,424.

(3) The group "Other entities" includes Banco do Brasil, BNDES, CAIXA Seguros Holding, CIBRASEAC, Eletrobrás, FUNCEF and Petrobrás.

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The table below shows the income statement balances arising from related-party transactions, considering the relationship with such entities.

Description	2nd half - 2017			Year - 2017			2nd half - 2016			Year - 2016		
	Controlling entity	Jointly-controlled entities	Other entities	Controlling entity	Jointly-controlled entities	Other entities	Controlling entity	Jointly-controlled entities	Other entities	Controlling entity	Jointly-controlled entities	Other entities
REVENUE:	382,903	800,665	539,947	778,392	1,763,933	1,060,850	381,786	1,280,952	219,323	742,873	2,387,653	372,154
Result of operations with marketable securities	-	436,067	-	-	1,095,629	-	-	786,256	-	-	1,507,318	-
Service income	63,677	-	362,867	135,943	-	716,937	52,239	290,314	-	80,307	494,992	-
Other operating income	319,226	364,598	177,080	642,449	668,304	343,913	329,547	204,382	219,323	662,566	385,343	372,154
EXPENSES:	(6,485)	(969,594)	(2,106,686)	(15,286)	(1,931,651)	(4,317,501)	(8,001)	(720,627)	(1,952,580)	(13,474)	(1,488,914)	(3,662,867)
Open market funding (1)	-	(294)	-	-	(498)	-	-	369	-	-	(823)	-
Personnel	-	-	(442,756)	-	-	(888,864)	-	-	(400,704)	-	-	(854,971)
Administrative expenses	-	-	(37,973)	-	-	(73,677)	-	-	(34,260)	-	-	(67,738)
Sales or transfer of financial assets	-	-	(340,955)	-	-	(769,468)	-	-	(141,523)	-	-	(221,939)
Other operating expenses (1) (2)	(6,485)	(969,300)	(1,285,002)	(15,286)	(1,931,153)	(2,585,492)	(8,001)	(720,996)	(1,376,093)	(13,474)	(1,488,091)	(2,518,219)

(1) The "Jointly-controlled entities" is mainly comprised of expenses on performance fees related to the acquisition of portfolio of receivables with Banco PAN and expenses on customers' transactions with automated teller machines of TECBAN.

(2) The "Other entities" is comprised of expenses on interest on onlending transactions related to the Marine Merchant Fund, BNDES, FAR, FAT and expenses on sharing of network with Banco do Brasil.

Notes to the Consolidated Financial Statements

All amounts in thousands of reais unless otherwise stated

(d) Compensation of key management personnel

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

Description	2017		2016	
	2nd half	Year	2nd half	Year
Short-term benefits	19,652	36,353	17,075	40,133
Salaries	14,908	26,925	12,636	29,666
Payroll charges	4,744	9,428	4,439	10,467

Description	12/31/2017 (amounts in R\$)		12/31/2016 (amounts in R\$)	
	Management	Employee	Management	Employee
Highest salary	56,196	45,163	56,196	42,903
Average salary	45,346	9,207	45,346	8,925
Lowest salary	41,867	2,697	41,867	2,624
Benefits	10,745	2,217	5,835	2,983

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

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

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

These provisions are broken down as follows:

Description	12/31/2017	12/31/2016
Short-term benefits	3,358,812	3,025,456
Salary-related	2,491,076	2,641,734
Profit sharing	867,736	383,722
Post-employment benefits (Note 18 (e))	22,274,820	22,816,082
Saúde CAIXA (actuarial calculation (g.1))	10,122,889	13,541,692
Meal and food vouchers (actuarial calculation (g.2))	1,422,383	1,331,503
Benefit plans- private pension plan (actuarial calculation (g.4))	10,729,548	7,942,887
Total	25,633,632	25,841,538

(b) Short-term benefits:

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

Notes to the Consolidated Financial Statements

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(c) Post-employment benefits:

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

(d) Plan management, organizational structure and corporate governance

In relation to retirement and pension plans sponsored by CAIXA, their management is carried out by Fundação dos Economistas Federais (FUNCEF), a closely-held supplementary pension, nonprofit entity with administrative and financial autonomy, created based on Law 6,435/1977 (repealed by Supplementary Law 109/2001).

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

FUNCEF has an Advisory Board, Executive Board and Supervisory Board, according to Supplementary Law 108/2001.

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

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

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

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

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

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

(e) Actuarial risks

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

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

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

Notes to the Consolidated Financial Statements

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CAIXA considers the actuarial risk as a Basel Accord Pillar 2 significant and, for this reason, it revised its actuarial risk model methodology, adequately measuring the extent of the assumptions adopted, the volatility of the assets and the variation of the actuarial liabilities. The model was validated by internal levels and is implemented.

(f) Asset/liability crosschecking strategy

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

As established by CMN Resolution 3,792/2009, to determine the allocation goal for funds that guarantee benefit plans by investment segment, FUNCEF adopts its own Asset Liability Management (ALM), which uses stochastic scenarios for changes in assets and liabilities, from pessimistic to optimistic scenarios built from scenarios approved by the Executive Board with detailed discussion on investment and technical advisory committees - having representatives of entities representing participants, sponsor and FUNCEF. The purpose of this model is to minimize the risk of benefit plans with expected profitability of five years, exceeding the accumulated actuarial target in more than 1% p.a., considering the individual characteristics of the plans, such as benefit payments, received contributions, committed capital, asset receipt flow and needed liquidity.

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

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

(g) Benefit plans

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

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

CAIXA's new bylaws, approved by the Extraordinary General Meeting held on December 14, 2017, established a ceiling of 6.5% of payroll as the maximum limit of CAIXA's total expenses on healthcare benefits. Due to the ceiling of the disbursements by the company with the costing of Saúde CAIXA, the technical studies prepared by Deloitte Touche Tohmatsu indicated a reduction in the Present Value of Obligations (PVO), since the provision recognized, in light of pronouncement CPC 33 (R1), considered the assumption that at the percentage of 70% of the assistance expenses, all future disbursements would be born without limit by CAIXA.

Considering the change in the plan regulations with the implementation of the annual ceiling of CAIXA's responsibility, of 6.5% of the payroll, a reduction was noted in the need to recognize a post-employment liability of Saúde CAIXA, and the related impacts on the statement of income can be observed in Note 34 - Other Information, item (c).

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

The amount of the actuarial provision obtained through the discount to present value of all the flows of assistance expenses relating to current and future retirees and pensioners is R\$ 10,122,889 (December 31, 2016 - R\$ 13,541,692).

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(g.2) Meal voucher and food basket allowance

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

The Meal Voucher and Food Basket Allowance are benefits paid exclusively to retirees and pensioners through court decision, or in or out of court settlement. In 2017, 697 new benefits were granted (600 benefits in 2016).

The monthly value of Meal Voucher and Food Basket Allowance is defined in September of each year. For the period from September 2017 to August 2018, the value of the luncheon/meal voucher is R\$ 737.00 per month to pay for meals at restaurants and similar establishments. The value of the food basket allowance from September 2017 to August 2018 is R\$ 580.83 per month to purchase food from supermarkets or similar commercial establishments. They have an indemnification nature and are not considered part of salary. Accordingly, there are no charges on the company and employees.

The amount of the actuarial provision obtained through the discount to present value of all the flows of meal and food basket allowance expenses relating to current and future retirees and pensioners is R\$ 1,422,383 (December 31, 2016 - R\$ 1,331,503).

(g.3) Benefit plan - PREVHAB payees

Under Decree 2,291/1986, the National Housing Bank (BNH) ceased to exist and CAIXA has been the successor to all of its duties and rights, including those arising from employment relations.

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

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

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

(g.4) Supplementary private pension plans

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

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The benefits provided to participants and beneficiaries of each plan are as follows:

Assured benefits	REG/REPLAN		REB	Novo Plano
	Settled	Not settled		
Supplementary retirement benefits based on the contribution period	-	Yes	-	-
Supplementary retirement benefits for disability	-	Yes	-	-
Supplementary retirement benefits based on age	-	Yes	-	-
Supplementary special retirement benefits	-	Yes	-	-
Supplementary pension benefits for death	-	Yes	-	-
Supplementary annual bonus	-	Yes	-	-
Funeral allowance	-	Yes	-	-
Self-sponsorship, deferred proportional benefit, portability and redemption	-	Yes	Yes	Yes
Full planned benefit	Yes	-	-	Yes
Prepaid planned benefit	Yes	-	-	Yes
Benefit for disability	Yes	-	-	Yes
Annual bonus	Yes	-	Yes	Yes
Prepaid single benefit	Yes	-	-	Yes
Pension for death	Yes	-	Yes	Yes
Benefit for death	Yes	-	Yes	Yes
Life annuity based on the contribution period	-	-	Yes	-
Life annuity based on retirement for disability of the licensed participant	-	-	Yes	-
Life annuity based on retirement for disability	-	-	Yes	-

- REG/REPLAN**

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

The settlement of the benefits of this plan was defined through an amendment to its regulations, on June 14, 2006. Such procedure means that the benefit amount is settled, calculated, and restated based on the plan's index, with no further reference to the participation salary, and the benefit is granted and maintained by a social security government agency. The regular contribution to this plan is canceled and the participant adheres to another benefit plan offered by the sponsor.

In line with the changes in previous plans, some items established by Supplementary Law 109/2001 are included, such as: guaranteed conditions for redemption and portability of the balance of the participant's individual account.

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

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

According to the regulation of the plan itself and Quasi-constitutional Laws 108/2011 and 109/2001, CAIXA bears on an equal basis with the members the accumulated deficit subject matter of the restructuring plan.

The amount to be contributed by CAIXA, adjusted to the base date of December 31, 2017, totals R\$ 9,592,356, of which R\$ 1,172,898 related to the deficit for 2014, with amortization over 17.4 years or 208 months; R\$ 3,562,488 related to the deficit for 2015, with amortization over 17.6 years or 211 months; and R\$ 4,856,970 related to the deficit for 2016, which has not yet been balanced. CAIXA payments to FUNCEF, related to the respective balancing plans, in 2017, amount to R\$ 245,331 (December 31, 2016 - R\$ 72,470).

Regarding the REG/REPLAN, in connection with the provisions of Technical Pronouncement CPC 33 (R1), CAIXA maintains a provision of R\$ 10,351,681 at December 31, 2017 (December 31, 2016- R\$ 7,654,277), to cover the actuarial deficit determined for such plan.

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

• REB

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

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

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

Based on Order 160/2008/GENEP, the REB Benefit Plan that was virtually segregated into REB 1998 and REB 2002 was unified.

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

• Novo Plano

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

Novo Plano is structured as Variable Contribution, with contribution defined in setting up reserves and benefit defined in receiving benefits, as well as in cases of risk benefits, such as disability and pension for death. It includes items established by Supplementary Law 109/ 2001 - such as guaranteed conditions for redemption and portability of the balance of the participant's individual account. It also adopts the new contribution base, increasing the portion allocated by CAIXA to the balance of the beneficiary's account. The participant's regular contribution is calculated by applying a percentage on the participation salary, defined upon adoption of the plan, which cannot be lower than 5% (five percent).

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

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

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

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

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

Description	12/31/2017(1)			12/31/2016 (1)		
	Active	Beneficiaries	Total	Active	Beneficiaries	Total
Saúde Caixa (Including dependents)	87,379	72,471	159,850	93,246	59,649	152,895
Meal vouchers and food basket allowance (retirees and pensioners)	-	16,020	16,020	-	15,153	15,153
PREVHAB (retirees and pensioners)	-	65	65	-	65	65
REG/REPLAN settled	15,104	41,868	56,972	20,726	36,422	57,148
REG/REPLAN not settled	1,170	4,341	5,511	2,371	3,761	6,132
REB	6,686	874	7,560	7,063	757	7,820
Novo Plano	78,237	6,365	84,602	84,217	5,274	89,491

(1) According to positions at 9/30/2017 and 9/30/2016

(i) Actuarial valuation of benefit plans

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

The actuarial calculations and surveys conducted by the advisory department with the technical pronouncement CPC 33 (R1), approved by CMN Resolution 4,424/2015, support CAIXA's accounting of equity and profit or loss.

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

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(i.1) Recognition of actuarial gains and losses

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

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

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

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

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

The calculation of the annual actuarial discount rate considers the return rate on first-class government bonds used as reference, considering that there are no marketable securities with the conditions provided for in CPC 33 (R1). This alternative approach is provided for by such standard.

Among the main actuarial assumptions adopted in Saúde CAIXA, we highlight the Aging Factor, used to measure the difference of cost between the different ages of participants covered by the plan. The Aging Factor adopted for 2017 was 3.42%, obtained based on the experience of the Saúde CAIXA Plan in 2016.

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

Description	Saúde CAIXA		Meal Voucher and Food Basket Allowance		PREVHAB	
	12/31/2017	12/31/2016	12/31/2017	12/31/2016	12/31/2017	12/31/2016
Annual interest rate	9.71%	9.88%	9.60%	10.00%	9.49%	10.07%
Projected annual salary increase	N/A	N/A	N/A	N/A	N/A	N/A
Projected annual benefit increase	N/A	N/A	N/A	N/A	4.00%	4.00%
Annual average inflation rate	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Expected return on plan assets	N/A	N/A	N/A	N/A	9.49%	10.07%
Turnover rate	0.92%	1.08%	N/A	N/A	N/A	N/A
General mortality table	RP 2000 (-20%)	RP 2000 (-20%)	RP 2000 (-20%)	RP 2000 (-20%)	RP 2000 (-20%)	RP 2000 (-20%)
Disability table	Light Fraca	Light Fraca	N/A	N/A	N/A	N/A
Disability mortality table	CSO - 58	CSO - 58	CSO - 58	CSO - 58	CSO - 58	CSO - 58
Retirement	M - 55 / F - 52	M - 55 / F - 52	N/A	N/A	N/A	N/A

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Description	REG/REPLAN settled		REG/REPLAN not settled		REB		Novo Plano	
	12/31/2017	12/31/2016	12/31/2017	12/31/2016	12/31/2017	12/31/2016	12/31/2017	12/31/2016
Annual interest rate	9.60%	10.01%	9.63%	9.99%	9.62%	10.06%	9.57%	10.00%
Projected annual salary increase	4.00%	4.00%	6.35%	6.43%	7.17%	7.31%	7.31%	6.49%
Projected annual benefit increase	N/A	N/A	4.00%	5.79%	4.00%	4.00%	4.00%	4.00%
Annual average inflation rate	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Expected return on plan assets	9.60%	10.01%	9.63%	9.99%	9.62%	10.06%	9.57%	10.00%
Turnover rate	N/A	N/A	N/A	N/A	Experience FUNCEF REB 2013	Experience FUNCEF REB 2013	Experience FUNCEF Novo Plano 2015	Experience FUNCEF Novo Plano 2015
General mortality table	RP 2000 (-20%)	RP 2000 (-20%)	RP 2000 (-20%)	RP 2000 (-20%)	RP 2000 (-20%)	RP 2000 (-20%)	RP 2000 (-20%)	RP 2000 (-20%)
Disability table	Light Fraca	Light Fraca	Light Fraca	Light Fraca	Light Fraca	Light Fraca	Light Fraca	Light Fraca
Disability mortality table	CSO - 58	CSO - 58	CSO - 58	CSO - 58	CSO - 58	CSO - 58	CSO - 58	CSO - 58
Retirement	M - 53 / F- 48	M - 53 / F- 48	M - 53 / F- 48	M - 55 / F- 52	100% - 1a. eligibility	100% - 1a. eligibility	100% - 1a. eligibility	M - 55 / F- 52

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

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

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

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Description	Saúde CAIXA			Meal Voucher and Food Basket Allowance			PREVHAB		
	2nd half of 2017	Year 2017	Year 2016	2nd half of 2017	Year 2017	Year 2016	2nd half of 2017	Year 2017	Year 2016
VPOA at the beginning of the period	(14,496,623)	(13,541,692)	(12,068,398)	(1,376,451)	(1,331,503)	(1,097,455)	(55,576)	(51,831)	(41,116)
Current service cost	(121,357)	(235,069)	(199,468)	-	-	-	-	-	-
Interest cost	(704,063)	(1,363,490)	(1,686,282)	(64,717)	(128,240)	(157,553)	(2,615)	(4,751)	(5,307)
Re-measurement of actuarial gains (losses)	(300,101)	(692,250)	36,327	(46,069)	(89,484)	(191,150)	(7,119)	(11,220)	(10,451)
Experience adjustments	213,856	(129,993)	2,788,480	(17,270)	(46,775)	(53,755)	(4,710)	(7,991)	(4,980)
Changes in demographic assumptions	(54,561)	(54,561)	93,408	-	-	-	-	-	-
Changes in financial assumptions	(459,396)	(507,696)	(2,845,561)	(28,799)	(42,709)	(137,395)	(2,409)	(3,229)	(5,471)
Benefits paid directly by the plan	-	-	-	-	-	-	2,879	5,371	5,043
Benefits paid directly by the Entity	238,745	449,102	376,129	64,854	126,844	114,655	-	-	-
Cost of past service	5,260,510	5,260,510	-	-	-	-	-	-	-
VPOA at the end of the period	(10,122,889)	(10,122,889)	(13,541,692)	(1,422,383)	(1,422,383)	(1,331,503)	(62,431)	(62,431)	(51,831)

Description	REG/REPLAN settled			REG/REPLAN not settled			REB			Novo Plano		
	2nd half of 2017	Year 2017	Year 2016	2nd half of 2017	Year 2017	Year 2016	2nd half of 2017	Year 2017	Year 2016	2nd half of 2017	Year 2017	Year 2016
VPOA at the beginning of the period	(54,569,635)	(49,346,014)	(38,512,812)	(5,888,078)	(5,083,154)	(3,901,853)	(391,866)	(341,032)	(277,605)	(1,333,214)	(1,206,044)	(861,103)
Current service cost	-	-	-	(6,612)	(12,846)	(3,087)	(1,349)	(2,311)	(1,839)	(3,914)	(4,417)	(9,606)
Interest cost	(2,604,674)	(4,986,596)	(5,069,593)	(282,487)	(528,933)	(516,800)	(18,661)	(35,185)	(34,526)	(64,313)	(123,833)	(123,692)
Participant's expected contributions	-	(63,575)	(142,051)	(17,358)	(33,523)	(28,085)	(1,542)	(2,088)	(842)	(501)	(701)	(71)
Re-measurement of actuarial gains (losses)	901,545	(3,533,846)	(8,072,610)	(571,746)	(1,225,654)	(841,398)	(27,369)	(75,189)	(50,846)	(540,819)	(647,575)	(260,192)
Experience adjustments	2,352,516	(2,024,881)	(2,915,029)	(356,500)	(1,005,924)	(176,182)	(11,884)	(55,743)	(12,902)	(386,471)	(455,811)	(41,934)
Changes in demographic assumptions	-	722,919	(44,954)	-	(22,363)	(23,329)	-	-	(168)	(9,270)	(48,930)	(5,253)
Changes in financial assumptions	(1,450,971)	(2,231,884)	(5,112,627)	(215,246)	(197,367)	(641,887)	(15,485)	(19,446)	(37,776)	(145,078)	(142,834)	(213,005)
Benefits paid directly by the plan	1,476,960	3,134,227	2,451,052	135,059	252,888	208,069	14,348	29,366	24,626	42,069	81,878	48,620
VPOA at the end of the period	(54,795,804)	(54,795,804)	(49,346,014)	(6,631,222)	(6,631,222)	(5,083,154)	(426,439)	(426,439)	(341,032)	(1,900,691)	(1,900,691)	(1,206,044)

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(i.5) Defined benefit obligation maturity:

Description	Saúde CAIXA	Meal voucher and food basket allowance	PREVHAB	REG/REPLAN settled	REG/REPLAN not settled	REB	Novo Plano
Payment of expected benefits at the end of 12/31/2018	693,379	131,560	5,958	3,532,188	344,660	29,971	82,844
Payment of expected benefits at the end of 12/31/2019	665,029	120,838	6,370	3,404,455	336,997	28,304	82,968
Payment of expected benefits at the end of 12/31/2020	626,482	111,009	5,807	3,290,183	331,083	26,715	82,715
Payment of expected benefits at the end of 12/31/2021	597,280	101,942	5,278	3,145,787	321,616	25,202	81,856
Payment of expected benefits at the end of 12/31/2022 or after	7,540,719	957,034	39,018	41,423,191	5,296,866	316,247	1,570,308
Total	10,122,889	1,422,383	62,431	54,795,804	6,631,222	426,439	1,900,691
<i>Duration of actuarial liabilities at 12/31/2017</i>	20.86 years	12.23 years	8.69 years	12.24 years	13.45 years	9.62 years	11.58 years

(i.6) Reconciliation of fair value of plan assets:

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

The supplementary health plans and food allowance/basket of food staples are directly managed by CAIXA and do not have assets. The following reconciliation shows the evolution of fair value of plan assets - VJAP:

Description	PREVHAB			REG/REPLAN settled			REG/REPLAN not settled		
	2nd half of 2017	Year 2017	Year 2016	2nd half of 2017	Year 2017	Year 2016	2nd half of 2017	Year 2017	Year 2016
VJAP at the beginning of the period	55,576	51,831	41,116	35,380,324	34,863,940	33,898,116	4,252,308	4,256,614	3,988,451
Interest income	2,615	4,751	5,307	1,687,871	3,350,581	4,294,906	202,810	408,555	519,467
Gains (losses) on plan assets (excluding interest income)	7,119	11,220	10,451	484,728	865,492	(1,132,023)	(2,053)	(120,307)	(94,069)
Employer's contributions	-	-	-	162,325	228,867	111,942	11,472	21,339	22,749
Contributions paid by the participants in the plan	-	-	-	138,541	202,116	142,051	17,358	33,523	28,085
Benefits paid by the plan	(2,879)	(5,371)	(5,043)	(1,476,960)	(3,134,227)	(2,451,052)	(135,059)	(252,888)	(208,069)
VJAP at the end of the period	62,431	62,431	51,831	36,376,829	36,376,769	34,863,940	4,346,836	4,346,836	4,256,614

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Description	REB			Novo Plano		
	2nd half of 2017	Year 2017	Year 2016	2nd half of 2017	Year 2017	Year 2016
VJAP at the beginning of the period	344,222	318,259	250,893	937,653	651,598	344,443
Interest income	16,366	31,771	32,992	47,233	79,642	60,183
Gains (losses) on plan assets (excluding interest income)	35,050	59,524	57,294	214,911	484,284	247,776
Employer's contributions	1,553	2,110	865	28,782	52,664	47,745
Contributions paid by the participants in the plan	1,542	2,087	841	501	701	71
Benefits paid by the plan	(14,348)	(29,366)	(24,626)	(42,069)	(81,878)	(48,620)
VJAP at the end of the period	384,385	384,385	318,259	1,187,011	1,187,011	651,598

(i.7) Equity information of plan assets:

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

Description	PREVHAB		REG/REPLAN settled		REG/REPLAN not settled		REB		Novo Plano	
	12/31/2017	12/31/2016	12/31/2017	12/31/2016	12/31/2017	12/31/2016	12/31/2017	12/31/2016	12/31/2017	12/31/2016
Fixed income	100.00%	100.00%	58.71%	56.04%	58.30%	55.99%	61.42%	58.50%	69.93%	69.25%
Variable income	-	-	22.01%	22.29%	25.06%	25.17%	24.64%	24.61%	20.30%	19.45%
Structured investments	-	-	5.10%	7.56%	4.68%	6.92%	4.34%	5.21%	2.89%	3.09%
Real estate investments	-	-	11.26%	11.09%	10.49%	10.38%	3.34%	3.54%	0.50%	0.47%
Participants	-	-	2.92%	3.01%	1.47%	1.54%	6.27%	8.14%	6.38%	7.74%
Other investments	-	-	-	0.01%	-	-	-	-	-	-
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

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

Description	Saúde CAIXA	Meal voucher and food basket allowance	PREVHAB	REG/REPLAN settled	REG/REPLAN not settled	REB	Novo Plano
Savings account - Own portfolio	-	-	-	3,497,274	309,564	202,240	1,132,507
Investment funds - Own portfolio	-	-	-	30,998,731	3,790,929	1,596,129	11,229,442
Properties - Leased to CAIXA	-	-	-	4,564,415	488,750	63,493	63,393
Total	-	-	-	39,060,420	4,589,243	1,861,862	12,425,342

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

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

Description	Saúde CAIXA			Meal voucher and food basket allowance			PREVHAB		
	2nd half of 2017	Year 2017	Year 2016	2nd half of 2017	Year 2017	Year 2016	2nd half of 2017	Year 2017	Year 2016
VPOA at the end of the period	(10,122,889)	(10,122,889)	(13,541,692)	(1,422,383)	(1,422,383)	(1,331,503)	(62,431)	(62,431)	(51,831)
VJAP at the end of the period	-	-	-	-	-	-	62,431	62,431	51,831
Surplus (deficit) of the plan	(10,122,889)	(10,122,889)	(13,541,692)	(1,422,383)	(1,422,383)	(1,331,503)	-	-	-
Effect of restriction on actuarial liability (1)	-	-	-	-	-	-	-	-	-
Asset ceiling effect (2)	-	-	-	-	-	-	-	-	-
Net asset (liability)	(10,122,889)	(10,122,889)	(13,541,692)	(1,422,383)	(1,422,383)	(1,331,503)	-	-	-

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

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

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Description	REG/REPLAN settled			REG/REPLAN not settled			REB			Novo Plano		
	2nd half of 2017	Year 2017	Year 2016	2nd half of 2017	Year 2017	Year 2016	2nd half of 2017	Year 2017	Year 2016	2nd half of 2017	Year 2017	Year 2016
VPOA at the end of the period	(54,795,804)	(54,795,804)	(49,346,014)	(6,631,222)	(6,631,222)	(5,083,154)	(426,439)	(426,439)	(341,032)	(1,900,691)	(1,900,691)	(1,206,044)
VJAP at the end of the period	36,376,829	36,376,829	34,864,000	4,346,836	4,346,836	4,256,614	384,385	384,385	318,259	1,187,011	1,187,011	651,598
Surplus (deficit) of the plan	(18,418,975)	(18,418,975)	(14,482,014)	(2,284,386)	(2,284,386)	(826,540)	(42,054)	(42,054)	(22,773)	(713,680)	(713,680)	(554,446)
Effect of restriction on actuarial liability (1)	9,209,488	9,209,488	7,241,007	1,142,193	1,142,193	413,270	21,027	21,027	11,387	356,840	356,840	277,223
Asset ceiling effect (2)	-	-	-	-	-	-	-	-	-	-	-	-
Net asset (liability)	(9,209,487)	(9,209,487)	(7,241,007)	(1,142,193)	(1,142,193)	(413,270)	(21,027)	(21,027)	(11,387)	(356,840)	(356,840)	(277,223)

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

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

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

Description	Saúde CAIXA			Meal voucher and food basket allowance			PREVHAB		
	2nd half of 2017	Year 2017	Year 2016	2nd half of 2017	Year 2017	Year 2016	2nd half of 2017	Year 2017	Year 2016
Net (liabilities)/assets recognized at the beginning of the period	(14,496,623)	(13,541,692)	(12,068,398)	(1,376,451)	(1,331,503)	(1,097,455)	-	-	-
Service cost	(121,357)	(235,069)	(199,468)	-	-	-	-	-	-
Net interest on net (liabilities)/assets	(704,063)	(1,363,490)	(1,686,281)	(64,717)	(128,240)	(157,553)	-	-	-
Entity contributions	-	-	-	-	-	-	-	-	-
Benefits paid directly by the Entity	238,745	449,102	376,128	64,854	126,844	114,655	-	-	-
Amount recognized in other comprehensive income	(300,101)	(692,250)	36,327	(46,069)	(89,484)	(191,150)	-	-	-
Cost of past service	5,260,510	5,260,510	-	-	-	-	-	-	-
(Liabilities)/assets recognized at the end of the period	(10,122,889)	(10,122,889)	(13,541,692)	(1,422,383)	(1,422,383)	(1,331,503)	-	-	-

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Description	REG/REPLAN settled			REG/REPLAN not settled			REB			Novo Plano		
	2nd half of 2017	Year 2017	Year 2016	2nd half of 2017	Year 2017	Year 2016	2nd half of 2017	Year 2017	Year 2016	2nd half of 2017	Year 2017	Year 2016
Net (liabilities)/assets recognized at the beginning of the period	(9,594,656)	(7,241,007)	(2,307,318)	(817,885)	(413,270)	(60,215)	(23,822)	(11,387)	(13,356)	(197,780)	(277,223)	(258,331)
Service cost	-	-	-	(6,612)	(12,846)	(7,358)	(1,349)	(2,311)	(1,840)	(3,914)	(4,417)	(9,605)
Net interest on net (liabilities)/assets	(458,401)	(818,007)	(387,344)	(39,838)	(60,189)	(3,162)	(1,148)	(1,708)	(856)	(8,540)	(22,095)	(31,755)
Entity contributions	162,325	228,867	111,942	11,471	21,338	11,290	1,553	2,110	865	28,782	52,664	47,745
Benefits paid directly by the Entity	-	-	-	-	-	-	-	-	-	-	-	-
Amount recognized in other comprehensive income	681,245	(1,379,340)	(4,658,287)	(289,329)	(677,226)	(353,825)	3,739	(7,731)	3,800	(175,388)	(105,769)	(25,277)
(Liabilities)/assets recognized at the end of the period	(9,209,487)	(9,209,487)	(7,241,007)	(1,142,193)	(1,142,193)	(413,270)	(21,027)	(21,027)	(11,387)	(356,840)	(356,840)	(277,223)

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

(Expense)/ income expected - CPC 33 (R1)						
Description	Saúde CAIXA	Meal Voucher and Food Basket Allowance	REG/REPLAN settled	REG/REPLAN not settled	REB	Novo Plano
	1st half of 2018	1st half of 2018	1st half of 2018	1st half of 2018	1st half of 2018	1st half of 2018
Cost of current service, net	(136,690)	-	-	(3,821)	(727)	(6,460)
Cost of interest, net	(475,632)	(65,084)	(422,187)	(54,413)	(925)	(15,677)
Total (expenses)/ income to be recognized in the next year	(612,322)	(65,084)	(422,187)	(58,234)	(1,652)	(22,137)

Expected payments - CPC 33 (R1)						
Description	Saúde CAIXA	Meal Voucher and Food Basket Allowance	REG/REPLAN settled	REG/REPLAN not settled	REB	Novo Plano
	1st half of 2018	1st half of 2018	1st half of 2018	1st half of 2018	1st half of 2018	1st half of 2018
Benefits	346,689	65,780	-	-	-	-
Risk contributions	-	-	-	8,729	1,574	23,886
Extraordinary contributions	-	-	409,525	2,970	10	470
Total payments expected for the plan	346,689	65,780	409,525	11,699	1,584	24,356

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(i.12) Sensitivity analysis of the main financial and demographic assumptions:

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

Sensitivity analysis of significant assumptions - CPC 33 (R1)									
Description	Actuarial table		Discount rate		Wage growth		Aging Factor (1)		Year 2017
	+ 1 age	- 1 age	+ 0.25%	-0.25%	-1.00%	+1.00%	+1.00%	-1.00%	
Saúde CAIXA									
Interest expense	(477,760)	(472,661)	(475,567)	(475,633)	N/A	N/A	(577,450)	(397,528)	(1,363,490)
Present value of actuarial obligations	(10,177,672)	(10,049,543)	(9,876,703)	(10,380,711)	N/A	N/A	(12,312,672)	(8,446,647)	(10,122,889)
Meal voucher and food basket allowance									
Interest expense	(63,394)	(66,762)	(65,470)	(64,679)	N/A	N/A	N/A	N/A	(128,240)
Present value of actuarial obligations	(1,387,157)	(1,457,359)	(1,395,759)	(1,450,008)	N/A	N/A	N/A	N/A	(1,422,383)
PREVHAB									
Interest expense	(2,788)	(2,933)	(2,879)	(2,842)	N/A	N/A	N/A	N/A	(4,751)
Present value of actuarial obligations	(60,432)	(63,506)	(60,790)	(63,206)	N/A	N/A	N/A	N/A	(62,431)
REG/REPLAN settled									
Interest expense	(2,528,266)	(2,757,924)	(2,624,694)	(2,648,501)	N/A	N/A	N/A	N/A	(4,986,596)
Present value of actuarial obligations	(152,529,076)	(57,300,498)	(53,152,142)	(56,494,221)	N/A	N/A	N/A	N/A	(54,795,804)
REG/REPLAN not settled									
Cost of services	(3,099)	(3,912)	(3,205)	(3,775)	N/A	N/A	N/A	N/A	(12,846)
Interest expense	(271,849)	(297,296)	(282,318)	(285,387)	N/A	N/A	N/A	N/A	(528,933)
Present value of actuarial obligations	(15,820,321)	(6,349,003)	(5,889,358)	(6,259,666)	N/A	N/A	N/A	N/A	(6,631,222)
REB									
Cost of services	(604)	(731)	(316)	(697)	N/A	N/A	N/A	N/A	(2,311)
Interest expense	(19,086)	(20,852)	(19,997)	(19,840)	N/A	N/A	N/A	N/A	(35,185)
Present value of actuarial obligations	(408,799)	(445,932)	(417,187)	(435,919)	N/A	N/A	N/A	N/A	(426,439)
Novo Plano									
Cost of services	(5,045)	(6,836)	(2,680)	(6,447)	N/A	N/A	N/A	N/A	(4,417)
Interest expense	(172,469)	(188,315)	(89,917)	(90,024)	N/A	N/A	N/A	N/A	(123,833)
Present value of actuarial obligations	(1,822,066)	(1,987,571)	(1,851,187)	(1,951,636)	N/A	N/A	N/A	N/A	(1,900,691)

(1) Aging Factor from December 31, 2017 in replacement of the HCCTR (Medical Cost Growth Rate).

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Sensitivity analysis of significant assumptions - CPC 33 (R1)									
Description	Actuarial table		Discount rate		Wage growth		HCCTR (1)		Year 2016
	+ 1 age	- 1 age	+ 0.25%	-0.25%	+0.25%	-0.25%	+1.00%	-1.00%	
Saúde CAIXA									
Interest expense	(680,807)	(637,815)	(649,372)	(669,813)	(1,686,282)	N/A	(786,277)	(560,921)	(860,518)
Present value of actuarial obligations	(13,985,105)	(13,087,938)	(13,013,408)	(14,104,324)	(13,541,692)	N/A	(16,110,553)	(11,546,833)	(13,541,692)
Meal voucher and food basket allowance									
Interest expense	(61,976)	(65,053)	(63,838)	(63,191)	(157,553)	N/A	N/A	N/A	(75,132)
Present value of actuarial obligations	(1,300,562)	(1,362,114)	(1,306,674)	(1,357,262)	(1,331,503)	N/A	N/A	N/A	(1,331,503)
PREVHAB									
Interest expense	(4,763)	(5,218)	(4,990)	(4,965)	(5,307)	N/A	N/A	N/A	(2,813)
Present value of actuarial obligations	(49,686)	(54,200)	(50,740)	(52,946)	(51,831)	N/A	N/A	N/A	(44,811)
REG/REPLAN settled									
Interest expense	(4,647,072)	(5,077,189)	(4,839,317)	(4,860,725)	(5,069,592)	N/A	N/A	N/A	(2,430,499)
Present value of actuarial obligations	(47,304,726)	(51,601,600)	(48,047,262)	(50,682,946)	(49,346,014)	N/A	N/A	N/A	(49,346,014)
REG/REPLAN not settled									
Cost of services	(16,252)	(18,262)	(8,263)	(17,909)	(3,086)	N/A	N/A	N/A	(7,359)
Interest expense	(479,334)	(523,552)	(497,528)	(502,881)	(516,800)	N/A	N/A	N/A	(246,446)
Present value of actuarial obligations	(4,872,880)	(5,315,503)	(4,933,414)	(5,237,794)	(5,083,154)	N/A	N/A	N/A	(5,083,154)
REB									
Cost of services	(24,146)	(26,364)	(12,251)	(25,918)	(1,839)	N/A	N/A	N/A	(1,148)
Interest expense	(112,467)	(122,969)	(117,012)	(117,835)	(34,525)	N/A	N/A	N/A	(17,132)
Present value of actuarial obligations	(1,156,154)	(1,261,172)	(1,173,047)	(1,240,048)	(341,032)	N/A	N/A	N/A	(341,032)
Novo Plano									
Cost of services	(806)	(3,023)	(581)	(2,577)	(9,606)	N/A	N/A	N/A	(1,306)
Interest expense	(114,198)	(124,669)	(118,784)	(119,522)	(123,692)	N/A	N/A	N/A	(64,220)
Present value of actuarial obligations	(1,156,154)	(1,261,172)	(1,173,047)	(1,240,048)	(1,206,044)	N/A	N/A	N/A	(1,206,044)

(1) HCCTR - Medical Cost Growth Rate.

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

Description	2nd half of 2017	Year 2017	Year 2016
REB	21,309	43,014	41,381
Novo Plano	412,886	841,409	850,860
Total	434,195	884,423	892,241

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

Description	2nd half of 2017	Year 2017	Year 2016
Lawsuits	3,749	7,626	8,941
Total	3,749	7,626	8,941

Note 33 - Corporate risk management

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

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

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

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

A detailed description of the risk and capital management structures, including responsibilities, practices, processes, procedures and models, is available at: <http://www.caixa.gov.br>, menu "Sobre a CAIXA, Informações Financeiras, Relatórios de Gerenciamento."

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Capital Management

The capital management structure, capital management process and the internal process of capital adequacy assessment (ICAAP) are adopted by CAIXA in accordance with CMN Resolution 4,557/2017 and BACEN Circular Letter 3,846/2017.

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

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

Accordingly, capital is managed through:

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

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

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Regulatory Capital Requirements

Pursuant to CMN Resolutions 4,192/2013 and 4,193/2013, since January 2015, the calculation of regulatory required capital and minimum required capital now includes Prudencial Conglomerate. These capital indicators are detailed in the table below.

Calculation of regulatory required capital		
Description	12/31/2017	12/31/2016
Regulatory Capital - PR	93,464,469	77,719,299
Tier I	59,387,930	54,397,312
Principal capital - CP	59,387,930	54,397,312
Equity (1)	34,407,851	27,179,943
Hybrid capital and debt instruments authorized under CMN Resolution 4,192/2013	36,975,702	36,453,644
Exceeded limit established in art. 25 of CMN Resolution 4,192/2013	-	-
Prudential adjustments	(11,995,623)	(9,236,275)
Supplementary Capital - CC	-	-
Hybrid capital and debt instruments authorized under CMN Resolution 3,444/2007	-	-
Tier II	34,076,539	23,321,987
Subordinated debt instruments	33,189,571	22,446,278
Subordinated debt instruments (0% deduction)	-	-
Subordinated debt instruments (40% deduction)	-	(1,122,092)
Subordinated debt instruments (60% deduction)	(1,158,580)	-
Subordinated notes	1,706,463	1,681,237
Financial bills	370,662	336,890
Financial bills (0% deduction)	-	-
Financial bills (20% deduction)	(445)	-
Financial bills (40% deduction)	-	(5,667)
Financial bills (60% deduction)	(9,436)	(14,659)
Financial bills (80% deduction)	(21,696)	-
Risk-weighted assets (RWA)	529,502,315	574,167,634
Credit risk - RWA _{CPAD}	458,355,599	509,291,713
Market risk - trading portfolio - RWA _{MPAD}	9,657,268	12,094,327
Interest rate - RWA _{JUR}	4,706,200	6,362,640
Commodities - RWA _{COM}	1,709,383	1,809,534
Shares- RWA _{ACS}	192,542	-
Foreign exchange - RWA _{CAM}	3,049,143	3,922,153
Operating risk - RWA _{OPAD}	61,489,448	52,781,594
Additional Principal capital - ACP	7,942,535	3,588,548
Minimum Required Reference Equity (RWA*Factor F) - PRMR + ACP	56,921,499	60,316,310
Market risk - non-trading portfolio - R_{BAN}	1,333,900	6,912,474
Capital margin (PR - PRMR - R_{BAN})	35,209,070	10,490,515
Principal capital rate (CP / RWA)	11.22%	9.47%
Capital rate - Level I (Level I / RWA)	11.22%	9.47%
Basel rate (PR / RWA)	17.65%	13.54%
Factor F (CMN Resolution 4,193/2013)	9.25%	9.88%

(1) Equity discounted from hybrid debt/equity instruments authorized under CMN Resolution 4,192/2013.

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Credit Risk

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

Credit risk is controlled and monitored through the identification, measurement, assessment and follow-up of delay and exposure indicators, credit limit by borrower, transaction, segment, geographic region and economic activity sector; incurred, expected and unexpected losses; actual loss beginning in July 2017; provisions; transaction ratings; regulatory and economic capital requirements; alternatives proposed to mitigate credit risk and reporting to product and service managers and CAIXA's decision-making levels.

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

Furthermore, new transactions are evaluated based on Credit Scoring - CS models or analyses performed by experts, depending on the characteristics of the borrower and transaction. Transactions in the portfolio are periodically reviewed; retail transactions make use of Behavioral Scoring - BS models, and rating re-evaluation is used for the other exposures.

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

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

Market Risk

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

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

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

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

Market Risk Measurement

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

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

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

Value at Risk - VaR

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

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

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

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

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

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

Stress Testing

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

The analysis of historical scenarios uses the worst-case scenarios for interest curves which have already occurred (from January 2014 on) to measure their impacts on the value of CAIXA's portfolio.

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

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

The analysis of prospective scenarios consists of verifying the impacts on the value of CAIXA's portfolio in the event the projected scenario takes place. At CAIXA, the prospective scenarios are proposed by the Vice President of Finance, who explains the assumptions and hypotheses adopted for each model variable, and are approved by the Risk Committee, so that they can be used as inputs for the risk models.

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

- High-stress scenario, weighting possible internal and external adversities which lead to an increase in the interest rate above the rates considered in the reference scenario; and
- Low-stress scenario, considering alternative events which lead to a decrease in the interest rate below that considered in the reference scenario.

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

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

Trading portfolio

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

Value at Risk - Normal Scenario ⁽¹⁾		
Risk Factors	12/31/2017	12/31/2016
PRE	38,478	15,199
IPCA Coupon	-	2,492
IPCA Coupon	3	(39)
Bovespa Shares	538	-
TR Coupon	39,019	17,652

(1) All amounts considering the portfolio diversification effect.

Operations in banking portfolio

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

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

The methodology adopted as from August 2017 to measure the risk of operations of the banking portfolio and subject to fluctuations in interest rates is based on approaches of economic value and financial intermediation, in compliance with BACEN Circular Letter 4,557/2017.

Stress testing is conducted in accordance with BACEN Circular Letter 3,365/2007. Additionally, sensitivity analysis is performed to check any changes in the banking portfolio amount by applying percentage points to the term structure of each one of the risk factors, simulating the increase in rates and the consequent reduction in asset prices.

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Financial Instruments - Market Value

Description	INDIVIDUAL					
	Book Value		Mark to Market Value		Payable or Receivable	
	12/31/2017	12/31/2016	12/31/2017	12/31/2016	12/31/2017	12/31/2016
Comparison between the financial instruments recorded in the balance sheet accounts and their mark-to-market value- ASSET						
Investments in interbank deposits	13,321,706	12,429,265	13,322,055	12,429,667	349	402
Investments in repurchase agreements	130,911,089	144,645,896	130,887,147	144,595,084	(23,942)	(50,812)
Securities and financial instruments	186,141,225	179,646,715	189,050,950	181,060,818	2,909,725	1,414,103
Trading securities	108,957,427	108,346,402	108,957,427	108,346,402	-	-
Available-for-sale securities	36,094,876	21,808,716	36,094,876	21,808,716	-	-
Held-to-maturity securities	41,088,922	49,491,597	43,998,647	50,905,700	2,909,725	1,414,103
Loan operations, leases and other receivables	690,863,001	690,640,624	651,764,237	633,458,493	(39,098,764)	(57,182,131)
Commercial	162,332,377	191,767,880	179,389,730	208,162,537	17,057,353	16,394,657
Rural	6,914,403	7,216,914	6,651,071	7,216,914	(263,332)	-
Housing	431,187,564	405,495,273	381,369,897	342,401,818	(49,817,667)	(63,093,455)
Infrastructure/Development	82,607,985	78,379,488	76,532,867	67,896,155	(6,075,118)	(10,483,333)
Other receivables	7,820,672	7,781,069	7,820,672	7,781,069	-	-
Comparison between the financial instruments recorded in the balance sheet accounts and their mark-to-market value - LIABILITY						
Funding transactions	239,942,916	291,527,948	250,953,842	298,464,519	11,010,926	6,936,571
CDB/RDB	111,732,731	137,433,519	113,079,432	139,001,542	1,346,701	1,568,023
Credit Bills (LF, LH, LCI and LCA)	117,528,334	140,913,283	125,568,844	145,806,273	8,040,510	4,892,990
Securities issued abroad	10,681,851	13,181,146	12,305,566	13,656,704	1,623,715	475,558
Funds obtained from repurchase agreements	148,663,402	159,545,749	148,100,885	159,509,724	(562,517)	(36,025)
Local borrowings and onlendings and Other	266,924,358	239,472,800	208,286,137	178,245,547	(58,638,221)	(61,227,253)
Abroad	2,147,951	5,425,078	2,173,575	5,448,083	25,624	23,005
Treasury	54,895	53,145	55,585	51,303	690	(1,842)
FGTS	235,620,378	204,156,954	180,590,773	147,563,794	(55,029,605)	(56,593,160)
BNDES	28,745,475	28,894,894	25,123,457	24,349,112	(3,622,018)	(4,545,782)
Deposits without yield	355,659	942,729	342,747	833,255	(12,912)	(109,474)
Capital and debt instrument / Subordinated debt	39,019,817	28,541,406	21,351,298	18,599,007	(17,668,519)	(9,942,399)

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

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

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

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

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

- a) Use of prices and reference rates calculated and disclosed by ANBIMA.
- b) Construction of the term structure by adding the spread between an interest rate curve of government securities and one of B3 with similar characteristics, or the curve of a similar asset which has liquidity in the secondary market, to the charge or surcharge of the security.

The marking-to-market of the transactions classified in the banking portfolio and subject to interest rate risk is based on the construction of the cash flows of assets and liabilities and of the term structures of market interest rates.

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

Sensitivity analysis of the significant positions - CVM Instruction 475

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

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

Scenario I: Probable scenario which considers the most likely trend for the variables and macroeconomic indicators;

Scenario II: Possible scenario which considers a +25% or -25% parallel shock in scenario I in the risk variables at the balance sheet date;

Scenario III: Second possible scenario which considers a +50% or -50% parallel shock in scenario I in the risk variables at the balance sheet date, which are deemed the worst possible losses.

The Financial Instruments results at 12/31/2017 are summarized in the following table:

Description	Risk	Probable scenario	25% shift	50% shift
Fixed rate	Increase in interest rate	(254,440)	(6,147,422)	(11,835,994)
Price index	Increase in price index coupons	(29,403)	(719,657)	(1,393,367)
TR/TBF/TJLP	Increase in TR coupon	(260,473)	(5,345,212)	(8,941,236)
Foreign exchange variation	Decrease in exchange rates	(400)	(10,264)	(21,254)

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Liquidity Risk

Liquidity risk is defined as the possibility of an Institution not being able to efficiently honor its expected and unexpected obligations, both current and future, including those arising from the restriction of guarantees, without affecting its daily operations and without incurring significant losses; and the possibility of an Institution not being able to negotiate a position at market price due to its high size in relation to the volume usually negotiated or in connection with a discontinuity in the market.

CAIXA maintains its liquidity risk management structure in accordance with CMN Resolutions 4,090/2012, 4,388/2014 and 4,557/2017.

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

CAIXA developed and implemented proprietary models for projection of cash flows of bank operations in a normal and stress scenario and for measurement of daily potential negotiation of securities and liquidity risk cushion.

Short-term liquidity management requires monitoring the intraday liquidity and the relationship between highly convertible securities, which are the assets available for trading and/or carrying out repurchase operations, and the liquidity risk cushion, which is defined as the minimum strategic reserve of funds to tackle a crisis situation, comprised of high quality assets in portfolio, required to ensure that the Institution is able to meet the cash flow obligations expected for 30 days.

Additionally, the Liquidity Contingency Plan was established in view of Limits set for evaluation and anticipation of possible problems or liquidity crisis. The violation of any limit or any external event that causes a significant impact on CAIXA's liquidity is timely reported to the Executive Board for evaluation of the implementation of the liquidity contingency regime.

This Plan defines the responsibilities of the units and levels involved in its execution, the actions for increasing liquidity and the plan to lead CAIXA to an acceptable situation or re-establish its liquidity level.

The measurement and monitoring of the levels of exposure to liquidity risk are daily reported to the Vice-Presidents of Risk, Finance and Controlling, monthly to the Delegate Risk and Capital Committee, and semiannually to the Board of Directors.

Operational Risk

CMN Resolution 4,557/2017 defines the operational risk as the possibility of occurrence of losses resulting from external events or from failure, deficiency or inadequacy of internal processes, people and systems. This includes the legal risk associated with inadequacy or weakness in contracts signed by the Bank, in addition to disciplinary actions from non-observance of legal provisions and damages paid to third parties arising from activities carried out by CAIXA.

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

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

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

CAIXA is implementing the Defense Lines model that corresponds to a form of structuring of the Company's processes in order to organize the roles and responsibilities regarding the Risk Control and Management Environment.

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All amounts in thousands of reais unless otherwise stated

Due to the reorganization of terms of office for the management of the Internal Control System at CAIXA, SN Integration of Control and Risk - SUICR was created in January 2017 and the terms of office and activities of SN Institutional Control of the Conglomerate - SUCOI were reviewed. Thus, in addition to the migration to SUICR of GEROP, of GEMON/CEMON (both previously linked to SUCOI) and of GEGAR (previously linked to SURIC), GN Defense Line Modeling - GELDE was also created.

GELDE, in turn, has as assignments the responsibility for the modeling and implementation of Defense Lines at CAIXA. These responsibilities inherent to risk management are organized into three Defense Lines, as described below:

- 1st Defense Line, comprising all CAIXA units, including units of Network, Branches and Head Office. Has the responsibility for identifying, measuring, assessing, monitoring, reporting, controlling and mitigating the risks inherent in its activities.
- 2nd Defense Line, comprising the VICOR units, considering the following division:
 DECOR and subordinated units in regard to credit, portfolio, market, liquidity, operational, capital, related parties, social and environmental, reputational and other risks.
 SUCOI as responsible for CAIXA's Internal Control System and management of Compliance.
- 3rd Defense Line, comprising internal audit, which works independently from the other units.

Calculation Methodology Adopted by CAIXA

According to criteria in BACEN Circular Letter 3,640/2013 for calculation of capital required for operational risk under the standardized method (RWAopad), a tool has been developed to perform calculations integrating three approaches provided for:

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

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

Internal Models

The internal models of Operational Risk, developed based on an advanced approach, aim at measuring expected and unexpected losses using in their calculations internal inputs, making the results more compliant with the specificities of the institution, and are also in line with the best Operational Risk management and measurement practices.

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

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

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

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Monitoring, Operating Control and Mitigation

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

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

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

Business Continuity Management

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

Information Security and Communications Management

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

Crisis Management

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

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

Transparency and Disclosure

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

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

Spreading the Operational Risk Culture

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

Notes to the Consolidated Financial Statements

All amounts in thousands of reais unless otherwise stated

Note 34 - Other information**(a) Assets of the social funds and programs managed by CAIXA:**

Description	12/31/2017 (1)	12/31/2016 (2)
FGTS	489,114,370	502,029,048
PIS	31,240,929	31,476,213
FAR	39,844,589	43,439,305
FCVS	13,800,682	12,754,057
FDS	3,011,455	2,528,756
FGCN	50,440	52,102
FGHAB	1,868,767	1,801,570
FGS	1,901,419	1,313,593
FAS	25,252	28,457
Total	580,857,903	595,423,101

(1) Social funds and programs with position at November 30, 2017, except for the FGTS with position at October 31, 2017.

(2) Position at November 30, 2016.

(b) Investment Fund Assets managed by CAIXA

Description	12/31/2017	12/31/2016
Share funds	14,068,151	15,048,884
Financial investment funds	202,325,000	186,996,963
Share investment funds (1)	142,961,908	115,387,486
Total	359,355,059	317,433,333

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

(c) Non-recurring effects in the Statement of Income

Description	Year 2017
Reversal of actuarial provisions - cost of past service (Note 26)	5,260,510
Reversal of tax credits - (Note 20 (d))	(561,069)
Expenses on monetary restatement of Hybrid Capital and Debt Instruments (Note 27)	(1,090,000)
Profit sharing	(286,000)
Tax expenses - PASEP/COFINS (Note 29)	27,877
Current taxes - IRPJ and CSLL (Note 20 (a))	604,800
Total	3,956,118

(d) Guarantees provided to third parties

These guarantees amount to R\$ 100,188 at 12/31/2017 (December 31, 2016 - R\$ 69,554) and refer to properties and securities pledged as collateral offered to third parties in connection with lawsuits filed against CAIXA.

(e) FIES

The credit risk of operations contracted as of June 12, 2001 lies with CAIXA in its capacity of Financing Agent and joint debtor, up to the limit of 25%, as established in article 5 of Law 10,260/2001, amended by Law 11,552/2007. The result of the assessment of this credit risks, net of amounts settled and transferred to MEC, is recognized by CAIXA as a provision under "Sundry liabilities" in the amount of R\$ 32,726.

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Note 35 - Subsequent events**Employee termination plan**

Considering the authorization from the Coordination and Governance Office of State Companies (SEST), CAIXA offered the Employee Termination Plan (PDE) to employees with the longest length of time with the company, with a target public of 2,964 employees.

The period for adhesion to the PDE ended on March 5, 2018 and 1,450 employees have adhered to the program.

Gilberto Magalhães Occhi
Chief Executive Officer

Arno Meyer
Vice President

Fabio Lenza
Vice President

Jair Luis Mahl
Acting Vice President

Jose Antonio Eirado Neto
Vice President

Jose Henrique Marques da Cruz
Vice President

Marcelo Campos Prata
Vice President

Marcos Fernando Fontoura dos Santos Jacinto
Vice President

Nelson Antonio de Souza
Vice President

Paulo Henrique Angelo Souza
Vice President

Roberto Barros Barreto
Acting Vice President

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

Atenção

**** Não destacar esta folha do trabalho ****

Departamento de Traduções – 1º andar

Dados do Projeto

Cliente CAIXA ECONÔMICA FEDERAL - CAIXA
Departamento Assurance
Tipo de trabalho Parecer de DF - 31.12.17
Idioma P/I
Nome do arquivo CAIXA17MK.DOCX; CAIXA17MK.XLSX
Código para débito 01045172/0001
Sócio
Gerente Luciana Bergmann
Sócio substituto
Encaminhar para Luciana Bergmann

Andamento - Traduções

	Nome	Data	Observações
Entrada		29.03.18	<input type="checkbox"/> Track Changes <input type="checkbox"/> _____
Tradução do parecer	RL	29.03.18	<input type="checkbox"/> Free Translation
Tradução das DFs	MK	29.03 - 06.04.18	<input type="checkbox"/> Ponto por vírgula <input type="checkbox"/> _____
Correções/links/ junção	Roger	10 e 11.04.18	<input type="checkbox"/> Corretor ortográfico
Cheque padrão	Yara	11.04.18	<input type="checkbox"/> Montagem ITR <input type="checkbox"/> _____
Revisão da tradução			<input type="checkbox"/> Formatação
Correções			<input type="checkbox"/> Correções <input type="checkbox"/> _____
2a. Revisão			<input type="checkbox"/> Rodapé
Correções			<input type="checkbox"/> OK
3a. Revisão			

	HISTÓRICO DE ALTERAÇÕES / PONTOS DE ATENÇÃO PARA O USUÁRIO		
Página da versão original	VERSÃO ORIGINAL	Página da versão traduzida	VERSÃO TRADUZIDA