

LATIN AMERICAN EXPORT BANK  
Form 6-K  
August 16, 2006

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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM 6-K**

Report of Foreign Private Issuer  
Pursuant to Rule 13a-16 Or 15d-16 Of The  
Securities Exchange Act of 1934

Long form of Press Release

**BANCO LATINOAMERICANO DE EXPORTACIONES, S.A.**

(Exact name of Registrant as specified in its Charter)

**LATIN AMERICAN EXPORT BANK**

(Translation of Registrant's name into English)

Calle 50 y Aquilino de la Guardia  
P.O. Box 0819-08730  
El Dorado, Panama City  
Republic of Panama

(Address of Registrant's Principal Executive Offices)

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

Form 20-F  Form 40-F

(Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing information to the Commission pursuant to Rule 12g-3-2(b) under the Securities Exchange Act of 1934.)

Yes  No

(If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b). 82\_\_\_\_.)

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereto duly authorized.

August 15, 2006

Banco Latinoamericano de Exportaciones, S.A.

By:           /s/ Pedro Toll          

Name: Pedro Toll

Title: Deputy Manager

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**FOR IMMEDIATE RELEASE**

**Bladex Reports Net Income of US\$8.9 million for the Second Quarter of 2006**

**Financial Highlights:**

During the quarter, the Bank's credit portfolio grew by 4%. Compared to June 30, 2005, the portfolio has grown 27%, while disbursements have grown by 62%.

In the second quarter, Net Interest Income rose by 29% to US\$14.9 million. Year to date, Net Interest Income has increased by US\$5.4 million, or 26%, compared to the same period in 2005.

During the first six months of 2006, Net Interest Income on the restructured portfolio amounted to 5% of total Net Interest Income, compared to 23% a year before.

Operating Income <sup>(1)</sup> for the second quarter totaled US\$7.3 million, US\$1.9 million, or 21%, below the level reported in the first quarter, due to net trading losses of US\$2.4 million in the second quarter. Year to date, Operating Income was US\$16.5 million, US\$3.8 million, or 30%, above the level of the previous year.

Driven by lower reversals of provisions for credit losses, Net Income for the second quarter totaled US\$8.9 million (US\$7.7 million, or 46%, below the results of the first quarter), and US\$25.6 million year to date (US\$18.3 million, or 42%, below the same period in 2005).

Subsequent to the close of the quarter, the Bank completed its US\$50 million stock buyback program.

**Panama City, Republic of Panama, August 15, 2006** Banco Latinoamericano de Exportaciones, S.A. (NYSE: BLX) (Bladex or the Bank) announced today its results for the second quarter ended June 30, 2006.

The table below depicts selected key financial figures and ratios for the periods indicated (the Bank's financial statements are prepared in accordance with U.S. GAAP, and all figures are stated in U.S. dollars):

<sup>(1)</sup> Operating Income refers to net income excluding reversals of provisions for credit losses and recovery of impairment losses on securities.

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**Key Financial Figures**

| (US\$ million, except percentages and per share amounts) | 6M05   | 6M06   | 2Q05   | 1Q06   | 2Q06   |
|--|--------|--------|--------|--------|--------|
| Net Interest Income                                      | \$21.1 | \$26.5 | \$9.9  | \$11.6 | \$14.9 |
| Operating Income   | \$12.7 | \$16.5 | \$5.5  | \$9.2  | \$7.3  |
| Net Income   | \$43.8 | \$25.6 | \$13.6 | \$16.7 | \$8.9  |
| EPS <sup>(2)</sup>                                       | \$1.13 | \$0.68 | \$0.35 | \$0.44 | \$0.24 |
| Return on Average Equity                                 | 13.9%  | 8.7%   | 9.0%   | 11.1%  | 6.2%   |
| Tier 1 Capital Ratio                                     | 46.5%  | 28.9%  | 46.5%  | 32.2%  | 28.9%  |
| Net Interest Margin                                      | 1.63%  | 1.75%  | 1.60%  | 1.62%  | 1.87%  |
| Book Value per common share                              | \$15.6 | \$15.3 | \$15.6 | \$15.4 | \$15.3 |

<sup>(2)</sup> Earnings per share calculations are based on the average number of shares outstanding during each period.

**Comments from the Chief Executive Officer**

Jaime Rivera, Chief Executive Officer of Bladex, stated the following regarding the quarter's results:

The results of the second quarter are the strongest indication yet of the established nature of the transformation of our business. When compared to a year ago, disbursements have increased 62%, the portfolio has grown 27%, operating income is 30% higher, and our efficiency ratios are stronger. During the second quarter, we saw pricing continue to improve as a result of markets moving in the Bank's favor and the diversification of our business into the corporate segment, which in June accounted for 56% of revenues, compared to 33% in June 2005.

The underlying dynamics of our pristine commercial portfolio quality remain stable: 73% of our exposure is trade finance in nature, with 80% of the total credit portfolio due to mature within one year. No interest or principal payments are past due.

Financially, the second quarter was a challenging one for our Treasury where, after two quarters of strong securities gains, unusually volatile markets resulted in trading losses that took some off the luster of the quarter's operating results. The volatility in the market, however, allowed us to complete our stock buyback program under very favorable terms for the Bank.

On the non-financial front, we obtained the regulatory approvals necessary to move forward with our Clavex's initiative, and successfully went live with our new technology platform.

Our work for the remainder of the year will continue to focus on translating our progress to the bottom line, as we move forward with disciplined implementation of our strategic plan to achieve steady, quality growth through a wider array of trade finance services.

**BUSINESS OVERVIEW**

During the second quarter of 2006, the Bank continued to increase its volume of business, with credit disbursements amounting to over US\$2.0 billion, a 43% increase over total disbursements in the second quarter of 2005. For the first six months of 2006, credit disbursements amounted to US\$4.1 billion, a 62% increase compared to the same period of 2005.

As depicted in the following graph, at June 30, 2006, the total credit portfolio exposure was US\$3.7 billion, US\$154.6 million, or 4%, above the level as of March 31, 2006, and US\$802.9 million, or 27%, above the total as of June 30, 2005. The quarter-to-quarter increase in the total credit portfolio was mainly the result of a US\$113.8 million, or 5%, increase in the trade portfolio. In addition, during the quarter as well, the Bank's investment securities portfolio grew by US\$52.0 million, or 16%.

**OPERATING INCOME**

Despite higher net interest income and operating expenses which were essentially flat, trading losses of US\$2.4 million during the quarter, brought Operating Income for the second quarter down to US\$7.3 million, compared to the US\$9.2 million reported in the first quarter.

For the first half of the year, Operating Income increased US\$3.8 million, or 30%, with respect to the same period of 2005, mainly reflecting stronger net interest and commission income. The Bank's efficiency during the same period improved, as operating revenues increased by US\$5.2 million, or 22%, while expenses increased US\$1.4 million, or 12%.

**NET INTEREST INCOME AND MARGINS**

The table below shows the Bank's net interest income, net interest margin, and net interest spread for the periods indicated:

(In US\$ million, except percentages)

|                                    | 6M05          | 6M06          | 2Q05          | 1Q06          | 2Q06          |
|------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Interest Income:                   |               |               |               |               |               |
| Accruing assets                    | 45.3          | 84.1          | \$23.5        | \$37.8        | \$46.3        |
| Non-accruing assets                | 6.4           | 2.0           | 1.5           | 0.3           | 1.7           |
| Interest Expense                   | <u>(30.6)</u> | <u>(59.5)</u> | <u>(15.1)</u> | <u>(26.5)</u> | <u>(33.0)</u> |
| <b>Net Interest Income</b>         | <b>\$21.1</b> | <b>\$26.5</b> | <b>\$9.9</b>  | <b>\$11.6</b> | <b>\$14.9</b> |
| Net Interest Margin <sup>(1)</sup> | 1.63%         | 1.75%         | 1.60%         | 1.62%         | 1.87%         |
| Net Interest Spread <sup>(2)</sup> | 0.65%         | 0.64%         | 0.60%         | 0.44%         | 0.82%         |

<sup>(1)</sup> Net interest income divided by average balance of interest-earning assets.

<sup>(2)</sup> Average rate of average interest-earning assets, less average rate of average interest-bearing liabilities.

**2Q06 vs. 1Q06**

Net interest income for the second quarter of 2006 totaled US\$14.9 million, an increase of US\$3.4 million, or 29%, from the previous quarter, mostly due to increased average loan and investment portfolios, as well as higher margins.

Net interest margin ( NIM ) and net interest spread ( NIS ) increased 25 bps and 38 bps, respectively. The increases were mainly due to the positive impact of:

- i. Loan fee income related to the prepayment of restructured non-accruing loans (16 bps in both NIM and in NIS);
- ii. Higher average lending spreads (9 bps in NIM and 11 bps in NIS);
- iii. Lower interest expense on the Bank's preferred shares, which were redeemed in-full during the second quarter of 2006 (5 bps in NIM, 7 bps in NIS);
- iv. Increased market interest rates, which had a positive impact on the Bank's interest rate gap (4 bps in NIM and in NIS);

These were partially offset by the negative impact of rising interest rates on the Bank's funding structure, as its capital component was reduced due to dividend distributions and share buybacks (-9 bps in NIM).

**6M06 vs. 6M05**

As shown in the table on the previous page, when compared to the first six months of 2005, net interest income increased US\$5.4 million, or 26%. Contributing to these results were:

- i. Increased average balances on the Bank's accruing loan and investment securities portfolio, and
  - ii. Higher earnings on the Bank's available capital due to increasing interest rates.
- Both factors were partially offset by the impact of the collection of the Bank's richly priced non-accruing portfolio.

**COMMISSION INCOME**

The following table provides a breakdown of commission income for the periods indicated:

(In US\$ thousands)

|                               | <b>6M05</b>    | <b>6M06</b>    | <b>2Q05</b>    | <b>1Q06</b>    | <b>2Q06</b>    |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|
| Letters of credit             | \$1,221        | \$1,796        | \$571          | \$981          | \$815          |
| Guarantees:                   |                |                |                |                |                |
| Country risk guaranty         | 433            | 670            | 249            | 409            | 261            |
| Other guarantees              | 801            | 99             | 132            | 29             | 70             |
| Loans and other               | <u>177</u>     | <u>315</u>     | <u>82</u>      | <u>160</u>     | <u>155</u>     |
| <b>Commission Income</b>      | <b>\$2,631</b> | <b>\$2,881</b> | <b>\$1,034</b> | <b>\$1,580</b> | <b>\$1,301</b> |
| <b>Commission Expense</b>     | <b>(20)</b>    | <b>(16)</b>    | <b>(9)</b>     | <b>(8)</b>     | <b>(8)</b>     |
| <b>Commission Income, net</b> | <b>\$2,611</b> | <b>\$2,864</b> | <b>\$1,024</b> | <b>\$1,571</b> | <b>\$1,293</b> |

During the second quarter of 2006, commission income, net, decreased by US\$279 thousand, or 18%, mostly due to decreased volume and pricing of Letters of Credit.

The US\$253 thousand, or 10%, increase in commission income, net, during the first half of 2006, compared to the first half of 2005, was mainly the result of an increase in the average volumes of Letters of Credit.



**PROVISION FOR CREDIT LOSSES**

(In US\$ million)

|   | 6M05          | 6M06         | 2Q05         | 1Q06         | 2Q06         |
|---|---------------|--------------|--------------|--------------|--------------|
| Reversal (provision) for loan losses  | 14.4          | (5.7)        | 7.1          | (3.8)        | (2.0)        |
| Reversal (provision) for losses on off-balance sheet credit risk  | <u>3.9</u>    | <u>14.8</u>  | <u>1.0</u>   | <u>11.2</u>  | <u>3.6</u>   |
| <b>Total reversal of provision for credit losses before the cumulative effect on prior periods of a change in the credit loss reserve methodology</b> | <b>\$18.3</b> | <b>\$9.0</b> | <b>\$8.1</b> | <b>\$7.4</b> | <b>\$1.6</b> |
| Cumulative effect on prior years (to December 31, 2004) of a change in the credit loss reserve methodology  | <u>2.7</u>    | <u>0.0</u>   | <u>0.0</u>   | <u>0.0</u>   | <u>0.0</u>   |
| <b>Total reversal of provision for credit losses</b>  | <b>\$21.0</b> | <b>\$9.0</b> | <b>\$8.1</b> | <b>\$7.4</b> | <b>\$1.6</b> |

The US\$1.6 million and US\$9.0 million reversals of provision for credit losses during the second quarter and the first six months of 2006, respectively, were driven by decreases in specific reserves assigned to restructured credits in Argentina and Brazil. The lower year-to-date provision reversals in 2006 reflect the reduction of the non-accruing portfolio over the period.

The following table sets forth the allowance for credit losses for the periods indicated:

(In US\$ million)

|   | 30-JUN-05      | 30-SEP-05      | 31-DEC-05     | 31-MAR-06     | 30-JUN-06     |
|---|----------------|----------------|---------------|---------------|---------------|
| <b>Allowance for credit losses</b>                      |                |                |               |               |               |
| At beginning of period                                  | \$121.6        | \$113.4        | \$103.3       | \$91.5        | \$84.1        |
| Reversal of provision for credit losses                 | (8.1)          | (12.5)         | (7.5)         | (7.4)         | (1.6)         |
| Loan recoveries <sup>(1)</sup>                          | 0.0            | 2.4            | 0.1           | 0.0           | 0.0           |
| Loans written-off against the allowance for loan losses | <u>0.0</u>     | <u>0.0</u>     | <u>(4.4)</u>  | <u>0.0</u>    | <u>0.0</u>    |
| <b>Balance at end of period</b>                         | <b>\$113.4</b> | <b>\$103.3</b> | <b>\$91.5</b> | <b>\$84.1</b> | <b>\$82.5</b> |

<sup>(1)</sup> In 2005, the amount was mostly related to a loan recovery from a Mexican corporation, which was charged-off in the year 2000.

**OPERATING EXPENSES**

The following table shows a breakdown of the components of operating expenses for the periods indicated:

(In US\$ thousands)

|  | <b>6M05</b>     | <b>6M06</b>     | <b>2Q05</b>    | <b>1Q06</b>    | <b>2Q06</b>    |
|--|-----------------|-----------------|----------------|----------------|----------------|
| Salaries and other employee expenses   | \$5,823         | \$7,025         | \$2,728        | \$3,530        | \$3,495        |
| Depreciation of premises and equipment | 484             | 396             | 240            | 174            | 222            |
| Professional services                  | 1,525           | 1,469           | 886            | 701            | 768            |
| Maintenance and repairs                | 571             | 474             | 289            | 269            | 206            |
| Other operating expenses               | <u>2,847</u>    | <u>3,283</u>    | <u>1,474</u>   | <u>1,653</u>   | <u>1,631</u>   |
| <b>Total Operating Expenses</b>        | <b>\$11,249</b> | <b>\$12,648</b> | <b>\$5,616</b> | <b>\$6,327</b> | <b>\$6,321</b> |

**2Q06 vs. 1Q06**

During the second quarter of 2006, expense levels remained flat.

**6M06 vs. 6M05**

During the first half of 2006, total operating expenses amounted US\$12.6 million, compared to US\$11.2 million during the first half of 2005. The US\$1.4 million, or 12% increase was mostly due to higher expenses associated with the strengthening of the Bank's sales effort.

**CREDIT PORTFOLIO**

As of June 30, 2006, 80% of the Bank's outstanding commercial portfolio (credit portfolio excluding non-accruing credits and investment securities), was scheduled to mature within one year, compared to 77% as of March 31, 2006, and 81% as of June 30, 2005.

As of June 30, 2006, the Bank's non-accruing portfolio amounted to US\$41.3 million, or 1.1%, of the total credit portfolio, compared to US\$115.3 million, or 3.9%, of the total credit portfolio at June 30, 2005, and US\$28.8 million, or 0.8% of the credit total portfolio as of March 31, 2006 (the Bank considers the quarterly increase temporary in nature). Net of reserves for credit losses, the non-accruing portfolio at June 30, 2006 amounted to US\$27.7 million, representing 0.8% of the total net credit portfolio.

As of June 30, 2006, the Bank had no past due interest or principal amounts.

The composition of the Bank's outstanding commercial portfolio for the dates indicated was as follows:

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| June 30, 2006           |             |             |             |             |             |                   |             |                 |                 |
|-------------------------|-------------|-------------|-------------|-------------|-------------|-------------------|-------------|-----------------|-----------------|
|                         | Argentina   | Brazil      | Chile       | Peru        | Colombia    | Rest of Countries | Total       | Total 31-MAR-06 | Total 30-JUN-05 |
| <b>Transaction-Type</b> |             |             |             |             |             |                   |             |                 |                 |
| Trade                   | 88%         | 83%         | 73%         | 74%         | 17%         | 70%               | 73%         | 72%             | 84%             |
| Non-Trade               | <u>12%</u>  | <u>17%</u>  | <u>27%</u>  | <u>26%</u>  | <u>83%</u>  | <u>30%</u>        | <u>27%</u>  | <u>28%</u>      | <u>16%</u>      |
| <b>Total</b>            | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b>       | <b>100%</b> | <b>100%</b>     | <b>100%</b>     |
| <b>Client-Type</b>      |             |             |             |             |             |                   |             |                 |                 |
| Financial Entities      | 9%          | 56%         | 98%         | 58%         | 97%         | 66%               | 58%         | 64%             | 78%             |
| Non-Financial Entities  | 91%         | 40%         | 2%          | 42%         | 3%          | 31%               | 40%         | 33%             | 19%             |
| Sovereign borrowers     | <u>0%</u>   | <u>4%</u>   | <u>0%</u>   | <u>0%</u>   | <u>0%</u>   | <u>3%</u>         | <u>3%</u>   | <u>3%</u>       | <u>3%</u>       |
| <b>Total</b>            | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b>       | <b>100%</b> | <b>100%</b>     | <b>100%</b>     |

See Exhibit VIII for a breakdown of the credit portfolio by individual country.

**PERFORMANCE AND CAPITAL RATIOS**

The following table sets forth the return on average stockholders' equity and the return on average assets for the periods indicated:

|  | 6M05  | 6M06 | 2Q05 | 1Q06  | 2Q06 |
|--|-------|------|------|-------|------|
| ROE (return on average stockholders' equity) | 13.9% | 8.7% | 9.0% | 11.1% | 6.2% |
| ROA (return on average assets)               | 3.4%  | 1.7% | 2.2% | 2.3%  | 1.1% |

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Although the Bank is not subject to the capital adequacy requirements of the U.S. Federal Reserve Board, if the U.S. Federal Reserve Board risk-based capital adequacy requirements were applied, the Bank's Tier 1 and Total Capital Ratios at the dates indicated would be as follows:

|                      | <b>30-JUN-05</b> | <b>31-MAR-06</b> | <b>30-JUN-06</b> |
|----------------------|------------------|------------------|------------------|
| Tier 1 Capital Ratio | 46.5%            | 32.2%            | 28.9%            |
| Total Capital Ratio  | 47.7%            | 33.5%            | 30.1%            |

On July 17, 2006, the Bank completed its three-year US\$50 million open market share repurchase program. Since the establishment of the program in August 2004, the Bank repurchased a total of 3.0 million shares at an average price of US\$16.43, or 1.05 times the Bank's weighted average book value during the period.

During the second quarter of 2006, the Bank repurchased a total of 1.3 million shares, bringing the total number of shares outstanding to 36.5 million, compared to 37.8 million as of March 31, 2006, and 38.6 million at June 30, 2005.

**OTHER EVENTS**

**New Technology Platform** During June 2006, Bladex began the use of i-flex<sup>®</sup>'s FLEXCUBE<sup>®</sup> platform for internal processing purposes. The project was completed on schedule, and its implementation did not impact the business flow of the Bank nor its clients.

**Clavex, LLC** On July 14, 2006, Bladex announced the establishment of Clavex, LLC, a wholly owned subsidiary, incorporated in the United States of America. Clavex has the exclusive rights to deliver the IdenTrust Digital Identity Solution for e-commerce and financial transactions in Latin America. Clavex will be led by Mrs. Catherine McGrail, who joined the new company from her position as Head of Products at Bladex.

**Quarterly Common Dividend Payments** On July 17, 2006, the Bank paid a regular quarterly dividend of US\$0.1875 per share pertaining to the second quarter, to stockholders of record as of July 7, 2006.

**Note:** Various numbers and percentages set forth in this press release have been rounded and, accordingly, may not total exactly.

**SAFE HARBOR STATEMENT**

*This press release contains forward-looking statements of expected future developments. The Bank wishes to ensure that such statements are accompanied by meaningful cautionary statements pursuant to the safe harbor established by the Private Securities Litigation Reform Act of 1995. The forward-looking statements in this press release refer to the growth of the credit portfolio, including the trade portfolio, the increase in the number of the Bank's corporate clients, the positive trend of lending spreads, the increase in activities engaged in by the Bank that are derived from the Bank's client base, anticipated operating income in future periods, including income derived from the treasury function, the improvement in the financial strength of the Bank and the progress the Bank is making. These forward-looking statements reflect the expectations of the Bank's management and are based on currently available data; however, actual experience with respect to these factors is subject to future events and uncertainties, which could materially impact the Bank's expectations. Among the factors that can cause actual performance and results to differ materially are as follows: the anticipated growth of the Bank's credit portfolio; the continuation of the Bank's preferred creditor status; the impact of increasing interest rates and of improving macroeconomic environment in the Region on the Bank's financial condition; the execution of the Bank's strategies and initiatives, including its revenue diversification strategy; the adequacy of the Bank's allowance for credit losses; the need for additional provisions for credit losses; the Bank's ability to achieve future growth, to reduce its liquidity levels and increase its leverage; the Bank's ability to maintain its investment-grade credit ratings; the availability and mix of future sources of funding for the Bank's lending operations; the possibility of fraud; and the adequacy of the Bank's sources of liquidity to replace large deposit withdrawals.*

**About Bladex**

Bladex is a supranational bank originally established by the Central Banks of Latin American and Caribbean countries to promote trade finance in the Region. Based in Panama, its shareholders include central banks and state-owned entities in 23 countries in the Region, as well as Latin American and international commercial banks, along with institutional and retail investors. Through June 30, 2006, Bladex had disbursed accumulated credits of over US\$140 billion.

## CONSOLIDATED BALANCE SHEETS

EXHIBIT I

|  | AT THE END OF,          |                         |                         |                     |            |                     |            |
|--|-------------------------|-------------------------|-------------------------|---------------------|------------|---------------------|------------|
|  | (A)<br>Jun. 30,<br>2005 | (B)<br>Mar. 31,<br>2006 | (C)<br>Jun. 30,<br>2006 | (C) - (B)<br>CHANGE | %          | (C) - (A)<br>CHANGE | %          |
| (In US\$ millions, except percentages)                 |                         |                         |                         |                     |            |                     |            |
| <b>ASSETS</b>  |                         |                         |                         |                     |            |                     |            |
| Cash and due from banks                                | \$1                     | \$1                     | \$163                   | \$162               | 25,732%    | \$162               | 19,871%    |
| Interest-bearing deposits with banks <sup>(1)</sup>    | 163                     | 149                     | 116                     | (33)                | (22)       | (47)                | (29)       |
| Trading assets   | 0                       | 0                       | 15                      | 15                  | n.a. (*)   | 15                  | n.a. (*)   |
| Securities available for sale                          | 58                      | 287                     | 340                     | 52                  | 18         | 282                 | 486        |
| Securities held to maturity                            | 27                      | 26                      | 135                     | 109                 | 417        | 108                 | 396        |
| Loans  | 2,244                   | 2,590                   | 2,709                   | 119                 | 5          | 465                 | 21         |
| Less:  |                         |                         |                         |                     |            |                     |            |
| Allowance for loan losses                              | (81)                    | (43)                    | (45)                    | (2)                 | 5          | 36                  | (44)       |
| Unearned income and deferred loan fees                 | (4)                     | (5)                     | (4)                     | 1                   | (18)       | (0)                 | 6          |
| <b>Loans, net</b>                                      | <b>2,159</b>            | <b>2,541</b>            | <b>2,659</b>            | <b>118</b>          | <b>5</b>   | <b>500</b>          | <b>23</b>  |
| Customers liabilities under acceptances                | 59                      | 47                      | 40                      | (7)                 | (16)       | (19)                | (32)       |
| Premises and equipment, net                            | 3                       | 3                       | 4                       | 1                   | 24         | 1                   | 20         |
| Accrued interest receivable                            | 20                      | 35                      | 41                      | 6                   | 18         | 21                  | 102        |
| Derivatives financial instruments - assets             | 0                       | 2                       | 5                       | 3                   | 180        | 5                   | 0          |
| Other assets   | 5                       | 13                      | 13                      | (0)                 | (2)        | 8                   | 176        |
| <b>TOTAL ASSETS</b>                                    | <b>\$2,495</b>          | <b>\$3,105</b>          | <b>\$3,532</b>          | <b>\$427</b>        | <b>14%</b> | <b>\$1,036</b>      | <b>42%</b> |
| <b>LIABILITIES AND STOCKHOLDERS EQUITY</b>             |                         |                         |                         |                     |            |                     |            |
| <b>EQUITY</b>  |                         |                         |                         |                     |            |                     |            |
| <b>Deposits:</b>                                       |                         |                         |                         |                     |            |                     |            |
| Non interest-bearing                                   | \$1                     | \$1                     | \$1                     | \$(0)               | (14)%      | \$(0)               | (24)%      |
| Interest-bearing                                       | 904                     | 1,143                   | 1,234                   | 91                  | 8          | 330                 | 37         |
| <b>Total Deposits</b>                                  | <b>905</b>              | <b>1,144</b>            | <b>1,235</b>            | <b>91</b>           | <b>8</b>   | <b>330</b>          | <b>36</b>  |
| Trading liabilities - short sales                      | 0                       | 0                       | 79                      | 79                  | n.a. (*)   | 79                  | n.a. (*)   |
| Securities sold under repurchase agreement             | 27                      | 124                     | 425                     | 302                 | 244        | 398                 | 1,461      |
| Short-term borrowings                                  | 494                     | 564                     | 621                     | 57                  | 10         | 127                 | 26         |
| Medium and long-term borrowings and placements         | 341                     | 519                     | 474                     | (45)                | (9)        | 132                 | 39         |
| Acceptances outstanding                                | 59                      | 47                      | 40                      | (7)                 | (16)       | (19)                | (32)       |
| Accrued interest payable                               | 13                      | 20                      | 29                      | 8                   | 41         | 16                  | 127        |
| Reserve for losses on off-balance sheet credit risk    | 32                      | 41                      | 37                      | (4)                 | (9)        | 5                   | 15         |
| Redeemable preferred stock (US\$10 par value)          | 3                       | 4                       | 0                       | (4)                 | (100)      | (3)                 | (100)      |
| Other liabilities                                      | 20                      | 60                      | 34                      | (26)                | (43)       | 14                  | 72         |
| <b>TOTAL LIABILITIES</b>                               | <b>\$1,894</b>          | <b>\$2,522</b>          | <b>\$2,973</b>          | <b>\$451</b>        | <b>18%</b> | <b>\$1,079</b>      | <b>57%</b> |
| <b>STOCKHOLDERS EQUITY</b>                             |                         |                         |                         |                     |            |                     |            |
| Common stock, no par value, assigned value of US\$6.67 | 280                     | 280                     | 280                     |                     |            |                     |            |
| Additional paid-in capital in excess of assigned value | 134                     | 134                     | 135                     |                     |            |                     |            |
| Capital reserves                                       | 95                      | 95                      | 95                      |                     |            |                     |            |
| Retained earnings                                      | 188                     | 184                     | 186                     |                     |            |                     |            |
| Treasury stock   | (98)                    | (111)                   | (132)                   |                     |            |                     |            |

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|   |         |         |         |         |      |         |      |
|---|---------|---------|---------|---------|------|---------|------|
| Accumulated other comprehensive income    | 2       | (1)     | (6)     |         |      |         |      |
| TOTAL STOCKHOLDERS EQUITY                 | \$601   | \$582   | \$559   | \$ (24) | (4)% | \$(42)  | (7)% |
| TOTAL LIABILITIES AND STOCKHOLDERS EQUITY | \$2,495 | \$3,105 | \$3,532 | \$427   | 14%  | \$1,036 | 42%  |

(1) Interest-bearing deposits with banks includes pledged certificates of deposit in the amount of US\$5.1 million at June 30, 2006, US\$5.0 million at March 31, 2006 and US\$4.2 million at June 30, 2005.

(\*) n.a. means not applicable.



## CONSOLIDATED STATEMENTS OF INCOME

EXHIBIT II

|   | FOR THE THREE MONTHS ENDED |                         |                         |                     |             |                     |             |
|---|----------------------------|-------------------------|-------------------------|---------------------|-------------|---------------------|-------------|
|   | (A)<br>Jun. 30,<br>2005    | (B)<br>Mar. 31,<br>2006 | (C)<br>Jun. 30,<br>2006 | (C) - (B)<br>CHANGE | %           | (C) - (A)<br>CHANGE | %           |
| (In US\$ thousands, except percentages and per share amounts)         |                            |                         |                         |                     |             |                     |             |
| <b>INCOME STATEMENT DATA:</b>   |                            |                         |                         |                     |             |                     |             |
| Interest income   | \$25,061                   | \$38,109                | \$47,957                | \$9,848             | 26%         | \$22,896            | 91%         |
| Interest expense  | (15,122)                   | (26,527)                | (33,021)                | (6,494)             | 24          | (17,899)            | 118         |
| <b>NET INTEREST INCOME</b>  | <b>9,939</b>               | <b>11,581</b>           | <b>14,936</b>           | <b>3,354</b>        | <b>29</b>   | <b>4,996</b>        | <b>50</b>   |
| Reversal (provision) for loan losses                                  | 7,129                      | (3,772)                 | (1,973)                 | 1,798               | (48)        | (9,103)             | (128)       |
| <b>NET INTEREST INCOME AFTER REVERSAL (PROVISION) FOR LOAN LOSSES</b> | <b>17,069</b>              | <b>7,810</b>            | <b>12,962</b>           | <b>5,153</b>        | <b>66</b>   | <b>(4,106)</b>      | <b>(24)</b> |
| <b>OTHER INCOME (EXPENSE):</b>  |                            |                         |                         |                     |             |                     |             |
| Reversal of provision for losses on off-balance sheet credit risk     | 998                        | 11,183                  | 3,602                   | (7,582)             | (68)        | 2,604               | 261         |
| Commission income, net  | 1,024                      | 1,571                   | 1,293                   | (279)               | (18)        | 268                 | 26          |
| Derivatives and hedging activities                                    | 0                          | (170)                   | (106)                   | 64                  | (38)        | (106)               | n.a. (*)    |
| Realized net loss on trading securities                               | 0                          | 0                       | (713)                   | (713)               | n.a. (*)    | (713)               | n.a. (*)    |
| Unrealized net loss on trading securities                             | 0                          | 0                       | (1,662)                 | (1,662)             | n.a. (*)    | (1,662)             | n.a. (*)    |
| Net gain on sale of securities available for sale                     | 93                         | 2,568                   | 0                       | (2,568)             | (100)       | (93)                | (100)       |
| Other income (expense), net   | 21                         | 15                      | (121)                   | (136)               | (925)       | (142)               | (668)       |
| <b>NET OTHER INCOME (EXPENSE)</b>                                     | <b>2,137</b>               | <b>15,167</b>           | <b>2,291</b>            | <b>(12,876)</b>     | <b>(85)</b> | <b>154</b>          | <b>7</b>    |
| <b>OPERATING EXPENSES:</b>  |                            |                         |                         |                     |             |                     |             |
| Salaries and other employee expenses                                  | (2,728)                    | (3,530)                 | (3,495)                 | 35                  | (1)         | (767)               | 28          |
| Depreciation of premises and equipment                                | (240)                      | (174)                   | (222)                   | (47)                | 27          | 18                  | (8)         |
| Professional services   | (886)                      | (701)                   | (768)                   | (67)                | 10          | 118                 | (13)        |
| Maintenance and repairs   | (289)                      | (269)                   | (206)                   | 63                  | (23)        | 83                  | (29)        |
| Other operating expenses  | (1,474)                    | (1,653)                 | (1,631)                 | 22                  | (1)         | (157)               | 11          |
| <b>TOTAL OPERATING EXPENSES</b>                                       | <b>(5,616)</b>             | <b>(6,327)</b>          | <b>(6,321)</b>          | <b>6</b>            | <b>(0)</b>  | <b>(705)</b>        | <b>13</b>   |
| <b>NET INCOME</b>   | <b>\$13,590</b>            | <b>\$16,650</b>         | <b>\$8,933</b>          | <b>\$ (7,717)</b>   | <b>(46)</b> | <b>\$ (4,657)</b>   | <b>(34)</b> |
| <b>PER COMMON SHARE DATA:</b>   |                            |                         |                         |                     |             |                     |             |
| Net income per share  | 0.35                       | 0.44                    | 0.24                    |                     |             |                     |             |
| Diluted earnings per share  | 0.35                       | 0.43                    | 0.23                    |                     |             |                     |             |
| <b>COMMON SHARES OUTSTANDING:</b>                                     |                            |                         |                         |                     |             |                     |             |
| Period average  | 38,738                     | 38,065                  | 37,556                  |                     |             |                     |             |
| <b>PERFORMANCE RATIOS:</b>  |                            |                         |                         |                     |             |                     |             |

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|  |       |       |       |
|--|-------|-------|-------|
| Return on average assets                         | 2.2%  | 2.3%  | 1.1%  |
| Return on average stockholders equity            | 9.0%  | 11.1% | 6.2%  |
| Net interest margin                              | 1.60% | 1.62% | 1.87% |
| Net interest spread                              | 0.60% | 0.44% | 0.82% |
| Total operating expenses to total average assets | 0.90% | 0.86% | 0.78% |

(\*) n.a. means not applicable.

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SUMMARY CONSOLIDATED FINANCIAL DATA  
(Consolidated Statement of Income, Balance Sheets, and Selected Financial Ratios)

EXHIBIT III

|  | FOR THE SIX MONTHS ENDED<br>JUNE 30, |                 |
|--|--------------------------------------|-----------------|
|  | 2005                                 | 2006            |
| (In US\$ thousands, except per share amounts & ratios)   |                                      |                 |
| <b>INCOME STATEMENT DATA:</b>  |                                      |                 |
| Net interest income  | \$21,087                             | \$26,517        |
| Reversal of provision for loan losses and off-balance sheet credit risk, net                           | 18,315                               | 9,040           |
| Commission income, net   | 2,611                                | 2,864           |
| Derivatives and hedging activities   | 0                                    | (276)           |
| Recovery of impairment loss on securities  | 10,069                               | 0               |
| Realized net loss on trading securities  | 0                                    | (713)           |
| Unrealized net loss on trading securities  | 0                                    | (1,662)         |
| Gain on sale of securities available for sale  | 246                                  | 2,568           |
| Other income (expense), net  | 22                                   | (106)           |
| Operating expenses   | (11,249)                             | (12,648)        |
| <b>INCOME BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE</b>                               | <b>\$41,101</b>                      | <b>\$25,583</b> |
| Cumulative effect on prior years (to Dec. 31, 2004) of a change in the credit loss reserve methodology | 2,733                                | 0               |
| <b>NET INCOME</b>  | <b>\$43,834</b>                      | <b>\$25,583</b> |
| <b>BALANCE SHEET DATA (In US\$ millions):</b>  |                                      |                 |
| Trading assets   | 0                                    | 15              |
| Investment securities  | 85                                   | 475             |
| Loans, net   | 2,159                                | 2,659           |
| Total assets   | 2,495                                | 3,532           |
| Deposits   | 905                                  | 1,235           |
| Trading liabilities - short sales  | 0                                    | 79              |
| Securities sold under repurchase agreement   | 27                                   | 425             |
| Short-term borrowings  | 494                                  | 621             |
| Medium and long-term borrowings and placements   | 341                                  | 474             |
| Total liabilities  | 1,894                                | 2,973           |
| Stockholders' equity   | 601                                  | 559             |
| <b>PER COMMON SHARE DATA:</b>  |                                      |                 |
| Net income per share   | 1.13                                 | 0.68            |
| Diluted earnings per share   | 1.12                                 | 0.67            |
| Book value (period average)  | 16.41                                | 15.70           |
| Book value (period end)  | 15.57                                | 15.29           |
| <b>COMMON SHARES OUTSTANDING (thousands):</b>  |                                      |                 |
| Period average   | 38,816                               | 37,809          |
| Period end   | 38,590                               | 36,531          |
| <b>SELECTED FINANCIAL RATIOS:</b>  |                                      |                 |
| <b>PERFORMANCE RATIOS:</b>   |                                      |                 |
| Return on average assets   | 3.41%                                | 1.65%           |
| Return on average stockholders' equity   | 13.9%                                | 8.7%            |
| Net interest margin  | 1.63%                                | 1.75%           |
| Net interest spread  | 0.65%                                | 0.64%           |
| Total operating expenses to total average assets   | 0.88%                                | 0.82%           |
| <b>ASSET QUALITY RATIOS:</b>   |                                      |                 |
| Non-accruing loans and investments to total loan and selected investment portfolio <sup>(1)</sup>      | 4.09%                                | 1.10%           |
| Charge offs net of recoveries to total loan portfolio <sup>(1)</sup>                                   | 0.22%                                | 0.00%           |
| Allowance for loan losses to total loan portfolio <sup>(1)</sup>                                       | 3.62%                                | 1.67%           |
| Allowance for loan losses to non-accruing loans  | 85.18%                               | 134.12%         |
| Allowance for losses on off-balance sheet credit risk to total contingencies                           | 5.46%                                | 5.73%           |

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CAPITAL RATIOS:

|  |        |        |
|--|--------|--------|
| Stockholders' equity to total assets   | 24.08% | 15.82% |
| Tier 1 capital to risk-weighted assets | 46.49% | 28.89% |
| Total capital to risk-weighted assets  | 47.74% | 30.14% |

(1) Loan portfolio is presented net of unearned income and deferred loan fees.

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## CONSOLIDATED STATEMENTS OF INCOME

EXHIBIT IV

|  | FOR THE SIX MONTHS<br>ENDED JUNE 30, |                 |                    |              |
|--|--------------------------------------|-----------------|--------------------|--------------|
|  | 2005                                 | 2006            | CHANGE             | %            |
| (In US\$ thousands, except percentages)  |                                      |                 |                    |              |
| <b>INCOME STATEMENT DATA:</b>  |                                      |                 |                    |              |
| Interest income  | \$51,737                             | \$86,066        | \$34,329           | 66%          |
| Interest expense   | (30,650)                             | (59,549)        | (28,899)           | 94           |
| <b>NET INTEREST INCOME</b>   | <b>21,087</b>                        | <b>26,517</b>   | <b>5,430</b>       | <b>26</b>    |
| Reversal (provision) for loan losses   | 14,432                               | (5,745)         | (20,177)           | (140)        |
| <b>NET INTEREST INCOME AFTER REVERSAL (PROVISION) FOR LOAN LOSSES</b>                                  | <b>35,519</b>                        | <b>20,772</b>   | <b>(14,746)</b>    | <b>(42)</b>  |
| <b>OTHER INCOME (EXPENSE):</b>   |                                      |                 |                    |              |
| Reversal of provision for losses on off-balance sheet credit risk                                      | 3,883                                | 14,785          | 10,901             | 281          |
| Commission income, net   | 2,611                                | 2,864           | 253                | 10           |
| Derivatives and hedging activities   | 0                                    | (276)           | (276)              | n.a. (*)     |
| Recovery of impairment loss on securities  | 10,069                               | 0               | (10,069)           | (100)        |
| Realized net loss on trading securities  | 0                                    | (713)           | (713)              | n.a. (*)     |
| Unrealized net loss on trading securities  | 0                                    | (1,662)         | (1,662)            | n.a. (*)     |
| Net gain on sale of securities available for sale  | 246                                  | 2,568           | 2,323              | 945          |
| Other income (expense), net  | 22                                   | (106)           | (128)              | (591)        |
| <b>NET OTHER INCOME (EXPENSE)</b>  | <b>16,831</b>                        | <b>17,459</b>   | <b>627</b>         | <b>4</b>     |
| <b>OPERATING EXPENSES:</b>   |                                      |                 |                    |              |
| Salaries and other employee expenses   | (5,823)                              | (7,025)         | (1,202)            | 21           |
| Depreciation of premises and equipment   | (484)                                | (396)           | 88                 | (18)         |
| Professional services  | (1,525)                              | (1,469)         | 55                 | (4)          |
| Maintenance and repairs  | (571)                                | (474)           | 97                 | (17)         |
| Other operating expenses   | (2,847)                              | (3,283)         | (437)              | 15           |
| <b>TOTAL OPERATING EXPENSES</b>  | <b>(11,249)</b>                      | <b>(12,648)</b> | <b>(1,399)</b>     | <b>12</b>    |
| <b>INCOME BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE</b>                               | <b>41,101</b>                        | <b>25,583</b>   | <b>(15,518)</b>    | <b>(38)</b>  |
| Cumulative effect on prior years (to Dec. 31, 2004) of a change in the credit loss reserve methodology | 2,733                                | 0               | (2,733)            | (100)        |
| <b>NET INCOME</b>  | <b>\$43,834</b>                      | <b>\$25,583</b> | <b>\$ (18,252)</b> | <b>(42)%</b> |

(\*) n.a. means not applicable.

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CONSOLIDATED NET INTEREST INCOME AND AVERAGE BALANCES

EXHIBIT V

FOR THE THREE MONTHS ENDED,

June 30, 2005

March 31, 2006

June 30, 2006

AVERAGE  
BALANCE

INTEREST

AVG.  
RATE

AVERAGE  
BALANCE

INTEREST

AVG.  
RATE

AVERAGE  
BALANCE

INTEREST

AVG.  
RATE

(In US\$ millions, except percentages)

|  | AVERAGE<br>BALANCE | INTEREST      | AVG.<br>RATE | AVERAGE<br>BALANCE | INTEREST      | AVG.<br>RATE | AVERAGE<br>BALANCE | INTEREST      | AVG.<br>RATE |
|--|--------------------|---------------|--------------|--------------------|---------------|--------------|--------------------|---------------|--------------|
| <b>INTEREST EARNING ASSETS</b>                                       |                    |               |              |                    |               |              |                    |               |              |
| Interest-bearing deposits with banks                                 | \$163              | \$1.2         | 2.94%        | \$185              | \$2.0         | 4.42%        | \$187              | \$2.3         | 4.88%        |
| Loans, net of unearned income & deferred loan fees                   | 2,107              | 20.6          | 3.86         | 2,473              | 32.7          | 5.30         | 2,542              | 37.4          | 5.82         |
| Impaired loans   | 104                | 1.5           | 5.76         | 22                 | 0.3           | 5.68         | 28                 | 1.7           | 24.04        |
| Trading assets   | 0                  | 0.0           | n.a. (*)     | 0                  | 0.0           | n.a. (*)     | 38                 | 0.7           | 6.93         |
| Investment securities  | 122                | 1.8           | 5.73         | 217                | 3.0           | 5.56         | 407                | 5.9           | 5.72         |
| <b>TOTAL INTEREST EARNING ASSETS</b>                                 | <b>\$2,495</b>     | <b>\$25.1</b> | <b>3.97%</b> | <b>\$2,896</b>     | <b>\$38.1</b> | <b>5.26%</b> | <b>\$3,202</b>     | <b>\$48.0</b> | <b>5.93%</b> |
| <b>Non interest earning assets</b>                                   |                    |               |              |                    |               |              |                    |               |              |
| Allowance for loan losses  | 76                 |               |              | 105                |               |              | 83                 |               |              |
| Other assets   | (81)               |               |              | (38)               |               |              | (42)               |               |              |
|  | 7                  |               |              | 13                 |               |              | 22                 |               |              |
| <b>TOTAL ASSETS</b>  | <b>\$2,497</b>     |               |              | <b>\$2,975</b>     |               |              | <b>\$3,264</b>     |               |              |
| <b>INTEREST BEARING LIABILITIES</b>                                  |                    |               |              |                    |               |              |                    |               |              |
| Deposits   | \$795              | \$6.1         | 3.04%        | \$1,006            | \$11.4        | 4.54%        | \$1,116            | \$14.0        | 4.98%        |
| Trading liabilities - short sales                                    | 0                  | 0             | n.a. (*)     | 0                  | 0             | n.a. (*)     | 36                 | 0.7           | 8.02         |
| Securities sold under repurchase agreement and short-term borrowings | 607                | 4.8           | 3.13         | 665                | 7.9           | 4.76         | 903                | 11.4          | 4.98         |
| Medium and long-term borrowings and placements                       | 370                | 4.2           | 4.50         | 530                | 7.2           | 5.43         | 505                | 6.9           | 5.39         |
| <b>TOTAL INTEREST BEARING LIABILITIES</b>                            | <b>\$1,772</b>     | <b>\$15.1</b> | <b>3.38%</b> | <b>\$2,201</b>     | <b>\$26.5</b> | <b>4.82%</b> | <b>\$2,560</b>     | <b>\$33.0</b> | <b>5.10%</b> |
| Non interest bearing liabilities and other                           | \$116              |               |              | \$167              |               |              | \$124              |               |              |

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|   |                 |                 |                 |                 |                 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| liabilities                                 |                 |                 |                 |                 |                 |
| TOTAL LIABILITIES                           | 1,888           |                 | 2,368           |                 | 2,684           |
| STOCKHOLDERS EQUITY                         | 608             |                 | 608             |                 | 580             |
|   | <u>        </u> |                 | <u>        </u> |                 | <u>        </u> |
| TOTAL LIABILITIES AND STOCKHOLDERS EQUITY   | \$2,497         |                 | \$2,975         |                 | \$3,264         |
|   | <u>        </u> |                 | <u>        </u> |                 | <u>        </u> |
| NET INTEREST SPREAD                         |                 | 0.60%           |                 | 0.44%           | 0.82%           |
|   |                 | <u>        </u> |                 | <u>        </u> | <u>        </u> |
| NET INTEREST INCOME AND NET INTEREST MARGIN | \$9.9           | 1.60%           | \$11.6          | 1.62%           | \$14.9          |
|   | <u>        </u> | <u>        </u> | <u>        </u> | <u>        </u> | <u>        </u> |

(\*) n.a. means not applicable.

## CONSOLIDATED NET INTEREST INCOME AND AVERAGE BALANCES

EXHIBIT VI

FOR THE SIX MONTHS ENDED JUNE 30,

|  | 2005               |               |              | 2006               |               |              |
|--|--------------------|---------------|--------------|--------------------|---------------|--------------|
|  | AVERAGE<br>BALANCE | INTEREST      | AVG.<br>RATE | AVERAGE<br>BALANCE | INTEREST      | AVG.<br>RATE |
| (In US\$ millions, except percentages)                               |                    |               |              |                    |               |              |
| <b>INTEREST EARNING ASSETS</b>                                       |                    |               |              |                    |               |              |
| Interest-bearing deposits with banks                                 | \$152              | \$2.1         | 2.71%        | \$186              | \$4.3         | 4.65%        |
| Loans, net of unearned income & deferred loan fees                   | 2,132              | 38.7          | 3.61         | 2,508              | 70.1          | 5.56         |
| Impaired loans   | 157                | 6.4           | 8.14         | 25                 | 2.0           | 16.10        |
| Trading assets   | 0                  | 0.0           | n.a. (*)     | 19                 | 0.7           | 6.93         |
| Investment securities  | 163                | 4.5           | 5.45         | 313                | 8.9           | 5.67         |
| <b>TOTAL INTEREST EARNING ASSETS</b>                                 | <b>\$2,605</b>     | <b>\$51.7</b> | <b>3.95%</b> | <b>\$3,050</b>     | <b>\$86.1</b> | <b>5.61%</b> |
| Non interest earning assets  | 69                 |               |              | 94                 |               |              |
| Allowance for loan losses  | (90)               |               |              | (41)               |               |              |
| Other assets   | 7                  |               |              | 17                 |               |              |
| <b>TOTAL ASSETS</b>  | <b>\$2,591</b>     |               |              | <b>\$3,120</b>     |               |              |
| <b>INTEREST BEARING LIABILITIES</b>                                  |                    |               |              |                    |               |              |
| Deposits   | \$806              | \$11.4        | 2.81%        | \$1,062            | \$25.5        | 4.77%        |
| Trading liabilities - short sales                                    | 0                  | 0.0           | n.a. (*)     | 18                 | 0.7           | 8.02         |
| Securities sold under repurchase agreement and short-term borrowings | 653                | 9.8           | 3.00         | 785                | 19.3          | 4.89         |
| Medium and long-term borrowings and placements                       | 390                | 9.4           | 4.81         | 517                | 14.1          | 5.41         |
| <b>TOTAL INTEREST BEARING LIABILITIES</b>                            | <b>\$1,848</b>     | <b>\$30.6</b> | <b>3.30%</b> | <b>\$2,382</b>     | <b>\$59.5</b> | <b>4.97%</b> |
| Non interest bearing liabilities and other liabilities               | 106                |               |              | 145                |               |              |
| <b>TOTAL LIABILITIES</b>   | <b>1,954</b>       |               |              | <b>2,527</b>       |               |              |
| <b>STOCKHOLDERS EQUITY</b>   | <b>637</b>         |               |              | <b>594</b>         |               |              |
| <b>TOTAL LIABILITIES AND STOCKHOLDERS EQUITY</b>                     | <b>\$2,591</b>     |               |              | <b>\$3,120</b>     |               |              |
| <b>NET INTEREST SPREAD</b>   |                    |               | <b>0.65%</b> |                    |               | <b>0.64%</b> |
| <b>NET INTEREST INCOME AND NET INTEREST MARGIN</b>                   |                    | <b>\$21.1</b> | <b>1.63%</b> |                    | <b>\$26.5</b> | <b>1.75%</b> |



(\*) n.a. means not applicable.

**CONSOLIDATED STATEMENT OF INCOME**  
(In US\$ thousands, except percentages & ratios)

EXHIBIT VII

|  | SIX<br>MONTHS<br>ENDED<br>JUN 30/05 | FOR THE THREE MONTHS ENDED |                 |                 |                 |                | SIX<br>MONTHS<br>ENDED<br>JUN 30/06 |
|--|-------------------------------------|----------------------------|-----------------|-----------------|-----------------|----------------|-------------------------------------|
|  |                                     | JUN<br>30/05               | SEP<br>30/05    | DEC<br>31/05    | MAR<br>31/06    | JUN<br>30/06   |                                     |
| <b>INCOME STATEMENT DATA:</b>  |                                     |                            |                 |                 |                 |                |                                     |
| Interest income  | \$51,737                            | \$25,061                   | \$29,959        | \$35,127        | \$38,109        | \$47,957       | \$86,066                            |
| Interest expense   | (30,650)                            | (15,122)                   | (18,291)        | (22,630)        | (26,527)        | (33,021)       | (59,549)                            |
| <b>NET INTEREST INCOME</b>   | <b>21,087</b>                       | <b>9,939</b>               | <b>11,668</b>   | <b>12,498</b>   | <b>11,581</b>   | <b>14,936</b>  | <b>26,517</b>                       |
| Reversal (provision) for loan losses   | 14,432                              | 7,129                      | 23,921          | 15,803          | (3,772)         | (1,973)        | (5,745)                             |
| <b>NET INTEREST INCOME AFTER<br/>REVERSAL (PROVISION) FOR<br/>LOAN LOSSES</b>                                | <b>35,519</b>                       | <b>17,069</b>              | <b>35,589</b>   | <b>28,301</b>   | <b>7,810</b>    | <b>12,962</b>  | <b>20,772</b>                       |
| <b>OTHER INCOME (EXPENSE):</b>   |                                     |                            |                 |                 |                 |                |                                     |
| Reversal (provision) for losses on<br>off-balance sheet credit risk  | 3,883                               | 998                        | (11,381)        | (8,283)         | 11,183          | 3,602          | 14,785                              |
| Commission income, net   | 2,611                               | 1,024                      | 1,546           | 1,667           | 1,571           | 1,293          | 2,864                               |
| Derivatives and hedging activities   | 0                                   | 0                          | 2               | 2,336           | (170)           | (106)          | (276)                               |
| Recovery of impairment loss on<br>securities   | 10,069                              | 0                          | 137             | 0               | 0               | 0              | 0                                   |
| Realized net loss on trading<br>securities   | 0                                   | 0                          | 0               | 0               | 0               | (713)          | (713)                               |
| Unrealized net loss on trading<br>securities   | 0                                   | 0                          | 0               | 0               | 0               | (1,662)        | (1,662)                             |
| Net gain on sale of securities<br>available for sale   | 246                                 | 93                         | 0               | (40)            | 2,568           | 0              | 2,568                               |
| Other income (expense), net  | 22                                  | 21                         | 13              | (26)            | 15              | (121)          | (106)                               |
| <b>NET OTHER INCOME (EXPENSE)</b>  | <b>16,831</b>                       | <b>2,137</b>               | <b>(9,684)</b>  | <b>(4,347)</b>  | <b>15,167</b>   | <b>2,291</b>   | <b>17,459</b>                       |
| <b>TOTAL OPERATING EXPENSES</b>  | <b>(11,249)</b>                     | <b>(5,616)</b>             | <b>(6,034)</b>  | <b>(7,557)</b>  | <b>(6,327)</b>  | <b>(6,321)</b> | <b>(12,648)</b>                     |
| <b>INCOME BEFORE CUMULATIVE<br/>EFFECT OF CHANGE IN<br/>ACCOUNTING PRINCIPLE</b>                             |                                     |                            |                 |                 |                 |                |                                     |
|  | \$41,101                            | \$13,590                   | \$19,871        | \$16,396        | \$16,650        | \$8,933        | \$25,583                            |
| Cumulative effect on prior years (to<br>Dec. 31, 2004) of a change in the<br>credit loss reserve methodology | 2,733                               | 0                          | 0               | 0               | 0               | 0              | 0                                   |
| <b>NET INCOME</b>  | <b>\$43,834</b>                     | <b>\$13,590</b>            | <b>\$19,871</b> | <b>\$16,396</b> | <b>\$16,650</b> | <b>\$8,933</b> | <b>\$25,583</b>                     |

**SELECTED FINANCIAL DATA  
PER COMMON SHARE DATA**

|                      |        |        |        |        |        |        |        |
|----------------------|--------|--------|--------|--------|--------|--------|--------|
| Net income per share | \$1.13 | \$0.35 | \$0.52 | \$0.43 | \$0.44 | \$0.24 | \$0.68 |
|----------------------|--------|--------|--------|--------|--------|--------|--------|

**PERFORMANCE RATIOS**

|   |       |       |       |       |       |       |       |
|---|-------|-------|-------|-------|-------|-------|-------|
| Return on average assets                      | 3.4%  | 2.2%  | 3.0%  | 2.3%  | 2.3%  | 1.1%  | 1.7%  |
| Return on average stockholders<br>equity      | 13.9% | 9.0%  | 13.0% | 10.6% | 11.1% | 6.2%  | 8.7%  |
| Net interest margin                           | 1.63% | 1.60% | 1.78% | 1.77% | 1.62% | 1.87% | 1.75% |
| Net interest spread                           | 0.65% | 0.60% | 0.73% | 0.69% | 0.44% | 0.82% | 0.64% |
| Total operating expenses to<br>average assets | 0.88% | 0.90% | 0.91% | 1.03% | 0.86% | 0.78% | 0.82% |



CREDIT PORTFOLIO  
DISTRIBUTION BY COUNTRY  
(In US\$ millions)

EXHIBIT VIII

| COUNTRY  | (A)            | (B)            | (C)            | (D)            | (C) - (B)    | (C) - (A)    | (D) - (C)    |
|--|----------------|----------------|----------------|----------------|--------------|--------------|--------------|
|  | 30JUN05        | 31MAR06        | 30JUN06        | 31JUL06        |              |              |              |
| ARGENTINA  | \$91           | \$72           | \$133          | \$156          | \$61         | \$42         | \$23         |
| BOLIVIA  | 0              | 5              | 5              | 5              | 0            | 5            | 0            |
| BRAZIL   | 1,325          | 1,366          | 1,459          | 1,437          | 93           | 134          | (22)         |
| CHILE  | 354            | 297            | 299            | 299            | 2            | (55)         | 1            |
| COLOMBIA   | 172            | 366            | 268            | 251            | (98)         | 96           | (17)         |
| COSTA RICA   | 71             | 102            | 93             | 90             | (10)         | 22           | (2)          |
| DOMINICAN REPUBLIC   | 106            | 123            | 112            | 167            | (11)         | 6            | 55           |
| ECUADOR  | 125            | 150            | 208            | 191            | 58           | 82           | (17)         |
| EL SALVADOR  | 79             | 89             | 113            | 98             | 24           | 34           | (15)         |
| GUATEMALA  | 44             | 49             | 77             | 83             | 28           | 33           | 6            |
| HONDURAS   | 18             | 25             | 42             | 35             | 17           | 24           | (7)          |
| JAMAICA  | 52             | 73             | 36             | 17             | (37)         | (17)         | (18)         |
| MEXICO   | 231            | 235            | 212            | 253            | (23)         | (19)         | 41           |
| NICARAGUA  | 3              | 2              | 5              | 5              | 3            | 2            | 0            |
| PANAMA   | 87             | 237            | 264            | 278            | 27           | 177          | 13           |
| PERU   | 77             | 242            | 281            | 271            | 39           | 204          | (10)         |
| TRINIDAD & TOBAGO  | 59             | 82             | 82             | 152            | (0)          | 23           | 71           |
| URUGUAY  | 0              | 7              | 7              | 0              | 0            | 7            | (7)          |
| VENEZUELA  | 22             | 47             | 34             | 88             | (13)         | 12           | 54           |
| OTHER  | 8              | 5              | 0              | 0              | (5)          | (8)          | 0            |
| <b>TOTAL CREDIT PORTFOLIO <sup>(1)</sup></b>                             | <b>\$2,925</b> | <b>\$3,573</b> | <b>\$3,728</b> | <b>\$3,877</b> | <b>\$155</b> | <b>\$803</b> | <b>\$150</b> |
| <b>UNEARNED INCOME AND COMMISSION <sup>(2)</sup></b>                     | <b>(4)</b>     | <b>(5)</b>     | <b>(4)</b>     | <b>(4)</b>     | <b>1</b>     | <b>(0)</b>   | <b>0</b>     |
| <b>TOTAL CREDIT PORTFOLIO, NET OF<br/>UNEARNED INCOME AND COMMISSION</b> | <b>\$2,921</b> | <b>\$3,568</b> | <b>\$3,723</b> | <b>\$3,873</b> | <b>\$156</b> | <b>\$803</b> | <b>\$150</b> |

<sup>(1)</sup> Includes book value of loans, fair value of selected investment securities, acceptances, and contingencies (including confirmed letters of credit, stand-by letters of credit, and guarantees covering commercial and country risks and credit commitments).

<sup>(2)</sup> Represents unearned income and commission in respect of loans.

**Conference Call Information**

There will be a conference call to discuss the Bank's quarterly results on August 16, 2006, at 11:00 a.m., New York City time. For those interested in participating, please dial (888) 569-5033 in the United States or, if outside the United States, (719) 457-2653. Participants should use conference ID# 2034845, and dial in five minutes before the call is set to begin. There will also be a live audio webcast of the conference at [www.blx.com](http://www.blx.com).

The conference call will become available for review on Conference Replay one hour after its conclusion, and will remain available through August 23, 2006. Please dial (888) 203-1112 or (719) 457-0820, and follow the instructions. The Conference ID# for the replayed call is 2034845.

For more information, please access [www.blx.com](http://www.blx.com) or contact:

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