Financial Statements of

OCCIDENTAL BANK (BARBADOS) LTD.

December 31, 2009 and 2008

(With Independent Auditors' Report Thereon)

OCCIDENTAL BANK (BARBADOS) LTD.

Table of Contents

KPMG
Hastings
Christ Church, BB 15154
Barbados

P.O. Box 690C
Bridgetown, Barbados

Telephone (246) 434-3900
Fax (246) 427-7123
Email info@kpmg.bb

Independent Auditors' Report

To the Shareholder of Occidental Bank (Barbados) Ltd.

We have audited the accompanying financial statements of Occidental Bank (Barbados) Ltd. ("the Bank"), which comprise the statement of financial position as at December 31, 2009, the statement of comprehensive income, statement of changes in equity and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG

Chartered Accountants
Bridgetown, Barbados
January 29, 2010

OCCIDENTAL BANK (BARBADOS) LTD.

Statements of Financial Position

December 31, 2009 and 2008

(Expressed in United States dollars)

	Notes		2009	2008
Assets				
Cash and cash equivalents	5	$	25,583,975	4,829,102
Investment securities	6		84,960,204	53,608,041
Loans to customers	7		21,628,298	22,201,803
Other accounts receivable	8		35,591	22,680
Property and equipment			27,768	-
Other assets	9		87,852	36,117
Total Assets		$	132,323,688	80,697,743
Liabilities				
Current Liabilities				
Customers' deposits and interest payable	10	$	108,150,160	73,873,772
Amounts due to banks	11		7,553,932	56,202
Taxes payable			88,315	30,953
Derivative instruments	12		213,594	-
Accounts payable and other liabilities	13		488,345	74,205
Total Liabilities			116,494,346	74,035,132
Equity				
Share capital and share premium	14		6,255,000	3,675,000
Reserves	15		7,063,998	2,601,077
Retained earnings			2,510,344	386,534
Total Equity			15,829,342	6,662,611
Total Liabilities and Equity		$	132,323,688	80,697,743

See accompanying notes to financial statements.

Approved by the Board of Directors on January 29, 2010

……………………………………….. Chairman ……………………………………. Director

OCCIDENTAL BANK (BARBADOS) LTD.

Statements of Comprehensive Income

Years ended December 31, 2009 and 2008

(Expressed in United States dollars)

	Notes		2009	2008
Interest Income				
Overnight funds		$	124,681	17,702
Other interest			71	110
Loans to customers			1,102,825	641,107
Total interest income			1,227,577	658,919
Interest Expenses				
Customer deposits			1,945,935	1,303,443
Other			6	708
Total interest expense			1,945,941	1,304,151
Net interest expense			(718,364)	(645,232)
Fees and commissions income			557,135	434,857
Commissions expense			(165,873)	(177,244)
Net fee and commission income			391,262	257,613
Net income on investment of securities			5,313,314	2,241,465
Net income on sale of securities			9,013	1,250
Dividend income			51,353	37,720
Other operating income			28,817	2,605
Operating income			5,075,395	1,895,421
Net derivative loss			(516,429)	(445,748)
Professional fees			(601,972)	(198,850)
Non-operating expenses			(602)	(1,714)
Net valuation allowances	17		(207,087)	(347,518)
Personal expenses			(257,620)	(142,892)
Depreciation			(2,113)	(490)
Other operating expenses			(54,132)	(211,621)
Profit before income tax			3,435,440	546,588
Income tax expense	16		88,315	31,210
Profit for the period		$	3,347,125	515,378
Other comprehensive income				
Fair value reserve (available for sale financial assets) net change in fair value			819,945	10,123
Total comprehensive income		$	4,167,070	525,501
Basic earnings per share		$	3,222.86	719.59

See accompanying notes to financial statements.

OCCIDENTAL BANK (BARBADOS) LTD.

Statements of Changes in Equity

Years ended December 31, 2009 and 2008

(Expressed in United States dollars)

			Reserves						
		Share Capital	Premium Per share	Reserve Fund	Occasional Reserves	Fair value Reserves	Total Reserves	Retained Earnings	Total Equity
Balance as of December 31, 2007	$	3,295,000	-	1,704,308	186,524	-	1,890,832	951,278	6,137,110
Total comprehensive income for the year									
Net income for the year		-	-	-	-	-	-	515,378	515,378
Other comprehensive income									
Fair value reserve (available for sale assets): Net change in fair value		-	-	-	-	10,123	10,123	-	10,123
Transactions with owners, recorded directly in equity									
Dividends declared in shares		380,000	327,769	-	-	-	327,769	(707,769)	-
Transfer to occasional reserve (note 15)		-	-	-	243,508	-	243,508	(243,508)	-
Transfer to reserve fund (note 15)		-	-	128,845	-	-	128,845	(128,845)	-
Balance as of December 31, 2008		3,675,000	327,769	1,833,153	430,032	10,123	2,601,077	386,534	6,662,611
Total comprehensive income for the year									
Net income for the year		-	-	-	-	-	-	3,347,125	3,347,125
Other comprehensive income									
Fair value reserve (available for sale assets): Net change in fair value		-	-	-	-	819,945	819,945	-	819,945
Transactions with owners, recorded directly in equity									
Dividends declared in shares (note 14)		155,000	126,008	-	-	-	126,008	(281,008)	-
Capital income (note 14)		2,425,000	2,574,661	-	-	-	2,574,661	-	4,999,661
Transfer to capital reserve		-	-	836,781	-	-	836,781	(836,781)	-
Transfer to occasional reserve (note 15)		-	-	-	105,526	-	105,526	(105,526)	-
Balance as of December 31, 2009	$	6,255,000	3,028,438	2,669,934	535,558	830,068	7,063,998	2,510,344	15,829,342

See accompanying notes to financial statements.

OCCIDENTAL BANK (BARBADOS) LTD.

Statements of Cash Flows

Years ended December 31, 2009 and 2008

(Expressed in United States dollars)

		2009	2008
Cash flows from Operating Activities:			
Profit for the period	$	3,347,125	515,378
Adjustments for:			
Interest income		(1,227,577)	(658,919)
Interest expense		1,945,941	1,304,151
Depreciation		2,113	-
Net income on valuation of securities		(5,313,314)	(2,241,465)
Net income of sale of securities		(9,013)	(1,250)
Net derivative loss		516,429	445,748
Increase in provision for loan impairment		237,365	393,879
Increase in provision for accrued interest receivable		70	4,434
Increase in provision for other accounts receivable		1,375	484
Recoveries on provision loans impairment		(196,219)	-
Recoveries on provision for accrued interest receivable		(1,419)	-
Other recoveries		(31,725)	(51,279)
Cash used by operating activities before changes in operating assets and liabilities		(728,849)	(288,839)
Changes in operating assets and liabilities:			
Loans to customers		1,761,285	(15,532,985)
Other accounts receivable		(14,286)	(4,460)
Other assets		(20,010)	(23,124)
(Decrease) increase in operating liabilities:			
Customers' deposits		32,330,447	26,705,719
Amounts due to banks		7,497,730	(88,735)
Derivative instruments		(302,835)	(2,101,482)
Accounts payable and other liabilities		414,140	(68,453)
		40,937,622	8,597,641
Taxes payable		57,362	25,237
Net cash provided by operating activities		40,994,984	8,622,878
Cash flow from investing activities:			
Adquisition of property and equipment		(29,881)	-
Investment securities		(25,209,891)	(5,913,994)
Net cash used in investing activities		(25,239,772)	(5,913,994)
Cash flow provided by financing activities – Increase in share capital		4,999,661	-
Increase in cash during the year		20,754,873	2,708,884
Cash and cash equivalents, beginning of year		4,829,102	2,120,218
Cash and cash equivalents, end of year	$	25,583,975	4,829,102

See accompanying notes to financial statements.

1. Reporting Entity

Occidental Bank (Barbados) Ltd.("the Bank') was incorporated under the laws of Barbados on May 16, 1991 and is licensed to carry on banking and trust business from and within Barbados. The registered office of the Bank is located at John Lovell Building, Lower Collymore Rock, St. Michael, Barbados. Since June 23, 2006, because of a merger between Banco de Occidente S.A. and Banco Union Colombiano S.A., the Bank is a wholly-owned subsidiary of Banco de Occidente S.A. ("the parent bank") which is incorporated under the laws of the Republic of Colombia. The Bank conducts offshore banking operations and financing of its activities is through customers' deposits and from the parent bank's capital. During the year 2006 the parent bank was sold as part of a merger with Banco de Occidente S.A. in Colombia. The ultimate parent of the Bank is Banco de Occidente S.A.

These Financial Statements present the financial position, the results of operations and cash flows of the Bank as a separated entity. These financial statements are the basis to be part of the consolidated financial statements of Banco de Occidente S.A.

2. Basis of Preparation

a) *Statement of compliance*
The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

b) *Basis of measurement*
The financial statements are prepared on a historical cost basis except for certain investments and derivative instruments which are carried at fair value.

c) *Functional and presentation currency*
These financial statements are presented in United States dollars, which is the Bank's functional currency.

d) *Use of estimates and judgements*
The preparation of financial statements in conformity with IFRS requires management requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are included in the following accounting policies and notes:

Accounting policy 3 (a)	Investment Securities
Accounting policy 3 (i)	Impairment of assets
Accounting policy 3 (j)	Financial instruments classification and measurement

2. Basis of Preparation (continued)

e) Changes in accounting policies

Presentation of financial statements

The revised IAS 1 (effective January 1st 2009) introduced comprehensive income. The revised standard requires items of income and expense to be presented in either a single statement of comprehensive income (effectively combining both the statement of comprehensive income and all non-owner changes in equity in a single statement), or in the statement of comprehensive income and a separate statement of comprehensive income.

Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statement, except as explained in note 2(e), which addresses changes in accounting policies.

a) Investment Securities

Investments in securities are classified as of acquisition date, initially measured at fair value plus incremental costs related to the transaction, and subsequently are accounted, based on the classifications kept in accordance to instruments' characteristics and the objective for which its acquisition was determined. The Bank classifies its investments as securities valued at fair value through profit or loss, available for sale and to be held until its maturity.

Securities valued at fair value with changes through profit and loss:

Securities valued at fair value with changes through profit and loss are trading securities which were either acquired to generate a profit from short-term fluctuations in price or dealer's margin, or are securities included in a portfolio in which a pattern of short-term profit taking exists. Trading securities with fair value changes are recognized through profit or loss based on quoted bid prices. All related realized and unrealized gains and losses are included in net trading income.

All purchase and sales of trading securities that require delivery within the time frame established by regulation or market convention are recognized at settlement date; any changes in fair value between the trade date and settlement date are recognized in profit and loss.

Held-to-Maturity:

Held-to-maturity investments are non-derivative assets with fixed or determinable payments and fixed maturity that the Bank has the positive intent and ability to hold to maturity, and which are not designated at fair value through profit or loss or available-for-sale.

Held-to-maturity investments are carried at amortized cost using the effective interest method. Any sale or reclassification of a significant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale, and prevent the Bank from classifying investments securities as held to maturity for the current and the following two financial years.

3. Significant Accounting Policies (continued)

a) Investment Securities (continued)

Available for sale

Available for sale investments are non-derivative investments that are designated as available for sale or are not classified as another category of financial assets. Unquoted equity securities whose fair value cannot reliably be measured are carried at cost. All other available for sale investments are carried at fair value.

Interest income is recognized in profit or loss using the effective interest method. Dividend income is recognized in profit or loss when the Bank becomes entitled to the dividend. Foreign exchange gains or losses on available for sale debt security investments are recognized in profit or loss.

Other fair value changes are recognized in other comprehensive income until the investment is sold or impaired, whereupon the cumulative gains and losses previously recognized in other comprehensive income are reclassified to profit or loss as a reclassification adjustment.

b) Loans to customers and provision for loan impairment

Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Bank does not intend to sell immediately or in the near term.

c) Interest income and expense

Interest income and expense are recognized in the income statement for all interest bearing instruments on an accrual basis using the effective yield method based on the actual purchase price.

d) Recognition of income, costs and expenses

Fees and commissions are generally recognized on an accrual basis. Commission and fees arising from negotiating, or participating in the negotiation of a transaction for a third party, such as the acquisition of loans, shares or other securities or the purchase or sale of businesses, are recognized on completion of the underlying transaction.

Costs and expenses are recorded on an accrual basis.

e) Taxation

The taxation charge is determined on the basis of tax effect accounting, using the liability method and is provided for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred income tax.

f) Derivative instruments

The Bank's activities expose it to market risks, including risks related to the effects of changes in foreign currency exchange rates and interest rates. These financial exposures are monitored and managed by the Bank as an integral part of its overall risk-management program. As a part of its strategy, the Bank entered into some forward security sales contracts for trading purposes. These derivative financial instruments, in accordance with International Accounting Standard (IAS) No.39, are initially recognized in the balance sheet at their fair value; changes in the fair value are recorded in the income statement.

g) Dividend income

Dividends are accounted for when declared.

3. Significant Accounting Policies (continued)

h) Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents comprise cash and due from banks with original maturities of less than three months.

i) Impairment

The carrying amounts of the Bank's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

j) Financial assets and financial liabilities

(i) Recognition

The Bank initially recognizes originated loans, receivables deposits and debt securities issued on the date that they are originated. All other financial assets and liabilities are initially recognized on the trade date at which time the Bank becomes a party to the contractual provisions of the instrument.

(ii) Classification

See accounting policies 3 (a), (b) and (h).

(iii) Derecognition

The Bank derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Bank is recognized as a separate asset or liability.

The Bank derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired.

(iv) Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liabilitiy is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

(v) Fair value measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

When available, the Bank measures the fair value of an instrument using quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active, the Bank establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and option pricing models.

3. Significant Accounting Policies (continued)

j) Financial assets and financial liabilities (continued)

(v) Fair value measurement (continued)

The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Bank, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument. The Bank calibrates valuation techniques and tests them for validity using prices form observable current market transactions in the same instruments or based on other available observable market data.

(vi) Identification and measurement of impairment

At each reporting date the Bank assesses whether there is objective evidence that financial assets no carried at fair value through profit or loss are impaired. A financial asset or a group of financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the assets, and that the loss event has an impact on the future cash flows of the assets that can be estimated reliably.

Objective evidence that financial assets (including equity securites) are impaired can include significant financial difficulty of the borrower or issuer, default or delinquency by a borrower, restructuring of a loan or advance by the Bank on terms that the Bank would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Bank considers evidence of impairment for loans and held-to-maturity investment securities at specific asset level. All loans and advances and held-to maturity investment securities are assessed for specific impairment.

In assessing impairment the Bank uses statistical modeling of the probability of default, adjusted for the management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical modeling.

k) Earnings per share

Basic earnings per share is calculated by dividing profit attributable to ordinary share holders of the bank by the weighted average number of ordinary shares outstanding during the period.

l) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2009, and have not been applied in preparing these consolidated financial statements. None of these will have an effect on the consolidated financial statements of the group, with the exception of:

- IFRS 9 *Financial Instruments,* published on 12 November 2009 as part of phase I of the IASB´s comprehensive project to replace IAS 39 that deals with classification and measurement of financial assets. The standard is effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted.

3. Significant Accounting Policies (continued)

l) New standards and interpretations not yet adopted (continued)

The requirements of this standard represent a significant change from the existing requirements in IAS 39 in respect of financial assets. The standard contains two primary measurement categories form financial assets: amortized cost and fair value. A financial asset would be measured at amortized cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

All other financial assets would be measured at fair value. The standard eliminates the existing IAS 39 categories of *held to maturity, available for sale and loans and receivables.* For an investment in an equity instrument which is not held for trading, the standard permits an irrevocable election, on initial recognition, on an individual share-by-share basis, to present all fair value changes from the investment in other comprehensive income. No amount recognized in other comprehensive income would ever be reclassified to profit or loss at a later date.

However, dividends on such investments are recognized in profit or loss, rather than other comprehensive income unless they clearly represent a partial recovery of the cost of the investment. Investment in equity instruments in respect of which an entity does not elect to present fair value changes in other comprehensive income would be measured at fair value with changes in fair value recognized in profit or loss.

The standard requires that derivatives embedded in contracts with a host that is a financial asset within the scope of the standard are not separated; instead the hybrid financial instruments is assessed in its entirety as to whether it should be measured at amortized cost or fair value.

- Amendments to IAS 39 Financial Instruments: Recognition and Measurement (effective from January 1, 2010 with retrospective application required) – Eligible Hedged Items clarifies the application of existing principles that determine whether specific risks or portions of cash flows are eligible for designation in a hedging relationship. The amendments are no expected to have a significant impact on the financial statements.

4. Financial Risk Management

a Credit risk

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Bank loans and advances to customers and other banks, and investment debt securities. For risk management reporting purposes the Bank considers and consolidates all elements of credit risk exposure (such as individual obligor default risk, country and sector risk).

For risk management purpose, credit risk arising on trading assets is managed independently. The market risk in respect of changes in value in trading assets arising from changes in market credit spreads applied to debt securities and derivatives included in trading assets is managed as a component of market risk.

4. Financial Risk Management (continued)

a Credit risk (continued)

Credit exposure policy

It is understood as the needs of working capital and investment of natural and legal persons.

Credit exposure is assessed at the level of the client and not just at the level of the sector that the client operates in. Maximum exposure limits are determined in accordance with the scale of the client's financial and operational situation.

When an indebtedness credit level is approved, the maximum exposure level is defined as well as any special conditions affecting the client. However, if the manager detects unfavorable changes in the client's financial conditions, environment, or any other issue involving increased risk to the Bank, he has the option to cease making additional disbursements to the client's account and perform a reassessment of the client's indebtedness level, either to maintain the commercial relationship with no change, or to reduce risk exposure, or even to totally cease extending credit to the client.

Policy to grant loans

Indebtedness levels are approved by the Board of Directors. Once the documentation to conduct the credit evaluation is available, the documents are submitted to Banco de Occidente Credit Division to be in turn submitted to the Credit Committee of the General Director. As a result of above, a recommendation is made to allow the Board of Directors of Banco de Occidente Barbados to make the final decision to approve or reject the loan.

The credit evaluation of any client takes into consideration the cash flows necessary for its operation together with a maturity profile of the client's financial obligations. In general, to evaluate the risk, the following criteria, named "the 5 Cs of credit", are taken into account, namely:

Character: Honesty. The client applying for credit must be reputable and reliable in all respects. If any doubt exists as to the client's credit worthiness, the client is rejected and is thus not able to receive any service from the Bank.

Capacity: Management. In order to grant a loan, the Bank needs to know client's ability, experience and management skills as well as the capacity of the other employees of the companies. This is an exercise that is performed by the Board of Directors utilizing the knowledge of its members and other information supplied by the respective managers.

Conditions: In performing its risk evaluation, the Bank considers factors such as analysis of sector, dynamics, perspectives, risk associated with the clients, suppliers, competitors, related sectors and Government.

Capital: The Bank also gives consideration to the client's financial and operational situation, ability to pay, indebtedness and other profitability issues.

Collateral: Evaluation of alternative payment sources (securities)

4. Financial Risk Management (continued)

a Credit risk (continued)

Before granting any loan, the credit risk level of each client is determined by applying rating models. The Bank reviews credit limits granted to clients annually. A 90-day term is used in assessing operations capability. A financial and operational risk analysis is conducted on the client and its co-obligors, using financial information and qualitative and quantitative non-financial information (Behavior). A profitability analysis evaluation is also performed by the Bank.

In order to establish the maximum exposure limits, the client's estimated risk level is taken into account using the rating models and the maximum amount to be granted, which is considered an indication of the maximum amount recommended to service the client's short-term.

For the industry, commerce, and services segments, the amount to be lent is calculated as the lower value of the amount to be lent for sales and the amount to be lent for net worth.

For the construction segment, the amount to be lent is the lower value of the amount to be lent for Asset and the amount to be lent from net worth.

For Financial Entities the amount to be lent is determined based on net worth.

The amount to be lent suggested by the above methodology is a guide of the potential exposure of any client in function of risk. The amount to be approved, however, may be higher or lower, at the approver's discretion, taking into account other issues in addition to the rating model. For example, when the credit is supported by securities such as foreign bank endorsement or first class financial entities, credit granted can be higher to that suggested by the model.

<u>Provisions' Policy</u>:

Regarding the constitution of loans' provisions, the following methodology is applied:

The Bank uses statistical modeling of the probability of default, adjusted for management's judgment as to whether current economic and credit conditions. The model includes the economic risk of each country where client is established according to Standard & Poor's Publication.

<u>Administration policy and guarantee management</u>

Guarantees must be chosen according to liquidity, i.e., based on the facility to negotiate the property pledged. Guarantee evaluation is based on technical appraisals made by experts.

Guarantees, by themselves, are not sufficient support to grant any loan. An exception may be made when dealing with securities from foreign banks.

4. Financial Risk Management (continued)

b Liquidity risk Management

Liquidity risk is the risk that the Bank will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Policies:

- The policies and strategies defined for the short, medium and long term Liquidity management are reviewed by the Bank.
- The Structural Portfolio has time, issuer risk and VAR limits, which reduce and minimize the impact on the liquidity.
- Several holding criteria have been adopted regarding the Portfolio, favoring Sovereign Bonds and low risk, identifiable Corporate bonds, short term and easy settlement.
- No Derivatives on Bonds are bought, except Credit Link Notes which underlying risk corresponds to Colombian Sovereign Bonds.
- To have a Custody and Compliance account in order to minimize the risks.

Limits:

As a result of the constant examinations and the historic evaluations of liquidity requirements that indicate a daily need of 1 million dollars for disbursements, the following liquidity policies have been established:

1. In accordance with the daily liquidity needs, and the liabilities steady share, a weekly minimum liquidity limit of 5 million dollars has been established. Due to the latest market conditions, the guideline has been to keep a minimum of 10 million dollars liquidity.
2. The Portfolio has some limits which allow funds easily released, due to the Bonds' short term, their liquidity, and the securities and issuers low risk.

   The limits are:

   - T+5 years Investments
   - 30% equity maximum VAR
   - A 4.5 years maximum maturity term

   Measurement:

   The liquidity risk measurement is performed by means of assets, liabilities and off-balance sheet positions maturity analysis, assigning the financial statements recorded balances, in the time bands outlined by the Central Bank of Barbados – CBB (Interests included).

4. Financial Risk Management (continued)

b Liquidity risk Management (continued)

CBB Standard Methodology

Main characteristics:

- Contractual flows are mapped for assets and liabilities with an assured maturity date.
- In order to obtain the Current Account volatile share, a Standard Deviation with a 360 days serial data was used. Such volatile share is placed in the first time band (1 – 7 days)
- After mapping the Assets, Liabilities and the off-balance sheet Positions flows, an estimate of the Liquidity GAP is made by: (Risk sensitive Assets) – (Risk sensitive Liabilities)
- Finally, the estimate of the Cumulative Liquidity Gap is made.
- The time bands considered are:

- Band 1: Sight and up to 8 days
- Band 2: More than 8 days and up to 1 month
- Band 3: More than 1 month and up to 3 months
- Band 4: More than 3 months and up to 6 months
- Band 5: More than 6 months and up to 12 months
- Band 6: More than 1 year and up to 2 years
- Band 7: More than 2 years and up to 5 years
- Band 8: More than 5 years

This estimate comes as an answer to the Liquidity Management Guideline issued by the Central Bank of Barbados.

Up to December 31st, 2009, the Liquidity GAP in the 7 days band indicates a result of USD 8,449MM, while the cumulative 30 days GAP is of USD 11,455MM. Whenever the 7 Days band indicates a negative value, a liquidity risk value is assumed.

OCCIDENTAL BANK (BARBADOS) LTD.

Notes to Financial Statements December 31, 2009 and 2008

(Expressed in United States dollars)

4. Financial Risk Management (continued)

b Liquidity risk Management (continued)

MATURITY GAP ANALYSIS

		Sight up to days (a)	Over 8 days to 1 mth (b)	Over 1 mth to 3 mths (c)	Over 3 mths to 6 mths (d)	Over 6 mts to 12 mths (e)	Over 1 yr to 2 yrs (f)	Over 2 yrs to 5 yrs (g)	Over 5 yrs (h)	Other Assets and Liabilities (i)	Total (j)
SECTION 1											
ASSETS											
1	Cash	549,99	0,00	0,00	0,00	0,00	0,00	0,00	0,00		549,99
2	Due From	223,96	0,00	0,00	0,00	0,00	0,00	0,00	0,00		223,96
3	Investments	21.325,52	4.380,91	2.189,66	6.223,06	2.125,37	24.759,29	43.410,88	14.060,86		118.475,55
5	Loans	176,82	1.996,57	4.787,79	2.956,18	6.545,55	4.064,24	245,32	0,00		20.772,47
7	Fixed Assets	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	27,77	27,77
8	Other assets	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	-125,74	-125,74
9	**Total Assets**	**22.276,30**	**6.377,48**	**6.977,44**	**9.179,24**	**8.670,92**	**28.823,52**	**43.656,21**	**14.060,86**	**-97,97**	**139.923,99**
LIABILITIES & EQUITY											
10	Due to	8.363,59	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	8.363,59
11	Demand Deposits	4.563,86	0,00	0,00	0,00	0,00	0,00	0,00	22.914,61	0,00	27.478,46
13	Time Deposits	899,99	3.371,40	16.276,03	16.384,30	32.608,07	11.199,05	296,84	0,00		81.035,69
17	Other Liabilities	0,00	0,00	-32,62	0,00	0,00	0,00	0,00	0,00	0,00	-32,62
18	Shareholders Equity	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	15.829,34	15.829,34
19	**Total Liabilities & Shareholder's equity**	**13.827,45**	**3.371,40**	**16.243,41**	**16.384,30**	**32.608,07**	**0,00**	**296,84**	**22.914,61**	**15.829,34**	**132.674,46**
20	Off-balance sheet items										0
SECTION 2											
GAP MEASURES											
21	**RSA - RSL (gap)**	**8.448,85**	**3.006,08**	**-9.265,96**	**-7.205,07**	**-23.937,15**	**28.823,52**	**43.359,36**	**-8.853,75**		
22	**Cumualtive Gap**	**8.448,85**	**11.454,93**	**2.188,97**	**-5.016,10**	**-28.953,25**	**-129,73**	**43.229,64**	**34.375,89**		

Bank Supervision Dept., Central Bank of B'dos

Administration of treasury liquidity

Priority: Portfolio Structuring (US$30 MM): Front Office submits to the Finance Committee, on a weekly basis, analyses and proposals, which the committee uses to make the decisions on portfolio investment structural investment.

The Barbados Front Office submits a proposal to create a trading portfolio with clear-cut limits of amounts, duration, stop loss, and tenure. This facilitates the comparison of actual performance with monthly budgets and provides a means of attracting group's clients who are not currently involved in any transactions in the respective product.

4. Financial Risk Management (continued)

b Liquidity risk Management (continued)

To allocate 30% (US$20 MM) to the procurement of resources with portfolio papers and to place such liquidity in SALE DERIVATIVES, provided that:

- Minimum spread would be 50 bp over cost rate (susceptible of revision after three months)
- Minimum placement rate will be FED rate
- Mean term will be max. 15 days and max term in any operation, 30 days

Treasury Front Office will submit, on a weekly basis, analyses to finance committee where decisions of structural positions of portfolio investments are made.

Liabilities and asset rates

- On a weekly basis, the finance committee will define capturing rates according to Front Office or Manager's proposal previously submitted.
- Credit approvals and the respective rates will be defined by the credit committee.

c Market risks

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's /issuer's credit standing) will affect the Bank income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

The simplest parametric model estimates volatility as the standard deviation with respect to the series of returns as a fixed value. The above-mentioned model is inconvenient due to variability regarding returns throughout the time, which generates understatement of value at risk whenever increases of the returns fluctuation categories should occur, as well as overstatement of value at risk at the time of mild movements. Therefore, it was necessary to adopt a model in order to reflect variability with respect to the corresponding returns, and consequently its volatility.

The volatility model used by Risk Metrics[1] presents volatility of returns as a process, based on exponentially weighted rolling averages which reflect changes with respect to market movements, allowing to adjust the corresponding volatility to a lower value in the event of mild movements of the assets' prices, or to a higher value, in case it should be otherwise. In order to reflect the variance evolution throughout the time (conditional volatility), we have carried out volatility statistical developments, as the one mentioned above.

Exponentially Weighted Rolling Averages:

Characteristics: Volatility is a process. Under certain circumstances, it corresponds to a particular case of a Garch[2] model. λ weighting factor is not statistically updated.

Forecast: Forecast is equal to the last value. Volatility does not converge to its long term breakeven level[3], which might be understood as the only standard deviation of the entire series.

[1] JP Morgan (1996).
[2] Conditional volatility models (GARCH 1,1).

[3] Value at risk and other approaches. Carlos Sánchez Cerón, México, 2002.

4. Financial Risk Management (continued)

c Market risks (continued)

By means of the exponentially weighted rolling averages method used in Risk Metrics, the variance is estimated as follows:

$$\frac{R_{t-1} + \lambda R_{t-2} + \lambda^2 R_{t-3} + \ldots + \lambda^{n-1} R_{t-n}}{1 + \lambda + \lambda^2 + \ldots + \lambda^{n-1}} = \mu$$

Where volatility may be estimated as:

$$\sigma_t^2 = (1-\lambda) \sum_{s=t}^{t-p-1} \lambda^{t-s-1} (r_{t,s} - \mu)^2$$

being λ □the decline factor which determines how to weight the corresponding comments.

Once the initial volatility of the series has been determined, the forecast for each period will be:

$$\sigma_t^2 = \lambda \sigma_{t-1}^2 + (1-\lambda)(x_{t-1} - \mu)^2$$ [4]

The remaining variable to be determined in the above formula is λ. which corresponds to the factor which shall determine the respective weight of the market information upon the volatility estimate.

Decrease Factor (λ)

The variance estimate for tomorrow depends on the market memory contained in today's memory, as well as on news which should modify the market dynamics. Therefore, the corresponding weight allocated to former information and to current information, depends on the λ value.

If λ=0, market does not have memory and volatility forecast will depend completely on news.

If λ=1, volatility forecast will depend only on history.[5]

In order to determine the optimal value of λ , the average square error is deducted from the forecast error (MECM), where a λ value corresponds to each forecast error.

$$\text{MEM} = \sqrt{\frac{1}{T} \sum_{t=1}^{T} \left(R^2{}_{t+1} - \sigma^2{}_{t+1}(\lambda) \right)}$$

A decrease factor equal to 0.94 is used in order to estimate VaR in general, which is recommended and used by JP Morgan in its Risk Metrics model. Once the optimal value of λ has been estimated, it is possible to determine the number of data required in order to estimate the volatility initial value.[6]

[4] Formula Clearance Annex 1.

[5] Value at risk and other approaches. Carlos Sánchez Cerón, México, 2002.

[6] Value at risk and other approaches. Carlos Sánchez Cerón, México, 2002.

4. Financial Risk Management (continued)

c Market risks (continued)

Number of data

$$N = \frac{\ln(tolerancia)}{\ln(\lambda)}$$

If confidence level is 95%, tolerance level is equal to 0.05 (1 – 95%) with a previously established decay factor of 0.94.

Software

The VER software for the Barbados portfolio depends on a model developed by the firm FINAC – Finanzas y Actuaria- through the FINAC-VAR application.

FINAC-VaR is a tool which allows a daily estimation regarding value at risk of the portfolio of any entity in a clear, simple and timely mode. It is able to collect the necessary information sources in order to carry out a reliable VaR estimate by estimating volatilities with respect to the risk factors of any and all securities defined by the corresponding user. The above-mentioned volatilities are estimated at 95% regarding confidence level and multiplied by the present value of each security in order to obtain their corresponding Value at Risk. Total VaR corresponds to the aggregate of the latter.

d Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Bank processes, personnel, technology and infrastructure, and from external factors other then credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risk arises from all of the Bank operations.

The Basle Committee on Bank Regulation defines operating risk management as "the risk of loss, resulting from inadequate or incorrect internal processes, persons and systems, or due to external events.

In order to carry-out an adequate management of the operational risk, comply with Central Bank Barbados regulations and create added value for the Bank, an Operational Risk Management System has been implemented, whose methodology includes the processes description, identification of the main risks, definition of criterion to evaluate risks and controls, qualification of inherent risk (gross or without controls), of controls and residual risks (net or after controls), construction of the risk maps and prioritize risks, elaboration of action plans to mitigate, between others. This methodology allows managing operating risk permanently through monitoring, self-management, consolidation of risks and event registration.

4. Financial Risk Management (continued)

e Management of risk of asset laundering and financing of terrorism

The legal Framework on the subject of the Prevention and Control of Asset Laundering and Financing of Terrorism is set forth in:

- Anti Money Laundering and Financing of Terrorism (Prevention and Control) Act 2002-6 Cap 129 ["AML/CBT Act"];
- Anti - Terrorism Act, 2002;
- Proceeds of Crime Act 1990-13, chap 143;
- International Financial Services Act, 2002 ("IFSA");
- Drug Abuse (Prevention and Control) Act 1990-14, CHAP 131;
- Know Your Customer Guidelines Directive for licensed Financial Institutions (Central Bank of Barbados - 2001) (the "KYC Directive");
- Directive for the Prevention and detection of Asset Laundering in Barbados – Fiduciary Services and Investment Businesses – Prepared by the Anti-Asset Laundering Authority and the Ministry of Economic Development – 31 October 2001 ("AML/CFT Directive");
- All other legal norms of Barbados.

For said effects, Occidental Bank Of Barbados Ltd, have been fully executing the "SARLAFT" Asset Laundering and Financing of Terrorism Management System based on the international COSO ERM methodology.

It further merits highlighting that the Bank has the commitment of its employees and management, it fully complies with the timely forwarding of sundry Reports and information to oversight entities, it exhibits a proper compliance structure duly trained in Risk Management with emphasis on the prevention of Asset Laundering and Financing of Terrorism, it has an advanced monitoring scheme, it has a functional and interactive Education program for the Prevention of Asset Laundering and Financing of Terrorism targeted to all employees, it likewise has a widely acknowledged methodology for Scoring of the various Risk generating agents and focused on the prevention of Asset Laundering and Financing of Terrorism.

That having been noted, the SARLAFT developed by Occidental Bank Of Barbados Ltd, contains the proper internal controls which allow it to mitigate risks of both Asset Laundering and the Financing of Terrorism, as well as legal, reputational, operational and contagion risk, exercising due control, monitoring and timely reporting, seeking to satisfy the expectations of supervising authorities, as well as foreign correspondent Banks.

4. Financial Risk Management (continued)

e Management of risk of asset laundering and financing of terrorism (continued)

Risk-Based Focus

The AL/FT risk management system is structured under the international COSO ERM methodology and is made effective through systematic and procedural tools adapted to international standards.

This methodology identifies AL/FT risks in each one of the susceptible processes and provides procedures and controls for the Bank to protect itself from being used in direct or indirect fashion as an instrument for asset laundering and/or channeling of resources toward the performance of terrorist activities.

Know your Customer (KyC) and Commercial Relationships

The bank encourage to the employees compliance with the policy of Client documentation and apply the procedures for the Prevention of Asset Laundering and Financing of Terrorism, as well as due diligence in their enrolment of clients (KYC).

The policy of knowing Customers has procedures for procuring effective, efficient and timely knowledge of current customers and potential customers, as well as for verifying the information and supporting documents thereof necessary.

In no event money is accepted from potential Customers without completing the due diligence required, for which the following information is taken into account in all customer enrolments:

- Positive identification of the Customer
- Personal interviews
- Financial and legal information
- Completion of the enrolment form
- Control of Office of Foreign Assets Control (OFAC) lists and the United Nations List (UN list)
- Knowledge of your customer’s customer
- Analysis of the declaration of origin of funds

Monitoring of operations and Customer Analysis

The Bank analyzes all the operations performed by Customers, it has specific conditions by type of economic activity, historical data on transactions and types of operations for effects of validating whether these are related to their economic activity and financial information.

In the detailed analysis, Customer knowledge is considered, as well as the market analysis on its economic activity.

(Expressed in United States dollars)

4. Financial Risk Management (continued)

e Management of risk of asset laundering and financing of terrorism (continued)

Validation from the OFAC and UN lists

The Occidental Bank Of Barbados Ltd. complies with Customer control under the OFAC and UN lists.

Due to the foregoing, whoever is reported in the lists mentioned is not the object of enrolment or of maintenance of any sort of contractual relationship.

These instructions apply to Customers, vendors, employees, users, legal representatives, persons authorized in accounts, partners and contributors.

Politically Exposed Persons (PEPS, from its abbreviation in English)

The Occidental Bank Of Barbados Ltd. has implemented for persons cataloged as PEPS, a policy duly approved by the board of directors and prior to proceeding to their enrolment as customers it is necessary to perform extended due diligence and, in the event of their Enrolment, management and tracking of specific RiskS is performed on them.

5. Cash and Cash Equivalents

Cash and cash equivalents comprise the following:

	Interest Rate		2009	2008
Due from banks		$	549,988	863,712
Overnight	0.05%		1,125,000	3,025,000
Sold Ordinary Interbank	0.22% to 2.09%		22,200,000	-
Simultaneous active operations	2.00% to 2.05%		1,708,987	940,390
		$	25,583,975	4,829,102

(Expressed in United States dollars)

6. Investment Securities

Details of securities at December 31, 2009 are as follows:

Investment Securities at fair value through profit or loss

	Nominal value	Interest rate	Fair Value
Debt Securities:			
República de Colombia	$ 19,565,000	8.25%-10.0%	23,898,217
EEB Internacional Ltd	1,000,000	8.75%	1,110,511
Ecopetrol	700,000	7.63%	796,884
Empresas Públicas de Medellín	1,500,000	7.63%	1,706,885
Estados Unidos Treasury	6,000,000	1.12%-1.37%	5,984,867
Gobierno Brasileño EUR	4,000,000	9.5%	6,724,120
República de Colombia EUR	8,111,000	11.5%	13,797,018
	$ 40,876,000		54,018,502

Held to Maturity			Amortized Cost
Structured Note			
Dresdner LLC	$ 2,000,000	4.36%	2,015,064
Bonds:			
Banco Bradesco Cayman	500,000	10.25%	559,886
Banco Industrial e Comercial	2,400,000	7%	2,445,348
Banco BMG S.A	1,000,000	6.88%	1,021,455
República de Costa Rica	1,000,000	8.11%	1,094,406
EEB Internacional Ltd	1,650,000	8,75%	1,709,003
ISA Interconexión Eléctrica S.A.	2,500,000	7.88%	2,652,667
TGI Internacional Ltd.	500,000	9.50%	527,033
Bancolombia	500,000	6.88%	492,987
Corporación Andina de Fomento	3,000,000	5.2%- 6.87%	3,122,573
República de Colombia EUR	1,000,000	11.5%	1,622,818
	$ 16,050,000		17,263,240

(Expressed in United States dollars)

6. Investment Securities (continued)

Available for sale			Fair Value
Debt Securities			
República de Colombia	$ 5,000,000	10.00%	$ 5,971,379
Bancolombia	1,000,000	6.88%	1,050,829
Banco Bradesco Cayman	500,000	10.25%	579,619
Banco BMG S.A.	1,000,000	6.88%	1,023,147
EEB International LTD	500,000	8.75%	555,256
ISA Interconexión Eléctrica S.A.	1,500,000	7.88%	1,615,238
TGI Internacional Ltda.	500,000	9.50%	553,918
Pacific Rubiales Energy	2,000,000	8.75%	2,144,403
	$ 12,000,000		13,493,789
Unquoted equity securities at cost Fiduciaries de Occidente S.A.			184,673
			$ 84,960,204

The Bank is the owner of 0.581% of Fiduciaria de Occidente S.A.

The fair value measurements for investment securities are classified in Level 2 of the fair value hierarchy.

Details of securities at December 31, 2008 are as follows:

Held to Maturity	Nominal value	Interest rate	Amortized Cost
Structured Note:			
Dresdner LCC	$ 2,000,000	8.07%	$ 2,029,008
Debt Securities:			
República de Colombia	6,000,000	9.75%-10.0%	6,294,625
República de Colombia EUR	1,000,000	11.37%	1,659,653
Banco Bradesco Cayman	500,000	10.25%	587,652
Banco Industrial e Comercial	2,500,000	7.00%-8.25%	2,552,612
Banco BMG S.A	1,000,000	6.87%	1,023,443
República de Costa Rica	1,000,000	8.11%	1,121,467
EEB Internacional Ltd	1,650,000	8.75%	1,714,753
Banco Fibra	1,000,000	7.50%	1,010,596
ISA Interconexión Eléctrica S.A.	2,500,000	7.87%	2,683,461
TGI Internacional Ltd.	500,000	9.50%	528,377
Bancolombia	500,000	6;87%	491,946
Time Deposit:			
Corporación Andina de Fomento	3,000,000	6.87%- 5.20%	3,154,094
Citibank NYC	10,509,000	0.27%	10,509,080
Banco de Occidente S.A.	4,500,000	5.76%-4.16%	4,529,232
Coltefinanciera	1,500,000	0.90%	1,500,038
Barclays Bank Miami EUR	230,403	4.07%- 1.6%	327,133
	$ 39,889,403		$ 41,717,170

(Expressed in United States dollars)

6. Investment Securities (continued)

Available for sale			Fair Value
Debt Securities:			
República de Colombia	$ 7,000,000	10.00%-10.75%	$ 8,221,995
Bancolombia	500,000	6.87%	469,210
Banco Bradesco Cayman	500,000	10.25%	580,927
Banco BMG S.A.	1,000,000	6.87%	989,776
EEB International LTD	500,000	8.75%	477,321
ISA Interconexión Eléctrica S.A.	500,000	7.87%	497,879
TGI Internacional Ltda.	500,000	9.5%	469,090
	$ 10,500,000		11,706,198
Unquoted equity securities at cost			
Fiduciaria de Occidente S.A.			184,673
	$ 50,389,403		$ 53,608,041

The maturity profile of held to maturity securities is as follows:

	2009	2008
Due in one year or less	$ 5,481,868	25,748,811
Due from one year to five years	11,781,372	15,968,359
	$ 17,263,240	41,717,170

7. Loans to Customers

The following is a summary of loans to customers:

	Nominal Interest rate	2009	2008
Corporate customers (1)	Fix (1.6% to 12.2%) Libor (+1.23 to 3.27%)	$ 21,015,768	21,746,245
Retail customers (1)	Fix (3.5% to 3.75% -4%) Libor +3	922,800	785,600
		21,938,568	22,531,845
Accrued interest receivable		191,454	207,667
		22,130,022	22,739,512
Allowance for impairment		(498,640)	(532,584)
Allowance for interest receivable		(3,084)	(5,125)
		$ 21,628,298	22,201,803

(1) Corporate and retail customers loans are exposed to fair value interest rate risk (see Note 4).

(Expressed in United States dollars)

7. Loans to Customers (continued)

The movement of the allowance for loan impairment comprises:

		2009	2008
Opening balance	$	532,584	138,705
Charge for the year (see note 17)		237,365	393,879
Write-off		(75,090)	-
Recoveries		(196,219)	-
Ending balance	$	498,640	532,584

The movement of the allowance for interest receivable comprises:

Opening balance	$	5,125	691
Charge for the year (see note 17)		70	4,434
Write-off		(692)	-
Recoveries		(1,419)	-
Ending balance	$	3,084	5,125

The maturity of loans to customers is as follows:

Short-term loans (one year or less)	$	16,493,796	17,636,095
Long-term loans (one year to five years)		5,444,772	4,895,750
	$	21,938,568	22,531,845

8. Other Accounts Receivable

The following is a summary of other accounts receivable:

		2009	2008
Commissions	$	23,465	13,745
Dividends		11,326	8,907
Other		800	512
		35,591	23,164
Allowance for other accounts receivable		-	(484)
	$	35,591	22,680

The movement of the allowance for other accounts receivable is as follow:

		2009	2008
Opening balance	$	484	12,430
Charge for the year (see note 17)		1,375	484
Written off		(1,859)	(12,430)
	$	-	484

(Expressed in United States dollars)

9. Other Assets

The following is a summary of other assets:

		2009	2008
Pre-paid expenses	$	50,000	50,000
Other		37,852	(13,883)
	$	87,852	36,117

10. Customers' Deposits and Interest Payable

A summary of customers' deposits is as follows:

	Average interest rate December 31, 2009		Payable on notice	Payable on a fixed date	2009	2008
Term deposits (1)						
Individuals	2.89%	$	-	11,507,578	11,507,578	12,009,549
Business	3.05%		-	67,153,702	67,153,702	29,513,514
			-	78,661,280	78,661,280	41,523,063
Interest bearing checking accounts						
Individuals	0.21%		6,114,124	-	6,114,124	4,644,435
Business	0.39%		21,364,339	-	21,364,339	27,391,812
			27,478,463	-	27,478,463	32,036,247
Repo						
Business	0.50%		-	1,270,864	1,270,864	-
			-	1,270,864	1,270,864	-
					107,410,607	73,559,310
Accrued interest payable					739,553	314,462
				$	108,150,160	73,873,772

(1) Includes term deposits pledged in favor of Occidental Bank (Barbados) Ltd. for US$27,597,568 and US$7,522,024 at December 31, 2009 and 2008, respectively.

The maturity of customer deposits is as follows:

		2009	2008
Less than 6 months	$	65,665,045	64,144,690
Between 6 and 12 months		31,544,844	8,686,243
Over 12 months		10,940,271	1,042,839
	$	108,150,160	73,873,772

(Expressed in United States dollars)

11. Amounts Due to Banks

The following is the detail of amounts due to banks:

	Interest Rate		2009	2008
Correspondent bank – The Bank of Miami		$	-	56,202
Overnight:				
Banco Corficolombiana Panamá	0.15%		7,553,932	-
		$	7,553,932	56,202

The maturity of overnight is January 4, 2010.

12. Derivative Instruments

The following is the detail of derivative instruments at December 31, 2009:

	Maturity		
Forward sale contracts:			
Foreign Exchange	6 through 155 days	$	213,594

The counterparty in derivatives transactions is Banco de Occidente S.A.

13. Accounts Payable and Other liabilities

The following is a summary of accounts payable and other liabilities at December 31, 2009:

		2009	2008
Checks issued not paid	$	6,150	1,909
Other accounts payable:			
Other current account		13,663	10,362
Expenses Office Barbados		50,295	-
Other liabilities		32,624	20,834
Estimated Liabilities:			
Outsourcing Panama		304,567	-
Other estimated liabilities		81,046	41,100
	$	488,345	74,205

14. Share Capital

There were 1,251 and 735 common shares of no par value issued and outstanding at December 31, 2009 and 2008, respectively. The Bank declared dividends in shares in years 2009 and 2008 for 31 and 76 common shares with a value of $5,000 per share.

(Expressed in United States dollars)

14 Share Capital (continued)

At the 17th Ordinary Annual Meeting of Shareholders of 2009, the Shareholders declared dividends payable to the sole shareholder, as follow:

Dividend in the Shares:

Share issued		31
Par value per share	$	5,000
Share capital	$	155,000
Premium per share	$	4,064.78
Additional paid in capital	$	126,008

Capital Increase:

According to the directors' meeting minute 123 dated April 29, 2009 and the shareholders' meeting minute 18 dated June 2, 2009, the outstanding capital of Occidental Bank (Barbados) Ltd. was increased by $4,999,661, with $2,425,000 of this amount being credited to share capital and $2,574,661 being charged to the share premium account. The capitalization details are as follows:

Share issued		485
Par value per share	$	5,000
Share capital	$	2,425,000
Premium per share	$	5,308.58
Additional paid in capital	$	2,574,661

15. Reserves

Reserve Fund

The International Financial Services Act of 2002 requires that a reserve fund must be established equal to not less than 25% of earnings of the year and before any dividend is paid, until the amount of the reserve is equal to the paid in capital.

Occasional Reserves

During the years 2009 and 2008 an amount of $105,526 and $243,508, respectively, was transferred to the occasional reserves from retained earnings.

16. Provision for Taxes

Under the International Financial Services Act of 2002, the profits of the Bank are subject to corporate tax at a rate not exceeding 2.5% of profits and gains.

(Expressed in United States dollars)

17. Valuation Allowances

A summary of the valuation allowances is as follows:

		2009	2008
Allowance for loan impairment	$	(237,365)	(393,879)
Allowance for interest receivable		(70)	(4,434)
Allowance for other accounts receivable		(1,375)	(484)
Allowance for assets received		(2)	-
Other recoveries		31,725	51,279
	$	(207,087)	(347,518)

18. Related Party Transactions

The Bank had the following transactions and balances with the parent Bank, which are not disclosed elsewhere in these financial statements:

		2009	2008
Cash:			
Current Account COP	$	13,663	10,362
Current Account - Salaries Officer Colombia	$	147,541	105,618
Outsourcing Banco de Occidente	$	96,000	96,000
Forward Banco de Occidente	$	(213.594)	-
Accounts receivable Banco de Occidente	$	9,067	-
Simultaneous pasive	$	1,270,864	-
Other estimates liabilities	$	43,403	-
Interbank funds	$	2,000,000	-

19. Commitments

The most significant commitments of the Bank as of December 31, 2009 and 2008 are:

- Letters of credits: Registers the opening of letters of credits issued by the Bank or by its own account, also as the responsibility acquired for the confirmation of letters of credits issued by another Bank. The balances as of December 31, 2009 and 2008 were $19,862,034 and $12,656,169, respectively.

- Securities received in custody: Registers the goods and investment securities received by third parties for its custody. The balances as of December 31, 2009 and 2008 were $184,611,051 and $111,463,466 respectively.

(Expressed in United States dollars)

20. Geographical Concentrations of Loans to Customers and Customers' Deposits

		2009	2008
Loans to customers (See Note 7)			
Colombia	$	13,689,611	15,380,506
Panamá		4,276,467	3,725,339
Bahamas		250,000	250,000
Guatemala		1,200,000	800,000
Perú		300,000	300,000
Ecuador		249,990	250,000
Netherlans Antilles		1,147,500	1,200,000
USA		145,000	626,000
Costa Rica		280,000	-
Mexico		400,000	-
	$	21,938,568	22,531,845
Customers' deposits (See Note 10)			
Colombia	$	86,493,470	61,762,579
Cayman Island		239,973	17,685
Panamá		11,513,433	3,633,450
Bahamas		1,526,353	268,676
British Virgin Islands		2,402,418	4,319,095
United States of America		2,246,663	2,404,223
Switzerland		199,551	193,140
España		87	-
Uruguay		14,715	17,560
Scotland		73,199	75,564
Russia		70,687	70,687
México		320,191	310,270
England		52,102	119,275
Venezuela		2,137,500	345,135
Argentina		446	-
China		13,980	-
Italia		105,839	-
Nevi Islands		-	21,971
	$	107,410,607	73,559,310