

BANCO
DE
INVERSIONES S.A.

Reporte Anual **2008** *Annual Report*



Annual Report

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Letter from the President



The international financial crisis has made an impact not only in the shares value of creditor banks during 2008, but also in the investors' confidence, boosting aversion to take risk. All these external factors have also impacted the Cuban economy in addition to the crossing over Cuba of three devastating hurricanes, which have made Banco de Inversiones (Bdl) business framework to be carried out under quite adverse conditions.

On requests from some of Bdl strategic customers, contacts has been kept with banks and investors in order to find out feasible solutions to face the abovementioned complex conditions and at the same time to contribute to the preservation of Cuban economy favorable progress, and its efficiency growth.

A good level of understanding with the banking community has been achieved and the cooperation continues based on the mutual confidence, the Bdl good track record of previous period and the capacity to identify financial feasible solutions.

The company also have improved its performance and efficiency benchmarks, reaching a record level of profits of USD 11.4 million and CUP 0.54 as average expenses per peso of income (0.54 cents) turning out in the 2006-2008 period profits for more than USD 28 millions.

Bdl capital base carried on increasing as from retained profits, reaching USD 37 millions. Assets exceed USD 265 millions, meanwhile off-balance contingent assets aggregate more than USD 1250 millions.

The support provided by shareholders and the Cuban authorities, so as the international banking community, together with the staff's qualifications and commitment to work, comprise the main pillars to ensure the future development of the company even though te hard times foreseen for the coming year.

Raúl E. Rangel

Executive President

Executives

The General Shareholder's Meeting is the main ruling body of the institution empowering the Board of Directors for the full management of the Institution.



Left to right:

Sandro Vazquez, Roxana Valdez, Julio L. González, Juan J. Mulkay,

Margarita Morales, Oslaine Rizo, Zoia Palomino,

Raúl Rangel, Maricela Azcue, María Rodríguez



Executives in december 2008

Raúl E. Rangel García (*)	Presidente Ejecutivo desde el año 1999. Graduado de Relaciones Económicas Internacionales, Moscú 1979. Comenzó en el Bdl en Diciembre de 1999. <i>Executive President since 1999. Graduate in International Economic Relations, Moscow 1979. Joined Bdl in December 1999.</i>
Maricela Azcue González (*)	Vicepresidenta Ejecutiva desde el año 2003. Graduada de Relaciones Económicas Internacionales, Habana 1987. Comenzó en el Bdl en agosto del 2003. <i>Executive Vice President since 2003. Graduate in International Economic Relations, Havana 1987. Joined Bdl in August 2003.</i>
Julio L. González Pérez (*)	Vicepresidente Ejecutivo desde el año 2007. Graduado de Control Económico, Habana 1977. Comenzó en el Bdl en diciembre del 2007. <i>Executive Vice President since 2007. Graduate in Economic Control, Havana 1977. Joined Bdl in December 2007.</i>
M. Margarita Morales Albornas (*)	Directora de Tesorería y Sistemas desde mayo del 2007. Directora General del 2005 a abril del 2007. Graduada en Ciencias de la Computación en 1975. Comenzó en el Bdl en marzo de 1996 hasta diciembre de 1998 y regresó en noviembre del 2001. <i>Treasury and IT Systems Director since May 2007. During 2005-2007 was General Director. Graduate in Computer Science in 1975. First joined Bdl in March 1996 up to 1998, and returned in November 2001.</i>
Sandro I. Vázquez del Río (*)	Secretario letrado de la Junta Directiva desde mayo del 2005. Graduado de Derecho, Habana 1999. Comenzó en el Bdl en enero del 2004. <i>Secretary of the Board of Director since May 2005. Graduate in Law, Havana 1999. Joined Bdl in January 2004.</i>
Rafael Prado Cordeiro (*)	Director de Negocios desde diciembre del 2007 hasta abril 2009. Graduado en Economía, 2003. Comenzó en el Bdl en julio del 2004. <i>Business Director since December 2007 until April 2009. Graduate in Economy in 2003. Joined Bdl in July 2004.</i>
Juan J. Mulkay Gunther (*)	Director Administrativo desde Febrero del 2006. Gerente Administrativo de 1997 a enero del 2006. Graduado de Técnico Medio en Contabilidad en 1984. Comenzó en el Bdl en octubre de 1997. <i>Administration Director since February 2006. Administrative Manager from 1997 to January 2006. Graduate as Accounting Technician in 1984. Joined Bdl in October 1997.</i>
María Rodríguez Castro (*)	Directora de Contabilidad desde agosto del 2007. Gerente de Contabilidad del 2001 a julio del 2007. Graduada en Finanzas y Créditos en 1989. Comenzó en el Bdl en enero del 2001. <i>Accounting Director since August 2007. Accounting Manager from 2001 to July 2007. Graduate in Finance and Credit in 1989. Joined Bdl in January 2001.</i>
Zoia Palomino Curbelo (*)	Directora de Operaciones desde mayo del 2007. Gerente de Operaciones del 2004 a abril del 2007. Graduada de Economía del Transporte en 1986. Comenzó en el Bdl en agosto del 2001. <i>Operations Director since May 2007. Operations Manager from 2004 to April 2007. Graduate in Transport Economy in 1986. Joined Bdl in August 2001.</i>
Oslaine Rizo Rigores	Gerente de Recursos Humanos desde el año 2005. Graduada de Ingeniería Mecánica en 1992. Comenzó en el Bdl en mayo del 2001. <i>Human Resources Manager since 2005. Graduate in Mechanic Engineering in 1992. Joined Bdl in May 2001.</i>
Lourdes Fruto Montero	Gerente de Riesgo desde mayo del 2007. Graduada en Planificación de la Economía Nacional en 1990. Comenzó en el Bdl en octubre del 2001. <i>Risk Manager since May 2007. Graduate in National Economy Planning, 1990. Joined Bdl in October 2001.</i>

(*) Members of the Board of Directors



Audidores y Consultores

INDEPENDENT AUDITOR'S REPORT

To the board of Directors
Banco de Inversiones, S.A

We have examined **Banco de Inversiones, S.A.**'s, Financial Statements, including the Balance Sheet, and Profit and Loss Statement, for the period finished in December 31, 2008, as well as a summary of the notes to such Statements.

Management's Responsibility for the Financial Statements

The Management is responsible for the preparation and fair presentation of the Statement in accordance with the provisions of the accounting policies set out in Note 2 to the Statement. This responsibility includes: designing, implementation and maintaining internal control relevant to the preparation and fair presentation of the Statement that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an independent opinion on these Financial Statements based on our audit. We conducted our audit in accordance with the Cuban Norms of Audit. Those norms require that we comply with ethical requirements and plan perform audit to obtain a reasonable assurance whether the Statement is free from material misstatement.

An audit includes procedures to obtain audit evidence on the figures and revelations in the Statement.

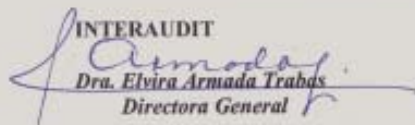
An audit considers the application of a procedure to get evidence related to the figures and revelations from the Financial Statement.

The selected procedures depend on our professional approach, including the evaluation of the risks of important errors of the Statement, derived of fraud or error. To evaluate the risks we have taken into account the internal control for the elaboration and reasonable presentation of the balances of the Financial Statements to design audit procedures that are convenient according to the circumstances, but it doesn't stop the purpose of expressing an opinion on the internal control. An audit also includes evaluating the convenience of the used accounting policies, the reasonable of the accounting estimates issued by the management and the presentation of the Financial Statements.

We consider that the audit evidence that we have obtained is enough and appropriate to base our opinion of the audit.

Opinion

In our opinion, the above mentioned Financial Statements reasonably show, the financial position of **Banco de Inversiones, S.A.**, up to December 31, 2008 and the result of its operations, for such period in conformity with the Cuban Norms of Financial Information.

INTERAUDIT

Dra. Elvira Armada Trabaq
Directora General

La Habana,
april 6th 2009

Note:

It is a free translation from the original in Spanish. In case of any discrepancy, the Spanish version shall prevail.

Autorización: Resolución No. 32, de fecha 22 de noviembre de 1994,
del Ministerio de Finanzas y Precios de la República de Cuba.

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Balance Sheet as of December 31, 2008

Assets	31/12/2008	31/12/2007
Availabilities (Note No. 4)	56,995,159	42.896.436
Temporary Investments (Note No. 5)	15,929,820	14.467.1306
Loan Portfolio (Note No. 6)	140,518,945	134.410.819
Other Accounts Receivable (Note No. 7)	15.425	289.9309
Permanent Investment (Note No. 8)	25,317,266	26.063.5609
Fixed Tangible Asset (Net Accounting Value) (Note No. 9)	102,353	135.744
Fixed Intangible Value (Net Accounting Value) (Note No.10)	292	292
Other Assets (Nota No. 11)	7,346,388	11.546.608
Total Assets	246,225,648	229.810.519
Liabilities and Capital		
Liabilities		
Obligations with the public (Note No. 10)	69,502,862	58.601.107
Obligations with Banco Central	2,556,864	4.630.546
Obligations with Financial Institutions (Note No.12)	101,067,841	100.405.983
Obligations by others financings (Note No. 13)	33,612,036	28.916.157
Other Accounts Payable (Note No. 14)	89,772	69.501
Subordinate Obligations	3,235,150	6.444.570
Other Liabilities (Note No. 15)	1,749,805	3.587.254
Total Liabilities	211,814,330	202.655.118
Capital (Note No. 16)	34,411,318	27.155.401
Total Liabilities and Capital	246,225,648	229.810.519

Excutive President



Treasurer



Profits & Loss Statement as of December 31, 2008

	31/12/2008	31/12/2007
Interests Incomes (Note No. 17)	13,767,662	13,966,346
Minus: Interest Expenses (Note No.18)	(10,079,209)	(9,713,531)
Net Interest Income	3,688,453	4,252,815
Other Financial Income (Note No.19)	7,871,667	9,087,684
Minus: Other Financial Expenses (Note No.20)	(726,985)	(3,791,039)
	7,144,682	5,296,645
Gross Financial Margin	10,833,135	9,549,460
Income for Recover of Financial Assets	1,172,355	768,788
Minus: Expenses for Provision of Financial Assets	(311,903)	(440,189)
	860,452	328,599
Net Financial Margin	11,693,587	9,878,059
Services Income	52,570	52,965
Minus: Services Expenses	(11,467)	(14,050)
	41,103	38,915
Operational Margin	11,734,690	9,916,974
Overhead and Administration Expenses (Note No.21)	(1,315,584)	(1,266,288)
Total Operation Expenses	(1,315,584)	(1,266,288)
Net Operational Margin	10,419,106	8,650,686
Other Income and Other Non-operational Margin		
Other Income (Note No.22)	228,976	1,007,743
Other Expenses (Note No.23)	(65,413)	(34,136)
Total other income other expenses	163,563	973,607
Profit before Tax	10,582,669	9,624,293
Tax on Profit (Note No.24)	(3,220,753)	(2,904,502)
Profit after Tax on Profit	7,361,916	6,719,791

Notes to the Financial statements

1- THE ORGANIZATION

Banco de Inversiones was established through deed of incorporation No. 344 of February 14, 1996 registered in book 1192, page 080, of the Mercantile Registry of the City of Havana under Banco Central de Cuba rule.

The Association is constituted for an unlimited period as of its recording in the relevant registers of the Republic of Cuba and could be disincorporated anytime through Shareholder's Meeting Agreement.

Its corporate object:

1. Carry out banking transactions of all kinds mainly those related to funding and/or management of investments.
2. Capture funds and grant private or syndicate credits
3. Promote investment projects and seek for investment opportunities under customers' instructions.
4. Advise about investment banking and stock exchange operations such as: purchase or sell; rearrangement or reorganization of companies; asset-backed securities; auctions, research on stock exchange and overseas financial market; studies for assessing financial impact of strategic choice, lay outs and devising of investments funds.
5. Offer services of financial engineering, economic and financial advisory, budgeting, feasibility studies, accountancy and statistics service, assessment of economic outcomes and using of motionless financial funds prior to the accomplishment of the relevant legal requirements.
6. Act as broker and perform debt restructuring, managing, purchasing and sale.
7. Issue obligations by itself and for third parties, so as to lay out issuing, besides buying and selling obligations transactions.
8. Appraise buying, selling, merging or rearrangements of companies.
9. Share companies' management.
10. Trust and fund administration transactions.
11. Set up and keep official affairs with foreign export credit insurance organizations, through previous and particular examination and approval by Banco Central de Cuba.
12. Buy or sell securities and take part in the different forms of direct investments.
13. Allow stock in bond, obligations and other securities in whichever terms and conditions following the applicable regulations.
14. Manage the automatic System for Discounting Commercial Instruments (SEDEC in Spanish) setting out with customers service terms and conditions.
15. Edit and issue specialized reviews on Investment and Finance banking.

The Association's authorized net worth is forty million Cuban Convertibles (CUC 40 000 000.00) represented by forty thousand registered stock with a nominal value of one thousand Cuban convertibles (CUC 1000.00) each, of which twenty million Cuban Convertibles (20 000 000.00) are settled and endorsed.

2- BASIS OF PREPARATION

The current Financial Statements were prepared according to banking applicable regulations, Banco Central de Cuba rules, and in items missed by the abovementioned; under the Cuban Financial Reporting Regulations. The company arranges its Financial Statements in Cuban Pesos (CUP) and transacts in foreign exchange and Cuban Convertibles.

3- RELEVANT ACCOUNTING POLICIES

Functional Currency

The currency for the main economic area of operation is the Cuban Convertible Peso (CUC).

Currency for accounting records

The currency denominated to present the economic facts within the accounting records is the Cuban Peso (CUP). The Cuban Peso (CUP) has a fixed exchange ratio of 1:1 against the Cuban Convertible.

Transactions in foreign currencies

Transactions in foreign currencies were translated by using the exchange rate ruling at the transaction date. Moreover monetary assets and liabilities in foreign currencies were translated using the exchange rate ruling at the Balance Sheet date. Benefits and losses as a result of such transactions and of the settlement of monetary assets and liabilities are recognized in the Statement of Profit and Loss.

The United States of America dollar (USD) has a fixed exchange rate of USD 1.08 against 1.0 Cuban Convertible peso (CUC).

Inventories

Buying items are valued at their purchase prices plus other expenses related, through the use of the average cost approach.

For tools and utensils in service the usual approach is to score 50% of its value as expense, at the time of beginning to use, and the remaining when it is finally discharged.

Tangible Fixed Assets and its depreciation

Tangible fixed assets are valued at the historic purchase price and are depreciated by the straight- line approach on the asset life-span estimate by applying the following percentages:

Furniture and Fittings	15
Overall Furniture	10
Ground Transport Vehicles	20
Computers and peripherals	25
Other Fixed Tangible Assets	15

Intangible Fixed Assets and its amortization

Intangible fixed assets comprise computers' software recorded by its purchase price with pay off in a two-year period.

Loss and Contingencies Reserves

Through agreement No. 119/2002 by Banco Central de Cuba, an 8% was established as the contingent provision ratio in a way to protect Financial Institutions activities.

Training Reserves

Based on Instruction No. 5/2007 from **Ministerio de Finanzas y Precios** referred to the creation and result of the Voluntary Reserve after tax usage, a Training Reserve was made available by a previous agreement of the Stockholders' Meeting.

Other Reserves

Through a Stockholders' Meeting agreement a special reserve is made available for winding up Petromax S.A. with a 33% share out of the whole. Such reserve would be equivalent to the contributions made by the institution.

Provisions

The financial institutions provision policies are governed by Banco Central de Cuba through Instruction 34/2006 on «Rules for classifying credit assets and provision policies».

Provisions are made up, or the existing ones are released, once the classification and the evaluation of credit assets have been made, all of which are submitted to the Board of Directors on a quarterly basis.

Tax on Profits

The institution is subjected to the prepayment of tax on Profits based on 35 % taxable net profit.

Interest Income, Charges and Commissions

Interests generated by loans and advances are registered on a monthly basis and collected at maturity.

Charges and commissions are recognized either right at the time of the operation or during its course, depending on the kind of service made.

Regulations on Accumulation of Risks

Regulations on accumulation of risks for financial institutions are issued through Instruction 23/2006 from Banco Central de Cuba.

Contingency Operations

It includes financial intermediation operations on behalf of customers based in Cuba, whether it is due to either syndicate, or bilateral loans or securities, with the bank acting as broker. Also obligations are recorded under the tax pattern giving support to several financial transactions.

Use of Estimates

Preparing Financial Statements demands the management, according to the Cuban Financial Reporting regulations, to make estimates and presumptions of the assets and liabilities reported amounts at the Financial Statements exercise date, and those of income and expenses along the accounting period, based on the information available at the preparation date, although actual results could differ from the estimates made.

Others

We have no evidences which may imply any changes in the company's goals, neither objections nor contingencies, in favor or against, which could materially affect the reports present.

4- AVAILABILITIES

	2008	2007
Cash in banks	1,000	500
Funds for petty cash payments-CUC	500	250
Funds for petty cash payments-CUP	500	250
Our bank accounts in the country	55,087,298	31,068,434
Free Funds	2,169,990	6,767,241
Collateral funds	52,917,308	24,301,193
Our bank accounts abroad	1,906,861	11,827,502
Free funds	860,888	1,961,341
Collateral(*)	1,045,973	9,866,161
	<u>56,995,159</u>	<u>42,896,436</u>

(*)It also includes escrow accounts and collateral linked to Bdl's arranged transactions.

5-TEMPORARY INVESTMENTS

	2008	2007
Term deposit in Banco Central	6,429,820	8,167,130
Term deposits in banks in the country	9,500,000	6,300,000
	<u>15,929,820</u>	<u>14,467,130</u>

It Comprises amounts deposited in banks aimed at earning interest and increase cash for other purposes.

6- LOAN PORTFOLIO

	2008	2007
Loans to customers and banks	138,517,343	132,195,325
Debts purchase	2,331,492	2,570,157
Matured loans to customers	1,130,206	1,131,688
	<u>141,979,041</u>	<u>135,897,170</u>
Provision for loan portfolio	(1,460,096)	(1,486,351)
	<u>140,518,945</u>	<u>134,410,819</u>

7- OTHER ACCOUNTS RECEIVABLE

	2008	2007
Other accounts receivable	57,381	331,515
State budget debts	4,640	2,598
Employee's accounts receivable	1,687	5,132
	<u>63,708</u>	<u>339,245</u>
Provision for doubtful collection accounts *	(48,283)	(49,315)
	<u>15,425</u>	<u>289,930</u>

* it was made available based on 100% of MCI Marca Comercio Internacional S.A. account receivable comprising legal handling charges as a result of arbitration against this institution for matured loans.

8- PERMANENT INVESTMENTS

	2008	2007
Purchase of securities	7,308,610	6,666,550
Participation in financial institutions(1)	2,108,019	2,906,131
Other permanent investments (2)	15,927,137	17,343,064
	25,343,766	26,915,745
Provision for permanent investments	(26,500)	(852,185)
	<u>25,317,266</u>	<u>26,063,560</u>

(1) In reference to Banco de Inversiones stake of 9.8% of Havin Bank Ltd. shares in London for an aggregate amount of GBP 1,568,000.00

(2) Itemize breakdown as follows:

	2008	2007
Reserves accounts	13,277,137	14,635,879
Petromax, S.A *	2,650,000	2,650,000
Compañía Fiduciaria	-	57,185
	<u>15,927,137</u>	<u>17,343,064</u>

* Banco de Inversiones owns 33% of economic participation in this company.

9- FIXED TANGIBLE ASSET (ACCOUNTING NET VALUE)

Reconciliation of purchase value of fixed tangible assets:

	COST				COST
	31-12-2007	New Entries	Discharges	Adjustment	31-12-2008
Overall furniture	51,110	1,649	364	-	52,395
Ground transport vehicles	144,576	-	6,430	-	138,146
Computer Equipments	166,156	9,615	22,862	-	152,909
Others	79,819	1,964	1,668	(272)	79,843
	<u>446,948</u>	<u>13,228</u>	<u>31,324</u>	<u>(272)</u>	<u>428,580</u>

Reconciliation on accrued depreciation:

	ACCRUED			Adjustment	ACCRUED
	31-12-2007	Expense of The Year	Discharge		31-12-2008
Furniture and fittings	4,637	210	-	-	4,847
Overall furniture	34,349	3,867	330	-	37,886
Ground Transport vehicles	75,744	16,446	6,430	-	85,760
Computer equipments	130,298	18,262	22,097	921	127,384
Others	66,176	5,307	1,308	175	70,350
	<u>311,204</u>	<u>44,092</u>	<u>30,165</u>	<u>1,096</u>	<u>326,227</u>

End-year balances summary:

	2008	2007
Fixed tangible asset	428,580	446,948
Fixed tangible asset depreciation	(326,227)	(311,204)
Net accounting value	<u>102,353</u>	<u>135,744</u>

10- FIXED INTANGIBLE ASSET (NET ACCOUNTING VALUE)

Reconciliation of fixed intangible assets purchase value:

	COST			COST
	31-12-2007	Entries	Adjust-ments	31-12-2008
Payroll Software	7,000	-	-	7,000
Switchboard Software	3,200	-	-	3,200
Site and Web page Software	2,000	-	-	2,000
	<u>12,200</u>	<u>-</u>	<u>-</u>	<u>12,200</u>

Reconciliation of accrued amortization:

	ACCRUED			ACCRUED
	31-12-2007	Expenses of the year	Adjust-ments	31-12-2008
Payroll Software	6,708	-	-	6,708
Switchboard Software	3,200	-	-	3,200
Site and web page Software	2,000	-	-	2,000
	<u>11,908</u>	<u>-</u>	<u>-</u>	<u>11,908</u>

End-year balances summary:

	2008	2007
Fixed tangible Asset	12,200	12,200
Fixed intangible asset amortization	(11,908)	(11,908)
Net Accounting Value	<u>292</u>	<u>292</u>

11- OTHER ASSETS

	2008	2007
<i>Inventory</i>	32,613	36,607
<i>Accrued interest receivables(1)</i>	1,308,998	2,027,018
<i>Guaranties, endorsements and others</i>	23,722	23,824
<i>Differed Charges</i>	15,161	84,307
<i>Advanced paid expenses</i>	18,584	6,601
<i>Advances to support</i>	75	-
<i>Loss or missing under investigation</i>	-	1,860
<i>Pending Entries</i>	5,884,843	9,164,984
<i>Acquired Option</i>	59,609	111,436
<i>Pending Transference</i>	-	63,137
<i>Other Assets</i>	2,783	26,834
	<u>7,346,388</u>	<u>11,546,608</u>

(1) *Accrued Interest receivables*

	2008	2007
<i>Interests on customer's loans</i>	1,226,051	1,922,523
<i>Interests on purchased securities</i>	49,174	73,408
<i>Interests on temporary investments</i>	21,094	31,084
<i>Interests on matured loans</i>	12,679	3
	<u>1,308,998</u>	<u>2,027,018</u>

12- OBLIGATIONS WITH FINANCIAL INSTITUTIONS

	2008	2007
<i>Collateral Funds banks in the country-on demand</i>	411,990	-
<i>Collateral Funds banks abroad -on demand</i>	185	185
<i>Deposits of banks abroad-on Term</i>	4,285,580	6,453,240
<i>Loans received from banks abroad-on Term</i>	96,370,086	93,952,558
	<u>101,067,841</u>	<u>100,405,983</u>

13- OBLIGATIONS WITH OTHER FINANCINGS

	2008	2007
<i>Debts purchased non-financial institutions</i>	15,094,036	11,326,835
<i>Funding non-financial institutions abroad</i>	18,518,000	17,589,322
	<u>33,612,036</u>	<u>28,916,157</u>

14- OTHER ACCOUNTS PAYABLE

	2008	2007
<i>Assorted Accounts Payable</i>	10,811	8,753
<i>Payroll Payable</i>	21,131	-
<i>Vacations Payable</i>	29,735	27,438
<i>Retentions Payable</i>	3,475	3,370
<i>Tax on workforce use</i>	12,595	13,169
<i>Contribution to Social Welfare</i>	9,473	9,871
<i>Goods in transit</i>	2,552	-
<i>Advanced collected Income</i>	-	6,900
	<u>89,772</u>	<u>69,501</u>

15- OTHER LIABILITIES

	2008	2007
<i>Interest Payable(1)</i>	989,352	1,733,553
<i>Tax Payable (2)</i>	648,082	634,053
<i>Accrued Expenses Payable</i>	11,881	74,751
<i>Issued Options</i>	59,609	111,436
<i>Guaranties, endorsements and others</i>	6,389	6,389
<i>Entries pending of investigation</i>	29,277	1,024,546
<i>Differed Liabilities</i>	5,215	950
<i>Other Liabilities</i>	-	1,576
	<u>1,749,805</u>	<u>3,587,254</u>

(1) Interest Payable

	2008	2007
<i>Interests on bank loans</i>	884,652	1,535,035
<i>Interests on bank deposits</i>	18,932	28,643
<i>Interests on other financings</i>	68,999	69,393
<i>Interests on subordinate loan</i>	-	100,482
<i>Interests on debt purchasing</i>	16,769	-
	<u>989,352</u>	<u>1,733,553</u>

(2) Tax Payable

	2008	2007
<i>Tax on profits (Note 24)</i>	3,220,753	2,904,502
<i>Payment on account of Profits</i>	(2,572,671)	(2,270,449)
<i>Tax Payable</i>	<u>648,082</u>	<u>634,053</u>

16- CAPITAL

	2008	2007
Authorized Corporate Capital	40,000,000	40,000,000
Shares to be issued	(20,000,000)	(20,000,000)
Subscribed and Paid Capital (1)	20,000,000	20,000,000
Reserves for losses and contingencies	3,560,892	2,714,279
Training reserves	20,000	-
Other reserves	2,165,602	1,187,220
Retained profits(2)	8,664,824	3,253,902
CAPITAL	<u>34,411,318</u>	<u>27,155,401</u>

(1) Authorized Corporate Capital

	2008	2007
Authorized		
40,000 nominal shares, with a value of CUC 1,000 each	40,000,000	40,000,000
Subscribed and paid		
Bancholding, S.A (98%)	19,600,000	19,600,000
Banco Internacional de Comercio, S.A. (2%)	400,000	400,000
Subscribed and Paid Capital	<u>20,000,000</u>	<u>20,000,000</u>

(2) Retained Utilities

	2008	2007
Retained profits at the onset of the economic exercise	3,253,902	1,304,054
Economic exercise profit balance	10,582,669	9,624,293
Tax on profits out of the current economic exercise	(3,220,753)	(2,904,502)
Charges for Capital Reserves:		
* Reserves for Loss and Contingencies	(846,613)	(769,943)
* Other reserves	(978,381)	-
* Training reserves	(20,000)	-
Paid Dividends	(106,000)	(4,000,000)
	<u>8,664,824</u>	<u>3,253,902</u>

17- INTERESTS INCOME

	2008	2007
<i>Interests out of Customers' Loans</i>	11,941,344	11,254,671
<i>Interests out of granted deposits</i>	739,647	766,887
<i>Interests out of Loans to Banks</i>	12,615	77,207
<i>Other Incomes out of Interests</i>	1,074,056	1,865,392
<i>Interests out of Deposits in Banks</i>	-	2,189
	13,767,662	13,966,346

18- EXPENSES OUT OF INTERESTS

	2008	2007
<i>Loans financial Institutions</i>	8,850,926	8,700,076
<i>Deposits Financial Institutions</i>	711,127	901,876
<i>Other expenses out of Interests</i>	517,156	111,579
	<u>10,079,209</u>	<u>9,713,531</u>

19- OTHER FINANCIAL INCOME

	2008	2007
<i>Commissions</i>	4,735,988	5,018,223
<i>Exchange Rate Profits</i>	3,026,260	3,226,244
<i>Other Financial Incomes</i>	109,419	843,217
	<u>7,871,667</u>	<u>9,087,684</u>

20- OTHER FINANCIAL EXPENSES

	2008	2007
<i>Bank Expenses and Commissions</i>	27,467	1,192,775
<i>Exchange Rate Loss</i>	542,874	1,029,565
<i>Other Financial Expenses</i>	156,644	1,568,699
	<u>726,985</u>	<u>3,791,039</u>

21- GENERAL ADMINISTRATION EXPENSES

	2008	2007
<i>Tax and Salaries</i>	628,953	636,407
<i>On performance bonus payment</i>	114,478	95,166
<i>Bonus payment under Company Improvement System</i>	71,552	78,888
<i>Paid allowances over 1,5%</i>	3,834	1,482
<i>Other personnel expenses</i>	10,664	10,395
<i>Fuels and Oils</i>	12,759	9,944
<i>Power, gas and water</i>	11,314	10,825
<i>Communications</i>	80,920	84,726
<i>Fixed Tangible Assets depreciation</i>	44,092	39,680
<i>Lease of facilities</i>	139,112	115,260
<i>Security Services</i>	20,668	36,372
<i>Other Expenses</i>	177, 238	147,143
	<u>1,315,584</u>	<u>1,266,288</u>

22- OTHER INCOMES

	2008	2007
<i>Other Incomes</i>	172,811	927,430
<i>Past years Incomes</i>	56,165	80,313
	<u>228,976</u>	<u>1,007,743</u>

23- OTHER EXPENSES

	2008	2007
<i>Other Expenses</i>	1,264	789
<i>Past Years Expenses</i>	64,149	33,347
	<u>65,413</u>	<u>34,136</u>

24- TAX ON PROFITS

	2008
<i>Term profit</i>	10,582,669
Minus: Reserve for Loss and Contingencies (8%) (Note3)	(846,613)
	9,736,056
<i>Minus: deductible Incomes</i>	
<i>Interest on acquired securities.</i>	(604,819)
Plus: non-deductible expenses:	70,916
<i>Non-depreciated value of discharged fixed assets</i>	1,159
<i>Paid allowances over 1,5%</i>	3,834
<i>Assisting Customers</i>	1,774
<i>Past years Expenses</i>	64,149
Taxable Profit	9,202,153
<i>Taxation rate (35%)</i>	3,220,753

25- SHARES IN OTHER COMPANY

Bdl owns stock in Petromax Corporation for \$ 2 650 000.00 representing 33%. (See Note 8).

Banco de Inversiones owns stock for 9,8% of Havin Bank Ltd.

26- TRANSACTIONS WITH LINKED PARTIES

A Bdl representation office in Havana acts as employer agent, as human resources provider.

27- PAST YEAR FIGURES

Past year Financial Statements were audited by another Auditor's company. Figures are shared for comparison purposes.



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BANCO DE INVERSIONES S.A.