2011 BANCO FIBRA

ANNUAL REPORT

About This Report

For the second year running, Banco Fibra is publishing its Annual Report based on the directives of the Global Reporting Initiative (GRI), version 3.0, with information covering January 1 to December 31 of 2011.
|GRI 3.1, 3.3|

The contents of this document were determined internally, based on the themes considered to be of interest for the various audiences with which the Bank maintains a relationship, i.e., clients, investors, shareholders, employees and suppliers. The document complies with the Level C parameters for reports. |GRI 3.5|

The financial, social and environmental information presented refers to the Bank and to its subsidiary CREDIFIBRA |GRI 3.6, 3.7, 3.8|. The economic and financial data were calculated based on the Brazilian accounting standards and were audited by PwC. The social and environmental data comply with internal criteria and were verified by teams from the Bank's own staff. |GRI 3.9, 3.13|

Doubts or requests for added information concerning the contents hereof should be forwarded to the Investor Relations area (ir@bancofibra.com.br, phone number 55 (11) 3847-6640 or fax number 55 (11) 3811-4788). |GRI 3.4|

GRI Levels of Application	C	C+	B	B+	A	A+
G3 Profile (Result)	Answer the itens: 1.1; 2.1 to 2.10; 3.1 to 3.8; 3.10 to 3.12; 4.1 to 4.4; 4.14 to 4.15	With external verification	Answer all the criteria listed for Level C, plus items: 1.2; 3.9, 3.13; 4.5 to 4.13; 4.16 to 4.17	With external verification	Same requirements as Level B	With external verification
Information on the management form of G3 (Result)	Not Required		Information on the management form for each indicator category		Disclosed management form for each indicator category	
Performance Indicators of G3 and Performance Indicators of the Sector Supplement (Result)	Answer a minimum of 10 performance indicators including at least one of each of the following areas: social, economic or environmental.		Answer a minimum of 20 performance indicators including at least one of each of the following areas: economic, environmental, human rights, labor practices, society, responsibility over products.		Answer each essential indicator of G3 and the sector supplement considering the materiality principal as follows: a) answering the indicator, or b) explaining reason for omission	

Fibra reached the end of 2011 with R$ 11.0 billion in assets, a figure 10% higher than its assets at the end of 2010 and one that puts it among medium-sized Banks. The credit portfolio amounted to R$ 8.6 billion, 9% above that of the previous year.

Profile

Banco Fibra is a multiple-services bank that specializes in the corporate and retail credit segments. Its largest shareholder is Grupo Vicunha, which also has the controlling stake in Companhia Siderúrgica Nacional (CSN) [steel mills], in Vicunha Têxtil [textile enterprise] and in Fibra Experts [real estate business]. International Finance Corporation (IFC), the World Bank's unit that provides financing for the private sector, has a 14% stake in Fibra. |GRI 2.1, 2.2, 2.6|

Fibra's operations are based on two lines of business: Wholesale and Retail. In the Wholesale segment, the Bank works with loans and operations for companies whose annual sales largely range from R$ 40 million to R$ 400 million. In the Retail segment, the bank offers vehicle financing, consumer loans and payroll/pension deductible loans. Headquartered in São Paulo City, the Bank has 16 business units in 10 different States for the Wholesale segment and 23 points of business in 14 States for the Retail segment, in addition to 17 thousand commercial partners, active in the five geographic regions of Brazil. |GRI 2.3, 2.5, 2.7|

Fibra reached the end of 2011 with R$ 11.0 billion in assets, a figure 10% higher than its assets at the end of 2010 and one that puts it among medium-sized banks. The credit portfolio amounted to R$ 8.6 billion, 9% above that of the previous year. Overall, it had 1,571 employees at the end of the year. |GRI 2.8|

Its Wholesale segment product portfolio, which focuses on middle-market companies, includes working capital loans, structured loans designed to fulfill the specific requirements of clients' businesses, onlending of funds provided by BNDES (the National Bank of Social and Economic Development), trade financing, agribusiness financing, and guarantees. In 2011, it segmented its portfolio further, in order to provide its clients with services and products with an even better alignment with the features of their respective businesses.

In the Retail segment, credit policies and processes were equalized to standardize procedures in the CREDIFIBRA operations, following the 2010 acquisitions of Sofcred operations (the sales promotion unit of Banco Sofisa, focusing on vehicle financing) and of Validata (electronic media payments enterprise specialized in providing credit through cards).

The Wholesale and Retail segments have the support of the Funding and Treasury areas, dedicated to funding in both the international and domestic markets, to structuring financial products for clients (such as foreign trade operations and foreign exchange), and to managing the Bank's own resources.

Background

1987

Starts up as a securities brokerage house.

1988

Begins operating as an investment bank, focusing on treasury operations, as the financial branch of Grupo Vicunha.

1989

Gets authorization from the Brazilian Central Bank to operate as a multiple services bank.

1994

Carries out its first corporate credit operations, for large and medium-sized clients. Also starts up its activities in the consumer loans segment.

1999

Concentrates its business in middle-market companies.

2005

Begins offering payroll and pension deductible loans for civil servants and INSS (Brazilian National Social Security Institute) pensioners. As for corporate credit, strengthens its operations, opening offices in several parts of Brazil.

Highlights

- The Bank's net shareholders' equity reached R$ 993.9 million at the end of 2011, posting 32% growth in the last 12 months. Grupo Vicunha and IFC, the Fibra shareholders, increased the Bank's capital by R$ 330 million, of which R$ 250 million were paid in by Grupo Vicunha and the balance by IFC, which raised its stake from 7.9% to 14%.

- The managerial financial margin before provisions grew 31.2% to R$ 636.7 million. The financial margin with clients (excluding the treasury results – proprietary desk) increased 22.0% to R$ 591 million, whereas the total credit portfolio posted growth of 9.4%.

- Income from fees and services, which amounted to R$ 121.5 million in 2011, grew 58% vs. the preceding year, due mainly to the progress of Fibra's vehicle financing operations.

- The credit portfolio, including guarantees, reached R$ 8.6 billion, posting growth of 9.4% vs. December 2010. The Corporate segment operations amounted to R$ 5.2 billion, having remained unchanged relative to the preceding year, whereas the Retail portfolio grew 26.9% in the same period, to R$ 3.4 billion.

- Total Funding grew 13.2%, to R$ 9.6 billion, in the 12 months that ended in December 2011. Domestic funding reached R$ 7.5 billion, having grown 15.7% in the same period. Term deposits

2006

Acquires a services and sales promotion company, headquartered in the South of Brazil, which Fibra starts running under the name GVI (the initials of Grupo Vicunha) Promotora de Vendas e Serviços Ltda.

2007

The International Finance Corporation (IFC), the World Bank's unit for private sector financing, acquires a 7.9% stake in the Bank. Fibra acquires the sales promoting company Lecca, headquartered in Rio de Janeiro. The acquisition is subsequently incorporated into GVI.

2008

Grupo Vicunha and the International Finance Corporation (IFC) increase the bank's capital by R$ 275 million, maintaining their respective percentage stakes in the Bank's capital.

2009

GVI starts financing the purchase of vehicles, thanks to the acquisition of PauliCred Promotora de Negócios.

2010

CREDIFIBRA, a business unit that absorbs the GVI operations, is set up. Acquisition of Sofcred Promotora (a concern that manages vehicle financing and payroll deductible loans) and of Validata, a company dedicated to electronic means of payment that specializes in providing credit via cards. Grupo Vicunha and the International Finance Corporation (IFC) increase Fibra's capital further, paying in R$ 100 million in total.

2011

R$ 330 million capital increase, of which R$ 250 million paid in by Grupo Vicunha and R$ 80 million, by the International Finance Corporation (IFC). IFC increases its stake in the Bank to 14%. |GRI 2.9|

grew 11.3% in the last 12 months, reaching R$ 5.6 billion, with a low daily liquidity ratio (4.6%).

- International funding amounted to R$ 2.1 billion, with 5.2% growth in the 12 months. For the full year, Fibra conducted two operations, to a total of US$ 262 million: the first consisted of a 3-year Eurobond offering (senior notes), in two tranches in May, and, thanks to the strong demand, in June, in the total amount of US$ 240 million. The second deal took place in October, in the form of subordinate 10-year stand-alone notes, in the amount of US$ 22 million.
- Fibra's liquidity policy continues to be favorable. Our positive gap between the terms of assets and of liabilities merits highlighting (460 days to maturity for funding, vs. 250 days for the credit portfolio), as do our liquid assets, in the amount of approximately R$ R$ 1.4 billion at the end of the year.
- The distribution network reached 17.0 thousand Retail points-of-sale by year-end, up 6% in 2011. The business structure of the Corporate segment was maintained and the Bank is present in 16 of the main Brazilian cities.
- Our base of active clients (1,750 enterprises and 1.4 million individuals) grew 15% and 27%, respectively.
- As the result of an ongoing process of improvement of the client service processes and structures, the Corporate unit restructured its model based on segmenting clients into four groups: Large Companies, Corporate, Middle-Market and Agribusiness.
- The Growth Management Project, which began in July 2010, provided continuous improvements in the credit granting process, by means of an efficient and scalable operation, with a view to achieving transparency, efficiency and quality service. The project's total cost is estimated at R$ 19 million, of which R$ 4 million and R$ 7 million were invested in 2010 and 2011, respectively. Another R$ 8 million should be invested between 2012 and the beginning of 2013.

Acknowledgements |GRI 2.10|

Fibra achieved second place in the Brazilian Central Bank's 'Top 5' ranking of the medium-term estimates of the IPCA consumer price index. This ranking takes into account the average precision of the estimates of three consecutive four-month periods vs. the actual results of three months – the reference month and the two months that precede it. The Bank was also one of the 'Top 5' in two other categories: Short-Term (Selic interest rate) and Medium-Term (Selic), for the most consistent monthly estimates throughout 2011.

The Bank was among the 'Top 5' of the 'Best 2010 Annual Report' ABRASCA Award in the Privately Held Companies category – Group 2. This is the fourth running year in which the Bank is rated as being among the best of its category, according to this ranking, organized by the Brazilian Association of Publicly Traded Companies (Associação Brasileira das Companhias de Capital Aberto).

Ratings

Risk Agency	Type of Rating	*Rating*	Rating date
Moody's	**Bank deposits**		**Apr 29, 2011**
	Foreign curency NSR - Local curency Bank financial strength Outlook	BA2/NP Aa3.BR/BR-1 D Stable	
Standard & Poor's	**Global Scale**		**Dec 06, 2011**
	Foreign curency Local curency Brazilian scale	BB-/Stable/B BB-/Stable/B brA/Stable/BrA-2	
Fitch Ratings	**National**		**Jan 24, 2012**
	Long term Short term Outlook	A (bra) F1 (bra) Negative	
Riskbank			**Apr 16, 2012**
	Low risk for medium term (-)	9.79	

Key Indicators |GRI 2.8|

Income Statement (R$ million)	2005	2006	2007	2008	2009	2010	2011
Financial operations income	1,505	1,620	1,987	2,908	951	1,803	1,752
Gross income from financial operations	102	173	237	214	351	374	239
Operating income	35	103	83	28	130	60	(123)
Net income	40	71	69	91	25	9	(84)
Balance sheet (R$ million)							
Total assets	9,375	8,326	13,808	9,163	11,699	10,046	11,016
Shareholders' equity	397	441	505	747	696	753	994
Deposits	1,253	1,844	2,599	2,708	3,631	5,189	5,753
Loans	2,104	3,244	4,449	4,315	5,525	7,893	8,631
Performance indicators							
Return on average equity (1)	9.8%	15.4%	14.3%	14.1%	3.5%	1.2%	(9.6%)
Net margin (2)	1.6%	2.4%	3.6%	3.4%	5.5%	5.9%	6.7%
Efficiency ratio (3)	54.0%	34.0%	44.0%	49.2%	41.6%	66.9%	56.5%
Loan provision surplus (4)	127%	116%	296%	134%	195%	221%	134%
Basel index (5)	14.9%	13.70%	13.20%	14.20%	17.70%	12.8%	13.9%
Loan provisions to credit portfolio	1.7%	1.8%	2.5%	4.3%	3.5%	3.1%	5.0%
Operating indicators							
Active clients - Wholesale	668	841	1,030	1,054	1,169	1,525	1,750
Active clients – Retail (in thousands)	344	620	830	993	880	1,071	1,359
Points of sale – Retail	391	2,719	7,257	9,722	15,972	16,052	17,044
Number of employees	282	659	1,013	858	1,051	1,622	1,571

(1) Net income percentage over average shareholders' equity balance
(2) Gross financial intermediation income, without the effects of the provision for doubtful loans, as a percentage of the average balance of income-earning assets. Adjusted, in 2010 and 2011, by the effect of foreign exchange fluctuation upon investments abroad (Cayman) and the impact of taxation on this.
(3) (Personnel and administrative expenses) / (gross income from financial intermediation, excluding provisions (+) fees revenue (-) tax expenses (+) other operation income). Adjusted, in 2010 and 2011, by the effect of foreign exchange upon the investments abroad (Cayman) and its tax effect, besides the retaining plan for executives and other reconciliations.
(4) PDL/Contracts past due by + 90 days
(5) Percentage of net shareholders' equity, adjusted for the risk-weighted value of the assets. In 2011, the figures takes into account the added R$ 28 million paid in by IFC in March of 2012.

Message |GRI 1.1|

Two thousand and eleven was a year underscored by important global events that interrupted the strong economic growth of the preceding year. This changed our expectation of ongoing expansion in both our businesses: the higher margin Retail segment and the mature Corporate segment. To protect ourselves from possible impacts in the domestic economy, we decided to slow down the growth pace of our portfolios.

As of the second quarter of the year, with the external situation deteriorating and default rising among companies and families, we reinforced our credit granting structures and screeners. We reviewed the need for guarantees and rating models, developed systems to track clients' business performance and enhanced preventive monitoring, to increase the efficiency of portfolio management. Additionally, we fine-tuned the segmentation of clients, to be able to conduct structured operations more attuned to the characteristics and the business cycle of our clients. However, the system's level of default led to higher provisions during the year. This was the main factor affecting our R$ 83.8 million loss in 2011.

Given the more cautious set of circumstances for medium-sized banks, we kept our liquidity high while continuing to pursue improved operating efficiency. In October, we implemented internal restructuring that reduced personnel costs by some 7%. This also generated indirect benefits for our administrative expenses.

Other important measures were also put in place in 2011: in keeping with the improvement of our controls and governance, we concluded the review of our tax provisions, judicial deposits and assorted reconciliations, which had an impact of approximately R$ 33.6 million on the net income of 2011. Additionally, the amount of R$ 39.8 million was identified and adjusted against December 31, 2010 shareholders' equity . This largely concern correcting the calculations of marking swap operations to the market.

The firm commitment of our shareholders, Grupo Vicunha and IFC, is reflected in the form of the new capital they provided during 2011: R$ 330 million, of which R$ 250 million from Grupo Vicunha. IFC, which increased its stake in the business from 7.9% to 14% during the year, paid in an additional R$ 28 million in the first quarter of 2012. maintaining its percentage an additional.

The adverse set of circumstances notwithstanding, we evolved our structural variables during the year: the managerial financial margin before provisions increased 31.2%, with client margins evolving 22.0% vs. a 9.4% credit portfolio growth. Fees revenues increased 58%, to R$ 121.5 million. Total funding advanced 13.2%, with longer terms and growth of the positive gap between assets and liabilities. Our active client base (1,750 companies and 1.4 million individuals) evolved 15% and 27%, respectively. The credit portfolio, which stood at R$ 8.6 billion in December 2011, accounted for 78% of total assets, or 8.7 times net equity.

As for 2012, we will be attuned to market recovery, but will not slacken our credit granting strictness. We will continue to focus on the pursuit of efficiency: in the first quarter of 2012, we implemented an additional adjustment of some 5% in personnel costs, with an annualized impact of approximately R$ 11 million, plus indirect costs savings. We are also optimistic about the approaching completion of the Growth Management project, initiated in 2010, and which mainly targets the automation of management processes and the establishment of a new products and services infrastructure, including procedures for credit granting and the workings of the transactional Internet Banking services. This improvement will help to cut costs, raise the speed of client service and reduce operational risks.

IFC, which increased its stake in the business from 7.9% to 14% during the year, paid in an additional R$ 28 million in the first quarter of 2012, maintaining its percentage stake.

Our challenge is to improve our efficiency without losing our closeness with our clients and speed of delivery. To this end, we will focus on two main lines: increasing the net interest margins (NIM) and controlling expenses.

This scenario assumes that 2012 will see the consolidation of the organic growth initiatives and the internal adjustments, which we began three years ago. Thus, we look forward to a financial institution with better positioning in relation to competition and with a wealth of conditions that will enable it to take advantage of the market context.

All of this progress is materializing thanks to the work of our personnel and our service providers, whom we would like to thank for their dedication and trust. The business consolidation phase will be fruitful for both human and professional development. We will maintain our adherence to the Global Compact, through which we have committed to sustainability, in order to help to build a more inclusive and egalitarian market.

We recognize the value of our clients and investors, who encourage us to overcome obstacles and to permanently pursue improvement in the quality of our products and services. We also want to thank our shareholders for their confidence in our management capabilities.

Ricardo Steinbruch
Chair of the Board of Directors

Antonio Francisco de Lima Neto
C.E.O.

Strategic initiatives designed to strengthen management systems focused on investments in infrastructure, restructuring the client portfolio, refining segmentation and corporate governance improvements.

01

Strategy and Management

In 2011, Banco Fibra continued to pursue its business consolidation pathway, following a period of clear organic growth, acquisitions, and expansion of its geographic base, from 2007 to 2010. The year was underscored by investments in technology, processes and risk management, along with client segmentation improvements, for the re-scaling of the operating infrastructure and the fine-tuning of management, especially in regard to the growing improvement of controls and of client service in terms of products, services and relations.

As for Credit, the client-rating model was reviewed, to more accurately quantify risk when providing credit. At the same time, the bank developed a preventive monitoring system for the client portfolio, to identify potential default risks. As for loan recovery, processes were strengthened along with the personnel, in order to put in place new practices to identify the right time to start renegotiating debts with clients.

Concerning management, new liquidity risk controls were introduced, as well as market risk measurement tools. The Compliance Agents program, which provides for the involvement of Bank employees with building a risk-management culture, was also maintained in 2011.

Yet another advance regarding these improvements is planned for 2012, when all areas will start to receive an operational risk management report indicating the necessary improvements in prevention and control systems.

In 2011, the strategic initiatives designed to strengthen management systems focused on:

1. Investing in technology to provide support for the commercial area, confer greater security to operations, and create a new infrastructure to offer products and services to clients.

2. Restructuring the client portfolio, refining segmentation, based on the characteristics of each client.

3. Improving governance levels, internal controls and risk management, by renewing the personnel and instituting new committees and controls, thus conferring greater maturity to the management of the business.

Along with this management effort, the shareholders brought new capital into the bank in order to support business during this adjustment phase.

Growth management

The consolidation of the business is largely based on the Growth Management Project, which mainly targets the automation of the Bank's entire credit granting process and the construction of a new transactional internet banking website. In 2012, these improvements will be mostly concluded, resulting in efficiency, scalability and process quality gains.

Important stages of the Growth Management Project have already been completed, such as process improvements and a new back office structure for Sales Support, which frees up the time of the commercial staff. Identification of the credit system processes and of the critical points in this chain was completed, improving the visibility of improvements and the building of applications. A new system for current accounts, collection and discounting bills for clients was implemented. These changes provided the foundation and the technological capacity required for sustainable growth.

Some other processes were upgraded in technological terms in 2011, such as the reconciliation of cash positions in domestic and foreign currencies, the automation of bank statements sent to clients and of collection instructions for clients, and other improvements.

Because of the importance of the alignment of the technological architecture with the business strategy, a new functional structure was created in the technology area, to start determining a new architectural standard, and to implement a systems development methodology.

Commitments |GRI 4.12|

Banco Fibra is one of the signatories of the Global Compact, a United National (UN) initiative that encourages companies worldwide to embrace ten principles that concern human rights, work relations, the environment and fighting corruption.

By signing the Compact in 2003, the Bank undertook to comply with the Millennium Objectives, which comprise 8 objectives, 18 targets and 40 indicators designed by the United Nations to reduce poverty and reach sustainable development globally by 2015. These objectives are to reduce poverty, to fight hunger, to reduce infant and maternal mortality, the gender issue, the reversal of the progress of Aids/HIV and the conservation of the environment (*see on page 59 how the Banco Fibra activities are aligned with these commitments*).

As one of Banco Fibra's shareholders is the International Finance Corporation – IFC (the World Bank's financial unit), Fibra also complies with the latter's directives. For the financial sector, IFC has established four dimensions of what constitutes good corporate performance.

1. Financial sustainability of the institution and of its corporate clients, so that they may continue to contribute to economic development in the long term;
2. Financial sustainability of the projects and companies that the institution finances;
3. Environmental sustainability, with the preservation of natural resources; and
4. Social sustainability, linked to improving standards of living, reducing poverty, furthering the wellbeing of communities and respecting human rights.

This positioning guides the work of the Compliance area, which investigates the involvement of clients with socio-environmental crimes. Additionally, in the audits of BNDES (Brazil's National Bank for Social and Economic Development), as a result the latter's own requirements, research is conducted in the website of the Ministry of Labor and Employment about slave labor. Environmental licenses are also checked, as applicable. When credit contracts are signed, clients must fill out a questionnaire, whose aim is to identify occurrences that might run against the principles of the Global Compact and the IFC directives. This questionnaire is taken into account when analyzing the operations, which are only formalized once Internal Auditing has checked the contracts.

When an occurrence is identified, the case is submitted, for evaluation, to the Socio-Environmental Risk committee. The committees' results influence the decision to do business with the particular client or not. The Bank's employees attend talks, forums and discussions to keep up-to-date regarding the environmental and social policies applied to the lines of business.

Thus, the Bank does not work with clients whose business involves child labor, wild plants and animals, radioactive materials, asbestos fibers, timber from outside reforestation areas, substances that damage the ozone layer, prohibited pharmaceutical products or whose production is being discontinued, arms and munitions, tobacco, asbestos products, alcoholic beverages (except wine and beer), gambling, and banned, discontinued or internationally prohibited pesticides or herbicides.

The CREDIFIBRA Code of Ethics and Conduct has a specific chapter about environmental safety and protection. It establishes that the employees are committed to minimizing the impact of the business on the environment. Likewise, the Credit Risk Management Policy assumes that all operations must comply with aspects of socio-environmental responsibility.

The Internal Socio-Environmental Norms are currently being updated to encompass all of these subjects, with the support of the information from the socio-environmental questionnaire and the activities of the Socio-Environmental Risk Committee. In 2012, all of the Bank's employees will be given training on the new credit routine. The evaluation of the questionnaire will be conducted for all new clients, the same procedure being used for renewal of current clients' contracts. |GRI FS1, FS2, FS3, FS4, FS5, FS9|

Engagement

To integrate these commitments with the business, Fibra maintains relations with several audiences that are strategic for its operations: investors, clients, employees, suppliers, the government and society. It is an active member of Febraban (the Brazilian Federation of Banks) and its representatives sit on the following sub-committees: Market Risk Management, Information Security, Internal Audit, Forex for Foreign Trade, Compensation and New BIS Capital Adequacy Requirements, among others. It is also affiliated with the following sector organizations: ABBC (the Brazilian Association of Banks), where it is part of the commissions that deal with Legal Issues, Accounting and Tax Issues, Risk Management, Operations with Individuals, Human Resources, Treasury and Funding Issues, besides several work groups and sub-commissions; ACREFI (the National Association of Credit, Financing and Investment Institutions); IBRI (the Brazilian Institute of Investor Relations); and ANBIMA (the Brazilian Association of Financial and Capital Market Organizations), among others. |GRI 4.13, 4.15|

Strategic audiences |GRI 4.14|

Interested Party	Activities and communication channels
Shareholders, investors and rating agencies	• Website with economic and financial information • E-mail to communicate with the Investor Relations area • Quarterly and annually management reports • Annual Report
Active clients (1,750 companies and 1,359 thousand individuals)	• Relationship events • Periodic visits to clients • Website, Client service central, Communication/publicity materials
Employees (1,571)	• Information channels • Intranet • Events with senior management
Depositors (1,428)	• Periodic visits to clients • Relationship events
Suppliers	• Internet
Communities	• Sponsoring of cultural and social events • Release, via the press, of social programs and projects • Volunteer work
Government and society	• Participation in forums and sector committees • Participation in and contributions to associations and institutions

The Wholesale client portfolio grew by 15% while Retail posted growth of 27%. This was accompanied by improvements in the credit granting system and risk controls.

02

Business Performance

In 2011, the operations of the Banco Fibra business units (Wholesale and Retail) were helped by four aspects in particular:

1. Positive performance of agribusiness activities;

2. Improved client segmentation, which strengthened the business, especially in the middle-market segment (companies with annual revenues of up to R$ 400 million);

3. Investments in technology, which helped to improve the creation of products and services; and

4. Improvement of credit granting and risk control systems.

The Wholesale business closed the year with a 15% client portfolio growth, plus greater geographic coverage. It expanded its presence in the South Region, mainly because of agribusiness-related activities, besides consolidating its operations in inner-state São Paulo.

The Retail business grew 27% in terms of the number of active clients, having reached 1.4 million individuals, distributed throughout the country. In 2011, the Bank integrated the team of Validata, a credit card processing enterprise acquired in 2010. Fibra focused on the development of the Digitalcred system, which consists of processing all the information needed for CDC (direct consumer credit) contracts by capturing the client's fingerprints.

Banco Fibra also resorted to the use of banking correspondents, which expanded the coverage of its branches, enabling easy access to credit lines for consumer goods. Among towns with fewer than 50 thousand inhabitants, the Bank is active in 358, concentrated in the Southeast and Mid-West Regions. |GRI FS13|

Wholesale / companies

The Wholesale business focuses on providing credit in local currency and in structured operations to fulfill clients' specific needs. The onlending of funds provided by BNDES (Brazil's National Social and Economic Development Bank) also forms part of the business portfolio. In agribusiness, Fibra works throughout the production chain and provides financing from the crop seeding stage all the way through to the maintenance of the production stock. The same model applies to the Middle Market segment.

As for BNDES onlendings, Fibra was highly successful in disbursing resources from the Program for the Capitalization of Farming Cooperatives (Procap-Agro), having been responsible for the release of 8.3% out the R$ 2.5 billion budget of the development bank for this activity. Fibra also achieved fifth place in the ranking of banks responsible for onlending the resources of the Fund for the Defense of the Coffee Market (Funcafé) for the FAC, Stock and Soluble Coffee types of financing, with a total of R$ 80.0 million having been disbursed, only behind the major financial institutions. In the Middle Market segment, it maintained its activities in the Income Generation Program (Progeren), which provides working capital for very small, small and medium-sized enterprises. In 2011, Fibras was one of the first banks to offer working capital for payment of the 13th salary to its clients. The Bank supports exporting companies with trade finance operations and the onlending of BNDES-Exim resources, having maintained in 2011 its client services in this field, despite the market difficulties faced by this credit segment. Guarantees are offered to those clients that require complementary operations for their business.

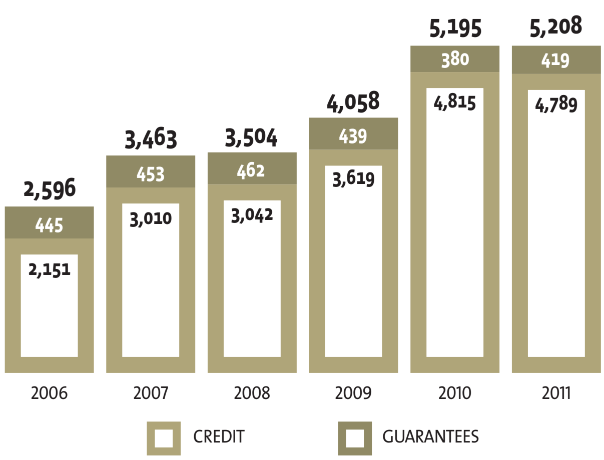
In December, Fibra´s physical operations consisted of branches in 16 of the main cities of Brazil. The coverage of regions that are relevant for agribusiness was improved, with the opening of an office in Cascavel that works extensively with clients in Western Santa Catarina State. Thanks to technological support, which confers commercial mobility to business, it was possible to consolidate the bank's activities in the cities of Sorocaba, Bauru, Jundiaí and São José do Rio Preto, all of which are in São Paulo State.

Segmentation

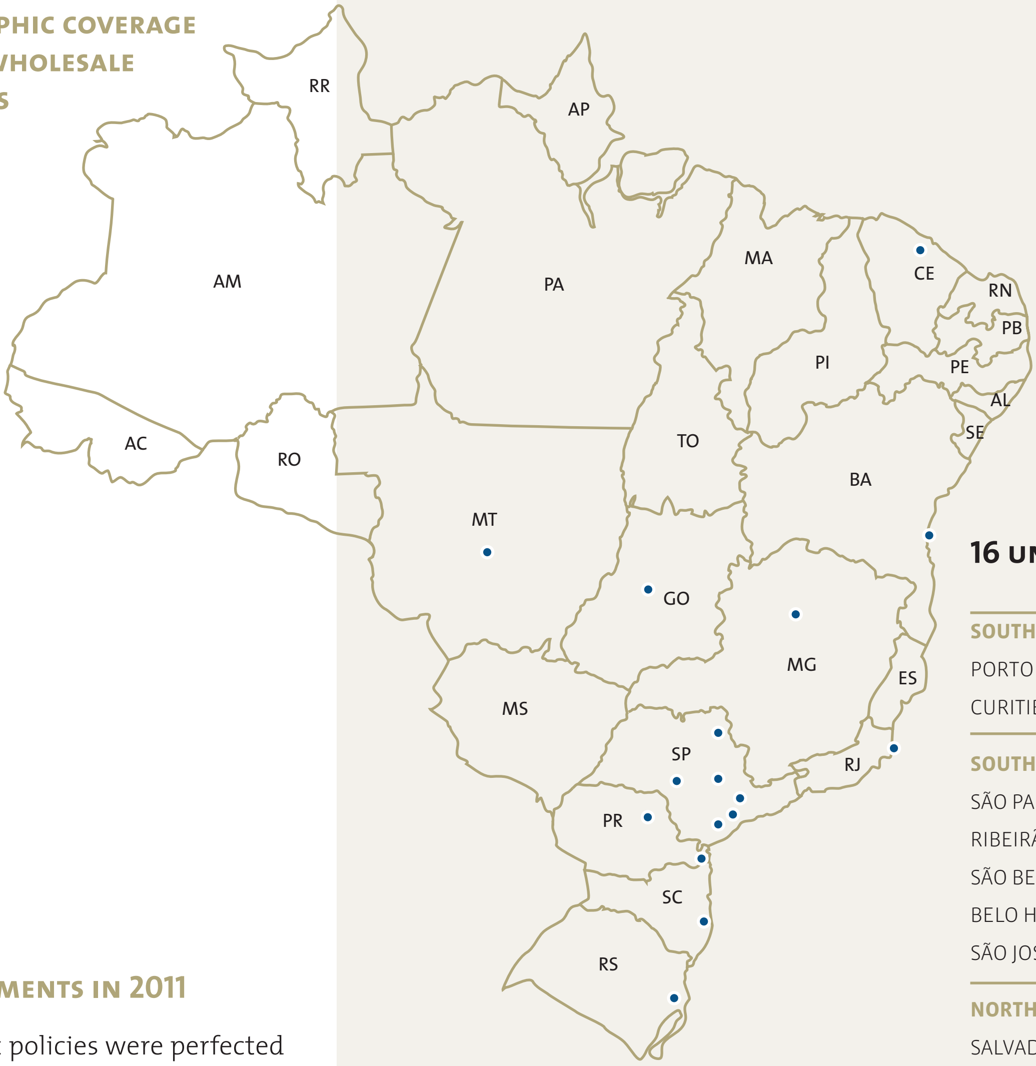
In parallel with the broadening of the Bank's geographic coverage, the segmentation of clients was improved, which provided them with a more specific structure of services, better aligned with their respective profiles. Thus, the structures were broken down into Agribusiness, Middle-Market, Corporate and Large Corporate. More than 20% of the clients were reallocated to a different service structure. Portfolios were also renewed, thanks to the entry of new clients. These adjustments made it possible to improve Bank-client communications, the delivery of services, and the fulfillment of client demands.

Focus on Middle Market, Agribusiness and Large Companies

Wholesale Portfolio (R$ million)



Geographic coverage of the wholesale business



16 units

SOUTH
PORTO ALEGRE, FLORIANÓPOLIS, CURITIBA, LONDRINA

SOUTHEAST
SÃO PAULO, GUARULHOS, RIBEIRÃO PRETO, CAMPINAS, SÃO BERNARDO DO CAMPO, BELO HORIZONTE, RIO DE JANEIRO, SÃO JOSÉ DO RIO PRETO

NORTHEAST
SALVADOR, FORTALEZA

MIDDLE-WEST
GOIÂNIA, CUIABÁ

Achievements in 2011

The credit policies were perfected with the implementation of new systems to define guarantees, quantify client rating and preventively monitor occurrences in the client's business that might lead to default. The process of credit granting was reviewed, seeping up the releasing of funds while increasing its controls. These improvements allow the Bank to maintain a flexible posture from the managerial standpoint and to offer clients a relationship model based on specialization, communication and speed, the characteristics of the business.

In keeping with its growth strategy, a new collections and current accounts system was implemented in order to enable other services and products improvements to become operational in the near future. One such service is transactional internet banking, scheduled for introduction in 2012. This will provide clients with the autonomy to engage in online transactions.

With these improvements, the Bank will be prepared for the qualitative growth of its client portfolio and for taking advantage of market opportunities in 2012.

Retail

The retail business efforts focused on equalizing the credit policies and the processes absorbed by CREDIFIBRA as a result of the acquisition of Paulicred in 2009, and of Sofcred Promotora and of Validata in 2010. The first stage of the operating and systems integration of these firms took place in 2010. In 2011, procedures were consolidated to set up a single credit policy, aligned with the business' growth rationale.

As for the operating infrastructure, the process of granting and formalizing credit started to be developed using Digitalcred, a biometric reading service that allows one to capture and process, in seconds, all the information required to provide Direct Consumer Credit (CDC), just from the client's fingerprint. The systems cuts cost and paperwork, makes the process of providing loans faster, minimizes fraud and gives Fibra a distinguishing feature relative to its competitors. Additionally, it has environmental benefits, as it reduced paper consumption by 50% and did away with the need to print contracts for CREDIFIBRA files. In 2011, some 2 thousand agreements were firmed using this service and they accounted for about R$ 2.6 million. As a result, the consumption of approximately 10 thousand sheets of paper was avoided. The implementation of Digitalcred will be consolidated in 2012. |GRI FS8|

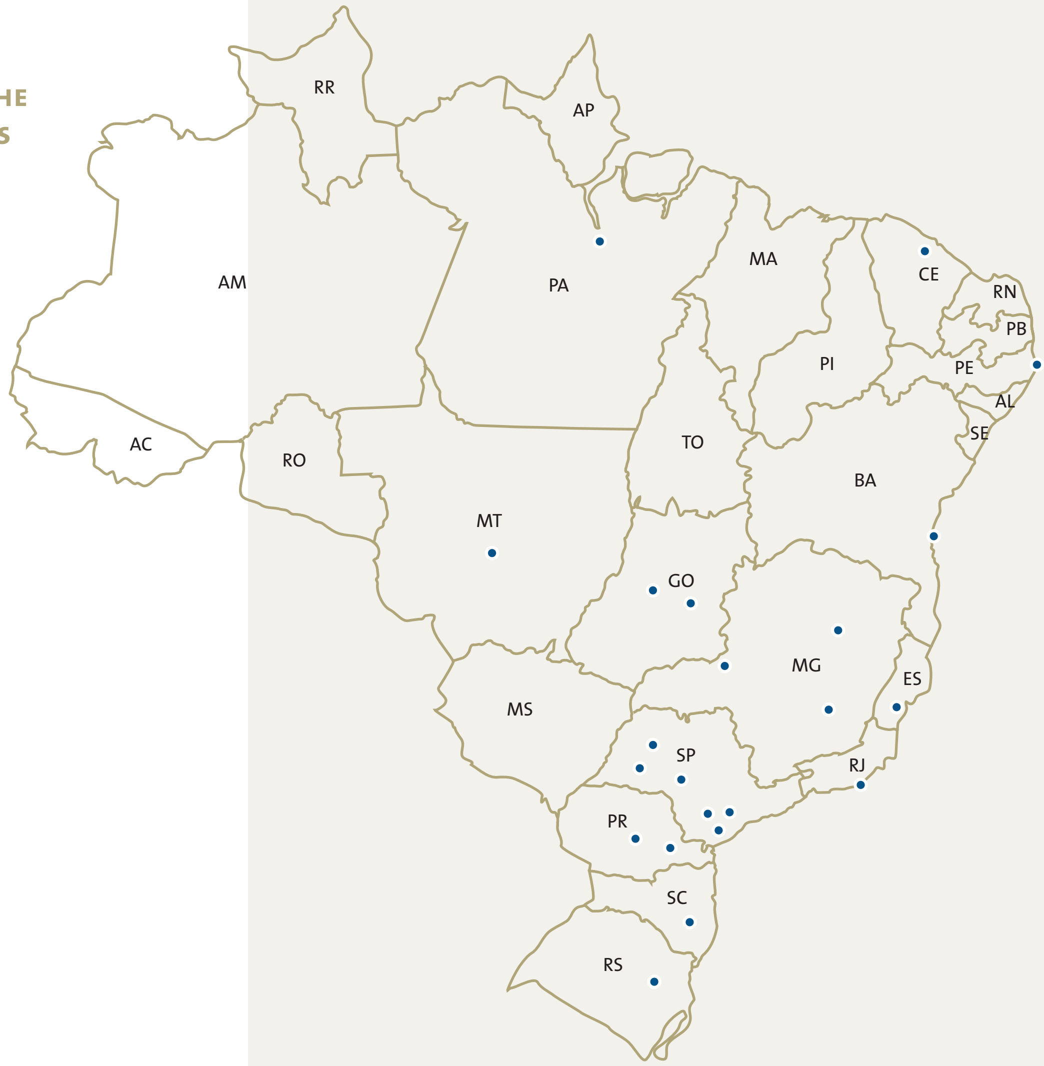
The introduction of a self-service system for stores, consumers, suppliers and CREDIFIBRA teams also began in 2011. This system makes the credit agreements and services faster and more reliable. In the cards segment, CREDIFIBRA became certified for operating with the Visa brand.

As for commercial activities, the CDC operations were maintained, as well as vehicle financing and payroll/pension deductible loans. In such operations, the year's differentials were an incentive for structured CDC operations, whereby the financial company shares services and results with department stores, and the launch of financial protection insurance tied to CDC. As a strategy to overcome the default level that affected the financial sector in 2011, incentive campaigns were held, giving awards to the personnel and the outsourced teams that achieved the targeted credit recovery results. Dubbed PDD Marathon, the campaign involved the commercial and the support areas.

In line with the adjustments implemented, the CREDIFIBRA brand started its consolidation process, having been consistently used by points-of-sales stores, the brand being shown in signaling materials and in uniforms.

Credifibra Operations	2009	2010	2011	(%)
Production (R$ milion)				
Vehicles	88	991	1,614	63%
Consumer credit	916	1,447	1,277	-12%
Payroll	225	321	296	-8%
Cards	0,3	28	188	571%
Total	**1,229**	**2,787**	**3,376**	**21%**
Portfolio (R$ milion)				
Vehicles	369	1,358	2,121	56%
Consumer credit	507	627	657	5%
Payroll	330	500	524	5%
Cards	0,1	26	65	150%
Credit portfolio acquired	261	187	56	(70%)
Total	**1,467**	**2,698**	**3,423**	**27%**

Geographic Coverage of the Retail Business



Total 23 Offices

Southeastern Region (Headquarters + 10 Offices)

SP	Campinas	Consumer credit and vehicles
SP	Ribeirão Preto	Consumer credit and vehicles
SP	São Paulo	All products
SP	São José do Rio Preto	Consumer credit and vehicles
SP	São José dos Campos	Consumer credit
SP	Sant. do Parnaíba - Validata	Card
MG	Belo Horizonte	Consumer credit, vehicles and payroll
MG	Juiz de Fora	Consumer credit and vehicles
MG	Uberlândia	Consumer credit and vehicles
RJ	Rio de Janeiro	Consumer credit, vehicles and payroll
ES	Vitória	Consumer credit and vehicles

Midwestern Region (3 Offices)

GO	Goiânia	Consumer credit and vehicles
DF	Brasília	Consumer credit and vehicles
MT	Cuiabá	Vehicles

Northeastern Region (3 Offices)

PE	Recife	Consumer credit and vehicles
BA	Salvador	Consumer credit and vehicles
CE	Fortaleza	Vehicles

Northern Region (2 Offices)

PA	Belém	Consumer credit and vehicles
AM	Manaus	Consumer credit and vehicles

Southern Region (4 Offices)

RS	Porto Alegre	Consumer credit and vehicles
SC	São José	Consumer credit and vehicles
PR	Curitiba	Consumer credit and vehicles
PR	Maringá	Consumer credit and vehicles

In 2012, efforts will focus on productivity, on improving the quality of the processes and on credit recovery, to strengthen the financial company's market position.

The Bank, in its communication with clients, complies with its Code of Ethics, with the standards of the Consumer Protection Code, of the National Monetary Council (CMN), of the Oversight Authority for Private-Sector Insurance (Susep), of self-regulation of the Brazilian Federation of Banks (Febraban) and of the Brazilian Association of Services and Credit Card Companies (Abecs), and with the directives of the Brazilian Association of Banks (ABBC) and of the National Association of Credit, Finance and Investment Institutions (Acrefi).

The offerings of financial products are authorized by the regulating bodies and the loans are granted for the purchase of goods or services, in keeping with the laws currently in effect. CREDIFIBRA has specific service channels for clients, commercial partners and the external public. Doubts, suggestions and complaints about the financial products are handled through its call center, which operates 24 hours a day, 7 days a week. In compliance with the law, phone calls are answered in less than one minute and 80% of the calls in up to 20 seconds. |GRI PR6|

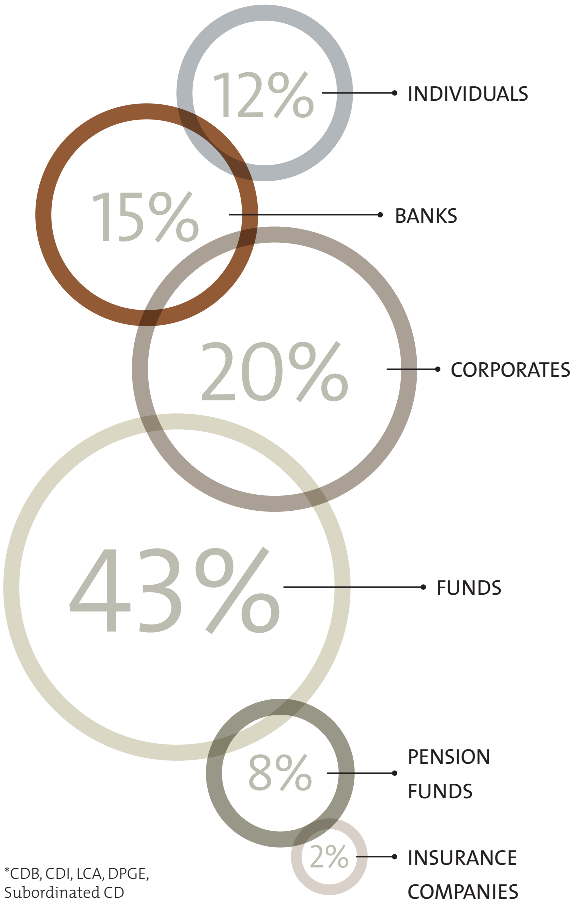
Funding and Treasury

In order to maintain a suitable capital structure for the Bank, the funding strategy continued to be based on the size and profile of the client base and in line with the policy of lengthening the maturity deadlines of debt and of reducing the ratio of operations involving daily liquidity. The results, based on these directives, were positive. Total funding amounted to R$ 9.6 billion, with growth of 13% vs. 2010.

Local funding – The Bank's presence in regions where productive capital is concentrated in industry, in services and in agribusiness helped local funding, obtained via term deposits (CDBs and LCAs). Of the total of R$ 5.6 billion of local term deposits, 68% came from institutional clients and the balance from individuals and companies. Term deposits (CDB, DPGE and CDI) grew 11% vs. 2010.

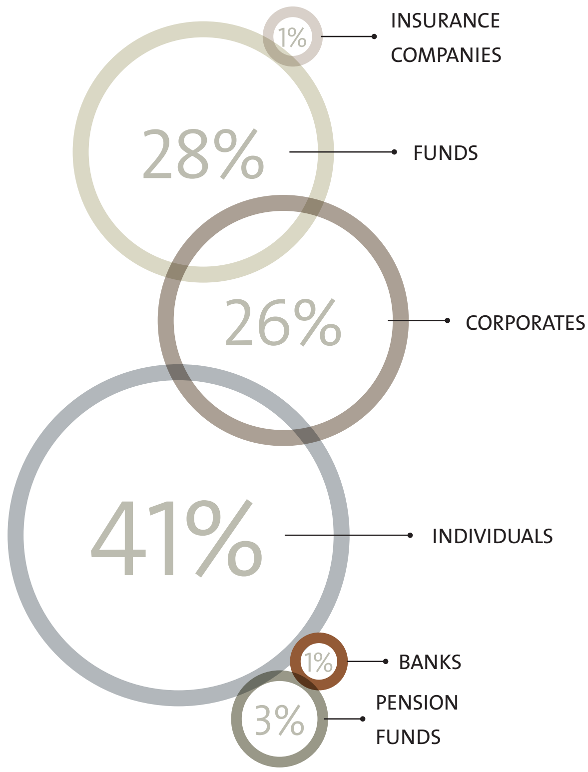
External funding – The lower growth pace of the credit portfolio reduced the need for added funding. To extend the funding maturities, and to replace international funding that fell due last year, Fibra conducted two deals, which amounted to US$ 262 million. The first consisted of a US$ 240 million Eurobonds (senior notes) offering, with a three-year term, in two tranches, one in May and the other, in June. The second one took place in October, when subordinate debt (stand-alone note) was issued in the amount of US$ 22 million, with a 10-year term.

Local Funding* by investor (R$)



*CDB, CDI, LCA, DPGE, Subordinated CD

Local Funding* by number of clients (1,428 clients)



Issues / Structured Funding

Transaction	Maturity Date	Issuance Date	Principal Amount
Subordinated Debt	May/12	May/07	R$ 76 million
Subordinated Debt	Oct/12	Oct/07	R$ 19.2 million
Subordinated Debt	Mar/13	Mar/08	R$ 20 million
Eurobond	Apr/13	Apr/10	US$ 200 million
Eurobond	May/14	May/11	US$ 240 million
B Loan	Jul/12	Jul/10	EUR 20 million
B Loan	Jul/12	Jul/10	US$ 96 million
A Loan	Oct/12	Oct/07	US$ 10 million
Bilateral Loan / OPIC	Sep/13	Sep/08	US$ 20 million
A Loan	Jul/14	Jul/10	US$ 15 million
A Loan	Jul/14	Jul/07	US$ 30 million
Subordinated Debt / DEG	Feb/16	Feb/10	US$ 25 million
Subordinated Debt [1]	Nov/16	Nov/09	US$ 110 million
Bilateral Loan / Proparco	Jun/19	Dec/09	US$ 30 million
Subordinated Debt / Stand Alone	Oct/21	Oct/11	US$ 22 million

[1] Issuance under the EMTN Program

Diversified Funding

Funding (R$ million)	Dec-11	%	Dec-10	%	Var.(%) 12 months
Local	**7,459**	**78%**	**6,445**	**76%**	**15.7%**
Time Deposits (CD/DPGE/CDI)	5,551	58%	4,988	59%	11.3%
Onlending obligations	580	6%	564	7%	2.8%
Issuance of securities	429	4%	311	4%	37.9%
Subordinated debt	240	3%	224	3%	7.1%
Cash deposits in R$	173	2%	164	2%	5.5%
Credit assignments	249	3%	193	2%	29.0%
Credit assignments - FIDC (Credit rights)	237	2%	-	0%	-
Other Deposits	-	0%	1	0%	-
International	**2,119**	**22%**	**2,015**	**24%**	**5.2%**
Loans in US$	729	8%	823	10%	-11.4%
Issuance of Securities	889	9%	710	8%	25.2%
B Loan - US$	229	2%	275	3%	-16.7%
Subordinated debt	241	3%	170	2%	41.8%
Time deposits in US$	26	0%	32	0%	-18.8%
Deposits in US$	5	0%	5	0%	0.0%
Total	**9,578**	**100%**	**8,460**	**100%**	**13.2%**

Treasury

The 2011 strategy was to adopt a conservative position regarding the financial volumes of trade finance and foreign exchange and to focus on the operations of the proprietary desk, which took advantage of market opportunities, especially in the interest rate market, resulting in a financial margin of R$ 46 million in 2011.

The challenge for 2012 is to prepare to fulfill the capital requirements that all financial institutions should comply with according to the Basel 3 Agreement, and to diversity the base of depositors and of sources of funds, mitigating any risk of concentration.

The instability of the international markets combined with the economic slowdown in Brazil affected the volume of loans and the level of delinquencies.

03

Financial Performance

Outlook

2011 was a year of uncertainties and instability both domestically and abroad, especially in the second half. Internationally, the political, fiscal and economic frailty of the Eurozone caused a strong surge of risk aversion, with a negative effect upon economic activity. In the United States, the situation was more favorable, consumption levels grew and new jobs were created in the last few months of the year.

The instability of the international market coincided with the slowing down of the Brazilian economy in the second half of the year, as a result of the measures that government started putting in place in late 2010 to contain economic expansion and personal credit. The cooling of Brazil's economy was especially damaging for industry, which had high stocks when the economic measures started having an effect.

In industry, physical production remained practically unchanged, having grown 0.26% last year, according to data from IBGE (the Brazilian Institute of Geography and Statistics). Retail sales advanced 6.65% relative to the previous year. The growth of automobile, motorcycle and parts sales was similar, up 6.13%.

The Brazilian economy's performance followed the decelerating trend, its GDP having grown 2.7% in 2011 vs. 7.5% in 2010. The positive highlight was the performance of the job market. The unemployment rate fell to 5.5% in December, the lowest ever in the de-seasonalized historical series.

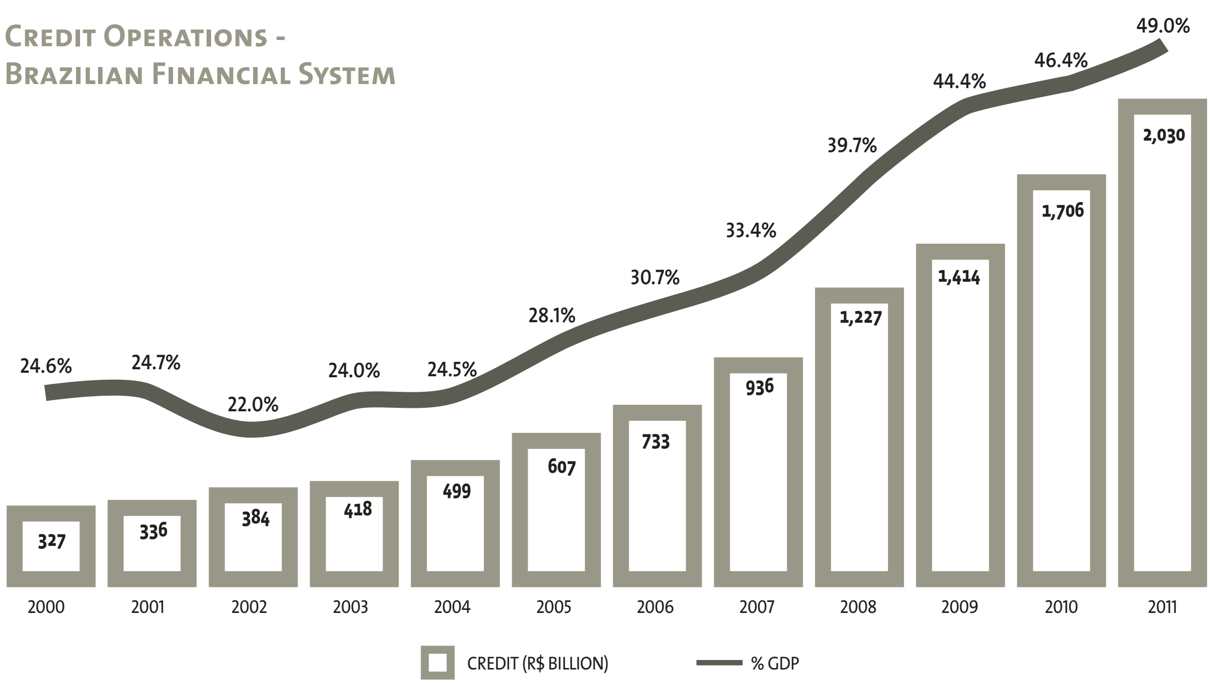
The fluctuation of the IPCA National Consumer Price Index in 2011 was 6.5%, the greatest since 2004 (7.6%) and 0.59 percentage points above the 2010 rate. During the course of the year, the Brazilian Central Bank first raised the basic interest rate (Selic) and then reduced it. Thus, it moved from 10.75% in December of 2010 to 12.50% in July and back down to 11.00 % at the end of 2011.

The total bank credit balance, including unallocated and targeted resources, reached R$ 2.0 trillion in December 2011, posting growth of 19% vs. year-end 2010. Unallocated (free) credit amounted to R$ 1.06 trillion, up 20.5%. The financing provided by BNDES (the National Economic and Social Development Bank), including onlendings to financial institutions, reached R$ 420 billion, with growth of 17.3%. The balance of loans to individuals with free resources grew 21.2%, to R$ 505 billion.

On the negative side, default rose to 3.9% among organizations and to 7.4% among individuals in December, according to Central Bank information.

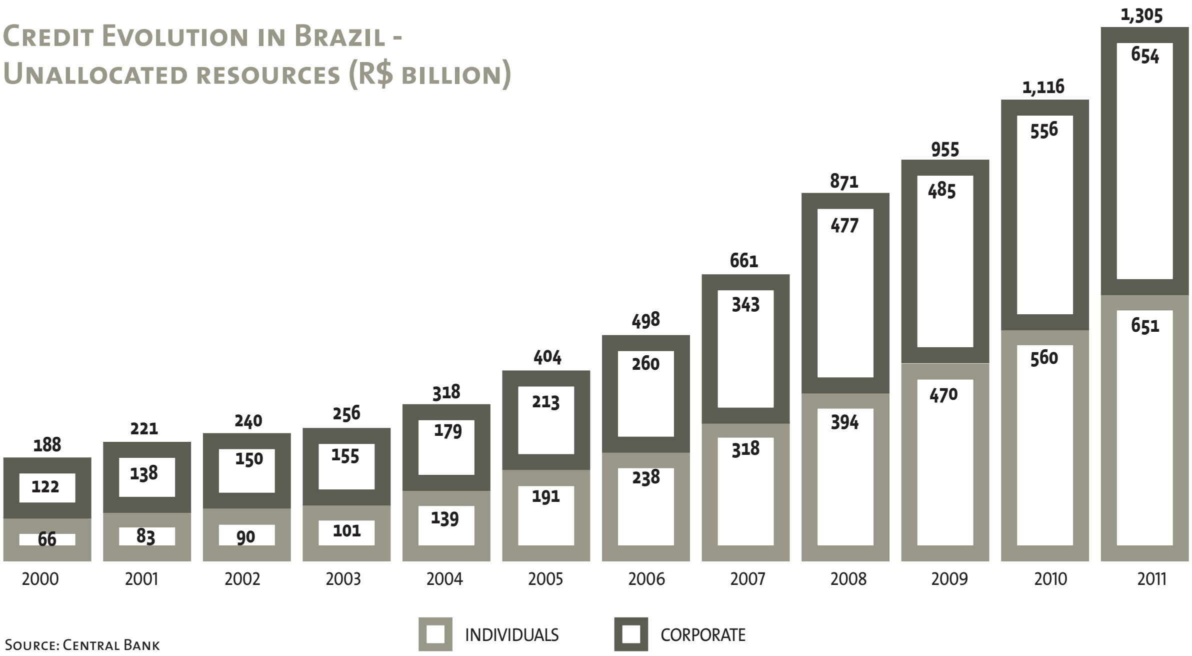
As for 2012, economic activity for the first half is expected to maintain a low growth level, being harmed by the weak performance of industry, which is suffering from low competitiveness. The period will also hold much uncertainty regarding the implementation of the fiscal and monetary policies of Eurozone countries. The United States, in turn, may draw a higher level of attention because of its presidential race. The Brazilian economy is expected to post a more promising level of recovery in the second half of the year, with gradual resumption of industrial production and strong growth in the consumption and the services sectors.

Credit Operations - Brazilian Financial System



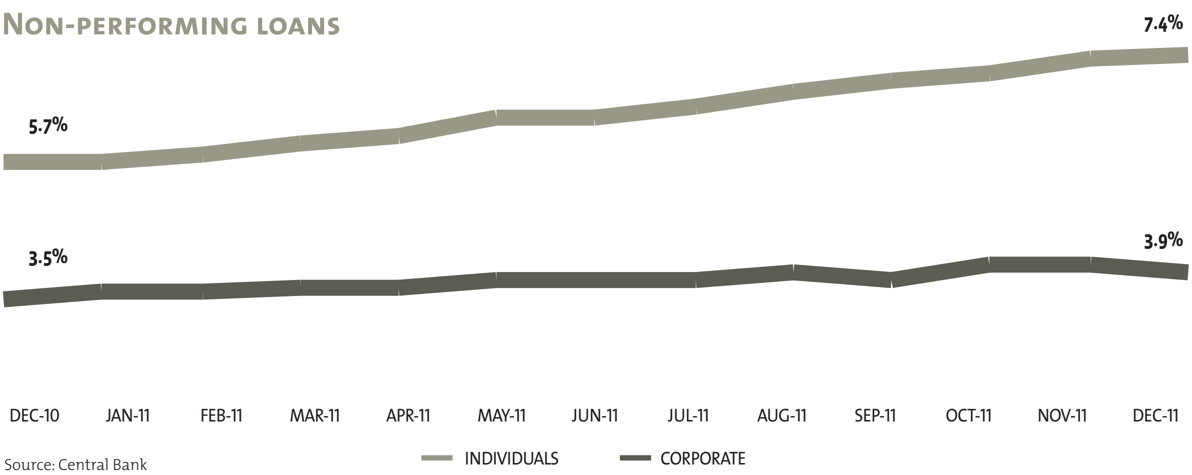
Source: Central Bank

Credit Evolution in Brazil - Unallocated resources (R$ billion)



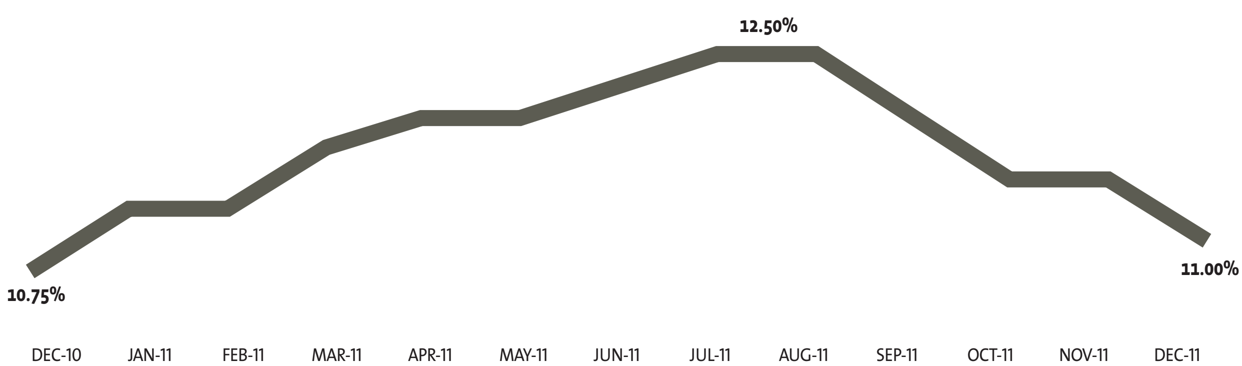
Source: Central Bank

Evolution of Non-performing loans



Source: Central Bank

Evolution of interest rates (Selic)



Source: Central Bank

Managerial Income Statement

Results

The Bank's 2011 loss of R$ 83.8 million was directly affected by the following:

- A default level higher than the historical average: a 138% increase in provisions for doubtful loans (PDLs): R$ 339 million in 2011 vs. R$ 142 million in 2010;
- An increase of 15.6% in the normalized cost of personnel, mainly due to the Retail acquisitions that took place in 2010 (see "Personnel and Administrative Expenses");
- Nominal increase of 17.2% of administrative expenses, which reached R$ 183.7 million, primarily because of higher costs of communication, specialized technical services, and data processing, mainly due to our Retail production activities (see "Personnel and Administrative Expenses");
- Review of the provisions for taxes, judicial deposits, and reconciliations, which adversely affected 2011 income by a net figure of roughly R$ 33.6 million.

The Managerial Income Statement below results from reclassifications of items in the accounting income statement, as described below:

Managerial Income Statement

Managerial income statement (R$ million)	12M11	12M10	Var. (%)
Net interest margin before provisions	**578.4**	**516.7**	**11.9%**
Exchange rate variation effect in Cayman (1)	40.0	(12.4)	-422.6%
Exchange rate variation fiscal effect in Cayman (2)	18.4	(19.1)	-196.3%
Managerial net interest margin before provisions	**636.7**	**485.2**	**31.2%**
Financial margin with clients	591.0	484.5	22.0%
Financial margin with market (3)	45.7	0.7	6,428.6%
Provision for loan losses	**(339.2)**	**(142.5)**	**138.0%**
Gross income on financial operations	**297.5**	**342.7**	**-13.2%**
Service fee income	**121.5**	**76.9**	**58.0%**
Managerial Personnel expenses (4)	**(207.3)**	**(161.9)**	**28.0%**
Normalized Personnel expenses (4) (5)	**(207.3)**	**(179.3)**	**15.6%**
Administrative expenses	**(183.7)**	**(156.7)**	**17.2%**
Tax Expenses	**(58.8)**	**(51.0)**	**15.3%**
Other operating income/expenses (adjusted)	**(43.7)**	**(9.1)**	**380.2%**
Other operating income/expenses (as published)	(3.7)	(21.6)	-82.9%
Exchange rate variation effect in Cayman (1)	(40.0)	12.4	-422.6%
Non-operating income	**(2.1)**	**(3.1)**	**-32.3%**
Income before taxes and profit sharing	**(76.6)**	**37.7**	**-303.2%**
Income Tax and Social Contribution - Adjusted	**54.3**	**(11.7)**	**-564.1%**
Income Tax and Social Contribution (as published)	72.6	(30.8)	-335.7%
Exchange rate variation fiscal effect in Cayman (2)	(18.4)	19.1	-196.3%
Profit sharing (6)	**(31.3)**	**(17.2)**	**82.0%**
Retention plan (4)	**(30.2)**	-	-
Net income	**(83.8)**	**8.7**	-

1 - The effect of the fluctuation of the foreign exchange rate on the investments abroad is recorded as "Other revenues/Operating expenses." For a better managerial analysis of income, this figure was reclassified, having been transferred to the Gross Financial Intermediation Income line.
2 – The fluctuation of the foreign exchange rate on investments abroad gave rise to a taxation effect that affected the Income and Social Contribution Taxes line. For a better managerial analysis of income, this figure was reclassified, having been transferred to the Managerial interest margin before provisions.
3 – Managerial Treasury income – proprietary desk
4 – In December of 2010, the bank instituted a plan for retaining executives. This started affecting the expense line as of January 2011. For a better managerial analysis of income, this figure was reclassified, and a specific line having been established for it.
5 - In 2010, as a result of the corporate restructuring of GVCred/GVI that took place on December 30, the income-related figures, including personnel expenses, were incorporated into CREDIFIBRA´s shareholders' equity (a balance-sheet was drawn up to close the accounts). For a better managerial analysis of expenses, we added to the 2010 personnel expenses the amount of R$ 17.4 million, which concerns the GVCred personnel expenses for that year.
6 - In 2010, in the Retail business, the bonuses were recorded in the individual companies and were not consolidated in Credifibra.

Financial Intermediation Income and Net Interest Margin (NIM)

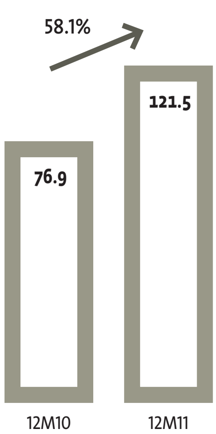
Revenues and Expenses

In 2011, the managerial income margin before provisions amounted to R$ 636.7 million, 31.2% above the 2010 figure. The client margin increased 22.0%, with the credit portfolio growing 9.4%. The net interest margin in turn grew substantially during the course of the year, to 6.7%, vs. 5.9% in 2010.

Net Interest Margin (R$ Million)	12M11	12M10
Managerial Net Interest Margin before provisions	**636.7**	**485.2**
Average earning assets(*)	**9,506.2**	**8,244.0**
Loan operations (includes foreign exchange transactions and excludes guarantees)	7,978.2	6,519.9
Interbank investments	416.2	849.5
Securities and derivatives	1,111.8	874.6
Managerial Net Interest Margin (NIM)	6.7%	5.9%

(*) Loan operations (-) Guarantees (+) Securities and derivatives (+) Interbank investments (-) Repurchase commitment transactions

Fee Revenues (in millions of R$)



Fee revenues, at R$ 121.5 million in 2011, grew substantially: 58.1% in the full year, vs. the same period in 2010. This was mainly due to the progress of our vehicle financing operations in the Retail area.

- The normalized personnel expenses increased 15.6% mainly because of the 2010 acquisition of Sofcred (March) and Validata (September) and the creation of the financial firm CREDIFIBRA (April). The growth of Retail production, primarily vehicles financing, and the collective bargaining agreements also contributed for the growth of expenses.

- The administrative expenses posted a nominal growth of 17.2% to R$ 183.7 million, mainly due to the higher cost of communications (2011: R$ 34.4 million; 2010: R$ 23.0 million), of specialized technical services (2011: R$ 34.4 million; 2010: R$ 28.8 million) and of data processing (2011: 27.1 million; 2010: R$ 19.5 million).

- In October, given the prospect of lower economic growth and demand for credit, management restructured personnel, with a view to cutting costs by some R$ 14 million /year, which have not yet been captured in the period presented. The cost of the dismissals conducted in 2011 also had an adverse impact on personnel expenses.

Efficiency ratios

Whereas the Wholesale efficiency ratio, at about 35%, has remained unchanged from one year to the next, the Retail ratio evolved substantially, demonstrating the efficiency gains captured in the first year after the aforementioned acquisitions.

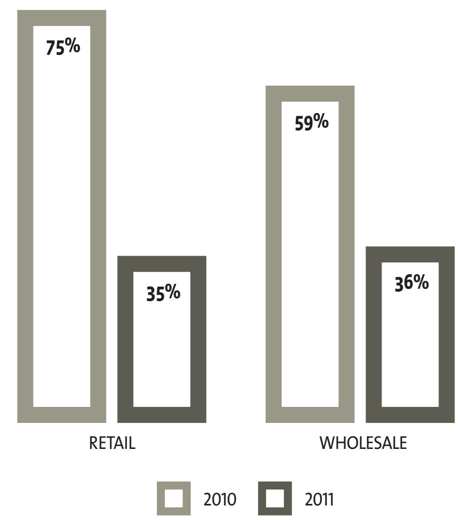
Assets and Funding

Credit Portfolio

In December of 2011, the consolidated credit portfolio reached R$ 8.6 billion, posting growth of 9.4% in the last 12 months.

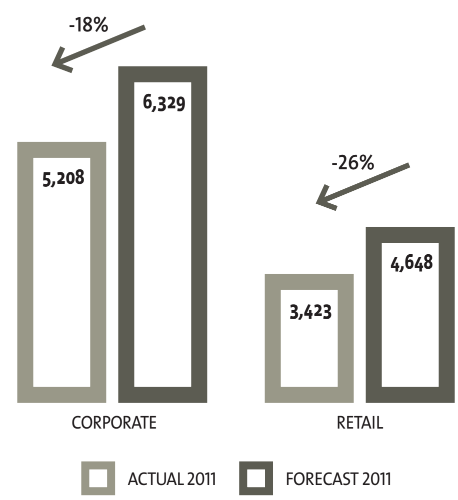
During the year, market conditions caused our portfolio to grow less than the original target. Notwitstanding, in line with the Bank´s policies and strategies, the portfolio has maintained a low concentration level.

(Direct + Indirect Costs)/ Gross Interest Margin



Credit Portfolio Actual vs Forecast

R$ million



Industry	40%
Food	3.9%
Machinery and equipment	3.5%
Construction and real estate	3.5%
Fertilizers and pesticides	3.3%
Others	25.7%

Services	17%
Freight / Logistics	3.5%
Trading	2.6%
Rendering of services	2.0%
Others	8.6%

Agribusiness	19%
Cooperative	7.6%
Sugar and alcohol	7.3%
Rural producer	2.3%
Others	1.5%
Others	15%

Commerce	10%
Retail	2.7%
Authorized car dealers	2.4%
Grains and raw materials	2.3%
Others	2.2%
Total	100%

In the "Others" category, no single segment accounts for more than 3% of the portfolio.

Credit Portfolio - concentration of main debtors*

% Credit Portfolio	dec-11	dec-10
Main debtor	0.5%	0.7%
10 largest debtors	3.4%	5.2%
20 largest debtors	5.8%	8.8%
50 largest debtors	11.4%	16.8%
100 largest debtors	18.4%	26.4%

* Excludes interbank market and includes guarantees

Portfolio Quality

Credit quality indicators (R$ million)	dec-11	dec-10	Var. (%)
Credit portfolio(1)	8,212	7,513	9.3%
Balance of PDLs	409	236	73.3%
D-H Portfolio	497	268	85.4%
Contracts past due by more than 90 days	305	107	185.0%
Wholesale	121	43	181.4%
Retail	184	64	187.5%
Portfolio ratios			p.p.
PDLs/portfolio	5.0%	3.1%	1.9
D-H Portfolio / portfolio	6.1%	3.6%	2.5
Contracts past due by more 90 days (2) /portfolio	3.7%	1.4%	2.3
Wholesale	2.5%	0.9%	1.6
Retail	5.4%	2.4%	3.0
Coverage ratio			
PDLs/ Contracts past due by more than 90 days (2)	134%	221%	(87.0)

(1) excludes guarantees
(2) Past due and future installments of contract

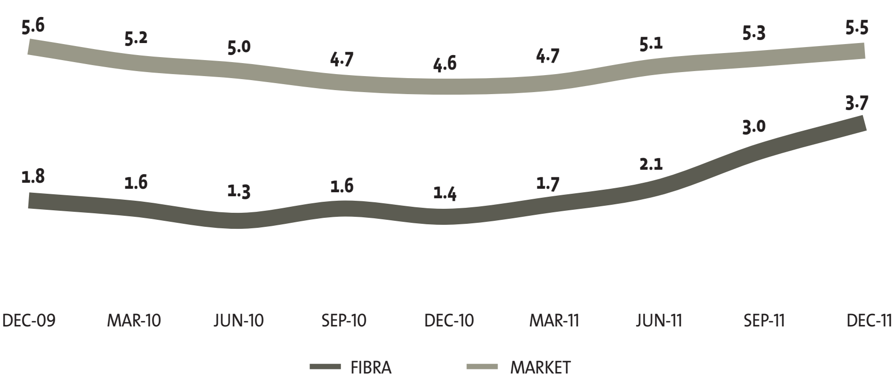
The expenses with provisions for doubtful loans (PDLS) rose 138% in 2011, to R$ R$ 339.2 million, vs. the R$ 142.5 million posted in 2010. This increase in the bank's provisions, as mentioned previously, was due to the default ratio of the system, which affected loans to individuals (mainly because of the higher level of debt that families were carrying) and to companies (caused by the economic slow-down).

Provision for Doubtful Loans

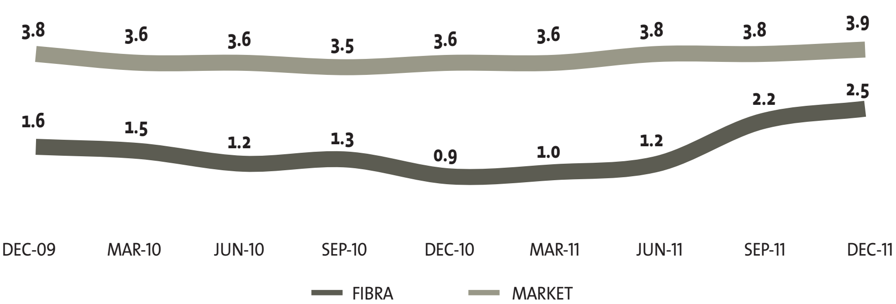
Provision for doubtful loans (R$ million)	12M11			12M10		
	RETAIL	MIDDLE MARKET	TOTAL	RETAIL	MIDDLE MARKET	TOTAL
Initial balance	69	170	239	34	146	180
Write-offs	(107)	(63)	(170)	(48)	(45)	(93)
New provisions	199	140	339	75	76	151
Validata provisions	-	-	-	6	-	6
Additional provisions	-	-	-	(2)	(6)	(9)
Final balance	**161**	**248**	**409**	**66**	**170**	**236**

In December 31 of 2011, the balance of provisions for doubtful loans and other credits consisted of provisions for loans, R$ 324.3 million; provisions for other credits, R$ 78.4 million; and provisions for assigned credits with recourse, R$ 6.2 million.

NPLs - Total Portfolio (in%)



NPLs - Wholesale (in%)



Delinquency (past due by more than 90 days) - Fibra vs. the Market

The default behavior of the credit portfolio, though below that of the market, reflected nonetheless a sharper ascending curve in 2011, mainly due to: (i) macroeconomic factors in both the Wholesale and Retail segments; (ii) the effect of the macro-prudential measures implemented by the Central Bank and directed mainly to the vehicle portfolio (which equals 62% of the Retail portfolio); and (iii) specific cases of Wholesale clients. Banco Fibra's total non performing loans over 90 days reached 3.7% of the credit portfolio in December of 2011, vs. 1.4% in December of 2010.
In the Wholesale segment, the growth in NPLs to 2.5%, from 0.9% in December of 2010, was caused mainly by specific cases of larger-ticket clients. As a result, we increased our provision in 2011, to maintain our conservative posture and anticipate possible future default.

Given the adverse performance of the repayment of loans, our credit area put in place the following measures, among others:

- Review of the credit limits;
- Strengthening of the credit and of the renegotiations teams;
- Constant evaluation of the cases flagged by the monitoring area.

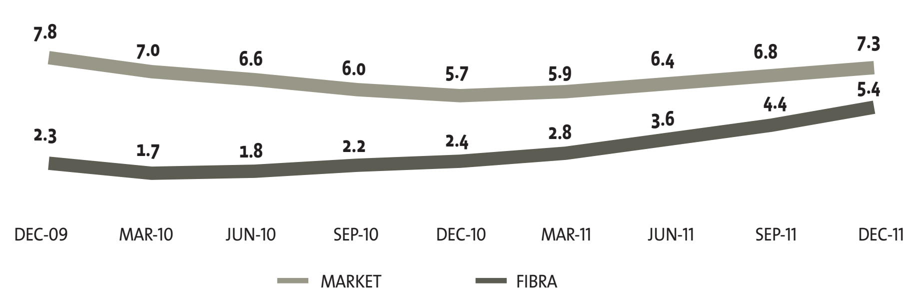
Additionally, we highlight the completion of the Credit Monitoring System, designed to prevent and signal potential credit problems at Fibra.

Default in the Retail segment was mainly affected by the rise in the number of contracts in arrears in the vehicle financing market, due to the higher indebtness of the population, as well as by the Central Bank's macro prudential measures, which shortened financing terms and consequently raised the value of the installments due.

To contain the default growth, the following measures were taken:

- Restrictions on the financing for older vehicles;
- Constant reviews, to mitigate risks at the time of the formalization and payment of the contract (documentation and processes);
- Strict control of commercial partners, which included establishing a rating for client stores;
- More restrictive policies and a specific scoring system for professions with a high rate of default, as well as customized scores by product and segment;
- Implementation of measures to strengthen the credit recovery process.

NPLs Retail - (in%)



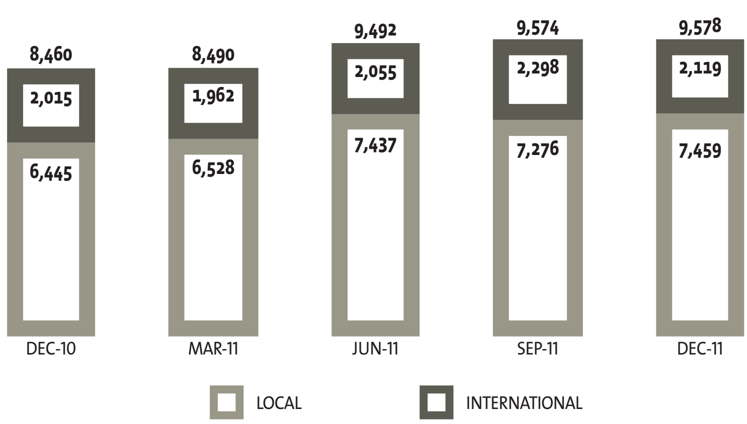
Credit portfolio by risk level

	DEC-11				DEC-10			
	RETAIL	WHOLE-SALE	TOTAL	ACCUM.	RETAIL	WHOLE-SALE	TOTAL	ACCUM.
AA	6.5%	7.6%	7.1%	7.1%	17.0%	14.2%	15.1%	15.1%
A	76.3%	30.8%	49.5%	56.6%	72.9%	23.3%	39.9%	55.0%
B	5.1%	47.3%	30.0%	86.6%	4.2%	46.4%	32.3%	87.3%
C	4.2%	9.5%	7.3%	93.9%	2.4%	12.5%	9.1%	96.4%
D-H	7.9%	4.8%	6.1%	100.0%	3.5%	3.6%	3.6%	100.0%

Funding

The slower growth pace of the credit portfolio reduced the need for added funding. To extend the mean term of our borrowings, as well as to replace the international funding that matured during the course of the year, we conducted two international issues, totaling US$ 262 million. The first was a three-year Eurobond (senior notes), in two tranches, totaling US$ 240 million, of which the first tranche was floated in May and the second one in June, thanks to strong demand. The other deal, conducted in October, consisted of a 10-year term, US$22 million subordinate debt issue (stand-alone note).

Evolution of Funding (in R$ million)



Management of Assets and Liabilities

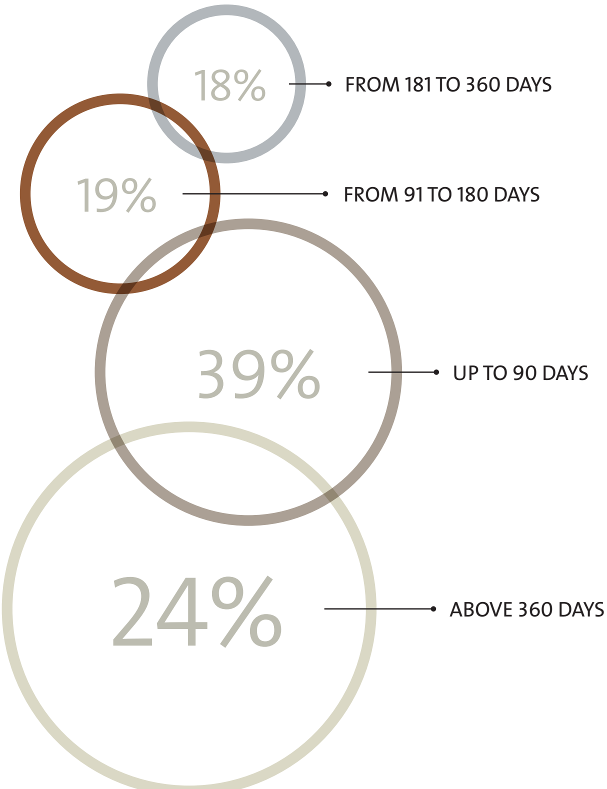
Term gap of assets vs. liabilities

Fibra maintains a suitable alignment of assets vs. liabilities, minimizing its exposure to any mismatch of rates and maturities. Whereas 76% of the credit will mature in the next 12 months, only 51% of the funding falls due in the same period, generating a positive gap between assets and liabilities.

Credit Portfolio - by tenor R$ million	dec-11	dec-10	Var.
Up to 90 days	3,372	3,150	7.0%
From 91 to 180 days	1,636	1,464	11.7%
From 181 to 360 days	1,559	1,397	11.6%
Above 360 days	2,064	1,882	9.7%
Total	**8,631**	**7,893**	**9.4%**

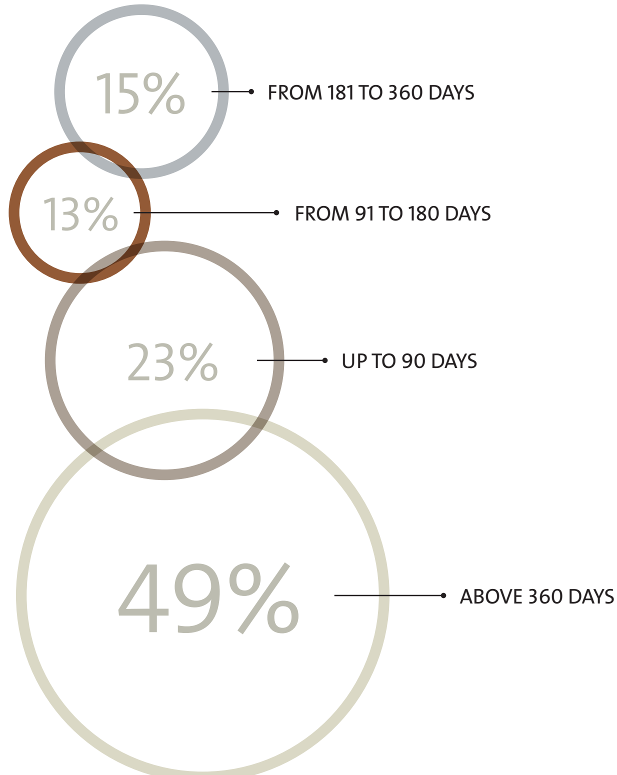
Funding - by tenor R$ million	dec-11	dec-10	Var.
Up to 90 days	2,153	2,338	-7.9%
From 91 to 180 days	1,284	1,899	-32.4%
From 181 to 360 days	1,476	1,395	5.8%
Above 360 days	4,665	2,828	65.0%
Total	**9,578**	**8,460**	**13.2%**

Total Credit Portfolio - Breakdown by Tenor



Average term for credit operations : 250 days

Total Funding Portfolio - Breakdown by Tenor



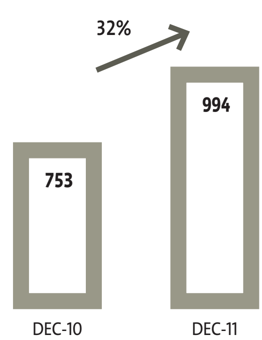
Average term for funding: 460 days

Liquidity

As a matter of prudence, since the 2008-09 economic crisis, the Bank has maintained a high average balance of liquid assets.

Cash and cash equivalents - R$ million	Dec-11	Dec-10	Var. (%) 12 months
Assets	**8,762**	**8,254**	**6.2%**
Cash and Banks	85	37	129.7%
Interbank investments	329	789	-58.3%
Securities and derivative financial instruments	1,230	825	49.1%
Loans	7,118	6,603	7.8%
Liabilities	**7,315**	**6,902**	**6.0%**
Open market	24	53	-54.7%
Demand deposits	178	168	5.9%
Borrowings and repass borrowings	1,538	1,662	-7.5%
Time deposits and Interbank	5,575	5,019	11.1%
Cash and cash equivalents	**1,447**	**1,352**	**7.0%**

Shareholders' Equity R$ million



The Bank's total shareholders' equity reached R$ 994 million in December 2011. The main events that affected it, besides the year's income, were the capital increases provided by our shareholders, in the total amount of R$ 330 million.

Period	Shareholder	Amount
Mar-11	Grupo Vicunha	R$ 80 million
Jun/Jul-11	IFC	R$ 80 million
Nov/Dec-11	Grupo Vicunha	R$ 170 million
Mar-12	IFC	R$ 28 million

Investment up to Dec/11: R$330 million
Investment up to Mar/12: R$358 million

Statement of Added Value |GRI EC1|	2011		2010	
	R$ thousand	%	R$ thousand	%
Gross income on financial operations	**239,192**	**139.8%**	**374,256**	**138.7%**
Income from services	121,537	71.0%	24,032	8.9%
Bank fee income	-	0.0%	52,828	19.6%
Other operating income/expenses	(189,612)	-110.8%	(181,383)	-67.2%
Total	**171,117**	**100.0%**	**269,733**	**100.0%**
Distribution of aded value				
Salaries	**237,852**	**139.1%**	**153,102**	**56.8%**
Salaries	162,073	94.8%	104,808	38.9%
Benefits	33,445	19.5%	22,413	8.3%
Unemployment guarantee fund	11,058	6.5%	9,255	3.4%
Other charges	31,276	18.3%	16,626	6.2%
Government remuneration	**17,095**	**9.9%**	**107,893**	**40.0%**
Tax expenses	58,777	34.3%	51,032	18.9%
Income tax and social contribution	(72,650)	-42.5%	30,793	11.4%
INSS (social security charges)	30,968	18.1%	26,068	9.7%
Interest on own capital / dividends proposed	**-**	**0.0%**	**22,245**	**8.2%**
Loss for the period	**(83,830)**	**-49.0%**	**(13,507)**	**-5.0%**
Total	171,117	100.0%	269,733	100.0%

In March of 2012, within the deadline determined by the Shareholders' Agreement, the International Finance Corporation (IFC), which is the World Bank's private sector investment unit, added to Fibra's capital by paying in R$28 million, thus maintaining its percentage stake in the Bank unchanged, at 14%. This raised the pro forma Basel index to 13.9%.

Additionally, the amount of R$ 39.8 million was identified and deducted from the December 31, 2010 net equity figure. This concerns adjusting the mark-to-market calculations of market swap operations.

Added value

The value added in 2011 amounted to R$ 171 million, vs. R$ 270 million the previous year. This added value illustrates the organization's wealth generation capabilities and the social effect of the distribution of these resources among the employees, government, society and shareholders. This figure was calculated based on the difference between the gross revenue from financial intermediation plus fees and the operating expenses.

Intangible Assets

Specializing in solutions for middle-market clients, including granting credit for this high growth and profitability potential segment, lends Fibra an important competitive advantage. The Bank aims to specialize its team on a permanent basis and invests constantly in technology, in order to provide services that are increasingly improving and being adjusted to clients' requirements. It must also be prepared to scale up its operations and to take advantage of market opportunities by launching products swiftly.

Conservative and efficient management – The management model is guided by professionalization and by ethics in the conduct of business. There are no family relations between the members of the Executive Board and of the Board of Directors, on one hand, and the family that controls the Bank, on the other. The senior executives have a professional reputation, with more than 20 years of experience in the financial market, as well and strong academic credentials. The teams are set up according to criteria of academic education, market specialization and professional maturity.

Relationship – Permanent specialization of the teams, freeing up the sales force, process automation, solutions for clients, service and communication: these form the basis for client relations, characterized by fast and balanced response to their requirements in terms of products and services. In the Wholesale business, the product portfolio, the ability to understand the specificities of clients' businesses and to be able to service their needs with precision, and Fibra's widespread operations, mainly in regions where production activities are concentrated, are what draws clients to the Bank. In the Retail segment, product solutions and the efficiency of the operating systems for granting credit are the distinguishing features that build up the loyalty of client stores.

Shareholders – Grupo Vicunha's management experience and the International Finance Corporation's corporate governance and socio-environmental responsibility expertise lend strength to the Bank's business. In 2011, the shareholders invested R$ 330 million of new capital, thereby confirming their long-term confidence in the business.

Brand – The Fibra brand reminds one of persistence, strength and perseverance, which are all part of the spirit of the Bank's team and of the history of Grupo Vicunha, which founded the textile company Fiação Brasileira Rayon (Fibra). Now, CREDIFIBRA, the Bank's retail brand, reinforces the name, as it becomes consolidated in the market. The Bank maintains at INPI (Brazil's National Institute of Intellectual Property) the registration of the Fibra brand plus requests concerning another 16 brands: Credfibra, Credifibra DigitalCred, DigitalCred, Decore mais fácil, Navio + Fácil, Total Casa, Integrat, Crédito Já, Consig Fibra,Banco Fibra, Pagfibra, Fibra Financeira, Fibracred, Consiga Já, GVI and GVI Promotora. The Bank also manages 21 web domains, while CREDIFIBRA has another 25 web sites registered under the company.

Products – Fibra has a full portfolio of credit products, whose design is based on the fine-tuned client classification. With products that are parameterized in relation to client profile, the Bank is able to offer rates and terms that are suitable for them, while effectively managing risks and maintaining a portfolio that fulfills client needs and that is aligned with market reality. In the Retail segment, it enjoys technological improvements applied to its business, with credit products supported by operating platforms that provide them with security, cost reductions and speed of action in transactions.

Specialization – A client portfolio that is constantly adjusted and teams that are heavily specialized in the segments of their clients' businesses and technically prepared to act in management and sales raise the quality of the Bank's infrastructure in regard to products and operating solutions. Professional specialization, from the viewpoint of client relations, improves communication quality and makes it possible for the Bank to acquire a more refined understanding of each client's business, an understanding that encompasses the reality of companies and stores, making it easier to make decisions on product remodeling, adjustments of operating systems and processes, improvements of risk management models, and offerings of treasury products.

Distribution Network – The Bank has units servicing companies distributed across 16 cities in Brazil, with a greater concentration in the Southeast Region. As of December 2011, the Retail segment had 23 units spread through the five Brazilian geographic regions. Its geographic coverage has gained more flexibility thanks to its technological infrastructure that enables account managers to serve their clients via remote access to the Bank's operations, without requiring local physical facilities.

Technology – The use of technology in the automation of operating processes, in the support of commercial activities, in the granting of credit, in the making of products and services for clients and in risk management confers security and speed of action in decision-making, besides fostering cost reductions. This is a fundamental cornerstone of the Bank's strategic positioning, in that it makes its operating efficiency possible.

One of the measures to improve the governance levels was to segregate the Compliance and Internal Controls areas as well as the Technology and Back Office areas in relation to the Executive Office of Risk and Internal Controls.

04

Corporate Governance

The Bank improved the mechanisms of money laundering prevention and visited Coaf (the Council for Control of Financial Activities), which is part of the Ministry of Finance and responsible for regulating, indentifying and applying administrative penalties in connection with money laundering practices. Additionally, the Bank attends the forums of Febraban (the Brazilian Federation of Banks) that focus on analyzing and adopting risk management and internal controls procedures, including those that concern capital requirements for financial institutions, as formalized by the Basel Agreement 3.

In the operating context, a new subcommittee was created to evaluate securities, in order to analyze the more complex structures involving derivatives and swaps. The fine-tuning of the Audit Committee is also to be completed by mid-2012.

In 2011, Banco Fibra´s investments, of approximately R$ 10 million, were concentrated in improving processes and efficiency as well as complying with regulatory activities. For 2012, investments are expected to reach some R$ 20 million.

Governance structure

The Bank's governance consists of the General Meetings of Shareholders, the Board of Directors, the Executive Committee, the Executive Board and the committees that provide support for management. Grupo Vicunha, which holds the controlling stake in the Bank, has 86% of Fibra's capital. The other partner is the International Finance Corporation (IFC), which owns the balance of the shares (14%). |GRI 4.1, 2.8|

Grupo Vicunha operates in the textile, steel milling, gas, agro-industrial and real estate sectors. Its chief investments are Vicunha Têxtil (textile firm) and Companhia Siderúrgica Nacional - CSN (steel mill), both of which are leading companies in their respective markets.

IFC was set up in 1956 as a World Bank unit designed to foster projects in the developing countries that were its members, by means of incentives to private-sector companies with sound financial returns and financially and socially sustainable operations.

Based on the shareholders' agreement, IFC is allowed to veto certain matters, such as operations involving the consolidation, spin-off, merger or other corporate reorganization and change in the nature of the business. The agreement also governs the election of the members of the Board of Directors, ensuring that one IFC representative sits on the Board.

Board of Directors

The Board of Directors is a collegiate decision-making body, elected at the General Meeting of Shareholders. It is comprised of seven members, of whom three represent the controlling stareholder, one is appointed by the International Finance Corporation (IFC) and three are independent. The notion of an independent director is in line with that put forth in the rules of the Novo Mercado (New Market) of the São Paulo Stock Exchange – BMF&Bovespa. These dictate, among other things, that independent directors cannot have any connection whatsoever with the company other than shareholdings, which, however, must be lower than 5% of the total company. |GRI 4.3|

The Board of Directors is responsible for setting the general and commercial strategic policies. Its duties include electing, directing and managing the executives. It normally meets at least once a quarter or, exceptionally, when an extraordinary meeting is called by the chair of the Board. In 2011, the Board of Directors held 15 meetings.

Each member has a two-year term, re-election being permitted. The Board members get no additional remuneration if they take leave of the position and are not subject to age-related compulsory retirement. The chairperson of the Board holds no executive position in the Bank |GRI 4.2|. There are family ties among some members: Ricardo Steinbruch is the brother of Elisabeth Steinbruch Schwarz and Clarice Steinbruch is their cousin.

Board meetings are the forum for shareholders to voice their thoughts on the status of the business and to present recommendations about eventual measures to be put in place. This can also be done in the general meetings called on an ordinary or special basis. Executives and other Bank employees have as their channel of recommendations to the Board the several advisory committees. |GRI 4.4|

The CVs of the Board members can be consulted at the Banco Fibra Investor Relations website (www.bancofibra.com.br), section Corporate Governance, item Board of Directors.

Executive Committee

The Executive Committee is in charge of strategic alignment and of monitoring the Bank's results.

Instituted in August of 2007, it is comprised of the Chair of the Board of Directors, by the CEO, by the executive vice-presidents for the Wholesale Business, the Retail Business and Corporate, and by the executive officer of the Treasury. Their meetings are held once a week.

Executive Board

The executive directors are elected by the Board of Directors for a two-year term. They can be re-elected. They are the Bank's legal representatives and are responsible for the daily management of the business and for the implementation of the general directives and policies established by the Board of Directors. At the end of 2011, the Executive Board comprised one chair, three vice-presidents and five directors.

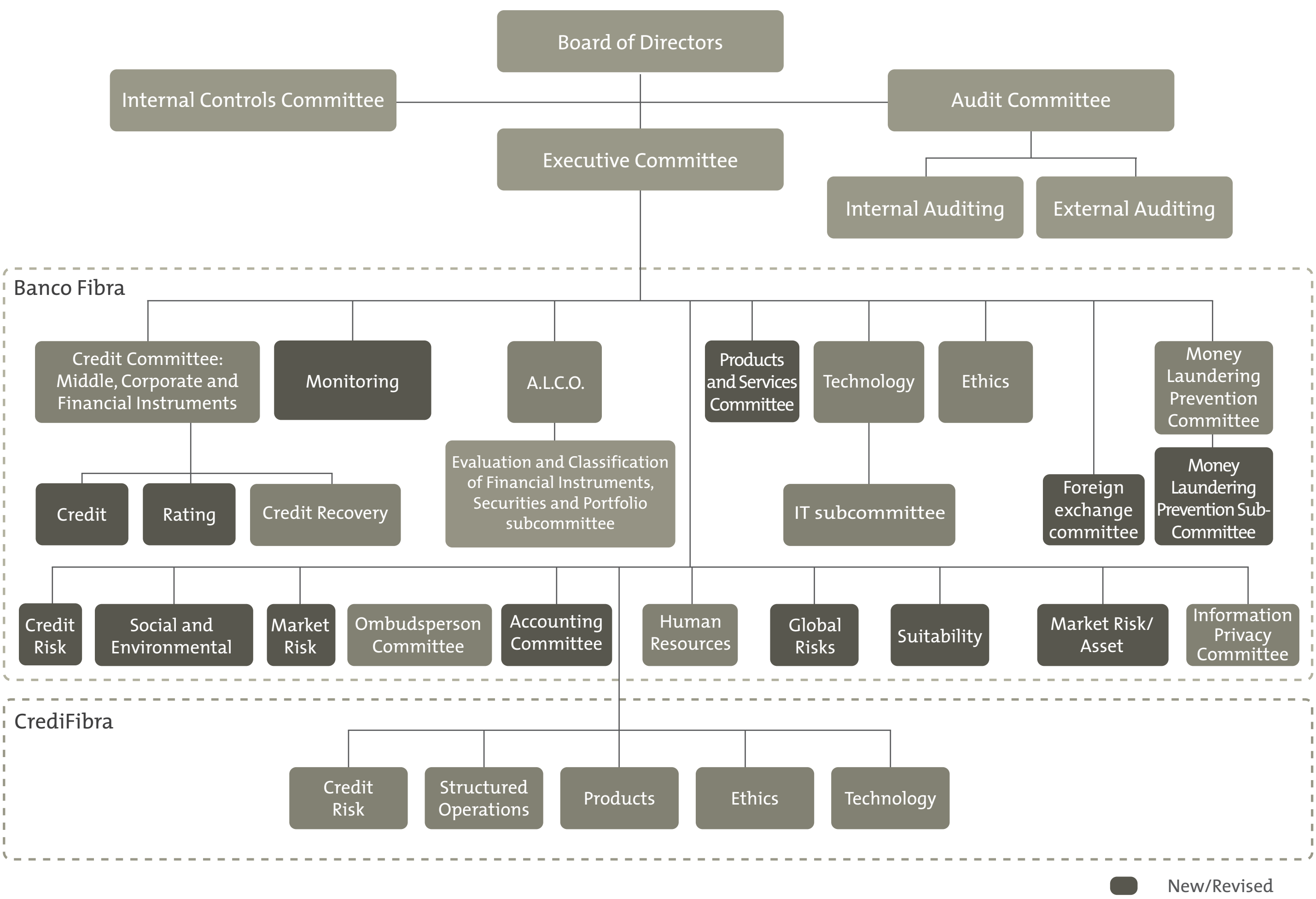
All the executives are professionals with experience in the financial sector and none of them has any family ties with the members of the Board of Directors or with the shareholders. The remuneration of the executive directors and the members of the Board of Directors amounted to R$ 12 million in 2011. |GRI 4.5|

The CVs of the Board members can be consulted in the Banco Fibra Investor Relations website (www.bancofibra.com.br), section Corporate Governance, item Executive Board.

Support committees

The Board of Directors and the Executive Board are supported by committees, which promote more in-depth discussion of issues, also helping to assess themes that are strategic for the business and provide input for more assured decision-making. At the end of 2011, the following committees and subcommittees were active:

Audit Committee – It fulfills the requirements of regulations and of governance practice. It has three members, one of whom is the Corporate executive vice-president, who sits on the committee as a technically qualified member appointed to be answerable to the Brazilian Central Bank for the monitoring, supervision and compliance with the accounting procedures and standards that are



currently in effect. The executive vice-president of the Wholesale business and the Financial Controller, Risks and Internal Controls Director are the other two members. The committee meets every three months, or as necessary on an extraordinary basis.

Monitoring Committee - Its function is to monitor and manage credit that has been extended, and to point out credit deterioration and the measures required to avoid financial losses. It is also in charge of proposing and tracking the execution of risk avoidance measures, besides transferring problematic cases to the Credit Restructuring area. It meets once a week.

Credit Committee - Middle Market, Corporate and Financial Institutions - It analyses credit limit proposals, operations and prospects, as well as reviewing current credit policies. Its work is distributed across three committees

- The **Credit Committee** meets once a week and as necessary.
- The **Credit Restructuring Committee** holds meetings on demand.
- The **Rating Committee** meets once a month.

Alco - Asset & Liabilities Committee – It is responsible for updating the flows of liquidity, funding and credit portfolio, besides analyzing the structure of assets and liabilities, as well as gaps between their terms. The committee meets once a month.

- **Subcommittee for Evaluation and Classification of Financial Instruments, Securities and Portfolios -** It validates the technical assumptions for the evaluation and approval of the classification of derivatives, of securities and of the trading portfolio. Additionally, it monitors the effectiveness tests of the derivatives earmarked for hedges and checks the hedge capital/fiscal structure. It meets once a month.

Market Risk Committee - It discusses very short-term strategies in relation to potential macroeconomic scenarios, the adjustment of the portfolio's risk metrics to the established limits and the inclusion of positions in the trading portfolio. It also evaluates the treasury's operating strategy and is the body that approves (or not) maintaining positions in the event that limits are exceeded, in which case it is called to meet on an extraordinary basis. The committee normally meets once a month.

Ombudsperson Committee - It discusses internal processes and controls, besides the best practices related to the Office of the Ombudsperson. It meets once a quarter or on an extraordinary basis.

Credit Risk Committee - It evaluates the credit portfolio, monitors the limits (past due and extrapolated), the exposure and concentration risks relative to groups and sectors, and the exceptional situations, besides simulating scenarios. It meets once a month as part of the executive board's meetings.

Global Risks Committee - It monitors the main issues concerning credit, market, liquidity, and operational risk, compliance and money laundering prevention, besides the Basel index. It meets every three months.

Operational Risks Subcommittee - It makes decisions concerning relevant risks and the diagnoses of occurrences, and it meets once a month.

Accounting Committee - It discusses and analyzes the market's best accounting practices in relation to local and the international standards. It meets once a month.

Money Laundering Prevention Committee - Its responsibility is to evaluate the occurrence of suspicious or atypical activities. It communicates with the appropriate authorities its eventual conclusions, when it believes that a crime has been committed or that there are indications of crime or of any other illicit activity. It meets once a month or on an extraordinary basis, as required.

Money Laundering Prevention Subcommittee - It deliberates on cases previously analyzed by the area of Internal Controls and Compliance and that are covered by the law on the crimes of laundering or concealment of assets, rights, securities and moneys. It also deliberates on internal standards and policies and on those of regulating bodies. It meets once a week.

Ethics Committee - It promotes the culture of ethics at the Bank, by providing the policies related to and the deliberations on issues of personal and professional conduct, in order to ensure a healthy work environment. It meets only on an extraordinary basis.

Technology Committee - It discusses and evaluates technological solutions that have high potential impact for the Bank, as well as analyzes, approves and prioritizes new IT Projects. It meets once a quarter.

. **Technology Subcommittee -** It provides input for the Technology Committee. Its members meet once a quarter.

Security and Privacy of Information Committee - It provides management support and guidance for initiatives concerning the privacy and security of information. It meets once a quarter or on an extraordinary basis, as necessary.

Suitability Committee - Interdisciplinary sphere in charge of evaluating and approving situations that are not provided for in the Suitability Policy, besides reevaluating this policy and analyzing the approved operations. The committee meets on demand, when agreed by the Compliance, Credit and Treasury areas.

Market Risk Committee / Asset- It discusses the adjustment of the portfolio's risk metrics to the limits set by the regulations and the mandate delegated by the quota-holders. The committee is also responsible for approving or not, when called to do so on an extraordinary basis, proposals for the adjustment of positions when limits are exceeded. It meets once a month.

Human Resources Committee - It determines and monitors corporate and strategic activities as regards best practices in Human Resources. The committee meets as required.

Foreign Exchange Committee - It approves spot foreign exchange transactions as well as the limits that have been exceeded or that are to be renewed. It also determines tracking limits depending on the nature and type of operation proposed. It meets once a week.

Products and Services Committee - It is responsible for presenting and obtaining approval for new products and services, as well as for determining the conditions for the start-up of the operation. Every new product and/or adjustment of existing products must be formally approved by the Executive Committee. The committee's meetings are held on demand, as necessary.

CREDIFIBRA has its own structure of committees in the following areas: Credit Risk, Structured Operations, Products, Ethics, and Technology.

Internal Auditing

Internal auditing is responsible for verifying and evaluating the risk management practices and processes pertaining to business operations. It reports directly to the Board of Directors, and maintains independence and technical objectiveness. The result of its work is the systematic improvement of managerial and operating efficiency, which includes processes, risk management practices and establishment of standards, internal controls, compliance and information security, to ensure full compliance with governance policies.

Ethical behavior |GRI 4.8|

The Code of Ethics sets directives for the conduct of the management, employees and service providers that are acting on Fibra's behalf. These directives provide parameters to ensure that professional conduct will comply with increasingly high ethical references, reflecting the cultural identity and high standards in relation to the commitments that the Bank undertakes in the markets and in the locations where it is active.

The Code's directives cover various personal and professional dimensions, encompassing the full range of relations that arise within and around the Bank and as a result of its doing business. Thus, it establishes parameters for confidentiality and the handling of information, of client complaints and for fulfilling the Bank's responsibilities relative to consumer defense legislation, for statements to the press, and for the treatment of conflicts of interest. The directives also determine criteria for dealing with professionals whose conduct has been considered improper in relation to substance abuse, and sexual and moral harassment, also providing guidance on the safety and protection of the environment and of the institution's assets. The Ethics Committee is responsible for updating and applying the Code, as well as for evaluating and deliberating on cases of non-compliance to the Code's standards, besides clarifying doubts about the interpretation of the text.

Basic principles

Corporate objectives and ethical principles – The Bank should always strive to build a socially and financially consistent pathway, based on precise ethical principles and enterprise objectives, shared by people at all hierarchical levels, as well as by its providers of services. It must aim at ongoing development, performance leadership and, mainly, client satisfaction.

Responsibility – Corporate and social responsibility should guide the Bank's decisions regarding its commitment to the communities in which it is active.

Reputation, integrity, trust and loyalty – One of the most important objectives of the Bank is its reputation as a sound and reliable enterprise that is aware of its social and corporate responsibility and that pursues results in an honest, fair, legal and transparent manner. The activities of its personnel must also be underscored by integrity, trust and loyalty, as well as by respect for humans and the acknowledgement of their value, along with their privacy, individuality and dignity.

Rejecting prejudice – All attitudes fuelled by prejudice as to origin, ethnicity, religion, social class, gender, color, age, physical limitations and any other form of discrimination are rejected.

Values – The management, personnel and providers of services should be committed to caring for the Bank's values and images, to maintaining a posture that is compatible with these values, and to defending the interest of Fibra and of its clients. The pursuit of the growth of the Bank's enterprises must be guided by these principles, with the assurance that all actions are guided by the highest ethical standards and are strictly legal.

Risk Management |GRI 1.2|

In 2011, in line with the consolidation of the Bank's growth and operational improvements process, measures were put in place to raise the quality of its risk management and mitigation systems. Besides fulfilling regulations, the improvements signaled major advances for the progress of the Bank's risk management culture.

Overall, achievements in the area of internal controls, the controller's office, and risk management were concentrated on improving risk prevention and the monitoring practices, thus enhancing the integrity of the Bank's operations.

Market risk

Management plays an active role in the practices and actions taken to improve market risk management. These are formalized by means of policies, process directives and manuals designed specifically to mitigate and monitor this type of risk. The Bank has a control structure organized in such a way as to encompass, as completely and in as much detail as possible, the legal requirements and the demands inherent to the Bank´s businesses.

Market risk controls are regulated by internal norms that specify the responsibilities of each team in terms of their controls over risks. These determine which tools are to be used, the limits that apply, and the actions that are to be taken in the event that the said limits are exceeded. These norms also present the legal aspects which concern the Bank and describe how each of the main committees is involved with the management and control of risks.

As part of the Bank's decision to handle risk monitoring with the utmost strictness, in 2011, the Work Group for the Evaluation and Classification of Financial Instruments, Securities and Portfolios was elevated to the position of Subcommittee, with the task of validating the technical assumptions that underlie the evaluation and approval of the classification of derivatives, securities in the trading portfolio and hedge accounting operations. Other adjustments were conducted to adapt the controls to the requirements of the Central Bank.

In 2011, Fibra also implemented controls for liquidity stress and the movement of operations, besides developing management reports on the banking portfolio exposure. Additionally, the Bank developed fair value calculations for the portfolios of credit, funding and spread of derivatives in accordance with international accounting standards, and created processes for the intraday calculation of Value at Risk (VaR) and trading results, based on the instant movements of the market and of the intraday operations conducted by the Treasury area.

As for 2012, the planning provides for the implementation of a new version of the market risk control system, to eliminate manual processes and refine the calculation of values at risk. Additionally, the following will be finalized: technical documentation of the market risk processes, improvement of the controls of liquidity risk, and the consolidation of the risks and their impacts.

Liquidity risk

The control of the liquidity risk focuses on ensuring that the institution is able to honor its commitments when its operations fall due, without incurring in major losses.

The risk control area has specific tools that simulate extreme scenarios and measure their effect upon the bank's liquidity. In 2011, new liquidity risk controls were put in place. These improvements were additional to the preparation of the Internal Manual of Liquidity Risk Control, which determines the controls that are to be used, the responsibilities and the flows of information regarding risk management.

The bank's senior management is actively involved in the management of the liquidity risk, through ALCO (the Asset and Liability Committee), the purpose of which is to discuss the policies and means of funding in relation to the allocation policies, as well as the structure of the credit portfolio and the liquidity level relative to terms and concentration of maturities. The Bank also has a Liquidity Contingency Plan that establishes the entire monitoring procedure and the action plans in the event of a liquidity crisis.

Operational Risk

The management of operational risk has matured further as a result of the implementation of four main measures: allocation of the Operational Risks area to the Compliance structure, redefinition of the risk management methodologies, segregation between the areas responsible for tests and those responsible for management, and creation of the Operational Risks Subcommittee, which answers to the Global Risks Committee.

The improvements that occurred in 2011 also include the development of a control panel that presents the rating of the areas' risks. This works like a mapping of the operational risk of the entire business, after evaluation of the controls. As a result of this work, it will become possible, in 2012, to send a management report on the operational risk to all the areas of the Bank, on the basis of which the area leaders will be able to determine action plans to mitigate risks. The calculation of the portion concerning operational risks is also to be automated, through the addition of one module to the Accounting system. This will result in process security and speed of action.

Credit Risk

Banco Fibra's Credit Risk control is conducted by a specific area. This strengthens the Institution's concern with the best governance practices as regards risk. Among the area's activities, the following stand out: monitoring the exposure limits, tracking default, analyzing the rating system and evaluating the commitment of the Reference Equity (*Patrimônio de Referência* - PR) by the institution's lines of business.

There is still an inherent concern about compliance with regulation standards, in particular those that regard the Statement of Operating Limits, which consolidates the Bank's portions of risk for submission to the regulating body.

Another important Credit Risk Control tool is the application of stress scenarios to the credit portfolio. The aim of these simulations is to quantify and analyze the effects and eventual need for capital that can result from adverse market fluctuations.

In 2012, to further reduce the operating risks of the activities subject to Credit Risk Control, the Bank will automate the calculation of the portions that concern credit risk, operating risk and the Statement of Operating Risks as well.

Compliance and Internal Controls

Within the context of the consolidation of the Bank's risk management culture, the underlying assumptions of the Compliance Agents Program were reviewed. Fibra invested in the training of the compliance agents, improving their understanding of how to identify operating risks and implement mitigating controls. Plans to test the key risks were also developed. These anchor the internal controls system. The execution of the tests was also followed by the Compliance agents.

This improvements plan will continue in 2012, with management closely monitoring the operational risk management action plans and the new control tests to be determined for the key risks of each area.

The people management priorities in 2011 focused on professional improvements and on instituting better formal relations between the Bank and its employees.

05

People Management and Socio-Environmental Performance

As part of the process of consolidating Banco Fibra growth, the people management work in 2011 was centered on professional improvements and on instituting better formal relations between the employees and the financial institution. In 2012, the area will focus on retaining staff personnel and on improving the conditions of recognition of the employees.

At CREDIFIBRA, the employees were reassessed in terms of productivity, as part of the ongoing process adopted at the financing company as a direct result of the acquisitions of the last three years.

Training – At the Bank, more than 800 hours of distance training were offered via the e-learning platform accessed via the intranet. At CREDIFIBRA, 15,424 hours of training were provided in different programs. The distance training, of which part was mandatory and part was optional, took place during working hours, in keeping with the Bank's policy that highlights the importance of ongoing training and professional development for the business. The mandatory training programs included those that concern practices for the prevention of money laundering, information security, and technical training geared toward negotiation and customer services, in the credit and back-office areas. The optional training included introduction to financial mathematics, time management and correct use of the Portuguese language. The Bank also sponsored half of the cost of graduate courses taken by key employees. At CREDIFIBRA, the training highlights were the Convention held in March of 2011, which was attended by 239 employees; the Processes Alignment Seminar for the areas of Credit, Collections, Back-Office and Client Services, attended by 272 employees; and the Commercial Team Training course on fraud prevention notions, attended by 894 employees.

Traineeships – Still from the viewpoint of recognition of professional value, traineeships were initiated at both the Bank and CREDIFIBRA. The program lasts one year and can be extended for as much as another year, but must never exceed two years overall. During this time, the trainee may be hired as a regular employee by the area, or may take part in internal recruiting processes for other areas. In total, 36 trainees took part in the program during 2011.

Citizenship – Banco Fibra and CREDIFIBRA respect their employees' conditions of citizenship. Thus, they have extended the maternity leave to six months. Additionally, they have started working on the development of an intranet channel for denouncing moral harassment. To safeguard equal treatment of its employees, three handicapped employees were promoted in 2011. The Bank also has an agreement with Espro – Social Teaching for Professional Training (an institution that professionally trains youngsters to qualify for the job market) whereby it hires young apprentices. In 2011, 12 physically handicapped employees and 20 apprentices were hired.

Health – One more Health Week was held in 2011, focusing on the theme of stress. The program included lectures and activities that targeted re-educating eating habits and encouraged engaging in physical exercise. It also offered taking the employees' blood pressure along with blood sugar tests. CREDIFIBRA, during its SIPAT (Internal Occupational Accident Prevention Week), also offered lectures, tests, consultations and services that focused on health and on improving the quality of life. At the Bank, in addition, the superintendents acquired the right to medical check-up services.

Total Headcount |GRI LA1|	2009	2010	2011
Employees	1,049	1,622	1,571
Southeast region	871	1,288	1,245
South region	125	179	178
Northeast region	33	83	79
Midwest region	19	41	42
North Region	1	31	27
Third-party workers	147	85	76
Trainees	24	20	36
Total	**1,220**	**1,727**	**1,683**

Diversity Indicators |GRI LA1, LA13|

Functional	2009	2010	2011
Directors	12	11	11
Managers and Supervisors	367	537	400
Administrative	165	195	323
Technical level	265	403	453
Operacional level	240	476	384
Gender			
Men	561	848	813
Women	488	774	758
Colour / Race			
White	955	1.485	1,272
Black	62	95	259
Yellow	32	39	39
Indigene	-	3	1
Age			
Up to 30 years old	301	404	526
Between 30 and 50 years old	669	1.132	940
Over 50 years old	79	86	105

Nº of Years with the Company	2008	2009	2010	2011
Less than 1 year	31%	51%	43%	49%
Between 1 and 3 years	53%	33%	34%	33%
Between 3 and 5 years	8%	8%	16%	13%
More than 5 years	8%	8%	7%	5%

Training in 2011 (GRI LA 10)	Employees by function	Number of participants	Number of hours	Hour/ Employee
Directors	11	13	58	4
Managers and Supervisors	400	1,169	5,220	4
Technical level	453	1,325	1,963	1
Operational level	384	369	7,130	19
Administrative / trainees	323	799	3.064	4
Total	**1,571**	**3,675**	**17,435**	**5**

Turnover |GRI LA2|

	2009		2010		2011	
	Banco Fibra	CREDIFIBRA	Banco Fibra	CREDIFIBRA	Banco Fibra	CREDIFIBRA
Average Number of employees	387	562	452	880	505	1,120
Number of admitted	128	250	235	446	145	359
Number of dismissed	107	195	128	317	173	363
Turnover - total	27.6%	35.0%	28.3%	36.0%	34.3%	32.4%
Turnover by gender						
Men	71	78	92	139	107	192
Women	36	117	36	178	66	171
Turnover by Age						
Up to 30 years old	29	84	41	127	73	128
Between 30 and 50 years old	70	101	75	186	90	226
Over 50 years old	8	10	12	4	10	9
Turnover by region						
Southeast region	97	140	117	206	158	230
South region	3	49	6	91	7	57
Northeast region	6	2	4	11	4	40
Midwest region	1	4	1	4	4	16
North region	-	-	-	5	-	20

*Average between January and December (does not include those on leave)

Management – The implementation of an electronic time system enabled the establishment of a “bank of hours” to be used by employees in a planned fashion.

Remuneration and benefits – The remuneration policy provides for direct wages, indirect remuneration and benefits, such as medical care under a co-participation system, lunchtime meal vouchers, food vouchers, transportation vouchers and refunding of day-care centers for small children. These benefits extend to part-time employees. Trainees are also eligible to these benefits with the exception of the food vouchers.

Social Responsibility

Banco Fibra believes that social responsibility consists of the set of beliefs and values of an institution that is aware of its role in the society in which it operates and to whose development it tries to contribute continuously. Based on this point of view, the Bank’s social responsibility activities aim to promote the education, culture and well-being of people, especially of children and of adolescents in at social risk in Brazil.

To consolidate its social responsibility practices, Fibra maintains a specific policy that guides its social actions, in order to:

- Integrate social responsibility into the culture of Fibra’s activities.
- Identify actions that can lead to a productive and participative work environment.
- Encourage awareness of the importance of each person’s role in society.
- Invest funds (from income taxes due or otherwise), in programs for children and adolescents at social risk.
- Add value to the interest groups that are involved with the Bank.

The structure for the planning and execution of Social Responsibility activities is comprised of two employees (one manager and one senior analyst). The area’s activities are monitored from time to time, by means of meetings, monthly reports and workshops held with the entities that benefit from this activity.

In 2011, the social responsibility activities that were supported by the Bank and that depended on funding received R$ 100 thousand from Fibra. The following projects were sponsored.

Travessia [Crossing] Project – This helps children and adolescents who are at social risk, encouraging their resumption of regular schooling and their reintegration into family and community life. Support for the project is coordinated by the Bankers Trade Union of São Paulo and the Bank has been involved with it since the project's inception in 1995.

GRAACC – The Support Group for Adolescents and Children with Cancer strives to ensure the right to have a chance of being cured, with quality of life and within the highest scientific standards. The Bank contributes via one of their main fund-raising initiatives, the Happy McLunch (Mc Lanche Feliz), by purchasing tickets to be swapped for sandwiches from the fast food chain.

Fundação Gol de Letra – It offers full time educational programs for more than 1,300 children and adolescents in São Paulo (Vila Albertina) and Rio de Janeiro (Caju). The program aims at strengthening the family and community context based on activities in the area of the arts, culture, communication, sports, leisure and citizenship. In 2011, as in previous years, professionals from the Bank and from CREDIFIBRA took part in the Gol de Letra Tournament, an event that brings together companies from several sectors and that is one of the main fund-raising activities for the organization's programs.

In addition to supporting the aforementioned initiatives, the Bank involved its personnel in the following volunteer activities:

Warm Clothing Campaign – The Bank collected 3.3 tons of clothes and blankets that were handed over to the São Paulo State Government for distribution to registered NGOs. As a result, Fibra was in the semi-finals of the 2011 Ethics in Business Award, in the Social Responsibility category. This award is granted by the Brazilian Institute of Ethics in Business.

Correspondents Project – Its objective is to promote a regular exchange of letters between volunteers and children or adolescents who live in homes or frequent child and adolescent centers. Exchanging letters provides the experience of a bond of affection and the reconstruction of the life history of the participants. The project has more than 500 volunteers and helps children from 44 institutions. Some 85 employees from the Bank, CREDIFIBRA and Vicunha volunteered in this project.

Fibra Get a Ride Project – Its objective is to encourage shared transport among employees as a means of improving quality of life. This saves the cost of transport and also reduces traffic jams, air pollution and the emission of greenhouse gases in the streets of São Paulo City. The employees establish contact amongst themselves to arrange for rides through a service created on the intranet.

Blood Drives – As the result of a partnering agreement with the Albert Einstein Hospital, employees can donate blood during work hours and are provided with transportation for this, to make it easier for them to get to the hospital. The project had 40 donors in 2011.

Environmental Responsibility

Sustained development results from the relation between socioeconomic growth and environmental conservation. Based on this assumption, the Fibra Conglomerate is committed to responsible social and environmental practices, which should be given the same level of importance as commercial interests. In line with this policy, the Bank is dedicated to help clients to also comply with environmental laws and disseminate socio-environmental values and responsibility.

Credit tied to environmental policies – Within the context of the directives of one of its shareholders, the International Finance Corporation (IFC), the Bank, as part of its credit granting policy, maintains restrictions to companies whose activities are linked to wild animals and plants, radioactive materials, asbestos, timber from areas other than reforestation ones, substances that damage the ozone layer, armaments, tobacco and alcoholic beverages other than fermented ones such as wine and beer. It also investigates client involvement with socio-environmental crimes. (Further information in the Commitments section, page 12)

More with Less – The Bank encourages the rational use of resources such as water, power, plastic, paper, food, transport, phones and time. It has started using timers in all its water installations and recycled paper for administrative activities. The Bank's headquarters, on Avenida Juscelino Kubitschek 360, have environmentally appropriate infrastructure, with air-conditioning systems, traffic control and anticipated calls for elevators in order to save power.

Take Part and Recycle – The Bank hired the firm ADS Green, which collects and disposes of batteries, mobile handsets and other technological waste in a suitable manner. The destination is formally certified. To take part in this project, the spent materials of the São Paulo headquarters are collected and separated. To this end, the institution has installed collection bins for batteries, mobile handsets and other technological waste.

Recycling – The São Paulo headquarters have a garbage collection and recycling system. One of the specific activities carried out in 2011 was the destruction of printing ink cartridges that were past due. This was conducted with the help of a specialized firm and the authorization of Cetesb, the Environmental Sanitation Technology Company of São Paulo State. The material was destroyed using reverse manufacturing and the waste was disposed of in an environment-friendly manner, which enabled the company Silcon Ambiental Ltda to issue certification to this effect.

WASTE COLLECTED FOR RECYCLING

Paper – The Bank held the "Unclutter Space" Week, when 80 one hundred liter bags filled with shredded paper were collected, weighing, on average, 6 kg each.

The sources of indirect energy follow the breakdown of the Brazilian power supply structure, described in the 2011 Balanço Energético Nacional [National Power Supply Balance] by Empresa de Pesquisa Energética [Energy Research Company], as follows: renewable sources (86%), mainly hydroelectric power (74%) and biomass (4.7%).

Power Consumption |GRI EN4|

At the Bank:	1,928 GJ
At Credifibra:	3,070 GJ

Volume of materials used

Materials by type and weight |GRI EN1|	2011
Office materials	12.5 tons
Hygiene materials	3.1 tons
Cartridges	220 units
Tonners – refills	323 units

Alignment with Global Compact

Global Compact Principles	Millennium Objectives	Activities
Human rights		
1 Businesses should support and respect the protection of internationally proclaimed human rights 2 Make sure that they are not complicit in human rights abuses	1 Eradicate extreme poverty and hunger 2 Achieve universal primary education 4 Reduce child mortality 5 Improve maternal health 6 Combat HIV/AIDS, malaria and other diseases	• Travessia Project – providing help for children at social risk • GRAACC – support for the treatment of children with cancer • Gol de Letra – educational, cultural and sports activities for children and adolescents • Correspondents – support for youths placed in homes by getting them to correspond with volunteers • Solidarity campaigns – donation of warm clothing and blood • IFC directives, with credit linked to social responsibility practices
Labor rights		
3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining 4 The elimination of all forms of forced and compulsory labour 5 The effective abolition of child labour 6 The elimination of discrimination in respect of employment and occupation	3 Promote gender equality and empower women 8 Global partnership for development	• 28% of overseeing jobs held by women • 17,435 hours of training and development • IFC directives, with loans tied to good employment practices (no slave or child labor) • Six-month long maternity leave • Program for admission of physically handicapped employees and young apprentices
Environment		
7 Businesses should support a precautionary approach to environmental challenges 8 Undertake initiatives to promote greater environmental responsibility 9 Encourage the development and diffusion of environmentally friendly technologies	7 Ensure environmental sustainability	• IFC directives , with credit tied to environmental policies • New socio-environmental risk policy • Development of socio-environmental risk questionnaire, which aims to get to know our clients and their chain of production • Separation of waste: paper, metal, plastic and organic • Use of recycled paper • Timer for all water installations
Anticorruption		
10 Businesses should work against corruption in all its forms, including extortion and bribery		• Training for the compliance agents and their backups • E-learning on money laundering prevention (mandatory) • Periodic quizzes • Compliance newsletters • Code of ethics • Corporate governance • Risk management

GRI SUMMARY |GRI 3.12|

		Page/ Comment	Level of Description
	STRATEGY AND ANALYSIS		
1.1	Statement of relevance of sustainability	8	Partial
1.2	Description of key impacts, risks and opportunities	47	Partial
	ORGANIZATIONAL PROFILE		
2.1	Name of the organization	3	Complete
2.2	Main brands, products and/or services	3	Complete
2.3	Operational structure	3	Complete
2.4	Location of the headquarters	64	Complete
2.5	Number of countries in which the organization operates	3	Complete
2.6	Nature of ownership and legal form	3	Complete
2.7	Markets served (regions, sectors and types of client/ beneficiaries)	3	Complete
2.8	Size of the organization	3, 7, 41	Complete
2.9	Main changes during the reporting period in terms of size, structure or shareholdings	5	Complete
2.10	Awards received during the reporting period	6	Complete
	REPORT PARAMETERS		
3.1	Reporting period for the information presented	1	Complete
3.2	Date of the most recent previous report	May 2011	Complete
3.3	Reporting cycle	1	Complete
3.4	Contact details	1	Complete
3.5	Process for determining report content	1	Complete
3.6	Boundaries of the report (countries, divisions, subsidiaries, suppliers)	1	Complete
3.7	Statement on any specific limitations as to the scope or boundary of the report	1	Complete
3.8	Basis for reporting on joint ventures, subsidiaries, etc.	1	Complete
3.9	Data measurement techniques and calculation bases	1	Complete
3.10	Effects of any restatements of prior information	The eventual restatements of information provided in previous reports are presented during the course of the document.	Complete
3.11	Significant changes from previous reporting periods	There were no significant changes.	Complete
3.12	Table identifying the location of information in the report	60	
3.13	Policy and current practice with regard to seeking external verification for the report	1	Complete
	GOVERNANCE, COMMITMENTS AND ENGAGEMENT		
4.1	Governance structure	41	Complete
4.2	Indication as to whether the Chair of the highest governance body is also an executive officer	42	Complete
4.3	Independent or non-executive members of the highest governance body	42	Complete
4.4	Mechanisms whereby shareholders and employees can make recommendations or offer suggestions	42	Complete
4.5	Relationship between remuneration and performance	43	Complete
4.8	Internal mission and values statements, codes of conduct and principles that are relevant for financial, environmental and social performance, and the status of their implementation	46	Complete

		Page/ Comment	Level of Description
4.12	External charters, principles or other initiatives subscribed to or endorsed	12	Complete
4.13	Participation in domestic/international associations and/or organisms	13	Complete
4.14	List of stakeholder groups engaged by the organization	13	Complete
4.15	Basis for the identification and selection of stakeholders with whom to engage	13	Complete

PERFORMANCE INDICATORS

		Page/ Comment	Level of Description
	FINANCIAL PERFORMANCE		
EC1	Direct economic value added and distributed (DVA)	37	Complete
EC3	Coverage of the organization's defined benefit plan obligations	There are no defined benefit plans	Complete
EC4	Significant financial help received from the government	Not received	Complete
	ENVIRONMENTAL PERFORMANCE		
EN1	Materials used, by weight or volume	58	Partial
EN2	Percentage of materials used that come from recycling	Recycled materials are not used	Complete
EN4	Indirect energy consumption by primary energy source	58	Complete
EN11	Location and size of area owned, leased or managed by the firm in protected areas or areas adjacent to these, and in areas of high biodiversity outside protected areas	Operations in urban areas with no impact on biodiversity	Complete
EN12	Description of significant impact of activities, products and services upon biodiversity in protected areas and in areas of high biodiversity outside protected areas		Complete
EN13	Protected or restored habitats		Complete
EN14	Strategies, measures in place and future plans for managing impacts on biodiversity		Complete
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk		Complete
EN21	Total water discharge by quality and destination	The discharges are of the domestic type and treated by utility companies	Complete
EN23	Number and total volume of significant spills	Operations do not present risk of spills	Complete
EN25	Identification, size, status of protection and level of biodiversity of described bodies of water and habitats significantly affected by the discharge of water and runoff conducted by the Bank	The discharges are of the domestic type and treated by utility companies	Complete
EN27	Percentage of products and their packaging recovered relative to total products sold, by product category	There are no packagings in financial services	Complete
EN28	Monetary value of the fines and total number of non-monetary penalties for non-compliance with environmental laws and regulations	There is no record of fines	Complete

	LABOR PRACTICES AND DECENT WORK		
LA1	Workers by employment type, employment contract and region	52	Complete
LA2	Total number of employees that left the company and of new hires during the reporting period and employee turnover rate by age group, gender and region	54	Partial
LA10	Average number of hours of training per year, per employee and per functional category	54	Complete
LA13	Those responsible for governance and breakdown of personnel by gender, age group, minority and other diversity indicators	53	Partial

		Page/ Comment	Level of Description
	HUMAN RIGHTS		
HR4	Total number of discrimination cases and corrective measures taken	None identified. The channel for the forwarding of complaints is the e-mail address denuncia.compliance@bancofibra.com.br	Complete
HR5	Significant operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or running a significant risk and the measures taken to provide support for this right	None identified	Complete
HR6	Significant operations and suppliers identified as offering a significant risk of using child labor and the measures taken to further the abolition of child labor	None identified	Complete
HR7	Significant operations and suppliers identified as offering a significant risk of using forced or slave labor and the measures taken to further the abolition of forced or slave labor	None identified	Complete
HR9	Total number of cases of violation of the rights of indigenous people and the measures taken	None identified	Complete
	SOCIETY		
SO4	Measures taken in response to cases of corruption	None identified	Complete
SO7	Total number of lawsuits for unfair competition, trust and monopoly practices, and the outcome thereof	None identified	Complete
	RESPONSIBILITY OVER PRODUCTS		
PR2	Total number of cases of non-conformity with voluntary codes and regulations that concern the impact of products and services upon health and safety during the lifecycle, by type of result	None identified	Complete
PR6	Compliance programs regarding voluntary codes, standards and rules concerning marketing communication, including advertising, promotion and sponsorship	21	Complete
PR7	Total number of cases of non-conformity with voluntary codes and regulations regarding marketing communications, including advertising, promotion and sponsorship, by type of result	None identified	Complete
PR8	Total number of complaints found to be well-founded concerning the violation of privacy and loss of client data	None identified	Complete

		Page/ Comment	Level of Description
	FINANCIAL SECTOR INDICATORS		
FS1	Policies that include specific social and environmental components, applied to lines of business	13	Complete
FS2	Procedures for evaluating and classifying social and environmental risks in the lines of business	13	Complete
FS3	Processes to monitor client implementation of compliance with the social and environmental requirements included in agreements or transactions	13	Complete
FS4	Processes to improve personnel´s competence in the implementation of social and environmental policies and procedures applied in the lines of business	13	Complete
FS5	Interactions with clients/companies invested in/commercial partners regarding social and environmental risks and opportunities	13	Complete
FS8	Monetary value of the products and services created to provide a specific environmental benefit for each line of business, by purpose	19	Complete
FS9	Scope and frequency of audits to evaluate the implementation of social and environmental policies and risk evaluation procedures	13	Complete
FS13	Points of access in areas with a small population or at an economic disadvantage, by type	15	Complete

Corporate Information

BOARD OF DIRECTORS

Ricardo Steinbruch – **Chairman**
Clarice Steinbruch – **Board Member**
Elisabeth Steinbruch Schwarz – **Board Member**
José Antônio Miguel Neto – **Independent Board Member**
Luiz Nelson Guedes de Carvalho – **Independent Board Member**
Bernard Camille Paul Mencier – **Independent Board Member**
Ricardo Duarte Caldeira – **Board Member appointed by IFC**

EXECUTIVE BOARD

Antonio Francisco de Lima Neto – **Chief Executive Officer**
Carlos Leibowicz – **Executive Vice-President for the Wholesale Business**
Paulo Bonzanini – **Executive Vice-President for the Retail Business**
Glauco Cavalcante Lima – **Corporate Executive Vice-President**
Luiz Maurício Jardim – **Executive Director of Treasury and Funding**
Carlos Alexandre Ribeiro Bicudo – **Credit Director**
Luciana Buchmann Freire – **Legal Director**
Sergio Rogante – **Financial Controller, Risks and Internal Controls Director**

ADDRESSES

BANCO FIBRA S/A

São Paulo Head Office
Av. Presidente Juscelino Kubitschek, 360 - 4th to 9th floor |GRI 2.4|
Zip code: 04543-000 - Chácara Itaim
Phones: 55(11) 3847-6700, 3811-4771, 3811-4770

São Bernardo do Campo (SP)
Rua Rio Branco, 427 - Rooms 6.008 and 7.008
Zip code: 09710-090 - Centro
Phones: 55(11) 4337-1136, 4123-3511

Campinas (SP)
Av. Selma Parada, 201 - Room 402 - Galeria Office Park
Zip code: 13091-904 - Jardim Madalena
Phones: 55(19) 3207-3391, 3207-1266

Guarulhos (SP)
Rua Morvan de Figueiredo, 73
Room 23 - 2nd floor
Zip code: 07090-010 - Centro
Phone: 55(11) 2443 1264

Ribeirão Preto (SP)
Av. Presidente Vargas, 2.001
Rooms 115 and 116
Zip code: 14020-260 - Jardim Califórnia
Phones: 55(16) 3911-7844, 55(16) 3913-4404

São José do Rio Preto (SP)
Rua Cel. Spínola de Castro, 3.635
4th floor - Room 42
Zip code: 15015-500
Phone: 55(17) 9142-0980

Belo Horizonte (MG)
Av. Getúlio Vargas, 1.300 - Room 1.907 - 19th floor
Zip code: 30112-021 – Savassi
Phone: 55(31) 3078-6700

Uberlândia (MG)
Av. Floriano Peixoto, 615 - Room 203
Zip code: 38400-102
Phone: 55(34) 3210-6445

Cuiabá (MT)
Av. Historiador Rubens de Mendonça, 1.894
Zip code: 78050-000 - Jardim Aclimação
Phone: 55(65) 3052-1478

Curitiba (PR)
Alameda Dr. Carlos de Carvalho, 417 - Room 804
Zip code: 80410-180 - Centro
Phone: 55(41) 3324-1261

Londrina (PR)
Av. Ayrton Senna da Silva, 550
Zip code: 86050-460
Phone: 55(43) 3024-3726

Cascavel (PR)
Av. Brasil, 5.964, 15th floor
Zip code: 85812-001
Phone: 55(45) 3039-5704

Fortaleza (CE)
Av. Santos Dumont, 1.789 - Room 301
Zip code: 60150-160 – Aldeota
Phone: 55(85) 3261-1520

Goiânia (GO)
Av. 136, 960 - 17th floor - Setor Marista
Zip code: 74180-040
Phone: 55(62) 3091-1298

Porto Alegre (RS)
Rua Furriel Luiz Antonio de Vargas, 250
Room 404
Zip code: 90470-130 - Bela Vista
Phone: 55(51) 3333-1480

Rio de Janeiro (RJ)
Praia de Botafogo, 228 - Room 1.402 - ala B - 14th floor
Zip code: 22250-040 - Centro
Phones: 55(21) 2109-6700 / 2109-6708

Florianópolis (SC)
Rua Domingos André Zanini, 277
Zip code: 88117-200 - Barreiro São José
Phone: 55(48) 3034-3166

Salvador (BA)
Av. Tancredo Neves, 1.632 - Rooms 910 and 911
Zip code: 41820-020 - Caminho das Árvores
Phone: 55(71) 3341-9753

CREDIFIBRA

SERVICE CHANNELS - Credit and Financing

SAC (Client Service Call Center)
0800 703 4272 (Also for the speech and hearing impaired)
Service hours: 24 hours a day, 7 days a week

Service Call Center for Stores/Partners
Capital and Metropolitan Area – 4007 1747
Other locations - 0800 604 0484
Service hours: Mondays to Saturdays, from 8 a.m. to 8 p.m. (other than holidays)

CREDIT CARD SERVICE CHANNELS

BANCO FIBRA AND VISA BRAND CARDS

Client Service Call Center
Capitals and Metropolitan Areas – 3003 5003
Other locations – 0800 727 0263
0800 727 0265 (For the speech and hearing impaired)
Service hours: 24 hours a day, 7 days a week

SAC (Client Service Call Center)
0800 727 0264
0800 727 0265 (For the speech and hearing impaired)
Service hours: 24 hours a day, 7 days a week

Service Call Center for Stores/Partners
Capital and Metropolitan Area – 4007 1747
Other locations - 0800 604 0484
Service hours: Mondays to Saturdays, from 8 a.m. to 8 p.m. (other than holidays)

BANCO FIBRA AND VALIDATA BRAND CARDS

Client Service Call Center
0800 703 2503
Service hours: Mondays to Saturdays, from 8 a.m. to 8 p.m.

SAC (Client Service Call Center)
0800 771 8254
0800 773 0142 (For the speech and hearing impaired)
Service hours: 24 hours a day, 7 days a week

Service Call Center For Stores/Partners
0800 703 2503
Service hours: Mondays to Saturdays, from 8 a.m. to 8 p.m.

AUTO PRÊMIO AND VISA BRAND CARDS

Client Service Call Center
0800 722 1068
0800 773 0142 (For the speech and hearing impaired)
Service hours: 24 hours a day, 7 days a week

SAC (Client Service Call Center)
0800 722 1068
0800 773 0142 (For the speech and hearing impaired)
Service hours: 24 hours a day, 7 days a week

OMBUDSPERSON'S OFFICE

(If you have already complained to SAC and are still dissatisfied) 0800 940 0888
Service hours: Workdays, from 9 a.m. to 6 p.m.

MAIL ADDRESS

Alameda Santos, 1787, 7^{th} floor,
São Paulo/SP – Zip code: 01419-002, Brazil

CREDIFIBRA BRANCHES

Headquarters
Alameda Santos, 1.787 – 7^{th} floor
São Paulo - Zip code: 01419-100

Campinas (SP)
Av. Dr. Campos Salles, 532 - 1^{st} floor - Room 12
Centro - Zip code: 13010-081

Ribeirão Preto (SP)
Rua Couto Magalhães, 210 - 1^{st} floor - Room 6
Alto da Boa Vista - Zip code: 14025-690

São José do Rio Preto (SP)
Rua Marechal Deodoro da Fonseca, 3.131 - 5^{th} floor - Rooms 51/53
Centro - Zip code: 15010-070

Belo Horizonte (MG)
Av. Brasil, 1.666 - 4^{th} floor
Funcionários - Zip code: 30140-003

Uberlândia (MG)
Av. Floriano Peixoto, 615 - Room A(2.101), Room B(2.102) and Room C(2.103)
Centro - Zip code: 38400-102

Curitiba (PR)
Rua Marechal Deodoro, 630 - 2^{nd} floor - Room 207
Centro - Zip code: 80010-912

Maringá (PR)
Av. São Paulo, 172 - 14^{th} floor - Rooms 1.408/1.410
Zona 1 - Zip code: 87013-908

Brasília (DF)
SIA/Sul, Trecho 3, Lotes 625/695
Zona Industrial Guará - Zip code: 71200-030

Cuiabá (MT)
Av. Historiador Rubens de Mendonça, 2.254 - Rooms 308 and 309
Jardim Aclimação - Zip code: 78050-050

São José (SC)
Rua Domingos André Zanini, 277
Campinas - Zip code: 88117-200

Fortaleza (CE)
Av. Dom Luiz, 176
Aldeota - Zip code: 60160-230

Goiânia (GO)
Av. Goiás, 315 - Rooms 401/402/403
Centro - Zip code: 74005-010

Porto Alegre (RS)
Rua dos Andradas, 1.001 - 17th floor - Rooms 1701 and 1702
Centro - Zip code: 90020-007

Recife (PE)
Av. Gov. Agamenon Magalhães, 4.779
Ilha do Leite - Zip code: 50070-160

Rio de Janeiro (RJ)
Rua Buenos Aires, 68
Centro - Zip code: 20070-022

Salvador (BA)
Av. Tancredo Neves, 1.632 - Rooms 301, 302, 303 and 304
Caminho das Árvores - Zip code: 41820-020

Vitória (ES)
Av. João Batista Parra, 673 - Room 1.802-A
Praia do Sua - Zip code: 29052-123

Belém (PA)
Rua Antonio Barreto, 130 - Rooms 1.604, 1.606 and 1.608
Umarizal - Zip code: 66055-050

2011 BANCO FIBRA

FINANCIAL STATEMENTS

BANCO FIBRA

MANAGEMENT REPORT

We submit for your appreciation the Management Report and related Financial Statements, as well as the Independent Auditor's Report, without qualifications, and the Audit Committee's Summary Report for the year ended December 31, 2011, of Banco Fibra S.A., in accordance with prevailing legislation.

Economic Scenario

During 2011, the external landscape was characterized by high volatility and increased aversion to risk, prompted by the exacerbation of the European sovereign debt crisis. Difficulties to make agreements and prepare a turnaround plan, on top of the sluggish economic recovery in the U.S. and Europe, were prevalent in the second half of the year. The impacts of the global crisis were also seen on the domestic front. Brazil growth was below expectations developed at the beginning of the year, due to the poor performance in the second half of 2011. We estimate a 2.7% GDP increase in 2011, on average, as a result of the robust growth in the first six months and virtual stagnation in the rest of the year. Such performance reflects both the restrictive measures adopted by the federal government in early 2011 and the contraction impacts of the international crisis which took center stage in the second half of the year. The restrictive monetary policy implemented until mid-2011, coupled to the so-called macro-prudential measures, drove significant changes in the credit market. As a result, free fund rates for individuals and companies were quite higher until the end of the second half of the year. Such increases in interest rates translated into higher delinquency rates, in particular in the individuals segment.

The labor market, however, moved in the opposite direction: in spite of the adverse economic environment, the employment and income conditions were maintained, and accordingly the unemployment rate reached its historical low at year end.

Message from Management

During 2011, important global developments brought to a halt the strong economic growth seen in the prior year. This fact changed our expectations of continuing expansion with better margins in the Retail segment, coupled to gains from our mature presence in the Wholesale segment. To hedge our Bank against potential impacts on the domestic economic scenario, we decided to slow down the pace of growth of the portfolio.

As from the second quarter of the year, given the worsening of the context and higher levels of delinquency of individuals and companies, we strengthened our credit granting structures and screens. The systemic delinquency, however, led to increased allowances during the year and became the main driver of our result in 2011, of R$ 84 million.

As the circumstances called for a more cautious stance by mid-sized Banks, we maintained high levels of liquidity and continued to seek higher efficiency in our operations. In October, we carried out an internal restructuring process which resulted in a reduction of personnel costs of around 7%, in addition to indirect benefits from administrative expenses.

Other important measures were taken during the year: in line with the improvement of controls and governance, we completed the revision of tax provisions, judicial deposits and sundry reconciliations, with a positive impact of approximately R$33.6 million on our results for 2011. Also, the amount of R$39.8 million was identified and adjusted against equity as of 12/31/2010, primarily relating to the correction of the calculation of marking-to-market of market swap transactions.

Capitalizations carried out during 2011 witness to the strong commitment of our shareholders Vicunha Group and IFC: a capital contribution of R$330 million, of which R$250 million was provided by the Vicunha Group. IFC, in turn, which in the course of the year increased its interest from 7.9% to 13% of our share capital, contributed with further R$ 28 million in the first quarter of 2012, thus maintaining its stake.

In spite of the adverse scenario, the structural variables of our results improved during the year. The managerial financial margin before provisions increased by 31.2%, while the margin on customer transactions grew 22.0%, leading to a 9.4% increase in the portfolio. Services revenues were up 58%, reaching R$ 121 million. Total funding grew by 13%, with longer maturities and increased positive gap between assets and liabilities. Our active customer bases, comprising 1,750 companies and 1.4 million individuals, were up 15% and 27%, respectively. We continued to significantly invest in systems and processes, which will give us a competitive edge to maintain a sustainable growth as soon as the overall circumstances improve.

In 2012, we will be prepared for an economic upturn, maintaining our focus on the pursuit of efficiency. During the first quarter of 2012, we adjusted personnel costs by an additional 5%, with annualized impact of approximately R$ 11 million, in addition to indirect benefits. The challenge to meet is to improve efficiency while remaining close to customers and providing them distinctive care. To this end, we will focus on two streams: increase of net interest margin (NIM) and control of expenses.

Capital Increases

The Bank equity reached R$ 993.9 million at December 31, 2011, a 32% improvement year-on-year. In December 2011, the Vicunha Group completed a capital contribution of R$ 250 million to support the Bank's activities. The contribution was divided into three tranches: R$ 80 million in March, R$ 80 million in November, and R$ 90 million in late December. The International Finance Corporation - IFC, the World Bank's arm to finance investments in the private sector, increased its interest from 7.9% to 14% with an investment of R$ 80 million in July and R$ 28 million in the third quarter of 2012, maintaining its percentage holding.

The African, Latin American and Caribbean Fund - ALAC undertook to invest R$ 80 million in Banco Fibra. ALAC's contribution is subject to the approval of the competent Brazilian authorities (Brazilian Central Bank and Federal Government).

Results

Highlights of 2011 include:

- The managerial financial margin before provisions grew by 31.2%. The financial margin on customer transactions (excluding treasury results - own desk) increased by 22.0%, while the overall loan portfolio increased by 9.4%.
- The net interest margin (NIM) reached 6.7%, a significant improvement from the 5.9% level seen in the prior year.
- The improvement in the overall managerial efficiency for the year, which stood at 56.5% compared to 66.9% in the prior year, was even higher than what management considered appropriate for the business. Thanks to a number of measures focusing on productivity gains, we hope to see a gradual improvement in this ratio in the forthcoming periods.
- Income from bank services and fees amounted to R$ 121.5 million in 2011, up 58% from the prior period, chiefly due to the expansion in vehicle financing transactions.
- The loan portfolio, including guarantees, totaled R$ 8.6 billion, a 9.4% growth compared to December 2010. Transactions in the Wholesale segment added up to R$ 5.2 billion, in line with the previous year, while

MANAGEMENT REPORT

the Retail portfolio increased by 26.9% in the same period, to reach R$ 3.4 billion.

- The default rate (contracts past due for more than 90 days) stood at 3.7% at the end of 2011 (December 2010 - 1.4%), below the market average of 5.5%. The coverage ratio (provisions/ contracts more than 90 days overdue) was 134% at the end of 2011 (December 2010 - 221%). Provision expenses increased by 138% in 2011, totaling R$339.2 million.
- Total funding amounted to R$9.6 billion at December 2011, a 13.2% increase compared to the prior year. Funds obtained in the domestic market added up to R$7.5 billion, or a 15.7% growth in the period. Time deposits, in turn, increased by 11.3% during the year to reach R$5.6 billion, with a low daily liquidity rate (4.6%).
- Foreign funding totaled R$ 2.1 billion, a 5.2% growth year-on-year. During 2011, two structured transactions were carried out, for a total of US$ 262 million: an offering of Eurobonus (senior notes) with a three-year term in two tranches, the first one in May and, as a result of the strong demand, a second one in June, for a total amount of US$ 240 million; and a second issue of subordinated debt (stand-alone note) in October for US$ 22 million and a 10-year term.
- Our liquidity policy continues to be very favorable, in particular our positive gap between the durations of assets and liabilities (460 days upon funding, compared to 250 days in the loan portfolio), and the maintenance of net assets in the approximate amount of R$ 1.4 billion at the end of the year.
- Our distribution networked comprised 17.0 thousand retail points of sale, up 6% from 2011. The Wholesale segment business structure remained unaltered with presence in 16 Brazilian cities.
- As a result of a continuing improvement process of customer service structures and processes, the Wholesale unit model was restructured in accordance with a segmentation in four customer groups: Middle Market, Large Companies, Corporate, and Agribusiness. Under this restructuring, the middle market segment focuses on companies with annual sales between R$ 40 million and R$ 400 million. The large company segment is targeted at businesses with annual sales between R$ 400 million and R$ 1.5 billion. The Corporate segment focuses on companies with annual sales higher than R$ 1.5 billion/year. Finally, the Agribusiness segment is comprised of companies active in this industry, irrespective of the company size.
- The Growth Management Project, launched in July 2010, is designed to promote the ongoing improvement in the credit granting process, by

means of an efficient and scalable operations, with a view to achieving greater transparency, efficiency and service quality. The total project cost was estimated at R$ 19 million, of which R$ 4 million and R$ 7 million were invested in 2010 and 2011, respectively, and R$ 8 million will be invested in 2012 and early 2013.

Recognitions

- Banco Fibra was second in the Brazilian Central Bank's Top 5 ranking for IPC projections in the medium term. The ranking considers the average accuracy of projections for three consecutive 4-month periods in relation to the actual results for three months - the base month and the two immediately preceding months. The Bank was also among the Top 5 in two other categories: Short Term (Selic) and Medium Term (Selic), thanks to the most consistent monthly projections in the course 2011.
- The Bank was ranked among the Top 5 in the Abrasca (Brazilian Association of Publicly-held Companies) Award for Best Annual Report in 2010 in Group 2 - Privately-held Companies. This is the fourth consecutive year that the Bank is included among the best entities in its categories according to Abrasca.

Risk Management

With the evolution of markets and the products and services offered, Banco Fibra continuously seeks excellent in risk management and control, always in line with international best practices. In order to further enhance the Bank's risk management governance standards, a series of coordinated actions was implemented, noteworthily:

(i) Segregation of the Technology and Operations area from the Controls, Compliance, Operations and Process Board, with separate handling of Risks, Compliance and Controls;

(ii) Review of the key Accounting processes to improve their governance;

(iii) Reorganization of Compliance, by segregating the Internal Control and Internal Validation areas from the Compliance management;

(iv) Review of the Operational Risk management process;

(v) Restructuring of the Compliance Agent Program, with a view to disseminating a culture of compliance and more closely monitoring the risk and control environment.

Credit Risk

Banco Fibra has a Credit Risk Control area that is independent and segregated from the business and credit functions, both in regard to the statutory responsibility and the organizational structure.

The Credit Risk area is responsible for the macro monitoring and quantitative assessment of the credit portfolio, through internal and external indicators and in accordance with guidelines of certain investors and business partners.

Banco Fibra has a Credit Risk Committee which discusses and reviews the portfolio exposures, individual or industry concentrations, monitors delinquency, assesses the impacts of adverse scenarios on the portfolio, and monitors the credit limits of the different business lines.

Market Risk

The market risk management of positions assumed by Banco Fibra takes avail of a set of appropriate controls for each portfolio, linked to limits designed for essentially 3 types of controls: risk, result, and exposure.

All information of the use of risk limits (VaR - Value at Risk, Stress, CPV - Concentratio per Vortix, and EVE - Economic Value of Equity), result (Stop Loss and MAT - Managerial Action Trigger) and exposure (public securities and exchange exposure) is sent on a daily basis to senior management, internal audit and treasury.

The Market Risk Committee not only monitors the compliance with established limits, but also approves action plans when limits are exceeded and suggests policies and models which are submitted on an annual basis to the Bank's higher governance bodies (Board of Directors and Internal Control Committee).

Liquidity Risk

With the purpose of managing the exposure to liquidity risk, the Bank adopts instruments to control the cash flow and forecast the needs or excess funds in advance to allow for the timely adoption of preventive measures. These instruments include projected cash flows and simulation of payment events or renewal of operations.

A map is sent daily to senior management for monitoring the liquidity position, as well as the minimum liquidity reserve, which serves as basis to trigger/end any liquidity contingency status. The control instruments include, among others: Position and Cash Control (minimum liquidity reserve); Liquidity Risk Control (maturity flow, term mismatch, capital sufficiency); Liquidity Contingency Plan, and application of liquidity stress scenarios.

ALCO (Asset and Liability Committee) is the higher level to discuss and analyze all matters pertaining to liquidity risk management. The Committee holds monthly meetings where, in addition to liquidity risk control, strategies to be pursued by the Bank are also discussed.

Operational Risk

Banco Fibra's internal policies to manage Operational Risk are aligned with Resolution 3380 of the National Monetary Control. Operational risk is defined as the possibility of losses, whether driven by the failure, deficiency or weaknesses of internal processes, employees and systems, or arising from external events.

The Operational Risk Management is part of the Compliance Executive Management which in turn reports to the Controller, Internal Control and Risks Executive Board.

The Operational Risk management process adopted by Banco Fibra involves the structure of processes, operational risks, internal controls and Compliance Agents. Such structure is intended to identify and assess new risks and potential changes in existing ones, to ensure the required updating, governance and transparence throughout the process.

Additionally, to ensure the governance on resolutions concerning material risks and related mitigators, the Bank Committee structure is comprised of the Global Risk Committee and the Operational Risk Sub-committee, which provide inputs in the decision making process relating to Operational Risks.

A more detailed description of the risk structure is available in the notes to the financial statements published below and the Bank's website (www.bancofibra.com.br/ri, section Corporate Governance). Banco Fibra, in accordance with Circular Letter 3477/2009, discloses information related to risk management and Regulatory Capital (PRE). The report with further details on the structure and methodologies is disclosed quarterly on the above mentioned website.

Securities Portfolio

The Bank does not have in its financial statements (individual and consolidated) securities classified as "held-to-maturity", according to the concepts defined in Circular Letter 3068 of November 8, 2001 of the Brazilian Central Bank.

Plan for Optimization of Corporate Governance

The Corporate Governance Plan which was approved by the Board of Directors has already given rise to a number of governance improvement actions in 2011, ranging from training involving the Board of Directors and the Executive Board, segregation of the Compliance and Internal Control areas and strengthening of the Audit and Account areas, to discussions on mid-term strategic planning. These actions will drive improvements in control, transparency and long-term commitment.

Social and Environmental Sustainability

Banco Fibra's Social Responsibility policy is focused on supporting programs and projects that promote the development of children and adolescents in situation of social vulnerability, providing them with access to education and culture. The Bank offers support to entities, sponsors projects and seeks to involve employees in volunteering initiatives. During 2011, Banco Fibra maintained its support to the following institutions, among others:

Projeto Travessia (Crossing Project), to which it contributes since its creation in 1995 and that works with adolescents and children in situation of risk in downtown São Paulo; Projeto Correspondentes (Correspondents Project), which is a distance volunteering program that promotes the exchange of letters between volunteers and children and adolescents in situation of social risk; Campanha do Agasalho do Estado de São Paulo (São Paulo State Winter Clothes Campaign), an action carried out for the second consecutive year by employees with the purpose of collecting clothes and other items for donation. In 2011, 3,355 kilos of clothes were collected; GRAACC (Support Group for Children and Adolescents with Cancer), whose activities are intended to ensure the right to be treated and cured while maintaining a quality life and adopting the highest scientific standards; e Fundação Gol de Letra, a foundation which develops a well-rounded education program for more than 1.3 thousand children and adolescents in the cities of São Paulo (Vila Albertina district) and Rio de Janeiro (Caju district).

Human Resources

To keep pace with the Bank's growth, Fibra regularly invests in the selection, hiring and development of its employees. At the end of December 2011, Banco Fibra and CREDIFIBRA had 487 and 1,084 employees, respectively, for a total of 1,571 professionals (December 2010 - 1.622).

During 2011, the Bank provided lectures and live trainings, launched new trainings in the e-learning platform, and entered into partnerships with important universities and institutions. Banco Fibra also started a new period of sponsorship of post-graduate and MBA courses with the purpose of providing better education for its professionals and consequently improving the results for stockholders.

In the light of the prospects of slower economic growth and demand for credit, management implemented in October a restructuring of its staff in order to reduce costs by approximately R$ 14 million/year.

Ratings

Banco Fibra is assessed by independent rating agencies, which assigned it the following rating: (a) "Aa3.br" (national scale) and "Ba2" (global scale) by Moody's Corporation; (b) "BB-" (global scale) and "brA" (national scale) by S&P; (c) "A, negative outlook (long term) and "F1" (short term) by Fitch Ratings - rating in national scale; (d) low risk for medium term (-) by RISKbank.

Acknowlegments

The management of Banco Fibra S.A. would like to thank its clients for the trust placed, the employees for their efforts and commitment, and its stockholders for the ongoing support, which makes it possible to further strengthen our institution in this restructuring and growth phase.

São Paulo, March 15, 2012

Board of Directors and Executive Board

BALANCE SHEETS

at
December 31
(in thousands of reais)

	Banco Fibra S.A.		Fibra Consolidated	
ASSETS	**2011**	**2010**	**2011**	**2010**
CURRENT ASSETS	**7,681,322**	**5,849,886**	**7,873,137**	**7,132,807**
Cash and cash equivalents (Notes 3c and 4)	**77,779**	**29,430**	**85,353**	**37,155**
Short-term interbank investments (Notes 3d and 5)	**1,982,108**	**755,724**	**328,922**	**755,724**
Open market investments	244,544	630,446	244,544	630,446
Interbank deposits	1,715,708	83,623	65,620	83,623
Foreign currency investments	21,856	41,655	18,758	41,655
Securities and derivative financial instruments (Notes 3e, 3f and 6)	**746,963**	**338,312**	**1,046,189**	**506,215**
Own portfolio	495,495	309,932	801,610	487,852
Restricted to repurchase commitments	23,882	–	23,882	–
Derivative financial instruments	17,962	20,284	11,073	10,267
Linked to the Central Bank	90,265	8,096	90,265	8,096
Subject to guarantees	119,359	–	119,359	–
Interbank accounts	**80,899**	**74,527**	**80,898**	**74,527**
Restricted deposits - Brazilian Central Bank	62,774	72,714	62,774	72,714
Correspondent banks	18,125	1,813	18,124	1,813
Credit operations (Notes 8 and 9)	**3,815,137**	**3,920,132**	**5,213,732**	**4,867,756**
Public sector	2,046	7,091	2,046	7,091
Private sector	3,974,093	4,016,048	5,447,373	4,993,211
Allowance for loan losses **(Note 9d)**	(161,002)	(103,007)	(235,687)	(132,546)
Other receivables	**959,049**	**709,077**	**1,004,731**	**833,822**
Foreign exchange portfolio **(Note 16)**	937,467	654,089	937,467	654,089
Income receivable	1,143	2,695	1,510	3,364
Negotiation and intermediation of securities	3,120	3,358	3,632	4,865
Sundry (Note 17a)	**87,119**	**102,784**	**139,972**	**226,488**
Tax credits **(Note 18b)**	–	32,642	69	33,509
Mortgage-backed securities	–	–	3,427	3,251
Sundry	87,119	70,142	136,476	189,728
Allowance for losses on other receivables **(Note 9d)**	(69,800)	(53,849)	(77,850)	(54,984)
Other assets	**19,387**	**22,684**	**113,312**	**57,608**
Other assets	4,553	–	8,845	445
Prepaid expenses **(Note 17b)**	15,427	22,684	105,223	60,655
Valuation allowance	(593)	–	(756)	(3,492)

The accompanying notes are an integral part of these financial statements

ASSETS	Banco Fibra S.A. 2011	Banco Fibra S.A. 2010	Fibra Consolidated 2011	Fibra Consolidated 2010
LONG-TERM RECEIVABLES	**2,844,736**	**3,785,162**	**2,867,479**	**2,607,486**
Short-term interbank investments (Notes 3d and 5)	**926,887**	**1,482,356**	**–**	**33,309**
Interbank deposits	926,887	1,482,356	–	33,309
Securities and derivative financial instruments (Notes 3e, 3f and 6)	**568,909**	**704,240**	**183,714**	**319,149**
Own portfolio	343,419	406,734	28,067	114,144
Derivative financial instruments	107,852	119,294	38,009	26,793
Restricted deposits - Central Bank	80,704	98,127	80,704	98,127
Subject to guarantees	36,934	80,085	36,934	80,085
Credit operations (Notes 8 and 9)	**873,527**	**1,173,898**	**1,903,848**	**1,735,268**
Public sector	1,848	3,334	1,848	3,334
Private sector	904,578	1,193,541	1,990,565	1,771,881
Allowance for loan losses **(Note 9d)**	(32,899)	(22,977)	(88,565)	(39,947)
Other receivables	**436,584**	**403,169**	**693,153**	**492,647**
Income receivable	4	244	4	244
Sundry (Note 17a)	**440,564**	**406,754**	**693,671**	**496,232**
Tax credits **(Note 18b)**	301,151	247,172	440,591	310,102
Morgage-backed receivables	–	–	3,865	7,836
Sundry	139,413	159,582	249,215	178,294
Allowance for losses on other credits **(Note 9d)**	(3,984)	(3,829)	(522)	(3,829)
Other assets	**38,829**	**21,499**	**86,764**	**27,113**
Other assets	–	9,144	–	9,144
Prepaid expenses **(Note 17b)**	38,829	16,222	86,764	18,562
Valuation provision	–	(3,867)	–	(593)
PERMANENT ASSETS	**847,573**	**862,206**	**275,694**	**305,416**
Investments (Note 10a)	**779,560**	**793,570**	**1,598**	**1,662**
Investments in subsidiaries - Brazil	778,179	792,189	–	–
Other investments	1,381	1,381	1,598	1,662
Property and equipment in use	**8,057**	**8,121**	**18,892**	**18,447**
Other property and equipment in use	20,395	18,530	37,631	34,653
Accumulated depreciation	(12,338)	(10,409)	(18,739)	(16,206)
Deferred charges	**1,732**	**3,498**	**4,054**	**6,993**
Organization and expansion costs	16,534	16,534	21,518	21,779
Accumulated amortization	(14,802)	(13,036)	(17,464)	(14,786)
Intangible assets	**58,224**	**57,017**	**251,150**	**278,314**
Goodwill on investments **(Note 10b)**	39,850	39,850	238,841	243,921
Amortization of goodwill	(16,604)	(12,619)	(50,583)	(21,738)
Acquisition and development of software	49,411	36,008	84,927	65,443
Amortization of acquisition and development of software	(14,433)	(6,222)	(22,035)	(9,312)
TOTAL ASSETS	**11,373,631**	**10,497,254**	**11,016,310**	**10,045,709**

The accompanying notes are an integral part of these financial statements

BALANCE SHEETS

at December 31
(in thousands of reais)

LIABILITIES AND EQUITY	Banco Fibra S.A. 2011	Banco Fibra S.A. 2010	Fibra Consolidated 2011	Fibra Consolidated 2010
CURRENT LIABILITIES	**5,742,322**	**6,524,375**	**5,862,453**	**6,357,466**
Deposits (Note 12)	**3,450,578**	**3,796,954**	**3,189,576**	**3,581,676**
Demand deposits	182,246	177,021	178,275	168,292
Interbank deposits	759,463	714,481	528,371	571,174
Term deposits	2,508,869	2,904,523	2,482,930	2,841,281
Other deposits	–	929	–	929
Funds obtained in the open market (Note 13)	**23,837**	**53,460**	**23,837**	**53,460**
Own portfolio	23,837	–	23,837	–
Third-party portfolio	–	53,460	–	53,460
Funds from acceptances and issue of securities (Note 14)	**459,004**	**892,846**	**459,004**	**891,093**
Real estate financing note	429,247	312,666	429,247	181,078
Securities issued abroad	29,757	580,180	29,757	710,015
Interbank accounts	**200**	**100,703**	**200**	**282**
Interbank onlendings **(Note 17c)**	–	100,703	–	–
Correspondent banks	200	–	200	282
Interbranch accounts	**79,149**	**21,583**	**79,149**	**35,827**
Third-party funds in transit	79,149	21,583	79,149	35,827
Borrowings	**872,567**	**751,430**	**930,131**	**751,430**
Foreign borrowings **(Note 15a)**	872,567	751,430	930,131	751,430
Local onlendings - Official institutions (Note 15b)	**228,211**	**356,840**	**228,211**	**356,840**
BNDES onlendings **(Note 15b)**	127,920	146,686	127,920	213,091
Other institutions	100,291	210,154	100,291	143,749
Derivative financial instruments (Note 6c)	**4,296**	**168,232**	**4,276**	**163,041**
Derivative financial instruments	4,296	168,232	4,276	163,041
Other liabilities	**624,480**	**382,327**	**948,069**	**523,817**
Collection of taxes and similar	2,722	2,521	4,685	3,706
Foreign exchange portfolio **(Note 16)**	324,357	196,869	324,357	196,869
Tax and social security	35,353	62,502	274,499	115,016
Negotiation and intermediation of securities	344	180	854	1,686
Subordinated debt **(Note 20)**	164,702	51,215	164,702	51,215
Sundry **(Note 17d)**	97,002	69,040	178,972	155,325

The accompanying notes are an integral part of these financial statements

LIABILITIES AND EQUITY	Banco Fibra S.A. 2011	Banco Fibra S.A. 2010	Fibra Consolidated 2011	Fibra Consolidated 2010
LONG-TERM LIABILITIES	**4,633,237**	**3,215,958**	**4,155,771**	**2,931,307**
Deposits (Note 12)	**2,625,912**	**1,727,996**	**2,563,654**	**1,607,012**
Interbank deposits	84,783	230,240	25,414	109,967
Term deposits	2,541,129	1,497,756	2,538,240	1,497,045
Funds from acceptances and issue of securities (Note 14)	**858,821**	**129,835**	**858,821**	**129,835**
Real estate financing notes	–	129,835	–	129,835
Securities issued abroad	858,821	–	858,821	–
Interbank relations	**218,065**	**183,282**	**–**	**–**
Interbank onlendings **(Note 17c)**	218,065	183,282	–	–
Bororowings	**85,702**	**346,459**	**28,137**	**346,459**
Foreign borrowings **(Note 15a)**	85,702	346,459	28,137	346,459
Local onlendings - Financial institutions (Note 15b)	**351,453**	**207,576**	**351,453**	**207,576**
BNDES onlendings	225,541	195,572	225,541	129,167
Other institutions	125,912	12,004	125,912	78,409
Derivative financial instruments (Note 6c)	**23,927**	**63,648**	**23,927**	**63,648**
Derivative financial instruments	23,927	63,648	23,927	63,648
Other liabilities	**469,357**	**557,162**	**329,779**	**576,777**
Tax and social security	153,371	168,135	13,793	182,228
Subordinated debt **(Note 20)**	315,986	343,419	315,986	343,419
Sundry **(Note 17d)**	–	45,608	–	51,130
Deferred income	**4,128**	**4,344**	**4,127**	**4,344**
Deferred income	4,128	4,344	4,127	4,344
Non-controlling interests in subsidiaries	**–**	**–**	**15**	**15**
Non-controlling interests in subsidiaries	–	–	15	15
EQUITY (Note 21)	**993,944**	**752,577**	**993,944**	**752,577**
Share capital	**966,461**	**706,461**	**966,461**	**706,461**
Local residents	822,546	643,291	822,546	643,291
Foreign residents	143,915	63,170	143,915	63,170
Capital increase	**170,000**	**100,000**	**170,000**	**100,000**
Local residents	170,000	100,000	170,000	100,000
Capital reserves	4,830	4,830	4,830	4,830
Carrying value adjustments	(21,674)	(16,868)	(21,674)	(16,868)
Accumulated deficit	(125,673)	(41,846)	(125,673)	(41,846)
Total liabilities and equity	**11,373,631**	**10,497,254**	**11,016,310**	**10,045,709**

The accompanying notes are an integral part of these financial statements

STATEMENT OF INCOME

Years ended December 31, 2011 and 2010 and Six-month Period Ended December 31, 2011

(in thousands of reais)

	Banco Fibra S.A.			Fibra Consolidated	
	2nd half 2011	2011	2010	2011	2010
INCOME FROM FINANCIAL INTERMEDIATION	**1,007,477**	**1,489,832**	**1,669,464**	**1,751,688**	**1,803,477**
Credit operations	445,950	836,193	746,032	1,358,930	964,461
Securities transactions	276,753	475,612	362,529	218,322	265,453
Derivative financial instruments	114,652	43,913	(93,666)	40,326	(77,917)
Foreign exchange transactions	170,122	134,114	654,569	134,110	651,480
EXPENSES ON FINANCIAL INTERMEDIATION	**(1,057,057)**	**(1,402,946)**	**(1,356,361)**	**(1,512,496)**	**(1,429,221)**
Funds obtained in the market	(669,553)	(975,846)	(921,546)	(946,112)	(933,539)
Bororowing, assignment and onlending transactions	(258,561)	(255,476)	(360,383)	(227,060)	(353,204)
Leasing operations	(100)	(125)	–	(125)	–
Allowance for loan losses **(Note 9d)**	(128,843)	(171,499)	(74,432)	(339,199)	(142,478)
GROSS PROFIT ON FINANCIAL INTERMEDIATION	**(49,580)**	**86,886**	**313,103**	**239,192**	**374,256**
OTHER OPERATING INCOME (EXPENSES)	**(94,280)**	**(211,324)**	**(272,158)**	**(362,232)**	**(314,381)**
Income from services rendered	13,099	23,913	16,874	121,537	24,032
Income from bank fees	–	–	10,213	–	52,828
Equity in the results of subsidiaries **(Note 10a)**	(23,517)	(14,945)	(29,597)	–	–
Personnel expenses	(68,436)	(130,181)	(91,216)	(237,543)	(161,938)
Other administrative expenses **(Note 17e)**	(49,028)	(92,379)	(120,725)	(183,722)	(156,698)
Tax expenses **(Note 18a II)**	(8,385)	(25,859)	(27,324)	(58,760)	(51,032)
Other operating income **(Note 17f)**	69,310	73,434	11,307	84,474	14,052
Other operating expenses **(Note 17g)**	(27,323)	(45,307)	(41,690)	(88,218)	(35,625)
OPERATING INCOME	**(143,860)**	**(124,438)**	**40,945**	**(123,040)**	**59,875**
NON-OPERATING INCOME (Note 17h)	**(743)**	**(567)**	**(3,253)**	**(2,146)**	**(3,112)**
INCOME BEFORE TAXATION AND PROFIT SHARING	**(144,603)**	**(125,005)**	**37,692**	**(125,186)**	**56,763**
INCOME TAX AND SOCIAL CONTRIBUTION (Note 18a I)	**68,356**	**63,281**	**(16,620)**	**72,631**	**(30,793)**
Provision for income tax	17,361	(10,167)	(4,953)	(47,694)	(23,681)
Provision for social contribution	13,018	(3,890)	(2,080)	(26,680)	(13,396)
Deferred tax assets	37,977	77,338	(9,587)	147,005	6,284
STATUTORY PROFIT SHARING	**(19,643)**	**(22,106)**	**(12,334)**	**(31,275)**	**(17,232)**
PROFIT/(LOSS) FOR THE YEARS/6-MONTH PERIOD	**(95,890)**	**(83,830)**	**8,738**	**(83,830)**	**8,738**
EARNINGS/(LOSS) PER THOUSAND SHARES - In R$	**(43.43)**	**(37.97)**	**5.29**		

The accompanying notes are an integral part of these financial statements

STATEMENTS OF CHANGES IN EQUITY

Years Ended December 31, 2001 and 2010 and Six-month Period Ended December 31, 2011

(in thousands of reais)

	Share capital			Revenue reserves	Carrying value	Retained earnings/	
	Paid-in capital	Capital increase	Capital reserves	Legal	adjustments	(acc.deficit)	Total
AT DECEMBER 31, 2009	**706,461**	**–**	**4,830**	**40,970**	**(16,868)**	**(24,550)**	**710,843**
Prior year adjustments (Note 2)	–	–	–	–	–	(44,759)	(44,759)
AT DECEMBER 31, 2009 (RESTATED)	**706,461**	**–**	**4,830**	**40,970**	**(16,868)**	**(69,309)**	**666,084**
Reversal of reserves	–	–	–	(40,970)	–	40,970	–
Capital increase	–	100,000	–	–	–	–	100,000
Profit for the year (restated - Note 2)	–	–	–	–	–	8,738	8,738
Interest on capital	–	–	–	–	–	(22,245)	(22,245)
AT DECEMBER 31, 2010	**706,461**	**100,000**	**4,830**	**–**	**(16,868)**	**(41,846)**	**752,577**
Adjustments per BACEN Circular Letters 3068/01 and 3082/02	–	–	–	–	(4,806)	–	(4,806)
Capital increase	160,000	170,000	–	–	–	–	330,000
Capital increase in prior periods	100,000	(100,000)	–	–	–	–	–
Other	–	–	–	–	–	3	3
(Loss) for the year	–	–	–	–	–	(83,830)	(83,830)
AT DECEMBER 31, 2011	**966,461**	**170,000**	**4,830**	**–**	**(21,674)**	**(125,673)**	**993,944**
AT JUNE 30, 2011	**893,342**	**–**	**4,830**	**10**	**(2,651)**	**194**	**895,725**
Prior year adjustments (Note 2)	–	–	–	–	–	(29,987)	(29,987)
AT JUNE 30, 2011 (RESTATED)	**893,342**	**–**	**4,830**	**10**	**(2,651)**	**(29,793)**	**865,738**
Adjustments per BACEN Circular Letters 3068/01 and 3082/02	–	–	–	–	(19,023)	–	(19,023)
Capital increase	73,119	170,000	–	–	–	–	243,119
(Loss) for the six-month period	–	–	–	–	–	(95,890)	(95,890)
Appropriation to reserves	–	–	–	(10)	–	10	–
AT DECEMBER 31, 2011	**966,461**	**170,000**	**4,830**	**–**	**(21,674)**	**(125,673)**	**993,944**

The accompanying notes are an integral part of these financial statements

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2011 and 2010 and Six-month Period Ended December 31, 2011

(in thousands of reais)

	Banco Fibra S.A.			Fibra Consolidated	
	2nd Half	2011	2010	2011	2010
ADJUSTED PROFIT	**(209,549)**	**65,412**	**147,641**	**199,660**	**171,796**
Net profit/(loss) for the year	(95,890)	(83,830)	8,738	(83,830)	8,738
Adjustments to profit:	(113,659)	149,242	138,903	283,490	163,058
Increase (reduction) for losses and assets not for own use	(3,274)	(3,274)	2,768	(3,273)	2,767
Adjustments to market value of securities and derivative fin. instruments	(14,217)	–	14,780	–	14,760
Depreciation and amortization	6,194	11,905	8,922	18,568	14,313
Equity in the results of associates and subsidiaries	23,518	14,945	29,597	–	–
Amortization of goodwill - investment	1,992	3,985	3,985	24,108	1,993
Allowance for loan losses	128,843	171,499	74,432	339,199	142,478
Deferred taxes	(269,232)	(49,902)	9,586	(97,046)	(6,284)
Non-controlling interests	–	–	–	–	17
Other	12,517	84	(5,167)	1,934	(6,986)
CHANGES IN ASSETS AND LIABILITIES	**21,893**	**(374,586)**	**(22,960)**	**(506,498)**	**(241,590)**
(Increase) decrease in short-term interbank investments	(709,155)	(710,133)	2,518,559	420,905	3,967,596
(Increase) decrease in securities and derivative fin. Instruments	349,418	(481,783)	344,433	(607,833)	441,040
(Increase) decrease in interbank and interbank accounts - net	5,319	(14,526)	(28,548)	36,868	(16,394)
(Increase) decrease in loan and leasing operations	198,642	249,973	(1,107,044)	(837,531)	(2,680,630)
(Increase) decrease in other receivables and other assets	(39,012)	(264,938)	10,771	(403,357)	(110,099)
(Decrease) increase in deposits	(48,668)	551,540	1,709,792	564,542	1,558,102
(Decrease) increase in funds obtained in the open market	(108,140)	(29,623)	(3,923,653)	(29,623)	(3,923,653)
(Decrease) increase in funds from issue of securities	26,332	295,144	219,348	296,897	217,595
(Decrease) increase in borrowings and onlendings	(29,152)	(124,372)	182,014	(124,372)	182,016
Increase (decrease) in other liabilities	387,007	184,487	70,504	260,522	172,488
Income tax and social contribution payable	(9,928)	(30,137)	(20,759)	(83,300)	(51,274)
Changes in deferred income	(770)	(218)	1,623	(216)	1,623
NET CASH GENERATED BY (USED IN) OPERATING ACTIVITIES	**(187,656)**	**(309,174)**	**124,681**	**(306,838)**	**(69,794)**
NET CASH GENERATED BY (USED IN) INVESTING ACTIVITIES	**(7,301)**	**(11,695)**	**(370,761)**	**(14,174)**	**(193,740)**
Dividends and interest on capital received	–	–	–	–	(22,248)
(Purchase) sale of property and equipment in use	(1,045)	(1,864)	(2,684)	(4,231)	(12,267)
(Acquisition) sale of investment	(935)	(935)	–	106	379
(Purchase) sale of assets not in use	(265)	–	(7,274)	–	(7,347)
(Purchase) sale of other assets	4,593	4,591	–	688	–
(Purchase) disposal of intangible assets	(9,649)	(13,487)	(23,803)	(10,737)	(152,257)
Capital reduction in subsidiaries	–	–	30,000	–	–
Capital increase in subsidiaries	–	–	(367,000)	–	–
NET CASH GENERATED BY (USED IN) FINANCING ACTIVITIES	**243,119**	**330,000**	**77,752**	**330,000**	**100,000**
Capital increase (decrease)	243,119	330,000	100,000	330,000	100,000
Dividends and interest on capital paid	–	–	(22,248)	–	–
NET INCREASE (CECREASE) IN CASH AND CASH EQUIVALENTS	**48,162**	**9,131**	**(168,328)**	**8,988**	**(163,534)**
Cash and cash equivalents at the beginning of the year	48,375	87,406	255,734	95,123	258,654
Cash and cash equivalents at the end of the year	96,537	96,537	87,406	104,111	95,120
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**48,162**	**9,131**	**(168,328)**	**8,988**	**(163,534)**

The accompanying notes are an integral part of these financial statements

STATEMENTS OF VALUE ADDED

Years Ended December 31

(in thousands of reais)

Banco Fibra S.A.	2011		2010	
Breakdown of value added		**%**		**%**
Gross result from financial intermediation	86,886	280.0%	313,103	200.4%
Income from services rendered	23,913	77.0%	16,874	10.8%
Income from bank fees	–	0.0%	10,213	6.5%
Other operating income/expenses	(79,764)	**-257.0%**	(183,957)	-117.7%
Total	**31,035**	**100.0%**	**156,233**	**100.0%**
Distribution of value added				
Employee compensation	**136,598**	**440.0%**	**88,691**	**56.8%**
Payroll	95,943	309.0%	59,682	38.2%
Benefits	12,014	38.7%	11,015	7.1%
Gov. Severance Indemnity Fund for Employees	5,625	18.1%	5,659	3.6%
Other charges	23,016	74.2%	12,335	7.9%
Payment to government	**(21,733)**	**-69.9%**	**58,804**	**37.6%**
Tax credits (expenses)	25,876	83.4%	27,324	17.5%
Income tax and social contribution	(63,294)	**-203.9%**	16,620	10.6%
National Institute of Social Security (INSS)	15,685	50.6%	14,860	9.5%
Interest on capital /	**–**	**0.0%**	**22,245**	**14.2%**
Loss for the year	**(83,830)**	**-270.1%**	**(13,507)**	**-8.6%**
Total	**31,035**	**100.0%**	**156,233**	**100.0%**

Fibra Consolidated	2011		2010	
Breakdown of value added		**%**		**%**
Gross result from financial intermediation	239,192	139.8%	374,256	138.7%
Income from services rendered	121,537	71.0%	24,032	8.9%
Income from bank fees	–	0.0%	52,828	19.6%
Other operating income/expenses	(189,612)	-110.8%	(181,383)	**-67.2%**
Total	**171,117**	**100.0%**	**269,733**	**100.0%**
Distribution of value added				
Employee compensation	**237,852**	**139.1%**	**153,102**	**56.8%**
Payroll	162,073	94.8%	104,808	38.9%
Benefits	33,445	19.5%	22,413	8.3%
Gov.Severance Indemnity Fund for Employees	11,058	6.5%	9,255	3.4%
Other charges	31,276	18.3%	16,626	6.2%
Payments to government	**17,095**	**9.9%**	**107,893**	**40.0%**
Tax credits (expenses)	58,777	34.3%	51,032	18.9%
Income tax and social contribution	(72,650)	-42.5%	30,793	11.4%
National Institute of Social Security (INSS)	30,968	18.1%	26,068	9.7%
Interest on capital/ Proposed dividends	**–**	**0.0%**	**22,245**	**8.2%**
Loss for the year	**(83,830)**	**-49.0%**	**(13,507)**	**-5.0%**
Total	**171,117**	**100.0%**	**269,733**	**100.0%**

In thousands of reais

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Banco Fibra S.A. ("Banco Fibra" or the "Bank") is a multiple service bank, operating in the commercial, exchange, investment, credit and finance portfolios, as well as through its subsidiaries in securities brokerage activities, securitization of real estate credits and investment fund management.

Operations are conducted in the context of a group of institutions which act jointly in the financial market and certain transactions involve the co-participation or intermediation of associate institutions that are also members of the financial system.the benefits of the services rendered among these institutions and the operating and administrative costs are allocated to the companies, either jointly or individually, as is most practical and reasonable in the circumstances.

Since the end of the first quarter of 2008, the Bank has adopted the policy of protecting its profit and equity from the full effects of the foreign exchange variations on its investment in the branch located in Grand Cayman (full branch). In this regard, it maintains a short position in U.S. dollars in amount sufficient to offset direct and indirect impacts on the result for the period.

2. PRESENTATION OF FINANCIAL STATEMENTS

BANCO FIBRA's financial statements have been prepared in accordance with the Brazilian Corporation Law and the accounting practices adopted in Brazil, and in conformity with the standards and regulations issued by the Central Bank of Brazil (BACEN). They include operations carried out by its foreign branch **(Note 11)** and are being presented together with the Consolidated Financial Statements, which comprise the Bank and its subsidiaries **(Note 3a and 10)**.

During the year ended December 31, 2011, the amounts below were identified and adjusted in equity, totaling a net charge of R$ 39,763:

Charged:

a) R$ 3,181 - net book value relating to securitized credits in the first half of 2009;

b) R$ 4,346 - recalculation of charges on certain credit transactions which had been impacted by a system failure;

c) R$ 1,358 - benchmark interest rate (SELIC) on the provision for tax claims relating to the tax amnesty program established by Law 11941/09, in which the Bank enrolled during 2009;

d) R$ 37,034 (R$ 43,615 referring to 2008 / 2009 and credit of R$ 6,581 relating to 2010) correction of mistake in the calculation of MTM on market swap transactions;

Credited:

e) R$ 3,712 relating to 2010 - Withholding Income Tax (IRRF) amount on remittances abroad of unrecognized interest;

f) R$ 122 - supplementary amount relating to the Workers' Meal Program (PAR) benefit for 2010;

g) R$ 2,322 - (R$ 286 referring to 2010 and R$2,036 relating to prior periods) - complementary tax asset over civil compensation lawsuits.

	Year ended December 31, 2010			
	Banco Fibra S.A.		Fibra Consolidated	
Information selected from the balance sheet	**Originally published**	**Restated**	**Originally published**	**Restated**
Current assets				
Derivative financial instruments	20,323	20,284	10,306	10,267
Credit operations				
Private sector	4,020,394	4,016,048	4,997,557	4,993,211
Sundry	74,215	102,784	197,919	226,488
Long-term receivables				
Derivative financial instruments	146,074	119,294	53,571	26,791
Current liabilities				
Derivative financial instruments	(162,368)	(168,232)	(157,175)	(163,039)
Other liabilities				
Sundry	66,777	69,040	153,062	155,325
Liabilities ex-long term				
Derivative financial instruments	(34,608)	(63,648)	(34,608)	(63,648)
Equity	792,340	752,577	792,340	752,577
Accumulated deficit	(2,083)	(41,846)	(2,083)	(41,846)

Information selected from the statement of income	Year ended December 31, 2010			
	Banco Fibra S.A.		Fibra Consolidated	
	Originally published	Restated	Originally published	Restated
Credit operations	750,378	746,032	968,807	964,461
Derivative finan.instr. result	(104,634)	(93,666)	(88,885)	(77,917)
Provision for income tax	(3,327)	(4,953)	(22,055)	(23,681)
Profit for the year	3,742	8,738	3,742	8,738

3. SIGNIFICANT ACCOUNTING PRACTICES

a. Consolidation practices

In the preparation of the consolidated financial statements (Financial Economic Consolidation - CONEF), identified as "Fibra Consolidated", the Banbk adopted the consolidation criteria of the Chart of Accounts for the National Financial System Institutions (COSIF), established by Circular Letter No. 1273, of December 29, 1987. The consolidated financial statements include Banco Fibra S.A., its foreign branch and its direct subsidiaries, listed below:

Corporate name	Activity	Share	
Subsidiaries:		2011	2010
Fibra Asset Management Distribuidora de Títulos e Valores Mobiliários Ltda.	Distribution of securities and fund management	99.999 %	99.999%
Fibra Cia. Securitizadora de Créditos Imobiliários	Acquisition of real estate receivables	99.958%	99.958%
Fibra Cia. Securitizadora de Créditos Financeiros	Acquisition of financial receivables	99.999%	99.999%
Fibra Projetos e Consultoria Econômica Ltda.	Consulting services and economic analysis	99.999%	99.999%
Credifibra S.A. - Crédito Financiamento e Investimento	Loan company	99.999%	99.999%

Description of the main consolidation procedures

- Intercompany assets and liabilities balances are eliminated;
- Investments in capital, reserves and retained earnings of subsidiaries are eliminated;
- Intercompany revenues and expenses, as well as unrealized profits on intercompany transactions, are eliminated; and
- Non-controlling interest amounts are shown separately in the consolidated financial statements.

b. Determination of results

Income and expenses arising from asset and liability operations are recognized on the accrual basis and take into account the effects on operations subject to price level restatement on a daily pro rata basis. Asset and liability operations incorporating an exchange variation clause are adjusted according to the foreign rate on the balance sheet date, as provided for in the respective contracts.

Income from loan operations are not accrued when the payment of the principal or charges are overdue for 60 days or more.

c. Cash and cash equivalents

These are comprised of available funds in local and foreign currency and short-term interbank investments maturing in up to 90 days, with immaterial risk of change in value. Cash and cash equivalents are used by the Bank to manage its short-term commitments **(Note 4)**.

NOTES TO THE FINANCIAL STATEMENTS

d. Short-term interbank investments

These are valued at the cost of acquisition plus interest accrued up to the balance sheet date and adjusted to market value, if applicable. Investments in foreign currency are stated at the cost of acquisition plus accrued income calculated on a daily pro rata basis and the foreign exchange variations recorded up to the balance sheet dates **(Note 5)**.

e. Securities

Securities are recorded at acquisition cost restatd at the index and/or effective interest rate, in conformity with BACEN Circular Letter 3068. Securities are classified as follows **(Note 6a)**;

• **Trading securities -** securities acquired to be frequently and actively traded, adjusted to market value with a corresponding entry to the results for the period;

• **Available-for-sale securities -** Securities that can be negotiated but are not acquired to be actively and frequently traded. They are adjusted to their market value with a corresponding entry to a specific account in equity;

• **Held-to-maturity securities -** securities valued at acquisition cost plus interest earned up to the balance sheet date. Classification in this category is contingent upon the Bank's financial capacity to hold the securities up to maturity. Management does not consider the possibility of selling these securities.

f. Derivative financial instruments

In accordance with BACEN Circular Letter 3082, derivative financial instruments are valued and recorded at market value and classified as "hedge" or "non-hedge". Hedghe instruments are classified into (i) "market risk hedge" or (ii) "cash flow hedge". The criteria for recording these instruments are as follows: for derivative financial instruments not intended to be used as hedge, as well as for those classified as market risk hedge, adjustments to market value are recorded against the appropriate income or expense account, in the statement of income for the period. For derivative financial instruments intended to be used as cash flow hedge, the effective portion of the hedge must be accounted for against the designated equity account, while any other changes must be recorded against the appropriate income or expense account in the statement of income for the period. Following the changes introduced by BACEN Circular Letter 3150, this treatment is also given to those financial instruments which are traded in connection with funding or fund investment transactions, while remeasurement at market value is not required under certain conditions set out in the rule **(Notes 6b, 6c, 6d and 6e)**.

g. Provisions for impairment of loans and other receivables

These provisions are recorded at amounts considered sufficient to cover any possible losses arising on their collection. The National Monetary Council (NMC), through its Resolution 2682/99, established criteria to be followed in the risk analysis of clients with active operations and the parameters for recognizing the provision, which are based on past experience and specific sector or portfolio risks **(Note 9d)**.

In addition to be core rule in Resolution 2682, the Bank records an additional provision of 2.5% of the balance of portfolios assigned under co-obligation, based on historical losses.

h. Assets not for own use

Assets received in lieu of payment due to the enforcement of guarantees for loans are recorded in "Other assets" and include provisions at amounts considered sufficient to cover probable losses on their collection.

i. Prepaid expenses

Prepaid expenses mainly comprise commissions paid to service providers resulting from the prospecting of retail operations, which are controlled according to contracts. These expenses are allocated to the statement of income according to the term of the contracts **(Note 17b)**.

j. Investments

Investments in subsidiaries are recorded on the equity method of accounting. Other investments are stated at acquisition cost, net of allowance for losses, when applicable. The book balances of entities located abroad have been translated into reais based on the U.S. dollar exchange rate on the closing date. For the purposes of calculating equity results and consolidation, these balances have been adjusted in accordance with accounting practices adopted in Brazil applicable to financial institutions authorized to operate by the BACEN **(Note 10a)**.

k. Property and equipment, deferred charges and intangible assets

Depreciation of property and equipment and amortization of deferred charges and intangible assets are calculated on the straight line method, at the following annual rates, according to the economic useful lives:

(i) Property and equipment: vehicles and computer systems, 20%; facilities, furniture and equipment for own use, telecommunications systems, and security systems - 10%;

(ii) Deferred charges: BACEN Circular Letter 3357, which went into effect on December 3, 2008, restricts the recording of new assets under deferred charges, only allowing the maintenance of the existing balance until it is fully amortized or written off;

(iii) Intangible assets: correspond to the expenditures with the new head office, to be amortized on the straight-line basis at the rate of 20% per annum over the estimated benefit period, and goodwill on the acquisition of investments based on the expectation of future results, to be amortized at the rate of 10% per annum and tested for impairment at least annually.

l. Other current assets and long-term receivables

These are stated at acquisition cost, including accrued ernings and monetary variations, net when applicable, of the corresponding provisions for impairment or adjustments to market value.

m. Income tax and social contribution (assets and liabilities)

Deferred tax assets calculated on income tax and social contribution losses and temporary additions are recorded in "Other receivables - Sundry".

Tax credits on temporary additions are realized upon the use and/or reversal of the corresponding provisions in respect to which they were recorded. Deferred tax assets on income tax and social contribution tax losses are realized according to the generation of taxable income.

Deferred income tax and social contribution liabilities calculated on temporary differences are recorded under "Other liabilities - Tax and social security".

The provision for income tax is calculated at the standard rate of 15% on taxable income, plus a 10% surcharge on the portion of taxable income that exceeds R$ 240 per year and includes the portion corresponding to fiscal incentives. The provision for social contribution is calculated at the rate of 15% of adjustable book income, in accordance with the current legislation. The effects are described in detail in **Note 18**.

n. Contingencies and legal obligations

The recognition, measurement and disclosure of contingent assets and liabilities and legal obligations are carried out according to the criteria defined in CPC Technical Pronouncement 25, approved by NMC Resolution 3823/09 **(Note 19)**.

i. Contingent assets: these are not recognized, except when a favorable, unappealable legal decision characterizes the gain as virtually certain. Contingent assets with probability of success are only disclosed in a note to the financial statements.

ii. Contingent liabilities: these are individually evaluated, according to the nature of lawsuits.

iii. Legal obligations: these are recognized and provisioned in the financial statements, regardless of the probability of a favorable outcome for the lawsuit.

o. Current and long-term liabilities

These are stated at known or estimated amounts including incurred charges and monetary and exchange variations up to the balance sheet date.

In thousands of reais

NOTES TO THE FINANCIAL STATEMENTS

p. Accounting estimates

The preparation of financial statements in accordance with accounting practices adopted in Brazil requires the use of management's judgment to determine and record accounting estimates. Significant assets and liabilities subject to these estimates and assumptions include the residual value of property and equipment and related depreciation rates, evaluation of intangible assets, allowance for loan losses, provision for impairment of certain assets, deferred income tax and social contribution assets, provision for contingencies and valuation of marketable securities and derivative instruments. The settlement amounts of transactions may differ from these estimates due to inaccuracies inherent to the determination process. The Bank periodically reviews its estimates and assumptions.

q. Changes in accounting practices as from January 1, 2012

(i) Resolution 3533 is effective as from 2012 and establishes new accounting criteria with respect to the write-off of assigned assets when a substantial portion of risks is retained, such as is the case of assignments of credits under co-obligation and assignments to credit right investment funds (FIDCs) for the acquisition of subordinated quotas. BACEN has determined that this change is to be applied prospectively to new transactions carried out.

(ii) Resolution 4007 approved the adoption of CPC 23 - Accounting policies, changes in estimates and correction of errors as from January 1, 2012.

4. CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, the balance of cash and cash equivalents is comprised as follows:

	Banco Fibra S.A.		Fibra Consolidated	
	2011	**2010**	**2011**	**2010**
Cash	77,779	29,430	85,353	37,155
Cash equivalents **(1)**	18,758	57,976	18,758	57,965
Total	**96,537**	**87,406**	**104,111**	**95,120**

(1) Refes to investments in interbank deposits and foreign currency maturing within 90 days from the date of acquisition.

5. SHORT-TERM INTERBANK INVESTMENTS

Short-term interbank investments are as follows:

	Banco Fibra S.A.		Fibra Consolidated	
	2011	**2010**	**2011**	**2010**
Investments in money market	**244,544**	**630,446**	**244,544**	**630,446**
Banked position	**244,544**	**576,996**	**244,544**	**576,996**
- Financial Treasury Bills (LFT)	244,544	380,280	244,544	380,280
- National Treasury Bills (LTN)	–	185,912	–	185,912
- National Treasury Notes (NTN)	–	10,804	–	10,804
Financed position	**–**	**53,450**	**–**	**53,450**
- Financial Treasury Bills (LFT)	–	23,042	–	23,042
- National Treasury Bills (LTN)	–	21,205	–	21,205
- National Treasury Notes (NTN)	–	9,203	–	9,203
Interbank deposits	**2,642,595**	**1,565,979**	**65,620**	**116,932**
Foreign currency investments	**21,856**	**41,655**	**18,758**	**41,655**
Total	**2,908,995**	**2,238,080**	**328,922**	**789,033**

6. SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS

a. Classification of the portfolio of securities and derivative financial instruments according to the business strategy:

	Banco Fibra S.A.			
	2011		2010	
	Amortized cost/ Cost value	Book value/ Market value(2)	Amortized cost/ Cost value	Book value/ Market value
Trading securities	**635,786**	**639,236**	**180,798**	**181,811**
Treasury Financial Bills (LFT)	62,162	62,159	147,476	147,475
National Treasury Notes (NTN)	423,507	428,494	3,152	3,200
National Treasury Bills (LTN)	101,406	101,601	5,497	5,507
Private fixed-income securities	48,691	46,962	24,654	25,610
Quotas of investment funds	20	20	19	19
Available-for-sale securities	**516,573**	**550,822**	**610,927**	**721,163**
National Treasury Notes (NTN)	–	–	251,525	255,384
Shares	–	–	60,124	126,368
National Treasury Bills (LTN)	221,373	221,980	33,565	33,622
Euronotes and Commercial Papers	295,200	328,842	264,266	303,590
Quotas of investment funds	–	–	1,447	2,199
Derivative financial instruments	**105,296**	**125,814**	**112,007**	**139,578**
Swap receivable differences	100,922	121,445	102,360	130,531
Other	4,374	4,369	9,647	9,047
Total securities portfolio (1)	**1,257,655**	**1,315,872**	**903,732**	**1,042,552**

	Fibra Consolidated			
	2011		2010	
	Amortized cost/ Cost value	Book value/ Market value(2)	Amortized cost/ Cost value	Book value/ Market value
Trading securities	**948,132**	**951,634**	**354,771**	**355,784**
Treasury Financial Bills (LFT)	209,337	209,321	147,485	147,484
National Treasury Notes (NTN)	423,507	428,559	3,152	3,200
National Treasury Bills (LTN)	101,406	101,601	5,497	5,507
Private fixed-income securities	48,691	46,962	26,464	27,420
Quotas of investment funds	20	20	20	20
Quotas of credit right funds (FIDC)	165,171	165,171	172,153	172,153
Available-for-sale securities	**228,986**	**229,187**	**361,084**	**432,520**
National Treasury Notes (NTN)	–	–	251,525	255,387
Shares	–	–	63,741	127,955
National Treasury Bills (LTN)	221,373	221,980	33,565	33,622
Euronotes and Commercial Papers	7,613	7,207	10,806	13,357
Quotas of investment funds	–	–	1,447	2,199
Derivative financial instruments	**40,595**	**49,082**	**9,648**	**37,060**
Swap receivable differences	36,221	44,713	1	28,015
Other	4,374	4,369	9,647	9,045
Total securities portfolio (1)	**1,217,713**	**1,229,903**	**725,503**	**825,364**

Years Ended December 31, 2011 and 2010

In thousands of reais

NOTES TO THE FINANCIAL STATEMENTS

(1) The market value of "Available-for-sale securities", "Trading securities" and "Derivative financial instruments" was determined based on the following criteria:

- **Government securities, shares and quotas in investment funds:** market prices or market agent quotations;
- **Euronotes:** pricing methodology using as reference prices quoted in the secondary market;
- **Swaps:** based on the notional amount of each leg of the swap contract, considering the cash flow discounted to present value at the futures market interest rate based on the pricing model developed by management.

At December 31, 2011 and 2010, the Bank did not have any held-to-maturity securities.

b. Derivative financial instruments

BANCO FIBRA enters into derivative transactions, which are intended to reduce its own or the clients' exposure to market, currency and interest risks. These risks are managed through the establishment of limits and operation strategies, as detailed in **Note 7**.

Derivatives, in accordance with their nature and specific legislation, are recorded in equity and/or income/expense accounts. At December 31, 2011 and 2010, the market value of derivative financial instruments was recognized on the balance sheet as follows:

Asset position

	Banco Fibra S.A.							
	2011				2010			
	Notional amount	Assets	Liabilities	Amounts receivable	Notional amount	Assets	Liabilities	Amounts receivable
CDI X DOLLAR	412,226	585,437	501,541	83,896	523,861	667,556	540,097	127,459
DOLLAR X CDI	154,488	172,676	164,423	8,253	–	–	–	–
IGPM X PRE	–	–	–	–	10,000	10,409	10,187	222
IPCA X PRE	117,198	143,984	142,669	1,315	76,300	81,550	80,856	694
IPCA X CDI	63,000	82,928	78,506	4,422	63,000	72,445	70,350	2,095
PRE X IPCA	152,152	168,503	166,347	2,156	–	–	–	–
DOLLAR X PRE	257,079	333,789	309,571	24,218	–	–	–	–
PRE X DOLLAR	–	–	–	–	3,257	3,229	3,168	61
OTHER (Note 6d)	901	1,554	–	1,554	9,550	9,047	–	9,047
Total market value		**1,488,871**	**1,363,057**	**125,814**		**844,236**	**704,658**	**139,578**
Amounts receivable calculated as per the amortized cost base				**105,296**				**125,752**

Liability position

	Banco Fibra S.A.							
	2011				2010			
	Notional amount	Assets	Liabilities	Amounts payable	Notional amount	Assets	Liabilities	Amounts payable
CDI X DOLLAR	42,393	47,519	48,082	(563)	–	–	–	–
DOLLAR X CDI	612,856	671,861	690,110	(18,249)	1,143,371	1,321,995	1,539,933	(217,938)
IGPM X PRE	21,000	24,169	24,651	(482)	–	–	–	–
IPCA X PRE	345,679	390,120	395,706	(5,586)	107,400	112,822	113,618	(796)
IPCA X CDI	20,000	20,306	20,355	(49)	–	–	–	–
DOLLAR X PRE	3,513	3,486	3,538	(52)	6,582	6,582	6,837	(255)
PRE X IPCA	398	447	448	(1)	–	–	–	–
PRE X DOLLAR	4,104	4,008	4,118	(110)	–	–	–	–
OTHER (Note 6d)	2,044	–	3,131	(3,131)	12,469	–	12,891	(12,891)
Total market value		**1,161,916**	**1,190,139**	**(28,223)**		**1,441,399**	**1,673,279**	**(231,880)**
Amounts payble as per the amortized cost base				**(8,587)**				**(198,412)**

Asset position

	Fibra Consolidated							
	2011				2010			
	Notional amount	Assets	Liabilities	Amounts receivable	Notional amount	Assets	Liabilities	Amounts receivable
CDI X DOLLAR	241,329	273,751	266,586	7,165	305,813	311,141	286,199	24,942
DOLLAR X CDI	154,488	172,676	164,423	8,253	–	–	–	–
IGPM X PRE	–	–	–	–	10,000	10,409	10,187	222
IPCA X CDI	63,000	82,928	78,506	4,422	63,000	72,445	70,350	2,095
IPCA X PRE	117,198	143,984	142,669	1,315	76,300	81,551	80,856	695
PRE X IPCA	152,152	168,503	166,347	2,156	–	–	–	–
DOLAR X PRE	294,291	333,789	309,571	24,218	–	–	–	–
PRE X DOLLAR	–	–	–	–	3,000	3,229	3,168	61
OTHER (Note 6d)	901	1,553	–	1,553	9,550	9,045	–	9,045
Total market value		**1,177,184**	**1,128,102**	**49,082**		**487,820**	**450,760**	**37,060**
Amounts receivable as per the amortized cost base				**40,595**				**23,393**

Liability position

	Fibra Consolidated							
	2011				2010			
	Notional amount	Assets	Liabilities	Amounts payable	Notional amount	Assets	Liabilities	Amounts payable
DOLLAR X CDI	434,210	492,477	510,706	(18,229)	922,709	1,105,905	1,318,650	(212,745)
CDI X DOLLAR	42,393	47,519	48,082	(563)	–	–	–	–
IPCA X PRE	345,679	390,120	395,706	(5,586)	107,400	112,822	113,618	(796)
IGPM X PRE	21,000	24,169	24,651	(482)	–	–	–	–
PRE X IPCA	398	447	448	(1)	–	–	–	–
IPCA X CDI	20,000	20,306	20,355	(49)	–	–	–	–
DOLLAR X PRE	3,513	3,486	3,538	(52)	6,855	6,582	6,837	(255)
PRE X DOLLAR	4,104	4,008	4,118	(110)	–	–	–	–
OTHER (Note 6d)	2,044	–	3,131	(3,131)	12,469	–	12,893	(12,893)
Total market value		**982,532**	**1,010,735**	**(28,203)**		**1,225,309**	**1,451,998**	**(226,689)**
Amounts payable as per the amortized cost base				**(9,447)**				**(193,868)**

At December 31, 2011 and 2010, gains and losses for the year relating to derivative financial instruments presented a net effect of R$ 43,913 on the results of BANCO FIBRA (2010 - R$ 93,666) and R$ 40,326 on FIBRA CONSOLIDATED (2010 - R$ 77,917) and (R$ 16,901) on equity of BANCO FIBRA and FIBRA CONSOLIDATED (2010 - R$ 2,881). BANCO FIBRA maintains a net position in derivative financial instruments, mainly to hedge its foreign funding in U.S. dollars from the effects of foreign exchange variations.

c. Maturity terms of securities and derivative financial instruments

Banco Fibra S.A.	Up to 3 months	3 to 12 months	1 to 3 years	3 to 5 years	5 to 15 years	Total 2011	Total 2010
Categories							
Trading securities	169,404	130,300	204,461	81,379	53,692	**639,236**	**181,811**
Available-for-sale securities	2,287	89,779	262,485	33	196,238	**550,822**	**721,163**
Derivative financial instruments (assets)	3,018	14,946	65,840	11,020	30,990	**125,814**	**139,578**
Total	**174,709**	**235,025**	**532,786**	**92,432**	**280,920**	**1,315,872**	**1,042,552**
Derivative financial instruments (liabilities)	(2,167)	(2,129)	(7,036)	(16,891)	–	**(28,223)**	**(196,976)**
Total	**(2,167)**	**(2,129)**	**(7,036)**	**(16,891)**	**–**	**(28,223)**	**(196,976)**

In thousands of reais

NOTES TO THE FINANCIAL STATEMENTS

Fibra Consolidated	3 to 12 months	1 to 3 years	3 to 5 years	Total 2011	Total 2010
Categories					
Trading securities	343,874	333,752	274,008	**951,634**	**355,784**
Available-for-sale securities	8,030	221,157	–	**229,187**	**432,520**
Derivative financial instruments (assets)	11,074	28,886	9,122	**49,082**	**37,060**
Total	**362,978**	**583,795**	**283,130**	**1,229,903**	**825,364**
Derivative financial instruments (liabilities)	(4,277)	(7,036)	(16,890)	**(28,203)**	**(226,689)**
Total	**(4,277)**	**(7,036)**	**(16,890)**	**(28,203)**	**(226,689)**

The total notional amounts of swap contracts recorded at the Central System for Custody and Financial Settlement of Securities (CETIP) and BM&FBOVESPA S.A., as at December 31, 2011 totaled R$ 2,944,992 (2010 - R$ 2,596,406) in BANCO FIBRA and R$ 2,595,448 (2010 - R$ 2,157,696) in FIBRA CONSOLIDATED.

At December 31, 2011, margins deposited in guarantee of derivative financial instruments amounted to R$ 281,298 (2010 - R$ 214,859) in BANCO FIBRA and FIBRA CONSOLIDATED.

d. Futures and forward operations

The operations carried out in the futures and forward markets are recorded in BANCO FIBRA at the following notional amounts:

	Notional amounts	
FUTURES CONTRACTS	**2011**	**2010**
NDF purchased	37,212	4,508
NDF sold	(7,617)	(5,604)
US Dollar purchased	491	–
US Dollar sold	(799,965)	(653,670)
Foreign Exchange Coupon - DDI purchased	256,127	255,906
Foreign Exchange Coupon - DDI sold	(643,669)	(104,470)
One day DI purchased	2,944,320	995,317
One day DI sold	(7,859,207)	(4,307,287)
Options purchased	1,224	30,523,875
Options sold	(3,475)	(30,518,125)
Foreign exchange swap (SCC) purchased	94,337	–
Foreign exchange swap (SCC) sold	(92,689)	–
Other	9,277	–

e. Cash flow and market risk hedge

At December 31, 2011 and 2010, the Bank had cash flow hedges linked to swap and DI futures contracts, at the notional amount of R$ 4,512,036 (2010 - R$ 4,193,904) and maturities ranging from March 2012 to October 2016.

The effective portion of the hedge is recorded in equity and corresponds to a charge of R$ 21,887 (2010 - R$ 4,986), net of tax effects. The market value of Time Deposits, Government Securities and Funding classified as hedged items is R$ 4,405,148 (2010 - R$ 3,807,675).

Market risk hedges include swap transactions maturing up to November 2016 and intended to protect the institution from fluctuations in fundings in foreign currencies.

The effectiveness of the cash flow and market risk hedge structures is measured every month and the related evidence is submitted to the Executive Committee through the financial result arising from the market value of derivatives designated as hedges and the hedged instruments.

The effectiveness verified in the hedge portfolio at December 31, 2011 is in conformity with the standard established by

BACEN and no ineffective portion to be accounted for during the year was identified.

The operations above do not represent the Bank's global exposure to market, currency and interest rate risks, since they only include the derivative financial instruments used as hedge.

7. RISK MANAGEMENT

In view of the evolution of the market and the products and services it offers, the Bank, always in line with the best international practices, continually seeks excellence in risk management and control.

BANCO FIBRA's Board of Directors plays a key role in the risk management structure and actively approves the main strategies and policies in this area, thus witnessing to the high importance of the institution's corporate governance.

The prior identification of the risks inherent to new products is performed by the Risk Control Area, within the Product Committee, which evaluates all the impacts before implementation.

The Risk Control Area comprises the Market Risk, Liquidity Risk and Credit Risk areas. Operating Risk is managed by the Compliance area. Risk integration is carried out by the Global Risk Committee, which addresses all relevant matters, and therefore enables scale gains, information sharing and the strengthening of those management policies designed to protect the Bank's capital.

The Bank's risk management processes and controls are intended to ensure the compliance with the ruling regulation, the adoption of best practices in market documentation, taking avail of domestic and international benchmarking. This model consists of clearly documented policies and strategies which establish limits and procedures designed to maintain the exposure to different risks within acceptable levels.

a. Structural actions in place

In order to further increase its governance standards with respect to risk management, BANCO FIBRA has implemented a number of coordinated actions, in particular:

• Segregation of the Technology and Operations areas from the Control, Compliance, Operations and Processes area, so as to separate the treatment of Risks, Compliance and Controls, with a view to preserve and narrow the risk management focus and independence.

• Review of key accounting processes, for a better governance. The main actions taken in this regard include: - Formation of the Accounting Committee; - Formalization of accounting valuation, classification and recognition rules; - Segregation of management responsibilities between Controllership and Accounting; - Formation of the Operation Valuation and Classification Sub-Committee; - Development of the Hedge Effectiveness Testing Manual; • Restructuring of Compliance: the Internal Control and Internal Validation areas were segregated from the Compliance management, which is now focused on Operational Risks, Money Laundering Prevention, and Compliance Agent Program.

• Review of the Operational risk management process, driving the following main actions: - Formation of the Operational Risk Sub-committee, which meets on a monthly basis; - Effective and preventive monitoring of outsourced services, leading to the involvement of the Operational Risk area with the assessment of evaluation of third-party services; - Update of the entire mapping of risks and controls over operational processes, with the conduction of interviews with all Compliance Agents and Managers, which led to the updating and standardization of the operational risk matrix. - Development of a monthly routine of preparation of standard reports by Compliance Agents on any changes in processes, risks and internal control environment. - Improvement in the loss consolidation process - “Basis of Loss” - involving the segregation and standardization of processes designed to identify and measure Operational Risk events relating to both expected and unexpected losses. - Adoption of a procedure for the by-annual distribution of an Operational Risk Report to managers, in order to keep them abreast of residual risks inherent to their activities. - Monitoring of controls and action plans to mitigate the operational risk by an independent area (Internal Control). The results of such monitoring are communicated to the Operational Risk Sub-committee.

NOTES TO THE FINANCIAL STATEMENTS

• Restructuring of the Compliance Agent Program, in order to disseminate a Compliance culture and allow for a closer monitoring of the risk and control environment. A number of face-to-face training courses was provided to Compliance Agents and Managers, addressing the following topics: - Internal Control environment; - Mapping and definition of Operational Risks; - Money Laundering Prevention.

b. Market risk management

Introduction and structure

BANCO FIBRA has a set of policies, process descriptions and manuals in place to guide market risk management and control. The Market Risk Management Internal Rules sets out in detail the responsibilities of individual areas for risk management and control, in addition to describing the tools used, limits applied and actions triggered when such limits are not complied with. The Rules also describe the regulations over market risks and the main committees involved. The Bank acknowledges the importance of the active involvement of senior officers in the market risk management. The risk management structure comprises the Global Risk Committee, Market Risk Committee, Assets & Liabilities Committee (ALCO), and the Financial Instrument, Securities and Portfolio Valuation and Classification Sub-committee.

Any changes/reviews in the Market Risk Management Internal Rules is submitted to the approval of the Controller, Internal Control and Risks office, as well as the Market Risk Committee, Internal Controls Committee, and Board of Directors.

Criteria and methodologies

The market risk management of positions assumed by the Bank uses a set of proper controls for each portfolio, which are linked to limits essentially relating to 3 types of controls: risk, result, and exposure.

Risk:

• VaR: Applied to the Trading Portfolio - VaR (Value at Risk) is calculated on the parametric model (the Monte Carlo model is used in the options portfolio as well as in the Trading portfolio when the options VaR surpasses 10% of VaR Trading), and provides the expected loss given a level of confidence of 99%.

• Stress - considering extreme scenarios, evaluates the maximum potential loss from a portfolio (Trading and Total).

• CPV (Concentration per Vortex) - monitors the distribution of the losses from each of the extremes adopted by applying stress scenarios.

• EVE (Economic Value of Equity) - consists of the impact on the present value of the portfolio, taking into consideration the effects of fixed interest rates over a specified holding period.

Result:

• MAT - actual loss alerts which require decisions by the appropriate level of authority in the event of surpassing.

• Stop Loss - Actual loss limit.

Exposure:

• Government securities

• Exchange rate exposure

Information flow

The Bank has invested in the development of control systems and personnel, to allow for the timely monitoring of risks. The utilization of limits is monitored by the Market Risk area and disclosed on a daily basis to senior management, treasury area and internal audit, and on a monthly basis to the above mentioned committees.

Risk is calculated through a risk system, which generates values that are validated by the Market Risk area. Curves and reference prices are calculated through the Market Risk system and independently validated by the Internal Validation area to guarantee data integrity. All methodologies used, as well as any changes, are previously discussed and approved by the Market Risk Committee and approved by the Board of Directors.

c. Liquidity risk management

For the purpose of managing the liquidity risk exposure, the Bank adopts instruments to control cash flow and forecast needs or excess funds in a timely manner, so as to enable the implementation of preventive measures. Such instruments include projected cash flows and simulation of payment events or renewal of operations.

Senior management receives, on a daily basis, a map to monitor liquidity, as well as the minimum liquidity reserve. Some of the control instruments used by the Bank are defined below:

• **Cash position control -** Determination of changes in assets, funding and other operations on that date, and of available cash, both at the daily opening and closing. The minimum liquidity reserve conrresponds to the cash comfort level considered adequate for the management of assets and liabilities. The projection and evaluation of the minimum liquidity reserve is defined by the Assets & Liabilities Committee (ALCO), a group that meets on a monthly basis.

• **Liquidity risk control -** The liquidity level is monitored on a daily basis, taking into account the maturity flows until maturity of the asset and liability portfolios lapse. Also, ALCO performs monthly analyses of the mismatch of terms between assets and liabilities into time buckets, which define the alternatives for the management of the minimum cash level to be maintained by the Bank, compatible with the risk exposure resulting from the characteristics of its assets and liabilities, its capital ratio and market conditions. This is used as a paramater to control liquidity and to activate the Contingency Plan whenever any risk of insufficient liquidity is identified.

• **Liquidity contingency plan -** This management tool defines the actions and measures that should be taken when a short-term liquidity projection indicates levels lower than the minimum level defined. In the event of a shortfall of funds and worsening of financial market crises, this plan encompasses a number of alternatives: external funding (by means of the Bank's strategic foreign shareholder); credit assingments; sureties and guarantees; fund raising from parent group companies; decrease or even suspension of credit assignment until liquidity has been regularized; and sale of the private securities portfolio.

• **Application of stress scenario -** Simulation of an adverse scenario for those instruments which comprise the Bank's assets and liabilities, in order to measure the impacts of strong outflow of funds, thus anticipating potential liquidity problems. This control is performed on a daily basis and the exposure is presented to ALCO.

d. Credit risk management

Introduction and structure

Credit Risk is defined as the likelihood of losses arising from the inability of borrowers to honor their obligations within contractual terms and conditions, the reduction in gains and remuneration, recovery costs, and impairment of the credit contract.

Management monitors Credit Risk through a specific area, Credit Risk Control, which is physically and logically segregated from the business and credit areas and is independent both with respect to its responsibilities pursuant to the by-laws and organizational structure.

Criteria and methodologies

The Credit Risk Control area is responsible for the analysis and monitoring of the credit portfolio, assessment of commitment of Reference Equity (PR), exposure limits adopted by the Bank, and qualitative and quantitative of selected transactions that are proposed by investors and business partners.

Exposure limits are based on maximum commitment percentages of the Reference Equity which are previously set forth in a specific policy. The utilization of such limits is evidenced to the Credit Risk Committee.

The Credit Risk Committee meets on a monthly basis and has a significant status within the credit risk control structure. It conducts strategic analyses of the credit portfolio through specific reports and analyses, in addition to monitoring and recommending solutions when any limits are surpassed.

Based on these assumptions, the Credit Risk Control area's main responsibilities include:

• Ensuring consistent decisions and continuously improving credit risk management and control, in order to enhance the Bank's quality of assets and results. Such quality standards are applied to all deals involving credit risk for the group;

• Minimizing losses, taking decisions on capital provisions and allocation, compliance with the applicable legislation and internal rules, in addition to assessing scenarios and triggering contingency plans;

• Evaluating not only the risk drivers, but also the mitigation mechanisms (guarantees).

NOTES TO THE FINANCIAL STATEMENTS

e. Operational risk management

Introduction and structure

BANCO FIBRA defines and treats Operational Risk management in accordance with the provisions of CMN Resolution 3380, such as the possibility of losses resulting from flaws, weaknesses or inadequacy of internal processes, personel and systems or external events.

This definition includes the legal risk associated with the inadequacy or weakness in contracts entered into by the Bank, as well as penalties driven by the non-compliance with legal provisions, and damages payable to third parties as a result of activities carried out by the Bank. In this context, the Bank puts its best efforts to maintain the internal policy in line with the concepts set out by the Basel Committee and the rules described in CMN Resolution 3380.

Operational risk management is a responsibility of the Compliance Executive Management, which reports to the Controller, Internal Controls and Risks Executive Board. One of the responsibilities of this Board is to ensure that the guidance and responsibilities for Operational Risk management be duly complied with.

To support decisions on material risks and related mitigators, the Bank has a structure of Committees which have a voice in the decision making process for Operational Risk, comprised by the Global Risks Committee and the Operational Risk Sub-committee.

The whole governance of operational risk is regularly monitored by governance forums, which are responsible for the decision whether to take or not material operational risks and, as a last resort, to require a specific action plan.

The Operational Risk management structure adopts an active, efficient model to map its structure, processes, activities, evaluation of operational risks, as well as the related mitigating controls, develop action plans to minimize risks and keep senior management informed of the circumstances so that it can explicity determine any actions to be taken to solve deficiencies identified on a timely basis.

Identification and assessment

The Operational Risk management process adopted by the Bank involves the structure of processes, operational risks, internal controls and Compliance Agents, in order to identify and assess new risks and potential changes in existing risks, thus ensuring the required update, governance and transparency throughout the process.

The Bank identifies and assesses operational risks inherent to products, services, processes and systems that are considered material. Also, the Bank ensures the identification and assessment of operational risks arising from new products, services, processes and systems before they are launched or implemented. To this end, the Compliance Executive Management takes part in the Product Committee to certify the exposure to operational risk events and provide its opinion with respect to mitigation actions.

The identification and measurement of operational risk levels is a process that includes:

• Self-assessment processes (CSA - Control Self Assessment) performed on na annual basis by managers, in order to identify and map risks and controls in place, as well as to quantify the likelihood of their occurrence and ensuing financial impact;

• Capture and determination of operational risk events by Compliance Agents, who must communicate all events, whether actually occurring or not in their respective areas, so that the Operational Risk area can input such events into a database to build indicators and a statistical basis designed to support the identification and assessment of operational risks;

• Formalization of the identification of operational risks from new products, services and systems before they are launched;

• Assessment and suggestion of internal control measures to mitigate risks and verify their appropriateness and updating in the monitoring systems;

• Regular review of the mapping of processes, risks and controls.

Business Continuity Plan (BCP)

The BCP uses a team approach to respond to emergencies and operation disruptions in the Bank. Each team has specific responsibilities which enable communication during the business disruption period. The model is intended to allow for the coordination of central activities associated with the recovery of critical functions and delivery of the related products and services.

The model structure contemplates the use of resources to support the business continuity activities. The business areas are the owners of the recovery prodecures and related rewards or risks. Decisions regarding the businiess continuity planning are taken by ad-hoc committees as required in the circumstances.

To confirm the effectiveness of BCP, the Bank performs simulations which lead to reports on the current comprehensiveness of the plan. The most recent test conducted, in the second half of 2011, showed positive results for 98.51% of the controls under review.

f. Internal Controls and Internal Validation

In order to ensure the adoption of best practices, the Bank relies on the active involvement of the Internal Controls and Internal Validation areas, both of them reporting to the Controller, Internal Controls and Risks Executive Board.

The Internal Control area assesses the effectiveness and consistency of controls in different areas to ascertain that they are in line with the procedures nature, complexity and risks. The Internal Validation area confirms whether the purpose, data and tests of results of the models of the Risk Control area are consistent and complete.

The overall results obtained by the two areas ensure a higher assertiveness in decisions taken by the Bank to management its risks.

8. LOAN PORTFOLIO

We present below the breakdown of loan operations of Fibra Consolidated:

a. Breakdown of operations - Consolidated

		2011		2010
	R$	%	R$	%
Loans	**7,539,753**	**87.3**	**6,947,338**	**88.1**
Working capital & secured acct.	3,090,936	35.8	3,279,532	41.6
Retail portfolio - CDC / CP	722,697	8.4	652,662	8.3
Retail portfolio - payroll loans	524,140	6.1	500,242	6.3
Vehicle portfolio **(1)**	2,120,509	24.6	1,358,426	17.2
Loans acquired - Other banks **(2)**	55,826	0.7	187,267	2.4
Onlendings pursuant to Res. 3844	250,168	2.8	185,062	2.3
Foreign currency finance (import/export)	150,396	1.7	139,197	1.8
BNDES onlendings	493,960	5.7	521,857	6.6
Vendor and Compror financing	30,371	0.4	53,617	0.7
Other	12,320	0.1	22,739	0.3
Trading - Agriculture	88,430	1.0	46,737	0.6
Advances on exchange and export contracts - ACC/ACE (3) (Note 16)	**583,985**	**6.8**	**498,919**	**6.3**
Other receivables	**88,840**	**1.0**	**66,711**	**0.8**
Total portfolio - Loans granted	**8,212,578**	**95.1**	**7,512,968**	**95.2**
Guarantees & surety bonds - unpaid	**418,839**	**4.9**	**379,663**	**4.8**
Total portfolio	**8,631,417**	**100.0**	**7,892,631**	**100.0**

(1) This balance relates to:

- Vehicle financing portfolio in the amount of R$ 1,902,101 (2010 - R$ 931,543);

- Credit rights acquired from Banco Paulista S.A. by Fundo de Investimento de Direitos Creditórios (GVI FIDC Financeiro), the balance of which at December 31, 2011 is R$ 67,153 (2010 - R$ 149,492). Credifibra S.A. is the exclusive quotaholder of fund GVI FIDC Financeiro, which is being presented in this note for the purpose of demonstrating the total loan portfolio of Fibra Consolidated; and

In thousands of reais

NOTES TO THE FINANCIAL STATEMENTS

- the portfolio acquired from Banco Sofisa S.A. in March 2010, in the amounts of R$ 151,255 and R$ 277,391 in December 31, 2011 and 2010, respectively.

(2) Refers to the portfolio acquired from Direct Consumer Lending (CDC), Payroll Loans and Vehicles from other banks, with co-obligation of grantors.

(3) Advances on Exchange and Export Contracts (ACC/ACE) are recorded on the balance sheet under "Other liabilities - Foreign Exchange portfolio", plus income receivable on advances granted, which are recorded under "Other Receivables - Foreign exchange portfolio". For the purposes of presentation of this note, both amounts are presented as "Loan portfolio".

b. Breakdown by activity sector

	2011		2010	
	R$	%	R$	%
Industry	7,539,753	87.3	7,539,753	87.3
Commerce	1,396,245	16.2	1,389,039	17.6
Services	911,259	10.6	842,755	10.7
Rural	175,347	2.0	153,259	1.9
Housing	396,048	4.6	498,739	6.3
Public sector	3,894	-	10,425	0.1
Financial intermediaries	408,258	4.7	611,026	7.7
Individuals	3,235,273	37.5	2,323,531	29.6
Total portfolio	**8,631,417**	**100.0**	**7,892,631**	**100.0**

c. Concentration of main debtors

Without interbank market operations

	2011		2010	
	R$	%	R$	%
Main debtor	38,607	0.5%	51,206	0.7%
10 largest debtors	292,049	3.4%	386,214	5.2%
20 largest debtors	499,465	5.8%	648,657	8.8%
50 largest debtors	983,405	11.4%	1,217,647	16.8%
100 largest debtors	1,584,258	18.4%	1,894,850	26.4%

Including interbank market operations

	2011		2010	
	R$	%	R$	%
Main debtor	151,255	1.8%	277,391	3.5%
10 largest debtors	419,298	4.9%	687,396	8.7%
20 largest debtors	638,264	7.4%	974,734	12.3%
50 largest debtors	1,132,377	13.1%	1,573,677	19.9%
100 largest debtors	1,746,184	20.3%	2,288,052	29.0%

d. Breakdown by maturity

	2011		2010	
	R$	%	R$	%
Past due	273,099	3.2	117,788	1.5
Falling due within 30 days	1,279,631	14.8	1,404,722	17.8
Falling due 31-60 days]	928,339	10.8	938,347	11.9
Falling due 61-90 days	892,122	10.3	689,094	8.7
Falling due 91-180 days	1,635,536	18.9	1,464,081	18.5
Falling due 181-360 days	1,558,890	18.1	1,396,854	17.7
Falling due after 360 days	2,063,800	23.9	1,881,745	23.9
Total portfolio	**8,631,417**	**100.0**	**7,892,631**	**100.0**

9. Classification of Loans by Risk Level and Allowance for Loan Losses - Consolidated

The risk levels of loan operations are shown below, segregating:

(i) Retail operations, characterized by Direct Consumer Lending (CDC), personal loans and personal loans with payroll-consigned payment of installments.

(ii) Wholesale operations, characterized by loans and financing intended mainly for legal entities, as well as acquisitions of personal loans acquired and backed by the assignee finncial institutions.

a. Loan portfolio according to risk levels - Retail operations

	%	Performing		Non-performing			Total	Total
Risk Levels	Minimum	In R$	Provisions	Overdue	Not yet due	Provisions	operations	provisions
AA	0.0%	218,408	–	–	–	–	218,408	–
A	0.5%	2,570,902	12,855	–	–	–	2,570,902	12,855
B	1.0%	–	–	14,817	155,755	1,706	170,572	1,706
C	3.0%	–	–	19,179	123,074	4,268	142,253	4,268
D	10.0%	–	–	15,793	60,969	7,676	76,762	7,676
E	30.0%	–	–	13,530	35,459	14,697	48,989	14,697
F	50.0%	–	–	12,112	24,194	18,153	36,306	18,153
G	70.0%	–	–	10,578	17,444	19,615	28,022	19,615
H	100.0%	–	–	45,931	30,063	75,994	75,994	75,994
Total in 2011		**2,789,310**	**12,855**	**131,940**	**446,958**	**142,109**	**3,368,208**	**154,964**
% of the portfolio		32.3		1.5	5.3		39.1	
Total in 2010		**2,257,656**	**9,154**	**64,652**	**189,324**	**52,015**	**2,511,632**	**61,169**
% of the portfolio		28.6		0.8	2.5		31.9	

In thousands of reais

NOTES TO THE FINANCIAL STATEMENTS

b. Loan portfolio according to risk levels - Wholesale operations

	%	Performing		Non-performing			Total	Total	Additional	Total
Risk Levels	Minimum	In R$	Provisions	Overdue	Not yet due	Provisions	operations	provisions	provision (1)	provisions
AA	0.0%	368,842	–	–	–	–	368,842	–	–	–
A	0.5%	1,491,451	7,457	–	–	–	1,491,451	7,457	–	7,457
B	1.0%	2,285,903	22,859	94	5,301	54	2,291,298	22,913	10,191	33,104
C	3.0%	435,396	13,062	9,088	16,327	762	460,811	13,824	5,653	19,477
D	10.0%	27,725	2,773	1,167	1,480	265	30,372	3,038	–	3,038
E	30.0%	8,118	2,435	2,043	1,456	1,050	11,617	3,485	–	3,485
F	50.0%	1,036	518	64	30	47	1,130	565	–	565
G	70.0%	28,260	19,782	–	94	66	28,354	19,848	–	19,848
H	100.0%	24,197	24,197	105,911	30,379	136,290	160,487	160,487	–	160,487
Total in 2011		**4,670,928**	**93,083**	**118,367**	**55,067**	**138,534**	**4,844,362**	**231,617**	**15,844**	**247,461**
% of the portfolio		**54.1**		**1.4**	**0.6**		**56.1**			
Total in 2010		**4,926,659**	**104,845**	**61,431**	**13,247**	**65,292**	**5,001,337**	**170,137**		
% of the portfolio		**62.4**		**0.8**	**0.2**		**63.4**			

(1) As from July 2011, the Bank adopted a new provision policy for ratings B e C, giving rise to an additional allowance for the wholesale credit portfolio.

c. Total loan portfolio according to risk levels:

	%	Performing		Non-performing			Total	Total	Additional	Total
Risk Levels	Minimum	In R$	Provisions	Overdue	Not yet due	Provisions	operations	provisions	provision (1)	provisions
AA	0.0%	587,258	–	–	–	–	587,258	–	–	–
A	0.5%	4,062,353	20,312	–	–	–	4,062,353	20,312	–	20,312
B	1.0%	2,285,903	22,859	14,911	161,056	1,760	2,461,870	24,619	10,191	34,810
C	3.0%	435,396	13,062	28,267	139,401	5,030	603,064	18,092	5,653	23,745
D	10.0%	27,725	2,773	16,960	62,449	7,941	107,134	10,714	–	10,714
E	30.0%	8,118	2,435	15,573	36,915	15,747	60,606	18,182	–	18,182
F	50.0%	1,036	518	12,176	24,224	18,200	37,436	18,718	–	18,718
G	70.0%	28,260	19,782	10,578	17,538	19,681	56,376	39,463	–	39,463
H	100.0%	24,197	24,197	151,842	60,442	212,284	236,481	236,481	–	236,481
Total of the portfolio -										
Credits granted		**7,460,246**	**105,938**	**250,307**	**502,025**	**280,643**	**8,212,578**	**386,581**	**15,844**	**402,425**
Sureties and										
Guarantees provided		**418,839**					**418,839**			
Total in 2011		**7,879,085**	**105,938**	**250,307**	**502,025**	**280,643**	**8,631,417**	**386,581**	**15,844**	**402,425**
% of the portfolio		**91.3**		**2.9**	**5.8**		**100.0**			
Total in 2010		**7,563,978**	**113,999**	**126,083**	**202,570**	**117,307**	**7,892,631**	**231,306**		
% of the portfolio		**95.8**		**1.6**	**2.6**		**100.0**			

(1) As from July 2011, the Bank adopted a new provision policy for ratings B e C, giving rise to an additional allowance for the wholesale credit portfolio.

d. Allowance for loan losses - Consolidated

	2011		
	Retail	**Wholesale**	**Total (1)**
Opening balance	**69,153**	**170,137**	**239,290**
Written off from provision	(106,898)	(62,743)	**(169,641)**
Additions to provision in the period	198,827	140,372	**339,199**
Closing balance	**161,082**	**247,766**	**408,848**

(1) At December 31, 2011, the balance of provisions for loan operations and other credits is comprised as follows: provision for loan operations in the amount of R$ 324,253, provision for other credits in the amount of R$ 78,373, and provision for credits assigned with co-obligations in the amount of R$ 6,222. The latter is recorded under "Other obligations - Sundry".

	2010		
	Retail	**Wholesale**	**Total (2)**
Opening balance	**34,051**	**145,974**	**180,025**
Written off from provision	(47,613)	(45,341)	**(92,954)**
Additions to provision in the period	75,324	75,665	**150,989**
Reversal of additional provision	(2,350)	(6,161)	**(8,511)**
Acquisition (1)	6,400	–	**6,400**
Closing balance	**65,812**	**170,137**	**235,949**

(1) This relates to the provision of a portfolio acquired from the company Validata. (2) At December 31, 2010, the balance of provisions for loan transactions is comprised as follows: provision for loan operations in the amount of R$ 173,514, provision for other credits in the amount of R$ 57,792, and provision for credits assigned with co-obligation in the amount of R$ 4,643. The letter is recorded in "Other Obligations - Sundry".

Total loans renegotiated during the period amounted to R$ 155,144 (2010 - R$ 42,908). This balance considers clients who have signed a debt acknowledgment agreement in the case of wholesale and who have renegotiated retail operations.

The total recovery of loans which were written-off in prior periods was R$ 19,344 (2010 - R$ 47,133) in Fibra Consolidated.

The provision to cover loan losses has been established in accordance with the Brazilian Monetary Council (CMN) Resolution 2682. Altough the minimum percentages for each risk level are complied with as a general rule, higher percentages are used within each risk level, which are based on management's judgment and experience.

e. Loans assigned

In the year ended December 31, 2011, the amount of R$ 119,960 (2010 - R$ 72,957) was assigned, referring to Payroll Loans, and R$ 193,543 (2010 - R$ 149,559), referring to CDC Vehicle portfolio to financial institutions in the market. These transactions generated profit of R$ 21,978 (2010 - R$ 18,715), net of tax effects and commission expenses.

The amount of R$ 59,466 (2010 - R$ 12,768) was assigned to a non-financial company, of which R$ 27,578 refers to active portfolio and R$ 31,888 to credits written off. This operation generated profit of R$ 1,012, net of tax effects, while in 2010 a similar transaction had no impacts on profits.

Finally, in December 2011, the amount of R$ 236,819, relating to the CDC Vehicle portfolio, was assigned to fund FIDC CDC Financiamento de Veículos Credifibra, with substantial retention of risks. The transaction generated a loss of (R$ 1,959), net of taxes and commissions.

In thousands of reais

NOTES TO THE FINANCIAL STATEMENTS

10. INVESTMENTS - INTERESTS IN SUBSIDIARIES

a. Investments

							2011
Companies	**% holding**	**Equity**	**Net income (loss)**	**Equity in the results**	**Carrying amount of investment**	**Non-controlling interests**	**Goodwill on the investment**
Fibra Asset Management Distribuidora de Títulos e Valores Mobiliários Ltda. **(2a)**	99.999%	49,901	3,053	3,053	49,901	–	–
Fibra Projetos e Consultoria Econômica Ltda.	99.999%	4,074	(249)	(249)	4,074	–	–
Fibra Cia. Securitizadora de Créditos Financeiros	99.999%	11,343	1,009	1,009	11,343	–	–
Fibra Cia. Securitizadora de Créditos Imobiliários	99.958%	14,064	327	327	14,060	(6)	–
Credifibra S.A. - Crédito, Financiamento e Investimento **(1) (2b)**	99.999%	698,810	(19,084)	(19,085)	698,801	(9)	–
GVI Promotora de Vendas Ltda. **(1)**		–	–	–	–	–	23,245
Total				**(14,945)**	**778,179**	**(15)**	**23,245**

							2010
Companies	**% holding**	**Equity**	**Net income (loss)**	**Equity in the results**	**Carryinig amount of investment**	**Non-controlling interests**	**Goodwill on the investment**
Fibra Asset Management Distribuidora de Títulos e Valores Mobiliários Ltda.	99.999%	46,140	(11,793)	(11,793)	46,140	–	–
Fibra Projetos e Consultoria Econômica Ltda.	99.999%	4,324	(1,001)	(1,001)	4,324	–	–
Fibra Cia. Securitizadora de Créditos Financeiros	99.999%	10,334	181	181	10,334	–	–
Fibra Cia. Securitizadora de Créditos Imobiliários	99.958%	13,738	(436)	(436)	13,732	(6)	–
Credifibra S.A. - Crédito, Financiamento e Investimento	99.900%	717,659	10,394	10,394	717,659	(9)	–
GVI Promotora de Vendas Ltda. **(1)**	99.900%	–	(26,942)	(26,942)	–	–	27,231
Credfibra S.A.	100.000%	–	–	–	–		–
Total				**(29,597)**	**792,189**	**(15)**	**27,231**

(1) The goodwill on the acquisition of the company is amortized based on the expected future profitability (10 years) or its realization and is recorded under intangible assets in the amount of R$ 23,245 (2010 - R$ 27,231).

In September 2009, Banco Fibra capitalized GVI Promotora de Vendas Ltda. in the amount of R$ 330,000, and its main objectives were: i) the acquisition of the total capital units of Paulicred Promotora de Negócios Ltda., a company specialized in the prospection of vehicle financing business, in the amount of R$ 70,356, having recorded goodwill of R$ 69,287 based on future profitability and expected to be amortized in 10 years; and ii) acquisition of credit rights arising from vehicle financing and payroll loans of Banco Paulista S.A., through the intermdiation of the Credit Rights Investment Fund (GVI FIDC Financeiro) which, at December 31, 2011, totaled R$ 78,765 (2010 - R$ 172,154), both carried out by GVI Promotora de Vendas Ltda.

On December 30, 2009, GVI Promotora de Vendas Ltda. purchased from Banco Fibra S.A all the 901,000 common registered shares issued by Credfibra S.A. for R$ 18,121, including goodwill of R$ 17,142 which was based on the expected future profitability.

In May 2010, Banco Fibra capitalized GVI Promotora de Vendas Ltda. in the amount of R$ 67,000.

As approved at the Extraordinary General Meeting held on December 30, 2010, GVI Promotora de Vendas Ltda. was fully merged into Credifibra S.A - Crédito, Financiamento e Investimento. As a result of the merger, the capital of Credifibra increased from R$ 307,000 to R$ 709,426 **(Note 25g)**.

(2) Includes adjustments from prior years of (a) R$ 364 and (b) (R$ 227)

b. Intangible assets

At December 31, 2011 and 2010, goodwill recorded in intangible assets was as follows:

	Net book balance at 12/31/2010	Changes in the year			Balance at 12/31/2011
Banco Fibra:		**Acquisitions**	**Write-offs**	**Amortization**	**Net**
GVI Promotora de Vendas Ltda.	27,231	–	–	(3,986)	**23,245**
Software	29,786	14,120	(717)	(8,210)	**34,978**
Total	**57,017**	**14,120**	**(717)**	**(12,196)**	**58,224**

	Net book balance at 12/31/2010	Changes in the year			Balance at 12/31/2011
Fibra Consolidated:		**Acquisitions**	**Write-offs**	**Amortization**	**Net**
Goodwill on investments (1)	**222,183**	–	**(9,818)**	**(24,109)**	**188,256**
GVI Promotora de Vendas Ltda.	27,231	–	–	(3,986)	**23,245**
Credfibra S.A.	14,954	–	–	(2,188)	**12,766**
Paulicred **(2)**	62,359	–	(9,818)	(6,170)	**46,371**
GVCRED	117,639	–	–	(11,765)	**105,874**
Software Validata	**17,717**	–	**(535)**	**(1,719)**	**15,463**
Software	**38,414**	**22,104**	**(2,084)**	**(11,003)**	**47,431**
Total	**278,314**	**22,104**	**(12,437)**	**(36,831)**	**251,150**

(1) Goodwill on investments, recorded based on the expected future profitability

(2) Goodwill adjustment, written off against Other liabilities - Sundry.

In thousands of reais

NOTES TO THE FINANCIAL STATEMENTS

11. FOREIGN BRANCH

The numbers for the foreign branch, presented in the separate financial statements of Banco Fibra S.A., are summarized below:

	Balances with related parties		Balances with third parties	
	2011	2010	2011	2010
Assets	**1,117,356**	**796,365**	**111,657**	**103,806**
Cash and banks	21	21	28,340	8,047
Short-term interbank investments	–	88,309	–	–
Securities and derivative financial instruments	321,635	292,600	7,207	10,990
Loan transactions	795,700	415,435	75,175	80,324
Other receivables	–	–	–	1,996
Other assets	–	–	935	2,449
Liabilities	**481,842**	**304,989**	**747,171**	**595,182**
Demand deposits	–	–	5,271	4,621
Term deposits	103,169	–	26,209	32,005
Funds from acceptnce of bills of exchange	–	–	431,151	237,022
Borrowings and onlendings	–	–	41,761	97,160
Other liabilities	–	–	241,272	224,374
Deferred income	–	–	1,507	–
Equity	378,673	304,989	–	–

Profit for the year recorded by the Cayman branch was R$ 33,698 and the foreign Exchange variation recorded in “Other Operating income/expenses” amounted to R$ 41,108 (2010 - R$ 22,952).

Because this is a foreign branch, transactions with related parties involve the financial institutions of Fibra Consolidated, which are: Banco Fibra and Fibra Asset DTVM.

12. DEPOSITS

Maturity terms

	Banco Fibra S.A.			
	Demand and other deposits (1)	Interbank deposits	Term deposits	Total deposits
Without maturity	–	–	–	–
Up to 30 days	182,246	104,574	506,708	793,528
From 31 to 60 days	–	260,581	184,066	444,647
From 61 to 90 days	–	97,739	330,979	428,718
From 91 to 120 days	–	23,085	260,987	284,072
From 121 to 180 days	–	90,677	424,319	514,996
From 181 to 360 days	–	182,808	801,810	984,618
Over 360 days	–	84,782	2,541,129	2,625,911
Total at 12/31/2011	**182,246**	**844,246**	**5,049,998**	**6,076,490**
Total at 12/31/2010	**177,950**	**944,721**	**4,402,279**	**5,524,950**

				Fibra Consolidated
	Demand and other deposits (1)	Interbank deposits	Term deposits	Total deposits
Without maturity	–	–		–
Up to 30 days	178,275	78,956	493,576	750,807
From 31 to 60 days	–	56,880	184,066	240,946
From 61 to 90 days	–	97,739	330,979	428,718
From 91 to 120 days	–	23,085	253,014	276,099
From 121 to 180 days	–	90,677	423,951	514,628
From 181 to 360 days	–	181,035	797,344	978,379
Over 360 days	–	25,413	2,538,240	2,563,653
Total at 12/31/2011	**178,275**	**553,785**	**5,021,170**	**5,753,230**
Total at 12/31/2010	**169,221**	**681,141**	**4,338,326**	**5,188,688**

(1) Classified in current liabilities, without considering the historical average turnover.

The total portfolio of term deposits recorded at December 31, 2011 was R$5,049,998 (2010 - R$4,402,279). Of this total, R$272,978 refers to operations that include an early settlement clause and are recorded in current liabilities, and R$2,341,649 refers to operations with Special Guarantees from the Credit Guarantor Fund (*Fundo Garantidor de Crédito* - FGC).

13. MONEY MARKET FUNDING

These refer to securities sold in the market carrying repurchase commitments, backed by own or third-party government securities, according to the following terms:

	Up to 30 days	Total in 2011	Total in 2010
Fibra Consolidated	23,837	**23,837**	**53,460**

14. FUNDS FROM ACCEPTANCES AND ISSUANCE OF SECURITIES - CONSOLIDATED

These refer to agribusiness bonds and securities issued abroad, under a program of total issues of up to US$ 1 billion. Agribusiness bonds are indexed to the Interbank Deposit Certificate (CDI) at rates ranging from 50% to 98% of the CDI profitability. For issuance of securities abroad, BANCO FIBRA, through its Grand Cayman branch, issued three series in dollars, with rates from 5.875% to 8% p.a, two series in reais with rates of 90.7% of CDI + 1.625% and 90% of CDI + 1.50% p.a, as follows:

a. Agribusiness bonds

	Up to 30 days	From 31 to 60 days	From 61 to 90 days	From 91 to 120 days	From 121 to 180 days	Over 360 days	Total in 2011	Total in 2010
Fibra Consolidated	169,472	82,709	98,194	40,907	37,438	527	429,247	310,913
Total	**169,472**	**82,709**	**98,194**	**40,907**	**37,438**	**527**	**429,247**	**310,913**

b. Securities issued abroad

Fibra Consolidado

	Up to 30 days	From 91 to 120 days	From 121 to 180 days	From 181 to 360 days	Over 360 days	Total in 2011	Total in 2010
Series in R$	4,036	–	–	18,493	55,863	78,392	136,337
Series in US$	30	3,721	3,477	–	802,958	810,186	573,678
Total	**4,066**	**3,721**	**3,477**	**18,493**	**858,821**	**888,578**	**710,015**

In thousands of reais

NOTES TO THE FINANCIAL STATEMENTS

15. FOREIGN BORROWINGS AND LOCAL ONLENDINGS

a. Foreign borrowings

These comprise funds in foreign currency on which financial charges are levied at Libor plus interest ranging from 0.30% do 4.25% p.a. or fixed interest from 4.05% to 7.0% p.a., according to the following terms:

	Up to 30 days	From 31 to 90 days	From 91 to 180 days	From 181 to 360 days	Over 360 days	Total in 2011	Total in 2010
International Finance Corporation - IFC	3,310	–	–	228,761	28,137	260,208	304,003
Other	120,199	209,207	227,964	83,126	57,565	698,061	793,886
Total	**123,509**	**209,207**	**227,964**	**311,887**	**85,702**	**958,269**	**1,097,889**

b. Local onlendings

These are represented by funds transferred by the National Bank for Economic and Social Development (BNDES), mainly adjusted by the Long-term Interest rate (TJLP) plus interest rates ranging from 1% to 11% p.a, according to the following terms:

	Up to 30 days	From 31 to 90 days	From 91 to 180 days	From 181 to 360 days	Over 360 days	Total in 2011	Total in 2010
Banco Fibra S.A. and Fibra Consolidated	23,533	20,517	47,450	136,711	351,453	**579,664**	**564,416**

16. FOREIGN EXCHANGE PORTFOLIO

	Banco Fibra S.A. and Fibra Consolidated		
			2011
	Interbank	**Clients**	**Total**
Exchange purchases pending settlement	–	757,059	757,059
Rights on exchange sales	158,232	32,009	190,241
(–) Advances in local currency	–	(31,881)	(31,881)
Revenues receivable	–	22,048	22,048
Assets	**158,232**	**779,235**	**937,467**
Liabilities for exchnge purchases	–	695,330	695,330
Exchange sales pending settlement	190,964	–	190,964
(–) Advances on exchange contracts	–	(561,937)	(561,937)
Liabilities	**190,964**	**133,393**	**324,357**

	Banco Fibra S.A. and Fibra Consolidated		
			2010
	Interbank	**Clients**	**Total**
Exchange purchases pending settlement	–	546,434	546,434
Rights on exchange sales	–	113,658	113,658
(–) Advances in local currency	(543)	(21,888)	(22,431)
Revenues receivable	–	16,428	16,428
Assets	**(543)**	**654,632**	**654,089**
Liabilities for exchange purchases	–	566,678	566,678
Exchange sales pending settlement	112,682	–	112,682
(–) Advances on exchange contracts	–	(482,491)	(482,491)
Liabilities	**112,682**	**84,187**	**196,869**

17. BREAKDOWN OF OTHER ACCOUNTS

a. Current assets and long-term receivables - Other sundry receivables:

Banco Fibra	**2011**	**2010**
Tax assets **(Note 18b)**	301,151	279,814
Escrow deposits	68,824	64,234
Securities and loans receivable	59,139	42,142
Taxes recoverable	51,649	29,610
Retention program **(Note 25d)**	27,330	57,735
Debtors for purchase of assets	804	2,319
Receipt - payroll loans	2,764	3,695
Advances to suppliers	–	2,357
Receivables - assignment	2,268	1,023
Loan transactions to be processed	–	13,657
Other	13,754	12,952
Total	**527,683**	**509,538**

Fibra Consolidated	**2011**	**2010**
Tax credits **(Note 18b)**	440,660	343,611
Escrow deposits	107,215	104,185
Securities and credits receivable	70,431	59,026
Taxes recoverable	101,957	62,170
Retention Program **(Note 25d)**	28,625	61,492
Mortgage-backed receivables	7,292	11,160
Debtors for purchases of assets	804	2,319
Amounts receivable - assignment	48,667	30,935
Retail transactions pending settlement	1,197	1,887
Receipts - Payroll loans	2,764	3,695
Other	24,031	42,240
Total	**833,643**	**722,720**

b. Prepaid expenses

Prepaid expenses mianly refer to commissions paid to service providers resulting from the prospecting of retail operations under contract. In the case of portfolio assignment, the corresponding commission expenses are written off against results. These expenses are allocated to the statement of income according to the terms of the contracts, as follows:

Banco Fibra	**2011**	**2010**
Commissions on payroll loan operations **(1)**	44,390	22,367
CDC commissions	–	1,315
Placement of securities abroad	5,799	8,225
Discounts on financing and imports	388	1,700
Consulting and advisory services	253	2,780
Other	3,427	2,519
	54,256	**38,906**

(1) During the year ended December 31, 2011, the amount of R$ 24,919 (2010 - R$ 19,281) was amortized, presented in the statement of income against loan operations.

In thousands of reais

NOTES TO THE FINANCIAL STATEMENTS

Fibra Consolidated	2011	2010
Commissions on vehicle operations	86,122	3,313
Commissions on CDC	50,498	38,632
Commissions on payroll loan operations	44,390	22,367
Placement of securities abroad	5,799	8,225
Discounts on financing and imports	388	1,700
Consulting and advisory services	253	2,662
Other	4,539	2,318
	191,987	**79,217**

c. Current liabilities - Interbank accounts - Interbank onlendings

These refer to the lines supported by BACEN Resolution 3844, transferred by Fibra Asset Management Distribuidora de Títulos e Valores Mobiliários Ltda. to Banco Fibra S.A. at normal market rates and used to back foreign currency onlendings in the amounts of R$ 218,065 at the rate of 10.33% per annum.

d. Current and long-term liabilities - Other liabilities - Sundry

Banco Fibra	2011	2010
Provisions for payments **(1)**	40,821	29,314
Provisions for contingent liabilities	24,685	30,880
Payroll loans	6,220	26,257
Amounts payable - Private label card	3,239	–
Amounts payable - Visa credit card	15,602	4,326
Allowance for losses - Assigned credits	2,273	–
Other	4,162	23,871
Total	**97,002**	**114,648**

Fibra Consolidated	2011	2010
Provisions for payments **(1)**	61,153	42,966
Provisions for contingent liabilities	36,711	41,108
Amount payable - Credit card	29,878	4,366
CDC operations pending settlement	10,856	–
Retailers - amounts pending settlement	7,735	8,001
All, Losses - Assigned credits **(Nota 9d)**	6,222	–
Payroll loans	6,220	26,257
Real estate receivable certificate	5,828	8,740
Amounts payable for the acquisition of investments	3,239	43,559
Commissions to be passed on	1,922	–
Transfer of notary registration	892	2,571
Amounts payable - assignment of vehicles	861	3,721
Other	7,455	25,166
Total	**178,972**	**206,455**

(1) Substantially refers to retention contract (**Note 25d**)

e. Other administrative expenses

The line item "Other administrative expenses" in the statement of income refers to:

Banco Fibra	**2011**	**2010**
Expenses for specialized technical services	21,670	45,322
Data processing expenses	16,758	14,389
Financial system service expenses	13,529	13,139
Communications expenses	13,653	8,970
Amortization expenses	9,977	7,104
Rental expenses	5,280	4,804
Third-party service expenses	2,887	12,715
Depreciation expenses	1,928	1,818
Transportation expenses	780	1,782
Travel expenses	2,073	1,442
Publicity and advertising expenses	488	1,509
Other	3,356	7,731
Total	**92,379**	**120,725**

Fibra Consolidated	**2011**	**2010**
Expenses for specialized technical services	34,397	28,843
Communications expenses	34,381	22,955
Data processing expenses	27,139	19,486
Financial system services expenses	20,532	14,892
Amortization expenses	14,585	18,671
Third-party service expenses	14,057	11,493
Rental expenses	8,808	7,657
Travel expenses	4,042	4,712
Depreciation expenses	3,983	2,865
Lien expenses	2,144	–
Publicity and advertising expenses	1,523	5,556
Transportation expenses	1,236	3,045
Asset maintenance and upkeep expenses	1,113	1,590
Condominium expenses	1,046	1,472
Other	14,736	13,461
Total	**183,722**	**156,698**

f. Other operating income

The line item "Other operating income" in the statement of income refers to:

Banco Fibra	**2011**	**2010**
Exchange variation on investment in Cayman	41,108	–
Monetary restatement income	12,147	3,574
Interest on TCR operations	3,912	3,487
Reversal of prov. for civil contingency **(1)**	5,317	–
Labor contingencies	2,869	–
Amnesty Law 11.941/09 - Federal Revenue Secretariat	4,571	–
Revenues from credits assigned	1,581	–
Other	1,929	4,246
	73,434	**11,307**

(1) During the year, judicial deposit relating to certain lawsuits, accounted for in assets, were required to be written off.

In thousands of reais

NOTES TO THE FINANCIAL STATEMENTS

Fibra Consolidated	2011	2010
Exchange variation on investment in	41,108	–
Monetary restatement income	14,918	6,083
Monetary restatement of assignment guarantee	6,475	–
Amnesty Law 11.941/09 - Federal Revenue Secretariat	5,503	–
Reversal of prov. for civil contingency **(1)**	5,234	–
Interest on TCR operations	3,982	3,487
Labor contingencies	2,869	–
Revenues from credits assigned	1,581	–
Other	2,804	4,482
	84,474	**14,052**

(1) During the year, judicial deposit relating to certain lawsuits, accounted for in assets, were required to be written off.

g. Other operating expenses

"Other operating expenses" in the statement of income refers to:

Fibra Consolidated	2011	2010
Amortization of goodwill	24,105	1,993
Payment of indemnifications - civil lawsuits	14,607	–
Monetary restatement expenses	14,589	8,148
Provision for civil contingencies	5,854	11,125
Provision - CDC	5,500	–
Losses on tax lawsuits	4,691	–
Amnesty Law 11,941/09 - Fed. Revenue Secretariat	4,073	–
Borrower insurance	3,561	7,824
Asset repossession expenses	2,493	462
Surety expenses	1,812	1,397
Fines on payments	392	585
Judicial indemnification expenses	1,027	1,572
Other	5,514	2,519
	88,218	**35,625**

h. Non-operating income (expenses)

This item totals (R$ 567)(2010 - (R$ 3.253)) in the financial statements of Banco Fibra S.A. and (R$ 2,146) (2010 - (R$ 3,112)) in Fibra Consolidated and mainly refers to the gains and losses on the sale of investments and assets not for own use in Banco Fibra S.A. and to capital losses due to investment revaluation in Fibra Consolidated.

18. TAXES

a) Breakdown of expenses with taxes and contributions

I - Income tax and social contribution due on operations for the period are as follows:

	2011	2010
Income before income tax and profit sharing	**(125,018)**	**37,692**
Payment of interest on capital	–	(22,248)
Profit sharing	(22,108)	(12,334)
Income before income tax and social contribution	**(147,126)**	**3,110**
Income tax and social contribution at statutory rates (Note 4l)	58,850	1,404
Effects of additions and exclusions in the tax calculation basis:	**4,444**	**(18,024)**
Tax credits not recognized in the period	–	(287)
Withholding income tax - Foreign operations	(3,589)	(6,920)
Profit (loss) abroad	(14,382)	(2,875)
Non-deductible permanent expenses	(1,614)	6,819
Prior year adjustments **(Note 2)**	–	(1,626)
Equity in the results of subsidiaries	23,943	(9,229)
Other	86	(3,906)
Total income tax and social contribution for the year	**63,294**	**(16,620)**

II - Tax expenses mainly comprise Social Integration Program (PIS), Social Contribution on Revenues (COFINS), and Service Tax (ISS).

b) Tax credits

I - At December 31, 2011 and 2010, the Bank had income and social contribution tax credits, calculated according to the prevailing rates, as shown below. These credits are recorded in “Other Receivables - Sundry” considering the estimates of their realization in the light of forecasts for taxable income based on technical study.

	Banco Fibra S.A.			
	Balance at 12/31/2010	**Increase**	**(Realization)**	**Balance at 12/31/2011**
Total tax credits from temporary differences	**212,532**	**66,304**	**(30,898)**	**247,938**
Provision for impairment of receivables	125,589	41,886	–	167,475
Provision for profit sharing	2,304	6,154	–	8,458
Provision for labor contingencies	3,705	–	(411)	3,294
Provision for contingencies - PIS and COFINS	44,492	13,636	–	58,128
Provision for contingencies - commercial actions	5,050	–	(1,765)	3,285
Provision for contingencies - compensation law suits	–	2,697	–	2,697
Provision for payment of fees - civil contingencies	737	–	(139)	598
Allowance for loan losses - loans assigned	536	372	–	908
Profit abroad - deferral	1	–	–	1
Provision for devaluation of assets not of own use	1,548	–	(14)	1,534
Provision - Others	1	1,559	–	1,560
Prior year adjustments **(Note 2)**	28,569	–	(28,569)	–
Income tax and social contribution losses	**64,092**	**–**	**(12,315)**	**51,777**

In thousands of reais

NOTES TO THE FINANCIAL STATEMENTS

	Banco Fibra S.A.			
	Balance at 12/31/2010	Increase	(Realization)	Balance at 12/31/2011
Social contribution - MP 2158-35 of 8/24/2001	**3,190**	**–**	**(1,754)**	**1,436**
Total tax credits	**279,814**	**66,304**	**(44,967)**	**301,151**
Deferred tax liabilities	**(54,712)**	**48,868**	**–**	**(5,844)**
Deferred income tax - equity	**3,325**	**11,267**	**–**	**14,592**
Net tax credits	**228,427**	**126,439**	**(44,967)**	**309,899**

	Banco Fibra S.A.			
	Balance at 12/31/2009	Increase	(Realization)	Balance at 12/31/2010
Total tax credits and temporary differences	**178,982**	**50,935**	**(17,385)**	**212,532**
Provision for impairment of receivables	125,122	467	–	125,589
Provision for profit sharing	–	2,304	–	2,304
Provision for labor contingencies	2,424	1,281	–	3,705
Provision for contingencies	33,609	17,206	–	50,815
Profits abroad - deferral	1,912	–	(1,912)	–
Provision for devaluation of assets not of own use	440	1,108	–	1,548
Provision for interest (TJLP)	15,475	–	(15,473)	2
Prior year adjustments **(Note 2)**	–	28,569	–	28,569
Income tax and social contribution losses	**70,778**	**–**	**(6,687)**	**64,091**
Social contribution - MP 2158-35 of 8/24/2001	**9,762**	**–**	**(6,571)**	**3,191**
Total tax credits	**259,522**	**50,935**	**(30,643)**	**279,814**
Deferred tax liabilities	**(95,740)**	**41,261**	**(233)**	**(54,712)**
Deferred income tax - equity	**5,245**	**1,753**	**(3,673)**	**3,325**
Net tax credits	**169,027**	**93,949**	**(34,549)**	**228,427**

	Fibra Consolidated			
	Balance at 12/31/2010	Increase	(Realization)	Balance at 12/31/2011
Total tax credits and temporary differences	**265,935**	**133,330**	**(28,633)**	**370,632**
Provision for impairment of receivables	152,040	98,009	–	250,049
Provision for profit sharing	3,693	10,356	–	14,049
Provision for labor contingencies	4,234	–	(27)	4,207
Provision for contingencies	59,471	19,256	–	78,727
Provision for impairment of securities and investments	16,269	1,813	–	18,082
Provision for devaluation of assets not of own use	1,637	–	(37)	1,600
Other	22	3,896	–	3,918
Prior year adjustments **(Note 2)**	28,569	–	(28,569)	–
Income tax and social contribution losses	**74,486**	**–**	**(5,894)**	**68,592**
Social Contribution - MP 2158-35 of 8/24/2001	**3,190**	**–**	**(1,754)**	**1,436**
Total tax credits	**343,611**	**133,330**	**(36,281)**	**440,660**
Deferred tax liabilities	**(54,724)**	**48,859**	**–**	**(5,865)**
Deferred income tax - equity	**3,325**	**11,267**	**–**	**14,592**
Net tax credits	**292,212**	**193,456**	**(36,281)**	**449,387**

	Banco Fibra S.A.			
	Balance at 12/31/2009	Increase	(Realization)	Balance at 12/31/2010
Total tax credits and temporary differences	**208,178**	**76,478**	**(18,721)**	**265,935**
Provision for impairment of receivables	132,343	19,697	–	152,040
Provision for profit sharing	–	3,693	–	3,693
Provision for labor contingencies	2,424	1,811	–	4,235
Provision for contingencies	37,869	21,601	–	59,470
Profits abroad - deferral	1,912	–	(1,912)	–
Provision for ipairment of securities and investments	17,603		(1,334)	16,269
Provision for devaluation of assets not of own use	530	1,107	–	1,637
Other	15,497	–	(15,475)	22
Prior year adjustments **(Note 2)**	–	28,569	–	28,569
Income tax and social contribution losses	**86,868**	**–**	**(12,382)**	**74,486**
Social Contribution - M P 2158-35 of 8/24/2001	**9,761**	**–**	**(6,571)**	**3,190**
Total tax credits	**304,807**	**76,478**	**(37,674)**	**343,611**
Deferred tax liabilities	**(95,784)**	**41,296**	**(236)**	**(54,724)**
Deferred income tax - equity	**5,245**	**1,753**	**(3,673)**	**3,325**
Net tax credits	**214,268**	**119,527**	**(41,583)**	**292,212**

II - The annual expectation of realizing the tax credits on temporary differences, income tax and social contribution losses and their respective present values are presented below. For calculating the present value of the tax credits, the funding cost was based on the SELIC rate projected year by year for the next 10 years, applied to the expected nominal realizable amounts, deducting the income tax and social contribution effects at the rates in force on the reporting. This expectation resulted from a technical study which considered past realization and future profitability forecasts based on: (i) basic assumptions consistent with the Bank's strategic plans; (ii) projected results; (iii) growth of loan and spread portfolios in line with market expectations; (iv) loan losses projected as na effect of the past bejavior seen in the business units; and (v) estimate of the increase in operating costs based on projected inflation and on the operating needs required to face the projected increase in results.

	Realization of tax credits	
Realization year	**Banco Fibra S.A.**	**Fibra Consolidated**
2012	1,919	8,912
2013	14,851	29,061
2014	23,935	54,924
2015	36,898	86,143
2016	45,405	53,696
2017	56,043	63,319
2018	67,711	74,019
2019	35,934	42,231
2020	9,125	15,087
2021	9,330	13,268
Total	**301,151**	**440,660**
Present value	**129,502**	**205,991**

NOTES TO THE FINANCIAL STATEMENTS

19. CONTINGENT ASSETS AND LIABILITIES AND LEGAL OBLIGATIONS

BANCO FIBRA and its subsidiaries are parties to lawsuits and administrative proceedings arising during the normal course of their operations, which involve liabilities of civil, labor, tax and social security nature.

a. Contingent assets

These are not recognized, except when a favorable, unappealable legal decision characterizes the gain as virtually certain. The most significant lawsuit is COFINS - R$ 29,444, (2010 - R$ 25,601) and PIS - R$ 5,679, (2010 - R$ 4,934): the Bank claims the refund of the amounts paid from July 2001 to June 2006, which exceed the calculation made on the basis of Complementary Law 7/70, taking into consideration the unconstitutionality of the expansion of the calculation basis provided for in Law 9718/98.

b. Liabilities of labor and civil naturel

The Bank records provisions at amounts which are considered sufficient based on the history of losses in the past 2 years and previous judicial decisions.

The computation takes into account all civil lawsuits filed against the Bank, in which there is the actual probability of a cash disbursement, such as suits for damages, actions for review and recovery of undue payments and collection suits, among others. At December 31, 2011, the provision for labor contingencies amounted to R$ 8,233 (2010 - R$ 9,262) in Banco Fibra, R$ 10,517 (2010 - R$ 10,750) in Fibra consolidated and the provision for civil lawsuits at December 31, 2011 amounted R$ 16,452 (2010 - R$ 21,618), R$ 26,195 (2010 - R$ 25,715) in Fibra Consolidated, both recorded under "Other liabilities - Sundry".

The assessment of labor suits is based on data from lawsuits that received final and unappealable decisions in the last 3 years. The amounts are determined taking into consideration the average indemnity payment per claim, the number of outstanding proceedings, and the percentage of success in the law suits, and are updated every quarter.

c. Legal obligations - tax and social security

The most significant matter is:

• **COFINS and PIS -** BANCO FIBRA and its subsidiaries filed for injunctions in order to ensure their right to pay PIS and COFINS based only on revenues from the provision of services for the base period of June 2006 onwards, as well as the right to offset amounts improperly paid for this matter since June 2001, pursuant to article 74 of Law 9430/96, reworded by Law 10637/2002, indexed by the SELIC rate. Although the preliminary injunction was rightfully granted, the federal government filed an appeal and the sentence was reversed. The Bank lodged appeals which were accepted and are pending judgment. Banco Fibra and its subsidiaries continue to pay PIS and COFINS contributions only on service revenue, given the injunctions obtained. The external lawyers working on this process understand that the likelihood of loss is probable.

d. Contingent liabilities classified as possible losses

The contingent liabilities classified as possible losses are monitored by the Bank and are based on reports issued by its legal advisors in relation to each one of the legal measures and administrative proceedings. Therefore, according to prevailing regulations, the contingencies classified as possible losses have not been recognized in the accounting records and mainly refer to the following matters:

a) R$ 29,336,(2010 - R$ 27,001) for ISS collection in several periods and by several municipalities in Brazil on leasing operations, since the same tax had been collected in the city in which the now defunct company was located;

b) R$ 14,847, (2010 - R$ 13,849) for Tax on Bank Account Outflows (CPMF) from the leasing company, claiming the same treatment given to financial institutions;

c) R$ 16,009, (2010 - R$ 14,298) from assessments raised by municipalities, charging ISS on various accounts, on the grounds that they refer to revenues from services provided;

d) R$ 3,285, (2010 - R$ 3,074) for an action for annulment of the assessment raised on Corporate Income Tax (IRPJ) relating to 1991; and

e) R$ 34,666 (2010 - R$ 517), referring to administrative (IR/CS/PIS/COFINS - BM&F - retroactive interest on capital (JCP) / ISS on banking services / CSLL and IRPJ - offset of losses - merger).

e. Changes in the provisions for contingent liabilities

	Fibra Consolidated				
	12/31/2010	Changes			12/31/2011
Civil and labor	Opening balance	Increase	(Realization)	(Payment)	Closing balance
Civil lawsuits	25,715	8,923	(8,377)	(66)	26,195
Labor lawsuits	10,750	3,458	(3,691)		10,517
Total	**36,465**	**12,381**	**(12,068)**	**(66)**	**36,712**

	12/31/2010	Changes		12/31/2011
	Opening balance	Increase	(Realization)	Closing balance
Tax - legal obligations				
PIS Law 9718	18,247	5,922	(178)	23,991
COFINS Law 9718	107,063	35,700	(1,099)	141,664
Other	2,194	10	–	2,204
Total	**127,504**	**41,632**	**(1,277)**	**167,859**

f. Program for lump sum payment or installment payment of federal taxes - Law 11941/09

Banco Fibra and its subsidaries enrolled in the program for installment payment and lump sum payment of tax debts, under an amnesty for debts managed by the Federal Revenue Secretariat and the National Treasury Legal Department, introduced by Law 11941/09. Under this program, it is possible to pay in a lump sum or in installments the debts overdue up to June 30, 2011, consolidated by the company in default, with suspended payment or not, taken on a stand-alone basis even when a tax colletion action has already been filed, or which have been enrolled in a previous installment payment program, even if cancelled due to nonpayment.

At June 30, 2011, a cash payment was made to settle all consolidated amounts, totaling R$ 15,878, except for those linked to judicial deposits, which wait for the deposits made be mapped to the writ of mandamus, so that the overdue amounts can be settled and any remaining balances can be refunded to the Bank. At December 31, 2011, the provision was R$ 30,955. The main proceedings included in this program are:

i) CSLL Isonomy

Claiming the suspension of the CSLL requirement applicable to financial institutions at rates higher than those applicable to other entities in view of the disregard of the constitutional principle of isonomy.

ii) PIS

Requesting the discontinuation of the administrative collection action filed as a result of the offsetting of credits recorded from 1996 to 1998, referring to the calculation bases introduced by Constitutional Amendments 10/96 and 17/97.

iii) Administrative proceedings

Referring to a provision for Income Tax that were disallowed by the Federal Revenue Secretariat.

In thousands of reais

NOTES TO THE FINANCIAL STATEMENTS

20. SUBORDINATED DEBTS ELIGIBLE AS CAPITAL

At December 31, 2011, total issues of subordinated debts duly approved by BACEN amounted to R$ 480,688 (2010 - R$ 394,634) in issued securities, of which the amount of R$ 283,520 (2010 - R$ 263,930) can be computed as eligible for Regulatory Capital Tier II, as described below:

		2011		2010	
Date of operation	Remuneration	Balance	Capital Tier II	Balance	Capital Tier II
10/14/2005	VC + 7.5%	–	–	51,215	51,215
5/18/2007	CDI + 1.28%	130,399	–	115,341	23,068
10/30/2007	CDI + 1.08%	30,919	–	27,402	5,480
3/24/2008	CDI + 1.38%	31,140	6,228	27,516	11,007
11/16/2009	VC + 8.5%	199,315	159,452	173,160	173,160
2/22/2010	VC + 7.33%	45,711	36,569	–	–
2/22/2010	VC + 7.33%	1,368	–	–	–
10/28/2011	VC + 8.0%	41,836	41,836	–	–
	Total	**480,688**	**244,085**	**394,634**	**263,930**

21. EQUITY

a. Share capital

The bank's capital comprises 2,207,998,607 common, registered shares with no par value.

Each common share entitles its holder to 1 vote at Shareholders' General Meetings.

The Extraordinary General Meeting held on March 31, 2011 decided for a capital increase by R$ 86,881, from R$ 806,461 to R$ 893,342, represented by common, registered shares with no par value, of which R$ 80,000 was already paid in and R$ 6,881 was paid in according to the Extraordinary General Meeting held on June 8, 2011.

The Extraordinary General Meeting held on July 13, 2011 approved the conversion of 66,076,889 preference shares into common, registered shares with no par value.

At the Extraordinary General Meeting held on August 1, 2011, a capital increase of R$ 73,119 was approved through the issue of 153,482,424 common, registered shares with no par value. The capital increase received BACEN' approval on September 23, 2011.

At the Extraordinary General Meeting held on November 30, 2011, a capital increase by R$ 93,377 was approved, from R$ 966,461 to R$ 1,059,838, through the issue of 196,005,921 common, registered shares with no par value, of which R$ 80,000 was paid in at that time, through the issue of 167,926,113 registered shares with no par value, and R$ 13,377 to be paid in by February 2012, as long as shareholder International Corporation (IFC) exercises its right of first refusal.

At the Extraordinary General Meeting held on December 28, 2011, a new capital increase by R$ 105,049 was approved, from R$ 1,059,838 to R$ 1,164,888, through the issue of 220,506,661 common, registered shares with no par value, of which R$ 90,000 was paid in at that time, through the issue of 188,916,877 registered shares with no par value, and R$ 15,049 to be paid in by February 2012, as long as shareholder International Corporation (IFC) exercises its right of first refusal.

The two latter resolutions are pending ratification by BACEN.

b. Legal reserve

Legal reserve is mandatorily recorded based on 5% of net income for the period, up to 20% of realized share capital, or 30% of share capital plus capital reserves. After this limit, allocation is no longer mandatory.

c. Dividends and interest on capital

Shareholders are entitled to receive mandatory dividends of not less than 25% of the profit for the year, after deductions provided for in the by-laws and in accordance with the provisions of the Brazilian Corporation Law. The amount paid or credited as interest on capital according to relevant legislation can be considered as mandatory dividends, incorporating such amount to the amount of dividends distributed by the Bank for all legal purposes. Intermediary and interim dividends must at all times be credited and considered as advances on mandatory dividends.

22. RELATED PARTY TRANSACTIONS

a. Related parties

The transactions carried out between related parties are disclosed to comply with Resolution 3750 of the National Monetary Council (CMN) of June 30, 2009. These transactions are performed under the market values, terms, rates and conditions prevailing on their respective dates, as described below:

	Assets Liabilities 2011	Income (expenses) 2011	Assets Liabilities 2010	Income (expenses) 2010
Interbank deposits	**2,580,073**	**250,376**	**1,449,047**	**108,442**
Credifibra S.A. - Crédito, Financiamento e Investimento	2,580,073	250,376	1,449,047	108,442
Securities	**321,635**	**26,522**	**292,600**	**26,788**
Fibra Asset Management DTVM Ltda.	321,635	26,522	292,600	26,788
Derivative financial instruments	**76,712**	**(13,534)**	**97,325**	**31,833**
Fibra Asset Management DTVM Ltda.	76,712	(13,534)	97,325	31,833
Other receivables	**26**	**–**	**23**	**–**
Credifibra S.A. - Crédito, Financiamento e Investimento	23	–	23	–
Fibra Asset Management DTVM Ltda.	3	–	–	–
Deposits				
Demand deposits	**(3,971)**	**–**	**(9,521)**	**–**
Fibra Asset Management DTVM Ltda.	(704)	–	(908)	–
Credifibra S.A. - Crédito, Financiamento e Investimento	(2,864)	–	(8,484)	–
Fibra Cia. Securitizadora de Créditos Imobiliários	(8)	–	(12)	–
Fibra Cia. Securitizadora de Créditos Financeiros	(43)	–	(51)	–
Fibra Projetos e Consultoria Econômica Ltda.	(23)	–	(66)	–
Validata meios de pagamento Ltda.	(329)	–	–	–
Interbank	**(290,461)**	**(20,144)**	**(263,580)**	**(16,213)**
Fibra Asset Management DTVM Ltda.	(193,832)	(16,196)	(104,440)	(10,939)
Credifibra S.A. Crédito, Financiamento e Investimento	(96,629)	(3,948)	(159,140)	(5,274)
Term deposits	**(28,827)**	**(6,463)**	**(63,953)**	**(4,499)**
Credifibra S.A. - Crédito, Financiamento e Investimento	(10,676)	(4,434)	(51,803)	(3,490)
Fibra Cia. Securitizadora de Créditos Imobiliários	(11,180)	(1,275)	(9,836)	(786)
Fibra Cia. Securitizadora de Créditos Financeiros	(4,556)	(373)	(2,280)	(214)
Fibra Projetos e Consultoria Econômica Ltda.	(432)	(19)	(34)	(9)
Validata meios de pagamento Ltda.	(1,983)	(362)	–	–
Other libilities for interbank onlending	**(220,298)**	**(42,686)**	**284,005**	**3,931**
Fibra Asset Management DTVM Ltda.	(220,298)	(42,686)	284,005	3,931
Liabilities for securities	**–**	**–**	**(1,753)**	**(3,326)**
Credifibra S.A. - Crédito, Financiamento e Investimento	–	–	(1,753)	(3,326)

Years Ended December 31, 2011 and 2010

In thousands of reais

NOTES TO THE FINANCIAL STATEMENTS

	Assets Liabilities 2011	Income (expenses) 2011	Assets Liabilities 2010	Income (expenses) 2010
Deposits				
Term deposits				
Associates of the controlling group	**(198,946)**	**(32,605)**	**(174,725)**	**(18,357)**
CFL Participações S.A.	(37,160)	(2,698)	(1,330)	(191)
Cia de Gás do Ceará - CEGAS	(5,377)	(1,095)	(5,102)	(1,043)
Cia Siderúrgica Nacional	–	(35)	–	(1,233)
Cia Sul Riograndense de Imóveis	(10,251)	(888)	(6,367)	(733)
CIPLA Serviços e Empreendimentos Imobiliários Ltda.	(270)	(438)	(4,142)	(523)
COTESUL Participações Ltda.	(478)	(106)	(419)	(47)
Fazenda Santa Otília Agropecuária Ltda.	(10,206)	(1,278)	(7,490)	(698)
Fibra Empreendimentos Imobiliários S.A.	(842)	(60)	(272)	(113)
Fibra Experts Emp. Imobiliários Ltda.	(25,849)	(5,063)	(47,033)	(2,375)
Pinhal Administração e Participações Ltda.	(3,365)	(816)	(4,857)	(370)
Rio Purus Participações S.A.	(71,564)	(5,393)	(4,266)	(463)
Taquari Participações S.A.	(7,966)	(1,164)	(8,905)	(331)
Transnordestina Logística S.A.	(1,147)	(351)	(17,963)	(2,209)
Vicunha Aços S.A.	(4,502)	(2,194)	(27,494)	(2,599)
Vicunha Agropecuária S.A.	(118)	(153)	(1,186)	(261)
Vicunha S.A.	(20)	(343)	(5,506)	(170)
Vicunha Siderurgia S.A.	(18,652)	(8,502)	(31,162)	(2,441)
Vicunha Steel S.A.	(1,046)	(139)	(1,002)	(94)
Vicunha Têxtil S.A.	(1)	(1,423)	–	(1,745)
Party Negócios e Participações Ltda.	(132)	(16)	(229)	(36)
Partifib Proj. Imob. American Square Ltda.	–	(253)	–	(412)
Partifib Proj. Imobiliários Fiorata Ltda.	–	(152)	–	(198)
Partifib Proj. Imobiliários Visconde de Taunay	–	(24)	–	(23)
Partifib Proj. Imobiliários São Paulo Ltda.	–	(21)	–	(49)
Controlling interest and key management personnel	**(144,295)**	**(19,164)**	**(75,653)**	**(7,313)**
Controlling interests - individuals and key mngt personnel	(144,295)	(19,164)	(75,653)	(7,313)
Borrowings and onlendings	**(338,600)**	**(58,436)**	**(440,339)**	**(214,550)**
IFC	(338,600)	(58,436)	(440,339)	(214,550)
Deposits				
Term deposits	**(34,442)**	**(17,543)**	**(23,047)**	**(16,259)**
Elizabeth Têxtil S.A.	(34,442)	(17,543)	(23,047)	(16,259)

In the year ended December 31, 2010, the amount of R$ 888,485 was transferred to the related party Credifibra S.A - Crédito, Financiamento e Investimento, being R$ 314,379 in March and R$ 574,106 in April 2010. These transfers had no impact on results.

b. Remuneration of key management personnel

The Bank's directors are remunerated through Directors' fees or salaries, when they are registered under the Brazilian Labor Code (CLT), which are presented in the "Personnel expenses" account.

The breakdown of the fees paid to the key management personnel in the period is as follows:

	2011	2010
Fixed compensation		
Managers (1)	7,359	6,180
Variable compensation		
Managers (1)	4,762	847
Total	**12,121**	**7,027**

(1) Banco Fibra's statutory officers and directors.

Under the retention program, Directors were entitled to the amounts disclosed in **Note 25 d**.

23. FUND MANAGEMENT

Fibra Consolidated is responsible for the management of a number investment funds and portfolios, of which net assets totaled R$ 552,155 (2010 - R$ 768,598) at December 31, 2011.

24. OPERATIONAL LIMITS

Basel Agreement

Financial institutions must maintain a minimum equity of 11% of their consolidated risk-weighted assets plus percentages on the swap credit risk over their exposure in gold and other assets and liabilities indexed to foreign exchange rates and interest rates, according to the regulations and instructions issued by BACEN. At December 31, 2011 and 2010, Banco Fibra was in compliance with this operational limit, as shown below:

	2011	2010
Reference Equity (PR)	1,236,072	1,052,777
Required Reference Equity (PRE)	(1,002,282)	(907,574)
Amount corresponding to RBAN (1)	(30,074)	(22,048)
Margin	**203,716**	**123,155**

(1) Market Risk of the banking portfolio interest rates

At December 31, 2011, the Basel Index, in accordance with the applicable rules, was 13.6% (2010 - 12.8%).

25. SUPPLEMENTARY INFORMATION

a. Guarantees and surety bonds

The Bank's responsibility for guarantees, surety bonds and collaterals granted to third parties at December 31, 2011 is as follows:

	2011	2010
Surety bonds - Financial institutions	134,489	51,879
Sutety bonds - Individuals and non-financial legal entities	259,241	290,000
Other	25,109	37,784
Total	**418,839**	**379,663**

NOTES TO THE FINANCIAL STATEMENTS

b. Employee benefits

The Bank offers its employees the following benefits: life insurance, health insurance, food voucher, meal ticket and transportation voucher. None of these benefits is considered as an integral part of the salary.

The Bank has no post-employment, termination or other long-term benefits, or share-based remuneration plans.

Banco Fibra did not contribute to private or supplementary pension plans in the years ended December 31, 2011 and 2010.

c. Profit sharing - Employees

The Bank has its own model of profit sharing payment, with criteria and parameters established in a specific plan filed at the Bank Employees' Union. The amount of profit share paid or provided during the year ended December 31, 2011 was R$ 31,275 (2010 - R$ 17,232).

d. Retention program

Considering the scenario of good opportunities for the financial market in the coming years, with maintenance of the internal economic stability and growth and focusing on human capital retention, in December 2010, the Bank's Executive Board decided to adopt a retention bonus compensation plan, for a period not less than 24 months and formalized through a contract between the employer and the employee. The program established payments in two installments, the first one up to December 31, 2010 and the second one up to February 29, 2012. The amounts contracted at December 31, 2011 represented R$ 27,330 (2010 - R$ 57,735) in Banco Fibra and R$ 28,625 (2010 - R$ 61,492) in Fibra Consolidated, of which management is entitled to R$ 14,876 (2010 - R$ 31,426) in Banco Fibra and R$ 15,096 (2010 - R$ 32,063) in Fibra Consolidated.

e. Insurance contracts

Banco Fibra has insurance for specific risks with basic coverage for fire, lightning, explosion or implosion - building, machinery, furniture and fixtures, electrical damage, electronic equipment, business interruption as a result of the basic coverage (for the period of 6 months), loss or rental payment (period of 6 months), expenses with rearrangement of records and documents and civil liability for business establishments. The maximum amount of coverage is R$ 67,000 and the coverage period extends up March 2012.

f. Acquisitions

On March 30, 2010, Banco Fibra, through GVI Promotora de Vendas Ltda., acquired all the shares issued by SOFCRED Promotora de Vendas Ltda., for R$ 120,000, amount paid on May 14, 2010. Subsequently, Sofcred had its name changed to GVCRED Promotora de Vendas e Serviços Ltda. The goodwill of R$ 117,639 was determined based on the expected future profitability, to be amortized over 10 years.

On September 16, 2010, Banco Fibra, through its credit company Credifibra S.A. - Crédito, Financiamento e Investimento, acquired all the quotas issued by Validata Meios de Pagamento Ltda., all free and clear of any liens or encumbrances. This acquisition considered substantially the credit card processing system. Based on an appraisal report prepared by a technical specialized company, the amount of R$ 17,717 was attributed to the software.

g. Mergers

As approved at the Extraordinary General Meeting held on December 30, 2010, GVI Promotora de Vendas Ltda was fully merged into Credifibra S.A - Crédito, Financiamento e Investimento. The transaction awaits approval from BACEN. - Crédito, Financiamento e Investimento. As a result of the merger, Credifibra's capital was increased by R$ 402,426, from R$ 307,000 to R$ 709,426, through the issue of 397,250 common shares, all registered, with no par value, The resolution received BACEN's approval on October 7, 2011.

BOARD OF DIRECTORS

EXECUTIVE OFFICERS

ACCOUNTANT

Alexandre Leite Gonçalves

CRC - 1RJ057600/O-5"T"SP

AUDIT COMMITTEE REPORT

Introduction:

In conformity with its Internal Rules and Corporate Governance practices, the Committee is responsible for improving the quality and effectiveness of the controls and the compliance of the operations and businesses of Fibra Group with regulatory provisions, providing the results to the members of the Board of Directors, including information on the evaluations presented by the Internal and External Audit.

The analyses of the Committee were based on information received from Management, Accounting, External Audit, Internal Audit, officers responsible for risk management and internal controls and its own evaluations arising from direct observation.

Management is responsible for defining and implementing information systems that produce the financial statements of the Group companies, in compliance with corporate legislation, accounting practices and standards of the Brazilian Securities Commission, National Monetary Council and Brazilian Central Bank.

Management is also responsible for the ongoing improvement of processes, policies and control procedures that enable an appropriate environment for managing the Institution's risks, operations and systems.

PriceWaterhouseCoopers is responsible for examining the financial statements and issuing an opinion on their compliance with accounting principles. Additionally, it produces a report with recommendations for the improvement of accounting procedures and internal controls.

The Internal Audit focuses on evaluating the quality of the processes and effectiveness of the internal controls and risk management activities, providing the Committee with a critical vision of them.

Activities conducted in the scope of its assignments, during the period:

The Committee carried out activities aiming at assessing the quality and effectiveness of External and Internal Audit, the effectiveness of the internal control systems, and the analysis of the financial statements.

Evaluation of the effectiveness of the internal control system:

The Committee deems important and effective those measures that were implemented or are under way to improve the Internal Control Systems, risk management and Corporate Governance processes, and considers such actions suitable to the size and complexity of the Group businesses. Additionally, the continuing investment in the Control System helps to support the strategy to deliver sound growth, consistent with the business risks involved.

Thus, as a result of the work, the following actions were taken:

• Continued refinement of the Corporate Governance improvement program, in conjunction with IFC – International Finance Corporation.

• Strengthening of the technology infrastructure, seeking greater efficiency in its business, such as the ongoing Growth Management Project which, among other benefits, will enable the improvement of customer and business information management.

• Internal control improvement, in particular in order to refine the further automate the reconciliation structures and tools.

The scope of the work conducted by PriceWaterhouseCoopers included mainly:

• Understanding of the process for the preparation and review of the financial statements, observing the controls in place for mitigation of material error risk.

• Mapping and tests of the controls process for operations with related parties.

• Identification and evaluation of the main audit risks by business area, understanding of the main flows, processes and key control for evaluation.

• Evaluation of the information technology environment.

• Performance of limited review procedures for purposes of issuance of quarterly information (IFT and ITR).

• Report on independent evaluation of the Internal Controls System.

The Internal Audit, based on the planning of its activities, focused on priority business cycles, performing audit work on processes with focus on risks and using market methodology; the opportunities for improvement identified were submitted to the respective areas and the recommendations were followed up on by the Internal Controls Committee and Board of Directors.

Evaluation of the quality of the accounting recommendations related to the respective periods, with emphasis on the application of the accounting practices adopted and on the compliance with applicable standards

The Audit Committee keeps abreast of the measures taken with respect to the improvement of controls.

São Paulo, March 9, 2012

Audit Committee

Maércio Soncini	Glauco Cavalcante Lima	Sérgio Rogante
	(Qualified Member)	

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

To the Board of Directors and Shareholders of Banco Fibra S.A.

We have audited the accompanying individual financial statements of Banco Fibra S.A. (the "Bank" of "Banco Fibra") which comprise the balance sheet as at December 31, 2011 and the statements of income, cash flows and changes in equity for the year and six-month period then ended, as well as the accompanying consolidated financial statements of Banco Fibra S.A. and its subsidiaries ("Consolidated") which comprise the consolidated balance sheet as at December 31, 2011 and the consolidated statements of income and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Brazilian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the financial statements 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 Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Banco Fibra S.A. and of Banco Fibra S.A. and its subsidiaries as at December 31, 2011, and the Bank's financial performance and cash flows for the year and six-month period then ended, as well as the Consolidated financial performance and cash flows for the year then ended, in accordance with accounting practices adopted in Brazil applicable to institutions authorized to operate by the Brazilian Central Bank.

Other matters

Statements of value added

We have also reviewed the statements of value added of Banco Fibra S.A. and Banco Fibra S.A. and its subsidiaries for the year ended December 31, 2011, prepared and spontaneously presented by the Bank's management. These statements were subject to the same audit procedures described above and, in our opinion, are fairly presented, in all material respects, in relation to the financial statements taken as a whole.

Audit of prior year information

The financial statements of the Bank for the year ended December 31, 2010, originally prepared before the adjustments described in Note 2, were audited by another firm of independent auditors, whose report, dated February 18, 2011, expressed an unmodified opinion on those statements.

As part of our audit of the financial statements for the year ended December 31, 2011, we also examined the adjustments described in Note 2, which were made to restate the 2010 financial statements for comparison purposes. In our opinion, such adjustments are appropriate and were properly recorded, in all material respects. We were not engaged to audit, review or apply any other procedure to the Bank's financial statements for the year ended December 31, 2010 and, accordingly, we do not express an opinion or provide any other type of assurance on the 2010 financial statements taken as a whole.

São Paulo, March 17, 2012

pwc

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Edison Arisa Pereira
Contador CRC 1SP127241/O-0

CREDITS

Content coordination: Investor Relations
Creation coordination: Marketing
Write-up: Editora Contadino
Translation: Language Solution
Planning: Luz Publicidade
Graphic Design: Casa2 Designers
Printer: Print Solution

Av. Pres. Juscelino Kubitschek, 360 - 4th to 9th floors
cep 04543-000 - Chácara Itaim - São Paulo - SP
www.bancofibra.com.br