

***Agência Especial de
Financiamento Industrial -
FINAME***

(Convenience Translation into English from the
Original Previously Issued in Portuguese)

*Financial Statements for the Year and Six-
Month Period Ended December 31, 2007
and Independent Auditors' Report*

Deloitte Touche Tohmatsu Auditores Independentes

(Convenience Translation into English from the Original Previously Issued in Portuguese)

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Management of
Agência Especial de Financiamento Industrial – FINAME
Rio de Janeiro – RJ

1. We have audited the accompanying balance sheet of Agência Especial de Financiamento Industrial – FINAME (the “Entity”) as of December 31, 2007, and the related statements of income, changes in shareholders' equity, and changes in financial position for the year and six-month period then ended, all expressed in Brazilian reais and prepared under the responsibility of the Entity's management. Our responsibility is to express an opinion on these financial statements.
2. Our audit was conducted in accordance with auditing standards in Brazil and comprised: (a) planning of the work, taking into consideration the significance of the balances, volume of transactions, and the accounting and internal control systems of the Entity, (b) checking, on a test basis, the evidence and records that support the amounts and accounting information disclosed, and (c) evaluating the significant accounting practices and estimates adopted by Management, as well as the presentation of the financial statements taken as a whole.
3. In our opinion the financial statements referred to in paragraph 1 present fairly, in all material respects, the financial position of Agência Especial de Financiamento Industrial – FINAME as of December 31, 2007, and the results of its operations, the changes in shareholders' equity, and the changes in its financial position for the year and six-month period then ended in conformity with Brazilian accounting practices.
4. The financial statements for the year ended December 31, 2006, presented for comparative purposes, were audited by other independent auditors, whose report thereon, dated January 31, 2007, was unqualified.
5. The accompanying financial statements have been translated into English for the convenience of readers outside Brazil.

Rio de Janeiro, January 30, 2008


DELOITTE TOUCHE TOHMATSU
Auditores Independentes


Marcelo Cavalcanti Almeida
Engagement Partner

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AGÊNCIA ESPECIAL DE FINANCIAMENTO INDUSTRIAL – FINAME

BALANCE SHEETS AS OF DECEMBER 31, 2007 AND 2006

(In thousands of Brazilian reais - R\$)

	Note	2007	2006
ASSETS			
CURRENT ASSETS		15,172,572	13,221,210
CASH		2,299	2,521
SECURITIES	4	28,638	543,642
Banco do Brasil investment fund		28,638	543,642
INTERBANK ONLENDINGS	5	13,869,316	11,183,122
Interbank onlendings		14,088,260	11,254,819
Allowance for losses		(64,278)	(71,697)
Provision for rebates on special agricultural programs		(154,666)	-
LOANS	5	1,212,479	1,443,084
Loans		1,237,067	1,472,182
Allowance for losses		(24,588)	(29,098)
OTHER RECEIVABLES		59,840	48,841
Prepaid taxes	7.1	630	1,570
Tax credits	7.2	17,302	17,316
Linked to the National Treasury		28,867	20,928
Other		13,041	9,027
NON-CURRENT ASSETS		39,236,417	35,056,780
MARKETABLE SECURITIES	4	-	191
Government securities - Other		-	191
INTERBANK ONLENDINGS	5	30,809,293	23,491,132
Interbank onlendings		30,950,505	23,641,739
Allowance for losses		(141,212)	(150,607)
LOANS	5	8,341,704	11,534,110
Loans		8,510,863	11,766,685
Allowance for losses		(169,159)	(232,575)
OTHER RECEIVABLES		85,420	31,347
Tax credits	7.2	61,315	15,084
Tax incentives		24,105	16,263
TOTAL ASSETS		54,408,989	48,277,990

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

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AGÊNCIA ESPECIAL DE FINANCIAMENTO INDUSTRIAL - FINAME

BALANCE SHEETS AS OF DECEMBER 31, 2007 AND 2006
(In thousands of Brazilian reais - R\$)

	Note	2007	2006
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
		6,146,889	4,642,372
ONLENDINGS			
	6	5,903,658	4,371,287
BNDES		5,842,289	4,312,509
National Treasury		61,369	58,778
OTHER PAYABLES			
		243,231	271,085
Actuarial liabilities – FAMS	12.3	992	933
Credits restricted to transaction settlement		7,113	85,539
Dividends and interest on capital payable		84,372	45,885
Taxes on income	7.1	108,071	59,534
Other taxes		4,121	8,837
Accounts payable – FAPES	12.2	1,253	1,099
Provision for planned retirement program	13	7,979	-
Linked to the National Treasury		-	32,247
Other		29,330	37,011
NON-CURRENT LIABILITIES			
		44,630,382	40,282,619
ONLENDINGS			
	6	44,408,881	40,205,889
BNDES		42,475,070	38,385,343
National Treasury		1,933,811	1,820,546
OTHER PAYABLES			
		221,501	76,730
Accounts payable – FAPES	12.2	38,520	37,512
Provisions for civil and labor contingencies	8	142,087	11,044
Actuarial liabilities – FAMS	12.3	31,051	28,174
Provision for planned retirement program	13	9,843	-
SHAREHOLDERS' EQUITY			
	9	3,631,718	3,352,999
Capital		3,320,525	3,182,869
Capital reserve		23,992	16,151
Profit reserve		34,086	16,323
Retained earnings		253,115	137,656
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		54,408,989	48,277,990

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

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AGÊNCIA ESPECIAL DE FINANCIAMENTO INDUSTRIAL – FINAME

**STATEMENTS OF INCOME FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31,
2007 AND YEARS ENDED DECEMBER 31
(In thousands of Brazilian reais - R\$)**

	Note	2 nd half of 2007	2007	2006
INCOME FROM FINANCIAL INTERMEDIATION		<u>1,137,161</u>	<u>1,826,345</u>	<u>2,454,743</u>
Loans and interbank onlendings				
. Local currency		1,686,654	3,330,472	3,042,435
. Foreign currency		(589,476)	(1,576,660)	(666,698)
Income from transactions linked to the National Treasury		20,095	21,278	19,307
Income from securities		19,888	51,255	59,699
EXPENSES ON FINANCIAL INTERMEDIATION		<u>(756,804)</u>	<u>(1,081,248)</u>	<u>(1,902,122)</u>
Loans from BNDES and National Treasury				
. Local currency		(1,391,488)	(2,685,149)	(2,656,292)
. Foreign currency		574,971	1,537,377	608,742
Allowance for loan losses	11	59,713	69,262	147,173
Monetary adjustment of dividends and interest on capital – SELIC		-	(2,738)	(1,745)
GROSS PROFIT FROM FINANCIAL INTERMEDIATION		<u>380,357</u>	<u>745,097</u>	<u>552,621</u>
OTHER OPERATING INCOME (EXPENSES)		<u>(205,985)</u>	<u>(242,213)</u>	<u>(100,449)</u>
Recognition (reversal) of provisions for civil and labor contingencies		131,445	(131,044)	4,337
Tax expenses		(17,724)	(35,040)	(22,106)
Personnel expenses		(18,840)	(34,361)	(33,465)
Allowance for losses on tax incentives		-	-	(9,288)
Administrative expenses		(5,897)	(6,699)	(2,183)
Other operating expenses		(35,727)	(38,794)	(37,918)
Other operating income		3,648	3,725	174
INCOME FROM OPERATIONS		<u>174,372</u>	<u>502,884</u>	<u>452,172</u>
NONOPERATING INCOME		<u>1</u>	<u>9</u>	<u>266</u>
INCOME BEFORE TAXES ON INCOME		<u>174,373</u>	<u>502,893</u>	<u>452,438</u>
Income tax	7	(67,174)	(136,670)	(89,699)
Social contribution	7	(24,232)	(49,270)	(32,444)
Deferred taxes – recognition (realization)	7	49,890	46,217	(132,593)
INCOME BEFORE PROFIT SHARING		<u>132,857</u>	<u>363,170</u>	<u>197,702</u>
Employee profit sharing		(7,920)	(7,920)	(4,500)
NET INCOME		<u>124,937</u>	<u>355,250</u>	<u>193,202</u>
EARNINGS PER SHARE		0.000212	0.000603	0.000328

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

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AGÊNCIA ESPECIAL DE FINANCIAMENTO INDUSTRIAL - FINAME

**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2007
(In thousands of Brazilian reais - R\$)**

	Capital	Capital reserve	Profit reserve	Retained earnings	Total
	<u>Capital</u>	<u>Tax incentive reserve</u>	<u>Legal reserve</u>	<u>Retained earnings</u>	<u>Total</u>
Balances as of January 1, 2007	3,182,869	16,151	16,323	137,656	3,352,999
Capital increase (Note 9)	137,656	-	-	(137,656)	-
Tax incentive reserve					
. Use	-	7,841	-	-	7,841
Net income	-	-	-	355,250	355,250
Allocation of income (note 9)					
. Legal reserve	-	-	17,763	(17,763)	-
. Dividends	-	-	-	(84,372)	(84,372)
Balances as of December 31, 2007	<u>3,320,525</u>	<u>23,992</u>	<u>34,086</u>	<u>253,115</u>	<u>3,631,718</u>
Changes for the year	<u>137,656</u>	<u>7,841</u>	<u>17,763</u>	<u>115,459</u>	<u>278,719</u>

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AGÊNCIA ESPECIAL DE FINANCIAMENTO INDUSTRIAL - FINAME

**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX-MONTH PERIOD DECEMBER 31, 2007
(In thousands of Brazilian reais - R\$)**

	Capital	Capital reserve	Profit reserve	Retained earnings	Total
	<u>Capital</u>	<u>Tax incentive reserve</u>	<u>Legal reserve</u>	<u>Retained earnings</u>	<u>Total</u>
Balances as of July 1, 2007	3,182,869	23,992	16,323	367,969	3,591,153
Capital increase (note 9)	137,656	-	-	(137,656)	-
Net income	-	-	-	124,937	124,937
Allocation of income (note 9)					
. Legal reserve	-	-	17,763	(17,763)	-
. Dividends	-	-	-	(84,372)	(84,372)
Balances as of December 31, 2007	<u>3,320,525</u>	<u>23,992</u>	<u>34,086</u>	<u>253,115</u>	<u>3,631,718</u>
Changes for the six-month period	<u>137,656</u>	<u>-</u>	<u>17,763</u>	<u>(114,854)</u>	<u>40,565</u>

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AGÊNCIA ESPECIAL DE FINANCIAMENTO INDUSTRIAL – FINAME

**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2007
(In thousands of Brazilian reais - R\$)**

	<u>Capital</u>	<u>Capital reserve</u> Tax incentive reserve	<u>Profit reserve</u> Legal reserve	<u>Retained earnings</u> (Accumulated deficit)	<u>Total</u>
Balances as of January 1, 2006	2,322,244	5,831	6,662	94,940	2,429,677
Capital increase (Note 9)	860,625	-	-	(94,940)	765,685
Tax incentive reserve . Use	-	10,320	-	-	10,320
Net income	-	-	-	193,202	193,202
Allocation of income (note 9) . Legal reserve	-	-	9,661	(9,661)	-
. Dividends	-	-	-	(45,885)	(45,885)
Balances as of December 31, 2006	<u>3,182,869</u>	<u>16,151</u>	<u>16,323</u>	<u>137,656</u>	<u>3,352,999</u>
Changes for the year	<u>860,625</u>	<u>10,320</u>	<u>9,661</u>	<u>42,716</u>	<u>923,322</u>

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AGÊNCIA ESPECIAL DE FINANCIAMENTO INDUSTRIAL - FINAME

**STATEMENTS OF CHANGES IN FINANCIAL POSITION
FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2007
AND YEARS ENDED DECEMBER 31
(In thousands of Brazilian reais - R\$)**

	2 nd half of 2007	2007	2006
SOURCES OF FUNDS	6,034,349	6,609,419	2,215,637
FROM OPERATIONS	146,779	370,815	183,573
NET INCOME	124,937	355,250	193,202
ITEMS NOT AFFECTING WORKING CAPITAL	21,842	15,565	(9,629)
. Reversal of allowance for loan losses	(59,713)	(69,262)	(147,173)
. Recognition (reversal) of provision for labor contingencies	131,445	131,044	(4,337)
. Recognition of provision for investment adjustment	-	-	9,288
. Realization (recognition) of tax credits, net	(49,890)	(46,217)	132,593
FROM SHAREHOLDER	5,045,216	5,619,507	1,952,212
. Increase in onlendings from BNDES, net	5,045,216	5,619,507	1,186,527
. Capital increase	-	-	765,685
FROM THIRD PARTIES	842,354	619,097	79,852
. Decrease in other assets, net	669,361	503,241	-
. Increase in other liabilities, net	85,678	-	16,192
. Increase in onlendings from the National Treasury, net	87,315	115,856	63,660
USES OF FUNDS	6,034,030	6,609,641	2,214,327
. Increase in loans, net	5,949,658	6,512,082	2,095,016
. Decrease in other liabilities, net	-	13,187	-
. Increase in other assets, net	-	-	73,426
. Declared dividends	84,372	84,372	45,885
INCREASE (DECREASE) IN CASH	319	(222)	1,310
CHANGES IN FINANCIAL POSITION:			
Beginning of six-month period/year	1,980	2,521	1,211
End of six-month period/year	2,299	2,299	2,521
INCREASE (DECREASE) IN CASH	319	(222)	1,310

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

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AGÊNCIA ESPECIAL DE FINANCIAMENTO INDUSTRIAL - FINAME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006 AND SIX-MONTH PERIOD ENDED DECEMBER 31, 2007

1. Operations

1.1) History

Agência Especial de Financiamento Industrial (“FINAME” or the “Entity”), a wholly-owned subsidiary of BNDES, was established by Decree No. 59,170 of September 2, 1966 and Decree-Law No. 45 of November 18, 1966, to manage the fund created by Decree No. 55,275 of December 22, 1964. Subsequently, with the enactment of Law No. 5662 of June 21, 1971, FINAME was converted into a state-owned company.

1.2) Purposes and activities

In order to promote the development, consolidation and modernization of the Brazilian capital goods manufacturing sector, through financing for the sale in Brazil and abroad of machinery and equipment manufactured locally, FINAME operates by onlending its funds through an extensive network of qualified financial institutions.

Its operations are characterized by capillarity, simplicity and operating agility, serving clients of all manufacturing segments.

FINAME serves its borrowers through four operating programs:

- a) FINAME – supports the purchase of machinery and equipment for the domestic market, providing more favorable financing conditions to micro and small companies, international competitiveness and regional development programs.
- b) Agricultural FINAME – has the purpose of providing specific support for the purchase of new machinery and equipment for agribusiness production. Its operations aim at fostering farm mechanization and increasing farm productivity.
- c) BNDES – EXIM – Foreign Trade Credit Program is designed to support Brazilian exporting manufacturers. Its operations started in 1990 to finance pre-shipments, through an advance of funds to manufacturers for payment of current costs of production sold in the foreign market. Post-shipment financing started in 1991, by refinancing exporters through the discount of exchange bills or the assignment of letters of credit rights. The special pre-shipment financing started in 1997, to finance the production of goods for export not linked to any particular shipment during the pre-shipment stage.

- d) FINAME LEASING – has the purpose of financing, by means of financial institutions, the purchase of domestic machinery and equipment for lease transactions.

2. Basis of Preparation and Presentation of Financial Statements

The financial statements have been prepared in accordance with Brazilian Corporate Law and Central Bank of Brazil's standards, and are presented in the format required by the Standard Chart of Accounts for National Financial Institutions (COSIF), although the approval for becoming a financial institution is in progress.

3. Summary of significant accounting practices

3.1) Results of operations

Operations with fixed rates are stated at redemption amount, and income and expenses for future periods are recorded as a reduction of related assets and liabilities. Operations with floating rates or indexed to foreign currencies are adjusted through the balance sheet date.

Other income and expenses are recognized on the accrual basis, observing the daily pro rata basis for those of a financial nature.

The 17% appreciation of the Brazilian currency in relation to the US dollar in 2007 (9% in 2006) impacted significantly the statement of income - for example, income from loans in foreign currency is negative (loss) and expenses on loans and financing denominated in foreign currencies, in particular the US dollar, are positive (gain).

3.2) Securities and derivatives

According to Central Bank of Brazil Circular No. 3068, of November 8, 2001, securities in the portfolio are classified into one of the following three categories, according to Management's intention, as follows:

- a) trading securities;
- b) available-for-sale securities; and
- c) held-to-maturity securities.

Trading securities and available-for-sale securities are stated at market value on the balance sheet date and held-to-maturity securities are stated at cost, plus income earned through the balance sheet date.

Adjustments to fair value of trading securities are recorded against the related income or expense account in the statement of income for the period.

Adjustments to fair value of securities classified as available-for-sale are recorded in a separate caption in shareholders' equity, net of taxes, and are transferred to the statement of income upon realization, through the definitive sale of the respective securities.

Investments in investment funds are measured on a daily basis and are, therefore, marked to market, and the corresponding entries are recorded in the statement of income.

As of December 31, 2007 and 2006, FINAME did not present any derivate transactions, except for those included in the portfolio of the exclusive fund BB Millenium Extramercado.

3.3) Loans, interbank onlendings and allowance for losses

Loans and interbank onlendings are classified according to the Management's risk assessment, taking into consideration the economic situation, past experience and specific risks related to the operation, debtors and guarantors, according to the parameters established by Central Bank of Brazil Resolution No. 2682/99, which requires a periodic analysis of the portfolio and its classification in nine levels, in which AA is minimum risk and H is maximum risk.

Income from transactions (loans and interbank onlendings) past-due for more than 60 days, regardless of their risk level, is only recorded as income when actually received. Transactions classified as level H, if past-due, remain in this classification for six months, after which they are written off against the recorded allowance and controlled, for five years, in memorandum accounts, with no record in the balance sheet.

Renegotiated operations remain at least at the same risk level in which they were classified. Renegotiated loans and interbank onlendings that had already been written off against the allowance and that were recorded in memorandum accounts are classified as level H, and possible gains resulting from the renegotiation are only recognized in income when realized.

The allowance for losses, considered sufficient by Management, complies with the criteria established by the Central Bank of Brazil.

3.4) Monetary adjustment of receivables and payables

Receivables and payables legally or contractually subject to exchange variation or indices are adjusted through the balance sheet dates. The contra entries of these adjustments are recorded in the statement of income for the period.

3.5) Recognition of actuarial assets and liabilities

a) Pension plan

Actuarial assets, determined by actuaries, are not recognized as assets of the sponsor because it is not possible to offset such amounts against future contributions, as set forth by the pension fund regulations.

The portion of actuarial gains and losses to be recognized as an increase or decrease in future liabilities, to be determined by outside actuaries, will correspond to the excess of the higher of 10% of the fair value of the plan assets or 10% of actuarial liabilities discounted to present value, and this portion is recognized over the average future time of service of the active participants of the plan. The effect of deferring actuarial gains and losses is recognized through the annual expense on the pension plan, determined by the outside actuary.

Expenses on sponsor's contributions to the pension plan are recognized in the statement of income on an accrual basis.

b) Health care plan

Actuarial liabilities, determined by the actuaries, are recognized by the sponsor as an increase in existing provision, with a corresponding entry to operating result.

Expenses on sponsor's contributions to the post-employment health care plan are charged to operating results on the accrual basis.

3.6) Income tax and social contribution

The provision for income tax is recorded based on book income, adjusted for additions and deductions set forth by tax legislation at the rate of 15%, plus a 10% surtax on taxable income exceeding R\$120 thousand for the six-month period (R\$240 thousand for the year). Social contribution is calculated at the rate of 9%.

Deferred income tax and social contribution on temporary additions are recorded under the caption "Tax credits", according to Central Bank of Brazil Resolution 3059/02.

3.7) Accounting estimates

The preparation of financial statements in conformity with Brazilian accounting practices and regulations of the Central Bank of Brazil and the Brazilian Securities Commission requires Management to use judgment in determining and recording accounting estimates. Assets and liabilities subject to these estimates and assumptions include the allowance for loan losses, provision for contingencies, accrued taxes, and the realization of tax credits. Actual results could differ from those estimates.

4. Securities

According to Central Bank of Brazil Circular No. 3068, of November 8, 2001, securities in the portfolio are classified into one of the following three categories, according to Management's intent to trade or hold them to maturity.

As of December 31, 2007, the securities portfolio, classified in accordance with the categories set forth by the regulations above, was as follows:

4.1) Securities by nature and issuer

	R\$ thousand	
	As of December 31,	
	2007	2006
Trading securities:		
<i>Private sector:</i>		
Banco do Brasil investment fund	28,638	543,642
Held-to-maturity securities:		
<i>Public sector:</i>		
National Treasury notes (NTN-P)	-	191
Total	28,638	543,833
Current	28,638	543,642
Non-current	-	191
Total	28,638	543,833

	R\$ thousand	
	As of December 31,	
	2007	2006
Summary by issuer		
Public sector	-	191
Private sector	28,638	543,642
Total	28,638	543,833

4.2) Fair value of held-to-maturity securities

	R\$ thousand			
	As of December 31,			
	2007		2006	
	Cost	Market	Cost	Market
Own portfolio:				
Held-to-maturity securities:				
<i>Public sector:</i>				
National Treasury notes (NTN-P)	-	-	191	191
	-	-	191	191

The fair value of National Treasury Note (NTN-P) was calculated based on the prices disclosed by Bloomberg Financial Services.

4.3) Maturity

		R\$ thousand							
		As of December 31,							
		2007							
		Without maturity	Up to 3 months	3 to 12 months	1 to 3 years	3 to 5 years	5 to 15 years	Over 15 years	Total
Trading securities									
<i>Private sector:</i>									
	Banco do Brasil investment fund	28,638	-	-	-	-	-	-	28,638
Total		28,638	-	-	-	-	-	-	28,638

		R\$ thousand							
		As of December 31,							
		2006							
		Without maturity	Up to 3 months	3 to 12 months	1 to 3 years	3 to 5 years	5 to 15 years	Over 15 years	Total
Trading securities									
<i>Private sector:</i>									
	Banco do Brasil investment fund	543,642	-	-	-	-	-	-	543,642
Held-to-maturity securities									
<i>Public sector:</i>									
	National Treasury notes (NTN-P)	-	-	-	-	-	112	79	191
Total		543,642	-	-	-	-	112	79	543,833

4.4) Banco do Brasil investment fund

This exclusive Fund is classified as trading securities according to Central Bank of Brazil Circular No. 3068, of November 8, 2001.

The Fund's portfolio consists basically of government securities issued by the National Treasury and under the custody of the SELIC (Special Settlement and Custody System).

The breakdown of the Fund's portfolio is as follows:

		R\$ thousand	
		As of December 31,	
		2007	2006
BB Millenium Extramercado Fund			
ASSETS			
	Cash and cash equivalents	2	17
	Treasury bills (LFT)	7,412	524,782
	National Treasury bills (LTN)	21,226	18,853
	Other	2	1
		<u>28,642</u>	<u>543,653</u>
LIABILITIES			
	Accounts payable	(4)	(11)
		<u>(4)</u>	<u>(11)</u>
TOTAL		<u>28,638</u>	<u>543,642</u>

Breakdown of the securities included in the Fund's assets by maturity:

							R\$ thousand
							As of December 31,
							2007
Number	Up to 3 months	3 to 12 months	From 1 to 3 years	3 to 5 years	From 5 to 15 years	Total	
BB Millenium Extramercado Fund							
Treasury bills (LFT)	2,236	-	-	-	7,412	-	7,412
National Treasury bills (LTN)	23,923	-	21,226	-	-	-	21,226
		-	21,226	-	7,412	-	28,638

							R\$ thousand
							As of December 31,
							2006
Number	Up to 3 months	3 to 12 months	From 1 to 3 years	From 3 to 5 years	From 5 to 15 years	Total	
BB Millenium Extramercado Fund							
Treasury bills (LFT)	178,593	393,134	3	-	16,259	115,386	524,782
National Treasury bills (LTN)	20,000	-	18,853	-	-	-	18,853
		393,134	18,856	-	16,259	115,386	543,635

5. Loans and Interbank Onlendings

5.1) Breakdown

		R\$ thousand	
		As of December 31,	
		2007	2006
Loans		9,747,930	13,238,867
Allowance for losses		(193,747)	(261,673)
		9,554,183	12,977,194
Interbank onlendings		45,038,765	34,896,558
Allowance for losses		(205,490)	(222,304)
Provision for rebates on special agricultural programs		(154,666)	-
		44,678,609	34,674,254
Total		54,232,792	47,651,448
Current		15,081,795	12,626,206
Non-current		39,150,997	35,025,242
Total		54,232,792	47,651,448

5.2) Gross portfolio by sector

	R\$ thousand	
	As of December 31,	
	2007	2006
Public sector	7,472,589	5,364,471
Private sector		
Financial intermediation	37,565,848	29,531,817
Other services	9,748,258	13,239,137
	47,314,106	42,770,954
	54,786,695	48,135,425
Allowance for losses	(399,237)	(483,977)
Provision for rebates on special agricultural programs	(154,666)	-
Total	54,232,792	47,651,448

5.3) Gross portfolio by maturity

	R\$ thousand	
	As of December 31,	
	2007	
Past-due		497
Current:		
2008		15,324,831
2009		12,824,464
2010		9,266,139
2011		5,762,913
2012		2,706,658
After 2012		8,901,193
Total		54,786,695
	R\$ thousand	
	As of December 31,	
	2006	
Past-due		535
Current:		
2007		12,726,466
2008		10,963,175
2009		8,079,763
2010		5,075,185
2011		2,680,766
After 2011		8,609,535
Total		48,135,425

5.4) Concentration of gross portfolio

	R\$ thousand			
	As of December 31,			
	2007	%	2006	%
10 largest customers	34,401,480	62.8	29,707,899	61.7
50 next largest customers	19,737,926	36.0	17,589,758	36.6
Other	647,289	1.2	837,768	1.7
	54,786,695	100.0	48,135,425	100.00

5.5) Gross portfolio and allowance for losses by risk level

The National Monetary Council established, through Resolution No. 2682 of December 21, 1999, published by the Central Bank of Brazil, a system for recognizing the allowance for loan losses. The rule, which defines the risk ratings for performing and nonperforming loans and the related percentages, became effective in March 2000.

Therefore, the allowances for losses on loans and interbank onlendings were as follows:

a) Interbank onlendings

Risk level	Status	R\$ thousand				
		Interbank onlendings		%	Allowance	
		As of December 31,			As of December 31,	
		2007	2006	Allowance	2007	2006
AA	Performing	15,512,905	9,512,335	0.00	-	-
A	Performing	25,200,356	21,243,490	0.50	126,002	106,218
B	Performing	4,268,384	3,855,089	1.00	42,683	38,551
C	Performing	13,497	184,179	3.00	405	5,525
D	Performing	8,026	742	10.00	803	74
E	Performing	-	16,270	30.00	-	4,881
F	Performing	-	34,798	50.00	-	17,400
H	Performing	35,100	49,655	100.00	35,100	49,655
	Nonperforming	497	-		497	-
		<u>35,597</u>	<u>49,655</u>		<u>35,597</u>	<u>49,655</u>
Total		<u>45,038,765</u>	<u>34,896,558</u>		<u>205,490</u>	<u>222,304</u>
Current		<u>14,088,260</u>	<u>11,254,819</u>		<u>64,278</u>	<u>71,697</u>
Non-current		<u>30,950,505</u>	<u>23,641,739</u>		<u>141,212</u>	<u>150,607</u>
Total		<u>45,038,765</u>	<u>34,896,558</u>		<u>205,490</u>	<u>222,304</u>

b) Loans

		R\$ thousand					
		Loans			Allowance		
		As of December 31,			As of December 31,		
Risk level	Status	2007	2006	%	2007	2006	
					Allowance		
AA	Performing	1,746,811	2,612,124	0.00	-	-	
A	Performing	138,723	190,790	0.50	694	954	
B	Performing	2,524,640	3,412,530	1.00	25,246	34,125	
C	Performing	5,308,672	6,966,020	3.00	159,261	208,981	
D	Performing	22,675	44,211	10.00	2,267	4,421	
E	Performing	186	-	30.00	56	-	
F	Performing	-	45,939	50.00	-	22,969	
H	Performing	6,223	12,657	100.00	6,223	12,657	
	Nonperforming	-	535	100.00	-	535	
		6,223	13,192		6,223	13,192	
Total		9,747,930	13,238,867		193,747	261,673	
Current		1,237,067	1,472,182		24,588	29,098	
Non-current		8,510,863	11,766,685		169,159	232,575	
Total		9,747,930	13,238,867		193,747	261,673	

5.6) Changes in allowance for losses on loans and interbank onlendings:

				R\$ thousand		
				As of December 31,		
				2007		
				Loans	Onlendings	Total
Balance at beginning of year				261,673	222,304	483,977
Recognition (reversal), net				(67,892)	(16,814)	(84,706)
Write-offs against the allowance				(34)	-	(34)
Balance at end of year				193,747	205,490	399,237
				R\$ thousand		
				As of December 31,		
				2006		
				Loans	Onlendings	Total
Balance at beginning of year				389,830	190,256	580,086
Recognition (reversal), net				(125,384)	32,048	(93,336)
Write-offs against the allowance				(2,773)	-	(2,773)
Balance at end of year				261,673	222,304	483,977

The effect on the statement of income is shown in note 11.

5.7) Provision for rebates on special agricultural programs

Through Decree No. 6201, of August 28, 2007, regulated BACEN Resolution No. 3496, of August 30, 2007, the Federal Government authorized the granting of rebates on rural investment financing installments falling due in 2007, including operations carried out under the Finame Special Agricultural Program, the cost of which will be assumed by FINAME.

Consequently, the Company accrued R\$154,666 thousand of the costs resulting from the granting of rebates on operations carried out under the Finame Special Agricultural Program, which will be assumed by FINAME, as provided for in article 5 of Decree No. 6201/07.

6. Onlendings

6.1) Breakdown

	R\$ thousand					
	As of December 31,					
	2007			2006		
	Local currency	Foreign currency	Total	Local currency	Foreign currency	Total
BNDES	38,579,777	9,737,582	48,317,359	29,251,206	13,446,646	42,697,852
National Treasury	1,995,180	-	1,995,180	1,879,324	-	1,879,324
	<u>40,574,957</u>	<u>9,737,582</u>	<u>50,312,539</u>	<u>31,130,530</u>	<u>13,446,646</u>	<u>44,577,176</u>
Current			5,903,658			4,371,287
Non-current			<u>44,408,881</u>			<u>40,205,889</u>
Total			<u>50,312,539</u>			<u>44,577,176</u>

Onlendings from BNDES in local currency are subject to monetary adjustment based on the TJLP (long-term interest rate) variation plus interest of up to 2% p.a., and must be settled by 2014. Foreign currency onlendings are adjusted based on the exchange variation of US dollar or UMBNDES (BNDES monetary unit) plus interest of up to 6.23% p.a., and must be settled by 2017.

Liabilities with the National Treasury are subject to monetary adjustment based on the IGP-M variation and interest of up to 10.09% p.a., and must be settled by March 2011.

6.2) Onlendings by maturity

	R\$ thousand
	<u>As of December 31,</u>
	<u>2007</u>
Current:	
2008	5,903,658
2009	9,474,095
2010	8,333,854
2011	10,077,697
2012	6,991,560
After 2012	9,531,675
Total	<u><u>50,312,539</u></u>

	R\$ thousand
	<u>As of December 31,</u>
	<u>2006</u>
Current:	
2007	4,371,287
2008	5,788,860
2009	7,488,914
2010	6,112,904
2011	7,779,870
After 2011	13,035,341
Total	<u><u>44,577,176</u></u>

7. Income tax and social contribution

7.1) Current

FINAME calculates income tax and social contribution based on annual taxable income and is subject to monthly payments on an estimated basis, whenever the tax suspension/reduction is not applicable, as provided for in articles 27 to 35 of Law No. 8981/95 and other applicable legislation.

As of December 31, 2007 and 2006, FINAME recorded provisions for social contribution (at a 9% rate) and income tax (at a 15% rate, plus a 10% surtax). Such provisions were calculated on income before deduction of income tax and social contribution expenses.

	R\$ thousand					
	2 nd half of 2007		As of December 31,			
			2007		2006	
	Income tax contribution	Social contribution	Income tax	Social contribution	Income tax	Social contribution
Income before taxes	174,373	174,373	502,893	502,893	452,438	452,438
Employee profit sharing	(7,920)	(7,920)	(7,920)	(7,920)	(4,500)	(4,500)
Tax basis	<u>166,453</u>	<u>166,453</u>	<u>494,973</u>	<u>494,973</u>	<u>447,938</u>	<u>447,938</u>
Total income tax and social contribution at the rates of 25% and 9%	41,613	14,981	123,743	44,548	111,984	40,314
Effects of additions (deductions) on tax calculation:						
• Allowance for losses (Central Bank of Brazil Resolution No. 2682/99)	(10,200)	(3,672)	(21,185)	(7,627)	(24,027)	(8,650)
• Credits written off as loss	(3,759)	(1,354)	(4,504)	(1,622)	(250)	(90)
• Securities valuation allowance	-	-	-	-	2,322	836
• Actuarial liabilities – FAMS	359	129	734	264	1,003	361
• Provision for civil and labor contingencies	32,861	11,831	32,761	11,795	(1,084)	(390)
• Planned retirement program	4,455	1,604	4,455	1,604	-	-
• Other additions (deductions), net	1,845	713	666	308	(249)	63
Income tax and social contribution	<u>67,174</u>	<u>24,232</u>	<u>136,670</u>	<u>49,270</u>	<u>89,699</u>	<u>32,444</u>

The payable balance is as follows:

	R\$ thousand	
	As of December 31,	
	2007	2006
Taxes on income:		
• Provision		
Income tax	136,670	89,699
Social contribution	49,270	32,444
	<u>185,940</u>	<u>122,143</u>
• Prepayments		
Income tax	(61,300)	(46,855)
Social contribution	(16,569)	(15,754)
	<u>(77,869)</u>	<u>(62,609)</u>
Taxes payable	<u>108,071</u>	<u>59,534</u>

Recoverable taxes are as follows:

	R\$ thousand	
	As of December 31,	
	2007	2006
Prepayments - Audiovisual incentive	630	1.570
Total	<u>630</u>	<u>1.570</u>
Current	630	1.570
Non-current	-	-
Total	<u>630</u>	<u>1.570</u>

7.2) Tax credits

	R\$ thousand	
	As of December 31,	
	2007	2006
Breakdown of deferred tax assets:		
Credits written off as loss	23,226	30,484
Provisions for civil and labor contingencies	46,639	386
Employee profit sharing	2,693	1,530
Planned retirement program	6,059	-
Total	78,617	32,400
Current	17,302	17,316
Non-current	61,315	15,084
Total	78,617	32,400

Pursuant to Central Bank of Brazil Resolution No. 3059/02, the Company recognized deferred tax assets on temporary additions that will be deductible from income tax and social contribution bases in the future at the rates of 25% and 9%. As of December 31, 2007, the contra entry of deferred income tax and social contribution was R\$33,983 thousand and R\$12,234 thousand, respectively, credited to income, of which R\$36,684 thousand and R\$13,206 thousand referring to the 2nd half of 2007 (R\$93,095 thousand and R\$39,498 thousand, respectively, debited to income as of December 31, 2006).

Basically, deferred tax assets on temporary differences arise from:

- a) Credits written off as loss: refer to losses recorded on loans or interbank onlending operations which are past due for more than 360 days or had their maturity accelerated due to noncompliance of contract clauses. Such receivable may be under amicable collection by the receivable recovery department or, otherwise subject to court collection.
- b) Provisions for civil and labor contingencies: refer to labor (Note 8.a) and civil (Note 8.b) contingencies.
- c) Planned retirement program: estimated costs of the plan to give incentives to the retirement of employees who qualify for retirement for length of service (Note 13).

Tax credits on temporary additions are realized upon payment, utilization or reversal of the related provisions. The amounts recognized and written off in the year are as follows:

	R\$ thousand			
	12/31/2006	Recognition	Realization	12/31/2007
Credits written off as loss	30,484	10	(7,268)	23,226
Provisions for civil and labor contingencies	386	50,008	(3,755)	46,639
Employee profit sharing	1,530	2,693	(1,530)	2,693
Planned retirement program	-	6,059	-	6,059
Total	32,400	58,770	(12,553)	78,617

	R\$ thousand			
	12/31/2005	Recognition	Realization	12/31/2006
Credits written off as loss	155,677	943	(126,136)	30,484
Securities valuation allowance	5,984	836	(6,820)	-
Provisions for civil and labor contingencies	2,040	3,755	(5,409)	386
Employee profit sharing	1,292	1,530	(1,292)	1,530
Total	164,993	7,064	(139,657)	32,400

Unrecorded tax credits as of December 31, 2007 totaled R\$300,859 thousand. This amount refers basically to the allowance for loan losses (Central Bank of Brazil Resolution No. 2682/99) and allowance for investment losses arising from tax incentives (FINOR – Northeast Investment Fund), for which tax credits are not recognized since they are not expected to be realized. Pursuant to Central Bank of Brazil Resolution No. 3059/02, tax credits can only be recognized on the realizable portion in up to 5 years, a period changed to 10 years under Central Bank of Brazil Resolution No. 3355/06. However, the 5 year timeframe has been conservatively maintained, according to a technical study, for the realization of tax credits, and these amounts will either be realized over a longer period or are not expected to be realized.

The expected realization of tax credits is as follows:

	R\$ thousand					
	2008	2009	2010	2011	2012	Total
Credits written off as loss	11,896	9,593	765	972	-	23,226
Provisions for civil and labor contingencies	-	5	46,592	-	42	46,639
Employee profit sharing	2,693	-	-	-	-	2,693
Planned retirement program	2,713	642	1,070	890	744	6,059
Total	17,302	10,240	48,427	1,862	786	78,617

The present value of recorded tax credits, calculated considering the average funding rate, is R\$73,370 thousand.

Under article 5 of Resolution No. 3059/02, the assets corresponding to the portion of tax credits must be written off whenever the amounts effectively realized in two consecutive periods are less than 50% of the amounts estimated for the same period in a technical study prepared by the Entity. The provisions of this article are not applicable to tax credits recognized before the date in which such Resolution took effect. As of December 31, 2007, no write-offs of such nature have been made.

The tax credits recognized after this Resolution total R\$64,204 thousand.

8. Provisions for civil and labor contingencies

FINAME is a party to labor and civil lawsuits arising from the normal course of its activities.

The lawsuits were classified into three risk of loss categories: probable, possible and remote, based on the likelihood of loss according to the opinion of the internal and external legal counsel, who analyze the nature, similarity with previous cases, complexity, previous court decisions and the status of the lawsuits.

The use of this classification criterion complies with CVM Resolution No. 489, of October 3, 2005, on contingencies, which recommends recognizing a provision in the total amount of contingencies classified as probable and the disclosure of contingencies classified as possible.

The provisions recognized were considered by management to be sufficient to cover any losses.

The provisions recognized by nature are as follows:

	R\$ thousand	
	As of December 31,	
	2007	2006
Labor lawsuits	5,114	11,024
Civil lawsuits	136,973	20
Total	142.087	11,044
Current	-	-
Non-current	142,087	11,044
Total	142.087	11,044

a) Labor lawsuits

The provision for labor contingencies basically refers to lawsuits for job reinstatement of dismissed employees.

Changes in the provision for labor contingencies in the period are as follows:

	R\$ thousand	
	As of December 31,	
	2007	2006
Balance at beginning of year	11,024	14,640
Recognition (reversal), net	(5,910)	(3,616)
Balance at end of year	5,114	11,024

As of December 31, 2007, the amount classified as possible risk is R\$4,877 thousand.

b) Civil lawsuits

The main lawsuits refer to contractual issues, and the main one, initiated this year, regarding the compensation of certain transactions of agricultural programs, is being discussed with the National Treasury.

Changes in the provision for civil contingencies in the period are as follows:

	R\$ thousand	
	As of December 31,	
	2007	2006
Balance at beginning of year	20	741
Recognition (reversal), net	136,953	(721)
Balance at end of year	136,973	20

As of December 31, 2007, the amount classified as possible risk is R\$1,726 thousand.

9. Shareholders' equity

As of December 31, 2007 and 2006, FINAME's subscribed capital is represented by 589,580,236 registered common shares, without par value, held by Banco Nacional de Desenvolvimento Econômico e Social – BNDES.

BNDES Executive Board approved, through Decision No. 369/2006-BNDES, of May 18, 2006 and No. 1215/2006-BNDES, of December 28, 2006, a capital increase in the amount of R\$860,625 thousand through the capitalization of BNDES receivables from FINAME, amounting to R\$765,685 thousand, and through the capitalization of the remaining balance of retained earnings for 2005, amounting to R\$94,940 thousand.

For 2006, as established in its by-laws, FINAME allocated 5% of its net income of R\$193,202 thousand for recognition of the legal reserve of R\$9,661 thousand. As mandatory minimum compensation to the shareholder, FINAME allocated 25% of the net income after the recognition of the legal reserve, equivalent to R\$45,885 thousand, as dividends. BNDES Executive Board approved, through Decision No. 115/2007-BNDES, of February 15, 2007, a capital increase in the amount of R\$137,656 thousand through the capitalization of the remaining balance of retained earnings for 2006.

For 2007, FINAME allocated 5% of its net income of R\$355,250 thousand for the recognition of the legal reserve of R\$17,763 thousand. As mandatory minimum compensation to the shareholder, FINAME allocated 25% of the net income after the recognition of the legal reserve, equivalent to R\$84,372 thousand, as dividends. The allocation of the remaining balance of the net income will be decided by the sole shareholder – BNDES – in the next general meeting.

10. Transactions with the Parent Company

Transactions with the parent company were as follows:

	R\$ thousand		
	2nd half of	As of December 31,	
		2007	2007
Assets			
Onlendings			
Local currency		1,222,934	927,243
Liabilities			
Onlendings			
Local currency		(38,579,777)	(29,251,205)
Foreign currency		(9,737,582)	(13,446,647)
		<u>(48,317,359)</u>	<u>(42,697,852)</u>
Income			
Onlendings			
Local currency	255,477	354,819	210,002
Expenses			
Onlendings			
Local currency	(749,977)	(1,461,971)	(1,723,746)
Foreign currency	575,125	1,537,743	609,494
	<u>(174,852)</u>	<u>75,772</u>	<u>(1,114,252)</u>

11. Income from (expenses on) allowance for losses

Income from allowance for losses:

	R\$ thousand		
	2nd half of	As of December 31,	
		2007	2007
Reversal on loans, net	29,384	67,892	125,384
Reversal (recognition) of interbank onlendings, net	11,407	16,814	(32,048)
Recovery of receivables written off as loss	18,922	(15,444)	53,837
Recorded income, net	<u>59,713</u>	<u>69,262</u>	<u>147,173</u>

12. Pension Plan

12.1) Pension plan:

FAPES (Welfare and Pension Plan Foundation of BNDES) is a private pension plan entity. Its main purpose is to supplement the social security benefits granted by the National Institute for Social Security (INSS) to the employees of its sponsors: BNDES, FINAME, BNDESPAR and FAPES itself.

FAPES has a defined benefit plan and uses the capitalization financial system to measure its reserves.

Sponsors must provide to FAPES, when required, funds for covering any technical deficits identified by an actuarial revaluation, as established by the Foundation's bylaws, pursuant to legislation in force.

Based on FAPES' balance sheet as of December 31, 2007, there is a surplus, before receivables from sponsor between the guarantee assets and the actuarial obligation, in the amount of R\$15,280 thousand (R\$371 thousand deficit as of December 31, 2006), equivalent to 4.9% (1.5% as of December 31, 2006) of total guarantee assets of FAPES. The actuarial liability is covered by Accounts payable - FAPES (note 12.2) recorded in FINAME, in accordance with accounting recognition rules set forth by Accounting Procedure and Standard (NPC) 26 issued by the Brazilian Institute of Independent Auditors (IBRACON). Considering the sponsors' receivables, the pension plan has a surplus of R\$55,053 thousand (R\$38,240 thousand as of December 31, 2006) equivalent to 17.5% (15.5% as of December 31, 2006) of total guarantee assets.

The actuarial liability was measured by an independent actuary under the Projected Unit Credit (PUC) method, based on analyses carried out in September 2007. The amounts were adjusted through December 31, 2007 based on annual actuarial interest of 6% p.a. and monetary adjustment based on INPC (National Consumer Price Index) variation.

The table below shows the contributions made by FINAME to fund the benefits plan, in accordance with the limit established by legislation in force:

	R\$ thousand		
	2nd half of	As of December 31,	
	2007	2007	2006
Payroll	10,706	18,475	17,682
Participants' contributions	1,179	2,091	2,046
Sponsor's contributions	1,179	2,091	2,046

12.2) Accounts payable – FAPES

Refers to debt acknowledgement contracts entered into with the sponsors, with fixed amortization term based on monthly payments, with a total of thirteen installments each year, calculated by the Price System and subject to an actuarial interest rate of 6% p.a., plus administrative costing rate and monetary adjustment, which occurs at the same time and ratio as the salary adjustment or general changes of the sponsors' employees.

The debt balance is as follows:

	R\$ thousand	
	As of December 31,	
	2007	2006
2002 contracts (a)	25,968	24,859
2004 contracts (b)	13,805	13,752
Total	39,773	38,611
Current	1,253	1,099
Non-current	38,520	37,512
Total	39,773	38,611

- (a) Refers to the agreement between the BNDES group entities and their employees regarding the recognition of changes in working hours, pursuant to Law No. 10,556, of November 13, 2002, which resulted in a 16.67% increase in the participants' payroll, directly impacting the benefit plan's mathematical reserves. For partial coverage of the increase in such reserves in 2002, contracts establishing the debt repayment in 390 installments were entered into. The payment began in January 2003.
- (b) Refers to conversion of the mathematical reserves to be recognized (according to BNDES group's request and Central Bank of Brazil's recommendation), which were being amortized on a monthly basis since November 1998 through extraordinary contributions, into debt acknowledged by the sponsors, falling due by November 2018. The first installment was paid in December 2004. The unadjusted amounts refer to controversial amounts resulting from different actuarial monetary adjustment criteria, which were conservatively recorded by FAPES.

12.3) Other employee benefits

a) Health care plan

FINAME, as a wholly-owned subsidiary of BNDES, sponsors the FAMS (Health Care and Welfare Fund), created primarily to provide the plan's participants and dependents with benefits supplementary or similar to those granted by the INSS. These benefits, which include healthcare, hospital and dental care services under free- or directed-choice systems, are provided to the insured since 1976, under BNDES Executive Board Resolution No. 933/98, also applicable to BNDES subsidiaries.

FAMS beneficiaries are active and retired employees of FINAME and their dependents; in the event of death of the principal beneficiary, the dependent is assured of his/her right to the benefits over a maximum of 24 months.

FAMS receives funds donated by FINAME to attain its goals. These funds are managed by FAPES, which is also responsible for annual budgeting and detailing of operating costs required by FAMS.

FAMS is not covered by guarantee assets. Benefits are prepaid by FINAME based on budgets prepared by FAPES, which files a monthly Accountability Schedule prepared by FAPES to support the expenses incurred.

As of December 31, 2007, the amount of the actuarial obligation to covered participants and active participants for the average future length of service was recorded based on the update of the actuarial valuation made by an independent actuary on the same date.

	R\$ thousand	
	As of December 31,	
	2007	2006
Actuarial obligation to active participants	22,070	17,393
Actuarial obligation to covered participants	20,786	14,917
Value of actuarial obligation	42,856	32,310
Unrecognized actuarial losses	(10,813)	(3,203)
Net actuarial liability	32,043	29,107
Current	992	933
Non-current	31,051	28,174
Total	32,043	29,107

	R\$ thousand		
	2 nd half of	As of December 31,	
	2007	2007	2006
Net expense in the period:			
Cost of current service	281	536	609
Cost of interest	1,742	3,426	3,471
Unrecognized net actuarial losses	-	-	522
Total	2,023	3,962	4,602

b) Other benefits

In addition to FAMS, FINAME grants the following benefits to its active employees:

	R\$ thousand		
	2 nd half of	As of December 31,	
	2007	2007	2006
Transportation ticket	3	8	29
Meal voucher	317	642	634
Daycare	22	43	42
Total	342	693	705

12.4) Results of actuarial valuation of the pension plan

	R\$ thousand	
	As of December 31,	
	2007	2006
Change in fair value of plan assets:		
Fair value of plan assets at beginning of year	245,908	212,119
Expected return on plan assets	26,336	22,739
Contributions received by the fund *	7,290	6,692
Benefits paid	(10,122)	(8,719)
Actuarial loss on plan assets at beginning of year	44,662	13,077
Fair value of plan assets at end of year (1)	314,074	245,908
Change in actuarial obligation:		
Present value of actuarial obligation at beginning of year	242,755	211,553
Cost of interest	14,266	12,435
Cost of current service	3,709	4,044
Benefits paid	(10,122)	(8,719)
Actuarial loss on actuarial obligation at beginning of year	13,587	23,442
Present value of actuarial obligation at end of year (2)	264,195	242,755
(3) Present value of assets (liabilities) in excess of obligations (1 – 2)	49,879	3,153
(4) Unrecognized actuarial losses (gains)	(34,599)	(3,524)
(5) Net actuarial assets (liabilities) before receivables from sponsor (3 + 4)	15,280	(371)
(6) Receivables from sponsor	39,773	38,611
Net actuarial assets (5 + 6)	55,053	38,240

* Includes R\$3,108 thousand as of December 31, 2007, and R\$2,600 thousand as of December 31, 2006, from other participants' contributions.

Net expense in the period	R\$ thousand		
	2 nd half of	As of December 31,	
	2007	2007	2006
Cost of current service	1,907	3,708	4,044
Cost of interest	7,163	14,266	12,435
Expected return on plan assets	(13,468)	(26,336)	(22,739)
Participants' contributions	(766)	(1,539)	(1,485)
Total	(5,164)	(9,901)	(7,745)

The main assumptions adopted in the actuarial valuation were:

Type	Specification	
	As of December 31,	
	2007	2006
Benefits plan:	Defined benefit	Defined benefit
Benefits considered:	All regulatory benefits	All regulatory benefits
Actuarial valuation method:	Projected unit credit method	Projected unit credit method
Mortality table:	AT-2000	AT-2000
Disability:	Álvaro Vindas	Álvaro Vindas
Average turnover up to 47 years of age for those joining the plan after 12/31/1977:	0% p.a.	0% p.a.
Average turnover after 47 years of age for those joining the plan by 12/31/1977	0% p.a.	0% p.a.
Actual salary increase expected for active participants:	2.4426% and 2.9546% p.a., for assistants and technicians, respectively, up to 51 years and nil after 51 years	2.4426% and 2.9546% p.a., for assistants and technicians, respectively, up to 51 years and nil after 51 years
Index rate of actual increase expected for pension benefits granted:	0% p.a.	0% p.a.
Index rate of actual increase expected for health care benefits granted:	5% p.a.	5% p.a.
Rate used to discount actuarial liabilities to present value	Interest of 6% p.a. plus 4.5% adjustment	Interest of 6% p.a. plus 4.5% adjustment
Expected rate of return on plan assets:	Interest of 6% p.a. plus 4.5% adjustment	Interest of 6% p.a. plus 4.5% adjustment

13. Planned Retirement Program

After the decision of the STF (Federal Supreme Court) establishing that the voluntary retirement of employees does not automatically terminate the employment contract, a large number of employees remained working at the Bank while receiving the retirement benefit, which impaired the expected renewal of its personnel.

The Planned Retirement Program, which encourages employees who qualify for full or early retirement for length of service to leave the Bank, was approved in the Collective Bargaining Agreement to ensure the renewal of personnel and that the experience of the retirees is passed on to the new employees.

According to a FAPES estimate, in the next five years 713 employees will be eligible to the Program, which corresponds to approximately 35% of the current personnel of BNDES Group.

The estimated disbursement resulting from the implementation of the program is approximately R\$17,822 thousand. The disbursement estimated for 2008 is 7,979 thousand.

14. Subsequent Events

14.1) Amendment to Brazilian Corporate Law:

On December 28, 2007, Law No. 11,638 was enacted, that alters, revokes and adds new provisions to the Brazilian Corporate Law (Law No. 6404, of December 15, 1976), especially with respect to chapter XV, Fiscal Year and Financial Statements.

In view of the short period of time between the enactment of Law No. 11,638/07, CVM's Notice to the Market, and the approval and publication of the balance sheet of BNDES and its subsidiaries BNDESPAR and FINAME, it has not yet been possible to estimate the effects on their equity and results. However, we mention below the main changes introduced by Law No. 11,638/07 that may affect the Financial Statements of the BNDES Group entities in 2008:

- Elimination of the requirement to present a Statement of Changes in Financial Position and a new requirement to present a Statement of Cash Flows. Currently, the Statement of Cash Flows is presented in a Note to the Consolidated Financial Statements of the BNDES Group;
- A new requirement for the presentation of a Statement of Value Added. Currently, the Statement of Value Added is presented in a Note to the Consolidated Financial Statements of the BNDES Group;
- Structure of the Financial Statements (Current Assets and Noncurrent Assets (divided into Long-Term Assets; Investments; Property and Equipment; Intangible Assets, and Deferred Charges); Current Liabilities and Noncurrent Liabilities (divided into Long-term Liabilities; Unrealized Profits); Shareholders' Equity (Capital Reserves; Valuation Adjustments to Shareholders' Equity; Profit Reserves; Accumulated Deficit). Currently, the financial statements are prepared according to the structure defined by Law No. 6404/76, in effect on December 31, 2007. The Equity Adjustments will be used essentially to record the contra entry to certain asset valuations at fair value, especially the valuation of financial instruments. The Equity Adjustments will result in changes only for BNDESPAR, since the procedure is already used by FINAME and BNDES, which follow the standards issued by BACEN;
- Requirement that period review and analysis of the recoverability of amounts recorded in Property and Equipment, Intangible Assets and Deferred Charges be performed. For publicly-traded companies, CVM has already regulated this matter through Resolution No. 527/07 approving CPC Pronouncement 01 of the Accounting Pronouncements Committee;

- Change of the parameters for accounting for investments in affiliates under the equity method of accounting;
- Creation of the Tax Incentive Reserve to allow publicly-traded companies to record, based on CVM regulations, donations and government investment grants as part of earnings in the income statement, immediately or on a deferred basis. Currently, these amounts are recorded as Capital Reserve;
- Discontinuation, on a prospective basis, of creating and recording revaluation reserves as a component of equity. Companies will have an irrevocable option to: (i) maintain any balance of existing revaluation reserve as of the first day of the first fiscal year beginning on or after January 1, 2008 until its effective realization; or (ii) fully reverse the balance of existing revaluation reserve by the end of the first fiscal year beginning on or after January 1, 2008. The existing balances of revaluation reserves shall be kept until their realization or reversed by the end of the fiscal year in which the Law goes into effect.
- Requirement that certain long-term assets and liabilities be recorded at present value, and, if material, for certain other short-term assets and liabilities.

14.2) Effect of the change in the Social Contribution rate:

On January 3, 2008, Executive Act No. 413 was enacted, which among other tax measures, increases the social contribution rate for financial institutions from 9% to 15%, effective beginning May 2008. The application of this new rate on the temporary differences as of December 31, 2007 would increase the deferred social contribution tax credit by R\$13,874 thousand, with a contra credit entry to income.

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