
Banco Central de Cuba

FINANCIAL STATEMENTS

December 31st, 2010

INTERAUDIT





INDEPENDENT AUDITOR'S REPORT

To the President and the Board of Central Bank

We have examined of Banco Central de Cuba Financial Statements, including the Balance Sheet, and Profit and Loss Statement, for the period finished in December 31st, 2010, 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. 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 and 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.

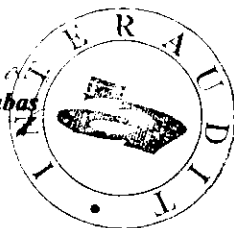
Opinion

In our opinion, the above mentioned Financial Statements reasonably shows, the financial position of Banco Central de Cuba, up to December 31st, 2010 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,
June 10th 2011



**Authorization: Resolution No. 32, dated November 22nd of 1994,
of the Ministry of Finance and Prices of the Republic of Cuba.**

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Banco Central de Cuba



Balance Sheet

as at December 31st, 2010

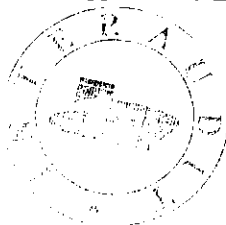
(In thousands of Cuban Pesos) (CUP)

	NOTAS	2010	2009
ASSETS			
Cash, deposits and loans to financial institutions	3	4,352,546.9	5,791,635.4
Financial investment	4	98,376.0	93,667.4
Loans to government	5	26,154,660.0	30,989,835.1
OTHER ASSETS	6	25,448.8	29,341.2
Net fix assets		9,720.2	5,352.0
Other internal assets		15,728.6	23,989.2
TOTAL ASSETS		30,631,031.7	36,904,479.1
LIABILITIES			
Bank notes and coins in circulation	7	10,362,100.0	10,650,300.0
Liabilities within the financial sector	8	15,221,686.8	24,786,785.0
Bank Account an cash		7,840,333.7	8,461,461.8
Deposits and borrowing		7,381,353.1	16,325,323.2
Liabilities within non financial sector	9	3,418,706.3	813.1
Issued bonds	10	686,937.8	550,207.0
Other internal liabilities	11	549,003.9	562,302.9
TOTAL LIABILITIES		30,238,434.8	36,550,408.0
Capital	12	108,067.5	101,284.2
Reserves		33,980.0	19,199.1
Net income		250,549.4	233,587.8
TOTAL CAPITAL		392,596.9	354,071.1
TOTAL LIABILITIES AND CAPITAL		30,631,031.7	36,904,479.1

The notes that are accompanied are part
integral of the financial statements

Approved by

Director



Banco Central de Cuba

Income Statement

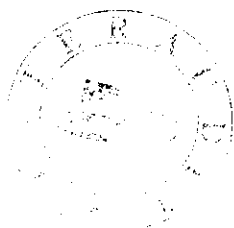
For the year ended on December 31st, 2010

(In thousands of Cuban Pesos) (CUP)

INCOME AND EXPENSES STATEMENT

13

	NOTES	2010	2009
FINANCIAL INCOME		286,220.4	280,402.6
<i>Interest- Banks</i>		3,753.7	6,825.7
<i>Interest- State</i>		282,463.9	257,961.1
<i>Other Income</i>		2.8	15,615.8
OPERATING INCOME		10.0	53.6
<i>Administration</i>		6.1	2.5
<i>Other</i>		3.9	51.1
TOTAL INCOME		286,230.4	280,456.2
FINANCIAL EXPENSES		17,699.0	24,078.1
<i>Interest</i>		17,692.6	24,038.3
<i>Commissions and others</i>		6.4	38.9
<i>Other financial expense</i>		0.0	0.9
OPERATIVE EXPENSE		17,373.5	19,399.8
<i>Personnel expenses</i>		3,528.5	3,042.8
<i>Administrative</i>		13,845.0	16,357.0
TOTAL EXPENSES		35,072.5	43,477.9
TOTAL OTHER ACCOUNTS		608.5	3,390.5
NET INCOME		250,549.4	233,587.8



Banco Central de Cuba

Notes to Financial Statements

At December 31st , 2009

(In thousands of Cuban pesos) (CUP)

1 PRINCIPAL ACTIVITIES

Banco Central de Cuba institution created as the authority governing, regulating and supervising the financial institutions and representative offices established in the country, including the offshore banking center, duty free zone and industrial parks.

The objectives of **Banco Central de Cuba** are to look for stability in the purchasing power of the national currency, to contribute to achieve the macroeconomic equilibrium of the economy and to its orderly development, to have custody and to administrate the country's international reserves, to ensure the normal functioning of the internal and external payments, to exercise functions related to the discipline and supervision of the financial institutions and representative offices authorized to be established in the country and to carry out any other function which the laws assign to it.

2 SIGNIFICANT ACCOUNTING POLICIES

General Criteria

The balance sheet of **Banco Central de Cuba** is prepared in accordance with the accounting principles and criteria established in the Decree Law 172 of 28 of May 1997 and following the procedures contemplated in the Accounting Guidelines of the bank. It is approved by the Board of Directors and certified by the Auditor of the institution.

Due to the Commercial and Financial blockade of the United States of America against the Republic of Cuba and the risks that it means for Cuban assets in foreign countries, **Banco Central de Cuba** does not provide any information in relation to the international reserves. For that reason any data regarding the international reserves has been excluded from this presentation of BCC's balance sheet.

Evaluative Criteria

- a) Foreign currencies were converted to national currency according to the official rate as at 31/12/2010 (1 Cuban Peso = 1.08 USD).
- b) Fixed Assets are registered at cost.

Banco Central de Cuba

Notes to Financial Statements (continuation)

At December 31st , 2009

(In thousands of Cuban pesos (CUP))

2 SIGNIFICANT ACCOUNTING POLICIES (continuation)

Currency of Presentation

All amounts are expressed in thousand of Cuban Pesos. All other currencies are revalued at the exchange rate prevailing on the date of issuance of the balance sheet.

Currency in Circulation

*Currency issued by **Banco Central de Cuba** represents a claim on the Bank in favor of the holders. The Liability for currency in circulation is recorded in the Balance Sheet at face value*

THE BALANCE SHEET

*The annexed financial statements have been prepared as from the accounting records of **Banco Central de Cuba**.*

In respect to Assets

3 CASH, DEPOSITS AND LOANS FINANCIAL SECTOR

*This item includes cash disposals in foreign currencies, financial facilities granted for **Banco Central de Cuba** and deposits with financial institutions.*

4 FINANCIAL INVESTMENT

*Financial investments of **Banco Central de Cuba** refer to the institution as a shareholder of SWIFT and HAVINT, among others.*

Banco Central de Cuba

Notes to Financial Statements (continuation)

At December 31st , 2009

(In thousands of Cuban pesos (CUP))

5 LOANS TO GOVERNMENT

Banco Central de Cuba may issue national currency to meet deficit when it is empowered to do so by the Council of State, within the limits which that body establishes.

*The amount indicated reflexes accumulated debt by the State with **Banco Central de Cuba**. The amount varies frequently as commercial banks are empowered to invest buying public debt when they consider convenient to do so.*

*Obviously, for **Banco Central de Cuba** it's an instrument for liquidity regulation whit monetary policy purpose.*

6 OTHER ASSETS

This item includes Fixed and Internal Assets.

Regarding Liabilities

7 BANK NOTES AND COINS IN CIRCULATION

Means money in public hands

8 LIABILITIES WITHIN THE FINANCIAL SECTOR

*This item refers to bank's accounts in **Banco Central de Cuba**, cash in financial institution and deposits hold by those institutions in BCC. Also includes other obligations the financial sector.*

9 LIABILITIES WITHIN NON FINALCIAL SECTOR

This item refers to bank's accounts in Banco Central de Cuba, cash in financial institution and deposits hold by those institutions in banco Central Cuba. Also includes other obligations the financial sector. The increase observed responds to a methodological change intended to achieve a higher transparency in the sources of primary monetary issuance.

10 ISSUED BONDS

It refers to debt securitization by means of bonds issued by Banco Central de Cuba, placed in commercial banks and other financial institutions in the country.

Also serves to Banco Central de Cuba for monetary regulation.

Banco Central de Cuba

Notes to Financial Statements (continuation)

At December 31st , 2009

(In thousands of Cuban pesos (CUP))

11 OTHER INTERNAL LIABILITIES

At the Balance Sheet this item refers to administrative liabilities basically.

12 IN RESPECT TO CAPITAL

The Capital of Banco Central de Cuba consists of the capital contribute by the Cuban State, and its legal reserves. These should reach a minimum equal to the capital.

The Capital may be increased by additional contributions of the Cuban State or by the decision of the President of Banco Central de Cuba, by capitalizing reserves and by making corrective monetary adjustments.

13 INCOME AND EXPENSES

Income and Financial Expenses are recognized in function of Period in that they are general and they are classified in the main departures associated to the bank activity; Revenues for interests, Revenues and financial Expenses, for interests and commissions, and in administrative fundamental expenses.