



*BANCO DE INVERSIONES S.A.*

***ANNUAL REPORT***  
***2009***

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## LETTER FROM THE PRESIDENT

After more than a decade of continuous growth regarding financial management indicators, Banco de Inversiones S.A. experienced a profits reduction in this period, as in its total assets. This situation had been predicted in the Annual Report for last year and it was evidenced in the profits reduction during this period, registering USD 8.7 millions in 2009 against USD 11.4 millions reached in 2008, while the total assets in 2009 lowered to USD 218.2 millions compared to 2008 when they closed in USD 265 millions.

The above referred situation was associated not only to the impact of the international financial crisis over the main capital markets and the increased risk aversion, but also to the impact of such crisis on some of our main customers in Cuba.

Consequently it was applied a prudent strategy in order not to increase the credit intermediation, but to attend our customers in the search of financial solutions in the middle of the difficult circumstances in which they have been operating since end of 2008. The current Annual Report highlights the economic efficiency results obtained during 2009, which were suitable, even higher than the national and international average in some indicators. The total cost per peso of income was reduced to 52 cents from the 54 cents reached in 2008 and the ratio of management expenses to peso of income were kept in levels lower than 3 cents, being such index higher in other countries. The per capita profit was USD 134.4 thousands, which positively compares to the international standards, meanwhile Assets return was 3.7 % and the Paid-up Capital return exceeded 40 %.

In 2010 it is purported to diversify the customer base and financing modalities, as well as to extend the cooperation actions with the bank's strategic customers and to monitor and control the investment projects led to increase the foreign exchange incomes. The insertion in this strategy shall permit the bank the creation of the required basis to promote a gradual and progressive growth of its management during the period 2011-2015, and the opportunity of taking advantage from the potentialities for arranging new operations and advisory services.

Our gratitude to all, the Bank's Shareholders, customers, banks that support us and all the staff for helping keep Banco de Inversiones in a leading position in terms of specialized services in Cuba.



Raúl E. Rangel

Executive President



## EXECUTIVES

The Shareholders' General Meeting is the main ruling organ of the entity, giving the Board of Directors power for performing the function of management of the Association.



Raúl E. Rangel Gracia (\*): Executive President since 1999. Graduate in International Economic Relations. Moscow 1979. Joined Bdl in December 1999.

Maricela Azcue González (\*): Executive Vice President since 2003. Graduate in International Economic Relations. Havana 1987. Joined Bdl in August 2003.

Julio L. González Pérez (\*): Executive Vice President since 2007. Graduate in Economic Control, Havana 1977. Joined Bdl in December 2007.

M. Margarita Morales Albernas (\*): Treasury and IT Systems Director since May 2007 until May 2010. 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.

Sandro Isaac Vázquez del Río (\*): Secretary of the Board of Director since May 2005. Graduate in Law in 1999. Joined Bdl in January 2004.

Roxana Valdes Espinosa (\*): Business Director Acting since April 2009. Graduate in Economy in 2003. Joined Bdl in July 2004.

Juan J. Mulkay Gunther (\*): Administration Director since February 2006. Administrative Manager from 1997 to January 2006. Graduate as Accounting Technician in 1984. Joined Bdl in October 1997.

María Rodríguez Castro (\*): Accounting Director since August 2007. Accounting Manager from 2001 to July 2007. Graduate in Finance and Credit in 1989. Joined Bdl in January 2001.

Zoia Palomino Curbelo (\*): Operations Director since May 2007. Operations Manager from 2004 to April 2007. Graduate in Transport Economy in 1986. Joined Bdl in August 2001.

Oslaine Rizo Rigores: Human Resources Manager since 2005. Graduate in Mechanic Engineering in 1992. Joined Bdl in May 2001.

Michelle Abdo Cuza : Project Director since April 2010. Graduate as Licentiate in Laws and Master in Financial Laws. Joined Bdl in April 2010. (doesn't appear in the picture)

Lourdes Fruto Montero: Risk Manager since May 2007. Graduate in National Economy Planning, 1990. Joined Bdl in October 2001. (doesn't appear in the picture)

(\*) Members of the Board of Directors



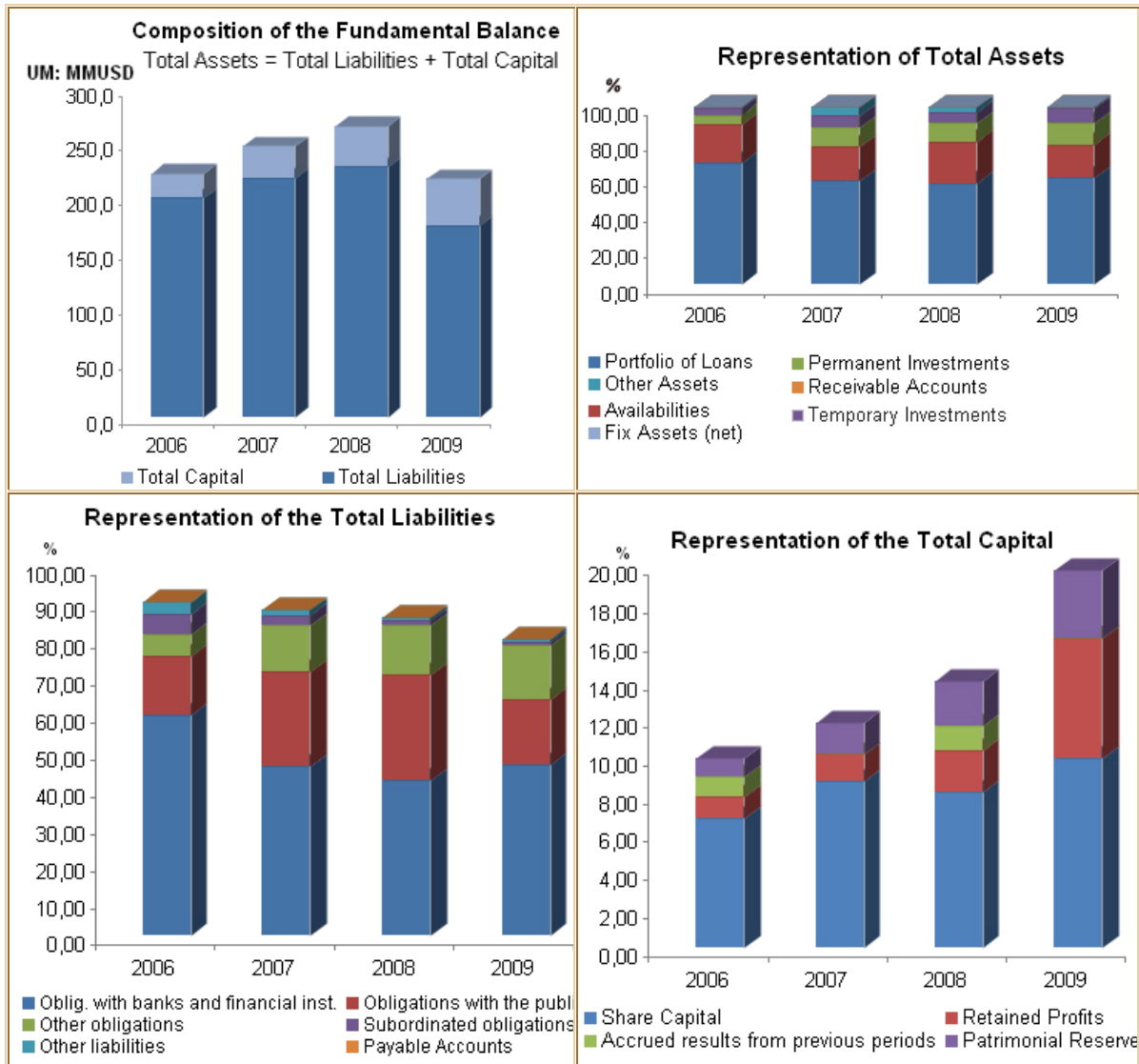
## ECONOMIC - FINANCIAL EFFICIENCY INFORM

Despite of the difficult economic – financial situation prevailing at the capital markets and in the country, the bank performs efficiently and even when some indicators were lower than previous years, they were kept in suitable or satisfactory ranks. This statement is based on the following aspects:

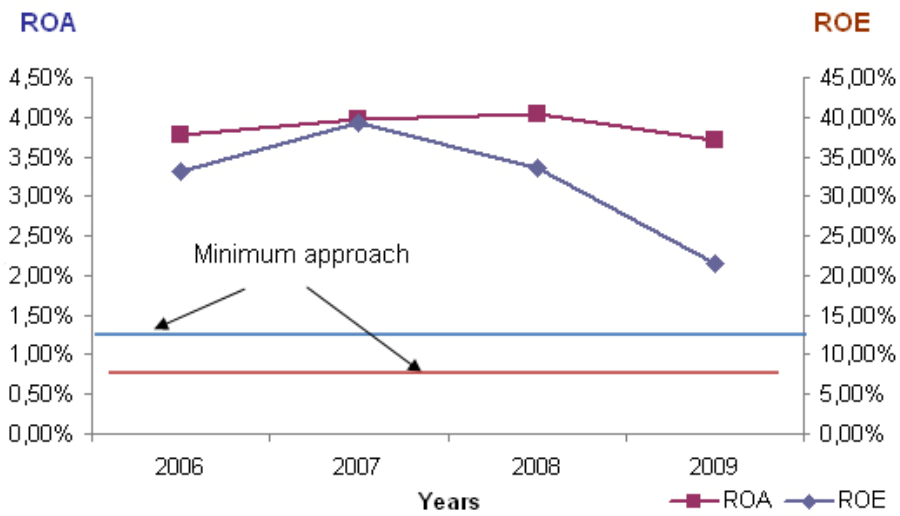
- Behavior of General Efficiency Indicators: In the following graphic are shown the Total Incomes (columns) and from them, the part correspondent to the total expenses of the bank and the result of these indicators (in other words, the period's profit before taxes, which is just the difference between incomes and total expenses).



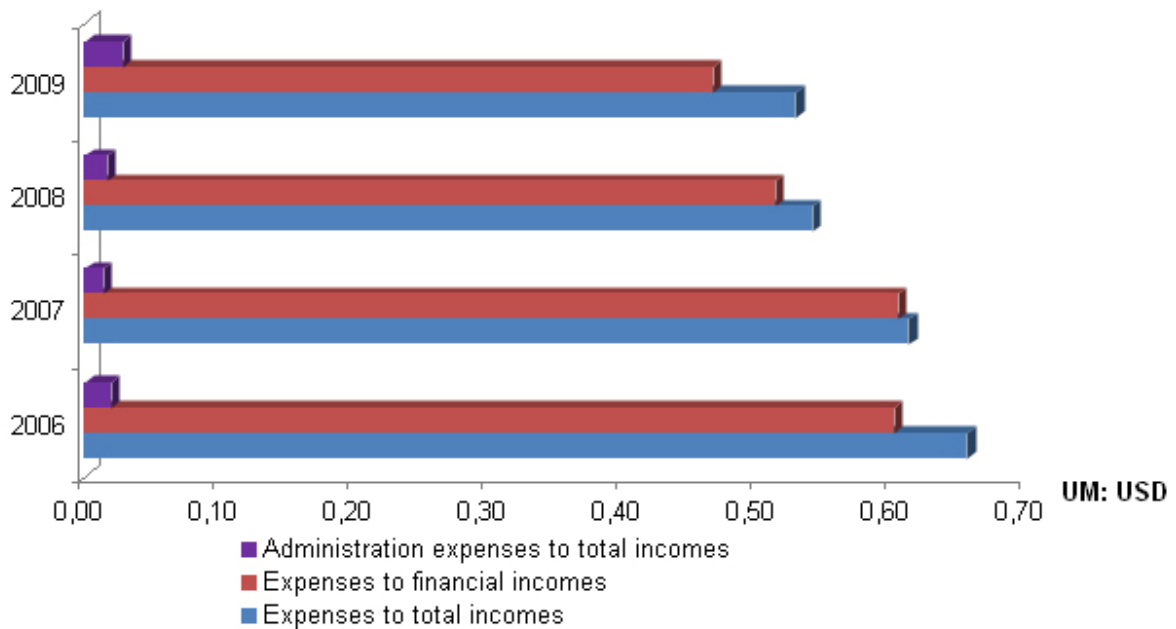
- Graphic representation of the General Balance Indicators: Evolution of Total Assets has decreased in relation to the ones obtained in previous years, due to the fact that the Portfolio of Loans (the major representation of Total Assets) has concentrated during 2009, to which the bank has designed a strategy that allows it to diversify the customer base and increase the portfolio, on basis of opportune and profound risk analysis. Also, it can be seen that the Total Assets have been financed in bigger proportion by the Capital of the Bank, because of what explained before.



- Behavior of traditional efficiency indicators (ROA and ROE):** The ROA (Return of Assets) reached 3.70 % in 2009. In the case of the ROE (Return of Capital) it is shown a lowering behaviour from 2007 on, associated to the crisis but still keep at attractive levels, as the international standards. Both indicators show a positive behaviour from 2006 to 2009, which denotes efficiency in the bank's management from the point of view of the use given to the available resources and the capital return, respectively.

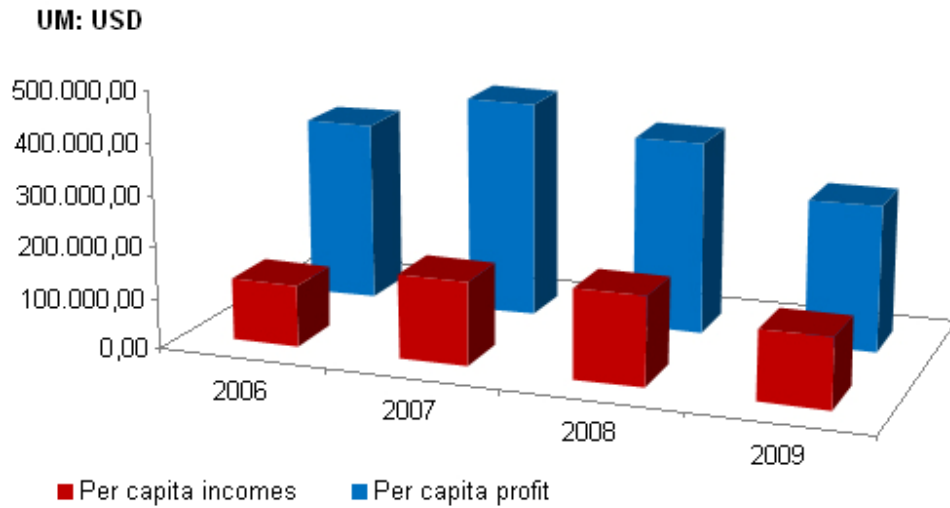


- Behavior of economic efficiency indicators: Among the economic efficiency indicators it will be reported the cost per peso of total incomes relation, the cost per peso of financial incomes relation and the administration cost per peso of total incomes relation, which have been reduced every year, so it can be concluded that the bank has worked with economic efficiency during the period 2006-2009 as shown in the graphic.





- Behavior of the efficiency indicators per worker: Among the per capita efficiency indicators are shown the per capita profits and incomes per worker. This indicators show the above referred situation, which has influenced the bank throughout the represented period, keeping satisfactory levels compared to the banking sector in Cuba and also to other countries.







## AUDITORS JUDGMENT



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, 2009, 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, 2009 and the result of its operations, for such period, in conformity with the Cuban Norms of Financial Information.

INTERAUDIT

  
Dra. Elvira Armada Trabas  
Directora General

La Habana,  
march, 10th 2010

#### Note:

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

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Authorization: Resolution No. 32, dated november 22, 1994,  
from the Price and Financial Ministry of the Republic of Cuba.



## BALANCE SHEET

ACTIVO	NOTAS	2009	2008
Availabilities	<u>4</u>	37,165,617	56,995,159
Temporary Investments	<u>5</u>	16,744,655	15,929,820
Loan Portfolio	<u>6</u>	121,710,619	140,518,945
Other Accounts Receivable	<u>7</u>	54,927	15,425
Permanent Investment	<u>8</u>	24,937,670	25,317,266
Fixed Tangible Asset (Net Accounting Value)	<u>9</u>	77,307	102,353
Fixed Intangible Value (Net Accounting Value)	<u>10</u>	-	292
Other Assets	<u>11</u>	1,301,342	7,346,388
<b>TOTAL ASSETS</b>		<b>201,992,137</b>	<b>246,225,648</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>LIABILITIES</b>			
Obligations with the public		35,329,356	69,502,862
Obligations with Banco Central		2,583,610	2,556,864
Obligations with Financial Institutions	<u>12</u>	90,695,633	101,067,841
Obligations by Other Financings	<u>13</u>	29,994,562	33,612,036
Other Accounts Payable	<u>14</u>	78,006	89,772
Subordinate Obligations		1,496,386	3,235,150
Other Liabilities	<u>15</u>	1,909,487	1,749,805
<b>TOTAL LIABILITIES</b>		<b>162,087,040</b>	<b>211,814,330</b>
<b>CAPITAL</b>	<u>16</u>	<b>39,905,097</b>	<b>34,411,318</b>
<b>TOTAL LIABILITIES AND CAPITAL</b>		<b>201,992,137</b>	<b>246,225,648</b>

The adjoined notes are integral part of the Financial Statements



## PROFIT AND LOSS STATEMENT

	NOTAS	2009	2008
Interest Income	<u>17</u>	10,701,362	13,767,662
Minus: Interest Expenses	<u>18</u>	(7,271,103)	(10,079,209)
<b>Net Interest Income</b>		<b>3,430,259</b>	<b>3,688,453</b>
Other Financial Income	<u>19</u>	5,868,235	7,871,667
Minus: Other Financial Expenses	<u>20</u>	(284,380)	(726,985)
		<b>5,583,855</b>	<b>7,144,682</b>
<b>Gross Financial Margin</b>		<b>9,014,114</b>	<b>10,833,135</b>
Income for Recovery of Financial Assets		492,875	1,172,355
Minus: Expenses for Provision of Financial Assets		(186,658)	(311,903)
		<b>306,217</b>	<b>860,452</b>
<b>Net Financial Margin</b>		<b>9,320,331</b>	<b>11,693,587</b>
Services Income		53,573	52,570
Minus: Services Expenses		(7,128)	(11,467)
		<b>46,445</b>	<b>41,103</b>
<b>Operational Margin</b>		<b>9,366,776</b>	<b>11,734,690</b>
Overhead and Administration Expenses	<u>21</u>	(1,331,892)	(1,315,584)
<b>Total Operation Expenses</b>		<b>(1,331,892)</b>	<b>(1,315,584)</b>
<b>Net Operational Margin</b>		<b>8,034,884</b>	<b>10,419,106</b>
<b>Other Income and Other Non-operational Margin</b>			
Other Income	<u>22</u>	58,747	228,976
Other Expenses	<u>23</u>	(5,676)	(65,413)
<b>Total other income other expenses</b>		<b>53,071</b>	<b>163,563</b>
<b>Profit before Tax</b>		<b>8,087,956</b>	<b>10,582,669</b>
Tax on Profit	<u>24</u>	(2,219,177)	(3,220,753)
<b>Profit after Tax on Profit</b>		<b>5,868,779</b>	<b>7,361,916</b>



## NOTES TO THE FINANCIAL STATEMENTS

### 1 THE BANK

**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 dissolved 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 agent 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 management. of companies.
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.

1. 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. They are completely amortized

### **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

	2009	2008
<b>Cash in banks</b>	<b>1,000</b>	<b>1,000</b>
Funds for petty cash payments-CUC	500	500
Funds for petty cash payments-CUP	500	500
<b>Our bank accounts in the country</b>	<b>30,925,945</b>	<b>55,087,298</b>
Free Funds	3,223,535	2,169,990
Collateral funds	27,702,410	52,917,308
<b>Our bank accounts abroad</b>	<b>6,238,672</b>	<b>1,906,861</b>
Free funds	1,072,254	860,888
Collateral(*)	5,166,418	1,045,973
	<b>37,165,617</b>	<b>56,995,159</b>

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

### 5 TEMPORARY INVESTMENTS

	2009	2008
Term deposit in Banco Central	7,344,655	6,429,820
Term deposits in banks in the country	9,400,000	9,500,000
	<b>16,744,655</b>	<b>15,929,820</b>

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



## 6 LOAN PORTFOLIO

	2009	2008
Loans to customers and banks	121,730,839	138,517,343
Debts purchase	-	2,331,492
Matured loans to customers	1,130,206	1,130,206
	<b>122,861,045</b>	<b>141,979,041</b>
Provision for loan portfolio	(1,150,426)	(1,460,096)
	<b>121,710,619</b>	<b>140,518,945</b>

## 7 OTHER ACCOUNTS RECEIVABLE

	2009	2008
Other accounts receivable	130,134	57,381
State budget debts	2,654	4,640
Employee's accounts receivable	740	1,687
	133,528	63,708
Provision for doubtful collection accounts *	(78,601)	(48,283)
	<b>54,927</b>	<b>15,425</b>

\* 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. (See Note 6)

## 8 PERMANENT INVESTMENTS

	2009	2008
Purchase of securities	15,316,190	7,308,610
Participation in financial institutions(1)	2,306,685	2,108,019
Other permanent investments (2)	7,314,795	15,927,137
	24,937,670	25,343,766
Provision for permanent investments	-	(26,500)
	<b>24,937,670</b>	<b>25,317,266</b>





- (1) It corresponds to participation of the Banco de Inversiones the 9,8% of the actions of Havin Bank Ltd in London for a total of GBP 1,568,000.00.
- (2) It is removed like it continues:

	2009	2008
Reserves accounts	4,664,795	13,277,137
Petromax, S.A *	2,650,000	2,650,000
	7,314,795	15,927,137

\* 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 31-12-2008	IN	OUT	SETTLEMENTS	COST 31-12-2009
Furniture and fittings	5,287	-	-	-	5,287
Overall furniture	52,395	878	113	-	53,160
Ground transport vehicles	138,146	-	-	-	138,146
Computer Equipments	152,909	12,186	16,565	-	148,530
Others	79,843	866	6,059	-	74,650
	<b>428,580</b>	<b>13,930</b>	<b>22,737</b>	-	<b>419,773</b>

Reconciliation on accrued depreciation:

	ACCRUED 31-12-2008	EXPENSES OF THE YEAR	OUT	SETTLEMENTS	ACCRUED 31-12-2009
Furniture and fittings	4,847	147	-	-	4,994
Overall furniture	37,886	3,395	57	-	41,224
Ground Transport vehicles	85,760	15,605	-	-	101,365
Computer equipments	127,384	15,383	16,494	-	126,273
Others	70,350	3,878	6,018	400	68,610
	<b>326,227</b>	<b>38,408</b>	<b>22,569</b>	<b>400</b>	<b>342,466</b>



End-year balances summary:

	2009	2008
Fixed tangible asset	419,773	428,580
Fixed tangible asset depreciation	(342,466)	(326,227)
<b>Net accounting value</b>	<b>77,307</b>	<b>102,353</b>

#### 10 FIXED INTANGIBLE ASSET (NET ACCOUNTING VALUE)

Reconciliation of fixed intangible assets purchase value:

	COST 31-12-2008	IN	SETTLEMENTS	COST 31-12-2009
Payroll Software	7,000	-	-	7,000
Switchboard Software	3,200	-	-	3,200
Site and Web page Software	2,000	-	-	2,000
	<b>12,200</b>	<b>-</b>	<b>-</b>	<b>12,200</b>

Reconciliation of accrued amortization:

	ACCRUED 31-12-2008	EXPENSES OF THE YEAR	OUT	SETTLEMENTS
Payroll Software	6,708	292	-	7,000
Switchboard Software	3,200	-	-	3,200
Site and Web page Software	2,000	-	-	2,000
	<b>11,908</b>	<b>292</b>	<b>-</b>	<b>12,200</b>

End-year balances summary:

	2009	2008
Fixed tangible Asset	12,200	12,200
Fixed intangible asset amortization	(12,200)	(11,908)
<b>Net Accounting Value</b>	<b>-</b>	<b>292</b>



## 11 OTHER ASSETS

	2009	2008
Inventories	26,217	32,613
Accrued interest receivables (1)	1,024,713	1,308,998
Guaranties, endorsements and others	27,758	23,722
Differed Charges	47,461	15,161
Advanced paid expenses	6,545	18,584
Advances to support	1,093	75
Tools and utensils	24,464	-
Outwear Tools and utensils	(12,232)	-
Pending Entries	132,269	5,884,843
Acquired Option	12,081	59,609
Pending Transference	5,979	-
Other Assets	4,994	2,783
	<b>1,301,342</b>	<b>7,346,388</b>

(1) Accrued Interest receivables

	2009	2008
Interests on customer's loans	931,333	1,226,051
Interests on purchased securities	28,452	49,174
Interests on temporary investments	40,046	21,094
Interests on matured loans	24,882	12,679
	<b>1,024,713</b>	<b>1,308,998</b>

## 12 OBLIGATIONS WITH FINANCIAL INSTITUTIONS

	2009	2008
Collateral Funds banks in the country-on demand	-	411,990
Collateral Funds banks abroad –on demand	-	185
Deposits of banks abroad-on Term	5,300,870	4,285,580
Loans received from banks abroad-on Term	85,394,763	96,370,086
	<b>90,695,633</b>	<b>101,067,841</b>



### 13 OBLIGATIONS WITH OTHER FINANCINGS

	2009	2008
Debts purchased non-financial institutions	13,212,625	15,094,036
Funding non-financial institutions abroad	16,781,937	18,518,000
	<b>29,994,562</b>	<b>33,612,036</b>

### 14 OTHER ACCOUNTS PAYABLE

	2009	2008
Assorted Accounts Payable	3,128	10,811
Payroll Payable	19,014	21,131
Vacations Payable	27,506	29,735
Retentions Payable	3,286	3,475
Tax on workforce use	11,560	12,595
Contribution to Social Welfare	8,718	9,473
Goods in transit	4,787	2,552
Advanced collected Income	7	-
	<b>78,006</b>	<b>89,772</b>

### 15 OTHER LIABILITIES

	2009	2008
Interest Payable (1)	754,315	989,352
Tax Payable (2)	557,540	648,082
Accrued Expenses Payable	1,084	11,881
Issued Options	12,081	59,609
Guaranties, endorsements and others	6,389	6,389
Entries pending of investigation	578,069	29,277
Differed Liabilities	-	5,215
Other Liabilities	9	-
	<b>1,909,487</b>	<b>1,749,805</b>

**Interest Payable (1)**

	2009	2008
Interests on bank loans	665,528	884,652
Interests on bank deposits	4,613	18,932
Interests on other financings	58,852	68,999
Interest Payable Central Cuban Bank	959	-
Interests on debt purchasing	24,363	16,769
	<b>754,315</b>	<b>989,352</b>

**Tax Payable (2)**

	2009	2008
Tax on profits (Note 24)	2,219,177	3,220,753
Payment on account of Profits	(1,661,637)	(2,572,671)
Tax Payable	<b>557,540</b>	<b>648,082</b>

**16 CAPITAL**

	2009	2008
<b>Authorized Corporate Capital</b>	40,000,000	40,000,000
Shares to be issued	<b>(20,000,000)</b>	<b>(20,000,000)</b>
<b>Subscribed and Paid Capital</b>	<b>20,000,000</b>	<b>20,000,000</b>
Reserves for losses and contingencies	4,207,929	3,560,892
Training reserves	20,000	20,000
Other reserves	2,899,139	2,165,602
Retained profits	12,778,029	8,664,824
<b>CAPITAL</b>	<b>39,905,097</b>	<b>34,411,318</b>

**Authorized Corporate Capital**

	2009	2008
<b>Authorized</b>		
40,000 nominal shares, with a value of CUC 1,000 each	<b>40,000,000</b>	<b>40,000,000</b>
<b>Subscribed and paid</b>		
Bancholding, S.A (98%)	19,600,000	19,600,000
Banco Internacional de Comercio, S.A. (2%)	400,000	400,000
<b>Subscribed and Paid Capital</b>	<b>20,000,000</b>	<b>20,000,000</b>



### Retained Utilities

	2009	2008
Retained profits at the onset of the economic exercise	8,664,824	3,253,902
Economic exercise profit balance	8,087,956	10,582,669
Tax on profits out of the current economic exercise	(2,219,177)	(3,220,753)
Charges for Capital Reserves:		
* Reserves for Loss and Contingencies	(647,037)	(846,613)
*Other reserves	(733,537)	(978,381)
*Training reserves	-	(20,000)
Paid Dividends	(375,000)	(106,000)
	<b>12,778,029</b>	<b>8,664,824</b>

### 17 INTERESTS INCOME

	2009	2008
Interests out of Customers' Loans	9,098,782	11,941,344
Interests out of granted deposits	481,432	739,647
Interests out of Loans to Banks	-	12,615
Other Incomes out of Interests	1,121,148	1,074,056
	<b>10,701,362</b>	<b>13,767,662</b>

### 18 EXPENSES OUT OF INTERESTS

	2009	2008
Loans financial Institutions	6,416,475	8,850,926
Deposits Financial Institutions	383,809	711,127
Other expenses out of Interests	470,819	517,156
	<b>7,271.103</b>	<b>10,079,209</b>

### 19 OTHER FINANCIAL INCOME

	2009	2008
Commissions	3,585,219	4,735,988
Exchange Rate Profits	2,021,845	3,026,260
Other Financial Incomes	261,171	109,419
	<b>5,868,235</b>	<b>7,871,667</b>



## 20 OTHER FINANCIAL EXPENSES

	2009	2008
Bank Expenses and Commissions	31,124	27,467
Exchange Rate Loss	205,029	542,874
Other Financial Expenses	48,227	156,644
	<b>284,380</b>	<b>726,985</b>

## 21 GENERAL ADMINISTRATION EXPENSES

	2009	2008
Tax and Salaries	512,440	628,953
On performance bonus payment	107,585	114,478
Bonus payment under Company Improvement System	167,976	71,552
Paid allowances over 1,5%	1,611	3,834
Other personnel expenses	239	10,664
Fuels and Oils	15,873	12,759
Power, gas and water	12,882	11,314
Communications	93,600	80,920
Fixed Tangible Assets depreciation	38,700	44,092
Lease of facilities	131,024	139,112
Security Services	91,011	20,668
Other Expenses	158,951	177,238
	<b>1,331,892</b>	<b>1,315,584</b>

## 22 OTHER INCOMES

	2009	2008
Other Incomes	44,713	172,811
Past years Incomes	14,034	56,165
	<b>58,747</b>	<b>228,976</b>



## 23 OTHER EXPENSES

	2009	2008
Other Expenses	169	1,264
Past Years Expenses	5,507	64,149
	<b>5,676</b>	<b>65,413</b>

## 24 TAX ON PROFITS

	2009	2008
Term profit		<b>8,087,956</b>
<b>Minus:</b> Reserve for Loss and Contingencies (8%) (Note3)		(647,036)
		<b>7,440,920</b>
<b>Minus: deductible Incomes</b>		
Interest on acquired securities.		(1,109,873)
<b>Plus: non-deductible expenses:</b>		<b>9,459</b>
Non-depreciated value of discharged fixed assets	169	
Paid allowances over 1,5%	1,611	
Assisting Customers	2,172	
Past years Expenses	5,507	
<b>Taxable Profit</b>		<b>6,340,506</b>
Taxation rate (35%)		<b>2,219,177</b>

## 25 TRANSACTIONS WITH LINKED PARTIES

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

## 26 TRANSACTIONS WITH LINKED PARTIES

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

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





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