



FREE ENGLISH LANGUAGE TRANSLATION FROM  
SPANISH VERSION

## **Eurovalores, S.A.**

(A wholly-owned subsidiary of Metrobank, S.A.)

Financial statements for the year  
ended December 31, 2010 and  
Independent Auditors' Report of  
March 10, 2011

“This document has been prepared with the knowledge that its  
contents will be made available to the investing public and the  
public in general.”

**Eurovalores, S.A.**

(A wholly-owned subsidiary of Metrobank, S.A.)

# **Independent Auditors' Report and Financial Statements 2010**

<b>Contents</b>	<b>Pages</b>
Independent Auditors' Report	1
Statement of financial position	2
Statement of income	3
Statement of comprehensive income	4
Statement of changes in shareholder's equity	5
Statement of cash flows	6
Notes to the financial statements	7 - 19

**FREE ENGLISH LANGUAGE TRANSLATION  
FROM SPANISH VERSION**

**INDEPENDENT AUDITORS' REPORT**

Teléfono: (507) 303-4100  
Facsimile : (507) 269-2386  
infopanama@deloitte.com  
www.deloitte.com/pa

To the Shareholder and Board of Directors of  
**Eurovalores, S.A.**,  
Panama, Republic of Panama

We have audited the accompanying financial statements of **Eurovalores, S.A.**, which comprise the statement of financial position as at December 31, 2010, and the statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

*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, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's 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 ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 the auditor's 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, the auditor considers 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 policies 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 accompanying financial statements, present fairly in all material aspects, the financial position of **Eurovalores, S.A.** as at December 31, 2010, and its results of operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Deloitte (signed)

March 10, 2011  
Panama, Republic of Panama

**Eurovalores, S.A.**

(A wholly-owned subsidiary of Metrobank, S.A.)

**Statement of financial position****December 31, 2010**

(In balboas)

	Notes	2010	2009
<b>Assets</b>			
Cash		250	250
Deposits in banks	7	<u>115,610</u>	<u>421,891</u>
Total cash and deposits in banks	8	<u>115,860</u>	<u>422,141</u>
Securities available for sale	9	277,000	24,200
Furniture and equipment, net		5,023	5,438
Other assets	10	<u>19,580</u>	<u>63,357</u>
Total assets		<u><u>417,463</u></u>	<u><u>515,136</u></u>
<b>Liabilities and shareholder's equity</b>			
Liabilities:			
Other liabilities	11	<u>51,449</u>	<u>163,976</u>
<b>Shareholder's equity:</b>			
Common shares	12	950,000	950,000
Changes in securities available for sale	9	16,860	14,060
Accumulated losses		<u>(600,846)</u>	<u>(612,900)</u>
Total shareholder's equity		<u>366,014</u>	<u>351,160</u>
Total liabilities and shareholder's equity		<u><u>417,463</u></u>	<u><u>515,136</u></u>
Funds managed by local account	13	<u>64,810,628</u>	<u>43,993,766</u>
Funds managed by foreign account	13	<u>30,898,218</u>	<u>22,931,433</u>

The accompanying notes are an integral part of these financial statements.

**Eurovalores, S.A.**

(A wholly-owned subsidiary of Metrobank, S. A.)

**Statement of income****For the year ended December 31, 2010**

(In balboas)

	Notes	2010	2009
Interest and commission fee income:			
Interest income on investments		768	-
Commission fee		<u>488,773</u>	<u>263,076</u>
Total interest income and commission fee		489,541	263,076
Commission expense		<u>220,344</u>	<u>141,916</u>
Net income from interest and commission fee		<u>269,197</u>	<u>121,160</u>
Other income		<u>626</u>	<u>625</u>
Total operating income, net		<u>269,823</u>	<u>121,785</u>
General and administrative expenses:			
Salaries and fringe benefits	7	155,216	139,597
Professional fees and services	7	52,399	39,026
Other taxes		18,449	11,411
Depreciation		2,738	2,739
Communications and mail postage		2,490	2,842
Insurance		2,894	2,775
Transportation and logistics		-	2,126
Stationery and office supplies		2,910	1,321
System supports		16,034	10,378
Others		<u>4,639</u>	<u>1,478</u>
Total general and administrative expenses		<u>257,769</u>	<u>213,693</u>
Net income (loss) before income tax		12,054	(91,908)
Income tax	14	<u>-</u>	<u>-</u>
Net loss		<u><u>12,054</u></u>	<u><u>(91,908)</u></u>

The accompanying notes are an integral part of these financial statements.

## **Eurovalores, S. A.**

(A wholly-owned Subsidiary of Metrobank, S.A.)

### **Statement of comprehensive income For the year ended December 31, 2010 (In balboas)**

---

	<b>Note</b>	<b>2010</b>	<b>2009</b>
Net income (loss)		12,054	(91,908)
Other comprehensive income:			
Net changes in securities available for sale	9	<u>2,800</u>	<u>(14,060)</u>
Total net comprehensive income (loss) of the year		<u>14,854</u>	<u>(105,968)</u>

The accompanying notes are an integral part of these financial statements.

**Eurovalores, S. A.**

(A wholly-owned subsidiary of Metrobank, S. A.)

**Statement of changes in shareholder's equity  
For the year ended December 31, 2010**

(In balboas)

	<u>Common shares</u>	<u>Net changes in securities available for sale</u>	<u>Accumulated losses</u>	<u>Total shareholder's equity</u>
<b>Balance at December 31, 2008</b>	<u>850,000</u>	<u>-</u>	<u>(520,992)</u>	<u>329,008</u>
Comprehensive income comprised by:				
Net changes in securities	-	14,060	-	14,060
Net loss	<u>-</u>	<u>-</u>	<u>(91,908)</u>	<u>(91,908)</u>
Total comprehensive income (loss) for the year	<u>-</u>	<u>14,060</u>	<u>(91,908)</u>	<u>(77,848)</u>
Issuance of shares	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
<b>Balance at December 31, 2009</b>	<u>950,000</u>	<u>14,060</u>	<u>(612,900)</u>	<u>351,160</u>
Comprehensive income comprised by:				
Net changes in securities	-	2,800	-	2,800
Net loss	<u>-</u>	<u>-</u>	<u>12,054</u>	<u>12,054</u>
Total comprehensive income for the year	<u>-</u>	<u>2,800</u>	<u>12,054</u>	<u>14,854</u>
<b>Balance at December 31, 2010</b>	<u>950,000</u>	<u>16,860</u>	<u>(600,846)</u>	<u>366,014</u>

The accompanying notes are an integral part of these financial statements.

## **Eurovalores, S.A.**

(A wholly-owned subsidiary of Metrobank, S.A.)

### **Statement of cash flows**

**For the year ended December 31, 2010**

(In balboas)

	<b>Notes</b>	<b>2010</b>	<b>2009</b>
<b>Cash flows from operating activities:</b>			
Net income (loss)		12,054	(91,908)
Depreciation		2,738	2,739
Net changes in operating assets and liabilities:			
Decrease (increase) in other assets		43,778	(39,119)
(Decrease) increase in other liabilities		<u>(112,528)</u>	<u>108,249</u>
Net cash used in operating activities		<u>(53,958)</u>	<u>(20,039)</u>
<b>Cash flows from investing activities:</b>			
Acquisitions of securities available for sale	9	(250,000)	-
Redemptions of securities available for sale	9	-	249,365
Furniture and equipment, net		<u>(2,323)</u>	<u>(33)</u>
Net cash (used in) provided by investing activities		<u>(252,323)</u>	<u>249,332</u>
<b>Cash flows from financing activities</b>			
<b>proceeds from issuance of common shares</b>		<u>-</u>	<u>100,000</u>
Net (decrease) increase of cash and cash equivalents		<u>(306,281)</u>	<u>329,293</u>
Cash and cash equivalents at beginning of year		<u>422,141</u>	<u>92,848</u>
Cash and cash equivalents at end of year	8	<u><u>115,860</u></u>	<u><u>422,141</u></u>

The accompanying notes are an integral part of these financial statements.

## **Eurovalores, S.A.**

(A wholly-owned subsidiary of Metrobank, S.A.)

### **Notes to the financial statements**

**December 31, 2010**

(In balboas)

---

#### **1. General information**

Eurovalores, S.A. (the “Company”), was incorporated in the Republic of Panama on April 21, 2005, began operations on August 31, 2005. It is mainly engaged to carry out business as intermediary financial and other related services to and from Panama in accordance with Resolution CNV-187-05 of the National Securities Commission dated August 8, 2005.

The Company’s main office is located in the Metrobank Tower, Punta Pacífica, Panama, 4<sup>th</sup> Floor.

The instructions to execute transactions are provided to the Company by the investors. The funds and related instructions are mainly remitted to Pershing LLC, New Jersey (a Division of the Bank of New York) which act as broker and custodian agent of the Company since 2006. Pershing LLC issues a statement of account to investors that details the funds receipt, transactions executed, revenues and expenses incurred and the balance of the reporting period.

The Company is wholly owned by Metrobank, S.A.; Metrobank, S.A. is wholly owned by Metro Holding Enterprises, Inc.; both entities are registered in the Republic of Panama.

#### **2. Adoption of new and revised International Financial Reporting Standards (IFRSs)**

##### ***2.1 Standards and Interpretations issued but not yet effective***

- *Amendments to IFRS 7 Financial Instruments: Disclosures (as part of Improvements to IFRSs issued in 2010)* - Effective for annual periods beginning on or after January 1, 2011. The amendments to IFRS 7 clarify the required level of disclosures about credit risk and collateral held and provide relief from disclosures previously required regarding renegotiated loans.
- *Amendments to IFRS 7 - Financial Instruments: Disclosure* - Effective for annual periods beginning on or after July 1, 2011. Disclosures - Transfers of financial assets.
- *IAS 24 Related Party Disclosures (as revised in 2009)* - Effective for annual periods beginning on or after January 1, 2011.

## **Eurovalores, S.A.**

(A wholly-owned subsidiary of Metrobank, S.A.)

### **Notes to the financial statements**

**December 31, 2010**

(In balboas)

---

- *IFRS 9 - Financial Instruments: Classification and Measurement* - IFRS 9 Financial Instruments issued on November 2009 and amended on October 2010 introduces new requirements for the classification and measurement of financial assets and financial liabilities and for derecognition. IFRS 9 requires all recognized financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was recognised in profit or loss.

IFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that IFRS 9 that will be adopted in the Group's consolidated financial statements for the annual period beginning January 1, 2013 and that the application of the new Standard will have a significant impact on amounts reported in respect of the Groups' financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

## **Eurovalores, S.A.**

(A wholly-owned subsidiary of Metrobank, S.A.)

### **Notes to the financial statements**

**December 31, 2010**

(In balboas)

---

#### **3. Significant accounting policies**

##### ***3.1 Basis of presentation***

The financial statements have been prepared on the historical cost basis, except for securities available for sale which are presented at their fair value.

##### ***3.2 Functional currency***

The items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (functional currency). The financial statements are presented in Balboas, the functional and presentation currency of the Company.

##### ***3.3 Financial assets***

Financial assets of the Company are classified as available for sale. The classification depends on the nature and purpose of the financial asset and is determined at the time of initial recognition.

###### ***Financial assets available for sale***

Consist of securities purchased with the intention to hold them for an indefinite period of time, which can be sold in response to needs for liquidity or changes in interest rates, or prices of equity instruments.

After initial recognition, investments available for sale are measured at fair value. For those cases whose estimate their fair value is not reliable, investments are held at cost or amortized cost.

Gains or losses arising from changes in fair value of financial assets available for sale are recognized directly in equity until the financial assets are derecognized or impairment is determined. At this time, the cumulative gain or loss, previously recognized in equity, is recognized in profit or loss.

Dividends on equity instruments available for sale are recognized in the income statement when the Company's right to receive payment is established.

## **Eurovalores, S.A.**

(A wholly-owned subsidiary of Metrobank, S.A.)

### **Notes to the financial statements**

**December 31, 2010**

(In balboas)

---

The fair value of an investment in securities is generally determined based on the quoted market price at the date of the statement of financial position. If the quoted market price is not available, the fair value of the instrument is estimated using models to calculate prices or discounted cash flows techniques.

#### *Derecognition of financial assets*

Financial assets are derecognized by the Company when the contractual rights to receive cash flows from the financial assets have matured or when the Company has transferred substantially all risks and rewards of ownership. If the Company does not transfer nor substantially retains all risks and benefits and continues with control over the asset, the Company recognizes its interest retained in the asset and the liability related to the amounts that it would have to pay. If the Company retains substantially all risks and benefits of a transferred asset, the Company continues recognizing the financial asset and also the liability guaranteeing the amount received.

### **3.4 *Financial liabilities and equity instruments issued by the Group***

#### *Classification as debt or equity*

Debt and equity instruments are classified as financial liabilities or equity based on its contractual agreement.

#### *Equity instruments*

An equity instruments is any contract that evidences a residual interest on the assets of an entity after deducting all its liabilities. The equity instruments issued by the Company are recorded at the amount received, net of direct cost of issuance.

### **3.5 *Interest income***

Interest income is recognized in the income statement for all financial instruments that generate interest using the effective interest method.

## **Eurovalores, S.A.**

(A wholly-owned subsidiary of Metrobank, S.A.)

### **Notes to the financial statements**

**December 31, 2010**

(In balboas)

---

#### **3.6 *Commission income***

Generally, commissions are recognized as income when they are collected due to their short-term transactions. Income recognized when they are collected is not significantly different from that recognized under the accrual method.

#### **3.7 *Deterioration of the value of financial assets available for sale***

To date, the Company assesses whether there is an objective evidence that a financial asset or group of financial assets are deteriorated. In the case of equity instruments classified as available for sale, a significant or prolonged decrease in the fair value of the financial asset below its cost is taken into account to determine whether assets are impaired. If such evidence exists for financial assets available for sale, the cumulative loss, measured as the difference between the acquisition cost and current fair value, less any impairment loss on financial assets previously recognized in profit or loss, are removed from equity and recognized in the income statement.

Impairment losses recognized in the income statement on equity instruments are not reversed through the income statement. If in a subsequent period, the fair value of a debt instrument classified as available for sale increases and this increase can be objectively related to an event that occurred after the impairment loss was recognized in profit or loss, the loss impairment is recognized through the income statement.

#### **3.8 *Furniture and equipment***

Furniture and equipment are stated at acquisition cost, net of accumulated depreciation.

Depreciation is charged to be decreased from cost, based on the estimated useful life of the asset, using the straight-line method:

Furniture and equipment	10 years
Computer equipment	3 years

#### **3.9 *Income tax***

Current income tax refers to the estimated tax payable on taxable income of the year, using the effective rate at the date of the statement of financial position and is recognized in the operating results of the current year.

## **Eurovalores, S.A.**

(A wholly-owned subsidiary of Metrobank, S.A.)

### **Notes to the financial statements**

**December 31, 2010**

(In balboas)

---

#### ***3.10 Cash equivalents***

For purposes of presenting the statement of cash flows, cash equivalents include cash on hand, balances with banks and deposits earning interest with original maturities of three months or less from the respective date of deposits.

#### **4. Risk management of financial instruments**

##### ***4.1 Objectives of financial risk management***

The activities of the Company are exposed to a variety of financial risks and those activities include analysis, evaluation, acceptance, and administration of a certain degree of risk or a combination of risks. Taking risks is essential in the financial business and operational risks are inevitable consequences of being in business. The objective of the Company is, therefore, to achieve a proper balance between risk and return and minimize potential adverse effects on the financial execution of the Company.

Company activities are mainly related to the use of financial instruments and, as such, the statement of financial position consists primarily of financial instruments. It is exposed to the following risks in their use:

- Credit Risk
- Liquidity Risk
- Market Risk
- Operational Risk

The Board of Directors of the Company has the responsibility to establish and monitor risk management policies of financial instruments. For this purpose, it has appointed committees that are responsible for the administration and regular monitoring of risks to which the Company is exposed. These committees are:

- Audit Committee
- Risk and Compliance Committee

Additionally, the Company is subject to regulations of the Superintendency of Banks of the Republic of Panama and the National Securities Commission of Panama, with regard to risk concentrations, liquidity and capitalization, among others.

## **Eurovalores, S.A.**

(A wholly-owned subsidiary of Metrobank, S.A.)

### **Notes to the financial statements**

**December 31, 2010**

(In balboas)

---

#### **4.2 Credit risk**

The Company is exposed to credit risk, which is the risk that the counterparty fail to fulfill their contractual obligations. Financial assets that potentially present a credit risk to the Company consist primarily of interest-bearing bank deposits and securities available for sale. Bank deposits are placed in their Parent, Banco General and Pershing, LLC. Securities are placed in the U.S. market with investment grade institutions that are publicly traded on international well known stock exchanges.

#### **4.3 Liquidity risk**

Liquidity risk is the risk that the Company is unable to meet all its obligations. The Company holds no obligations with third parties, as their liquidity risk is limited to its shareholder.

#### **4.4 Market risk**

It is the risk that the value of a financial asset is reduced because of changes in interest rates, monetary exchange rates, stock prices, and other financial variables, and the reaction of participants markets to economic and political events, whether it is a potential gains and losses. The objective of market risk management is to manage and monitor risk exposures, and that they remain within acceptable parameters of risk return optimization.

Risk management policies set compliance with limits per financial instrument; limits on the maximum amount of loss from that any positions might lose and the requirement that, except for the approval from the Board of Directors, substantially all assets and liabilities are denominated in U.S. Dollars.

As part of the market risk, the Bank is mainly exposed to the interest rate risk.

- *Interest rate risk of cash flow and fair value* - The cash flow interest rate risk and fair value interest rate risk are the risks that future cash flows and the value of a financial instrument will fluctuate due to changes in market interest rates. The Company is not exposed to risks associated with the effect of market fluctuations in interest rates, since no obligations are hold with financial cost.

The Risk Committee reviews periodically the exposure to interest rate risk.

## **Eurovalores, S.A.**

(A wholly-owned subsidiary of Metrobank, S.A.)

### **Notes to the financial statements**

**December 31, 2010**

(In balboas)

---

#### **5. Fair value of financial instruments**

The management of the Company used the following assumptions to estimate the fair value of each category of financial instruments in the statement of financial position.

- *Cash and at sight deposits* - For these financial instruments, the carrying amount approximates their fair value due to their short-term nature.
- *Securities available for sale* - For these securities, the fair value is based on quoted market prices or broker quotations.

These estimates are subjective in nature and involve uncertainty and judgment; consequently, they cannot be accurately established. Any change in assumptions or criteria can affect the estimates significantly.

The carrying amount and fair value of the main financial assets and liabilities presented in the statement of financial position of the Company is summarized below:

	<u>2010</u>		<u>2009</u>	
	<u>Carrying amount</u>	<u>Fair value</u>	<u>Carrying amount</u>	<u>Fair value</u>
<b>Assets</b>				
Cash and deposits in banks	<u>115,860</u>	<u>115,860</u>	<u>422,141</u>	<u>422,141</u>

IFRS 7 specifies a hierarchy of valuation techniques based on whether the information contained in these valuation techniques are observable or unobservable. The observable information reflects market data obtained from independent sources; the unobservable information reflects market assumptions of the Company. These two types of information have created the following fair value hierarchy:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes equity securities and debt instruments in stock exchanges and markets for trading derivatives, as well as futures.
- Level 2 - Information other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., pricing) or indirectly (i.e., derived from prices).

## Eurovalores, S.A.

(A wholly-owned subsidiary of Metrobank, S.A.)

### Notes to the financial statements

December 31, 2010

(In balboas)

---

- Level 3 - Information for the assets and liabilities that are not based on observable market data (unobservable information). This level includes investments in shares and debt instruments with significant unobservable components.

	<u>Total</u>	<u>Measurement used</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<b><u>2010</u></b>				
<b>Financial assets:</b>				
Securities available for sale	<u>277,000</u>	<u>-</u>	<u>277,000</u>	<u>-</u>
<b><u>2009</u></b>				
<b>Financial assets:</b>				
Securities available for sale	<u>24,200</u>	<u>-</u>	<u>24,200</u>	<u>-</u>

#### 6. Critical accounting judgments and estimates

The Company makes estimates and judgments that affect the reported amounts of assets and liabilities within the next fiscal year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

*Impairment of securities available for sale* - The Company determines which capital investments available for sale are impaired when there has been a significant or prolonged decline in fair value below its cost. This significant or prolonged determination requires judgment. When making a judgment, the Company evaluates among other factors, the normal volatility in the stock price - value. Additionally, the deterioration may be appropriate when there is evidence of deterioration in the issuer's financial health, performance of industry and sector, technology, cash flows, financial and operational changes.

## **Eurovalores, S.A.**

(A wholly-owned subsidiary of Metrobank, S.A.)

### **Notes to the financial statements**

**December 31, 2010**

(In balboas)

---

#### **7. Balances and transactions between related parties**

Below is a summary of balances and transactions with related parties:

	<b>2010</b>	<b>2009</b>
<i>Statement of financial position</i>		
<b>Assets</b>		
Deposits in banks - current as sight	<u>112,122</u>	<u>89,627</u>
<i>Statement of income</i>		
<b>Expenses</b>		
Salaries and fringe benefits	<u>11,482</u>	<u>8,788</u>
Administrative service and expense	<u>36,000</u>	<u>36,000</u>
<b>Offset assets</b>		
Assets under custody	<u>31,814,234</u>	<u>13,438,370</u>

#### **8. Cash, deposits in banks and cash equivalent**

Cash, deposits in banks and cash equivalent consist of:

	<b>2010</b>	<b>2009</b>
Cash	250	250
Sight deposits:		
Metrobank, S.A.	112,122	89,627
Banco General, S.A.	-	749
Pershing, LLC	<u>3,488</u>	<u>331,515</u>
Total cash, deposits in banks and cash equivalent	<u>115,860</u>	<u>422,141</u>

## **Eurovalores, S.A.**

(A wholly-owned subsidiary of Metrobank, S.A.)

### **Notes to the financial statements**

**December 31, 2010**

(In balboas)

---

#### **9. Securities available for sale**

Securities available for sale are comprised by the following:

	<u>Cost</u>	<u>Unrealized gain (loss)</u>	<u>Fair value</u>
<b>2010</b>			
Central Latinoamericana de Valores, S. A.	10,140	16,860	27,000
US Treasury Bill	<u>250,000</u>	<u>-</u>	<u>250,000</u>
	<u>260,140</u>	<u>16,860</u>	<u>277,000</u>
<b>2009</b>			
Central Latinoamericana de Valores, S. A.	10,140	14,060	24,200
US Treasury Bill	<u>250,000</u>	<u>(250,000)</u>	<u>-</u>
	<u>260,140</u>	<u>(235,940)</u>	<u>24,200</u>

The company acquired a participation of 100 shares from Central Latinoamericana de Valores, S.A., as part of the procedure established by this entity to offer custodian services, compensation, liquidation and electronic administration of securities certificates for a total of B/.10,139. At December, 2010, the above mentioned shares changes it values to B/.16,860. In addition, the Company acquired United States Treasury Bills for B/.250,000 which are held in the investment account of Pershing LLC, whose maturity is on February, 2011.

The movements of securities available for sale are summarized below:

	<b>2010</b>	<b>2009</b>
Balance at beginning of year	24,200	259,505
Additions	250,000	-
Redemptions	-	(249,365)
Changes in fair value	<u>2,800</u>	<u>14,060</u>
Balance at end of year	<u>277,000</u>	<u>24,200</u>

## **Eurovalores, S.A.**

(A wholly-owned subsidiary of Metrobank, S.A.)

### **Notes to the financial statements**

**December 31, 2010**

(In balboas)

---

#### **10. Other assets**

Below is a detail of other assets:

	<b>2010</b>	<b>2009</b>
Accounts receivable	-	53,186
Commissions receivable	13,147	7,835
Others	<u>6,433</u>	<u>2,336</u>
Total	<u><u>19,580</u></u>	<u><u>63,357</u></u>

#### **11. Other liabilities**

Below is a detail of other liabilities:

	<b>2010</b>	<b>2009</b>
Various creditors	2,027	129,372
Payroll taxes	3,564	2,359
Income tax payable	2,614	1,945
Severance indemnities	<u>43,244</u>	<u>30,300</u>
Total	<u><u>51,449</u></u>	<u><u>163,976</u></u>

#### **12. Common shares**

The authorized capital of the Company is composed by 1,000 common shares at a nominal value of B/.1,000 each; 950 issued and outstanding shares equivalent to B/.950,000.

## **Eurovalores, S.A.**

(A wholly-owned subsidiary of Metrobank, S.A.)

### **Notes to the financial statements**

**December 31, 2010**

(In balboas)

---

#### **13. Assets under administration and custodian or values under custody**

The Company, under the House of Values License granted by the National Securities Commission, offers the services of intermediation, administration or custody of securities to third parties. On December 31, 2010, the value of the assets held under custody agreements is B/.95,708,846 and are registered as off - balance accounts in the statement of financial position of the Company. (2009: B/.66,925,199).

#### **14. Income tax**

Income tax returns of companies incorporated in the Republic of Panama are subject to review by the tax authorities for the past three years, including the year ended December 31, 2010, according to current tax regulations.

According to Panamanian tax laws in force, companies are exempted from income tax in respect of foreign source income. Also exempted from income tax are interest earned on deposits in local banks, interest earned on government securities and investments in titles - securities issued by the Bolsa de Valores de Panamá, S.A. (Panama's Stock Exchange).

Retroactively, as of January 1, 2011, as stated by Law No. 8 of March 15, 2010, Article 699 of the Fiscal Code the entities must pay income tax calculated on the greater of: (1) the net taxable income calculated by the traditional method established in Title I of the Fourth Book of the Fiscal Code, or (2) the net taxable income resulting from applying four point sixty seven per cent (4.67 %) to the total taxable income.

During the years 2010 and 2009, the Company did not generate taxable income; therefore, no in income tax expenses was incurred.

#### **15. Approval of financial statements**

The issuance of the financial statements for the year ended December 31, 2010, were approved by the Board of Directors and authorized on March 10, 2011.

\* \* \* \* \*