

05 - 03 - 96

Havana International Bank Limited

Registered No. 1074897

DIRECTORS

J J Rodriguez (Chairman)

L Chao (Vice Chairman)

J Vaz

J Lebrede

R Rangel

A Victoria

SECRETARY

D Teacher

AUDITORS

Ernst & Young

Rolls House

7 Rolls Buildings

Fetter Lane

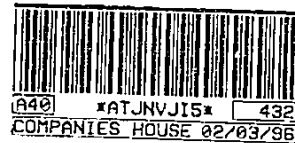
London EC4A 1NH

REGISTERED OFFICE

20 Ironmonger Lane

London EC2V 8EY

ERNST & YOUNG



Havana International Bank Limited

DIRECTORS' REPORT

The directors present their report and the group accounts for the nine months ended 31 December 1995.

RESULTS AND DIVIDENDS

The group trading profit for the nine months, after taxation and provisions, amounted to £329,247 (year ended 31 March 1995 - £251,892). The profit dealt with in the accounts of the parent company was £329,429 (year ended 31 March 1995 - £251,779).

The directors do not recommend the payment of a final dividend. An interim dividend of £440,000 was paid during the period.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The group's principal activities throughout the period continued to be the provision of wholesale banking services together with money market and foreign exchange transactions. Particularly encouraging has been the increase in trade finance, in particular Cuban related, which has improved the level of profit this period.

FUTURE DEVELOPMENTS

We envisage that the continuing improvement in Cuba's economic situation will lead to broader investment opportunities for the bank. Associated with this we anticipate an increase in the overall level of banking business that should lead to improved profitability in the future.

FIXED ASSETS

Details of the group's fixed assets are shown in note 15 to the accounts.

DIRECTORS AND THEIR INTERESTS

The directors at 31 December 1995 and their interests in the share capital of the group were as follows:

	At 31 December 1995	At 1 April 1995
	Ordinary shares	Ordinary shares
J J Rodriguez (Chairman)	1	1
L Chao (Vice Chairman)	1	1
J Vaz	1	1
J Lebrede	1	1
R Rangel	-	-
A Victoria	1	1

CHARITABLE CONTRIBUTIONS

During the period, the group made various charitable contributions totalling £158 (year ended 31 March 1995 - £540).


Havana International Bank Limited

DIRECTORS' REPORT

AUDITORS

A resolution to reappoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By order of the board


J. P. Teacher
Secretary

29 FEB 1996

 ERNST & YOUNG

Havana International Bank Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE AUDITORS
to the members of Havana International Bank Limited

We have audited the accounts on pages 6 to 21, which have been prepared under the historical cost convention, on the basis of the accounting policies set out on pages 10 and 11.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

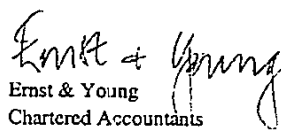
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group as at 31 December 1995 and of the profit of the group for the nine month period then ended and have been properly prepared in accordance with the Companies Act 1985.


Ernst & Young
Chartered Accountants
Registered Auditor
London

29 FEB 1996

Havana International Bank Limited

GROUP PROFIT AND LOSS ACCOUNT

for the nine months ended 31 December 1995

		<i>Nine months ended</i> <i>31 December</i> <i>1995</i>	<i>Year ended</i> <i>31 March</i> <i>1995</i>
	<i>Notes</i>	<i>£</i>	<i>£</i>
Interest receivable and similar income arising from listed debt securities		421,851	592,358
Other interest receivable and similar income		2,178,036	1,437,510
		<u>2,599,887</u>	<u>2,029,868</u>
Interest payable		(1,419,413)	(746,530)
NET INTEREST INCOME		<u>1,180,474</u>	<u>1,283,338</u>
Fees and commissions receivable		362,367	297,239
Fees and commissions payable		(4,495)	(3,860)
Dealing profits	4(b)	126,151	155,136
Other operating income	3	120,055	342,247
		<u>604,078</u>	<u>790,762</u>
TOTAL OPERATING INCOME		<u>1,784,552</u>	<u>2,074,100</u>
Administrative expenses		1,156,141	1,514,782
Depreciation and amortisation		118,923	148,847
Other operating charges		5,910	65,354
		<u>1,280,974</u>	<u>1,728,983</u>
OPERATING PROFIT	4	<u>503,578</u>	<u>345,117</u>
Profit on sale of tangible fixed assets		-	6,489
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX		<u>503,578</u>	<u>351,606</u>
Tax on profit on ordinary activities	8	(174,331)	(99,714)
PROFIT FOR THE FINANCIAL PERIOD		<u>329,247</u>	<u>251,892</u>
Dividends	10	(440,000)	(400,000)
PROFIT RETAINED FOR THE FINANCIAL PERIOD		<u>(110,753)</u>	<u>(148,108)</u>
Reserves brought forward		1,992,440	2,140,548
Reserves carried forward		<u>1,881,687</u>	<u>1,992,440</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than those stated in the profit and loss account.

Havana International Bank Limited

GROUP BALANCE SHEET

at 31 December 1995

	Notes	31 December 1995 £	31 March 1995 £
ASSETS			
Cash and balances at central banks		12,778	11,011
Treasury bills and other eligible bills	11	70,109	355,146
Loans and advances to banks	12(a)	29,473,252	26,553,320
Loans and advances to customers	13	6,647,143	7,873,109
Debt securities	14(a)	6,422,439	4,471,169
Tangible fixed assets	15	738,758	742,910
Prepayments and accrued income		1,971,174	1,761,672
TOTAL ASSETS		45,335,653	41,768,337
LIABILITIES			
Deposits by banks	18	19,224,077	16,664,851
Customer accounts	19	10,353,595	9,047,830
Holding company		79,064	177,932
Other liabilities - taxation		178	45,560
Accruals and deferred income		394,298	479,009
Provisions for liabilities and charges	21	402,754	360,715
		30,453,966	26,775,897
Called up share capital	22	13,000,000	13,000,000
Profit and loss account		1,881,687	1,992,440
	23	14,881,687	14,992,440
TOTAL LIABILITIES		45,335,653	41,768,337

Director

Director

29 FEB 1996

Havana International Bank Limited

BALANCE SHEET

at 31 December 1995

	Notes	31 December 1995 £	31 March 1995 £
ASSETS			
Cash and balances at central banks		12,778	10,835
Treasury bills and other eligible bills	11	70,109	355,146
Loans and advances to banks	12(b)	29,282,334	26,242,320
Loans and advances to customers	13	6,647,143	7,873,109
Amounts owed by subsidiary undertaking:			
due within one year		160,000	160,000
due after more than one year		40,000	160,000
Debt securities	14(b)	6,412,500	4,461,329
Investment in subsidiary undertaking	16	2	2
Tangible fixed assets	15	738,758	742,910
Prepayments and accrued income		1,970,186	1,760,863
TOTAL ASSETS		45,333,810	41,766,514
LIABILITIES			
Deposits by banks	18	19,224,077	16,664,851
Customer accounts	19	10,353,595	9,047,830
Holding company		79,064	177,932
Other liabilities - taxation		-	45,560
Accruals and deferred income		394,228	478,962
Provisions for liabilities and charges	21	402,754	360,715
		30,453,718	26,775,850
Called up share capital	22	13,000,000	13,000,000
Profit and loss account		1,880,092	1,990,664
		14,880,092	14,990,664
TOTAL LIABILITIES		45,333,810	41,766,514

Director

Director

29 FEB 1996

Havana International Bank Limited

GROUP STATEMENT OF CASH FLOWS

for the nine months ended 31 December 1995

		Nine months ended 31 December 1995	Year ended 31 March 1995
	Notes	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	4(a)	2,377,216	4,275,246
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Dividend paid		(440,000)	(400,000)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(440,000)	(400,000)
TAXATION			
Corporation tax paid		(177,674)	(255,502)
TAX PAID		(177,674)	(255,502)
INVESTING ACTIVITIES			
Payments to acquire tangible fixed assets		(26,995)	(163,943)
Receipts from sale of tangible fixed assets		-	18,370
Payments to acquire investments		(2,039,046)	(1,561,382)
Receipts from sale/maturity of investments		-	1,875,000
NET CASH (OUTFLOW)/INFLOW FROM INVESTING ACTIVITIES		(2,066,041)	168,045
NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING		(306,499)	3,787,789
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	17	(306,499)	3,787,789

Havana International Bank Limited

NOTES TO THE ACCOUNTS

at 31 December 1995

1. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards. The accounts comply with the Companies Act 1985 Schedule 9 (special provisions for banking companies and groups).

Basis of consolidation

The group accounts consolidate the accounts of Havana International Bank Limited and its subsidiary undertaking drawn up to 31 December 1995. No profit and loss account is presented for Havana International Bank Limited as permitted by Section 230 of the Companies Act 1985.

Depreciation and amortisation

Depreciation is provided on all tangible fixed assets, at rates calculated to write-off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Leasehold land and buildings	-	over the lease term
Furniture and office equipment	-	over 5 years
Computer equipment	-	over 3 years
Motor vehicles	-	over 4 years

Investments

Investments are stated in the balance sheet at nominal value, adjusted for unamortised premiums or discounts, since it is the directors' intention to hold the investments to maturity. Premiums or discounts on the purchase of these investments are amortised over the period to maturity.

Foreign currencies

Foreign currency balances are translated to sterling at the approximate rates ruling at the balance sheet date.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or if appropriate at the forward contract rate.

Deferred taxation

Provision is made for deferred taxation at the rates applicable on reversal, using the liability method on:

- (i) the excess of taxation allowances claimed in respect of fixed assets qualifying for such allowances over the depreciation charged; and
- (ii) taxation on income not accountable for tax purposes until later years, to the extent that these differences will reverse in the future.

Leasing

Income on finance leases is calculated using the actuarial method before taxation.

Rentals paid under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Fees and commissions

Front end fees and commissions receivable for the continuing service of advances are recognised on the basis of work done. Other fees are recognised when receivable.

Havana International Bank Limited

NOTES TO THE ACCOUNTS

at 31 December 1995

1. ACCOUNTING POLICIES (continued)

Provisions for bad and doubtful debts and contingencies

Specific provisions against bad and doubtful debts are made on the basis of regular reviews of exposures and deducted from the relevant asset. General provisions are made in relation to losses which, although not specifically identified, may exist in the banking portfolio, or which may arise through litigation or other operating contingencies.

Pensions

Havana International Bank Limited operates a defined benefit pension scheme covering the majority of employees. Contributions to the fund are charged in the profit and loss account so as to spread the cost of pensions over the employees' working lives within the group. The scheme is funded by contributions from the company at rates determined by the actuary. These contributions are invested separately from the group's assets.

Differences between the amounts funded and the amounts charged in the profit and loss account are treated as either provisions or prepayments in the balance sheet.

2. SEGMENTAL ANALYSIS

In the opinion of the directors, the group has only one class of business being commercial banking and all transactions are recorded in the United Kingdom.

3. OTHER OPERATING INCOME

	<i>Nine months ended</i>	<i>Year ended</i>
	<i>31 December</i>	<i>31 March</i>
	<i>1995</i>	<i>1995</i>
	<i>£</i>	<i>£</i>
Profit on investment	120,000	160,000
Income from finance leases	55	10,579
Doubtful debt recovery	-	87,000
General provision no longer required	-	84,668
	<u>120,055</u>	<u>342,247</u>

Havana International Bank Limited

NOTES TO THE ACCOUNTS

at 31 December 1995

4. OPERATING PROFIT

(a) Reconciliation of operating profit to net cash inflow from operating activities

	<i>Nine months ended</i> <i>31 December</i> <i>1995</i> <i>£</i>	<i>Year ended</i> <i>31 March</i> <i>1995</i> <i>£</i>
Operating profit	503,578	345,117
Depreciation	31,147	41,754
Amortisation of premium on investments	87,776	107,093
(Increase)/decrease in interest receivable and prepaid expenses	(209,502)	161,081
Decrease in interest payable and accrued expenses	(84,710)	(402,729)
Net cash inflow from trading activities	328,289	252,316
Net increase in deposits	3,766,123	8,296,466
Net increase in loans to customers and banks	(2,002,233)	(4,512,415)
Decrease in short term bills discounted	285,037	238,879
	2,048,927	4,022,930
Net cash inflow from continuing operating activities	2,377,216	4,275,246

(b) This is stated after charging/(crediting):

	<i>Nine months ended</i> <i>31 December</i> <i>1995</i> <i>£</i>	<i>Year ended</i> <i>31 March</i> <i>1995</i> <i>£</i>
Lease costs	2,992	10,578
Auditors' remuneration - audit services	35,000	35,000
- non-audit services	15,200	22,300
Depreciation of owned fixed assets	31,147	41,754
Dealing profits	(126,151)	(155,136)

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Havana International Bank Limited

NOTES TO THE ACCOUNTS

at 31 December 1995

5. DIRECTORS' EMOLUMENTS

	<i>Nine months ended 31 December 1995</i>	<i>Year ended 31 March 1995</i>
	<i>£</i>	<i>£</i>
Other emoluments (including pension contributions)	89,709	66,168

Emoluments amounting to £5,625 were waived by one director during the period.

Directors' emoluments, (excluding pension contributions), fell within the following ranges:

	<i>Nine months ended 31 December 1995</i>	<i>Year ended 31 March 1995</i>
	<i>No</i>	<i>No</i>
£Nil - £5,000	4	4
£10,001 - £15,000	1	-
£30,001 - £35,000	1	2
£40,001 - £45,000	1	-

The emoluments of the chairman (excluding pension contributions) were £33,750 (year ended 31 March 1995 - £Nil).

The emoluments of the highest paid director (excluding pension contributions) were £42,612 (year ended 31 March 1995 - £34,462).

6. STAFF COSTS

	<i>31 December 1995</i>	<i>31 March 1995</i>
	<i>£</i>	<i>£</i>
Wages and salaries	424,352	583,354
Social security costs	35,682	50,821
	460,034	634,175

	<i>No.</i>	<i>No.</i>
The average weekly number of employees during the period was	25	29

7. INCOME FROM INVESTMENTS

	<i>31 December 1995</i>	<i>31 March 1995</i>
	<i>£</i>	<i>£</i>
Listed	421,851	592,358

Havana International Bank Limited

NOTES TO THE ACCOUNTS

at 31 December 1995

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

The taxation charge is made up as follows:

	31 December 1995	31 March 1995
	£	£
Based on the profit for the period:		
Corporation tax at 33%	129,591	45,607
Prior period adjustment	2,701	(11,203)
Deferred taxation - current period	44,814	52,018
- prior period adjustment	(2,775)	15,292
	<u>174,331</u>	<u>99,714</u>

9. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The profit dealt with in the accounts of the parent company was £329,429 (year ended 31 March 1995 - £251,779).

10. DIVIDENDS

	31 December 1995	31 March 1995
	£	£
Equity dividends on ordinary shares:		
Interim paid	<u>440,000</u>	<u>400,000</u>

11. TREASURY BILLS AND OTHER ELIGIBLE BILLS

Group and Company

	31 December 1995	31 March 1995
	£	£
Other eligible bills	<u>70,109</u>	<u>355,146</u>

Market value was not significantly different from cost.

All bills are held for investment purposes. None was issued by the bank.

Havana International Bank Limited

NOTES TO THE ACCOUNTS

at 31 December 1995

12. LOANS AND ADVANCES TO BANKS

(a) Group

	31 December 1995	31 March 1995
	£	£
Repayable:		
- on demand	1,461,367	880,041
- within three months	28,011,885	25,673,279
	<u>29,473,252</u>	<u>26,553,320</u>

(b) Company

	£	£
Repayable:		
- on demand	1,270,520	880,041
- within three months	28,011,814	25,362,279
	<u>29,282,334</u>	<u>26,242,320</u>

13. LOANS AND ADVANCES TO CUSTOMERS

Group and Company

	31 December 1995	31 March 1995
	£	£
Repayable:		
- on demand	-	16,752
- within three months	1,018,171	1,371,278
- between three months and one year	4,769,069	5,193,991
- between one and five years	859,903	1,291,088
	<u>6,647,143</u>	<u>7,873,109</u>

Havana International Bank Limited

NOTES TO THE ACCOUNTS

at 31 December 1995

14. DEBT SECURITIES

(a) Group

	31 December 1995 £	Held for investment		Market value 31 March 1995 £
		Book value 31 March 1995 £	31 December 1995 £	
Issued by public bodies:				
Government securities	6,422,439	4,471,169	6,550,406	4,585,137
Analysed by maturity:				
Due within one year	1,827,758	1,825,000	1,835,836	1,927,656
Due after one year	4,594,681	2,646,169	4,714,570	2,657,481
	<u>6,422,439</u>	<u>4,471,169</u>	<u>6,550,406</u>	<u>4,585,137</u>
Analysed by listing status:				
Listed on the London Stock Exchange	6,422,439	4,471,169	6,550,406	4,585,137
Unamortised premiums	<u>362,939</u>	<u>236,669</u>		
(b) Company				
Issued by public bodies:				
Government securities	6,412,500	4,461,329	6,540,461	4,575,281
Analysed by maturity:				
Due within one year	1,827,758	1,825,000	1,835,836	1,927,656
Due after one year	4,584,742	2,636,329	4,704,625	2,647,625
	<u>6,412,500</u>	<u>4,461,329</u>	<u>6,540,461</u>	<u>4,575,281</u>
Analysed by listing status:				
Listed on the London Stock Exchange	6,412,500	4,461,329	6,540,461	4,575,281
Unamortised premiums	<u>362,500</u>	<u>236,329</u>		

The movement on debt securities held for investment purposes was as follows:

	Issued by public bodies	
	Group £	Company £
At 1 April 1995	4,471,169	4,461,329
Additions	2,048,546	2,038,297
Disposals	(9,500)	—
Amortisation of premiums	(87,776)	(87,126)
At 31 December 1995	<u>6,422,439</u>	<u>6,412,500</u>

Havana International Bank Limited

NOTES TO THE ACCOUNTS

at 31 December 1995

15. FIXED ASSETS

Group and Company

	<i>Computer equipment</i>	<i>Short leasehold property and improvements</i>	<i>Long leasehold property and improvements</i>	<i>Furniture equipment and vehicles</i>	<i>Total</i>
	£	£	£	£	£
Cost:					
At 1 April 1995	195,477	642,381	490,267	598,513	1,926,638
Additions	9,109	—	1,494	16,392	26,995
At 31 December 1995	204,586	642,381	491,761	614,905	1,953,633
Depreciation:					
At 1 April 1995	190,168	411,670	23,412	558,478	1,183,728
Charge for the period	4,268	9,170	4,590	13,119	31,147
At 31 December 1995	194,436	420,840	28,002	571,597	1,214,875
Net book value:					
At 31 December 1995	10,150	221,541	463,759	43,308	738,758
At 31 March 1995	5,309	230,711	466,855	40,035	742,910

16. INVESTMENTS

Company

Subsidiary undertaking

<i>Name of company</i>	<i>Country of registration (or incorporation) and operation</i>	<i>Holding</i>	<i>Proportion of voting rights and shares held</i>	<i>Nature of business</i>
Amblerest Limited	England and Wales	Ordinary shares	100%	Holds investments

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Havana International Bank Limited

NOTES TO THE ACCOUNTS

at 31 December 1995

17. CASH AND CASH EQUIVALENTS

Analysis of balances as shown in the group balance sheet and changes during the current and previous periods.

	31 December 1995	Change in period	31 March 1995	Change in year	31 March 1994
	£	£	£	£	£
Coins, bank notes and balances with banks	1,474,146	272,095	1,202,051	138,442	1,063,609
Money at call and short notice	23,887,628	(578,594)	24,466,222	3,649,347	20,816,875
	<u>25,361,774</u>	<u>(306,499)</u>	<u>25,668,273</u>	<u>3,787,789</u>	<u>21,880,484</u>

18. DEPOSITS BY BANKS

Group and Company

	31 December 1995	31 March 1995
	£	£
Repayable:		
- on demand	2,902,421	2,104,470
- within three months	16,321,656	14,322,831
- between three months and one year	-	237,550
	<u>19,224,077</u>	<u>16,664,851</u>

19. CUSTOMER ACCOUNTS

Group and Company

	31 December 1995	31 March 1995
	£	£
Repayable:		
- on demand	836,182	832,340
- within three months	5,653,963	4,867,584
- between three months and one year	3,863,450	3,347,906
	<u>10,353,595</u>	<u>9,047,830</u>

Havana International Bank Limited

NOTES TO THE ACCOUNTS

at 31 December 1995

20. OBLIGATIONS UNDER LEASES

Group and Company

Annual commitments under non-cancellable operating leases are as follows:

	<i>Land and buildings</i>		<i>Other</i>
	<i>31 December</i>	<i>31 March</i>	<i>31 December</i>
	<i>1995</i>	<i>1995</i>	<i>1995</i>
	£	£	£
Operating leases which expire:			
Within one year	-	-	1,720
In two to five years	-	-	11,727
In over five years	400,000	400,000	-
	<u>400,000</u>	<u>400,000</u>	<u>13,447</u>
			<u>15,469</u>

21. PROVISIONS FOR LIABILITIES AND CHARGES

*Deferred
taxation
£*

At 1 April 1995	360,715
Charge to taxation	42,039
At 31 December 1995	<u>402,754</u>

Group and Company

Deferred taxation provided in the accounts is as follows:

	<i>31 December</i>	<i>Provided</i>
	<i>1995</i>	<i>31 March</i>
	£	£
Capital allowances in advance of depreciation	(91,535)	(108,251)
Other timing differences	-	(6,883)
Provision for liability arising on pension fund surplus	424,658	431,340
Interest accrued	69,631	44,509
	<u>402,754</u>	<u>360,715</u>

Havana International Bank Limited

NOTES TO THE ACCOUNTS

at 31 December 1995

22. SHARE CAPITAL

	<i>31 December 1995</i>	<i>Authorised 31 March 1995</i>	<i>31 December 1995</i>	<i>Allotted and fully paid 31 March 1995</i>
	£	£	£	£
Ordinary shares of £100 each	14,000,000	14,000,000	13,000,000	13,000,000

23. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<i>Share capital £</i>	<i>Profit and loss account £</i>	<i>Total shareholders' funds £</i>
At 1 April 1994	13,000,000	2,140,548	15,140,548
Profit for the financial year	—	251,892	251,892
Dividends paid	—	(400,000)	(400,000)
At 31 March 1995	13,000,000	1,992,440	14,992,440
Profit for the nine months	—	329,247	329,247
Dividends paid	—	(440,000)	(440,000)
At 31 December 1995	13,000,000	1,881,687	14,881,687

24. CONTINGENT LIABILITIES

	<i>31 December 1995</i>	<i>31 March 1995</i>
	£	£
Acceptances and endorsements	1,328,614	361,326
Guarantees and assets pledged as collateral security	2,987,635	1,923,377
	4,316,249	2,284,703

25. FORWARD AND FUTURES CONTRACTS

The following were outstanding:

	<i>31 December 1995</i>	<i>31 March 1995</i>
	£	£
Exchange rate contracts:		
Contract or underlying principal amount - for dealing purposes	1,357,339	7,980,076
Credit risk weighted amount	5,095	6,677

The contract or underlying principal amounts provide an indication of the volume of business outstanding at the balance sheet date but are not a realistic measure of amounts at risk. The credit risk weighted amounts have been calculated in accordance with Bank of England guidelines.

None of the amounts are intended to give an indication of possible future gains or losses.

Havana International Bank Limited

NOTES TO THE ACCOUNTS

at 31 December 1995

26. ASSETS AND LIABILITIES IN FOREIGN CURRENCIES

The aggregate amounts of assets and liabilities denominated in foreign currencies were as follows:

	<i>31 December 1995</i>	<i>31 March 1995</i>
	<i>£</i>	<i>£</i>
Assets	15,836,983	8,792,007
Liabilities	16,134,696	12,322,322

27. PENSION COMMITMENTS

The group operates a defined benefit pension scheme. The pension costs are assessed with the advice of an independent qualified actuary on the basis of triennial valuations using the aggregate method.

The results of the most recent valuation which was conducted at 1 April 1992, were as follows:

Main assumptions:

Rate of interest	-	9% pa
Rate of salary growth	-	7% pa
Rate of pension increases	-	5% pa

As at 1 April 1992 the market value of the assets of the scheme was £2.1 million and the actuarial value of these assets was sufficient to cover 185% of the benefits that had accrued to members, after allowing for expected future increases in earnings. An actuarial valuation as at 1 April 1995 has been commissioned and is due by 31 March 1996.

The excess funding of £1,127,750 (year ended 31 March 1995 - £1,148,000) has been included as a prepayment.

The funding policy allows for the surplus to be amortised over the average future working lifetime of existing active members.

Havana International Bank Limited's regular cost in respect of the fund complies with SSAP 24 at the rate of 26.5% of pensionable pay. Interest at the rate of 9% on the surplus is set off against the regular costs. The resulting debit to the profit and loss for the period is £20,250 (year ended 31 March 1995 - £33,000 charge).

28. RELATED PARTIES

The group's ultimate holding company is the Banco Nacional de Cuba which is the central monetary institution of the Republic of Cuba.