



ANNUAL REPORT 2007



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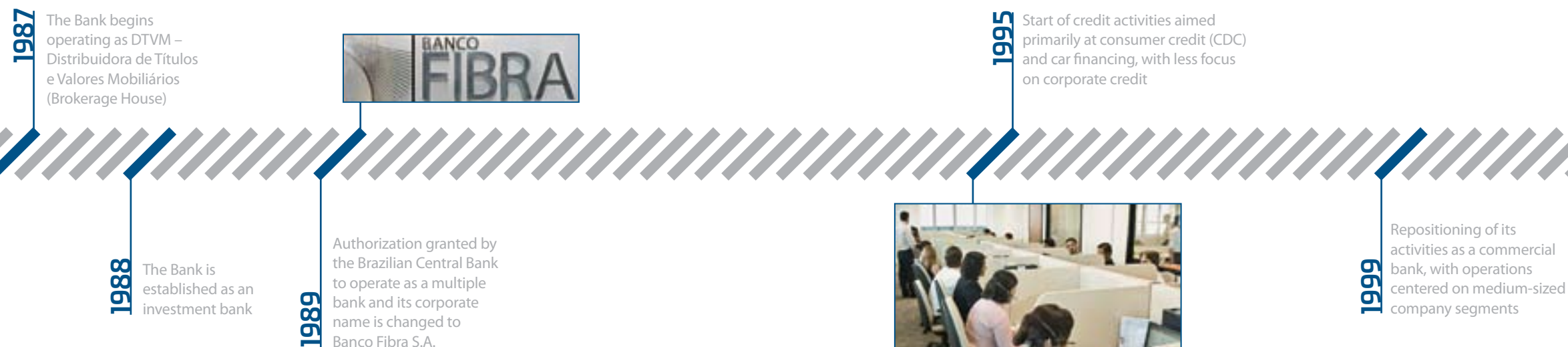
BANCO FIBRA

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**Fibra inherited the entrepreneurial spirit
a diversified product portfolio with**

**from its industrial founder and combines
efficient credit operations.**

TIMELINE



PROFILE

Fibra is a multiple bank founded in 1987 whose business is focused on Wholesale credit, and Retail, by means of direct consumer credit (CDC) operations, payroll deduction and personal loans.

It is controlled by the successful Vicunha Group, which has more than 40 years experience operating in Brazil and also controls Vicunha Textiles and the steel-maker Companhia Siderúrgica Nacional (CSN), two of the largest corporations in their respective industries.

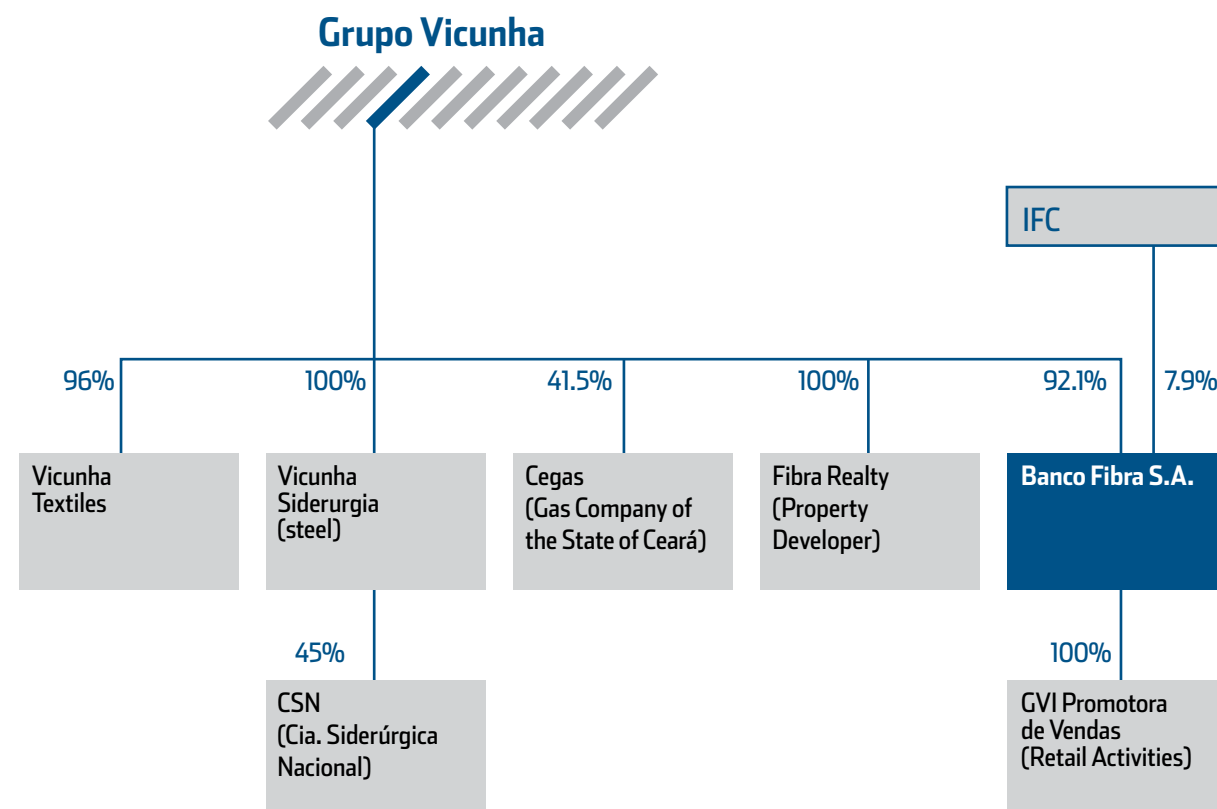
The bank was initially created to carry out treasury and cash management operations for the controlling group. Today, Fibra is the 9th largest Brazilian private capital bank in assets and one of the ten Brazilian Central Bank government bond dealers. In 2007, the IFC, International Finance Corporation, the World Bank's private sector financing arm, also became a shareholder of the bank.

Its entrepreneurial spirit, inherited from its industrial founder has helped it become one of the leading medium-sized banks in Brazil. The bank

combines a diversified product portfolio with agile efficiency in structuring credit operations to appropriately meet the needs of its clients.

In wholesale banking, the Bank targets mainly companies with annual sales between R\$ 40 million and R\$ 400 million. Fibra offers a complete line of products, such as working capital, foreign trade, BNDES onlending and guarantees. In 2007, the total credit portfolio of this segment reached R\$ 3.5 billion. The commercial platform includes 14 offices in important urban centers in ten Brazilian states.

In Retail, the consumer financing subsidiary GVI (Grupo Vicunha's initials) has more than 830,000 active clients and close to 7,200 points of sale and ended the year with a portfolio worth more than R\$ 510 million in assets. In 2007, GVI/Banco Fibra entered the real estate credit market using the TotalCasa brand.



TIMELINE

2002

Start of operations as a Brazilian Central Bank interest rate dealer

2004

The Bank achieves a new level of growth: it strengthens the sales team targeted at medium-sized companies and resumes correspondent banking activities and Eurobond program



2005

Resumes retail credit activity, with a focus on payroll deduction credit and CDC

2006

Acquires a consumer credit company in the state of Rio Grande do Sul and renames it GVI. Begins a geographical expansion of the corporate segment with five new offices. These initiatives strengthen the three pillars of operations: Corporate Credit, Retail Credit and Finance

2007

IFC becomes a shareholder of Banco Fibra with a 7.9% share of capital stock. Banco Fibra acquires the operations of consumer credit company CredLecca in Rio de Janeiro which was entirely merged into GVI in the same year



HIGHLIGHTS

The following events are highlights of Banco Fibra's operations in 2007:

IFC BECOMES A STRATEGIC PARTNER by acquiring **7.9%** of capital stock.

Acquisition of consumer credit company **CREDLECCA**, adding close to **1,200 POINTS-OF-SALE**.

Organic **EXPANSION** of the Retail distribution network: approximately **240 NEW POINTS PER MONTH**.

Opening of **COMMERCIAL PLATFORMS** in **FIVE BRAZILIAN STATES**.

Issuance of the first **SUBORDINATED CDS (BANK DEPOSITS)** valued at **R\$ 95 MILLION**.

INTERNATIONAL FUNDING by means of an A/B Loan structure in the amount of **US\$ 200 MILLION**.




UPGRADE of global and Brazilian ratings by **STANDARD & POOR'S**.

MAIN INDICATORS

	2003	2004	2005	2006	2007
INCOME (IN MILLIONS OF R\$)					
Financial operations income	658	811	1,505	1,620	1,987
Gross income from financial operations	197	124	102	173	237
Operating income	139	61	35	103	130
Net income	90	36	40	71	101
BALANCE SHEET (IN MILLIONS OF R\$)					
Total assets	5,728	6,376	9,375	8,326	13,825
Shareholders' Equity	415	426	397	441	544
Deposits	914	1,043	1,253	1,844	2,599
Loans	964	1,317	2,104	3,244	4,479
PERFORMANCE INDICATORS					
Return on average equity (1)	8.3%	8.4%	10.6%	17.0%	20.3%
Net margin (2)	6.0%	2.9%	1.6%	2.4%	3.6%
Efficiency ratio (3)	26.8%	44.7%	54.0%	34.0%	33.7%
Basel index (4)	21.6%	22.3%	14.9%	13.7%	13.2%
Loan provisions to total portfolio	2.3%	1.6%	1.7%	1.8%	2.5%
Loan provision surplus	618.0%	141.0%	127.0%	116.0%	296.0%
OPERATING INDICATORS					
Active clients – Wholesale	424	555	668	841	1,030
Active clients – Retail (in thousands) (5)	–	–	344	620	830
Points of sale – Retail (5)	–	–	391	2,719	7,257
Number of employees	215	234	282	659	1,013

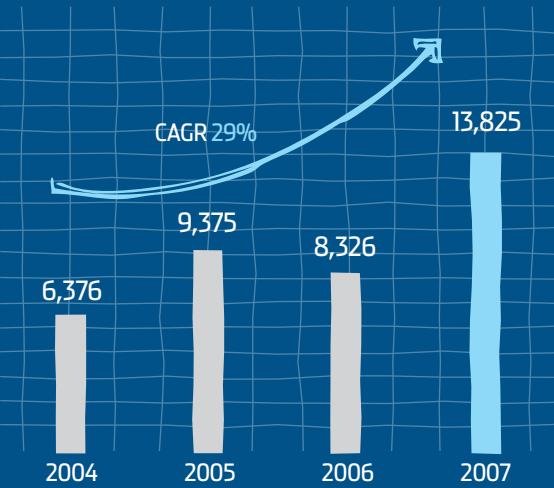
(1) Net income over average shareholders' equity.
 (2) Gross income from financial operations, net of allowance for losses as a percentage of the average earning assets.
 (3) Personnel and administrative expenses over gross income from financial operations net of allowance for losses (+) service fee income (-) tax expenses (+/-) other operating income/expenses.
 (4) Shareholders' equity percentage adjusted to risk weighted assets.
 (5) Retail operations began in 2005.

RATINGS

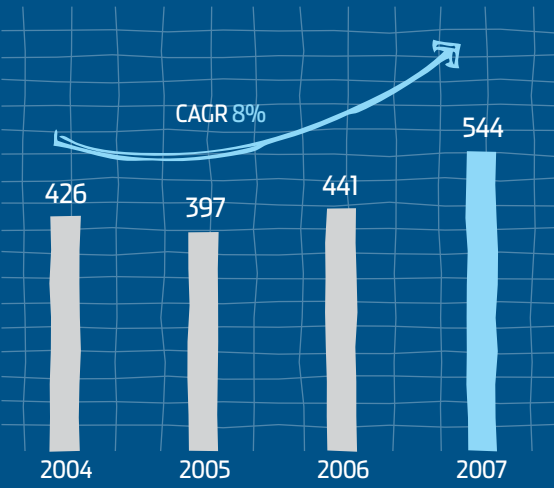
AGENCY	AREA	RATING	PERIOD ANALYZED	RATING PUBLICATION DATE
MOODY'S			12.31.2006	May.2007
	Bank deposits			
	Foreign currency	Ba3/NP		
	Local currency	Ba2/NP		
	NSR- Local currency	A1.br/BR-1		
	Bank financial strength	D		
	Outlook	Stable		
STANDARD & POOR'S			12.31.2006	Jul.2007
	Global scale			
	Foreign currency	BB-/Stable/B		
	Local currency	BB-/Stable/B		
	Brazilian scale	brA-/Stable/brA-2		
FITCH			12.31.2006	May.2007
	Brazilian scale			
	Long term	BBB+ (bra)		
	Short term	F2 (bra)		
	Outlook	Stable		
	Sovereign risk			
	Long term IDR			
	Foreign currency	BB+		
	Local currency	BB+		
	Outlook	Stable		
LF RATINGS			06.30.2007	Jan.2008
	Local currency	A+		
RISK BANK			12.31.2007	Apr.2008
	Low risk for medium term	10.31		

MAIN INDICATORS

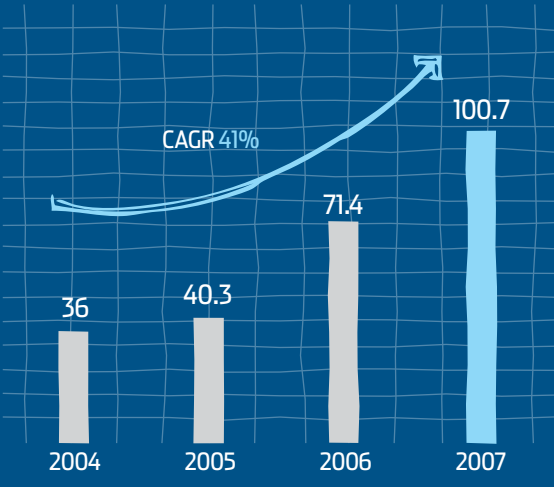
TOTAL ASSETS
in millions of R\$



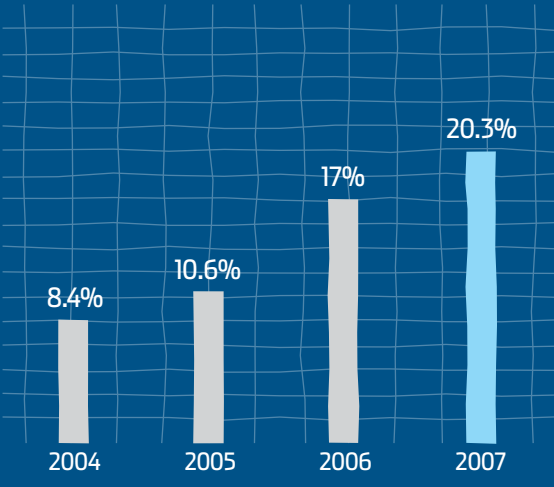
SHAREHOLDERS' EQUITY
in millions of R\$



NET INCOME
in millions of R\$



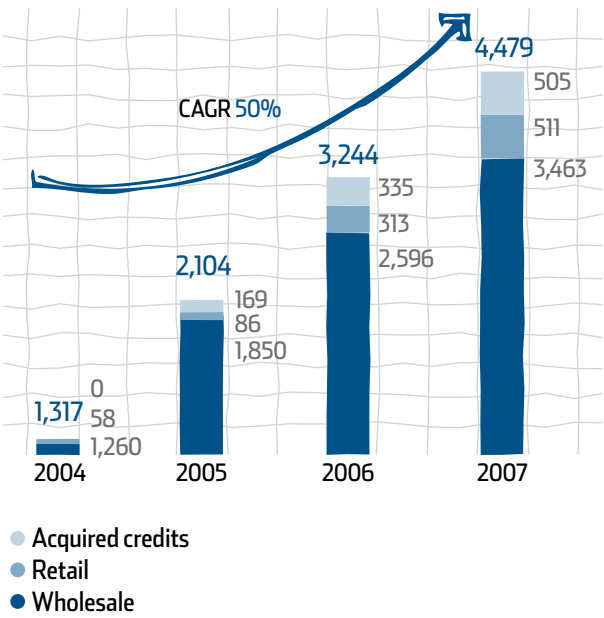
ROAE*



* Return on Average Equity

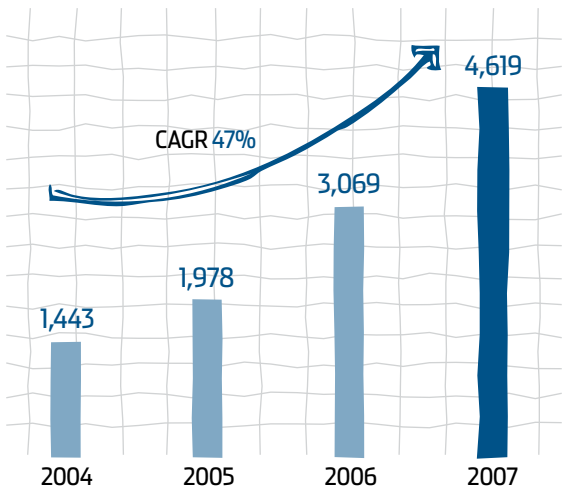
LOAN PORTFOLIO

Wholesale vs. retail vs. acquired, in millions of R\$

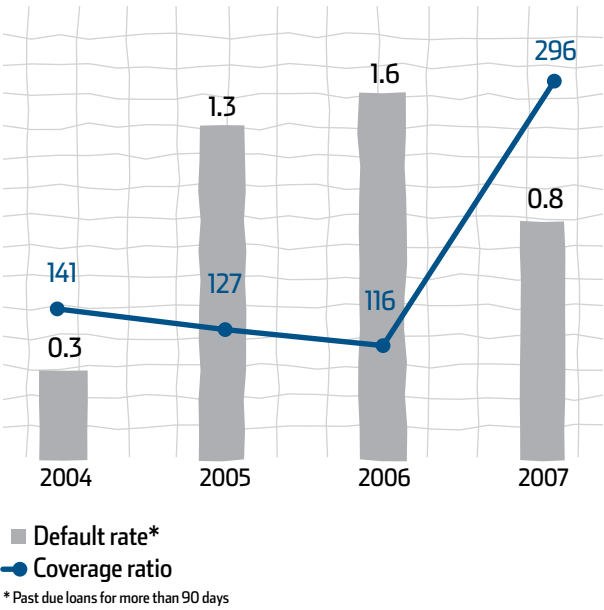


TOTAL FUNDING

in millions of R\$

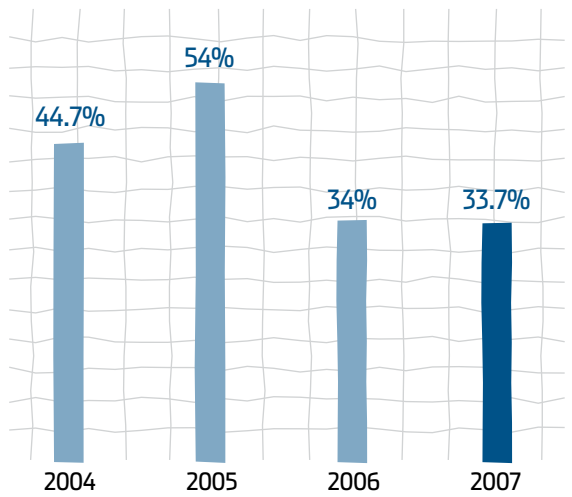


DEFAULT RATE VS. COVERAGE RATIO, IN %



* Past due loans for more than 90 days

EFFICIENCY RATIO



Personnel and administrative expenses over gross income from financial operations net of allowance for losses (+) service fee income (-) tax expenses (+/-) other operating income/expenses.



A COMMITMENT TO CREATING VALUE

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Fibra's goal is to become the largest medium-sized bank in the long term. To achieve this goal, it seeks to strengthen

in the medium term and the best among large banks in its presence in the Wholesale and Retail segments.

MESSAGE FROM THE CHAIRMAN

Banco Fibra's performance in 2007 was characterized by operational growth and consolidation. We strengthened our managerial structure and processes and enhanced our economic foundations in terms of credit portfolio performance and risk management.

During the year, IFC became a shareholder. Its presence fosters constant enhancement of our governance and social-environmental practices. We also obtained our best net income ever, R\$ 101 million, an increase of more than 41% compared to the previous year. This increase is a reflection of our internal readjustments and a favorable macroeconomic scenario.

Brazil is undergoing an important process of economic growth. With inflation under control and increasingly lower interest rates, credit as a whole is strengthening, particularly in the various forms of consumer financing. We are taking advantage of this prosperous scenario to strengthen our structure, not only our staff, but also our internal controls and processes. We are preparing for a new stage by adding new professionals who bring their own market expertise to our successful teams and by investing in state of the art technology.

The Bank has grown in a consistent manner by actively participating in the growth scenario of the Brazilian economy. Looking forward, the market will become even more competitive and an important competitive advantage will be efficient management of resources and people. For this reason, our priority is to attract and retain the best employees and make sure they are always motivated to contribute to the sustainable growth

of our business. One of our great challenges is to grow the Retail segment. Since we are not a branch or service bank, we must differentiate ourselves by means of technology and efficient services to be successful in a competitive market.

In the international scenario, the exact extent of the impact of the United States mortgage market crisis is still unclear. Despite Brazil's good economic foundations, there is a risk of contagion that could increase costs and reduce credit capacity, slowing down the country's growth. In any event, we believe that these adverse effects will be temporary and not structural. Above all, the most important fact is that Banco Fibra is prepared to take advantage of opportunities in different scenarios and become even stronger.

Our relations are guided by ethics and transparency. We are agile and flexible, without compromising security. We want to be our clients bank of preference on account of the excellence of our operations and service. Fibra's goal is to become the largest medium-sized bank in the medium term and the best among the large banks in the long term. To reach this goal, we will keep our focus on corporate and retail credit and consolidate our presence in these segments. In addition to the growth opportunities identified in our current client base and distribution network, we are



analyzing new geographic expansion possibilities and mapping out new business opportunities. We want to take advantage of the growth of the Retail segment in Brazil and, in the long run, we expect our own operations to account for much more than the current 10% of our business. We plan to increase the number of points of sale; maintain our policy of sales force segmentation according to

retailer segment; strengthen real estate credit; develop the retailer chain of value by involving vendors and partners; and offer new products such as credit cards and auto financing.

In the Corporate segment, we seek to consolidate and expand our activities by increasing the client base in the locations where we already operate and in new markets opened recently as part of our geographic expansion process. We also want to intensify our operations in the low middle market and corporate segments by creating that special Fibra relationship and providing the quality of service that our middle market clients are familiar with. Above all, we are aware of the increasing sophistication of the market and clients and we are preparing to expand our range of products to meet and, whenever possible, anticipate the new needs of our clients.

We are grateful for the trust of our clients and vendors and for the support from our shareholders. We also recognize the diligence, dedication and expertise of our employees in their mission to create value and provide satisfaction for our clients. This is one of our main competitive advantages.

Ricardo Steinbruch
Chairman of the Board of Directors

STRATEGY AND GOALS

Banco Fibra's strategic planning seeks to consolidate the Bank's presence in the Wholesale and Retail segments, to achieve high profitability and obtain maximum return for its shareholders. Five sources of growth were defined to achieve these goals:

>> Increase the bank's Retail credit operations

The Bank believes that these operations will become a significant source of revenues in the future, mainly through the following measures:

- Increased number of points of sale to achieve greater coverage and scale;
- Upholding our sales force segmentation policy by business segment to ensure client proximity and knowledge;
- Development of the real estate segment by expanding the business platform created in September 2007;
- Exploiting the entire retailer business value chain (vendors, partners, etc.) by offering new products and promoting client loyalty; and
- Development of new products, such as electronic means of payment (cards) and auto financing.

>> Keep growing our corporate credit activities

The consolidation and expansion of corporate credit activities involve the following measures:

- Increase current client base in the middle market and upper middle market segments where Fibra still sees opportunities;
- Intensify low middle market and corporate operations;
- Expanding the client base in segments that are close to the business focus (companies whose

sales are slightly lower than R\$ 40 million or a bit higher than R\$ 400 million annually);

- Increase product offer and our field of operations in five different directions: International and foreign trade areas; structured operations – investment bank; issuance and distribution of agribusiness debt instruments; treasury products targeted to clients and development of public sector segment focused on operations connected to infrastructure investments;
- Boost business volume from current clients with new products;
- Continued geographic expansion by opening new offices in areas that offer good business opportunities.

>> Grow with efficiency, security and profitability

The Bank's strategic goal is to be one of the main players in the retail and corporate markets, while maintaining high ethical and governance standards. All of this is supported by our high quality personnel, a positive motivational environment and aligned interests of both shareholders and employees.

This strategy embodies the conviction that clients should perceive the Bank as an important agent for meeting their financial needs. In 2008, the



market scenario is one of expansion, especially in terms of credit. Fibra will continue to approach lending, risk control and capital management with caution and responsibility.

To this end, the Bank simultaneously monitors liquidity and long-term commitment levels because it is a relationship Bank that seeks not only individual operations, but wishes to establish a long lasting partnership with its clients.

With this vision in mind, the growth of credit portfolios will be focused on segments able to provide return and whose risks are controllable and acceptable. The Bank is clearly not interested in increasing the volume of its operations to the detriment of its profitability.

>> Investing in people

The quality of employees is essential for growth plans and strategy success. The Bank will maintain its human resources policy that prioritizes the retention and attraction of highly qualified and experienced professionals. To this end, the Bank adopted a compensation and benefits plan aimed at motivating its employees and increasing results by ensuring that individual employee goals are in line with its strategic goals.

>> Combining organic growth and acquisitions

Fibra's main aim is organic growth, but it is always on the lookout for acquisition opportunities. The Bank monitors markets in which it operates in search of complementary companies or credit portfolios that could create clear synergies and add value to its business.

INVESTMENT AND OUTLOOK

The outlook for the world economy is for continued volatility in the financial market as a result of the perceived higher risk of a recession in the United States. Although the fundamentals of the Brazilian economy are sound, the internal market may be affected.



Fibra believes that the problems on the international scene are not structural to the point of slowing down the development of the Brazilian economy or interrupting the trend in credit market growth. The Bank is stronger and ready to face any possible adverse situation and is fully prepared for a new stage of growth. It has combined investment plans for offering new products, reinforced structures and bolstered the drive for efficiency. Moreover, the Bank will consolidate its strategy of operating in more profitable corporate credit segments and expand its

Retail operations to increase their share of the total credit portfolio segment.

In 2007, the Bank invested R\$ 95.1 million, of which R\$ 60.7 million was allocated to the acquisition of GVI and CredLecca retail operations to be amortized in 10 years, R\$ 25 million was directly invested in these operations and R\$ 9 million was spent on infrastructure and information technology (IT). For 2008, approximately R\$ 5 million are earmarked for investment in infrastructure and IT.

BUSINESS

In the Retail segment, the Bank will invest in new products, credit analysis enhancement and operational security. In 2008, real estate credit operations will be strengthened and a credit card will be launched focused on the middle and upper middle classes (Brazilian criteria classes B and C), distributed by retailers and its own stores, among other channels. A Corporate CDC Product (Direct Consumer Credit for Companies) will also be launched for micro and small businesses, basically retailers and professionals.

In the Wholesale segment, the Bank believes it must follow the growth of its corporate clients who are beginning to demand more sophisticated operations as they enhance their business management. All this strengthens the Bank as it creates special expertise in structured debt and credit instruments. In the international arena, the Bank will continue investing in operations that meet its funding needs with appropriate prices and maturities for our clients. It will also strengthen its agribusiness structure with the aid of specialists to create customized operations for this market niche.

The Treasury segment products have also become increasingly more sophisticated, to meet the needs of more mature markets. This broader range of products provides solutions for the different cash and protection needs of clients.

In summary: The Bank is making the transition from a credit bank with commodity products to a funding bank offering financial solutions.

INFRASTRUCTURE

An essential player in the development and support of all growth strategies, the Information Technology (IT) department has 82 projects for investment in systems and enhancement of business management. One of the most relevant projects is the development of a second site as part of the business continuity plan to eliminate the risk of a prolonged interruption in IT resources. And, since all its growth is based on human resources, Banco Fibra will continue investing in people management as a way of attracting and retaining talents.

EFFICIENCY

For 2008, Fibra is also dedicated to gaining more efficiency by focusing on four initiatives:

1. Organizational simplification, with functional structure rationalization and alignment;
2. Process streamlining, by means of redesign or outsourcing solutions;
3. Infrastructure rationalization, with emphasis on IT, real estate, platforms, physical space and support; and
4. Reduction of costs related to outsourced services and purchasing by managing demand and strategic resources.

THE BANK IS STRONGER
AND READY FOR A
NEW STAGE OF GROWTH



3

CONSISTENT RESULTS

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Fibra's operations are concentrated on three core lines of a net profit of R\$ 100.7 million in 2007, an increase

business – Wholesale, Retail and Finance – that recorded of 41% in comparison with the previous year.

THE BANKING INDUSTRY

At the end of 2007, Brazil had 133 banking conglomerates operating in various market segments. The widespread nature of the banking industry ensures intense competition for clients with offers of sophisticated products and services.

Over the years, the industry has become a solid, reliable and technically advanced system with nationwide coverage. These enhancements along with the economic growth and credit demand contribute to higher levels of banking in Brazil.

Banking has reached 55% of the population if one takes into account the 102.6 million checking accounts in Brazil. The rate is still considered low when compared to the 70% rate in Chile and 100% in the United States and Europe, but it is much higher than the 20% rate in Mexico, an investment grade country.

Medium-sized banks, Fibra’s segment, have grown in a dynamic and innovative manner with resulting high profitability.

New credit market opportunities and niches that are not well served by larger banks are being successfully explored. This is particularly true in

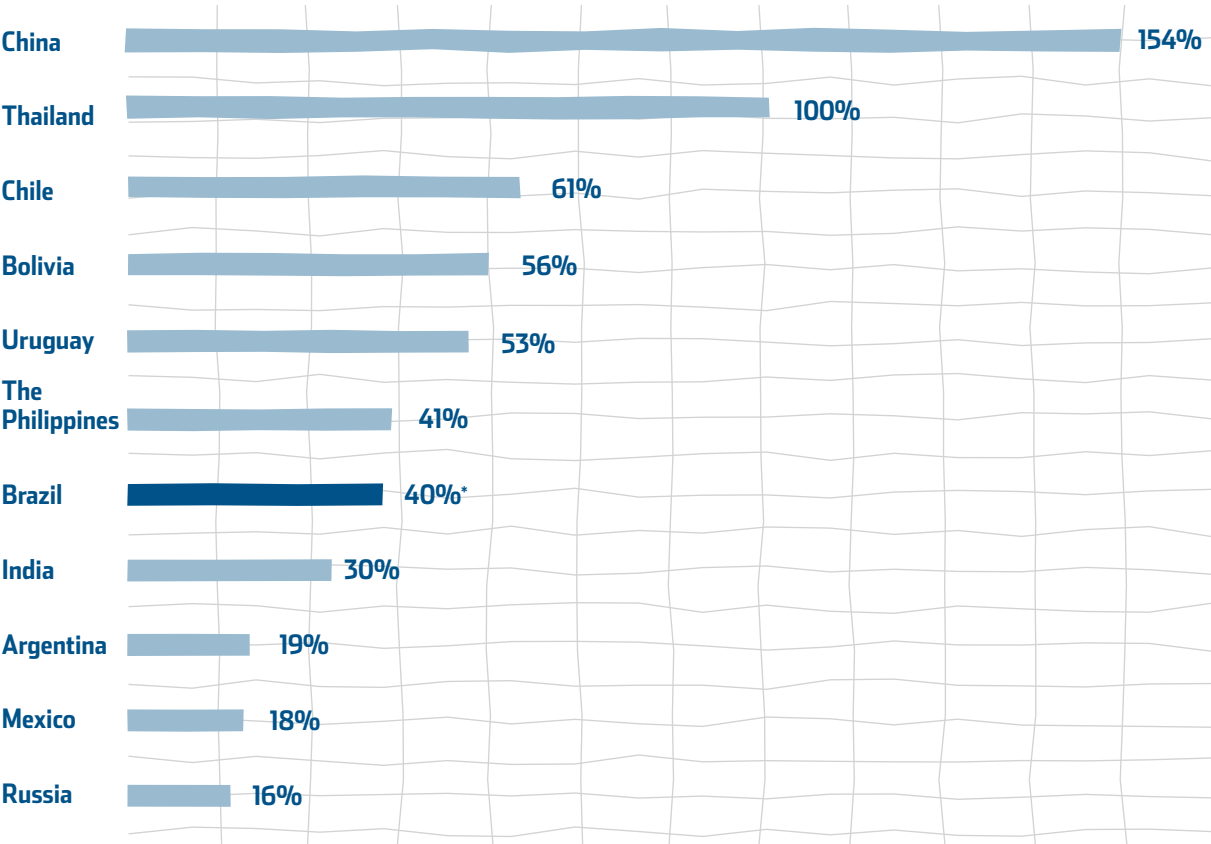
meeting the demands of such businesses and retail credit supported by points of sale in stores working with clients who do not have a bank account.

CREDIT

There is also room for growth in the ratio between the amounts of credit granted and the Brazilian Gross Domestic Product (GDP). In 2007, this ratio was equal to 34.7%, 10.3 percentage points higher than the figure recorded at the beginning of the decade. In other emerging economies, this ratio reaches 130% (Malaysia), 110% (South Korea) and 60% (Chile), according to examples provided by the Central Bank in a study on credit’s role as a catalyst of economic growth.

In 2007, credit operations in the Brazilian financial system totaled R\$ 936 billion, a 27.8% increase in volume compared to 2006. The largest growth was recorded in Retail operations in lending to individuals, accounting for 33.6% of the system’s

CREDIT AS A PERCENTAGE OF GDP



*Brazilian Central Bank forecast for 2008
2004 data used for the other countries
Source: National Bureau of Economic Research

balance of operations. Total consumer credit has increased at an average annual rate of 25.8% since December 2000, totaling R\$ 314.3 billion at the end of 2007, compared to an average of 16.2% for the total portfolio. This increase in volume is a result of factors such as: recovery of income and employment levels in Brazil, which grew close to 10% over the past three years; development of new forms of credit, such as payroll deduction lending; partnerships with retail companies; high level of international liquidity; increased financing periods;

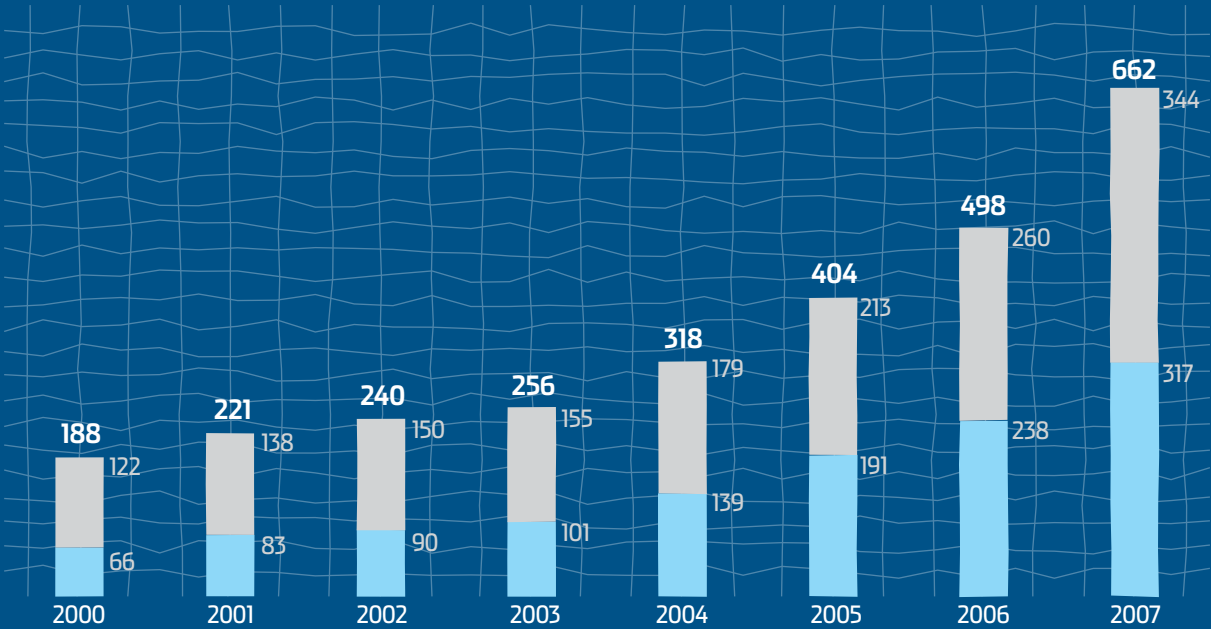
more flexible Central Bank norms for lending in all segments; and increased economic growth resulting in a greater availability of funds for financing durable goods, such as automobiles, household and electronic appliances.

Compared with the leading emerging countries, Brazil is ahead of Russia, Mexico and Argentina, but lags behind countries such as Thailand and China in terms of credit as a percentage of GDP, as can be seen in the 2004 rates shown in the graph above.

MEDIUM-SIZED BANKS HAVE GROWN WITH INNOVATION

CREDIT OPERATIONS IN THE BRAZILIAN MARKET
in millions of R\$*

- Companies
- Individuals



* Free funds | Source: Brazilian Central Bank



OUR BUSINESS

The Bank's operations are divided into three core lines of business: Wholesale (corporate credit), Retail (personal credit) and Finance (Treasury, Financial Institutions, Correspondent Banks, Structured Trade and Capital Market Operations, Research and Funding).

WHOLESALE

Fibra is essentially a credit bank focused on corporate clients consisting mostly of companies with annual sales between R\$ 40 million and R\$ 400 million.

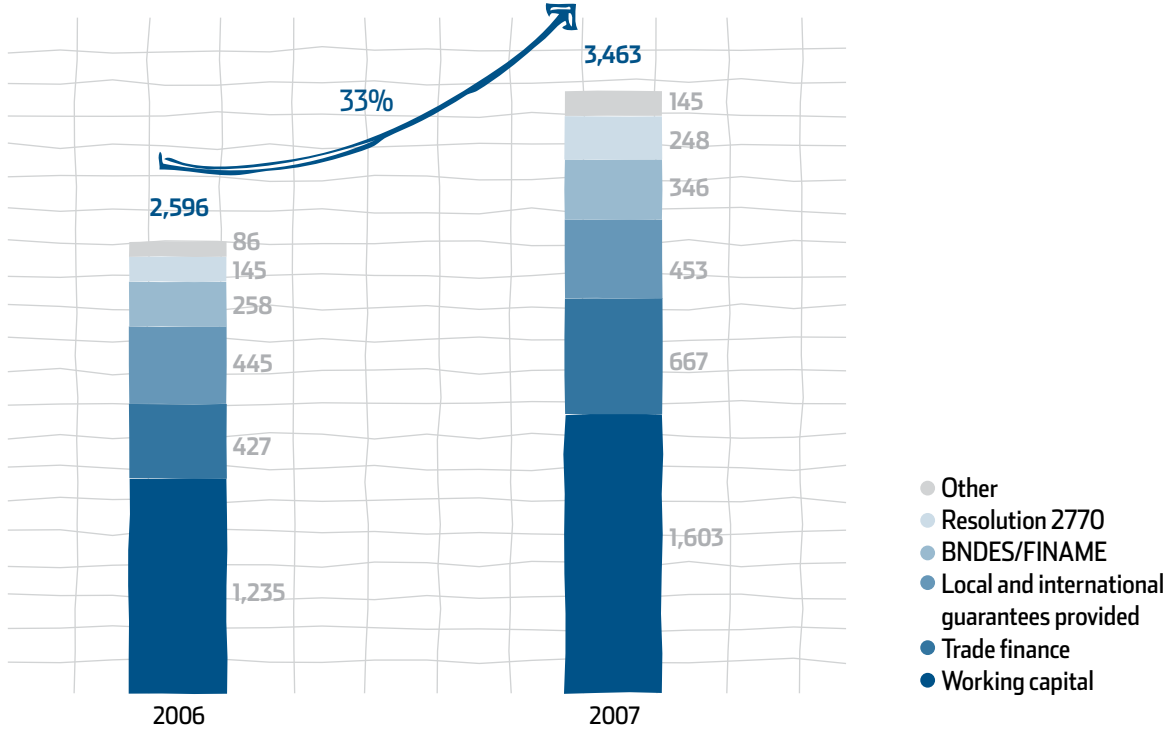
In a scenario of favorable demand and intense competition, the business operations met expectations for income and margin sustainability. Credit operations presented positive results by offering appropriate products and strengthening

the sales team. Business was concentrated in the industrial sector, while agribusiness operations posted above average performance.

The main credit operations include providing working capital, trade finance and long-term financing structures by means of BNDES onlending, as well as guarantees. On December 31, 2007, the total amount of the Wholesale credit portfolio was R\$ 3,463.1 million, up 33.4% over the previous year.

CORPORATE CREDIT

Total, in millions of R\$

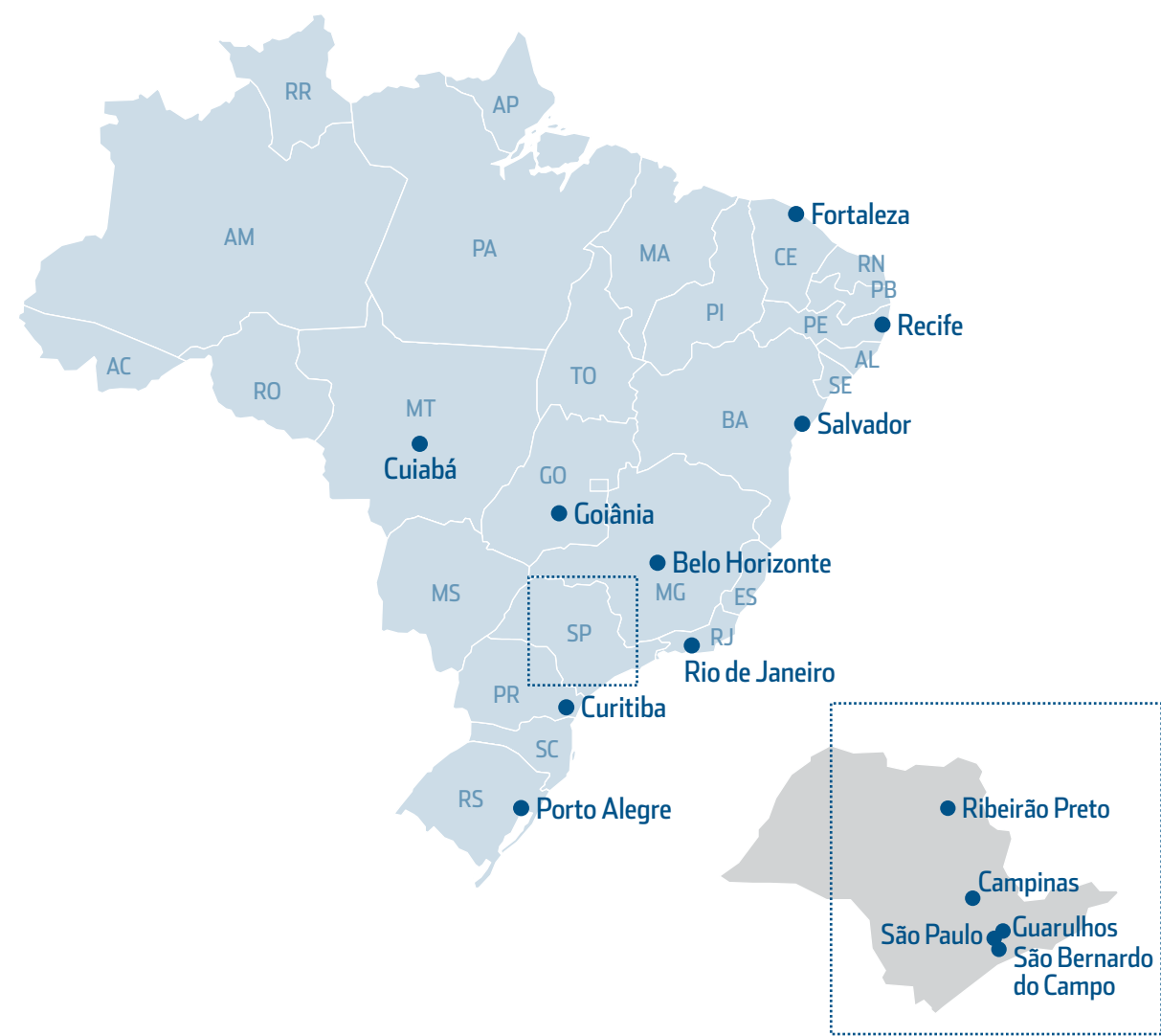


As part of the geographic diversification strategy, one of the milestones of the year was the opening of commercial platforms in the Northeast (Recife and Salvador), Midwest (Goiânia) and South (Porto Alegre), as well as the installation of an agribusiness base of operations in Cuiabá in the state of Mato Grosso. At the end of the year, the commercial

platform included the head office in São Paulo and 13 commercial offices located in urban centers in ten Brazilian states. The strengthening of infrastructure not only made growth possible in 2007, it also prepared Fibra to carry out its expansion. The client base surpassed the one thousand active clients milestone (at the end of 2006 the number was 840).

14 REGIONAL OFFICES
IN THE WHOLESALE
COMMERCIAL PLATFORM

GEOGRAPHIC DISTRIBUTION



The hiring of new professionals with extensive market experience was an important factor in winning over clients. Our own clients also bring us more clients.

In addition, an exclusive platform was created to approach companies unfamiliar with the Bank's products and its competitive advantages.

The Bank targeted its efforts toward creating Treasury products, following its clients' increasing sophistication and growth. These products include operations involving derivatives, swaps and dollar futures. Moreover, the Bank offered innovative double index loan structures to protect against exchange and interest rate fluctuations.

Also in 2007, Fibra began increasing its expertise in structuring and distributing corporate debt by hiring a specialized team.

Agribusiness operations were also intensified. This is a project that will continue in 2008 with support from specialized personnel, industry knowledge and expertise in structuring debt instruments.

RETAIL

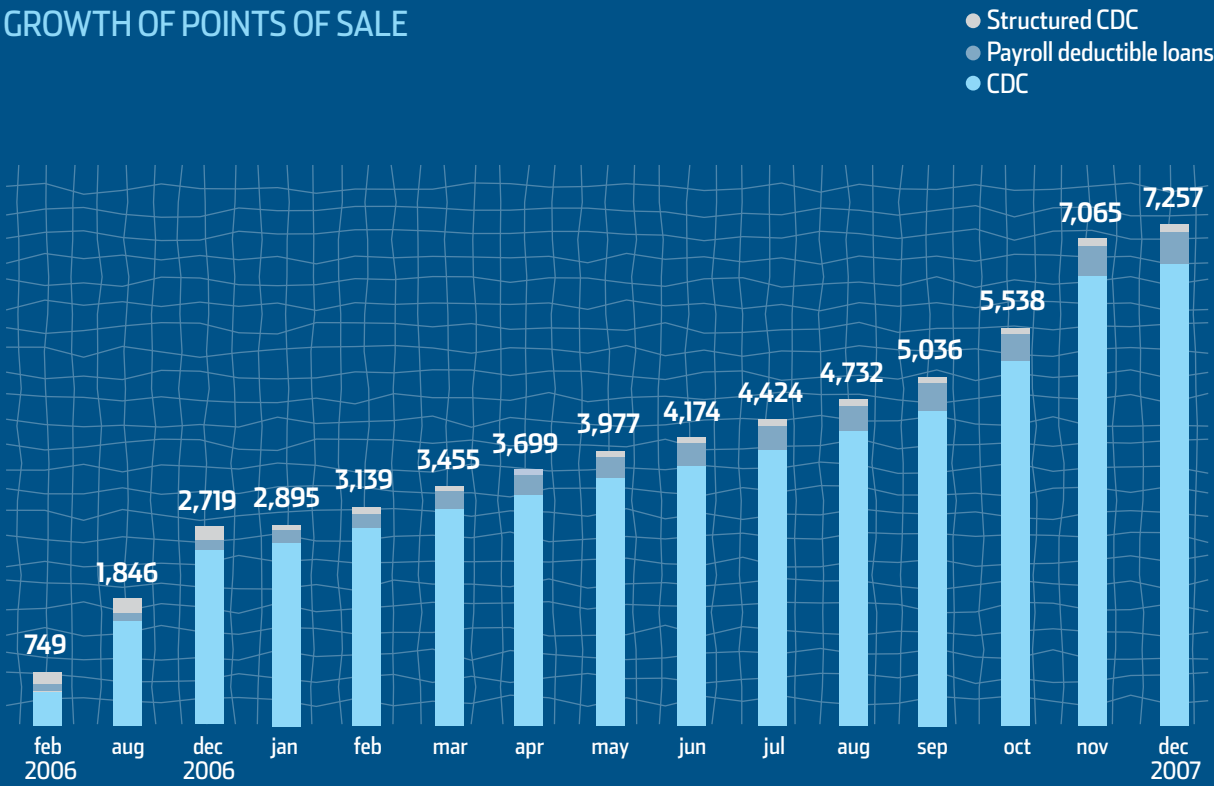
Fibra's retail operations are originated by the GVI Promotora subsidiary. This business ended 2007 with a portfolio worth R\$ 510.8 million against R\$ 313 million at the end of 2006. With only a year and a half of operations, the GVI credit portfolio already accounts for 2.4% of the CDC market. The Company



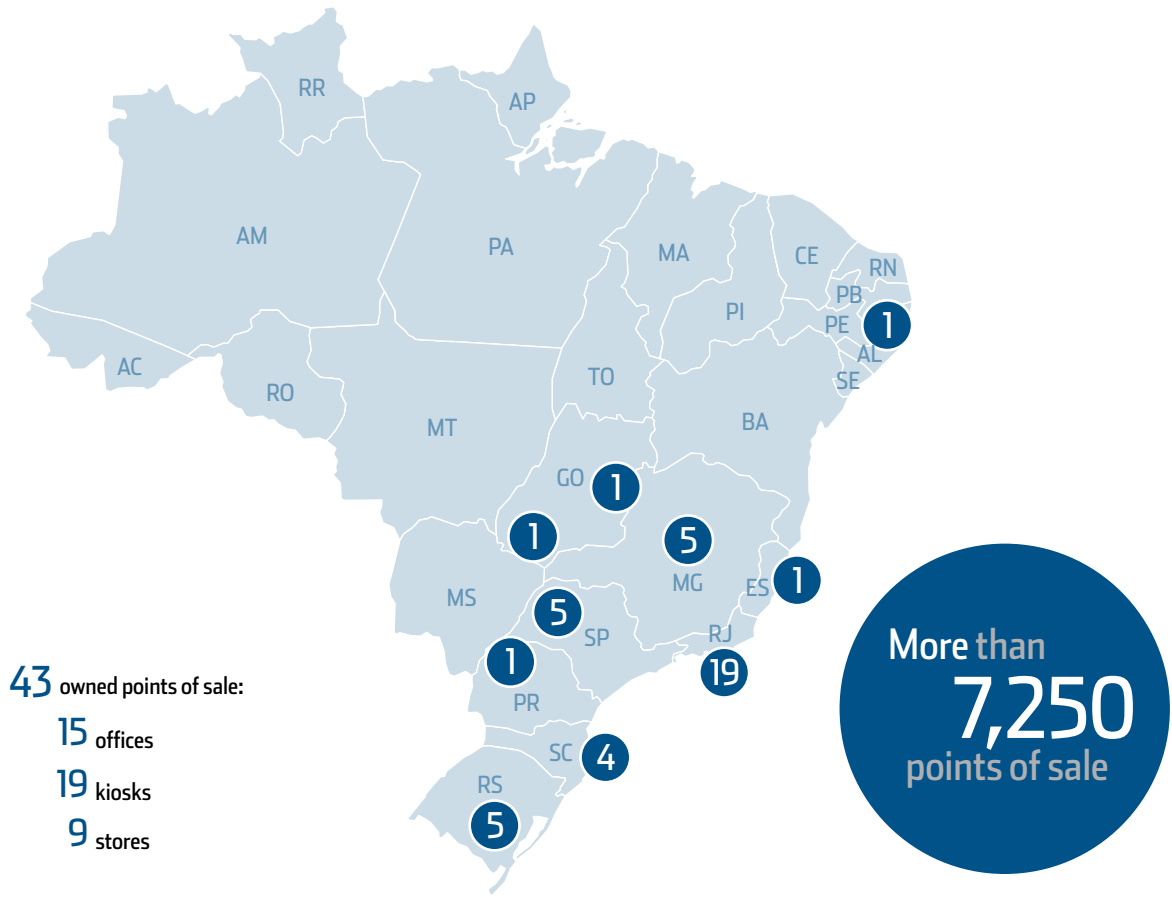
CONSISTENT RESULTS

PRODUCT	AUDIENCE	DISTRIBUTION CHANNEL
Personal and Payroll Deductible loans	C and D	Correspondents GVI stores Telemarketing
CDC and structured CDC	A, B, C and D	Retailers
Real estate credit	A, B, C and D	Agents and brokers Developers TotalCasa stores Retailers

GROWTH OF POINTS OF SALE



RETAIL DISTRIBUTION NETWORK



intends to become an important player in this market in the upcoming years.

The Retail business involves different publics, products and distribution channels, as shown on page 31. With more than 830,000 active clients and 7,200 points of sale in nine Brazilian states, the distribution network grew organically at a rate of 240 new points per month.

One of the highlights of 2007 was the acquisition of CDC and personal credit operations of the consumer

credit company CredLecca of Rio de Janeiro, adding 1,200 points of sale for product distribution. The integration of its operations with GVI was also completed in 2007 without causing any disruption for clients, partners or the market.

The technological platform allows for standardized, secure and fast client credit quality evaluation: 94% of personal credit and CDC quoting and approval is conducted over the Internet. This set of standardized processes enables a rigorous monitoring of business indicators and has

contributed to reducing delinquency rates. More than 60% of quotes are analyzed automatically within an average of three to four seconds. When submitted to analysts, 80% of quotes are analyzed in less than five minutes. The system's automatic evaluation component is able to take into account regional characteristics and to segment by retail stores, which provides greater accuracy in lending.

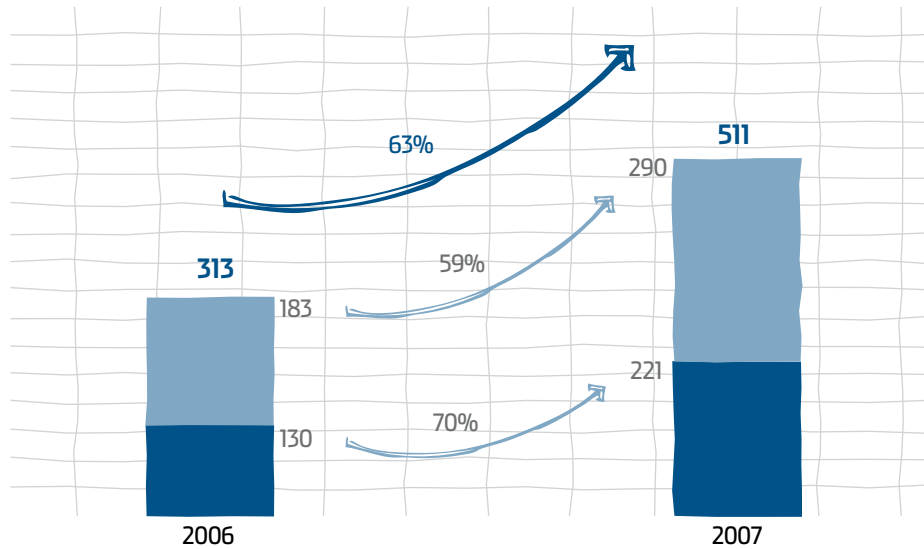
>> Payroll deduction credit

A form of credit aimed at civil servants, employees of independent government agencies, and INSS (Brazilian Social Security) retirees and pensioners, accounted for 43.2% of GVI's financing and 4.9% of Fibra's total portfolio, with a total of R\$ 220.9 million, 69.5% higher than 2006. This form of credit has a low delinquency risk, making it possible to reduce the lending spread.

IN ONLY A YEAR AND A HALF IN OPERATION, THE GVI CREDIT PORTFOLIO ALREADY ACCOUNTS FOR 2.4% OF THE CDC MARKET

RETAIL PORTFOLIO

in millions of R\$



● CDC and Personal Credit
● Payroll deductible Credit

>> CDC and personal credit

On December 31, 2007, CDC and personal credit operations totaled R\$ 289.9 million, equal to 56.8% of GVI's portfolio and 6.4% of Fibra's portfolio, an increase of 58.7% in relation to 2006. CDC operations are offered through travel agencies and stores that sell tires, furniture, mobile phones and construction materials, as well as photography shops and other types of retailers.

The Company also offers Structured CDC for retailers with many locations, especially retail chains. This product enables sharing of credit policies, results and specialized logistic flows.

>> Real estate credit

In September 2007, GVI began operating in the real estate credit segment under the TotalCasa brand. It is geared toward financing residential and commercial real estate up to a total value of R\$ 300,000 for projects under construction or remodeling, with loan periods ranging from 3 to 25 years.

The product's uniqueness is its speed in release of funds: an average of 10 to 15 days, compared to the 60 days average of the market. Targeted at A to D classes (Brazilian criteria), it is distributed by means of brokers, real estate agents, developers, its own stores and retailers.

FINANCE

The Finance division coordinates activities related to Treasury, Financial Institutions, Correspondent Banks, Trade and Capital Market Operations, Research and Funding. It is responsible for managing the Bank's own cash and positions, as well as offering support to various forms of credit operations. It is considered a complementary business center.

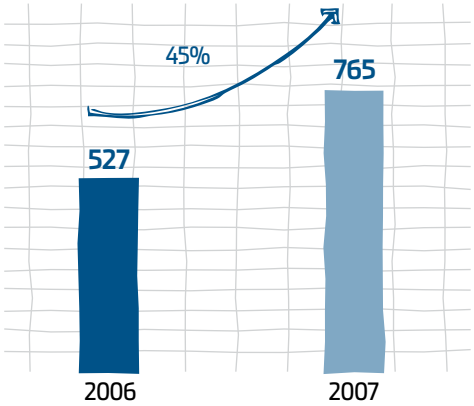
>> Treasury

Unlike other similarly-sized banks, treasury operations play an active role in interest rates, currency, stock market and derivative markets by not only providing the needed resources for client operations, but by also positioning itself in the market.

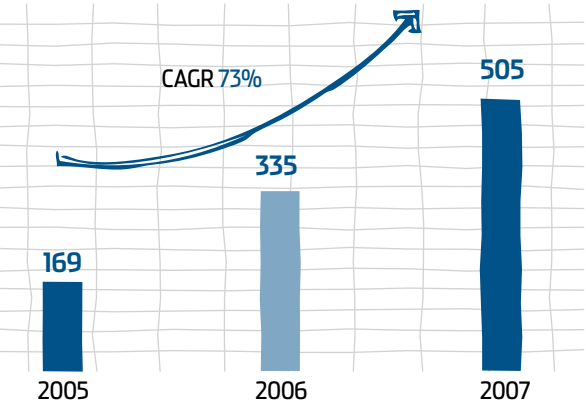
The Bank is one of the ten most active institutions in the National Treasury bond market, as well as operating

58.7%
GROWTH IN PERSONAL
AND CONSUMER CREDIT
OPERATIONS

TRADE FINANCE OPERATIONS
in millions of R\$



CREDIT ACQUISITIONS
in millions of R\$



*Total foreign trade portfolio, includes guarantees and letters of credit issued abroad



in the currency market and offering risk management products to clients (derivatives). As credit operations increase in both Retail and Wholesale segments, Treasury will participate more actively in the Bank's growth.

>> Financial Institutions

Interbank relations and the acquisition of credit portfolios are the main activities of this division. The Bank acquired credit from smaller financial institutions, particularly payroll deduction credit for civil servants and INSS pensioners. On December 31, 2007, the acquired credit portfolio was worth R\$ 504.7 million, accounting for a 11.3% share of the total credit portfolio.

>> International Area

The International area is responsible for external funding in capital and foreign trade markets. For this area, the highlight of the year was the structuring of an A/B Loan with IFC.

The following operations jointly known as an A/B Loan were completed in September, in the midst of a liquidity squeeze caused by American subprime credits: (i) Loan A: indexed note subscribed by IFC in Brazilian reals at the amount equal to US\$ 40 million for the period of five years; and (ii) Loan B: syndicated loan placed with 11 banks in the amount of US\$ 160 million with a three year tenor. In June, the Bank raised US\$ 30 million for seven years with IFC. Trade finance operations totaled R\$ 765 million, financed by 55 correspondent banks. At year's end, securities issued abroad, whether in reals or dollars, totaled the equivalent of R\$ 545.8 million.

>> Local Funding

The local funding highlights of the year were the 32.8% increase in total CDB balance that reached R\$ 2,020 million by the end of the year; and the first issue of subordinated CDBs, fully placed with institutional investors: R\$ 76 million in the first semester, and an additional R\$ 19 million in the second half of the year.

ANALYSIS OF RESULTS

Fibra ended 2007 with outstanding results. The Bank obtained a net income of R\$ 100.7 million, 41% more than in the previous fiscal year, mainly due to the 36.9% increase in gross income on financial operations. The balance of credit operations reached R\$ 4,479 million, up 38.1% over 2006.

MACROECONOMIC SCENARIO

The year of 2007 was distinguished by the excellent performance of the economy, with a GDP growth rate of over 5%, driven by the lower level of actual interest rates and increased credit growth.

Since the outlook is for this positive scenario to continue in the upcoming years, there was an abundant inflow of dollars, appreciating the real by 17% and boosting the amount of investment in the country.

In terms of inflation, the global increase in food prices pressured price indexes at the end of the year, pushing the IPCA (Brazilian Consumer Price Index) to end 2007 at 4.4%, very close to the 4.5% goal. With this, the Central Bank was forced to interrupt its monetary policy flexibilization cycle after reducing the Selic rate from 13.25% to 11.25% during the year.

The outlook for the Brazilian economy in 2008 remains positive, even if it is surrounded by greater caution due to uncertainties in the international scenario.

THE RESULTS RECORDED DURING THE YEAR ARE IN LINE WITH ECONOMIC PERFORMANCE



ANNUAL RESULTS

Fibra recorded a net income of R\$ 100.7 million, a 41% increase over 2006, when it totaled R\$ 71.4 million. This result corresponds to an annualized profitability of 20.3% over the year's average shareholders' equity, well above the 17% recorded in 2006.

SHAREHOLDERS' EQUITY AND INTEREST ON CAPITAL

The Bank's shareholders' equity totaled R\$ 544.2 million at the end of the year, an increase of 23.5% in 12 months. On December 31, 2007, the Basel Index reached 13.2% (13.7% in December 2006), higher than the 11.0% limit required by the Brazilian Central Bank. Interest on capital totaled R\$ 29.4 million and was totally re-invested in the bank after taxes.

GROSS INCOME FROM FINANCIAL OPERATIONS

The year's good results were due primarily to a 36.9% increase in gross income on financial operations over 2006 to R\$ 237.3 million, caused mainly by the expansion of the loan portfolio.

Income from securities and derivatives grew 14.2% in comparison with 2006, offsetting the increase in funding costs. This increase is a result of the greater volume of government security intermediation

operations while acting as an interest rate specialist dealer for the Brazilian Central Bank in 2007. The increase in allowance for loan losses in 2007 is consistent with the 38% expansion of the total loan portfolio, underlining a 63% increase in retail operations.

OTHER OPERATING INCOMES AND EXPENSES

Services fee income increased by 19.4%, reaching R\$ 23.0 million in 2007, driven primarily by the greater volume of Retail operation services. Expenses with personnel grew 32.7% to R\$ 60.7 million during the year (from R\$ 45.7 million in 2006), primarily due to increased staff to meet the Bank's growth in the Corporate and Retail segments.

In October 2007, the Bank acquired the operations of CredLecca in Rio de Janeiro with 260 employees, causing a partial impact on the year's personnel expenses. At the end of the year, the Bank had 1,013 employees, 628 of which were connected to GVI Promotora's activities, against a total of 659 at year-end 2006. Other administrative expenses increased 80.7%, totaling R\$ 55.1 million on December 31, 2007, a result mainly of the expenses incurred by GVI, which were included in the Bank's consolidated financial statements as of its acquisition in February 2007.

CASH FLOW FOR 2007 AND 2006 FISCAL YEARS

	BANCO FIBRA S.A.		FIBRA CONSOLIDATED	
IN THOUSANDS OF REAIS	2007	2006	2007	2006
Operating Activities				
Net Income from Period	100,660	71,416	100,660	71,416
Depreciation and Amortization	3,043	2,365	3,876	2,380
Equity in Subsidiaries	12,879	(3,399)	-	-
Adjustments to Previous Fiscal Years	-	(19,063)	-	(19,063)
Adjustments to Market Value	(17,731)	35	(17,731)	35
(Increase) Decrease in Interbank Investments	(6,175,317)	5,719,339	(6,172,626)	5,716,648
(Increase) Decrease of Securities	2,015,524	(3,450,826)	2,017,337	(3,411,153)
(Increase) Decrease in Interbank Relations and Interdependencies	58,951	42,602	(65,426)	(23,833)
Increase of Credit Operations and Commercial Leasing	(974,629)	(973,518)	(974,629)	(973,518)
(Increase) Decrease in Other Credits	(218,069)	(165,401)	(243,552)	(206,951)
Increase in Other Cash and Assets	(11,811)	(20,377)	(11,773)	(20,108)
Decrease of Other Obligations	171,630	140,417	171,697	163,026
Change in Income from Future Fiscal Years	(579)	477	(579)	477
Operating Activities – Net Cash Used	(5,035,449)	1,344,067	(5,192,746)	1,299,356
Investing Activities				
Sales of fixed assets	38	1,154	45	-
Divestment of Equity in Companies	-	21,479	-	-
Divestment of Investments	2,041	807	1,165	807
Change in Equity and Minority Interest	(38,501)	-	(2)	3
Acquisition of Investments	(61,358)	(809)	(671)	(810)
Acquisition of Permanent Assets	(1,532)	-	(5,990)	(1,299)
Deferred Assets Allocation	(3,797)	(121)	(88,422)	(181)
Investing Activities – Net Cash Provided (Used)	(103,109)	22,510	(93,875)	(1,480)
Financing Activities				
Increase (decrease) of Deposits	623,770	553,106	755,008	591,208
Increase (decrease) of Money Market Funding	3,816,408	(2,356,586)	3,824,358	(2,367,500)
Increase (decrease) of Proceeds from Securities Issuance and Acceptance	(64,452)	230,571	(64,452)	230,571
Increase (decrease) of Loan and Onlending Obligations	703,288	269,941	703,288	269,941
Increase (decrease) of Derivative Financial Instruments Liability	10,032	(38,483)	20,052	3,106
Shareholders' Funds – Increase in Capital	51,180	55,930	51,180	55,930
Equity and Distributed Dividends Remuneration	(29,438)	(65,800)	(29,438)	(65,800)
Financing Activities – Net Cash Provided	5,110,788	(1,351,321)	5,259,996	(1,282,544)
Net Increase in Cash and Cash Equivalents	(27,770)	15,256	(26,625)	15,332
Cash and cash equivalents at beginning of fiscal year	34,482	19,226	34,690	19,358
Cash and cash equivalents at end of fiscal year	6,712	34,482	8,065	34,690
Increase (decrease) of Cash and Cash Equivalents	(27,770)	15,256	(26,625)	15,332

PROFITS WERE UP
41% OVER 2006

NON-OPERATING INCOME

In the last quarter of the year, as part of the demutualization process of the BM&F Futures and Commodities Exchange, Fibra sold 45% of the interest it held in that stock exchange. The net amount obtained, R\$ 24.4 million, was neutralized by the strengthening of reserves, especially those related to doubtful loans, and provisions related to profit sharing during the fiscal year. Out of the remaining shares, 15.5% were classified as securities available for sale and the balance of 39.5% remained as permanent assets at cost value.

CREDIT OPERATIONS
AND PORTFOLIO QUALITY

The balance of consolidated credit operations at year's end reached R\$ 4,479 million, a 38% increase in relation to December 2006. Banco Fibra credit operations have focused on its core business, the corporate segment, where it has built strong expertise, supporting its position as an important player in this market. During the year, the portfolio grew 33.4% and reached a total of R\$ 3,463 million. The Retail operations increased 63% during the 12 months ended in December 2007 to R\$ 510.8 million. Through its GVI Promotora subsidiary, Fibra offers products such as direct consumer credit, personal credit, payroll deducted loans and, since September 2007, real estate loans. The Bank also is active in acquiring credit from smaller financial institutions, especially payroll deductible credit for civil servants and INSS pensioners. At the end of the year, this portfolio totaled R\$ 504.7 million, accounting for an increase of 50.8% in the past 12 months.

The quality of the credit portfolio underwent an important enhancement thanks to improved credit concession processes. The delinquency rate measured by 90 days past due loans over the total portfolio decreased from 1.6% in December 2006 to 0.8% in December 2007.

Provisions for doubtful loans totaled R\$ 110.4 million, equal to 2.5% of the total volume of credit operations at year-end 2007, while coverage for all credits that were more than 90 days past due reached 295.7%.

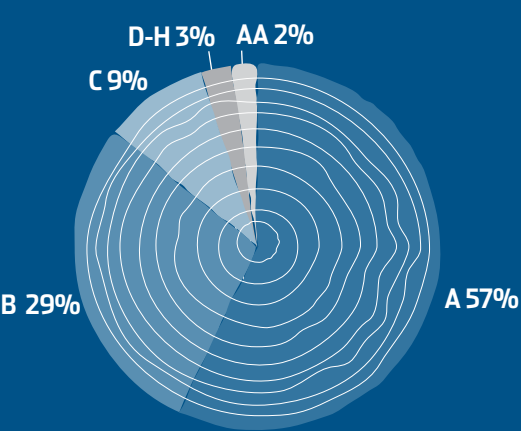
FUNDING

The total amount of Fibra funding, R\$ 4,619 million at the end of 2007, grew 47% in relation to the previous year. The Bank has diversified funding sources appropriate for each of its asset lines as well as its policy of avoiding mismatches.

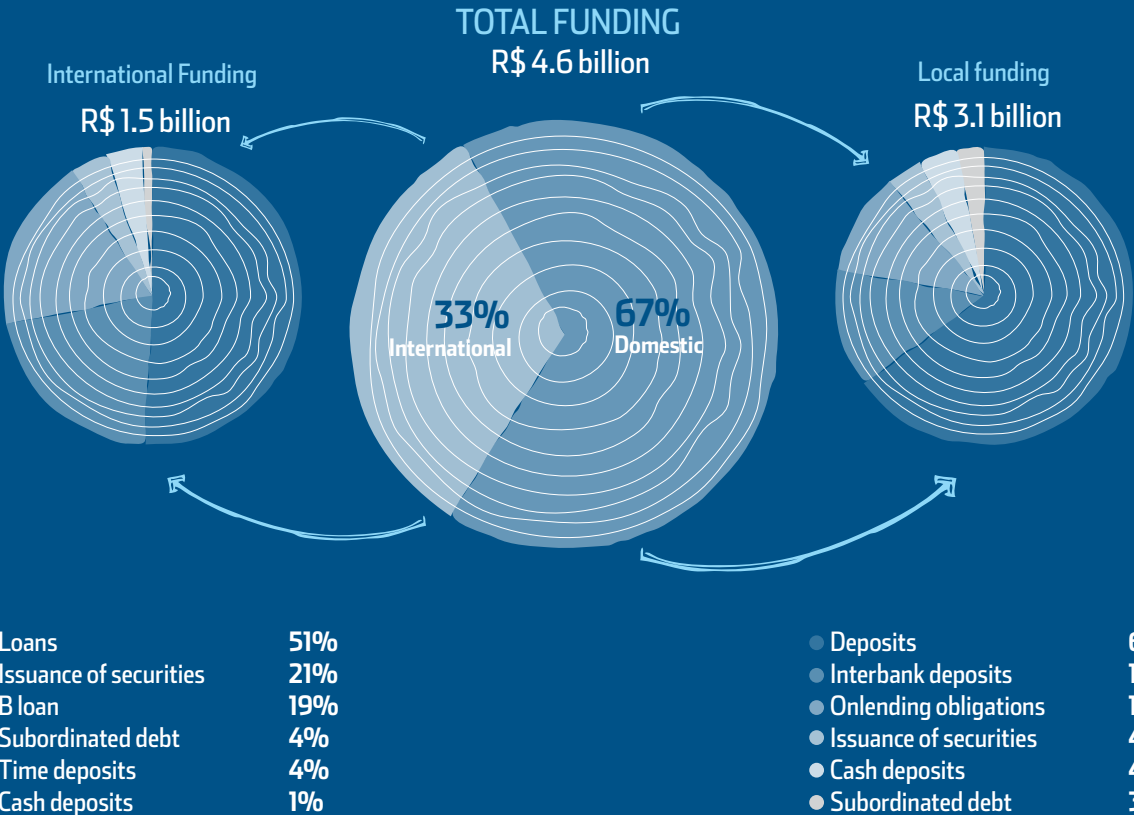
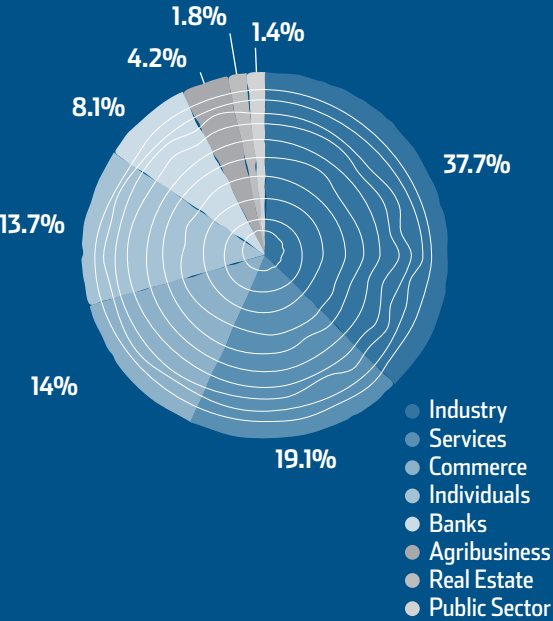
On December 31, 2007, 67.2% of funding was domestic, obtained primarily through time deposits issued at average annual cost of 104% of the Braziling interbank rate (including FGC – Credit Guarantee Fund) and an average tenor of ten months. These deposits account for 54.5% of total funding. The Bank's other domestic funding sources were onlending obligations (7.5%), issue of securities abroad in reais (2.9%) and subordinated debt (2.2%). On the same date, 32.8% of fundings were conducted abroad through correspondent banks to finance client trade finance operations (16.8%) and issue of securities (6.9%), syndicated loans abroad (6.3%) and subordinated debt (1.2%).

CONSISTENT RESULTS

LOAN PORTFOLIO
Levels of risk



TOTAL LOAN PORTFOLIO
By sector



INTANGIBLE ASSETS

Fibra possesses a series of qualities that, although not easily quantified, represent important competitive advantages in day-to-day business. These intangible assets contribute to improving the positive image of the Bank.

>> Brand

The word Fibra, on its own, brings to mind words like reliability, flexibility and the courage to face and overcome adversity. And because of its origins in an industrial group like Vicunha, known for its long history and soundness in the businesses in which it operates, Banco Fibra has the means to better understand the needs of clients in the productive sector.

>> People

The qualifications and experience of professionals are fundamental to the growth of the institution. Under a clear policy of aligning strategic objectives to the interests of its employees, the Bank works to motivate its team. To attract and retain the best talent for its team, it uses a modern platform for compensation and benefits, and continuous

education for its staff, at all levels. Senior executives have strong academic backgrounds, vast experience and wide knowledge of their areas. They have more than 20 years of experience in the financial market on average.

>> Governance and attitude

Fibra conducts its business with a high degree of corporate governance, a characteristic rooted in its DNA through its controlling shareholder, Grupo Vicunha. Strategic decisions on day-to-day business are made by market professionals who are independent, highly qualified and possess broad knowledge. The entrance of IFC as a shareholder and the planning of a public offering further strengthen governance practices at the institution, with practices that reinforce transparency.

20 YEARS IS THE AVERAGE PROFESSIONAL EXPERIENCE OF OUR EXECUTIVE MANAGEMENT

>> Technology

Fibra operates on a distributed platform, using the Unix operational environment, which is more robust, secure and stable than systems used by peers our size. This infrastructure provides the Bank with the means to plot a comfortable course for growth. In the retail sector, the technological platform allows the Bank to determine personal credit worthiness and CDC (Direct Consumer Credit) via the Internet, with quick response to the client and greater security for the organization and retailer.

>> Product diversity

In both the wholesale and retail sectors, the Bank offers clients a wide range of credit products that stand out in comparison to competitors. This diversification protects the institution from market volatility and minimizes risks. In corporate credit, the finance department provides support to operations and complements the businesses with specialized and customized financial products. In retail, the portfolio of products (CDC, structured CDC, personal credit, payroll deduction credit and real estate financing) allows the Bank to serve the many different needs of clients. This places Fibra in the advantageous position where it can take advantage of the potential for expansion of this segment.

>> Relationship model

With its corporate clients, the Bank works to gain an in-depth understanding of their businesses and needs in each stage of their business cycles in order to build and maintain long-term relationships. These characteristics result in a solid, secure, broad and, above all, dependable client base, in line with the monitoring policy for loans and mitigation of default risks.

>> Distribution network

The Retail area has its own business platform, comprised of sales offices, stores and kiosks, in addition to vast capillary network of retailers and correspondent banks located in nine Brazilian states.

The maintenance of specialized teams segmented by industry (tourism, construction materials, real estate, etc.) enables the bank to understand the business cycles of distributors, serve their needs and develop personalized processes and controls. Expansion of the network is accompanied by tight control of default rates by segment and region, with the adoption of rapid measures to ensure the quality of the credit portfolio.



TRANSPARENCY AND CONTROLS

Corporate governance 46

Risk management 56

**The adoption of high standards of corporate governance
founded on risk management are important**

**and socio-environmental policies and a structure
competitive advantages for Banco Fibra.**

CORPORATE GOVERNANCE

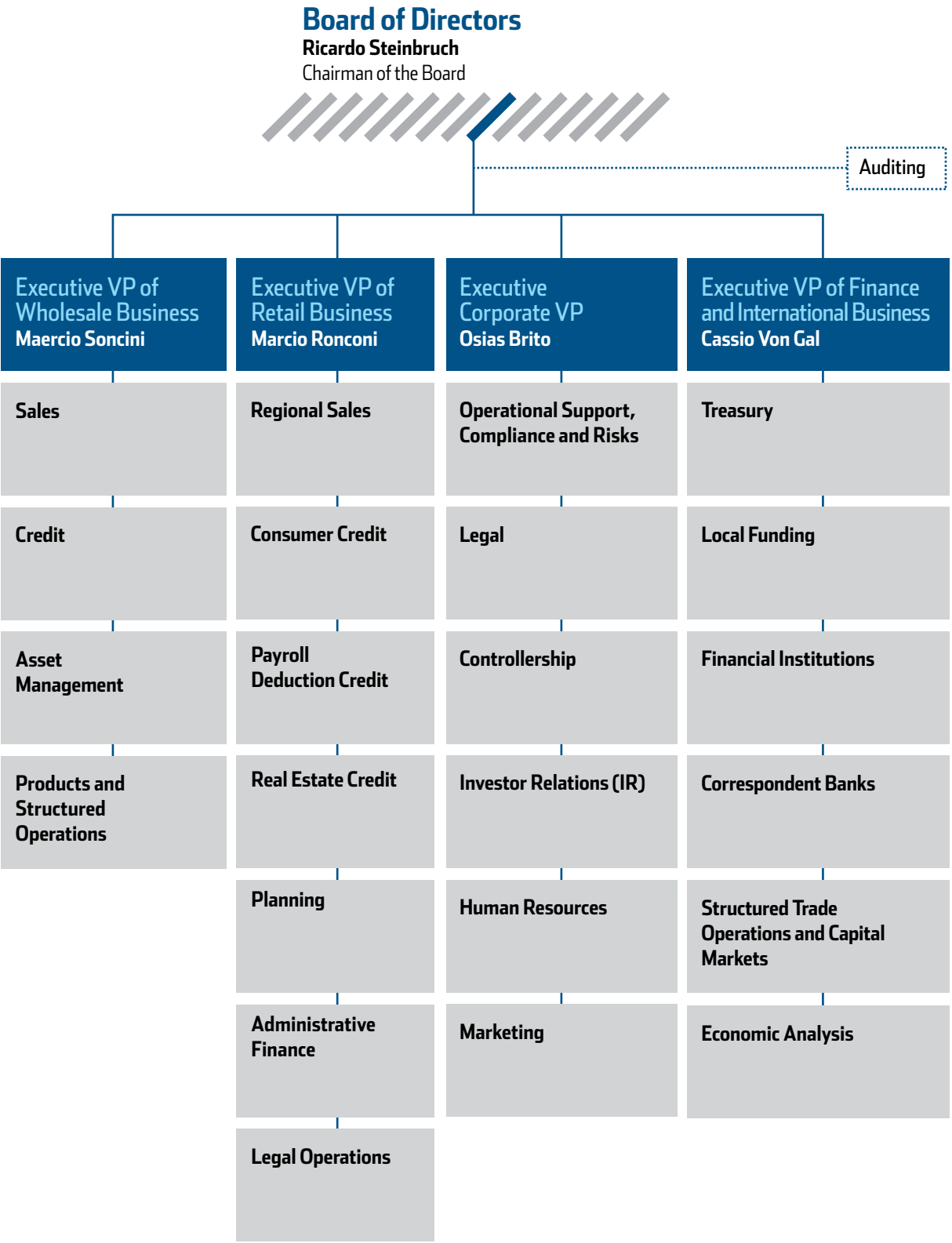
In addition to belonging to Grupo Vicunha, with a long tradition of governance, the Bank also belongs to IFC, an organization that requires the highest standards of corporate governance and socio-environmental policies from its partners.

There are no family ties between officers and members of the Board of Directors or the controlling family. In this way, strategic decisions during the normal course of business are made by market professionals, who are independent and have no conflicts of interest with the controlling company.

Banco Fibra is directed by **the Board of Directors** and the **Executive Committee**.

BOARD OF DIRECTORS

The board is responsible for directing business strategy. It is made up of six members, of which one is independent and another appointed by IFC. The election of another independent member, for a total of seven board members, is provided for in the company bylaws. The mandate is for two years; reelection is permitted and members are not subject to mandatory retirement based on age. None of the board members has the right to any additional compensation upon leaving the position.



The Board is responsible for naming the Executive Management and oversight of its administration. Meetings occur, ordinarily, once each quarter, and, extraordinarily, at any time, whenever requested by the chairman.

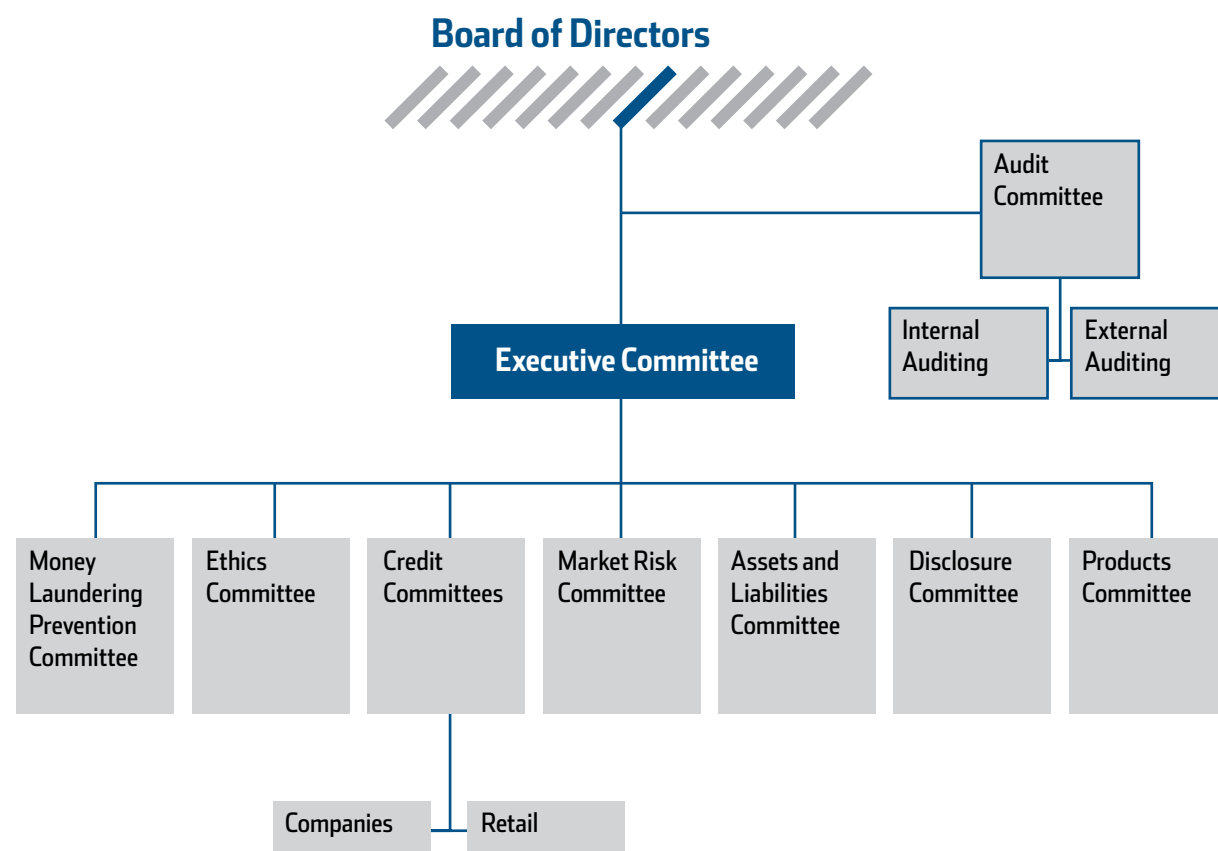
EXECUTIVE COMMITTEE

In August, the Bank restructured operations and created the Executive Committee. Its objective is to coordinate and put guidelines into practice, in addition to monitoring consolidated results

during semimonthly meetings. The Committee is made up of five permanent members: the chairman of the Board of Directors, three executive vice presidents (Wholesale, Retail, and Corporate) and the executive director of Finance and International operations. This structure has replaced the previous model, which had a managing director acting as president.

COMMITTEES

There are nine committees that support the work of the Board of Directors and the Executive Committee:



NINE COMMITTEES SUPPORT THE WORK OF THE BOARD OF DIRECTORS AND THE EXECUTIVE COMMITTEE

>> Audit Committee

The main responsibilities of the audit committee are to review financial statements and comply with accounting procedures and norms.

>> Credit Committees

The Credit Committees are responsible for analyzing and approving credit operations and limits for clients or potential clients. They are subdivided by market segment, with the following functions:

Wholesale – Meets weekly and works within levels of authority for amounts, periods and guarantees for operations. The credit decision should be reached by consensus. In case of disagreement, the decision is up to the Credit Director. Operations above R\$ 10 million are reported to the Executive Committee, which also approves loans over R\$ 20 million.

Retail – Also meets weekly and is responsible for credit policies for private individuals. The committee is comprised of a risk manager, credit manager, sales manager responsible for the region and Executive Planning Management.

Bank Headquarters:
Faria Lima, 3729,
11th and 12th floors
São Paulo, Brazil



>> ALCO (Assets & Liabilities Committee)

This committee defines the guidelines for capital management and structural risk to the balance sheet (interest rates, liquidity, foreign exchange and country). Its members meet semimonthly and include the Executive Management and Controllershship, Compliance and Risks, Funding and Treasury departments. Primary functions include: (i) oversight of general policies as applied by operational departments and its relationship to the bank's overall strategy; (ii) discussion of resource allocation in general; (iii) definition of rate of return for different risk levels, as well as monitoring to ensure that operations are in accordance with these policies; (iv) discussion of policies and best funding options to match asset allocation.

>> Market Risk Committee

The committee's main responsibilities are to establish and disseminate the Bank's policy on risk, discuss scenarios to establish limits for acceptable losses, identify inherent risks in new products and analyze management parameters, VaR limits and stress scenarios in accordance with changes to the economic scenario projected by the Economic Research department.

>> Product Committee

This committee establishes demand priorities, presents feasibility and impact studies for systems, periods and costs, and makes recommendations to the Executive Committee. The committee meets monthly or extraordinarily, according to demand. It is made up of executives from the Products, Processes, IT, Projects, Credit, Back office, Compliance, Auditing and Market Risk departments.

>> Money Laundering Prevention and Internal Controls Committee

This committee is responsible for receiving, analyzing and subsequently communicating suspicious operations to the Executive Management and appropriate regulatory agencies.

Permanent members are the Executive Corporate Vice president, Operational Support, Compliance and Risks Director, the Head of Compliance and the Legal Department Director.

>> Disclosure Committee

This committee is in charge of evaluating the relevance of acts or events related to Bank business and the supervision of the process of information disclosure to the market at large. Members include



the Executive Corporate Vice President and IR Director, the Executive Vice President of Wholesale business, members of the Legal, Controllershship, Investor Relations and Communication departments, and a temporary member representing the department which originated the relevant event, as is the case.

>> Ethics Committee

The committee is responsible for promoting a culture of ethics, approving related policies and

deliberating on issues of personal and professional conduct to promote a healthy work environment. Members include the Executive Corporate Vice President, Operational Support, Compliance and Risks Director and by members of the Compliance, Auditing, Legal and Human Resources departments.

CODE OF ETHICS

Handed down from upper management, the basic guidelines of Banco Fibra Code of Ethics establish

ETHICS COMMITTEE SHAPES HEALTHY WORK ENVIRONMENT

THE OMBUDSMAN RECORDS TRENDS THAT ENABLE THE BANK TO ENHANCE CLIENT RELATIONS

standards of ethics on various subjects that could result in situations of conflict or risk, and guide the conduct and decisions of managers, employees and service providers in the fulfillment of their duty. The Bank disseminates its Code of Ethics to all employees and makes it available on internet and intranet.

>> Personal Investment Policy

In compliance with current legislation and in tune with the best market practices, Fibra maintains a Personal Investment Policy for all persons under contract, including vice presidents, directors and members of the Audit, Executive and Fiscal Committees.

OMBUDSMAN

The Ombudsman at Banco Fibra, established in 2007, is an area that has a director in charge of it and a structure to extend special service to both client companies and individuals. Its main function is to receive, record, instruct, analyze and give proper formal treatment to complaints, by clients and users of products and services,

that were not resolved by the institution's regular service. It also serves as an instrument for dialogue with these publics.

Since its main commitment is to client satisfaction, the Ombudsman also records trends that enable the Bank to enhance client relations, in addition to anticipating procedures compatible with new market demands.

SHAREHOLDERS' AGREEMENT

The controlling shareholder and IFC signed an agreement in June of 2007 which will remain in effect as long as the stake is maintained, which is agreed to be for at least five years. It establishes veto rights on some subjects that are submitted for approval at the General Stockholders' Meeting and regulates terms and conditions regarding the election of members of the Board of Directors.

It provides for a qualified quorum for decisions on some topics, as for example operations with related parties, substitution of independent external auditors and changes to the core business plan.

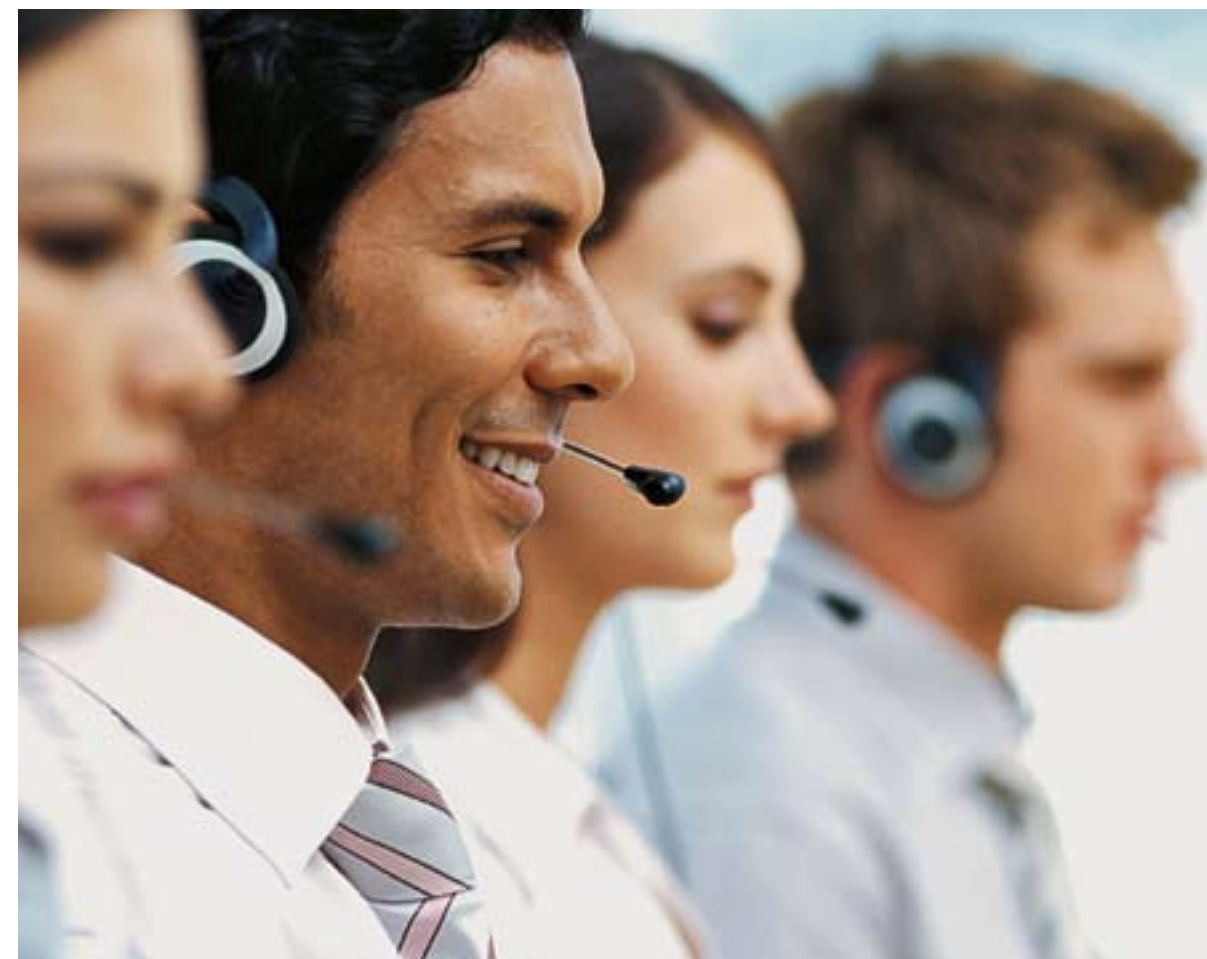
INDEPENDENT EXTERNAL AUDITORS

Fibra, in compliance with Instruction no. 381 by the Brazilian Securities and Exchange Commission (CVM), did not hire or receive services unrelated to the external audit provided by KPMG Auditores Independentes.

The policy adopted is in compliance with the principles that preserve the independence of the auditor, in accordance with accepted international criteria.

Resolution no. 3.503, of the National Monetary Council, suspended, until December 31, 2008, the requirement for periodic rotation of independent external auditors hired by financial institutions.

This decision was taken to carry out studies jointly with the CVM, to be conducted after the completion of the rotation cycle of public corporations, with the aim of evaluating the effectiveness of this requirement in the Brazilian market.



BOARD OF DIRECTORS

Ricardo Steinbruch

Chairman of the Board of Directors since June of 1994. Born in 1958, he holds a degree in Business Administration from Fundação Getúlio Vargas (FGV). He is a member of the Board of Directors and director of various companies of Grupo Vicunha. Currently he is CEO and chairman of the Board of Directors of Vicunha Têxtil.

Clarice Steinbruch

Board Member since April of 1994. Born in 1958, she holds a degree in Business Administration from FGV and is presently studying law at Universidade Paulista. She is a member of the Board of Directors and director of various companies of Grupo Vicunha.

Eliezer Steinbruch

Board Member since April of 1994. Born in 1927, he founded Elizabeth S.A. Indústria Têxtil in 1953, one of the core companies of Grupo Vicunha. He founded Grupo Vicunha in 1967 and is the founding shareholder of Banco Fibra S.A. He is a director of various companies of Grupo Vicunha.

Elisabeth Steinbruch Schwarz

Board Member since September of 2005. Born in 1954, she holds a degree in Production Engineering from Escola Politécnica of São Paulo University (USP). She is a member of the Board of Directors and director of various companies of the Grupo Vicunha.

João Lucas Duchêne

Board member appointed by IFC. Born in 1955, he holds a degree in Production Engineering from Escola Politécnica of USP and from INSEAD (Fontainebleau, France) in Risk Management in Banking. He worked for BankBoston from 1979 to 2002 in the Credit department and as Executive Director of Risk for Brazil. He has worked since July of 2002 at IFC, where he is Chief Credit Officer.

Luiz Nelson Guedes de Carvalho

Independent Board Member since November of 2007. Born in 1945, he holds a degree in economics from USP and in accounting from Faculdades São Judas Tadeu – SP, in addition to a master's and doctorate in accounting and controllership from USP. He is a tenured professor at USP and member of the CVM Advisory Committee on Accounting Standards and Board member of various companies and journals related to accounting norms and financial and capital markets. Chairman of the S.A.C. (Standards Advisory Council) of the IASB (International Accounting Standards Board), headquartered in London, with a mandate running to December of 2008. He is a member of the Court of Arbitration of the International Chamber of Commerce, headquartered in Paris.

EXECUTIVE OFFICERS

Maercio Soncini

Executive Vice President of Wholesale Business, he has worked at Banco Fibra since October of 1999. Born in 1955, he holds a bachelor's degree in Business Administration and a graduate degree in Finance from FGV, as well as a graduate degree in Business Administration from Insead-Fontainebleau, in France. He has worked in the financial market since 1978 in such institutions as Banco Crefisul, Francês e Brasileiro, BankBoston and Sudameris S.A. He is also a member of the Audit Committee for Fibra and director of Fibra Asset Management DTVM Ltda. as well as for other companies of the group.

Marcio Ronconi de Oliveira

Executive Vice President of Retail Business since 2006. Born in 1952, he holds a degree in Business Administration from Unidc and has taken many professional development courses, most notably in management development, credit business role playing, and internships at Credit Lyonnais (Paris) and Visa International (USA). He acted as director of Business Development, Financial Products and Payroll Deduction Credit for Banco VR and executive director of the Retail segment for Banco Inter American Express. He also serves as director of GVI.

Osias Santana de Brito

Executive Corporate Vice President and Investor Relations Director since July of 2007. Born in 1963, he holds a degree in accounting from USP, and a master's and doctorate degree in accounting and controllership from the same institution. He has worked as executive director in various departments of Credibanco, Banco WestLB, Santander Banespa and Unibanco. He is author of the books Controladoria de Risco- Retorno, Mercado Financeiro and Gestão de Riscos, published by Editora Saraiva, and coordinator of the MBA in Finance at Instituto Mauá de Tecnologia from 2000 to 2002.

Cassio Fernando von Gal

International and Finance Director since 2001. Born in 1958, he holds a degree in Civil Engineering from Universidade Mackenzie and participated in the Trading Floor Program at Chase Manhattan Bank (NY), in 1991. He has worked for Banco Francês e Brasileiro, in the Finance Department; in the First National Bank of Boston, in the branches and trading floor; and in the treasuries of Norchem, Chase Manhattan Bank and Banco BMC S.A.

Carlos Alexandre Ribeiro Bicudo

Credit Director. Born in 1968, he holds a degree in chemistry from Universidade Mackenzie, and is also presently studying Business

Administration at USP. He has worked in credit departments since 1992, in banks such as Itamarati and ABC Brasil.

Gustavo Fonseca Troccoli

Products and Structured Finance Director. Born in 1962, he holds a degree in economics from Universidade Cândido Mendes (RJ), a graduate degree in derivatives from BM&F, Modules of Fixed Income Elements, Evaluation of Options Contracts, Volatility Estimate, Interest Rate Options and Risk Management. He worked for eight years at Banco Icatu S.A., and was controller of International Corporate Finance – Latin America for Banque Nationale de Paris – BNP. He has worked for the Bank since August of 1999, and has vast experience in structuring and sales of treasury and commercial products and local interbank relationships. He is also the director of Investor Relations of Fibra Companhia Securitizadora de Créditos Imobiliários.

Luciana Buchmann Freire

Legal Director. Ms. Freire has worked at the Bank since 2001. Born in 1966, she holds a degree in law with specialization in Business Law and Administration of Financial Institutions from USP. She has worked at Rabobank International Brasil S.A. as legal and compliance executive director; at Banco Santos S.A., responsible for the legal department; and at Noronha Advogados, where she worked as a lawyer in international banking. She is a member of the Legal Commission of the Brazilian Association of Commercial Banks (ABBC) and the Legal Commission of the Brazilian Federation of Banks (Febraban).

Ricardo Fuscaldi de Figueiredo Baptista

Operational Support, Compliance and Risks Director since November of 2007. Born in 1970, he holds a degree in Electronic Engineering from the Aviation Technology Institute, and an MBA in finance from the Brazilian Institute of Capital Markets. He holds a master's in statistics from USP, and is presently completing his doctorate in finance at FGV. He holds the title of Financial Risk Manager from the Global Association of Risk Professionals (GARP). He was responsible for the telecommunications infrastructure at the São Paulo branch of Bacen, manager of treasury of Banco Excel-Econômico, Risk Manager at

Banco Bradesco, and director of Risk and Credit in Wealth Management at UBS Pactual for Brazil and Latin America.

Simone Schmidt Belleza Colombino

Sales Director for Middle Market, she has been with the Bank since 2000. Born in 1963, she holds a degree in law from Faculdades Metropolitanas Unidas and an MBA in Marketing from Fundação Armando Alvares Penteado. With more than 25 years of experience in the financial market, she has worked at Unibanco, BFB, Banco Cidade (BNP), Excel Banco and BBV in corporate markets and middle market.

From left to right: Osias Brito, Maercio Soncini, Ricardo Steinbruch, Marcio Ronconi and Cassio von Gal



RISK MANAGEMENT

In 2007, Banco Fibra consolidated its risk management structure by integrating all of its control areas. The objective is to enhance the synergy among them by adjusting the existing technological infrastructure and putting together a schedule of activities to align itself with principles and demands of the Basel II accord.

INTERNAL CONTROLS AND COMPLIANCE

A system of internal controls is a structured process that covers all departments of the Bank and is designed to enable the secure, appropriate and efficient flow of business while complying with regulatory agencies. Flows of processes and systems are evaluated, with regular compliance testing, to gauge the effectiveness of controls. This involves the departments and the committees of Internal Controls and Money laundering Prevention and Auditing. The work is in line with standards established by the Committee of Sponsoring

Organizations of the Treadway Commission (Coso) and by the Control Objectives for Information and Related Technology (Cobit), which covers aspects of business and technology.

>> Money Laundering Prevention

The Bank has adopted a series of measures to fight against corruption and the use of its structure for illegal business transactions. To do this, it has specific policies, processes and systems for the control and prevention of money laundering. The "Know your Client" policy, the investments in



INTEGRATION OF RISK CONTROL DEPARTMENTS ENHANCES SYNERGY

training, processes and control systems and the monitoring of operations enable the identification of atypical situations that, after being analyzed by a team of specialists, are forwarded for evaluation of a working group. If deemed relevant, and even if the operation was not carried out, the case is forwarded to the appropriate authorities. The business units have the autonomy to refuse business and operations that they consider suspicious or atypical.

>> Internal Controls and Operational Risk

The system is designed to ensure effective compliance with legal regulations and internal policies, while maintaining standards of credibility and security. It is also designed to identify, measure, evaluate, monitor and manage operational risk to minimize exposure to relevant risks.

>> Information Security

Confidentiality, soundness and availability of Fibra information are insured by training and the adoption of procedures and controls through a continuous process of analysis, planning, application and maintenance.

OPERATIONAL RISK

Success in the control of operational risk is based on disseminating culture and policies, and the availability of tools and methodologies. These assumptions enable better internal processes, as well as support for business departments, with the aim of improving the operational efficiency and reducing capital allocation. With continuous work to align market practices with the management and control of operational risk, Fibra is preparing itself to comply with guidelines in the Basel Accord for capital allocation, as set down in the schedule established by the Brazilian Central Bank. The goal is to achieve qualification for the Advanced Model of Capital Allocation.

MARKET RISK

The management of market risk is carried out by observing and controlling adverse movements in market rates and prices.

Mismatches in the portfolio of assets and liabilities occurring from differences in maturities, currencies and indexed investments are constantly managed.

INTERNAL CONTROL SYSTEM AND COMPLIANCE ENSURE BUSINESS SECURITY

To quantify market risks, we use the Parametric VaR, which provides the expected loss given a confidence level of 95%, and stress simulations, which consider extreme scenarios to evaluate the maximum potential loss of a portfolio.

In the stress simulation, in addition to the impact of a risk factor on each scenario, the distribution of stress values in each one of the adopted vertices is evaluated, using a Concentration of Vertices (CPV) analysis. The net amount in certain financial products and the exposure of the Bank to measures of risk (VaR, stress simulation and CPV) are governed by an internal structure of controls and limits. The extrapolation of one of these limits triggers an action, which can range from holding to the total/partial withdrawal (Stop Loss) for readjustment. This decision is made by the Market Risk Committee, which periodically evaluates and reviews the limits and stress scenarios.

CREDIT RISK

The Bank relies on credit risk controls to monitor the quality of its portfolio, and anticipates occasional problems that may occur with its clients. The credit policies and decisions are established by committees (more information on page 49). In the Wholesale market, the basic assumptions for concession of credit are the ability of the Company to present adequate cash flow for its day-to-day operations and its access to funding. Fibra policy establishes levels of authority for credit approval, which takes into account the amount, maturity and guarantees for the operation. Each level represents a specific committee responsible for the evaluation and granting or refusal of credit. In Retail, GVI relies on a policy of specific authority levels, while still in line with the Bank's guidelines. On the first level of the structure, approval is conducted using a score system, which evaluates the profile of the client and the amount in relation to his income.

VAR OF BANCO FIBRA – IN THOUSANDS OF R\$

(Covers all porfolios)

	DEC.29.06	DEC.31.07
Variable Income	1,653.9	3,510.3
Fixed Rate	517.3	2,951.3
Foreign Exchange	1,205.6	481.9
Selic/IPCA	463.4	15.1
Others	13.0	12.8
Effect of Diversification	(2,046.6)	(2,245.9)
Total VaR	1,806.6	4,725.5

LIQUIDITY RISKS

The objective of controlling this risk is to maintain appropriate levels of liquidity for the profile of operations of the institution. The instruments adopted in the management of liquidity risk are:

>> Objective Cash Level Control

Maintenance of a comfortable level of cash that is considered adequate for credit and funding activities, with daily monitoring. Objective Cash Level Control is established by the ALCO (Assets & Liabilities Committee) committee (further information on page 50). On 12/31/07, the Objective Cash Level was approximately 80% of shareholders' equity.

>> Control of Liquidity Risk

The level of liquidity is daily monitored by observing the flow of maturities until the close of portfolios of assets and liabilities. This flow is monitored by the ALCO Committee, which

establishes the minimum level of cash flow compatible with the exposure to risk given the characteristics of its assets and liabilities, its capital adequacy ratio and market conditions.

>> Contingency Plan for Liquidity

This management tool establishes which actions and measures will be adopted when the projection for short-term liquidity shows levels below a minimum established limit. In case of occasional shortage of resources or a worsening of crisis in the financial market, the Financial Director (responsible for the management of treasury portfolios) will put the contingency plan for liquidity into effect. The plan contains the following alternatives: external funding (with the support of the strategic foreign shareholder); loan assignments; guarantees; raising capital from the controlling group; reduction or even interruption of credit until liquidity is normalized; and sale of securities portfolio.



SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

Human capital 62

Social and environmental performance 64

Banco Fibra values one of its main pillars for growth, which includes opportunities for personal

its human capital, by using a recognition model, and professional development.

HUMAN CAPITAL

One of the most important pillars of growth for Banco Fibra is its employees. To ensure their contributions are recognized, the company has a transparent human resources policy, which links performance goals to a model of variable compensation, and continually invests in professional development programs.

In 2007, the Bank distributed R\$ 27.1 million in profit sharing – 47.3% above the R\$ 18.4 million in 2006 – and provided 8,667 hours of training. The amount spent on salaries and labor taxes came to R\$ 60.7 million for all employees of the Bank and GVI. To measure the degree of satisfaction of employees, a Climate Study was carried out, which revealed that 75% of employees were satisfied or very satisfied. The study also showed that professionals felt the need of greater feedback and coaching in their activities, which motivated the Human Resources department to create the Management Development Program (PDG).

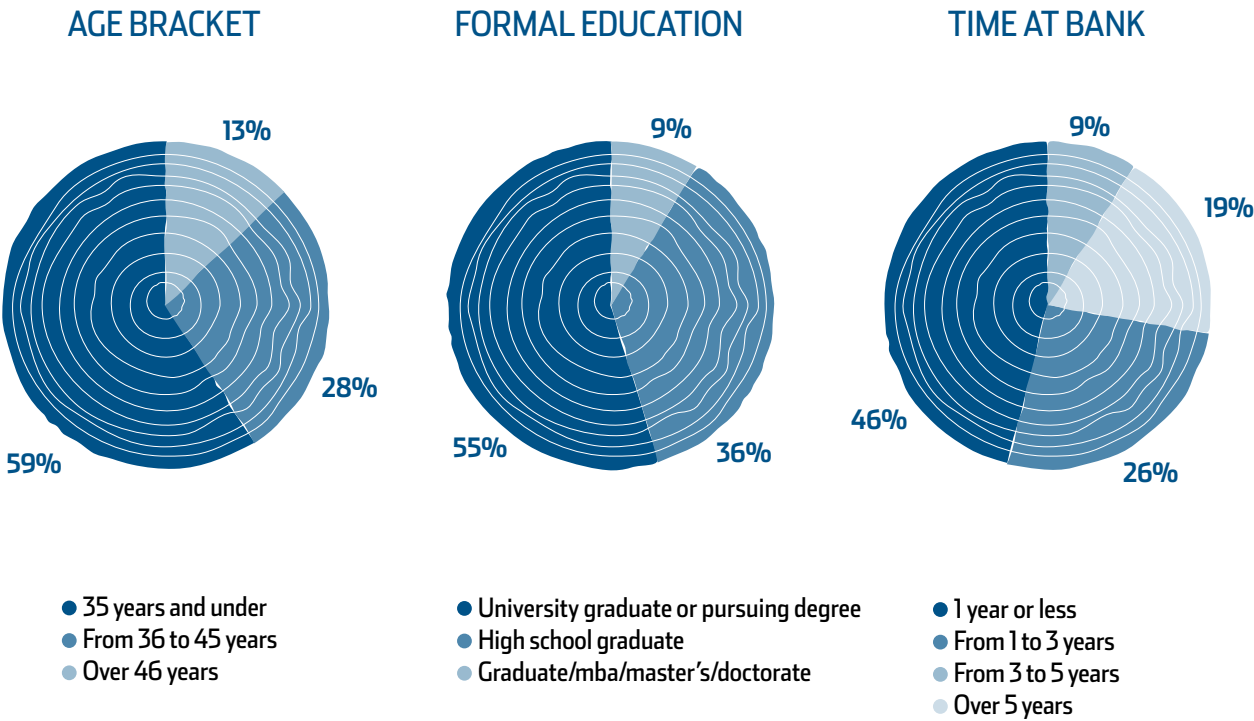
PROFILE

Fibra ended 2007 with 1,013 employees, most of whom are relatively young. This youth is, however, combined with experienced professionals: 59%

were under 35 years; 28% between 36 and 45 years, and 13% over 46 years. They have a solid educational background: 55% have completed or are presently pursuing university degrees and 9% have graduate degrees (percentages that rise to 93% and 23%, respectively if only employees of the Bank are considered). As the consequence of personnel renewal, carried out to provide support for the great challenges that the Institution will face, 46% of the professionals have worked for less than a year at the Bank. Through the Trainee Program, developed to train professionals who can assume strategic positions in the Bank, 10 people were hired in 2007, after receiving intense training. Furthermore, there are five young apprentices on staff. To remain at the institution, they must stay in school and be from low-income families, in addition to showing their potential for development and general knowledge.

NUMBER OF EMPLOYEES	2005 ⁽¹⁾	2006	2007
Asset Management	5	6	6
Sales and Products	77	87	125
Credit	22	30	43
Finance	23	22	32
Corporate	122	132	179
Retail (at Bank)	33	38	0
Sales (GVI)	–	169	182
Infrastructure (GVI)	–	175	446
Total	282	659	1,013

(1) GVI and CredFibra operations were acquired in 2006 and 2007, respectively



TRAINING

In tune with its policy of recognizing its professionals, Fibra invested R\$ 476,000 in 2007 in training, especially in sales. To disseminate the culture of public companies, around 150 employees from the Bank and GVI participated in a round of lectures on investor relations, IPOs and changes occurring in the day-to-day of companies slated to be listed on the stock exchange. In conjunction with other companies of the Grupo Vicunha and in partnership with Fundação Getúlio Vargas (FGV), Fibra also created an MBA course for managers focused on business management. Ten professionals received scholarships to take the course in 2007. Other activities involved the program of banking education for the group of trainees, corporate social responsibility for all employees, a workshop on managing projects for technology teams and a workshop for preparing tutors for trainees.

BENEFITS

In addition to the benefits provided by law, which totaled R\$ 5.6 million in 2007 (including GVI), Banco Fibra offers professionals opportunities for better health and quality of life. Every year, the Health Week is held, which in 2007, in its third year, included the flu vaccination campaign, quick massage, lectures on sedentary life styles and cardiovascular diseases, Tai Chi classes, drawings for vacations and stays in spas and prize giveaways. Along the same lines, the Bank sponsored the participation of 20 employees in the Pão de Açúcar Relay Marathon held in September.

Through agreements with gyms, discounts were provided for professionals as a way of encouraging them to exercise and stay healthy. On dates like Children's Day, Easter and Christmas the Bank distributes gift baskets and presents.

SOCIAL AND ENVIRONMENTAL PERFORMANCE

In 2007, Banco Fibra formalized its socio-environmental policy, created in line with IFC guidelines. Through this policy, Banco Fibra supports companies that are committed to the best social and environmental practices.

With this aim in mind, evaluation procedures and client monitoring were adopted, including environmental and social due diligence, involving sector analysis and company practices. Internal environmental management practices include initiatives to reduce consumption of water and energy, which include the installation of motion

sensors at the headquarters in São Paulo. In this location, selective trash collection is also carried out, and these materials are sent to the Comunidade Brasil institution for recycling. To increase awareness of this topic, a round of lectures was carried out in partnership with Uniethos (Education for Social Responsibility and Sustainable Development).



SOCIETY

The Bank shows its commitment to society and the preservation of the environment through initiatives integrated with its culture that are designed to involve all professionals. The objective is to intensify community spirit and the awareness of the importance of their role in building a better world for future generations. The main challenge for 2008 is to encourage volunteering, with the use of company time to carry out internal activities to support social projects and charitable organizations.

In 2007, several projects received assistance, including the Instituto Reciclar, which works with young people in the Jaguaré Slum, in São Paulo, to produce stationery, invitations and other pieces from recycled material. Other sponsored projects were: Associação Pró-Hope – Apoio à Criança com Câncer, which offers social assistance to cancer patients and their caretakers, so they can remain in São Paulo and continue treatment after being released from hospital; and the Travessia Project, which directly assists at risk children and

adolescents with educational activities and social programs which promotes reintegration of youth back into their families, communities and regular school. In addition to systematic support of the organizations, Fibra also sponsors other initiatives. Example of the sponsorship is a partnership with employees to build two dormitories for the new Casa Hope headquarters and a men’s and women’s dressing room at Instituto Reciclar. Christmas for children served by Hope was also enriched by the participation of the Bank, which instituted the Christmas Toy Campaign 2007, to collect toys. Fibra also acquired more than 5,000 Christmas cards from three organizations to distribute among its clients and vendors.

The Bank also contributed with various nationwide campaigns to support charitable institutions such as McDia Feliz, whose proceeds are given to GRAACC (Support Group for Adolescents and Children with Cancer). All of this work will be intensified in 2008, when the Bank intends to train employees through initiatives like the Volunteer Prize and Volunteer Day.

SOCIAL INVESTMENTS IN 2007		(IN THOUSANDS OF R\$)
Sponsorships		340
Donations		127
Total		467



ANNUAL SOCIAL BALANCE SHEET						
1 – CALCULATION BASIS		2007 AMOUNT (IN THOUSANDS OF REAIS)		2006 AMOUNT (IN THOUSANDS OF REAIS)		
Net Income (NI)				100,660		
Operational Income (OI)				130,415		
Gross Payroll (GP)				60,691		
2 – INTERNAL SOCIAL INDICATORS		AMOUNT (THOUSANDS)	%OVER GP	% OVER NI	AMOUNT (THOUSANDS)	% OVER GP
Food		2,306	3.80%	2.29%	1,937	4.24%
Compulsory social charges		14,481	23.86%	14.39%	10,501	22.97%
Private pension plans		0	0.00%	0.00%	0	0.00%
Health		3,948	6.51%	3.92%	2,770	6.06%
Occupational health and safety		0	0.00%	0.00%	0	0.00%
Education		41	0.07%	0.04%	53	0.12%
Culture		340	0.56%	0.34%	463	1.01%
Training and professional development		869	1.43%	0.86%	206	0.45%
Daycare or daycare assistance		122	0.20%	0.12%	121	0.26%
Profit sharing		27,128	44.70%	26.95%	18,353	40.14%
Misc.		0	0.00%	0.00%	0	0.00%
Total – Internal social indicators		49,235	81.12%	48.91%	34,404	75.24%
3 – EXTERNAL SOCIAL INDICATORS		AMOUNT (THOUSANDS)	%OVER OI	% OVER NI	AMOUNT (THOUSANDS)	% OVER OI
Education		0	0.00%	0.00%	0	0.00%
Culture		340	0.26%	0.34%	463	0.45%
Health and sanitation		0	0.00%	0.00%	0	0.00%
Sports		0	0.00%	0.00%	0	0.00%
Fighting hunger and food security		0	0.00%	0.00%	0	0.00%
Misc.		127	0.10%	0.12%	61	0.06%
Total social charges		467	0.36%	0.46%	524	0.51%
Taxes (excluding social taxes)		47,177	36.17%	46.87%	14,746	14.26%
Total – External social indicators		47,644	36.53%	47.33%	15,270	14.77%
4 – ENVIRONMENTAL INDICATORS		AMOUNT (THOUSANDS)	%OVER OI	% OVER NI	AMOUNT (THOUSANDS)	% OVER OI
Investment in company production/operations		0	0.00%	0.00%	0	0.00%
Investment in programs and/or external projects		0	0.00%	0.00%	0	0.00%
Total investment in environment		0	0.00%	0.00%	0	0.00%
With regard to establishing “annual targets” to minimize waste, consumption in general of production/operation and increase efficiency in use of natural resources, the company		(X) has no targets	() achieves 0 to 50%	(X) has no targets	() achieves 0 to 50%	() achieves 0 to 50%
		() achieves 51 to 75%	() achieves 76 to 100%	() achieves 51 to 75%	() achieves 76 to 100%	() achieves 76 to 100%
5 – COMPANY STAFF INDICATORS		2007	2006			
No. of employees at end of period		1,013	659			
No. of hirings during the period		693	411			
No. of outsourced employees		71	49			
No. of interns		13	12			
No. of employees over 45 years		120	98			
No. of women that work at the company		532	304			
% of management positions occupied by women		37%	31%			
No. of blacks that work at the company		46	26			
6 – CORPORATE CITIZENSHIP INFORMATION		2007	TARGETS 2008			
Total number of work accidents		0	ND			
The social and environmental projects carried out by the company were determined by:		() officers (X) officers and managers () all employees	() officers (X) officers and managers () all employees			
The health and safety standards for the work environment were determined by:		(X) officers and managers () all + Cipa () all employees	() officers and managers (X) all + Cipa () all employees			
With regard to trade union freedom, the right to collective bargaining and internal representation of workers, the company:		() does not get involved () follows ILO norms (X) encourages and follows ILO norms	() will not get involved () will follow ILO norms (x) will encourage and follow ILO norms			
Profit-sharing includes:		() officers () officers and managers (X) all employees	() officers () officers and managers (X) all employees			
In the selection of vendors, the same ethical, social and environmental standards adopted by the company:		() are not considered () are suggested (X) are required	() will not be considered () will be suggested (X) will be required			
With regard to participation of employees in volunteer activities, the company:		() does not get involved (X) supports () organizes and encourages	() will not get involved () will support (x) will organize and encourage			
Total number of complaints and criticisms from consumers:		in the company: 35; at Procon: 177; in Court: 739	Prepare and raise awareness of employees to reduce the number of complaints			
% of complaints and criticisms resolved:		in the company: 100%; at Procon: 71%; in Court: 26%	in the company: 100%; at Procon: ND; in Court: ND			
Total distribution of value added (in thousands of R\$)		In 2007: R\$ 235,656	In 2006: R\$ 150,241			
Distribution of Value Added (DVA):		24.7% government 12.5% shareholders	32.6% employees 30.2% reinvestment	14.7% government 43.8% shareholders	37.8% employees 3.7% reinvestment	
7 – OTHER INFORMATION		See notes in Value Added Statement below				

SOCIAL AND ENVIRONMENTAL MANAGEMENT

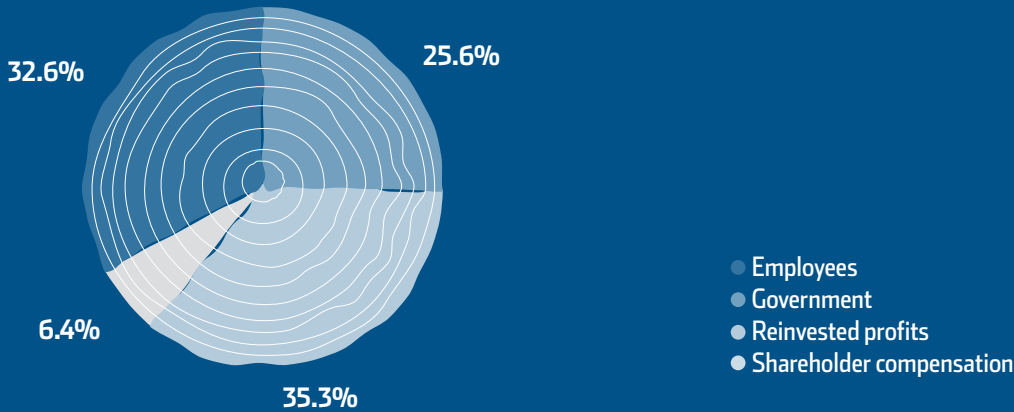
VALUE ADDED STATEMENT			FIBRA CONSOLIDADO	
IN THOUSANDS OF R\$		2007	2006	
Gross Income on Financial Operations		237,271	173,302	
Services Fee Income		22,963	19,236	
Other Income / Operational Expenses		(24,578)	(42,297)	
Total Value Added		235,656	100.00%	150,241 100.0%
Compensation		76,892	32.6%	56,728 37.8%
Income		65,483	27.8%	48,428 32.2%
Benefits		6,788	2.9%	5,176 3.4%
Federal Severance Pay Fund		3,554	1.5%	2,855 1.9%
Other Charges		1,067	0.5%	269 0.2%
Taxation		58,104	24.7%	22,097 14.7%
Tax Expenses		6,490	2.8%	5,567 3.7%
Income and Social Contributions Taxes		40,687	17.3%	9,179 6.1%
INSS		10,927	4.6%	7,351 4.9%
Interest on own capital paid / Dividends paid and/or proposed		29,437	12.5%	65,800 43.8%
Profits Reinvested		71,223	30.2%	5,616 3.7%
Total		235,656	100.0%	150,241 100.0%

In 2006, the net amount distributed of interest on own capital was fully reinvested in the Bank, resulting in the following distribution: employees 37.7%; government 21.3%; reinvested profits 41%; shareholders 0%. In 2007, the controlling shareholder also reinvested a portion of his income, resulting in the following distribution: employees 32.6%; government 25.6%; reinvested profits 35.3%; shareholders 6.4%.

FIBRA ENCOURAGES THE COMMITMENT OF PROFESSIONALS TO THE ENVIRONMENT AND SOCIETY

DISTRIBUTION OF VALUE ADDED IN 2007*

*After reinvestment from controlling shareholder



CORPORATE INFORMATION

BOARD OF DIRECTORS

Ricardo Steinbruch

Chairman

Clarice Steinbruch

Board member

Eliezer Steinbruch

Board member

Elisabeth Steinbruch Schwarz

Board member

João Lucas Duchêne

Board member appointed by IFC

Luiz Nelson Guedes de Carvalho

Independent board member

EXECUTIVE MANAGEMENT

Maercio Soncini

Executive Vice President of Wholesale Business

Marcio Ronconi de Oliveira

Executive Vice President of Retail Business

Osias Santana de Brito

Executive Corporate Vice President
and Investor Relations Director

Cassio Fernando von Gal

Executive Director of Finance
and International Business

Carlos Alexandre Ribeiro Bicudo

Director of Credit

Gustavo Fonseca Troccoli

Director of Products and Structured Finance

Luciana Buchmann Freire

Legal Director

Simone Schmidt Belleza Colombino

Middle Market Director

Ricardo Fuscaldi de Figueiredo Baptista

Director of Operational Support,
Compliance and Risks

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Julia Reid Ferretti

Natasha Nakagawa

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Fax: (5511) 3811-4788

ir@bancofibra.com.br

OMBUDSMAN

Ombudsman of Corporate Products

(Corporations) and Investment

Tel.: 0800-77-342-72 / 0800-77-FIBRA

Ombudsman of Retail Products

(Private Individuals)

Tel.: 0800-94-008-88

INDEPENDENT AUDITORS

KPMG

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BANCO FIBRA S.A.

Financial statements

December 31, 2007 and 2006

BALANCE SHEETS
(IN THOUSANDS OF REAIS)

ASSETS	NOTES	BANCO FIBRA S.A.		FIBRA CONSOLIDATED	
		2007	2006	2007	2006
CURRENT ASSETS		13,095,501	7,930,443	12,817,230	7,595,140
Cash and cash equivalents		6,712	34,482	8,065	34,690
Interbank investments	Note 5	7,378,925	1,204,671	7,378,925	1,207,362
Open market		7,306,891	1,168,368	7,306,891	1,171,059
Interbank deposits		33,048	14,914	33,048	14,914
Investments in foreign currencies		38,986	21,389	38,986	21,389
Securities and derivative financial instruments	Note 6	2,255,973	4,319,341	1,929,201	3,943,100
Own portfolio		553,577	700,931	200,213	325,728
Subject to repurchase commitments		1,503,430	3,575,607	1,503,430	3,575,607
Derivative financial instruments		25,120	7,507	18,330	6,469
Deposited with the Central Bank of Brazil		45,395	-	45,395	-
Subject to guarantees provided		64,668	32,873	98,050	32,873
Securities subject to repurchase commitments and free transactions		63,783	2,423	63,783	2,423
Interbank accounts		93,172	41,223	93,172	41,223
Term deposits - Deposited with the Central Bank of Brazil		85,718	39,827	85,718	39,827
Correspondents		7,454	1,396	7,454	1,396
Loans	Notes 8 and 9	2,689,192	1,917,885	2,689,192	1,917,396
Loans					
Public sector		62,141	35,625	62,141	35,625
Private sector		2,730,757	1,936,292	2,730,757	1,935,803
Provision for doubtful loans		(103,706)	(54,032)	(103,706)	(54,032)
Lease operations	Notes 8 and 9	226	183	226	183
Lease receivable - Private sector		227	185	227	185
Provision for doubtful lease receivable		(1)	(2)	(1)	(2)
Other receivables		656,015	397,724	702,238	435,289
Guarantees honored		544	-	544	-
Foreign exchange portfolio	Note 16	540,855	351,099	540,854	351,099
Income receivable		204	2,040	1,180	2,243
Securities clearing accounts		3,195	612	9,123	7,360
Other	Note 17 a				
Tax credits	Note 18	22,867	23,130	27,033	25,201
Real estate receivables		-	-	8,339	9,370
Miscellaneous		94,470	24,629	121,809	44,292
Provision for doubtful receivable		(6,120)	(3,786)	(6,644)	(4,276)
Other assets		15,286	14,934	16,211	15,897
Other assets		2,364	3,066	2,522	3,149
Provision for devaluation		(1,246)	(1,540)	(1,246)	(1,540)
Prepaid expenses	Note 17 b	14,168	13,408	14,935	14,288
LONG TERM RECEIVABLES		870,405	646,982	898,528	710,051
Interbank investments	Note 5	1,063	-	1,063	-
Investments in foreign currencies		1,063	-	1,063	-
Securities and derivative financial instruments	Note 6	49,300	1,456	4,020	7,458
Derivative financial instruments		49,300	1,456	4,020	7,458
Loans	Note 8 and 9	682,118	478,642	682,118	479,131
Loans					
Public sector		-	17,438	-	17,438
Private sector		682,118	461,204	682,118	461,693
Lease operations	Note 8 and 9	-	197	-	197
Lease receivable		-	197	-	197
Other receivables		110,705	150,927	184,108	207,505
Income receivable		-	9	-	9
Other	Note 17a				
Tax credits	Nota 18	109,096	84,859	121,943	88,322
Real estate receivables		-	-	27,243	30,431
Miscellaneous		1,609	66,059	34,922	88,743
Other assets		27,219	15,760	27,219	15,760
Prepaid expenses	Nota 17 b	27,219	15,760	27,219	15,760
PERMANENT ASSETS		220,024	133,953	109,509	20,628
Investments		209,177	125,354	4,278	6,560
Shareholding interest in subsidiaries - in Brazil	Nota 10	205,464	119,363	-	-
Other investments		3,713	5,991	4,278	6,560
Premises and equipment	Nota 4 h	4,153	3,651	8,250	3,918
Other fixed assets		10,049	9,251	15,362	9,582
Accumulated depreciation		(5,896)	(5,600)	(7,112)	(5,664)
Deferred charges	Notas 4 h and 10	6,694	4,948	96,981	10,150
Goodwill on investments		-	-	61,733	-
Amortization of goodwill on investments		-	-	(1,028)	-
Organization and expansion expenses		12,102	8,307	42,270	13,515
Accumulated amortization		(5,408)	(3,359)	(5,994)	(3,365)
TOTAL		14,185,930	8,711,378	13,825,267	8,325,819

See the accompanying notes to the financial statements.

BALANCE SHEETS
(IN THOUSANDS OF REAIS)

LIABILITIES	NOTES	BANCO FIBRA S.A.		FIBRA CONSOLIDATED	
		2007	2006	2007	2006
CURRENT LIABILITIES		11,943,643	7,433,997	11,858,888	7,045,743
Deposits	Note 12	2,446,716	1,943,595	2,321,308	1,671,787
Demand deposits		123,013	62,668	122,171	60,867
Interbank deposits		498,806	431,391	389,551	167,285
Time deposits		1,824,083	1,448,319	1,808,772	1,442,418
Other deposits		814	1,217	814	1,217
Money market repurchase commitment	Note 13	8,322,481	4,501,957	8,322,481	4,491,002
Own portfolio		1,524,568	3,453,389	1,524,568	3,453,389
Third party portfolio		4,994,784	967,561	4,994,784	956,606
Free transaction portfolio		1,803,129	81,007	1,803,129	81,007
Acceptances and endorsements	Note 14	106,636	153,239	106,636	153,239
Notes and bonds issued abroad		106,636	153,239	106,636	153,239
Interbank accounts	Note 17 c	2,489	148,735	-	-
Interbank repasses		2,489	148,735	-	-
Interbranch accounts		6,649	20,126	6,649	20,126
Collections in transit		5,796	-	5,796	-
Own funds in transit		853	20,126	853	20,126
Borrowings	Note 15 a	745,050	396,367	745,050	396,367
Borrowings		745,050	396,367	745,050	396,367
Repass borrowings from public sector	Note 15 b	99,631	135,414	99,631	135,414
BNDES / FINAME		99,631	135,414	99,631	135,414
Derivative financial instruments	Note 6	6,194	2,328	6,900	3,126
Derivative financial instruments		6,194	2,328	6,900	3,126
Other liabilities		207,797	132,236	250,233	174,682
Collection of taxes		444	540	444	540
Due to shareholders		12,997	-	12,997	-
Foreign exchange portfolio	Note 16	41,491	35,474	41,491	35,474
Taxes payable		94,092	60,061	99,950	94,455
Due in connection with securities dealing		3,912	7,278	9,838	12,684
Subordinate debts	Note 20	1,306	1,577	1,306	1,577
Other	Note 17 d	53,555	27,306	84,207	29,952
		1,695,868	833,938	1,419,937	836,608
Deposits	Note 12	297,730	177,081	277,584	172,097
Interbank deposits		3,174	-	-	-
Time deposits		294,556	177,081	277,584	172,097
Money market repurchase commitment	Note 13	28,108	32,224	25,103	32,224
Own portfolio		28,108	32,224	25,103	32,224
Acceptances and endorsements	Note 14	348,114	365,963	348,114	365,963
Notes and bonds issued abroad		348,114	365,963	348,114	365,963
Interbank accounts		270,623	-	-	-
Interbank accounts	Note 17 c	270,623	-	-	-
Borrowings	Note 15 a	319,225	54,125	319,225	54,125
Borrowings		319,225	54,125	319,225	54,125
Repass Borrowings from Public Sector	Note 15 b	245,714	120,426	245,714	120,426
BNDES/FINAME		245,714	120,426	245,714	120,426
Derivative financial instruments	Note 6	16,278	10,112	16,278	-
Derivative financial instruments		16,278	10,112	16,278	-
Other liabilities		170,076	74,007	187,919	91,773
Taxes payable		-	-	17,843	-
Subordinate debts	Note 20	154,589	64,140	154,589	64,140
Other	Note 17 d	15,487	9,867	15,487	27,633
Deferred income		2,215	2,794	2,215	2,794
Deferred income		2,215	2,794	2,215	2,794
Minority interest in subsidiaries		-	-	23	25
Minority interest in subsidiaries		-	-	23	25
Shareholders' equity	Note 21	544,204	440,649	544,204	440,649
Capital - Domestic		431,430	350,000	431,430	350,000
Capital reserves		5,494	6,611	5,494	6,611
Profit reserves		35,847	30,814	35,847	30,814
Adjustment to market value - Securities and derivatives		(17,458)	273	(17,458)	273
Retained earnings		88,891	52,951	88,891	52,951
TOTAL		14,185,930	8,711,378	13,825,267	8,325,819

STATEMENTS OF INCOME
YEARS ENDED AT DECEMBER 31, 2007 AND 2006
(IN THOUSANDS OF REAIS)

	BANCO FIBRA S.A.			FIBRA CONSOLIDATED		
	2007	2006		2007	2006	
	2º SEMESTER	YEAR	YEAR	2º SEMESTER	YEAR	YEAR
FINANCIAL OPERATIONS INCOME	1,317,539	2,019,768	1,706,568	1,290,415	1,987,184	1,620,294
Loans	271,881	481,049	398,314	276,322	500,557	403,502
Leases	752	1,586	1,938	752	1,586	1,938
Securities income	987,750	1,408,333	1,154,440	943,683	1,437,028	1,125,138
Financial derivative instruments	(15,077)	32,291	99,867	(2,575)	(48,496)	90,431
Foreign exchange transaction	65,221	89,497	52,009	65,221	89,497	(715)
Compulsory investments	7,012	7,012	–	7,012	7,012	–
FINANCIAL OPERATIONS EXPENSES	(1,156,465)	(1,781,159)	(1,544,368)	(1,139,500)	(1,749,913)	(1,446,992)
Deposits, money market and interbank funds	(1,060,833)	(1,619,255)	(1,331,319)	(1,052,451)	(1,598,044)	(1,298,357)
Borrowings and repasses	(37,118)	(64,441)	(167,521)	(28,840)	(53,947)	(103,588)
Leases	(539)	(850)	(692)	(539)	(850)	(692)
Allowance for losses on doubtful receivable	(57,975)	(96,613)	(44,836)	(57,670)	(97,072)	(44,355)
GROSS INCOME ON FINANCIAL OPERATIONS	161,074	238,609	162,200	150,915	237,271	173,302
OTHER OPERATING INCOME (EXPENSES)	(84,919)	(101,184)	(61,942)	(80,406)	(106,856)	(69,912)
Service fee income	12,368	26,263	16,350	12,168	22,963	19,236
Equity in earnings (losses) of subsidiaries	(10,165)	(12,879)	3,399	–	–	–
Personnel expenses	(26,506)	(50,155)	(40,797)	(33,185)	(60,691)	(45,726)
Other administrative expenses	(52,220)	(52,629)	(28,807)	(50,486)	(55,103)	(30,500)
Tax expenses	(2,607)	(4,891)	(3,583)	(3,449)	(6,490)	(5,567)
Other operating income	2,166	3,648	2,642	3,227	4,821	2,814
Other operating expenses	(7,955)	(10,541)	(11,146)	(8,681)	(12,356)	(10,169)
OPERATING INCOME	76,155	137,425	100,258	70,509	130,415	103,390
NON-OPERATING INCOME	37,988	37,834	(3,680)	38,195	38,060	(4,442)
INCOME BEFORE INCOME AND SOCIAL						
CONTRIBUTION TAXES AND PROFIT SHARING	114,143	175,259	96,578	108,704	168,475	98,948
INCOME AND SOCIAL CONTRIBUTION TAXES	(31,926)	(47,471)	(7,319)	(26,487)	(40,687)	(9,179)
Provision for income tax	(29,466)	(37,873)	(16,114)	(25,233)	(36,499)	(18,513)
Provision for social contribution tax	(13,993)	(17,130)	(5,821)	(12,472)	(16,651)	(6,910)
Deferred tax assets	11,533	7,532	14,616	11,218	12,463	16,244
PROFIT SHARING	(19,025)	(27,128)	(17,843)	(19,025)	(27,128)	(18,353)
NET INCOME FOR THE YEAR	63,192	100,660	71,416	63,192	100,660	71,416
NET INCOME PER LOT OF A THOUSAND SHARES - R\$	53.05	84.51	68.94			

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
YEARS ENDED AT DECEMBER 31, 2007 AND 2006
(IN THOUSANDS OF REAIS)

	CAPITAL		CAPITAL RESERVES	PROFIT RESERVES	ADJUSTMENT TO MARKET VALUE SECURITIES AND DERIVATIVES	RETAINED EARNINGS	TOTAL
	PAID IN CAPITAL	CAPITAL INCREASE					
Balances at December 31, 2005	236,470	-	5,804	27,243	238	127,569	397,324
Adjustments from prior years (note 4k)	-	-	-	-	-	(19,063)	(19,063)
Adjustments due to circulars 3068/01 and 3082/02	-	-	-	-	35	-	35
Capital increase by subscription	21,030	34,900	-	-	-	-	55,930
Capital increase with reserves	-	57,600	-	-	-	(57,600)	-
Price level restatement of membership certificates	-	-	807	-	-	-	807
Interest on own capital	-	-	-	-	-	(65,800)	(65,800)
Net income for the year	-	-	-	-	-	71,416	71,416
Distribution to legal reserve	-	-	-	3,571	-	(3,571)	-
Balances at December 31, 2006	257,500	92,500	6,611	30,814	273	52,951	440,649
Adjustments due to circulars 3068/01 and 3082/02	-	-	-	-	(17,731)	-	(17,731)
Capital increase by subscription and earnings	92,500	(11,070)	-	-	-	(30,250)	51,180
Price level restatement of membership certificates	-	-	(1,117)	-	-	-	(1,117)
Interest on own capital	-	-	-	-	-	(29,437)	(29,437)
Net Income for the year	-	-	-	-	-	100,660	100,660
Distribution to legal reserve	-	-	-	5,033	-	(5,033)	-
Balances at December 31, 2007	350,000	81,430	5,494	35,847	(17,458)	88,891	544,204
Balances at June 30, 2007	350,000	51,180	6,840	32,687	216	74,189	515,112
Adjustments due to circulars 3068/01 and 3082/02	-	-	-	-	(17,674)	-	(17,674)
Capital increase with earnings	-	30,250	-	-	-	(30,250)	-
Price level restatement of membership certificates	-	-	(1,346)	-	-	-	(1,346)
Interest on own capital	-	-	-	-	-	(15,080)	(15,080)
Net income for the semester	-	-	-	-	-	63,192	63,192
Distribution to legal reserve	-	-	-	3,160	-	(3,160)	-
Balances at December 31, 2007	350,000	81,430	5,494	35,847	(17,458)	88,891	544,204

STATEMENTS OF CHANGES IN FINANCIAL POSITION

YEARS ENDED AT DECEMBER 31, 2007 AND 2006
(IN THOUSANDS OF REAIS)

	BANCO FIBRA S.A.			FIBRA CONSOLIDATED		
	2º SEMESTER	2007 YEAR	2006 YEAR	2º SEMESTER	2007 YEAR	2006 YEAR
SOURCE OF FUNDS	3,640,851	7,603,816	7,127,986	3,632,969	7,631,087	7,103,461
Net income for the year	63,192	100,660	71,416	63,192	100,660	71,416
Adjustments to net income for the year	11,736	15,922	(1,034)	2,023	3,876	2,380
Depreciation and amortization	1,571	3,043	2,365	2,023	3,876	2,380
Equity in earnings (losses) of subsidiaries	10,165	12,879	(3,399)	-	-	-
Prior year adjustments	-	-	(19,063)	-	-	(19,063)
Adjustments due to circulars nº 3068/01 and 3082/02	(17,674)	(17,731)	35	(17,674)	(17,731)	35
Funds from shareholders - Realization of capital	-	51,180	55,930	-	51,180	55,930
Variation of minority interests	-	-	-	(10)	(2)	3
Valuation of membership certificates	(1,346)	(1,117)	807	(1,346)	(1,117)	807
Variation in deferred income for the year	-	-	477	-	-	477
Funds from third parties:	3,584,943	7,454,902	7,019,418	3,586,784	7,494,221	6,991,476
Increase in liabilities	1,782,409	5,436,028	1,277,099	1,781,456	5,474,403	1,274,480
Deposits	172,856	623,770	553,106	216,429	755,008	591,208
Money market repurchase commitment	959,488	3,816,408	-	956,483	3,824,358	-
Acceptances and endorsements	108,720	-	230,571	108,720	-	230,571
Interbank and interbranch accounts	42,227	110,900	83,064	-	-	16,629
Borrowings and repass borrowings	480,009	703,288	269,941	480,009	703,288	269,941
Derivative financial instruments	19,109	10,032	-	19,815	20,052	3,106
Other liabilities	-	171,630	140,417	-	171,697	163,026
Decrease in assets	1,799,547	2,015,678	5,719,686	1,802,330	2,017,491	5,716,995
Interbank investments	-	-	5,719,339	-	-	5,716,648
Securities and derivative financial instruments	1,648,868	2,015,524	-	1,657,001	2,017,337	-
Lease operations	-	154	347	-	154	347
Other receivable	150,679	-	-	145,329	-	-
Disposal of assets and investments:	2,987	3,196	22,633	2,998	2,327	-
Investments	2,949	3,158	-	2,953	2,282	-
Shareholding interests in subsidiaries	-	-	21,479	-	-	-
Premises and equipment	38	38	1,154	45	45	-
APPLICATIONS OF FUNDS	3,643,357	7,631,586	7,112,730	3,634,511	7,657,712	7,088,129
Variation in deferred income	297	579	-	297	579	-
Interest on own capital	15,080	29,438	65,800	15,080	29,438	65,800
Inversions in:	69,702	101,391	809	2,951	6,661	2,109
Shareholding interests in subsidiaries	46,238	38,501	-	-	-	-
Other investments	22,642	61,358	809	442	671	810
Premises and equipment	822	1,532	-	2,509	5,990	1,299
Deferred charges	2,256	3,797	121	65,161	88,422	181
Increase in assets	3,430,777	7,431,929	4,650,931	3,427,861	7,454,683	4,652,539
Interbank investments	2,922,630	6,175,317	-	2,919,781	6,172,626	-
Securities and derivative financial instruments	-	-	3,450,826	-	-	3,411,153
Interbank and interbranch accounts	25,528	51,949	40,462	25,528	51,949	40,462
Loans	480,526	974,783	973,865	480,526	974,783	973,865
Lease operations	228	-	-	228	-	-
Other receivables	-	218,069	165,401	-	243,552	206,951
Other assets	1,865	11,811	20,377	1,798	11,773	20,108
Decrease in liabilities	125,245	64,452	2,395,069	123,161	77,929	2,367,500
Money market repurchase commitment	-	-	2,356,586	-	-	2,367,500
Acceptances and endorsements	-	64,452	-	-	64,452	-
Interbank and interbranch accounts	-	-	-	46	13,477	-
Derivative financial instruments	-	-	38,483	-	-	-
Other liabilities	125,245	-	-	123,115	-	-
INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,506)	(27,770)	15,256	(1,542)	(26,625)	15,332
CHANGES IN FINANCIAL POSITION:						
Cash and cash equivalents						
At beginning of year	9,218	34,482	19,226	9,607	34,690	19,358
At end of year	6,712	6,712	34,482	8,065	8,065	34,690
INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,506)	(27,770)	15,256	(1,542)	(26,625)	15,332

See the accompanying notes to the financial statements.

FINANCIAL STATEMENTS

DECEMBER 31, 2007 AND 2006
(IN THOUSANDS OF REAIS)

1. OPERATIONS

Banco Fibra S.A. is a multiple service bank, operating in the commercial, foreign exchange, investment, credit and finance portfolios as well as acting as an intermediary for its subsidiaries in securities brokerage activities, securitization of real estate credits as well as portfolio and investment fund management. Operations are conducted through a group of institutions that operate jointly in the financial market, and certain operations involve the participation or the intermediation of associate institutions that are also members of the financial system. The benefits of the services rendered among these institutions and the costs of the operating and administrative structures are absorbed, according to the practicality of assigning such costs, either jointly or individually.

2. PRESENTATION OF THE FINANCIAL STATEMENTS

The financial statements of Banco Fibra S.A. include operations conducted by its branch located abroad (Note 11) and are presented together with the consolidated financial statements (Fibra Consolidated) which include the Bank, its subsidiaries and special purpose entities represented by exclusive investment funds.

3. CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were prepared according to accounting practices derived from Brazilian Corporation Law and are being presented in conformity with the rules of the Central Bank of Brazil - BACEN and of the Brazilian Securities Commission (CVM), covering Banco Fibra S.A., its overseas branch, its subsidiaries and exclusive investment funds; as listed below:

COMPANY NAME	ACTIVITY	SHARE	
SUBSIDIARES:		2007	2006
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	99.953%	99.953%
Fibra Cia. Securitizadora de Créditos Financeiros	Acquisition of Financial receivables	99.989%	99.990%
Fibra Projetos e Consultoria Econômica Ltda.	Consulting Services and economic analysis	99.999%	99.999%
RTSPE Empreendimentos e Participações Ltda. (a)	Property Development	-	99.999%
GVI Promotora de Vendas Ltda. (b)	Sales Promoter - retail	99.999%	-
CredFibra S.A. (c)	Sales Promoter - retail	99.990%	-
Exclusive Investment Funds (d):			
Barcelona Fundo de Investimento Multimercado	Investment Fund	-	100.00%
Valência Fundo de Investimento Multimercado	Investment Fund	100.00%	100.00%

(a) On May 31, 2007, Banco Fibra S.A. entered into an agreement for the sale of all of the quotas of RTSPE Empreendimentos e Participações Ltda to Fibra Empreendimentos Imobiliários S.A., company of the controlling group, at their book value.

(b) On February 26, 2007, Banco Fibra acquired all the quotas of the company GVI Promotora de Vendas e Serviços Ltda. The main activity of this company is the rendering of credit analysis and registration services, execution of collection services, consultancy in the financial area and sales promotion. It is also responsible for the prospecting of loan activities in the retail segment.

(c) On October 15, 2007, Banco Fibra acquired the amount of 901,000 nominative common shares of the Company Credlecca S.A. (former denomination of the Credfibra S.A.), and of this total, 90 ordinary nominative shares were sold by Banco Fibra S.A. to Fibra Projetos e Consultoria Econômica Ltda.

(d) Banco Fibra and Fibra Consolidated are holders of quotas of the exclusive funds: Fundo de Investimento Valência and Fundo de Investimento Barcelona (terminated in the 1st half of 2007), which, for purposes of presentation of these statements were consolidated, in compliance with CVM Instruction 408 and interpretations contained in Circular Letter CVM/SNC/SEP nº 01/2007.

The accounting policies were applied uniformly in all of the consolidated companies and entities and were consistent with those utilized in prior periods.

Description of the main consolidation procedures

- Elimination of the balances of assets and liabilities among the subsidiary companies/entities;
- Elimination of equity interest, reserves and retained earnings of the subsidiary companies;
- Elimination of the balances of income and expenses, and of unearned income, resulting from transactions between the companies/entities; and
- Identification of the amount of interest of the minority shareholders in the consolidate accounting statements.

4. SIGNIFICANT ACCOUNTING PRACTICES

The accounting practices for preparing the financial statements are derived from Brazilian Corporation Law; in conjunction with Central Bank of Brazil (BACEN) regulations and instructions of the Brazilian Securities Commission (CVM). The most significant accounting practices are listed below:

a. Statement of income: Income and expenses arising from asset and liability operations are recognized on an accrual basis and take into account the effects of operations subject to re-valuation on a daily pro-rata basis. Asset and liability operations that incur foreign exchange variation are valued according to the buy or sell rate of the foreign currency on the balance sheet dates according to the contractual provisions. Income from asset operations is not accrued when the installment payments for the principal or charges are overdue for equal to or more than 60 days.

b. Interbank investments: These are valued at the cost of acquisition plus interest accrued up to the balance sheet dates, and when

applicable, are adjusted to market value. Investments in foreign currency are shown at the cost of acquisition plus accrued income calculated on a daily pro-rata basis, and the foreign exchange variations are recorded up to the balance sheet dates.

c. Securities: These are classified into three categories: “trading securities”, “securities available for sale” and “securities held to maturity”. Securities classified as “trading securities” are valued at their market value; with the adjustments to market value included in an appropriate income or expense account for the period. Securities classified as “securities available for sale” are valued at their market value; with the adjustments to market value included in an appropriate account in shareholders' equity, net of tax effects, which are transferred to income in the period in which the securities are sold. Securities classified as "held to maturity" are valued at their cost of acquisition plus interest earned up to the balance sheet dates. Classification in this category is contingent upon the financial capacity of the institution to hold the securities to maturity and Management's decision to rule out any possibility of selling these securities (Note 6a).

d. Derivative financial instruments: According to Central Bank of Brazil Circular Letter 3082, derivative financial instruments are valued and recorded at market value and classified as either hedge or non hedge. Hedge instruments are classified as: (i) “market risk hedge” or (ii) “cashflow hedge”. The criteria for recording them are as follows: for derivative financial instruments which are not intended to be used as a hedge, as well as those classified as market risk hedge, adjustments to market value are recorded against an appropriate income or expense account for the period. For derivative financial instruments classified as "cash flow hedge," the effective portion of the hedge must be recorded and offset in a special account in Shareholders' Equity, and any ineffectiveness is recorded in an appropriate income or expense account for the period. In the event of derivative financial instruments which are intended to protect securities classified in the category "securities held to maturity", both the security and the derivative financial instrument are valued and recorded in compliance with the intrinsic contracted terms and are not recorded at market value. With the advent of the changes introduced by Central Bank Circular Letter 3150, this treatment is also given to derivative instruments traded in association with fund raising operations or fund investments, and market value may be disregarded under the terms therein specified (Note 6b).

e. Provisions for doubtful loans, doubtful lease receivables and doubtful receivables: These provisions are recorded at an amount considered sufficient to cover any losses arising on their collection. The Central Bank of Brazil established regulations through Resolution 2682/99, which are based on risk analyses of clients with asset operations and past experience as well as specific sector or portfolio risks. (Note 9).

f. Assets not for own use: Goods received in lieu of payment are recorded in the account “Other Assets” and include provisions recorded in an amount considered sufficient to cover any losses arising on their collection.

g. Investments: Interests held in subsidiaries are valued according to the equity method of accounting. The other investments are valued according to the cost of acquisition, inflation adjusted up to December 31, 1995, less provisions for losses when applicable. The book balances of the entities located overseas were converted to Brazilian reais, using the US foreign exchange rate on the closing date. For purposes of calculating the equity in net income and for consolidation purposes, these balances were adjusted to comply with accounting practices derived from Brazilian corporation law.

h. Premises and equipment and deferred charges: Depreciation of premises and equipment and amortization of deferred charges are calculated using the straight line method, according to the following annual rates: (i) premises and equipment: vehicles and computer system, 20%; other assets 10%; (ii) deferred charges: expenses for acquisition and development of computer software and reorganization and expansion expenses, 20% and leasehold improvements, according to the term of the rental.

The goodwill on the purchase of investments, supported by expected realization of future results, is being amortized at the rate of 10% per annum.

i. Other current assets and long term receivables: These are shown at their cost values, including, when applicable, accrued income and inflation adjustments less the corresponding provisions for losses or adjustments to the realizable value.

j. Income and social contribution taxes (assets and liabilities): Deferred income and social contribution taxes, calculated on tax losses, negative basis and temporary additions, are recorded in “Other Receivables-Miscellaneous”. Tax credits on temporary additions are realized upon the use and/or reversal of the respective provisions on which they were formed. Tax credits on tax loss and on negative basis of social contribution tax are realized in accordance with the generation of taxable income.

Provision for income tax is established at the rate of 15% on taxable income, plus the additional percentage of 10% on the portion of taxable income that exceeds R\$ 240 per year, and includes the portion corresponding to fiscal incentives. Provision for social contribution is formed at the rate of 9% on adjusted accounting profit, pursuant to the current legislation. Details of the effects of these taxes are shown in Note 18.

k. Contingencies and legal obligations: Recognition, measurement and disclosure of contingent assets and liabilities and legal obligations are carried out according to the criteria defined in CVM Determination 489/05, which came into effect on January 1, 2006: i) Contingent assets: are not recognized in the accounting records, except in the event of a favorable judicial decision, considered practically certain, which does not permit any appeals. Assets with chances of success considered as probable are disclosed in a note to the financial statements (note 19); ii) Contingent liabilities: Provisions are recorded in the accounting records when, in the opinion of the managers and the legal counsel, the chances of loss are probable. The cases where the chances of loss are classified as possible are disclosed in a note to the financial statements (note 19); iii) Legal obligations: Provisions are recorded in the balance sheet, regardless of the probabilities of success of the legal suit. In the year ended December 31, 2006, as a result of adjusting the financial statements to the new regulations, the legal and administrative processes were reviewed and reclassified, and tax and social security legal obligations were recorded in the amount of R\$ 25,070, whereas the amount of R\$ 19,062 recognized as a prior period adjustment in retained earnings, and the amount of R\$ 856 recorded as operating expenses from that year.

l. Current liabilities and long term liabilities: These are shown at the known values or at values that can be calculated and include charges, inflation adjustments and exchange variations incurred up to the balance sheet dates.

m. Accounting estimates: The preparation of the financial statements in accordance with accounting practices adopted in Brazil requires that the Management uses its judgment when determining and recording accounting estimates. Significant assets and liabilities subject to these estimates and assumptions include the residual value of premises and equipment, provision for doubtful accounts, provision for devaluation of certain assets, deferred income tax and social contribution recorded in assets, provision for contingencies and valuation of securities and derivative financial instruments. The settlement of transactions involving these estimates may result in amounts different to those estimated due to the lack of precision inherent in the process for determining them. The Bank periodically reviews estimates and assumptions.

5. INTERBANK INVESTMENTS

Interbank investments are represented, mainly, by investments in the open market, as follows:

	BANCO FIBRA S.A.		CONSOLIDATED	
	2007	2006	2007	2006
Money market - banked position				
LFT - Financial Treasury Bill	7,802	4,999	4,797	4,999
LTN - National Treasury Bill	404,356	120,749	404,356	123,440
NTN - National Treasury Notes	82,938	-	82,938	-
Money market - financed position				
LFT - Financial Treasury Bill	3,216,044	-	3,216,044	-
LTN - National Treasury Bill	999,308	962,986	999,308	962,986
NTN - National Treasury Notes	778,451	-	778,451	-
Money market - sold position				
LTN - National Treasury Bill	1,780,160	79,634	1,780,160	79,634
NTN - National Treasury Notes	37,832	-	37,832	-
Total	7,306,891	1,168,368	7,303,886	1,171,059

6 SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS

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

	BANCO FIBRA S.A.			
	2007		2006	
	COST VALUE	BOOK VALUE/ MARKET (4)	COST VALUE	BOOK VALUE/ MARKET (4)
Trading securities (1)				
Financial Treasury Bill - LFT	398,438	462,723	4,248,026	4,304,602
National Treasury Bill - LTN	22,966	22,972	24,366	24,368
National Treasury Notes - NTN	-	-	3,615,627	3,616,121
Fixed income private securities	4,826	4,856	90,692	91,177
Stocks	5,337	5,655	13,763	14,531
Euronotes and Commercial Paper	16,409	28,899	19,482	34,959
Investment fund quotas (5):	301,275	352,490	398,951	439,530
Committed operations	-	-	10,955	10,955
National Treasury Notes - NTN	43,412	43,416	65,372	65,372
Fixed income private securities	-	-	3,028	3,028
Stocks	159	381	231	231
Swap payable differences	3,587	3,587	3,207	3,207
Other derivatives	565	565	-	-
Other investment fund securities (2)	(98)	(98)	2,352	1,123
Securities available for sale (1)				
National Treasury Bills - LTN	1,755,333	1,768,130	6,819	7,232
National Treasury Bills - LTN	1,584,539	1,563,344	-	-
National Treasury Notes - NTN	152,169	146,832	4,418	4,688
Stocks	18,625	57,954	2,401	2,544
Derivative financial instruments				
Swap receivable differences	101,941	74,420	6,339	8,963
Total securities portfolio	2,255,712	2,305,273	4,261,184	4,320,797

	FIBRA CONSOLIDATED			
	2007		2006	
	COST VALUE	BOOK VALUE/ MARKET (4)	COST VALUE	BOOK VALUE/ MARKET (4)
Trading securities (1)				
Financial Treasury Bill - LFT	125,977	139,175	3,910,752	3,929,399
National Treasury Bill - LTN	24,050	24,056	24,473	24,475
National Treasury Notes - NTN	-	-	3,615,627	3,616,121
Fixed income private securities	48,238	48,272	156,064	156,549
Stocks	5,336	5,655	16,791	17,559
Euronotes e Commercial Paper	16,568	29,280	19,713	35,190
Other investment fund securities (2)	31,785	31,912	71,161	72,582
Other investment fund securities (2)	-	-	6,923	6,923
Securities available for sale (1)				
National Treasury Bill-LTN	1,758,899	1,771,696	6,819	7,232
National Treasury Bills-LTN	1,584,539	1,563,344	-	-
National Treasury Notes-NTN	152,169	146,832	4,418	4,688
Stocks (3)	22,191	61,520	2,401	2,544
Derivative financial instruments				
Swap receivable differences	14,033	22,350	7,551	13,927
Swap receivable differences	12,762	21,079	7,266	13,642
Other	1,271	1,271	285	285
Total securities portfolio	1,898,909	1,933,221	3,925,122	3,950,558

(1) The market value of the securities in the categories securities available for sale and trading securities was calculated based on the following criteria: a) government securities and operations conducted on the futures, and options markets based on the pricing model described in Note 7; b) Publicly traded company stocks and forward operations guaranteed by these securities, according to the average quotation available from the last trading floor session of the month, or in the absence thereof, the most recent trading floor sessions published in the Daily Bulletin for each Exchange and; c) Swaps, based on the notional values of each of the legs of the contracts, considering the cash flow discounted to the present value by the futures market interest rates calculated on the pricing model described in Note 7, in compliance with the terms of each contract.

(2) At December 31, 2006, other securities in Investment funds were represented mainly by senior quotas in Credit Right Funds - FIDC - for the amount of R\$ 2,122 in Banco Fibra. In Fibra consolidated, they were represented mainly by senior quotas in Credit Right Funds - FIDC - for the amount of R\$ 2,122 and by quotas from other financial investment funds, for the amount of R\$ 4,798.

(3) Management decided to transfer all of the quotas in Finam - Fundo de Investimento da Amazônia, from the category “securities for trading” to the category “securities available for sale” at December 31, 2007, as provided in Central Bank of Brazil Circular 3068/2001. Consequently, the effects from mark to market to this date have been registered in the results for the year.

(4) The book value shown in this column refers to the market value of the securities.

(5) In 2007, this refers to quotas in an exclusive investment fund of Valência Fundo de InvestimentoMultimercado and, in 2006, this refers to quotas of exclusive investment funds of Valência Fundo de Investimento Multimercado and Barcelona Fundo de Investimento Multimercado, which are being presented in a consolidated manner in the consolidated financial statements.

b. Derivative Financial Instruments

Banco Fibra S.A. and its subsidiaries conducted operations with derivatives to attend its own needs and those of its clients, with respect to reducing exposure to market, currency and interest risks. Management of these risks is conducted through determining limits and establishing strategies for operations. Derivatives are recorded according to their nature and specific legislation in balance sheet and/or off balance sheet accounts. As of December 31, the market value of the derivative financial instruments recorded in the balance sheet has the following composition:

Derivative financial instruments

I - Asset position

BANCO FIBRA S.A.						
SWAP CONTRACTS AND EQUIVALENTS	2007			2006		
	ASSETS	LIABILITIES	RECEIVABLES	ASSETS	LIABILITIES	RECEIVABLES
ASSET POSITION						
Asset position						
PRE vs. Dollar	580	450	130	-	-	-
CDI vs. Dollar	512,169	447,298	64,870	65,113	59,782	5,331
PRE vs. CDI	7,616	7,602	14	128,952	126,649	2,303
CDI vs PRE	6,123	5,935	188	-	-	-
Dollar vs. CDI	242,142	239,310	2,832	-	-	-
IGPM vs. CDI	51,122	44,917	6,205	41,500	40,177	1,323
Other	12,915	12,735	181	33	27	6
Total - Market value	832,667	758,247	74,420	235,598	226,635	8,963
Amounts receivable calculated according to the differential receivable						
			101,941			6,339

FIBRA CONSOLIDATED						
SWAP CONTRACTS AND EQUIVALENTS	2007			2006		
	ASSETS	LIABILITIES	RECEIVABLES	ASSETS	LIABILITIES	RECEIVABLES
Asset position						
PRE vs. Dollar	580	450	130	-	-	-
CDI vs. Dollar	156,431	144,504	11,927	65,119	59,788	5,331
PRE vs. CDI	7,616	7,602	14	128,952	126,649	2,303
CDI vs PRE	6,123	5,935	188	-	-	-
Dollar vs. CDI	49,969	41,330	8,639	43,007	37,006	6,002
IGPM vs. CDI	14,186	12,735	1,452	318	25	291
Other						
Total - Market value	234,905	212,556	22,350	237,396	223,468	13,927
Amounts receivable calculated according to the differential receivable						
			16,075			7,551

II - Liability position

BANCO FIBRA S.A.						
SWAP CONTRACTS AND EQUIVALENTS	2007			2006		
	ASSETS	LIABILITIES	PAYABLES	ASSETS	LIABILITIES	PAYABLES
Liability position						
CDI vs Dollar	5,590	5,604	(14)	463,806	469,196	(5,390)
PRE vs CDI	5,935	6,102	(167)	-	-	-
Dollar vs CDI	295,840	312,267	(16,427)	215,283	219,545	(4,262)
Dollar vs PRE	1,723	1,983	(260)	-	-	-
CDI vs IGPM	44,917	49,967	(5,050)	40,207	42,995	(2,788)
Other	20,732	21,286	(554)	-	-	-
Total- Market Value	374,737	397,209	(22,472)	719,296	731,736	(12,440)
Amounts payable calculated according to the differential payable						
			(19,858)			22,793

FIBRA CONSOLIDATED						
SWAP CONTRACTS AND EQUIVALENTS	2007			2006		
	ASSETS	LIABILITIES	PAYABLES	ASSETS	LIABILITIES	PAYABLES
Liability Position						
CDI vs Dollar	5,590	5,604	(14)	-	-	-
PRE vs CDI	5,935	6,102	(167)	-	-	-
Dollar vs CDI	295,840	312,267	(16,427)	531	791	(261)
Dollar vs PRE	1,723	1,983	(260)	-	-	-
CDI vs IGPM	44,917	49,966	(5,050)	40,216	43,004	(2,787)
Other	20,732	21,992	(1,260)	-	78	(78)
Total - Market Value	374,737	397,914	(23,178)	40,747	43,873	(3,126)
Amounts payable calculated according to the differential payable						
			(19,858)			(429)

c.Securities and Derivative Financial Instruments - Maturity terms

BANCO FIBRA S.A.	UP TO 30 DAYS	31 TO 90 DAYS	91 TO 180 DAYS	181 TO 360 DAYS	OVER 360 DAYS	TOTAL 2007
Categories						
Trading securities	462,723	-	-	-	-	462,723
Securities Available for Sale	1,768,130	-	-	-	-	1,768,130
Derivative Financial Instruments (Assets)	2,214	6,195	5,813	10,898	49,300	74,420
Total	2,233,067	6,195	5,813	10,898	49,300	2,305,273
Derivative Financial Instruments (Liabilities)	(408)	(339)	(138)	(5,310)	(16,278)	(22,472)
Fibra Consolidated						
Categories						
Trading securities	139,175	-	-	-	-	139,175
Securities available for sale	1,771,696	-	-	-	-	1,771,696
Derivative financial instruments (Assets)	3,486	3,363	2,340	9,141	4,020	22,350
Total	1,914,357	3,363	2,340	9,141	4,020	1,933,221
Derivative financial instruments (Liabilities)	(1,114)	(339)	(138)	(5,310)	(16,278)	(23,178)

BANCO FIBRA S.A.	UP TO 30 DAYS	31 TO 90 DAYS	91 TO 180 DAYS	181 TO 360 DAYS	OVER 360 DAYS	TOTAL 2006
Categories						
Trading securities	4,304,602	-	-	-	-	4,304,602
Securities available for sale	7,232	-	-	-	-	7,232
Derivative financial instruments (Assets)	673	4,367	666	1,801	1,456	8,963
Total	4,312,507	4,367	666	1,801	1,456	4,320,797
Derivative financial instruments (Liabilities)	(27)	(3,806)	878	627	(10,112)	(12,440)
Fibra Consolidated						
Categories						
Trading securities	3,929,399	-	-	-	-	3,929,399
Securities available for sale	7,232	-	-	-	-	7,232
Derivative financial instruments (Assets)	957	4,374	690	448	7,458	13,927
Total	3,937,588	4,374	690	448	7,458	3,950,558
Derivative financial instruments (Liabilities)	(27)	(2,284)	(726)	(89)	-	(3,126)

The total notional values of Swap contracts recorded at CETIP (Clearing House for the Custody and Financial Settlement of Securities) as of December 31, 2007 was R\$ 1,110,512 (R\$ 785,755 in 2006) in the Banco Fibra S.A. and R\$ 576,867 in the Fibra Consolidated (R\$ 863,530 in 2006). On December 31, 2007 the margins deposited in guarantee of the derivative financial instruments totaled R\$ 98,052 (R\$ 90,263 in 2006) for Banco Fibra S.A. and Fibra Consolidated, whereas R\$ 33,383 (R\$ 62,838 in 2006) refers to margins deposited by Valência Fundo de Investimento Multimercado.

d. Futures market operations: We present the operations performed in the futures market, which are recorded in the Banco Fibra S.A. and Valência Fundo de Investimento Multimercado fund, with the notional amounts shown below:

		NOTIONAL AMOUNTS	
FUTURE CONTRACTS		2007	2006
NNDF - Non Deliverable Forward - Future dollar		3,283	-
DDI		812,213	743,233
One day DI		5,968,744	5,923,302
Dollar		57,729	105,338
Bovespa INDEX		-	4,509
Total		6,841,969	6,776,382

7. RISK MANAGEMENT

With the continual evolution of markets and of the products and services offered by Banco Fibra, the Institution continually seeks excellence in its management and control of risks, which is always in line with best international practices. Within this context Banco Fibra currently has an executive qualified by GARP (Global Association of Risk Professionals) as its Financial Risk Manager, an internationally recognized certificate for professionals from the risk management and control area.

Market risks - Risk management of the market and positions assumed by Banco Fibra and Fibra Consolidated make frequent use of a set of controls that include VaR parameters, which provides the expected loss for a given level of confidence of 95%, and simulation adopting the “Crash Scenario”, which, considering extreme scenarios, evaluates the maximum potential loss from a portfolio and the distribution of the losses from each of the extremes adopted, by means of an analysis of the Concentration of Vertices (CPV). The Institution permanently invests in the development of control systems, for the purpose of regularly monitoring risks. For this purpose, a policy has been developed for limits for positions, exposure to the risk measures evaluated (VaR, Stress and CPV) and the results, which is periodically revised by the market risk committee. The pricing models used by the Bank were developed internally whereas the calculation of yield curves and reference prices executed through methodology approved by senior Bank management and takes into consideration the nature of each financial instrument traded.

Liquidity risks - For the purpose of managing liquidity risk exposure, the bank has adopted instruments to control cash flow and forecast needs or excess funds in a timely manner to enable it to implement preventive measures beforehand. These instruments include projected cash flow, stress scenarios and simulations of payment events or renewal of operations.

Credit risks - Management adopts as a basic premise for extending credit the capacity of the company to present an adequate cash flow, so as to enable normal continuity to its operations, complying with its credit line access capacity. The levels from the credit decisions are attributed according to an authority policy, which considers the amount, period and guarantee for the operation. Each level represents a specific committe responsible for the credit decision and evaluation. For retail operations there is a specific authority policy aimed at this segment. At the first level of this structure, approval is made by means of a Scoring system, which evaluates the client’s profile and the value of their income that has been committed. The Bank has credit risk controls which enable it to monitor the quality of its portfolio and foresee any problems which might occur in relation to its clients.

Operational risks - Operational risks are related to the unexpected losses of an institution, due to the fact that its systems, practices and measures of control are incapable of resisting human error, a damaged supporting infrastructure, faults in modeling, services or products, and changes in the corporate environment. To fulfill the requirements of international market practices and internal regulations of the Brazilian financial market, it was created an internal control structure which includes a list of risks and controls to standardize the language and facilitate the understanding of risks and controls by all the employees. This structure also includes an internal control system where there are periodic evaluations of their activities and processes, identifying inherent risks and the effectiveness of controls in use, and implements plans of action to mitigate the risks identified and/or to refine controls. This process results in reduced exposure to risks.

8. LOAN PORTFOLIO (CONSOLIDATED)

a. Breakdown of operations

	2007		2006	
	R\$	%	R\$	%
Loans	3,475,016	77.6	2,450,559	75.5
Working capital and secured account	1,603,346	35.8	1,234,625	38.2
Retail portfolio	510,795	11.4	313,033	9.7
Acquired credit - Other banks	504,706	11.3	334,743	10.3
Resolution 2770 repasses	247,920	5.6	144,847	4.5
Foreign currency financing (imports/exports)	120,267	2.7	94,047	2.9
BNDES onlending	346,352	7.7	257,801	7.9
Vendor and compror	135,405	3.0	68,391	2.1
Other	6,218	0.1	3,072	0.09
Lease operations	227	0.0	382	-
Advances on exchange and export contracts - ACC/ACE (a)	547,014	12.2	333,072	10.3
Other receivables	3,149	0.2	14,500	0.4
Total portfolio - Credit assigned	4,025,399	89.9	2,798,513	86.3
Guarantees provided - BNDES	70,573	1.6	115,497	3.5
Bonds and guarantees provided	382,643	8.5	329,675	10.2
Total portfolio	4,478,615	100.0	3,243,685	100.0

(a) Advances on Exchange and Export Contracts - ACC/ACE are recorded in the balance sheet under “Other liabilities - Foreign exchange portfolio”, plus income receivable on advances granted that are in the “Other receivables - Foreign exchange portfolio” account. For the purposes of presentation of this note, the two amounts are presented as “Loan portfolio”.

b. Breakdown per sector of activity

	2007		2006	
	R\$	%	R\$	%
Industry	1,687,137	37.7	1,073,683	33.1
Commerce	628,284	14.0	431,021	13.3
Services	855,314	19.1	745,277	23.0
Rural	190,071	4.2	88,532	2.7
Housing	78,838	1.8	34,650	1.1
Public sector	62,141	1.4	53,062	1.6
Financial intermediaries	363,255	8.1	346,398	10.7
Individuals	613,574	13.7	471,062	14.5
Total portfolio	4,478,615	100.0	3,243,685	100.0

c. Concentration of main debtors

With interbank market operations:

	2007		2006	
	R\$	PORTFOLIO %	IN R\$	PORTFOLIO %
Main debtor	81,612	1.8%	104,120	3.2%
10 largest debtors	525,258	11.7%	481,111	14.8%
20 largest debtors	878,238	19.6%	760,855	23.5%

Without interbank market operations:

	2007		2006	
	R\$	PORTFOLIO %	IN R\$	PORTFOLIO %
Main debtor	51,407	1.1%	54,071	1.7%
10 largest debtors	401,984	9.0%	353,401	16.8%
20 largest debtors	696,972	15.6%	609,995	18.8%

d. Breakdown by maturity

	2007		2006	
	R\$	%	R\$	%
Overdue	82,110	1.8	36,498	1.1
Falling due in 30 days	727,155	16.2	566,674	17.5
Falling due in 31 to 60 days	572,610	12.8	407,447	12.6
Falling due in 61 to 90 days	489,912	10.9	350,495	10.8
Falling due in 91 to 180 days	1,021,155	22.9	680,497	21.0
Falling due in 181 to 360 days	783,867	17.5	609,403	18.7
Falling due over 360 days	801,806	17.9	592,671	18.3
Total portfolio	4,478,615	100.0	3,243,685	100.0

9. LOAN CLASSIFICATION PER RISK LEVEL AND ALLOWANCE FOR LOAN LOSSES

We demonstrate below the risk levels of loans, 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 originally intended for legal entities, as well as acquisitions of loans to individuals acquired and backed by assignee financial institutions.

a. Loan Portfolio according to risk levels - retail operations (i):

RISK LEVELS	% MINIMUM	PERFORMING LOANS		NON-PERFORMING LOANS			TOTAL LOANS	TOTAL PROVISIONS
		PORTFOLIO	PROVISIONS	OVERDUE	FALLING DUE	PROVISIONS		
AA	-	-	-	-	-	-	-	-
A	0.5	394,627	1,973	-	-	-	394,627	1,973
B	1.0	-	-	2,355	18,427	208	20,782	208
C	3.0	-	-	2,368	10,936	399	13,304	399
D	10.0	-	-	2,771	6,998	977	9,769	977
E	30.0	-	-	3,447	5,263	2,613	8,710	2,613
F	50.0	-	-	3,544	4,004	3,774	7,548	3,774
G	70.0	-	-	4,292	3,579	5,510	7,871	5,510
H	100.0	-	-	35,774	12,411	48,184	48,185	48,184
Total in 2007		394,627	1,973	54,551	61,618	61,665	510,796	63,638
% portfolio		8.8%		1.2%	1.4%		11.4%	

RISK LEVELS	% MINIMUM	PERFORMING LOANS		NON-PERFORMING LOANS			TOTAL LOANS	TOTAL PROVISIONS
		PORTFOLIO	PROVISIONS	OVERDUE	FALLING DUE	PROVISIONS		
AA	-	-	-	-	-	-	-	-
A	0.5	233,217	1,166	-	-	-	233,217	1,166
B	1.0	-	-	2,424	27,426	298	29,850	298
C	3.0	-	-	1,990	11,207	396	13,197	396
D	10.0	-	-	1,944	4,783	673	6,727	673
E	30.0	-	-	2,186	3,300	1,646	5,486	1,646
F	50.0	-	-	2,158	2,166	2,162	4,324	2,162
G	70.0	-	-	2,086	1,460	2,482	3,546	2,482
H	100.0	-	-	13,495	3,191	16,686	16,686	16,686
Total in 2006		233,217	1,166	26,283	53,533	24,343	313,033	25,509
% portfolio		7.2%		0.8%	1.7%		9.7%	

b. Loan portfolio, according to risk levels - Wholesale operations (ii):

RISK LEVELS	% MINIMUM	PERFORMING LOANS		NON-PERFORMING LOANS			TOTAL LOANS	TOTAL PROVISIONS
		PORTFOLIO	PROVISIONS	OVERDUE	FALLING DUE	PROVISIONS		
AA	-	89,882	-	-	-	-	89,882	-
A	0.5	1,920,200	9,601	-	-	-	1,920,200	9,601
B	1.0	1,131,570	11,316	3,582	149	37	1,135,301	11,353
C	3.0	336,836	10,105	1,270	3,065	130	341,171	10,235
D	10.0	4,008	401	558	350	91	4,916	492
E	30.0	454	136	502	958	438	1,914	574
F	50.0	6,758	3,379	2,632	617	1,624	10,007	5,003
G	70.0	-	-	5,862	-	4,104	5,862	4,104
H	100.0	3,747	3,747	1,605	-	1,612	5,352	5,352
Total portfolio - Loans Extended		3,493,455	38,685	16,016	5,139	8,027	3,514,603	46,713
Guarantees provided - BNDES		70,573					70,753	
Bonds and Guarantees Provided		382,643					382,643	
Total in 2007		3,946,671	38,685	16,016	5,139	8,027	3,967,819	46,713
% Portfolio		88.1%		0.4%	0.1%		88.6%	

RISK LEVELS	% MINIMUM	PERFORMING LOANS		NON-PERFORMING LOANS			TOTAL LOANS	TOTAL PROVISIONS
		PORTFOLIO	PROVISIONS	OVERDUE	FALLING DUE	PROVISIONS		
AA	-	149,364	-	-	-	-	149,364	-
A	0.5	1,160,289	5,801	-	-	-	1,160,289	5,801
B	1.0	809,247	8,092	246	5,158	54	814,651	8,146
C	3.0	338,505	10,155	991	2,844	115	342,340	10,270
D	10.0	1,400	140	4,412	555	497	6,367	637
E	30.0	3,650	1,095	149	373	156	4,172	1,251
F	50.0	-	-	315	1,429	873	1,744	873
G	70.0	-	-	535	1,897	1,702	2,432	1,702
H	100.0	71	71	3,567	483	4,050	4,121	4,121
Total portfolio - Loans Extended		2,462,526	25,354	10,215	12,739	7,447	2,485,480	32,801
Guarantees provided BNDES		115,497					115,497	
Bonds and guarantees provided		329,675					329,675	
Total in 2006		2,907,698	25,354	10,215	12,739	7,447	2,930,652	32,801
% portfolio			89.7%	0.3%	0.4%		90.3%	

c.Total Loan Portfolio according to the risk levels:

RISK LEVELS	% MINIMUM	PERFORMING LOANS		NON-PERFORMING LOANS			TOTAL LOANS	TOTAL PROVISIONS
		PORTFOLIO	PROVISIONS	OVERDUE	FALLING DUE	PROVISIONS		
AA	-	89,882	-	-	-	-	89,882	-
A	0.5	2,314,826	11,574	-	-	-	2,314,826	11,574
B	1.0	1,131,570	11,316	5,938	18,576	245	1,156,084	11,561
C	3.0	336,836	10,105	3,637	14,001	529	354,474	10,634
D	10.0	4,008	401	3,329	7,349	1,068	14,686	1,469
E	30.0	454	136	3,949	6,221	3,051	10,624	3,187
F	50.0	6,758	3,379	6,176	4,621	5,399	17,555	8,778
G	70.0	-	-	10,371	3,362	9,613	13,733	9,613
H	100.0	3,747	3,747	38,151	11,637	49,788	53,535	53,535
Total portfolio - Loans Extended		3,888,081	40,658	71,551	65,767	69,693	4,025,399	110,351
Guarantees provided - BNDES		70,573					70,573	
Bonds and guarantees provided		382,643					382,643	
Total in 2007		4,341,397	40,658	71,551	65,767	69,693	4,478,615	110,351
% portfolio		96.9%		1.6%	1.5%		100.0%	

RISK LEVELS	% MINIMUM	PERFORMING LOANS		NON-PERFORMING LOANS			TOTAL LOANS	TOTAL PROVISIONS
		PORTFOLIO	PROVISIONS	OVERDUE	FALLING DUE	PROVISIONS		
AA	-	149,364	-	-	-	-	149,364	-
A	0.5	1,393,506	6,967	-	-	-	1,393,506	6,967
B	1.0	809,247	8,092	2,670	32,584	352	844,501	8,444
C	3.0	338,505	10,155	2,981	14,051	511	355,537	10,666
D	10.0	1,400	140	6,356	5,338	1,170	13,094	1,310
E	30.0	3,650	1,095	2,336	3,673	1,803	9,659	2,898
F	50.0	-	-	2,472	3,595	3,034	6,067	3,034
G	70.0	-	-	2,621	3,357	4,184	5,978	4,184
H	100.0	71	71	17,062	3,674	20,736	20,807	20,807
Total portfolio - Loans extended		2,695,743	26,520	36,498	66,272	31,790	2,798,513	58,310
Guarantees provided BNDES		115,497					115,497	
Bonds and guarantees provided		329,675					329,675	
Total in 2006		3,140,915	26,520	36,498	66,272	31,790	3,243,685	58,310
% portfolio		96.9%		1.1%	2.0%		100.0%	

d. Provision for doubtful loans - consolidated

	2007		
	RETAIL	WHOLESALE	TOTAL
Opening Balance	25,510	32,800	58,310
Write-offs against provision	(41,485)	(3,546)	(45,031)
Provision recorded for the years	79,613	17,459	97,072
Closing Balance	63,638	46,713	110,351
	2006		
	RETAIL	WHOLESALE	TOTAL
Opening Balance	11,300	24,569	35,869
Write-offs against provision	(13,203)	(8,711)	(21,914)
Provision recorded for the years	27,413	16,942	44,355
Closing Balance	25,510	32,800	58,310
The total loans renegotiated during the year was R\$ 38,383 (in 2006, R\$ 89,245) and the total recovery of loans written off from prior years was R\$ 4,344 in Fibra Consolidated (in 2006, R\$ 728).			

e. Loans assigned - Consolidated : In the year ended December 31, 2007, contracts (without co-obligation of the assignor) were assigned to Fibra Companhia Securitizadora de Créditos Financeiros, a company controlled by Banco Fibra S.A., in the sum of R\$ 10,960 at Banco Fibra S.A. and Fibra Consolidated, for the amount of R\$ 392. The operation did not produce an impact on the shareholders’ equity and on net income, as the provisions formed were maintained at the Securitization Company. During 2006, credits were granted to other financial institutions, in the form of “Credit Assigned through the Payroll” and “Bank Credit Notes” for the amount of R\$ 157,584, with coobrigation with Banco Fibra S.A. The positive result from these assignments amounted to R\$ 2,504, net of tax effects.

10. SHAREHOLDING INTEREST IN SUBSIDIARIES AND OTHER PERMANENT ASSETS

i. Shareholding interest in subsidiaries

COMPANIES	INTEREST HELD BY THE BANK (%)	SHAREHOLDERS' EQUITY	NET INCOME (LOSS) FOR THE YEAR	EQUITY IN EARNINGS OF THE SUBSIDIARY	GOODWILL ON THE INVESTMENT	2007 BOOK VALUE OF THE INVESTMENT
Fibra Asset Management Distribuidora de Títulos e Valores Mobiliários Ltda.	99.999%	52,226	(13,804)	(13,804)	-	52,226
Fibra Projetos e Consultoria Econômica Ltda. (b)	99.999%	7,407	(2,757)	(2,757)	-	7,407
Fibra Cia. Securitizadora de Créditos Financeiros	99.989%	6,325	2,421	2,421	-	6,324
Fibra Cia. Securitizadora de Créditos Imobiliários	99.953%	50,677	7,019	7,016	-	50,653
GVI Promotora de Vendas Ltda. (c)	99.999%	27,280	(5,878)	(5,762)	39,186	27,280
CredFibra S.A. (d)	99.990%	868	7	7	21,519	868
Total				12,879	60,705	144,758

COMPANIES	2006				
	INTEREST HELD BY THE BANK (%)	SHAREHOLDERS' EQUITY	NET INCOME (LOSS) FOR THE YEAR	EQUITY IN EARNINGS OF THE SUBSIDIARY	BOOK VALUE OF THE INVESTMENT
Fibra Asset Management Distribuidora de Títulos e Valores Mobiliários Ltda.	99.999%	66,044	(3,039)	(3,037)	66,044
RTSPE Empreendimentos e Participações Ltda. (a)	99.999%	211	(1)	(1)	211
Fibra Projetos e Consultoria Econômica Ltda.	99.999%	5,564	164	165	5,564
Fibra Cia. Securitizadora de Créditos Financeiros	99.990%	3,908	2,728	2,728	3,907
Fibra Cia. Securitizadora de Créditos Imobiliários	99.953%	43,658	4,986	4,987	43,637
Banco Fibra International Ltd.	100.000%	-	-	(1,443)	-
Total				3,399	119,363

Notes:

(a) RTSPE Empreendimentos e Participações Ltda. was sold to Fibra Empreendimentos Imobiliários S.A. on May 31, 2007. (b) A capital increase in the amount of R\$ 4,600 was performed in the course of the 1st half of 2007. (c) On February 26, 2007, Banco Fibra S.A. acquired GVI Promotora de Vendas Ltda. The transfer of R\$ 33,000 at GVI Promotora de Vendas Ltda., (R\$ 10,000 on March 2, R\$ 10,000 on June 4 and R\$ 13,000 on September 11) totally paid in. The goodwill from the purchase of the company, which is being amortized over ten years, was registered based on expected future profitability or from realization of investments. The portion of goodwill not eliminated in the consolidation, in the sum of R\$ 39,186, was reclassified to Deferred Charges. (d) On October 15, 2007, Banco Fibra purchased all of the shares issued by Companhia Credlecca S.A., for the amount of 901,000 ordinary, nominative shares, equivalent to 100% of the Company's capital, and of this total, 90 ordinary nominative shares were sold by Banco Fibra S.A. to Fibra Projetos e Consultoria Econômica Ltda. Subsequently, the company's name was altered to Credfibra S.A. The goodwill on the purchase of the company, which is being amortized over ten years, was registered based on expected future profitability or from realization of investments. The part of goodwill not eliminated on consolidation, for the amount of R\$ 21.519, was reclassified to Deferred Charges.

ii. Other permanents assets

BM&F - Banco Fibra had membership certificates with the Futures and Commodities Exchange - BM&F, this company, whose desmutualization process was concluded during the last quarter of 2007, resulting in this certificate being exchanged for ordinary shares in Bolsa de Mercadorias e Futuros - BM&F S.A., maintaining the same interest as its titles. This process, as part of the agreement reached between its shareholders, included the initial sale of 10% of the investment to General Atlantic - a group of investors specialized in this type of market-and adhesion to the process for going public and the public share offer of BM&F S.A., which were negotiated during the trading on November 30, 2007, on the São Paulo Stock Exchange. The Bank sold 10% to General Atlantic, and adhered to the offer with the equivalent of 35% of its initial interest. The results from the sale, of R\$ 24,389, net of taxes, was appropriated to the results for the year, and was neutralized by the increase in provisions, mainly those related to doubtful debts, and the provisions related to profit shares for the year.

Of the remaining shares, 15.5% were transferred to Securities to the trading securities and available for sale categories and are being administered by the Finance Department of Banco Fibra, and the balance of 39.5% remained as permanent assets, stated at cost.

11. AGENCIES ABROAD - CAYMAN ISLANDS

ASSETS	INTERCOMPANY BALANCES		THIRD PARTY BALANCES	
	2007	2006	2007	2006
Cash and cash equivalents	18	175	3,290	4,896
Interbank investments	109,821	286,967	40,049	21,389
Securities and derivative financial instruments	320,578	366,948	31,916	92,301
Loans	3,170	85,669	104,818	83,730
Other receivables	-	-	-	4
Other assets	-	-	871	1,007
LIABILITIES				
Demand deposits	-	-	11,276	10,664
Time deposits	-	-	65,677	93,283
Repurchase agreements	-	-	25,103	28,813
Acceptances and endorsements	-	-	320,073	519,202
Borrowings and repass borrowings	-	-	173,159	88,860
Other liabilities	-	9	54,630	71,567

12. DEMAND, INTERBANK AND TIME DEPOSITS

a. Maturity terms

	BANCO FIBRA S.A.				FIBRA CONSOLIDATED			
	DEMAND AND OTHER DEPOSITS (1)	TIME DEPOSITS	INTERBANK	TOTAL DEPOSITS	DEMAND AND OTHER DEPOSITS	TIME DEPOSITS	INTER- INTERBANK	TOTAL DEPOSITS
Up to 30 days	123,827	495,678	112,780	732,285	122,985	495,678	112,780	731,443
31 to 60 days	-	430,753	54,579	485,332	-	430,753	54,579	485,332
61 to 90 days	-	307,356	47,550	354,906	-	307,356	47,550	354,906
91 to 180 days	-	445,883	140,324	586,207	-	439,315	119,996	559,311
181 to 360 days	-	144,413	143,573	287,986	-	135,670	54,646	190,316
Over 360 days	-	294,556	3,174	297,730	-	277,584	-	277,584
Total in 2007	123,827	2,118,639	501,980	2,744,446	122,985	2,086,356	389,551	2,598,892
Total in 2006	63,885	1,625,400	431,391	2,120,676	62,084	1,614,515	167,285	1,843,884

(1) Classified to current without considering the average historic turnover.

13. MONEY MARKET REPURCHASE COMMITMENTS

This refers to securities sold in the market carrying repurchase commitments, backed by government or third party securities according to the following terms:

	UP TO 30 DAYS	31 TO 90 DAYS	91 TO 180 DAYS	181 TO 360 DAYS	OVER 360 DAYS	TOTAL 2007	TOTAL 2006
Banco Fibra S.A.	6,478,883	1,804,792	38,806	-	28,108	8,350,589	4,534,181
Fibra Consolidated	6,478,883	1,804,792	38,806	-	25,103	8,347,584	4,523,226

14. ACCEPTANCES AND ENDORSEMENTS - CONSOLIDATED

This refers to issuances of securities abroad, based on a program of total issues of up to US\$ 500 million. Banco Fibra S.A, through its branch located in Grand Cayman, has already issued three series, of which the two series issued in Dollars with rates of 6.5% to 8% per annum and in 2006 issued in reais, with a rate of 17.85% per annum, as follows:

	UP TO 30 DAYS	31 TO 90 DAYS	61 TO 90 DAYS	91 TO 180 DAYS	181 TO 360 DAYS	OVER 360 DAYS	TOTAL 2007	TOTAL 2006
Serie in US\$	-	2,239	-	99,555	-	218,279	320,073	371,123
Serie in R\$	4,842	-	-	-	-	129,835	134,677	148,079
Total	4,842	2,239	-	99,555	-	348,114	454,750	519,202

15. BORROWINGS AND DOMESTIC REPASS BORROWINGS

a. Borrowings These are represented by funds in foreign currency on which financial charges are levied i.e., LIBOR plus interest ranging from 0.15% to 0.50% per annum or pre-fixed interest from 4.05% to 7.82% per annum in the following terms:

	UP TO 30 DAYS	31 TO 90 DAYS	61 TO 90 DAYS	91 TO 180 DAYS	181 TO 360 DAYS	OVER 360 DAYS	TOTAL 2007	TOTAL 2006
International Finance Corporation - IFC	4,809	-	-	-	-	283,408	288,217	-
Other	107,945	-	166,042	312,961	153,293	35,817	776,058	450,492
Total	112,754	-	166,042	312,961	153,293	319,225	1,064,275	450,492

The borrowing operations with International Finance Corporation - IFC acting as intermediary - include derivative financial instruments contracted from negotiations associated with funding operations, under the terms of BACEN Circular 3150/02, which are valued based on the terms defined in the contract, without any adjustment arising from the market value of the derivative.

b.Domestic onlendings: Domestic repass obligations are the funds repassed by BNDES and FINAME (Government Agency for Machinery and Equipment Financing) and price level restated according to the TJLP (Long Term Interest Rate) plus interest rates from 5.75% to 11% per annum, according to the following terms:

	UP TO 30 DAYS	31 TO 90 DAYS	91 TO 180 DAYS	181 TO 360 DAYS	OVER 360 DAYS	TOTAL 2007	TOTAL 2006
Banco Fibra S.A and Fibra Consolidated	1,018	22,643	17,761	58,209	245,714	345,345	255,840

16. FOREIGN EXCHANGE PORTFOLIO

BANCO FIBRA S.A. AND FIBRA CONSOLIDATED			
	INTERBANK	CLIENTS	TOTAL
Assets	2,610	538,245	540,855
Purchased exchange pending settlement	1,303	523,514	524,817
Rights on exchange sale	4,798	13,887	18,685
(-) Advances in local currency	(3,491)	(13,072)	(16,563)
Income receivable	-	13,916	13,916
Liabilities	6,093	35,398	41,491
Liabilities for exchange purchases	1,293	554,579	555,872
Sold exchange pending sales settlement	4,800	13,914	18,714
(-) Advances on exchange contracts	-	(533,097)	(533,097)
Unearned discount	-	2	2

BANCO FIBRA S.A. AND FIBRA CONSOLIDATED			
	INTERBANK	CLIENTS	TOTAL
Assets	1,870	349,229	351,099
Purchased exchange pending settlement	165	341,315	341,480
Rights on exchange sale	7,209	8,190	15,399
(-) Advances in local currency	(5,504)	(8,190)	(13,694)
Income receivable	-	7,914	7,914
Liabilities	7,331	28,143	35,474
Liabilities for exchange purchases	167	345,115	345,282
Sold exchange pending sales settlement	7,164	8,186	15,350
(-) Advances on exchange contracts	-	(325,158)	(325,158)

17. BREAKDOWN OF OTHER ACCOUNTS WITH SIGNIFICANT BALANCES

a. Current assets and long term receivables - Other receivables - Other: The account “Other Receivables - other” refers mainly to: (i) Guarantee deposits in the amount of R\$ 38,484 in the Banco Fibra S.A. (in 2006, R\$ 32,702) statements and R\$ 73,093 in Fibra Consolidated (in 2006, R\$ 55,260); (ii) Recoverable taxes in the amount of R\$ 40,512 in the Banco Fibra (in 2006, R\$ 35,288) and R\$ 52,530 in Fibra Consolidated (in 2006, R\$ 46,479); (iii) Advances to suppliers of our account in the amount of R\$ 627 (in 2006, R\$ 5,626) in the Banco Fibra and R\$ 3,014 (in 2006, R\$ 13,461) in Fibra Consolidated; (iv) Tax credits in the amount of R\$ 131,963 (in 2006, R\$ 107,990) in the Banco Fibra and R\$ 148,976 (in 2006, R\$ 113,523) in Fibra Consolidated; and (v) Credits arising from export note contracts in the amount of R\$ 12,494 in the Banco Fibra and Fibra Consolidated and real estate receivables R\$ 35,582 in Fibra Consolidated. **b. Prepaid expenses:** Prepaid expenses refer to commissions paid to service providers resulting from the prospecting of retail operations and are controlled by contract. The allocation of this expense to net income for the year is executed in accordance with the term of the contracts. On December 31, 2007 the sum was R\$ 27,310 for Direct Consumer Credit Operations (in 2006, R\$ 26,167) and R\$ 7,931 for CDC - Direct Consumer Credit Operations (in 2006, R\$ 1,609). Other prepayments that are being appropriated over the period of the contracts, refer to expenses from placing securities overseas, which at December 31, 2007, amounted to R\$ 4,756. **c. Current liabilities - Interbank accounts - Interbank repasses:** This refers to the lines supported by Brazilian Central Bank Resolution 2770 repassed by Fibra Asset Management Distribuidora de Títulos e Valores Mobiliários Ltda. to Banco Fibra S.A., at normal market rates and used to peg foreign currency repasses. **d. Current liabilities and long term liabilities - Other liabilities - Other:** This refers mainly to the provisions for contingent liabilities, which totaled R\$ 10,892 in Banco Fibra S.A. (in 2006, R\$ 9,867) and R\$ 11,875 in Fibra Consolidated (in 2006, R\$ 10,828), provision for payments to be made of R\$ 18,434 in Banco Fibra S.A. (in 2006, R\$ 13,960) and R\$ 20,730 in Fibra Consolidated (in 2006, R\$ 14,460), Certificates of Real Estate Receivables R\$ 21,997 (in 2006, R\$ 18,502) in Fibra Consolidated. **e. Other operating income** In 2007 this refers mainly to the price level restatement of judicial deposits in the amount of R\$ 835 (in 2006, R\$ 1,858) in the Banco Fibra and R\$ 1,362 in Fibra Consolidated; updating of negative IRPJ/ CSLL balance for the amount of R\$ 1,050 in Banco Fibra S.A. and R\$ 1,577 in Fibra Consolidated. **f. Other operating expenses:** The account “Other operating expenses” on the statements of income, refers mainly to: (i) Expenses incurred in the repossession of assets in the amount of R\$ 162 (in 2006, R\$ 335) in the Banco Fibra S.A. and R\$ 190 (in 2006, R\$ 354) in Fibra Consolidated; (ii) Expenses for civil contingences in the amount of R\$ 1,191 (in 2006, R\$ 1,723) in the Banco Fibra S.A. and R\$ 1,291 (in 2006, R\$ 1.736) in Fibra Consolidated; (iii) Expenses from legal indemnities - operational in the amount of R\$ 1,898 in the Banco Fibra S.A. and R\$ 1,902 in Fibra Consolidated; (iv) Credit life insurance for loans discounted directly in the payroll and guarantee expenses in the amount of R\$ 1,666 (in 2006, R\$ 891) in the Banco Fibra and R\$ 1,714 in Fibra Consolidated (in 2006, R\$ 891). (v) Provision for losses on other assets in the amount of R\$ 3,190 in the Banco Fibra S.A. and Fibra Consolidad **g. Non-operating result:** This item refers mainly to the gains and losses in the sale of permanent assets, assets not for own use and the recording of provisions for potential losses on assets of this nature. The main result in 2007 in this account refers for sale of BM&F stocks, as described in the Note 10.ii.

18. INCOME AND SOCIAL CONTRIBUTION TAXES

On December 31, 2007 the Bank had income and social contribution tax credits, calculated according to the prevailing rates as shown below. These credits are recorded under assets as "Other Receivables - Other" considering the estimates for realization in light of forecasts for taxable income based on a technical study.

As of December 31, 2007 and 2006, there are no tax credits that have not been capitalized from income tax losses or the negative social contribution base in Banco Fibra and Fibra Consolidated.

	BANCO FIBRA S.A.				
TAX CREDITS	BALANCE AT 12/31/2005	CONSTITUTION/ (REALIZATION)	BALANCE AT 12/31/2006	CONSTITUTION/ (REALIZATION)	BALANCE AT 12/31/2007
Total tax credits from temporary differences	22,528	26,997	49,525	44,864	94,389
Provision for doubtful loans	18,598	15,245	33,843	26,316	60,159
Provision for profit sharing	-	3,347	3,347	834	4,181
Labor provision	1,911	(46)	1,865	(56)	1,809
Provision for contingencies	-	3,626	3,626	84	3,710
Provision for valuation of securities and investments	562	5,758	6,320	9,803	16,123
Provision for valuation of assets not for own use	1,457	(933)	524	(100)	424
Tax Credit on losses abroad	-	-	-	7,983	7,983
Tax losses and negative base of social contribution tax	53,832	(10,871)	42,961	(19,188)	23,773
Social contribution tax - MP 2158-35 issued 08/24/2001	15,504	-	15,504	(1,703)	13,801
Total tax credits	91,864	16,126	107,990	23,973	131,963
Deferred tax liabilities	(7,725)	3,283	(4,442)	(11,965)	(16,407)
Net tax credits	84,139	19,409	103,548	12,008	115,556
Net tax credits on shareholders' equity	21.2%		23.5%		21.2%
Net tax credits on total assets	0.9%		1.2%		0.8%

	FIBRA CONSOLIDATED				
TAX CREDITS	BALANCE AT 12/31/2005	CONSTITUTION/ (REALIZATION)	BALANCE AT 12/31/2006	CONSTITUTION/ (REALIZATION)	BALANCE AT 12/31/2007
Total tax credits from temporary differences	23,003	23,954	46,957	58,175	105,132
Provision for doubtful loans	18,928	15,081	34,009	26,328	60,337
Provision for profit sharing	-	3,347	3,347	834	4,181
Labor provision	1,911	(46)	1,865	(56)	1,809
Provision for contingencies	-	7,089	7,089	365	7,454
Provision for valuation of securities and investments	707	(584)	123	22,746	22,869
Provision for valuation of assets not for own use	1,457	(933)	524	(25)	499
Provision for valuation of assets not for own use	-	-	-	7,983	7,983
Tax losses and negative base of social contribution tax	54,179	(3,117)	51,062	(21,200)	30,042
Social contribution tax - M P 2158-35 issued 08/24/2001	15,504	-	15,504	(1,703)	13,801
Total tax credits	92,686	20,837	113,523	35,272	148,975
Deferred tax liabilities	(7,725)	3,283	(4,442)	(11,965)	(16,407)
Net tax credits	84,961	24,120	109,081	23,307	132,568
Net tax credits on shareholders' equity	21.4%		24.8%		24.4%
Net tax credits on total assets	0.9%		1.3%		1.0%

During 2006, as a result of adapting the financial statements to the regulation in force, the provisions for contingencies were revised and reclassified, creating tax credits for the amount of R\$ 1,510 in Banco Fibra S.A and R\$ 4,593 in Fibra Consolidated, with the corresponding entry recognized as a prior year adjustment to retained earnings.

As of December 31, 2007, based on a technical study which considered past realization and future profitability forecasts, we present below the annual forecast of realization of tax credits on timing differences, tax loss and negative basis of social contribution tax, and their respective present value. To calculate the present value of the tax credits, the companies utilized as a funding cost the SELIC Rate projected year by year for the next 5 years; applied on national amounts considering forecast of realization, deducting the tax impact of IRPJ and CSLL at the rates in force on the balance sheet date.

	BANCO FIBRA S.A.		FIBRA CONSOLIDATED	
YEAR TO BE REALIZED	FACE VALUE	PRESENT VALUE	FACE VALUE	PRESENT VALUE
2008	22,867	22,305	27,033	26,385
2009	20,325	18,692	23,814	21,897
2010	22,315	19,292	25,057	21,661
2011	25,443	21,376	28,446	23,921
2012	18,537	15,964	21,237	18,259
2013	22,476	19,383	23,389	20,173
Total	131,963	117,012	148,976	132,296

Statement of the calculation of income and social contribution tax charges of Banco Fibra S.A.:

	2007		2006	
	IRPJ	CSLL	IRPJ	CSLL
Income before income taxes and profit sharing	175,259	175,259	96,578	96,578
Payment of interest on own capital	(29,438)	(29,438)	(658)	(658)
Profit sharing	(27,128)	(27,128)	(17,843)	(17,843)
Income before income and social contribution taxes	118,693	118,693	12,935	12,935
Income tax (25%) and social contribution tax (9%) charges	(29,673)	(10,682)	(3,234)	(1,164)
Effect of additions and exclusions on tax calculations:				
Exclusion of excess depreciation	-	-	116	-
Nondeductible expenses net of nontaxable income	(1,983)	(714)	(3,083)	(111)
Shareholding interest in subsidiaries	(3,249)	(1,170)	850	306
Income and social contribution taxes for the year	(34,905)	(12,566)	(5,351)	(1,968)

19. CONTINGENT ASSETS AND LIABILITIES AND LEGAL LIABILITIES - TAX AND SOCIAL SECURITY

Banco Fibra and its subsidiaries are involved in legal suits and administrative processes arising during the normal course of operations concerning issues of a civil, labor, tax and social security nature.

a. Contingent Assets: Contingent assets: are not accounted for except upon the existence of a favorable ruling, for which no appeals are permitted, characterized as practically certain. The most significant are: (i) COFINS (Tax for Social Security Financing) - R\$ 19,433 and PIS - R\$ 3,748: petition for restitution of values paid from July 2001 to June 2006, which exceed the calculation on the basis of Complementary Law 7/70 and in view of the unconstitutionality of the expansion of the calculation base provided in Law 9718/98; (ii) CSLL Isonomy- R\$ 4,296: lodged to suspend the CSLL requirement applicable to financial institutions at rates higher than those applicable to other legal entities, in view of the noncompliance with the principle under which no new tax may be collected during the year in which it is created during the 90 days after issue of the law instituting the tax. PIS - Amendment 10/96 - R\$ 8,117: claim for recovery of amounts paid for PIS under the terms of Constitutional Amendment 10/96, during the period January 1st, 1996 to June 7, 1996.

b. Provisions of a labor and civil nature: The Banco Fibra and Fibra Consolidated, based on the information provided by their legal counsel and on a review of the pending legal matters, which involve suits calling for indemnity of material losses and damages, pain and suffering especially arising from the collection of debts, has established provisions based on the history of losses verified in similar cases. In relation to labor suits, based on prior experience related to amounts demanded and in accordance with the status of each one of the processes, the Bank has established a provision in an amount deemed sufficient to cover estimated losses involved in the pending suits.

c. Legal obligations and contingent liabilities classified as probable losses: The most relevant issues related to legal obligations and contingent liabilities are: • CSLL Isonomy - lodged to suspend the CSLL requirement applicable to financial institutions at rates higher than those applicable to other legal entities in view of the disregard to the constitutional principle of isonomy, in the amount of R\$ 26.193. • COFINS and PIS - petitions payment of the contributions beginning June 2006 on the basis of the calculation stipulated by Complementary Law 7/70, in and in view of the unconstitutionality of the expansion of the calculation base provided in Law 9718/98. Banco Fibra and Fibra Asset Management received a favorable sentence for recognizing the right to make payments without extending the tax calculation base imposed by article 3 of Law 9718/98, and did not file an appeal against the decision contrary to the revocation of total exemption from contributions. After the decision, Banco Fibra S.A. and Fibra Asset Management DTVM Ltda., benefiting from the injunction, started to pay the contribution without increasing the calculation base imposed by Law 9718/98. The amount being discussed is R\$ 29,189, for which a provision of R\$ 5,687, has been made, based on the best estimate for losses prepared by management and its legal advisors.

d. Contingent liabilities classified as possible losses: The contingent liabilities classified as possible losses are monitored by the institution and are based on reports issued by its legal counsel in relation to each one of the legal measures and administrative processes. Therefore, according to prevailing regulations, the contingencies classified as possible losses have not been recorded in the accounting records. These contingencies mainly comprise the following issues: a) R\$ 20,549 for ISS (Services tax) 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; R\$ 10,713 for CPMF from the leasing company, claiming the same treatment as financial institutions; c) R\$ 10,056 from assessments raised by municipals, charging service tax (ISS) on various accounts, based on the argument that they refer to income from services provided; d) R\$ 4,028 for IRPJ and CSLL for deducting losses from assignment of doubtful debt operations; and e) R\$ 2,514 for an annulatory claim for an assessment raised for IRPJ for 1981.

e. Movement of the provision for legal claims

FIBRA CONSOLIDATED			
	2006		2007
CIVIL AND LABOR	INITIAL BALANCE	MOVEMENT	FINAL BALANCE
Civil suits	5,342	1,213	6,555
Labor suits	5,486	(166)	5,320
Total	10,828	1,047	11,875
	2006		2007
TAXES PAYABLE	INITIAL BALANCE	MOVEMENT	FINAL BALANCE
CSLL isonomy 1996 to 1998	25,070	1,123	26,193
CSLL	86	-	86
INSS educational salary	716	11	727
Finsocial	1,161	-	1,161
ISS	172	27	199
PIS Law 9718	796	(1)	795
Cofins Law 9718	4,899	(7)	4,892
Total	32,900	1,153	34,053

20. SUBORDINATED DEBT ELIGIBLE FOR CAPITAL

On October 14, 2005, Banco Fibra S.A., through its branch in Grand Cayman and in compliance with Central Bank of Brazil Resolution 2837 dated May 30, 2001, initiated a subordinate securities program with the first funds raised on March 2, 2006 in the amount of US\$ 30,000,000, with maturity on March 2, 2016 and interest of 7.5% per annum paid every six months for the first five years and amortization of the principle only on maturity. As of December 31, 2007, the balance totaled R\$ 54,445 (in 2006, R\$ 65,717). On May 18, 2007, Banco Fibra S.A. executed a new subordinated debt issue in Brazil in the sum of R\$ 76,000 maturing on May 18, 2012 consubstantiated in the trading notes of bank deposit certificates (CDBs) paying variable interest based on the CDI rate plus 1.28% of annual interest rate. On December 31, 2007, the balance amounted to R\$ 81,882. On October 30, 2007, Banco Fibra S.A. executed a new subordinated debt issue in Brazil in the sum of R\$ 19,200 maturing on October 30, 2012 consubstantiated in the trading notes of bank deposit certificates (CDBs) paying variable interest based on the CDI rate plus 1.08% of annual interest rate. On December, 31 these certificates represent R\$ 19,568. According to the terms of the issue of this instrument, for this debt to be eligible as Level II regulatory capital, the payment of the principal and interest is contingent on compliance with the operational limits established by the Brazilian Central Bank, or, in the event that this redemption would result in noncompliance with these limits, the payment may be postponed until it duly complies with these limits. Consequently, on December 31, 2007, the balance for issues of subordinated debt, homologated by the Central Bank of Brazil, amounted to R\$ 155,895 in securities issued, of which R\$ 135,605 is calculated as being eligible for Regulatory Capital Level II (in 2006, R\$ 65,717).

21. SHAREHOLDERS' EQUITY

a. Capital: Share capital is divided into 1,191,127,526 of shares, whereas 1,125,050,637 common shares and 66,076,889 preference shares, all nominative and with no par value. Each individual ordinary share corresponds to 1 (one) vote in the Shareholders' General meetings, with the preference shares having no voting rights, but they are assured the following preferences and advantages: (i) right to participate in profit distributions under the same terms as ordinary shares; (ii) priority in reimbursement of capital at no premium; and (iii) right to be included in the public offer of shares, arising from the sale of the controlling interest or the cancellation of the company's registration as a public corporation, or discontinuity of the segment from the Level I list with Bovespa (except if to another segment from the Bovespa list), guaranteeing dividends at least equal to those for ordinary shares from the controlling block.

b. Capital increase: In Extraordinary General Meetings on August 2, 2007 were decided the Capital Increase of the Company of R\$ 30,250, through the capitalization of profits increasing it to R\$ 431,430 from the issue, for private subscription, of 66,076,889 new preference shares, at the issue price of R\$ 0.4578 per share. Capital increases totally subscribed and paid in were decided on Extraordinary General Meetings on March 30, 2007 and June 29, 2007, in the amounts of R\$ 6,070 and R\$ 6,134, without the issuance of new shares (in 2006, the capital increases amount R\$ 55,930 and R\$ 57,600 through capitalization of prior year earnings). In Extraordinary General Meetings on June 26, 2007 were decided the capital increase of the R\$ 38,976, with insuance of 89,163,406 of nominative common shares with no par value received in full by International Finance Corporation (IFC), an international organization established by its "Articles of Agreement" among member countries of World Bank, including the Federative Republic of Brazil, with headquarters in the city of Washington DC, United States of America.

c. Interest on own capital and dividends: The shareholders are entitled to receive compulsory dividends of not less than 25% (twenty five percent) of net income for the year, every year, after making the deductions provided in the Statutes, and in accordance with Corporation Law. The amount paid or credited as interest on own capital under the terms of relevant legislation, can be included as part of the compulsory dividend, with this amount included in the value of dividends distributed by the Company, for all legal effects. Interim dividends should always be credited and considered as anticipated payment of compulsory dividends.

I - Calculation

Net income for the year	100,660	
Deductions:		
(-) Profit reserves	(5,033)	
Calculation base of dividends	95,627	
Dividends and interest on own capital		
Net of tax Reitaned	25,022	26.2%

II - Payment

During the year ended on December 31, 2007, was decided the payment of interest on own capital, in accordance with art. 9 of Law nº 9249/95, in the sums of R\$ 29,437, amount in excess of minimum compulsory dividend provided in the statutes, reducing expenses of income tax and social contribution for the year by R\$ 10,008.

INTEREST ON OWN CAPITAL		2007
DATE OF THE PROVISION	VALUE OF THE PROPOSED INTERESTS	TAX EFFECT
1st semester of 2007	14,357	4,881
2nd semester of 2007	15,080	5,127
Total of interest on own capital	29,437	10,008

INTEREST ON OWN CAPITAL		2006
DATE OF THE PROVISION	VALUE OF THE PROPOSED INTERESTS	TAX EFFECT
1st semester of 2006	17,329	5,892
2nd semester of 2006	48,471	16,480
Total of interest on own capital	65,800	22,372

22. RELATED PARTY TRANSACTIONS

Transactions with related parties were conducted under normal market terms and conditions, taking into account the absence of risks, and are shown below:

	ASSETS (LIABILITIES)		INCOME (EXPENSES)	
	2007	2006	2007	2006
Interbank investments	-	10,955	-	-
Securities and derivative financial instruments	376,353	384,650	151,648	66,042
Other receivables	-	178	-	-
Deposits	(148,577)	(264,106)	(23,527)	(36,433)
Interbank accounts	(276,282)	(148,735)	24,420	(5,826)
Derivative financial instruments	-	-	(81,632)	(56,126)
Other liabilities	(2)	(1,622)	-	-

23. FUND MANAGEMENT

Fibra Consolidated is responsible for the management of a number of investment funds and portfolios, the assets of which as of December 31, 2007 totaled R\$ 956,791 (in 2006, R\$ 937,423).

24. OPERATING LIMITS

Basel Agreement: Financial institutions must maintain shareholders' equity that is compatible with the degree of risk of the structure of its assets weighted by factors ranging from 0 to 300%, in accordance with BACEN Resolution 2099/94 and subsequent amendments. The Shareholders' Equity as of December 31, 2007, in compliance with prevailing regulations corresponds to 13.2 % (13.7 % in 2006) of the total weighted assets, when currently, 11.0% is the minimum limit required.

25. SUPPLEMENTARY INFORMATION

a.Guarantees and Surety Bonds: Responsibility of the Bank for guarantees, surety bonds and collateral extended to third parties, on December 31:

	2007	2006
Surety Bonds - Financial institutions	-	10,093
Surety Bonds - Individuals and non-financial legal entities	424,322	372,667
Loans opened for imports	28,894	62,412
Total	453,216	445,172

b. Independent Audit - CVM Instruction nº 381: The policy of Banco Fibra S.A., and the subsidiary companies and parent company, in the contracting of services not related to the external audits of our independent auditors, are based on the applicable regulations and on principles accepted worldwide that preserve the independence of the auditor. These principles consist of: (a) the auditor should not audit his or her own work; (b) the auditor should not perform management duties at his or her client; and (c) the auditor should not promote the interests of his or her client. The independent auditors and parties related thereto did not render services not related to the external audits in the years ended December 31, 2007 and 2006. **c. Employee benefits:** The Bank offers its employees, during the employment relationship, the following benefits: life insurance, health insurance, food voucher, meal ticket and transport voucher. None of these benefits is considered an integral part of the salary. The Bank did not contribute with private pension or complementary plans in the year ended December 31, 2007 and 2006. **d. Profit sharing - Employees:** The Bank has its own model of payment of Profit Sharing, with criteria and parameters established in a specific plan filed at the Bankers' Union. The accrued sum was R\$ 27,128 in the year ended December 31, 2007 (R\$ 18,353 in 2006). **e. Directors' fees:** The Bank's directors are remunerated through Director Compensation or salaries when registered under the CLT regime, which are presented in the personnel expenses account. **f. Insurance contract:** The Banco Fibra has insurance for specified 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 payment of rent (6-month period), expenses with re-composition of records and documents and civil liability for business establishments. The maximum amount of coverage is R\$ 11,500 thousand and the period of coverage extends up to April 2008.

26. ALTERATIONS TO TAX AND CORPORATE LEGISLATION

During December 2007, and at the beginning of January 2008, alterations were made to corporate and tax legislation, which came into force as from January 2008, as presented below:

CPMF: Provisionary contribution on financial activities (CPMF) was cancelled on December 31, 2007, after the decision taken by the Federal Senate - Brazil, not to extend this charge, as determined on December 13, 2007. This contribution was effective from 1997 to 2007, at the rate of 0.38%. Thus, financial movements as from 2008, are no longer subject to CPMF.

IOF: Through intermediary of Decrees 6339 and 6345, published in the Federal Official Gazette, in the editions dated January 3 and 4, 2007, respectively, the Federal Government altered the calculation base and rates for Tax on Financial Transactions - IOF, due on loans, repasses and foreign exchange operations, which do not have direct impacts on the Bank's operations, however, they may have an impact on the final cost of borrowings for our clients.

CSLL: On January 3, 2008, Provisionary Measure 413 was published, which, amongst other measures, altered the rate for Social Contribution on Net Income - CSLL, for private insurance and capitalization corporate entities and those referred to in clauses I to XII of paragraph 1 of article 1 of Complementary Law 105/01, from 9% to 15%. This increase in rate will come into force, according to the Provisionary Measure, as from May 2008. The alterations introduced by the Provisionary Measure will only become effective after approval by the Legislative Power, which has still not occurred. Thus, the deferred tax assets and liabilities were registered in the balance sheet at December 31, 2007 in accordance with the rate defined in legislation in force on this date. The impact from the increase in the rate forecast in the Provisionary Measure, if this becomes law, will be an increase in deferred tax liabilities and tax credits, if they still exist in May 2008.

Alterations to Corporate Law (Law 6404): Through intermediary of Law 11638 published in the Official Gazette, on December 28, 2007, various rulings in Law 6404 (Corporate law) were altered, and which will come into force as from January 1st, 2008.

The main alterations introduced include: a) Criteria for evaluating assets, related to investments in financial instruments, rights classified to intangibles and the items included to assets arising from long term operations and liabilities, related to obligations, charges and risks classified to non current liabilities, including in the event of transformations, incorporations, spin off and mergers; b) In the Statement of Income, inclusion of information related to investment interests in debentures, by employees and management, even in the form of financial instruments, and by employee private pension or assistance funds or institutions, which are not characterized as expenses; c) Statements of cash flow and added value; d) Criteria for recording a tax incentive reserve, which can be excluded from the compulsory dividend calculation; and e) Financial Statements for large sized companies.

INDEPENDENT AUDITOR'S REPORT

To
The Board of Directors, Managers and Shareholders
Banco Fibra S.A.
São Paulo - SP

We have examined the balance sheets of Banco Fibra S.A. and the consolidated balance sheets of Banco Fibra S.A. and its subsidiaries, including the consolidated special purpose entities, as of December 31, 2007 and 2006 and the related statements of income, changes in shareholders' equity (Banco Fibra S.A.), and changes in financial position for the years then ended, which are the responsibility of its management. Our responsibility is to express an opinion on these financial statements. Our examinations were conducted in accordance with auditing standards applicable in Brazil and included: **(a)** planning of the audit work, considering the materiality of the balances, the volume of transactions and the accounting systems and internal accounting controls of the Bank and its subsidiaries; **(b)** verification, on a test basis, of the evidence and records which support the amounts and accounting information disclosed; and **(c)** evaluation of the most significant accounting policies and estimates adopted by management of the Bank and its subsidiaries, as well as the presentation of the financial statements taken as a whole. In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of Banco Fibra S.A. and the consolidated financial position of Banco Fibra S.A. and its subsidiaries, including the consolidated special purpose entities, as of December 31, 2007 and 2006, the results of their operations, changes in its shareholders' equity (Banco Fibra S.A.) and changes in their financial position for the years then ended, in conformity with accounting practices adopted in Brazil.

January 15, 2008



Auditores Independentes
CRC 2SP014428/O-6

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