Bladex

Annual Report

2007

NOTE: CORPORATE GOVERNANCE (For purposes of Section 303 A, of the NYSE'S Listed Company Manual / Corporate Governance Rules).

Bladex chose to include the information and documentation pertaining to compliance with Section 303 A of NYSE Euronext's Listed Company Manual / Corporate Governance Rules on its website (www.bladex.com). Bladex will continuously update this information.

Message to Shareholders

Now that we have closed another successful year in 2007, it seems opportune to highlight just how the year's results reflect Bladex's great institutional value – a value that springs directly from its mission to support Latin America's thriving foreign trade – and the unique nature of the ties that bind the Bank to the Region.

In its role as a catalyst for Latin America's foreign trade, Bladex directly contributes to the well-being of the countries of the Region, and at the same time promotes its own business, one that is profitable, secure, and steadily growing. Those ties that bind Bladex to the Region represent an important competitive advantage, and that advantage arises from our shareholding structure – we are the only commercial enterprise uniting the interests of twenty-three Latin American governments – as well as from the commitment and professionalism that Bladex brings to our Region and to our clients.

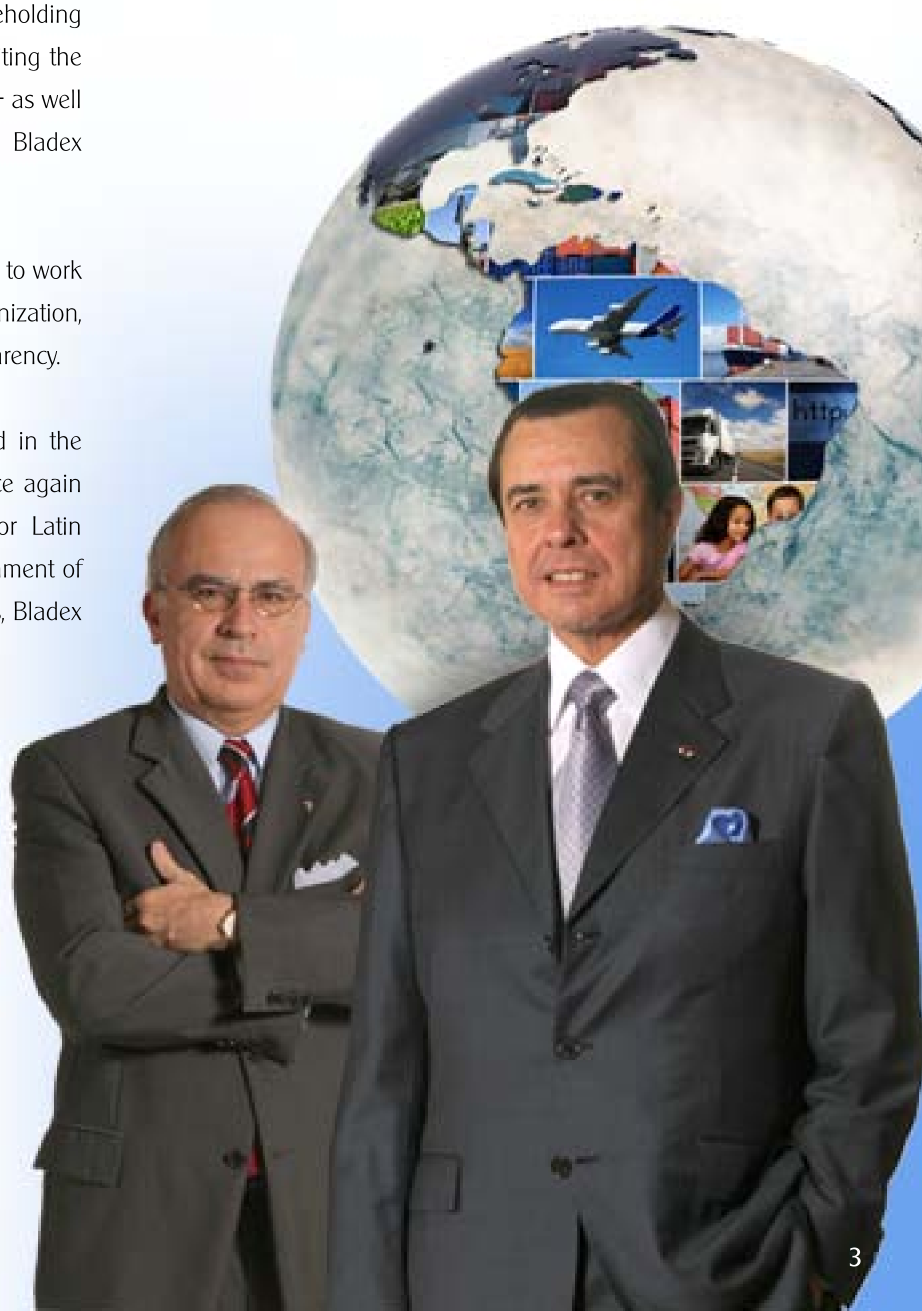
In this connection, during the year 2007, we continued to work on building a cutting-edge, profitable, and solid organization, recognized for its international excellence and transparency.

We should note that the uncertainties that prevailed in the international markets in the second half of 2007 once again demonstrated the strategic importance of Bladex for Latin America and for its clients. In the midst of an environment of reduced liquidity in the international financial markets, Bladex disbursed over $4.0 billion in financing during the last two quarters of the year alone, thereby contributing to maintaining the trade-flow dynamics of the Region. Beyond this important function, Bladex also played a significant role in contributing to the liquidity of the bond market for Latin American issuers, a major source of capital for the Region.

On the whole, disbursements for the year 2007 reached $8.1 billion, resulting in an increase in our credit portfolio of $747 million, or 18.6%, as compared to the previous fiscal year. This significant growth again demonstrates the capacity of Bladex

Gonzalo Menéndez Duque
Chairman of the Board

Jaime Rivera
Chief Executive Officer



to fulfill both its mission and the expectations of its clients, and to compete successfully across international markets.

The increase in the rate of business during the year was the result of a number of important drivers, including a major expansion of our roster of clients (both in the corporate segment and in the banking sector), the expansion of our presence in the credit markets, and our successful deployment of proprietary asset management activities, thereby demonstrating the abilities of the institution in the managing of market risk.

During the year, a cooperation agreement was established with China Development Bank, one of the world's largest and most important institutions dedicated to infrastructure financing. China Development Bank granted Bladex its first financing from a bank in the People's Republic of China, and the Chairman of the Bladex Board of Directors had the honor of participating as a guest at the annual meeting of the International Advisory Council of China Development Bank in the city of Beijing.

In 2007, we also established an association with FIMBank, a leading institution in the markets of forfeiting and factoring, which it accesses through its subsidiary, London Forfaiting Company Ltd., among others. Based on this association, we are developing a factoring platform, to participate in a business that is expanding in an especially dynamic way, allowing Bladex to participate in the foreign trade of mid-sized companies.

The growth of the Bank's business during the year was reflected in a 20.4% increase in its assets, which implied the need to significantly expand the interbank funding base of the institution. A concerted effort in this respect enabled the institutional deposit base to reach $1,462 million, 38.4% above the figure corresponding to the end of 2006, and the highest total in the past five years. The interbank financing increased by 16.7%, to reach a total of $2,515 million: we entered local Latin American markets for the first time in the history of the Bank, obtaining local-currency financing on the interbank market in Mexico and the capital markets in Peru.

These accomplishments constitute an important set of building blocks in the diversification of the bank's sources of income, products, and clients, which has been a fundamental goal of our institution. We can now assert that, Bladex's business model strikes a well-honed balance between the income from its Commercial Division and that earned by its Treasury Division. This combination represents a fundamental pillar in the ability of Bladex to increase its of income growth a rate, and to meet the growing needs and expectations of its clients and shareholders.

In quantitative terms, these efforts resulted in a significant increase of 81.2% in operating income, which totaled $71.2 million for the year. Within the context of the past three years, operating profits increased 146.1%.

For the third year in a row, the increase in revenues, combined with the disciplined control of expenses that has always distinguished the institution, contributed to progress in the efficiency ratio. Which reached 34%, a substantial improvement over what was already a good figure posted in the previous year, of 42%.

The combination of all these elements described resulted in a net income of $72.2 million, an increase of 24.7% compared to the $57.9 million for the year 2006, equivalent to a return on equity of 11.9%.

We should point out the difficult environment in which these results were achieved, in particular during the second half of the year. Beginning in August, the increased level of uncertainty that arose in international markets as a result of the problems in the sub-prime mortgage sector in the United States, brought about an unprecedented degree of volatility in the financial markets, with interbank liquidity abruptly becoming subject to severe limitations. Thanks to its tradition of excellence in the liquidity management, Bladex was able, in spite of this environment, to strengthen its liquidity while sustaining the growth pattern in its core business.

The excellence of management at Bladex was confirmed independently in December of 2007, when Moody's Investors Service improved the institution's investment grade rating to Baa2, resulting in increased access to new sources of funding for Bladex.

The quality of management at Bladex was further confirmed by the successful completion of the first year of external auditing of the Bank's internal financial information controls under the SOX rules and regulations, to which the bank is subject as a result of its listing on the New York Stock Exchange (Bladex celebrated the fifteenth anniversary of its listing on the NYSE in November 2007).

In addition to its commercial activities, and as we have stated on previous occasions, social responsibility ranks high among Bladex's institutional values. Our sense of responsibility compels us to make a commitment to the communities where we have the privilege of operating, and to whom we acknowledge a moral obligation to serve. In addition, we assign great relevance to our role as a unique forum for the meeting and exchange of ideas among Latin American countries, a function that has become increasingly important in view of current geopolitical dynamics.

At the community level, our sense of obligation is reflected in the human and financial resources we earmark in support of the cause of education. We are convinced that education represents the greatest challenge and the best opportunity for our people. For that reason, during 2007 we supported the education of impoverished youth through programs in Panama, Ecuador, and Trinidad and Tobago.

Our institutional values and our sense of duty to society are also evidenced in our world class corporate governance standards, a set of principles and practices that we consider mitigate the risks of our business significantly, and which optimizes the use of our resources.

Beyond the importance of our mission and our solid financial results, we know that excellence in corporate governance constitutes a fundamental pillar of the spotless reputation of Bladex, and of the confidence that our brand inspires in our clients, regulators, and shareholders. Ever since the listing of Bladex's stock on the New York Stock Exchange in 1992. Since then, the Bank has frequently adopted the best practices in terms of corporate governance before they even became part of the pertinent regulations.

Bladex takes pride in having adapted to most modern corporate governance practices as its own, in areas such as the role and structure of the Board of Directors and its committees; the handling, security, and transparency of information; the sufficiency and effectiveness of controls; the implementation of practices to prevent money laundering and financing of terrorism; and all other elements that constitute a world-class system of corporate governance.

From a macroeconomic standpoint, the events in international markets during the last half of 2007 have been reflected in high rates of uncertainty and volatility in financial markets. As this difficult situation has evolved, Latin America has so far been spared much of its impact but, in our opinion, the Region is unlikely to remain entirely immune to its consequences. We therefore believe that the rate of economic growth for the Region will decrease, from the rates of around 5% per annum that characterized recent quarters, to levels closer to 4% per annum. This growth will continue to be boosted mainly by the demand for the mineral and agricultural products from the Region.

From an economic standpoint, it is our expectation that the shortage of liquidity that has prevailed in interbank markets since August of 2007 will persist for most of the year 2008.

Faced with this scenario of reduced global economic dynamics, we believe that it is more important than ever for Latin America to continue strengthening its inter-regional commercial ties, moving forward with pending structural reforms, and investing with renewed energy in the development of its comparative advantages.

Bladex celebrated 15 years on the New York Stock Exchange with the "Closing Bell" ceremony.

Bladex's strategic role as a source of capital will be particularly important for the Region, taking into account the economic environment we anticipated for 2008. This scenario will be both challenging and full of opportunities, a combination that we have always proven specially adept at managing to the company's and the Region's advantage.

The efforts made and the achievements attained in the year 2007 represent important steps on the path to developing Bladex into an institution of great strategic and commercial value. Thus, the Bank is once again a key player in the growing Latin American foreign trade business, one that is becoming increasingly more sophisticated, global, and financially rewarding.

As we have expressed in the past, in although we feel pride in our accomplishments, we aware that we still face many challenges and opportunities. We continue to believe that converting these opportunities into business realities is the essence of both our mission, and our work.

With the completion of yet another successful year, on behalf ourselves and of our Board of Directors, we would like to extend our thanks for the trust and opportunity afforded to Bladex by our clients, with whom we have had the privilege of working to develop the Region's markets and institutions. Likewise, we would like express our gratitude for the continued confidence placed in us by our shareholders, both central banks and their representatives, and private banks and prestigious institutional and private investors, who work with us in our pursuit of excellence. We are also grateful for the support of other prestigious multilateral institutions in Latin America, the United States, the European Union, and Asia. Finally, we would like to extend special recognition and a note of thanks to all of our personnel, whose efforts, enthusiasm, and perseverance allowed us to achieve the challenging goals that we set for ourselves for the year.

Bladex effectively combines Latin America's commitment to competitiveness in trade finance, with the standards of excellence of our clients and collaborators. Based on this powerful combination, we express our firm optimism in Bladex's increasingly key role in the Region, for the benefit of all our shareholders.

Gonzalo Menéndez Duque
Chairman of the Board

Jaime Rivera
Chief Executive Officer

Directors

Class "A"

Guillermo Güémez García *

BANCO DE MÉXICO, Mexico

Santiago Perdomo Maldonado *

BANCO COLPATRIA RED MULTIBANCA

COLPATRIA, Colombia

José Maria Rabelo ***

BANCO DO BRASIL, Brazil

* Expires in 2008
** Expires in 2009
*** Expires in 2010

Directors

Class "E"

Mario Covo *

United States of America

Will C. Wood **

United States of America

Herminio Blanco ***

Mexico

William D. Hayes ***

United States of America

Maria da Graça França ***

Brazil

* Expires in 2008
** Expires in 2009
*** Expires in 2010

Directors

All Classes

Gonzalo Menéndez Duque **

Chile

Jaime Rivera **

Panama

* Expires in 2008
** Expires in 2009
*** Expires in 2010

Dignitaries

Gonzalo Menéndez Duque

Chairman of the Board

Jaime Rivera

Chief Executive Officer

Ricardo Manuel Arango

Secretary

Maria da Graça França

Treasurer

Consolidated Financial Highlights

YEAR ENDED DECEMBER 31 (In US$ million, except per share amounts)	2006	2007
Income Statement Data		
Net Interest Income	59	71
Provision for credit losses	13	1
Fees and Commisions, net	6	6
Operating Expenses	(29)	(37)
Net Income	58	72
Balance Sheet Data		
Loan and investment portfolio, net of unearned income and deferred loan fees (1)	3,448	4,194
Credit Portfolio, net of unearned income (2)	4,001	4,747
Total Assets	3,978	4,791
Total Liabilities	3,394	4,178
Stockholders' Equity	584	612
Net income per share (US$)	1.56	1.99
Book value per Common Share -period end- (US$)	16.07	16.83
Common Shares Outstanding: (in thousands)		
Period average	37,065	36,349
Period end	36,329	36,370

SELECTED FINANCIAL RATIOS (In %)

	2006	2007
Return on average assets	1.70	1.71
Return on average stockholders' equity	10.0	11.9
Net interest margin	1.76	1.71
Total operating expenses to total average assets	0.85	0.88
Non-accruing loans and investments to total loan and selected investment portfolio (1)	0.00	0.00
Allowance for loan losses to total loan portfolio (1)	1.72	1.87
Allowance for losses on off-balance sheet credit risk to total contingencies	4.18	2.48
Stockholders' equity to total assets	14.7	12.8
Tier 1 capital to risk-weighted assets	24.4	20.9
Total capital to risk-weighted assets	25.7	22.2

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

(2) Includes book value of loans, fair value of investment securities, acceptances, and contingencies, (including confirmed letters of credit, stand-by letters of credit, reimbursement undertakings and guarantees covering commercial and country risks, credit default swaps and credit commitments).

Our Mission

To provide seamless support to Latin America's foreign trade, while creating value for our shareholders.

Our Vision

To be the premier provider of integrated financial solutions across Latin America's foreign trade value chain.

Macroeconomic Environment

In recent years, and continuing in 2007, the Region has benefited from favorable liquidity conditions in international markets and from an increase in world demand for commodities such as soybeans, minerals and, most importantly, oil. The situation in the international arena has also contributed to an improvement in the terms of exchange in the Region, as well as an increasing trend in remittances received.

The year 2007 was characterized by continued positive economic performance in Latin America, whose GDP increased by 5.4%. In general, there was improvement in the risk profiles of individual countries. Likewise, there was sustained growth in the Asian economy, particularly in the economies of China and India, whose GDP numbers increased 11.4% and 9.2%, respectively. A robust level of remittances for 2007 was estimated at $64.0 billion, compared to $60.0 billion in 2006, with improvement in global price levels for the Latin America's main export products: crude oil (at approximately $100 per barrel); copper (exceeding $3 per pound); and soybeans (more than $300 per ton).

An improvement of nearly 3% in the Region's terms of exchange allowed it to maintain a surplus balance in its current account of more than $25.0 billion. The rate of improvement in terms of exchange may be considered a good indicator of economic growth, since prior to 2002, the account had historically shown a deficit.

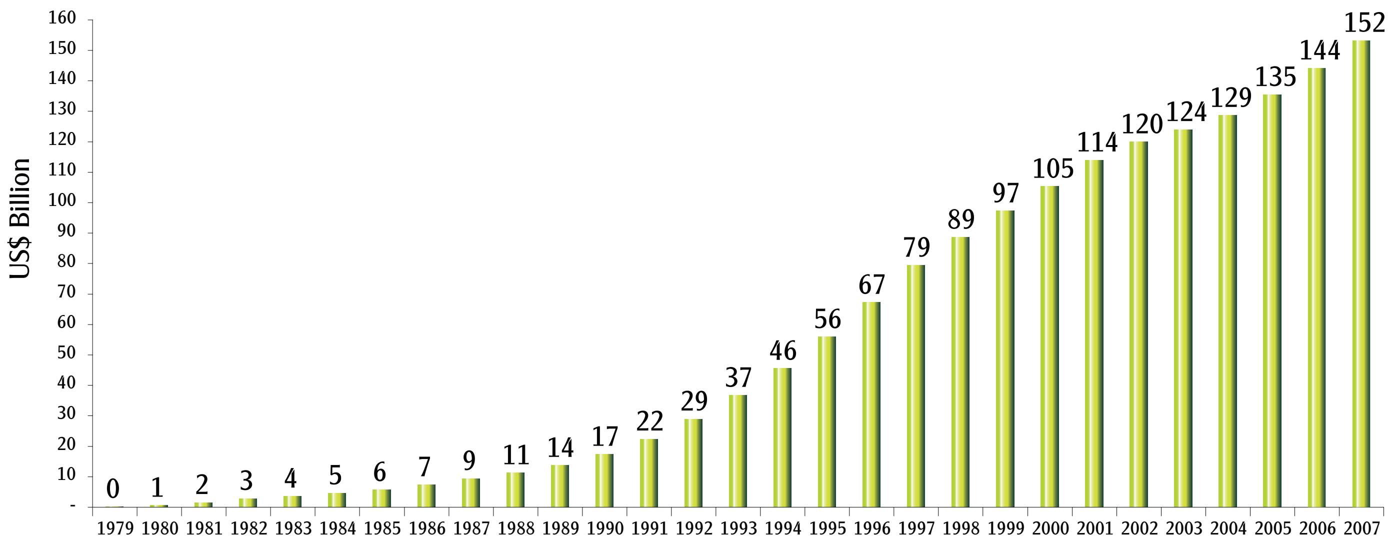
Appropriate economic growth was accompanied by an improvement in the countries' risk profiles. In this regard, the general willingness of Latin American governments during the past years to take advantage of high liquidity and low interest rates at the global level has proven significant. Efforts to improve the profiles of public debt of the respective countries, including reductions in financial costs as well as decreases in the total amount of debt, represent a significant advances, especially when compared to economic management in similar situations in the past, when external conditions have been favorable to our countries.

Given the current situation, it may be inferred that after several years of maintaining adequate economic policies, controlling inflation, reducing fiscal deficits, and taking advantage of a favorable economic environment, our countries are better prepared financially to face adverse internal and external situations, such as the deceleration of the U.S. economy.

Risk Management

Bladex's solid performance in Latin America over the past 27 years can be atributed to three key factors: the consistent application of strict risk evaluation criteria when granting credit facilities; the nature of the Bank's operations, which are focused on financing foreign trade; and our client profiles, which chiefly consist of top-tier banks and companies, government entities, and state enterprises.

Total Accumulated Credits



Risk Management at Bladex is characterized by sound judgment and the application of best practices, with the maintenance of asset quality as the top priority. For this purpose, the Bank built a multidisciplinary risk management team of professionals from throughout Latin America. The Risk Area is independent from the Bank's other areas, and its Senior VP holds veto power over credit decisions. Its priorities are aligned with the business areas of the bank, supporting new business initiatives within a prudent risk framework. In accordance with best market practices, and working toward the implementation of Basel II standards, the Risk area is divided into specialized units for Credit Risk, Market Risk, Operational Risk, Legal Risk, and Country Risk. These specialized units interact to achieve an integrated analysis of the Bank's risks.

The Risk Management Division receives periodic updates on advances in the market's recent practices, and incorporates those that are useful for purposes of control and follow-up of the Bank's risks. With respect to the credit portfolio, the Division devotes special attention to the monitoring of credits granted, as well as to the countries where operations take place. This is accomplished through contact with international rating agencies, publications, news organizations, and other sources. The division team members also travel to meet with clients, local authorities, top-level executives, officials from financial institutions, and representatives of the international rating agencies in various countries.

Reflecting its high standards of corporate governance, Blades has several processes and levels of review and approval for risk management purposes, including:

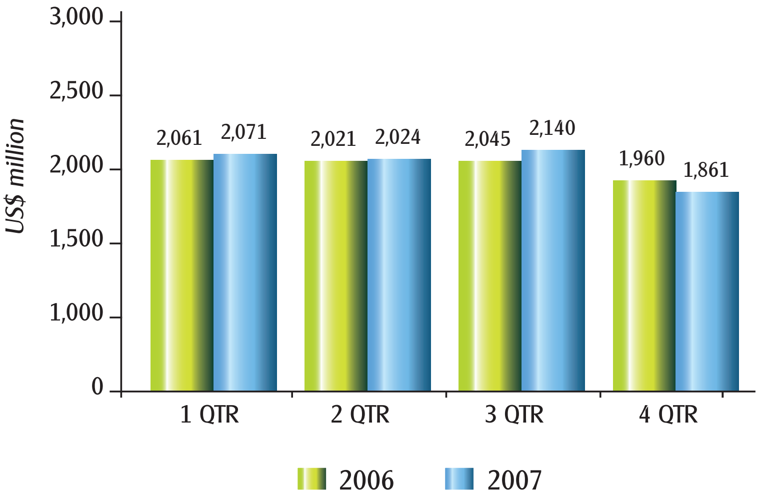
*** The Risk Policy and Evaluation Committee (RPEC),** formed by members of the Board of Directors, which approves the internal ratings, amounts, terms, and other conditions for each country where operations are carried out. In addition, it reviews and ratifies the Risk policies, as proposed by bank management. This committee meets five times a year.

Bladex Credit Ratings

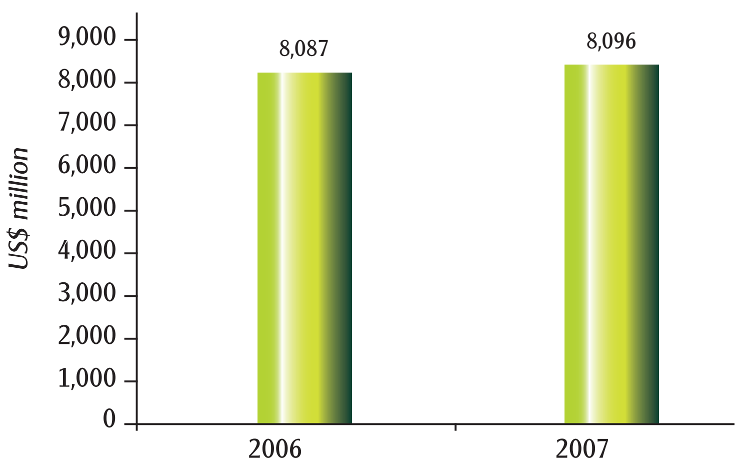
	Rating Agencies	
Tenor	MOODY'S	S&P
Short Term	P-2	A-3
Long Term	Baa2	BBB-
Perspective	Stable	Positive

* The Country Risk Committee, which proposes the internal ratings of the countries to the RPEC, and documents management's deliberations with respect to generic and specific reserves. This committee meets quarterly or at the request of its members, when events require their attention.

Quarterly Credit Disbursements



Credit Disbursements



* The Credit Committee bases its evaluations on several criteria, and considers whether a client is new or established, the amount requested, and the conditions in the client's country. Bladex does not approve facilities with a single signature; the Bank requires the signature of a person responsible for the business, as well as two signatures by representatives of Bladex authorized by Headquarters (including a signatory from the Risk Area, who hold veto power).

In general, Bladex has compiled an excellent record in managing credit quality, specially in light of the multiple crises and economic cycles experienced by the Region in the more than two decades since the Bank was established. With the exception of the situation in Argentina, the Bank has written off loans amounting to only $84.0 million throughout its history, which represents 0.05% of the accumulated total of credits granted ($152.0 billion). Total write-offs, including the loans to Argentina, represent only 0.18% of total accumulated credits granted.

At the closing of 2007, Bladex reports total generic reserves of $83.4 million, while at the closing of 2006, reserves totaled $78.5 million. For the second year running, the Bank showed not a single non-accrual loan, and realized a noteworthy recovery during the year of $6.4 million from a non-performing credit of several years ago.

In 2007, Bladex demonstrated the value of pursuing a strategy of revenue diversification. The professionalism of the Risk Management team and its knowledge of the Region supported the Bank's efforts, enabling it to take advantage of opportunities and generate attractive returns, despite difficulties in the financial markets.

Credit Quality Indicators (In US$ thousands, except percentages)

At December 31	2005	2006	2007
Impaired Loans	28,822	0	0
Allocation from the allowance for loan losses	11,184	0	0
Impaired Loans as a percentage of total loans	1.10 %	0.00 %	0.00 %
Impaired securities (par value)	0	0	0
Estimated fair value adjustments on impaired securities	0	0	0
Estimated fair value of impaired securities	0	0	0
Impaired securities (par value) as a percentage of total securities	0.00 %	0.00 %	0.00 %
Impaired off-balance sheet credit risks	13,386	0	0
Allocation from the allowance for off-balance sheet credit risks	9,791	0	0
Impaired off-balance sheet credit risks to total off-balance sheet credit risks	1.69 %	0.00 %	0.00 %
Impaired assets as a percentage of total assets	0.91 %	0.00 %	0.00 %

At December 31	2005	2006	2007
Components of the allowance for credit losses			
Allowance for loan losses:			
Balance at beginning of the year	106,352	39,448	51,266
Provision charged to income	(60,092)	11,846	11,994
Recoveries	2,612	4	6,435
Loans charged-off against the allowance	(9,425)	(32)	(51)
Balance at end of the year	39,448	51,266	69,643
Allowance for losses on off-balance sheet credit risk:			
Balance at beginning of the year	33,101	52,086	27,194
Provision	18,984	(24,891)	(13,468)
Balance at end of the year	52,086	27,194	13,726
Allowance for credit losses:			
Balance at beginning of the year	139,454	91,534	78,460
Provision	(41,107)	(13,045)	(1,475)
Recoveries	2,612	4	6,435
Loans charged-off against the allowance	(9,425)	(32)	(51)
Balance at end of the year	91,534	78,460	83,369
Reserve coverage (net of specific reserves) [1]	2.1 %	2.2 %	1.9 %
Total allowance for credit losses	91,534	78,460	83,369

[1] Allowance for loan losses (net of reserves allocated to impaired loans) plus allowance for off-balance sheet credit risks (net of reserves allocated to impaired off-balance sheet credit risks) as a percetage of total loans plus total off-balance sheet credit risks (net of unearned income, impaired loans, impaired off-balance sheet credit risks, and options).

Commercial Division

In 2007, commercial activity at Bladex was driven by a portfolio management philosophy focused on the improvement of profitability, and the strengthening of the strategy of client and product base diversification. This approach resulted in a 25% increase in operating income and 16% growth in the average credit portfolio.

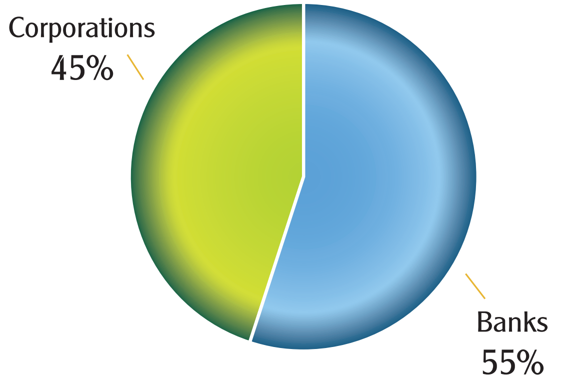
Bladex continued to expand its corporate client base; indeed, corporate borrowers represented represented 49% of the total of 270 clients in December 2007. Thanks to the addition of 45 new corporate clients, the overall client base increased 17% in 2007. Over the same period, there was a slight reduction in the number of financial institution clients, as a result of the consolidation of financial systems, mainly in Central America. Nevertheless, the recent liquidity crisis and the volatility in the markets highlighted the important role played by Bladex in the Region: the decreasing trend that had occurred in the institutional portfolio was reversed, with an increase in the last quarter bringing the portfolio to 51.1% of the bank's total exposure.

For the second consecutive year, Bladex disbursed over $8 billion in Latin America and the Caribbean, continuing with geographical diversification of the portfolio. Bladex diminished the relative importance of its business in Brazil, from 42.1% of the total portfolio in 2006 to 37.4% in late 2007. Mexico, Colombia, and Peru showed the greatest growth, with Mexico representing almost 10% of the total portfolio, mainly from corporate loans. The bank's portfolio in Mexico underwent dramatic change over the past two years, an evolution that was, part of Badex's general strategy.

Our portfolio of Mexican Loans was transformed from a one consisting mostly of a few first-level banks, to one comprised of a wide variety of medium sized borrowers, across several industries. Bladex demonstrated its priority to continually improve the quality of the portfolio through geographical diversification, aimed predominantly at countries with superior risk profiles. At the same time, the financing of foreign trade transactions still represented the majority of the total credit exposure.

Commercial Portfolio Profile

By Line of Business
31-Dic-2006



By Line of Business
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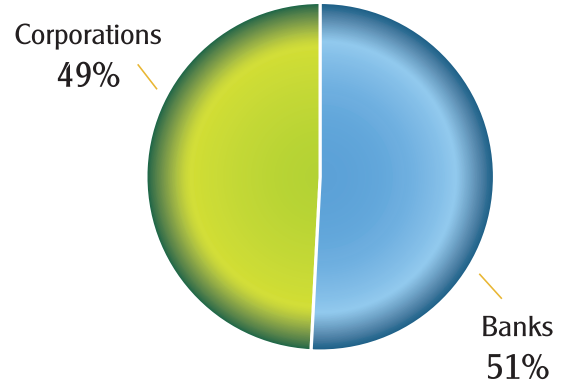

By Remaining Term
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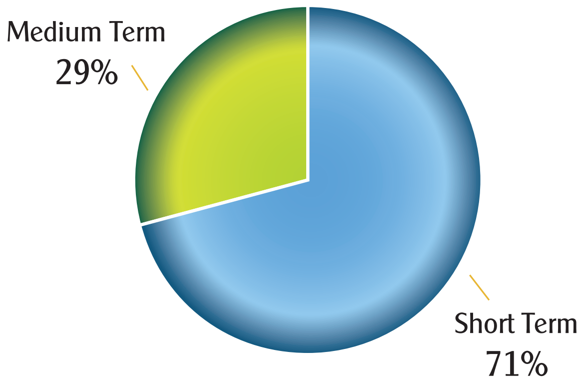
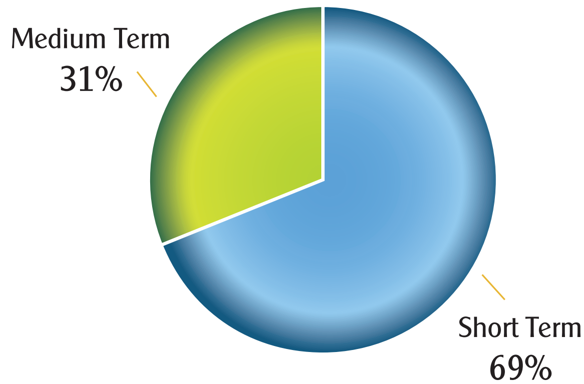
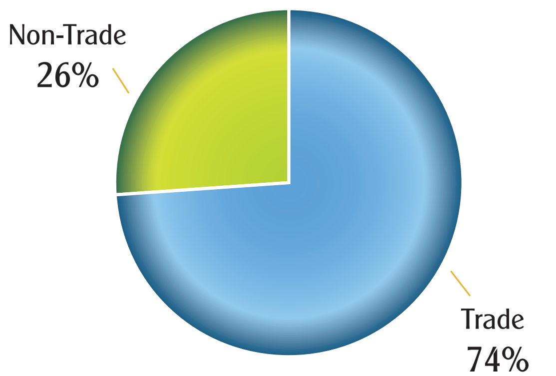


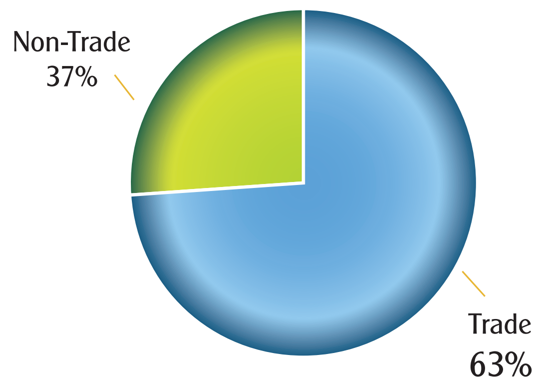
By Remaining Term
31-Dic-2007



By Trade Indicator
31-Dic-2006



By Trade Indicator
31-Dic-2007



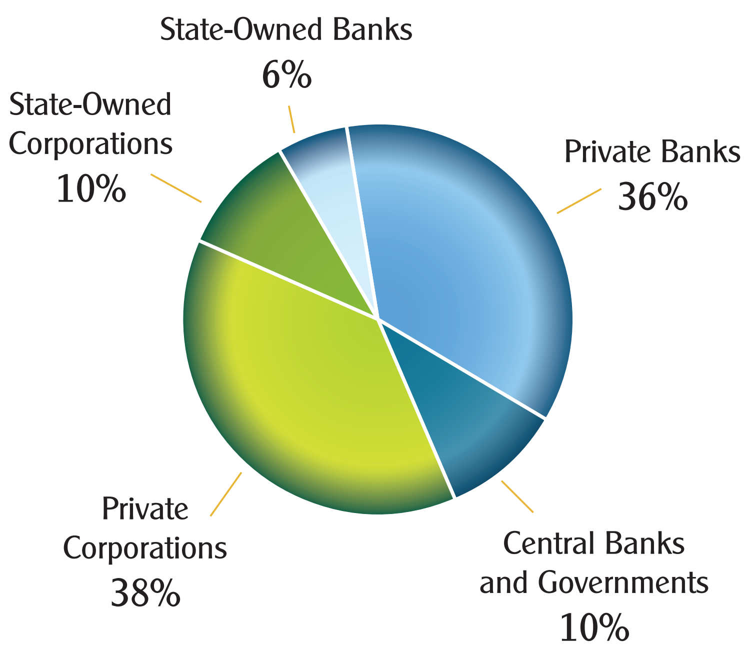
Credit Portfolio by Country (In US$ Thousand)

At December 31

Country	2005	2006	2007
Argentina	71,111	216,045	287,479
Bolivia	0	5,000	5,000
Brazil	1,453,280	1,663,156	1,728,433
Chile	315,059	207,261	53,234
Colombia	260,826	329,057	530,359
Costa Rica	85,759	96,818	148,378
Ecuador	203,638	159,740	141,968
El Salvador	102,120	88,425	59,138
Guatemala	45,418	95,064	102,196
Honduras	26,655	36,549	49,093
Jamaica	46,733	48,904	93,016
Mexico	203,870	283,228	451,310
Nicaragua	1,996	10,174	12,616
Panama	176,492	220,357	222,253
Peru	230,015	280,409	483,741
Dominican Republic	127,577	126,806	104,608
Trinidad and Tobago	177,498	103,512	92,564
Uruguay	6,725	0	0
Venezuela	60,071	34,682	168,532
Other	20,684	545	18,786
Total (1)	3,615,528	4,005,733	4,752,704

(1) Includes book value of loans, fair value of investment securities, acceptances, and contingencies (including confirmed letters of credit, stand-by letters of credit, reimbursement undertakings and guarantees covering commercial and country risks, credit default swaps and credit commitments).

Credit Portfolio by Type of Institution (1)



(1) Includes book value of loans, fair value of investment securities, securities purchased under agreements to resell, acceptances, and contingencies (including confirmed letters of credit, stand-by letters of credit, guarantees covering commercial and country risks, credit default swaps and credit commitments).

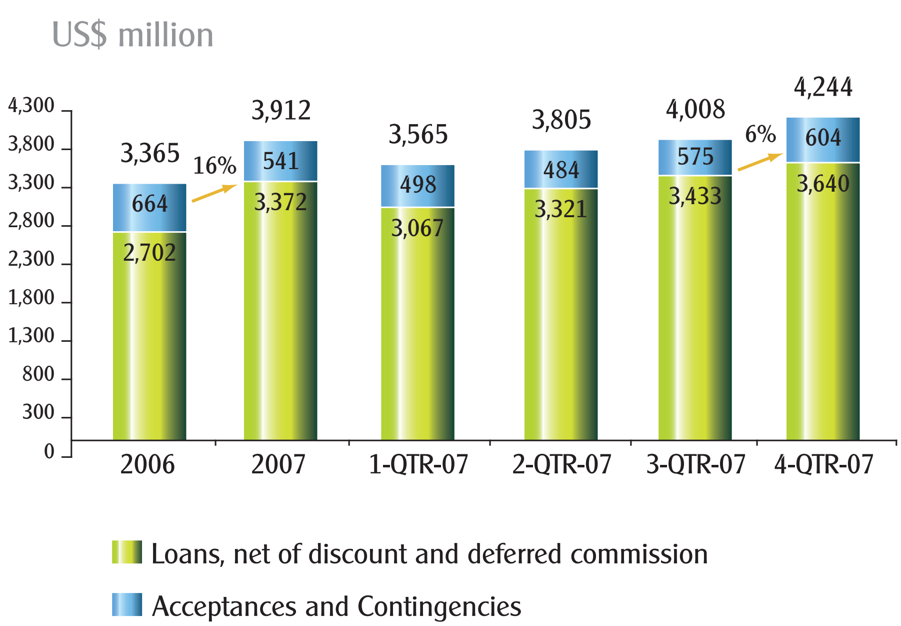
Despite strong competition, the consolidation of the product base and offerings was a source of portfolio growth and diversification. In 2007, Bladex's Structuring Financing and Vendor Financing capabilities were strengthened, but most importantly, our Leasing activity reached critical mass, generating revenues of $2.7 million with a volume of transactions exceeding $100 million. New initiatives were also developed, which will allow for continued expansion of the product base and diversification of the source of revenues, focusing on the generation of commissions. A joint venture agreement was signed with Fimbank to develop Factoring in the Region; work on this product is slated to start in Brazil, with plans to eventually expand this product to other countries of the Region.

The focus for 2008 will be on three complementary objectives: the consolidation of our lending platform for corporate borrowers, with particular emphasis on expanding to smaller-sized companies; broadening Bladex's participation in the entire value chain of foreign-trade related activities in the Region; and improving the profitability and capital-efficiency of our commercial porfolio.

To achieve this, we will continue to refine our rigorous portfolio management techniques, and to further exploit our capacities in Leasing, Structuring, and Vendor Financing. Our new Factoring initiative will reinforce our expansion in favor of small and medium sized borrowers, with an eye on preserving the high quality of our portfolio. With these objectives, Bladex reaffirms its commitment to be the premier provider of integrated trade finance solutions in Latin America and the Caribbean.

Average Commercial Portfolio

(excluding non-accruing credits)



Treasury and Capital Markets

Bladex obtained solid results from all three of its capital markets platforms in 2007. The Bank's recent investments in risk quantification and monitoring systems yielded excellent results during a particularly challenging year, allowing it to maintain a solid base of liquidity and to support continued loan growth under volatile market conditions, especially in the second half of the year. At the same time, Bladex's unparalleled knowledge and expertise across all of the Region's financial markets resulted in another year of strong revenue growth from intermediation in loans, fixed income securities, and other instruments.

The Treasury, based in the Panama head office, effectively managed the Bank's liquidity position in a year that brought an abrupt end to a long period of relaxed credit conditions in the world's financial markets. During 2007, the Bank closed its first-ever funding transactions denominated in local currencies of the Region, including a bond issuance in Peruvian soles, and interbank borrowings and loans in Mexican pesos. Bladex also signed a five-year international loan syndication for an amount of $150 million, and a three-year club deal for another $75 million. Additionally, despite the market's tight liquidity conditions, the Bank was able to increase credit lines in its favor from international correspondent banks by 27%, bringing the total to over $2 billion, while deposits from regional banks and corporations exceeded $1.5 billion, the highest level in over six years. Bladex also updated its $2.25 billion European Medium-Term Note (EMTN) program.

The Treasury showed substantial growth in revenue from its portfolio of Bonds Available for Sale, comprised of liquid, Latin American fixed income securities of high credit quality. In addition, advances made in recent years in the quantification and control of the Bank's interest rate exposure resulted in a steady revenue stream during the year, within strict position limits. The interest rate and liquidity positions at Bladex are subjected to regular stress-testing exercises, which have been of particular value in managing and limiting market risks during the crisis in global liquidity markets since August of 2007.

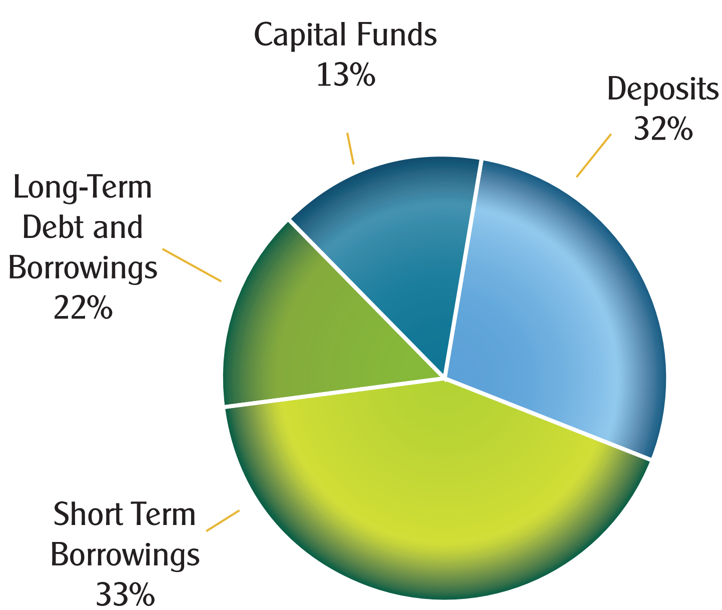
Asset Distribution, based in our New York Agency, consolidated the Bank's position as a major player in the Region's secondary

market for loans, purchasing and selling short- and medium-term credits with other counterparties. This activity allows Bladex to more actively balance its credit portfolio by client and by country, while generating fee income from intermediation. In addition, in 2007 the Bank closed the first-ever loan syndication lead-managed by Bladex, in favor of a Brazilian financial institution, distributing the transaction to a group of six international banks.

Bladex Asset Management ("BAM"), a New York-based, wholly-owned subsidiary of the Bank, had a banner year in 2007. BAM manages the Bank's multi-strategy investment fund, comprised mainly of Latin American fixed income securities, currencies, credit derivatives, and equity indices. As a result of the fund's superior returns, along with its commitment to the industry's best practices in risk management and operational control, Bladex took steps to prepare the fund for an eventual offering to third-party investors. In the fourth quarter of 2007, the Bank received regulatory permission in the U.S. to offer the fund to qualified offshore investors. The fund can take both long and short positions to maximize returns under a wide range of market conditions. We expect BAM to generate substantial fee income in the coming years as the fund brings in new investors.

Thanks to its quantitative approach to risk management, combined with the Bank's unparalleled knowledge of the macroeconomic and credit environments in Latin America, Bladex's Treasury & Capital Markets Division is well positioned to meet the challenges that await global financial markets in 2008.

Funding Sources



Operating Results

During 2007, Bladex achieved a net income of $72.2 million, or $1.99 per share, compared to a net income of $57.9 million, or $1.56 per share, in 2006. The net income increase of $14.3 million, or 25%, was the result of an increase in operating income.

Operating Income

The Bank's operating income (net income before net reversals of credit provisions and recoveries on impairment losses) in 2007 amounted to $71.2 million, an increase of 81% compared to $39.3 million in 2006. This was mainly driven by the combination of a $11.7 million, or 20%, increase in net interest income (mostly from the Commercial Division), $23.0 million in higher gains at Bladex Asset Management ("BAM"), and $6.6 million on gains on sales in the available for sale investment portfolio.

Commercial Division

The Commercial Division incorporates the Bank's financial intermediation and fee generation activities. Operating income from the Commercial Division includes net interest income from loans, fee income, net of allocated operating expenses.

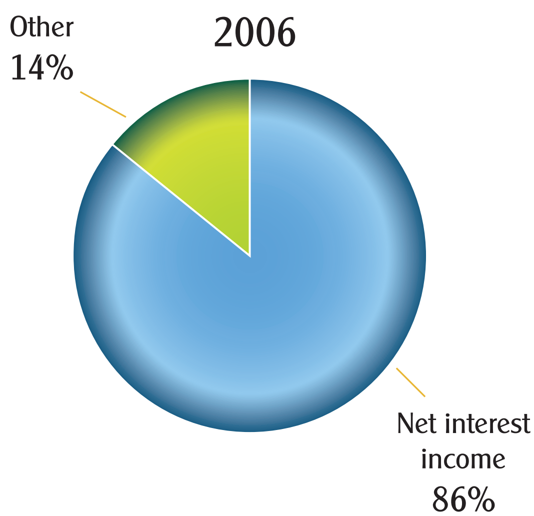
For 2007, the Commercial Division's operating income amounted to $42.3 million; an increase of 25% compared to 2006, reflecting a 26% increase in net interest income, the result of a 24% increase in the average loan portfolio and higher weighted average lending spreads over Libor. Excluding the impact of 2006 net revenues from the impaired portfolio, operating income increased 35%. The Bank no longer carries any impaired credits on its books, and thus, did not recognized revenues from such assets in 2007.

Treasury Division

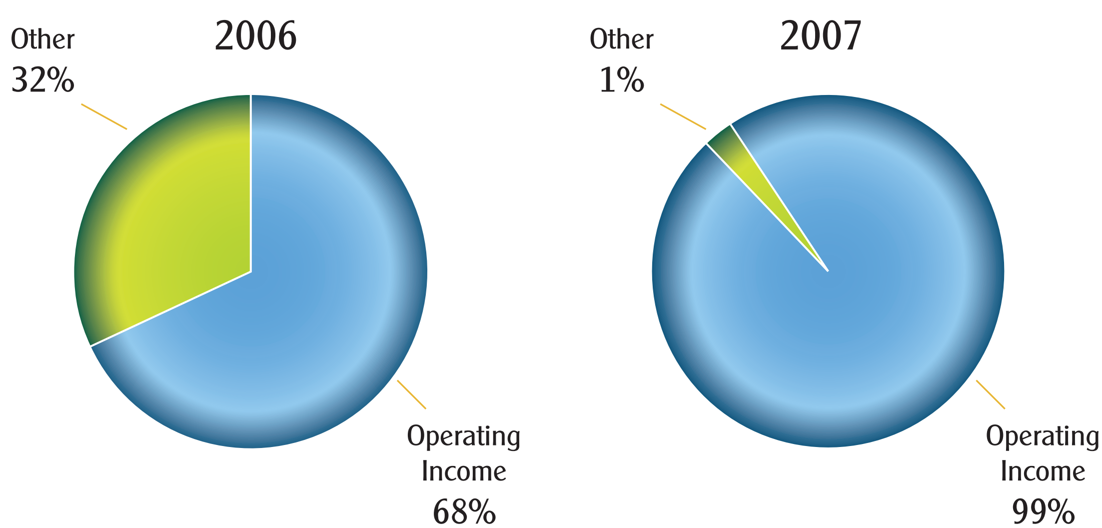
The Treasury Division incorporates the Bank's investment securities activity. Operating income from the Treasury Division is presented net of allocated operating expenses, and includes net interest income on investment securities, and gains and losses on derivatives and hedging activities, as well as the sale of securities and foreign currency exchange transactions.

For 2007, the Treasury Division's operating income amounted to $10.3 million, compared to $5.6 million in 2006, driven by higher gains in the available for sale portfolio.

Operating Reveneus Distribution



Net Income Distribution



Bladex Asset Management

Bladex Asset Management ("BAM") incorporates the Bank's proprietary asset management activities. Operating income from BAM is presented net of allocated operating expenses, and includes net interest income on trading securities, as well as trading gains and losses.

For 2007, BAM's operating income amounted to $18.6 million, reflecting higher gains from asset management activities.

Net Interest Income

Net interest income for 2007 totaled $70.6 million, up $11.7 million, or 20%, from 2006. The increase in net interest income was the result of higher average balances in the loan portfolio (24%), and increased weighted average lending spreads over Libor.

Provisions for Credit Losses

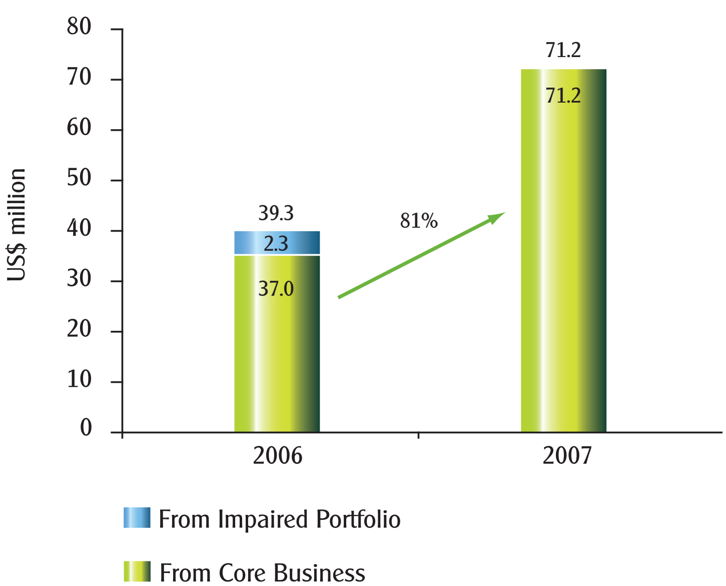
For the year 2007, the Bank's net reversals of provisions for credit losses, including both provision for loan losses and losses on off-balance sheet credit risk, amounted to $1.5 million, compared to $13.0 million in 2006. 2007's net reversals were the result of a $12.0 million generic provision for loan losses, and a $13.5 million reversal for losses on off-balance sheet credit risk.

For the year 2006, the net reversals of $13.0 million, were the net result of a $21.0 million reversal of specific provisions of the non-accruing portfolio, and an $8.0 million generic provision driven by increased credit exposure.

At December 31, 2007, the Bank's allowance for credit losses amounted to $83.4 million, compared to $78.5 million at December 31, 2006, all of which corresponded to generic credit provisions for both years.

Operating Income

(Net Income before Credit Provisions Reversals and Recoveries on Assets, Net of Impairments)



Commission Income, Net

During 2007, the Bank's net commission income amounted to $5.6 million, compared to $6.3 million in 2006. The $0.8 million or 13% decrease reflects lower letter of credit and guarantees activity during the first part of the year.

Recoveries (impairment), on assets

During 2007, the Bank recorded $0.5 million in impairment on assets, compared to $5.6 million in recoveries on assets in 2006. The 2006 recovery was related to the collection of previously charged-off Argentine investment securities.

Net Gain on Sale of Securities Available for Sale

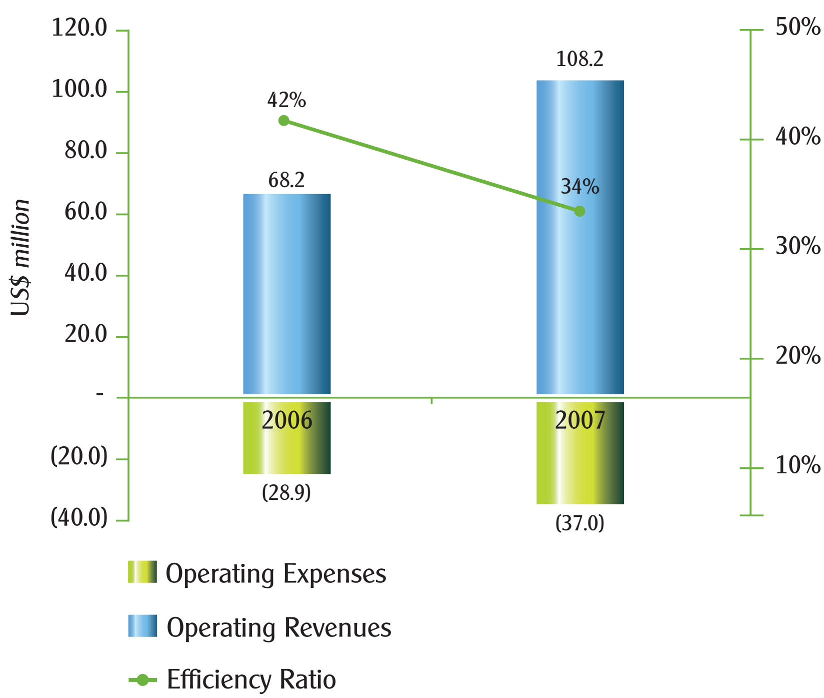
During 2007, the Bank's net gain on sale of securities available for sale was $9.1 million compared to $2.6 million in 2006. The 2007 and 2006 gain was related to the sale of securities available for sale for a nominal amount of $509 million and $105 million, respectively.

Operating Expenses

During 2007, total operating expenses amounted to $37.0 million, compared to $28.9 million in 2006. The $8.1 million, or 28% increase, was mostly due to a $5.2 million increase in salaries and other employee expenses, a $1.3 million increase in and depreciation and amortization expenses related to the new technology platform, a $0.9 million increase in professional services, mostly due to legal expenses and the renewal of the Bank's EMTN Program, and a $0.6 million increase in expenses related to marketing and business travel.

Year-over-year, efficiency levels improved once again as revenue growth exceeded expense growth. The efficiency level for 2007 stood at 34% compared to 42% in 2006.

Efficiency Level [1]



(1) Operating Expenses / Operating Revenues

Exports by Country 2007

ARGENTINA
Total exports: $55,725 million; of which 32.5% (equivalent to $18,111 million) corresponded to processed agricultural products.

BOLIVIA
Total exports: $4,246 million, of which 43.4% (equivalent to $1,843 million) corresponded to natural gas.

BRAZIL
Total exports: $160,938 million, of which 14.6% (equivalent to $23,497 million) corresponded to transport equipment and parts.

CHILE
Total exports: $68,296 million, of which 55.9% (equivalent to $38,177 million) corresponded to copper.

COLOMBIA
Total exports: $28,990 million, of which 26.0% (equivalent to $7,537 million) corresponded to petroleum and derivatives.

COSTA RICA
Total exports: $9,367 million, of which 19.6% (equivalent to $1,836 million) corresponded to manufactured goods.

ECUADOR
Total exports: $14,393 million, of which 58.0% (equivalent to $8,348 million) corresponded to petroleum and derivatives.

EL SALVADOR
Total exports: $3,969 million, of which 44.9% (equivalent to $1,782 million) corresponded to maquila.

GUATEMALA
Total exports: $7,141 million, of which 21.7% (equivalent to $1,550 million) corresponded to textile products.

HONDURAS
Total exports: $2,254 million, of which 21.5% (equivalent to $485 million) corresponded to coffee.

JAMAICA
Total exports: $2,422 million of which 55.7% (equivalent to $1,349 million) corresponded to alumina.

MEXICO
Total exports: $272,076 million, of which 81.1% (equivalent to $220,654 million) corresponded to manufacturated goods.

NICARAGUA
Total exports: $2,235 million, of which 47.3% (equivalent to $1,057 million) corresponded to manufacturated goods.

PANAMA
Total exports: $1,110 million, of which 36.7% (equivalent to $407 million) corresponded to fruits.

PARAGUAY
Total exports: $6,902 million, of which 23.0% (equivalent to $1,587 million) corresponded to soybeans.

PERU
Total exports: $27,687 million, of which 40.3% (equivalent to $ 11,158 million) corresponded to copper and gold.

DOMINICAN REPUBLIC
Total exports: $6,909 million, of which 20.6% (equivalent to $1,423 million) corresponded to textile products.

TRINIDAD AND TOBAGO
Total exports: $14,228 million, of which 71.6% (equivalent to $10,187 million) corresponded to fuels.

URUGUAY
Total exports: $4,647 million, of which 24.8% (equivalent to $1,152 million) corresponded to meat and products.

VENEZUELA
Total exports: $68,356 million, of which 92.4% (equivalent to $63,161 million) corresponded to petroleum.

Social Development

Bladex takes it corporate social responsibility seriously, playing an important role in those communities in which it is our privilege to work.

In 2007, the Bank's human and financial resources in this respect were focused primarily on education, which presents the greatest challenges, and opportunities, for our people. Our contributions helped to keep the Tutorial Learning Program (SAT) in operation. Conducted by the Wong Foundation in Ecuador, this program benefits hundreds of youths from rural areas, giving them access to high-school level studies. In addition, we joined the Export-Import Bank of Trinidad & Tobago in supporting a cultural program through which children with limited resources are taught to play musical instruments.

In Panama, Bladex has contributed to over 25 nonprofit organizations focused on childhood, education, and culture. The Marie Poussepin Educational Center has been our main project, with improvement of the school's infrastructure, expansion of the computer laboratory and psycho-social support programs for its students.

This work performed at the institutional level has been reinforced with voluntary work by the Bank's collaborators, who have contributed time and their own resources to the success of the projects. For the third consecutive year, we continued the program, "Promoting Education", which gives 145 boys and girls scholarships sponsored by members of Bladex. This program also provides knapsacks with school supplies to hundreds of students of the Marie Poussepin School, and enables the creation and development of cultural and educational activities for the school's students.

Bladex's Team

The Bladex Team Reinforces its Strategy for Sustained Growth

In a year of turbulence in international financial markets, Bladex was able to capitalize on its knowledge of the Region to take advantage of economic development in the area and maximize business opportunities. The strategy formulated at the beginning of 2007, which primarily involved the diversification of revenue sources, continued to be successfully executed throughout the year, thanks to our team's strengths in managing the risks inherent in the business, and their in-depth understanding of the factors that influence the development of the Region.

The challenges that arose in the financial markets in 2007 presented an opportunity for Bladex to take advantage of expansions and contractions in the economic cycle. As in previous years, the Bladex team worked with enthusiasm and commitment to achieve the objectives established at the beginning of the year. The impressive results of the new business initiatives confirm the success of those outstanding professionals selected to lead the Bank in these new efforts.

At the organizational level, we undertook important measures to ensure our ability to attract and retain the type of talent necessary for the continued growth of the business. The Bank also implemented a system for managing human resources based on competencies, to align with the capabilities of our team with those required by our current business model. This system is designed to guarantee sustainability of the characteristically high performance standards at Bladex. Simultaneously, we continued our efforts to strengthen the organization's execution capacity, synchronizing all business support activities with the objective of improving the quality of customer service – a differentiating factor for Bladex and an essential comparative advantage. The restructuring of the support areas also allowed us to further fine-tune the effectiveness of our processes, and continue to improve the Bank's operational efficiency.

In 2008, we will continue to promote the personal and professional development of the Bladex team. By reinforcing the corporate values that constitute the essence of our culture – honesty, integrity, excellence, professionalism, and commitment – we hope to add value to the Bank, its shareholders and the Latin American community.

Board of Directors

Directors

CLASS "A"

Guillermo Güémez García *
BANCO DE MEXICO, Mexico

Santiago Perdomo Maldonado *
BANCO COLPATRIA – RED MULTIBANCA COLPATRIA, Colombia

José Maria Rabelo ***
BANCO DO BRASIL, Brazil

CLASS "E"

Mario Covo *
United States of America

Will C. Wood **
United States of America

Herminio Blanco ***
Mexico

William D. Hayes ***
United States of America

Maria da Graça França ***
Brazil

ALL CLASSES

Gonzalo Menéndez Duque **
Chile

Jaime Rivera **
Panama

DIGNITARIES

Gonzalo Menéndez Duque
Chairman of the Board

Ricardo Manuel Arango
Secretary

Maria da Graça França
Treasurer

Jaime Rivera
Chief Executive Officer

* Expires in 2008
** Expires in 2009
*** Expires in 2010

Shareholders

Class "A" (17.44%)

Banco de la Nación Argentina

Central Bank of Barbados

Banco del Estado (Bolivia)
(In Liquidation – Source: Superintendency of Banks and Financial Institutions in Bolivia – SBEF)

Banco do Brasil

Banco del Estado de Chile

Banco de Comercio Exterior de Colombia, S.A.

Banco Central de Costa Rica

Banco Central del Ecuador .

Banco Central de Reserva de El Salvador

Banco de Guatemala

Banque de la Republique D'Haiti

Banco Central de Honduras

National Export-Import Bank of Jamaica

Banco de Mexico

Banco Central de Nicaragua

Banco Nacional de Panamá

Banco Central del Paraguay

Banco de la Nación (Peru)

Banco de Reservas de la República Dominicana

Centrale Bank van Suriname

Central Bank of Trinidad and Tobago

Banco de la República Oriental del Uruguay

Banco de Comercio Exterior de Venezuela

Class "B" (7.31%)

Argentina

ABN AMRO Bank N.V.

Banco Avellaneda S.A.
(In Liquidation – Withdrawal Resolution 515 from November 1, 1991, Source: Central Bank of the Republic of Argentina)

Banco B.I. Creditanstalt S.A.

Banco de Corrientes S.A.

Banco de Formosa S.A.

Banco de Galicia y Buenos Aires S.A.

Banco de Italia y Río de la Plata S.A.
(In Liquidation – Withdrawal Resolution 841 from December 11, 1987, Source: Central Bank of the Republic of Argentina)

Banco de la Ciudad de Buenos Aires

Banco de la Nación Argentina

Banco de La Pampa

Banco de la Provincia de Buenos Aires

Banco de la Provincia de Córdoba

Banco de la Provincia del Neuquén

Banco de San Juan S.A.

Banco de Santa Cruz

Banco de Valores S.A.

Banco Feigin S.A.
(Bankruptcy Request – Record 518690/36)

Banco Finansur S.A.

Banco General de Negocios

Banco Macro Bansud S.A.

Banco Patagonia Sudameris S.A.

Banco Río de la Plata S.A.

BBVA Banco Francés S.A.

HSBC Bank Argentina, S.A.

Nuevo Banco de Santa Fe, S.A.

Santander Riobank (Grand Cayman)

Scotiabank Quilmes S.A.
(Suspension of Operations- Nacional Court of First Instante in Commercial 14, Secretary Number 27, Source: Central Bank of the Republic of Argentina)

Belgium

KBC Bank N.V. Brussels

Belize

Atlantic Bank Limited

Brazil

Auxiliar S.A.

Banco ABC Brasil S.A.

Banco Banorte S.A.
(Liquidation Extraordinary, Source: Central Bank of Brazil)

Banco Bradesco S.A.

Banco do Estado de Sao Paulo (Banespa)

Banco do Estado do Espirito Santo S.A.

Banco do Estado do Para S.A.

Banco do Nordeste do Brasil S.A.

Banco Industrial e Comercial S.A.

Banco Itaú

Banco Santander Brasil S.A.

Banestado, S.A. Participacoes, Adm. y Serv.

Chile

Banco de Chile

Banco de Crédito e Inversiones

Banco Santiago

BBV Banco BHIF

Colombia

Bancolombia

Costa Rica

Banco Banex, S.A.

Banco BCT, S.A.

Banco de San José, S.A.

Dominican Republic

Banco Intercontinental, S.A.

Banco Popular Dominicano

Ecuador

Banco del Pacífico

Banco del Pichincha C.A.

El Salvador

Banco Agrícola S.A.

Banco de Fomento Agropecuario

Factoraje Salvadoreño, S.A. de C.V.

Guatemala

Banco Agromercantil de Guatemala, S.A.

Banco de Exportación, S.A.

Banco de Guatemala

Banco de Occidente, S.A.

Banco del Café, S.A.

Banco Granai & Townson, S.A.

Banco Industrial , S.A.

Banco Inmobiliario

Banco Internacional, S.A.

Banco Promotor, S.A.

Banco Reformador, S.A.

Corporación Financiera Nacional-Corfina

Crédito Hipotecario Nacional de Guatemala

Haiti

Banque Nationale de Credit

Honduras

Banco Atlántida, S.A.

Banco Continental, S.A.

Banco de Los Trabajadores

Banco de Occidente, S.A.

Banco Hondureño del Café, S.A.

Banco Nacional de Desarrollo Agrícola

Financiera Centroamericana, S.A.

Jamaica

National Commercial Bank Jamaica, Ltd.

National Export-Import Bank of Jamaica

RBTT Bank Jamaica Limited

Korea

The Korea Exchange Bank

Mexico

Banco del Atlántico, S.A.

Banco Internacional, S.A.

Banco Nacional de Comercio Exterior, S.N.C.

Banco Nacional de México, S.A.

Banco Santander, S.A.

BBVA Bancomer, S.A.

Nacional Financiera, S.A.

Panama

Bancafé (Panamá), S.A.

Banco de Bogotá

Banco General, S.A.

Bancolombia (Panamá), S.A.

Corporación Financiera Nacional (Cofina)

Metrobank

Multicredit Bank

Popular Bank Ltd. Inc.

Towerbank International Inc.

Paraguay

Banco Nacional de Trabajadores

Peru

Banco Internacional del Perú

Corporación Financiera de Desarrollo, S.A.

Puerto Rico

Bancaracas International Banking Corp.

United States

Republic National Bank of Miami

Venezuela

Banco de Maracaibo

Banco Latino,C.A. S.A.C.A.

Banco Metropolitano, C.A.

Class “E” (75.25%)

Individual and Institutional Investors (Shares listed on the New York Stock Exchange)

Management Committee

Jaime Rivera
Chief Executive Officer

Rubens V. Amaral Jr.
Chief Commercial Officer

Miguel Moreno
Chief Operations Officer

Gregory D. Testerman
Senior Managing Director
Treasury & Capital Markets

Bismark Rodríguez
Senior Vice President
Controller

Miguel A. Kerbes Predari
Senior Vice President
Chief Risk Officer

Executive Staff

Executive Office

Jaime Rivera
Chief Executive Officer

Risk Management

Miguel A. Kerbes Predari
SVP, Chief Risk Officer

Diego Fiorito Meoli
Vice President

Diego Laurencena
Assistant Vice President

Alejandro Tizzoni
Assistant Vice President

George Trench
Assistant Vice President

Legal Department

Tatiana Calzada
Assistant Vice President – Legal Advisor

Controller

Bismark Rodríguez
SVP, Controller

Compliance

Julio Aguirre
Assistant Vice President
Head Compliance Officer

Internal Audit

Alvin Barnett
Manager

Support Services

Miguel Moreno
Chief Operations Officer

Jaime Celorio
Senior Vicepresident

Annette de Solís
Assistant Vice President

Finance

Carlos Yap S.
SVP, Chief Financial Officer

Planning and Performance Management

Ana Graciela de Méndez
Vice President

Alberto Castillo
Manager

Shirley García Centeno
Manager

Accounting

Enrique Gaines
Vice President

Eileen Echevers
Manager

Eduardo Sánchez
Manager

Human Resources and Administration

Ana María M. de Arias
Senior Vice President

Human Resources

Velkys A. Jurado S.
Assistant Vice President

Mónica Cosulich
Manager

Maria Teresa de Marín
Manager

Jeshua Ruíz
Manager

Administration

Oscar Díaz
Assistant Vice President

Operations

Carmen Murillo
Vice President

Andrés Buckley
Manager

María de Cano
Manager

Hedy de Robles
Manager

Rosa Sheppard
Manager

Linette Figueroa de Vega
Manager

Technology

Roger Iván Córdoba
Vice President

Milagros Cedeño
Assistant Vice President

Iván Vergara
Assistant Vice President

Roberto Bárcenas
Manager

Ariel Frauca
Manager

Ovidio Gutiérrez
Manager

Ismael Rodríguez
Manager

Client Relationships and Financial Product Management

Rubens V. Amaral Jr.
Chief Commercial Officer

Client Relationships

Pierre Dulin
Head of Client Relationships

José Yépez
Vice President

Tesyla Guanti
Vice President

Eliseo Sánchez-Lucca
Vice President

Karen Newball
Manager

Middle Office

Fernando Pompeu
Vice President

Lourdes Huang
Assistant Vice President

Eucadis de Molina
Assistant Vice President

Nitza Maiolini
Manager

Financial Product Management

Elsa Crespo
Vice President

Gabriel Vázquez Celis
Assistant Vice President

Leasing

Edmur Ribeiro
Head of Leasing

Castulo Peguero
Vice President

Institutional Relations and Marketing

Nikolina de Alvarado
Manager

Shareholder Relations

Luisa de Polo
Manager

Claudia Guerrero
Manager

Treasury & Capital Markets

Gregory D. Testerman
Senior Managing Director

Milciades Denis
Head of Treasury

Raúl Plata
Vice President

Ann Vanessa Dinsmore
Assistant Vice President

Omar Lao
Assistant Vice President

Ana Teresa de Méndez
Assistant Vice President

Adriana Espinosa de Arias
Manager

Asset Distributions

Stella Chen
Assistant Vice President

Bladex Asset Management

Manuel E. Mejia
Head of Asset Management

Urvish Bidkar
Director

John Cadley
Director

Regional Offices

New York Agency

Rubens V. Amaral Jr.
Chief Commercial Officer
General Manager

Pedro Toll
Vice President
Deputy General Manager

Domingo Fernández
Manager - Operations

B. Netram Rambudhan
Manager
Compliance Officer

Brazil

Luiz Yamasaki
Commercial Representative

Claudia Ades Hibner
Vice President

Nice Lady Meneghetti
Vice President

Martinho Oliveira Fernandes
Vice President

Auro Pagnozzi
Vice President

Adriana Lima Santechole
Manager

Argentina, Bolivia, Paraguay and Uruguay

Federico Pérez Sartori
Commercial Representative

Mexico

Alejandro Barrientos
Commercial Representative

Eduardo Cantón
Vice President

Verónica Alarcón
Manager

Miami

Pierre Dulin
Head of Clients Relationships

Fernando Riojas
Vice President

María Olivera
Manager

BANCO LATINOAMERICANO DE EXPORTACIONES, S. A.
AND SUBSIDIARIES

With Report of Independent Registered Public Accounting Firm

Consolidated financial statements

Years ended December 31, 2007 and 2006

Deloitte-Panamá

Independent Auditors' Report and
Consolidated Financial Statements 2007 and 2006

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www.deloitte.com/pa

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Banco Latinoamericano de Exportaciones, S.A.

We have audited the accompanying consolidated balance sheet of Banco Latinoamericano de Exportaciones, S.A. and subsidiaries (the "Bank") as of December 31, 2007, and the related consolidated statements of income, stockholders' equity, comprehensive income and cash flows for the year then ended. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit. The consolidated financial statement of the Bank for the years ended December 31, 2006 and 2005, were audited by other auditors whose report, dated February 28, 2007, expressed an unqualified opinion on those statements and included an explanatory paragraph indicating that the Bank changed its method of accounting for share-based compensation plans and its methodology for estimating generic allowances for credit losses in 2005.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principies used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Banco Latinoamericano de Exportaciones, S.A. and subsidiaries as of December 31, 2007, and the results of their operations and their cash flows for the year then ended, in conformity with accounting principies generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Bank's internal control over financial reporting as of December 31, 2007, based on the criteria established in Interal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February, 25, 2008, expressed an unqualified opinion on the Bank's internal control over financial reporting.

Deloitte.

The accompanying consolidated financial statements have been translated into English for the convenience of readers outside of Panama.

(Signed by Deloitte)

February 25, 2008
Panama, Rep. of Panama

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Banco Latinoamericano de Exportaciones, S.A. and Subsidiaries

We have audited the internal control over financial reporting of Banco Latinoamericano de Exportaciones and subsidiaries (the "Bank") as of December 31, 2007, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Bank's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on the Assessment of Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Bank's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perforen the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Bank maintained, in all material respects, effective internal control over financial reporting as of December 31, 2007, based on the criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2007 of the Bank and our report dated February 25, 2008 expressed an unqualified opinion on those financial statements.

(signed by Deloitte)

February 25, 2008
Panamá Rep. de Panamá

**Banco Latinoamericano de Exportaciones, S. A.
and subsidiaries**

Consolidated balance sheets
December 31, 2007 and 2006
(in US$ thousand, except per share amounts)

	Notes	2007	2006
Assets			
Cash and due from banks	3,20	596	401
Interest-bearing deposits in banks (including pledged deposits of $59,308 in 2007 and $33,470 in 2006)	3,20	476,983	331,764
Trading assets	4,20	52,597	130,076
Securities available for sale	5,20	468,360	346,194
Securities held to maturity (market value of $125,118 in 2006)	5,20	-	125,157
Loans	6,20	3,731,838	2,980,772
Less:			
Allowance for loan losses	7,20	69,643	51,266
Unearned income and deferred fees		5,961	4,425
Loans, net		3,656,234	2,925,081
Customers' liabilities under acceptances	20	9,104	46,006
Premises and equipment (net of accumulated depreciation and amortization of $9,704 in 2007 and $8,043 in 2006)		10,176	11,136
Accrued interest receivable	20	62,884	55,238
Derivative instruments used for hedging - receivable	18,20	122	541
Brokerage receivable	20	44,289	-
Other assets	8	9,187	6,743
Total assets		4,790,532	3,978,337
Liabilities and stockholders' equity			
Deposits:	9,20		
Noninterest-bearing - Demand		890	1,620
Interest-bearing - Demand		110,606	130,510
Time		1,350,875	924,147
Total deposits		1,462,371	1,056,277
Trading liabilities	4,20	90,765	54,832
Securities sold under repurchase agreements	5,20	283,210	438,356
Short-term borrowings	10,20	1,221,500	1,157,248
Borrowings and long-term debt	11,20	1,010,316	558,860
Acceptances outstanding	20	9,104	46,006
Accrued interest payable	20	39,198	28,420
Derivative instruments used for hedging - payable	18,20	16,899	2,634
Reserve for losses on off-balance sheet credit risk	7	13,727	27,195
Other liabilities	12	31,191	24,614
Total liabilities		4,178,281	3,394,442
Stockholders' equity	13,14,15,19		
Class "A" common stock, no par value, assigned value of $6.67 (Authorized 40,000,000; outstanding 6,342,189)		44,407	44,407
Class "B" common stock, no par value, assigned value of $6.67 (Authorized 40,000,000; outstanding 2,660,847 in 2007 and 2,725,390 in 2006)		21,528	21,959
Class "E" common stock, no par value, assigned value of $6.67 (Authorized 100,000,000; outstanding 27,367,113 in 2007 and 27,261,495 in 2006)		214,045	213,614
Additional paid-in capital in excess of assigned value to common stock		135,142	134,945
Capital reserves		95,210	95,210
Retained earnings		245,348	205,200
Accumulated other comprehensive income (loss)	5,19	(9,641)	3,328
Treasury stock	13	(133,788)	(134,768)
Total stockholders' equity		612,251	583,895
Commitments and contingent liabilities	8,16,17,18,21		
Total liabilities and stockholders' equity		4,790,532	3,978,337

The accompaning notes are part of these consolidated financial statements.

Banco Latinoamericano de Exportaciones, S. A.
and subsidiaries

Consolidated statements of income
Years ended december 31, 2007, 2006 and 2005
(in US$ thousand, except per share amounts)

	Notes	2007	2006	2005
Interest income:				
Deposits with banks		17,001	8,973	5,121
Trading assets		5,315	5,810	-
Investment securities:				
Available for sale		19,595	16,780	7,755
Held to maturity		1,337	5,985	2,219
Loans		221,621	165,802	101,728
Total interest income		264,869	203,350	116,823
Interest expense:				
Deposits		70,443	56,611	29,559
Trading liabilities		4,197	4,639	-
Short-term borrowings		70,244	55,000	20,408
Borrowings and long-term debt		49,415	28,263	21,603
Total interest expense		194,299	144,513	71,570
Net interest income		70,570	58,837	45,253
Reversal (provision) for loan losses	7	(11,994)	(11,846)	54,155
Net interest income, after reversal of provision for loan losses		58,576	46,991	99,408
Other income (expense):				
Reversal (provision) for losses on off-balance sheet credit risk	7	13,468	24,891	(15,781)
Fees and commissions, net		5,555	6,393	5,824
Activities of hedging derivative instruments	18	(989)	(225)	2,338
Recoveries on assets, net of impairments	5,8	(500)	5,551	10,206
Trading gains		23,866	879	-
Net gain on sale of securities available for sale	5	9,119	2,568	206
Gain (loss) on foreign currency exchange		115	(253)	3
Other income (expense), net		(6)	36	5
Net other income		50,628	39,840	2,801
Operating expenses:				
Salaries and other employee expenses		22,049	16,826	13,073
Depreciation and amortization of premises and equipment		2,555	1,406	869
Professional services		3,562	2,671	3,281
Maintenance and repairs		1,188	1,000	1,172
Other operating expenses		7,673	7,026	6,296
Total operating expenses		37,027	28,929	24,691
Income before cumulative effect of changes in accounting principles		72,177	57,902	77,518
Cumulative effect on prior years (to December 31, 2004) of a change in the credit loss reserve methodology	7,15	-	-	2,733
Cumulative effect on prior year (to December 31, 2004) of an early adoption of the fair-value-based method of accounting stock-based employee compensation plan	14,15	-	-	(150)
Net income		72,177	57,902	80,101
Basic earnings per share:	7,14,15			
Income before cumulative effect of changes in accounting principles		1.99	1.56	2.01
Cumulative effect of changes in accounting principles		0.00	0.00	0.07
Net income per share		1.99	1.56	2.08
Diluted earnings per share:	7,14,15			
Income before cumulative effect of changes in accounting principles		1.98	1.54	1.99
Cumulative effect of changes in accounting principles		0.00	0.00	0.07
Net income per share		1.98	1.54	2.06
Basic earnings per share		1.99	1.56	2.01
Diluted earnings per share		1.98	1.54	1.99
Average basic shares		36,349	37,065	38,550
Average diluted shares		36,414	37,572	38,860

The accompaning notes are part of these consolidated financial statements.

**Banco Latinoamericano de Exportaciones, S. A.
and subsidiaries**

**Consolidated statements of changes in stockholders' equity
Years ended december 31, 2007, 2006 and 2005**
(in US$ thousand)

	Common stock	Additional paid-in capital	Capital reserves	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Total stockholders' equity
Balances at January 1, 2005	279,978	133,786	95,210	233,701	6,082	(92,627)	656,130
Net income	-	-	-	80,101	-	-	80,101
Other comprehensive income	-	-	-	-	(5,463)	-	(5,463)
Compensation cost - indexed stock options plan	-	555	-	-	-	-	555
Issuance of restricted stocks	-	-	-	(57)	-	152	95
Exercised stock options pursuant to compensation plan	-	-	-	(4)	-	8	4
Repurchase of Class "E" common stock	-	-	-	-	-	(13,815)	(13,815)
Difference in fractional shares in conversion of common stocks	1	(1)	-	-	-	-	-
Dividends declared	-	-	-	(100,825)	-	-	(100,825)
Balances at December 31, 2005	279,979	134,340	95,210	212,916	619	(106,282)	616,782
Net income	-	-	-	57,902	-	-	57,902
Comprehensive income	-	-	-	-	2,709	-	2,709
Compensation cost - indexed stock options plan	-	606	-	-	-	-	606
Issuance of restricted stocks	-	-	-	(49)	-	144	95
Exercised stock options pursuant to compensation plan	-	-	-	(14)	-	27	13
Repurchase of Class "E" common stock	-	-	-	-	-	(28,657)	(28,657)
Difference in fractional shares in conversion of common stocks	1	(1)	-	-	-	-	-
Dividends declared	-	-	-	(65,555)	-	-	(65,555)
Balances at December 31, 2006	279,980	134,945	95,210	205,200	3,328	(134,768)	583,895
Net income	-	-	-	72,177	-	-	72,177
Comprehensive income	-	-	-	-	(12,969)	-	(12,969)
Compensation cost - stock options plan	-	1,130	-	-	-	-	1,130
Issuance of restricted stocks	-	(644)	-	-	-	531	(113)
Exercised stock options pursuant to compensation plan	-	(289)	-	-	-	449	160
Dividends declared	-	-	-	(32,029)	-	-	(32,029)
Balances at December 31, 2007	279,980	135,142	95,210	245,348	(9,641)	(133,788)	612,251

The accompaning notes are part of these consolidated financial statements.

Banco Latinoamericano de Exportaciones, S. A. and subsidiaries

Consolidated statements of comprehensive income
Years ended december 31, 2007, 2006 and 2005
(in US$ thousand)

	Notes	2007	2006	2005
Net income:				
Income before cumulative effect of changes in accounting principles		72,177	57,902	77,518
Cumulative effect on prior years (to December 31, 2004) of a change in the credit loss reserve methodology	7	-	-	2,733
Cumulative effect on prior year (to December 31, 2004) of an early adoption of the fair value-based method of accounting stock-based employee compensation plan	14,15	-	-	(150)
Net income		72,177	57,902	80,101
Other comprehensive income (loss):				
Unrealized gains (losses) on securities available for sale:				
Unrealized gains (losses) arising from the year	19	(1,912)	5,349	(5,257)
Less: Reclassification adjustments for gains included in net income	5,19	(9,119)	(2,568)	(206)
Net change in unrealized gains (losses) on securities available for sale		(11,031)	2,781	(5,463)
Unrealized losses on derivative financial instruments:				
Unrealized losses arising from the year	19	(2,081)	(72)	-
Less: Reclassification adjustments for net losses included in net income	19	143	-	-
Net change in unrealized losses on derivative financial instruments		(1,938)	(72)	-
Other comprehensive income (loss)		(12,969)	2,709	(5,463)
Comprehensive income		59,208	60,611	74,638

The accompaning notes are part of these consolidated financial statements.

**Banco Latinoamericano de Exportaciones, S. A.
and subsidiaries**

Consolidated Statements of Cash Flows
Years Ended December 31, 2007, 2006 and 2005
(in US$ thousand)

	2007	2006	2005
Cash flows from operating activities:			
Income before cumulative effect of changes in accounting principles	72,177	57,902	77,518
Cumulative effect on prior years (to December 31, 2004) of a change in the credit loss reserve methodology	-	-	2,733
Cumulative effect on prior year (to December 31, 2004) of an early adoption of the fair-value based method of accounting stock-based employee compensation plan	-	-	(150)
Net income	72,177	57,902	80,101
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Activities of hedging derivative instruments	1,258	312	(85)
Depreciation and amortization of premises and equipment	2,555	1,406	869
Provision (reversal) for loan losses	11,994	11,846	(54,155)
Provision (reversal) for losses on off-balance sheet credit risk	(13,468)	(24,891)	15,781
Impairment loss on assets	500	-	469
Net gain on sale of securities available for sale	(9,119)	(2,568)	(206)
Compensation cost - stock options plans	1,130	606	555
Issuance of restricted stock	(113)	95	95
Deferred compensation awards	-	13	3
Amortization of premiums and discounts on investments	6,268	4,748	2,343
Net decrease (increase) in operating assets:			
Trading assets	77,479	(130,076)	-
Accrued interest receivable	(7,646)	(24,984)	(14,806)
Derivative financial instruments	-	-	25
Brokerage receivable	(44,289)	-	-
Other assets	(2,944)	4,552	(5,804)
Net increase (decrease) in operating liabilities:			
Trading liabilities	35,933	54,832	-
Accrued interest payable	10,778	13,684	8,259
Other liabilities	4,261	2,108	(5,958)
Net cash provided by (used in) operating activities	146,754	(30,415)	27,486
Cash flows from investing activities:			
Net increase in pledged interest bearing deposits	(25,838)	(28,470)	(800)
Net increase in loans	(864,971)	(384,433)	(179,315)
Proceeds from the sale of loans	121,824	12,500	-
Net acquisition of premises and equipment	(1,595)	(9,289)	(614)
Proceeds from the redemption of securities available for sale	19,074	20,000	26,000
Proceeds from the maturity of securities held to maturity	125,000	9,000	-
Proceeds from the sale of securities available for sale	578,697	129,731	276,524
Purchases of investment securities	(716,472)	(419,143)	(326,307)
Net cash used in investing activities	(764,281)	(670,104)	(204,512)
Cash flows from financing activities:			
Net increase in due to depositors	406,094	9,659	182,458
Net (decrease) increase in short-term borrowings and securities sold under repurchase agreements	(90,894)	834,905	55,981
Proceeds from borrowings and long-term debt	613,126	133,680	309,962
Repayments of borrowings and long-term debt	(161,670)	(108,680)	(179,723)
Dividends paid	(29,713)	(63,364)	(100,825)
Redemption of redeemable preferred stock	-	(3,216)	(2,711)
Exercised stock options	160	-	-
Repurchase of common stock	-	(28,657)	(13,815)
Net cash provided by financing activities	737,103	774,327	251,327
Net increase (decrease) in cash and cash equivalents	119,576	73,808	74,301
Cash and cash equivalents at beginning of the year	298,695	224,887	150,586
Cash and cash equivalents at end of the year	418,271	298,695	224,887
Supplemental disclosures of cash flow information:			
Cash paid during the year for interest	183,521	130,829	63,298

The accompaning notes are part of these consolidated financial statements.

1. Organization

Banco Latinoamericano de Exportaciones, S. A. ("Bladex Head Office" and together with its subsidiaries "Bladex" or the "Bank"), headquartered in Panama City, Republic of Panama, is a specialized supranational bank established to finance trade in Latin America and the Caribbean (the "Region"). The Bank was established pursuant to a May, 1975 proposal presented to the Assembly of Governors of Central Banks in the Region, which recommended the creation of a multinational organization to increase the foreign trade financing capacity of the Region. The Bank was organized in 1977, incorporated in 1978 as a corporation pursuant to the laws of the Republic of Panama, and officially initiated operations on January 2, 1979.

The Bank operates under a general banking license issued by the National Banking Commission of Panama, predecessor of the Superintendency of Banks of Panama (the "SBP"), and is subject to its supervision and inspection. Bladex Head Office's subsidiaries are the following:

Bladex Holdings Inc., is a wholly owned subsidiary, incorporated under the laws of the State of Delaware, United States of America (USA), on May 30, 2000. Its wholly owned subsidiaries are:

- Bladex Asset Management, Inc., incorporated on May 24, 2006, under the laws of the State of Delaware, USA, serves as investment manager for Bladex Offshore Feeder Fund (the "Feeder") and Bladex Capital Growth Fund (the "Fund").
- Clavex LLC, incorporated on June 15, 2006, under the laws of the State of Delaware, USA, ceased operations in February 2007.

The Feeder is a wholly owned subsidiary, incorporated on February 21, 2006 under the laws of Cayman Islands, and in turn is the sole owner of the Fund, which was also incorporated under the laws of Cayman Islands on February 21, 2006. Both companies are investment funds that started operations in April 2006 and share the same investment objectives. The Feeder invests substantially all of its assets in the Fund. The objective of the Fund is to achieve capital appreciation by investing in Latin American debt securities, indexed funds, currencies, and trading derivative instruments.

Bladex Representacao Ltda., incorporated under the laws of Brazil on January 7, 2000, acts as the Bank's representative office in Brazil. Bladex Representacao Ltda. is 99.999% owned by Bladex Head Office and 0.001% owned by Bladex Holdings Inc.

Clavex, S.A., is a wholly owned subsidiary, incorporated on May 18, 2006, under the laws of the Republic of Panama, to mainly provide specialized training.

Bladex Head Office has an agency in New York City, USA (the "New York Agency"), which began operations on March 27, 1989. The New York Agency is principally engaged in financing transactions related to international trade, mostly the confirmation and financing of letters of credit for customers of the Region. The New York Agency is also licensed by the State of New York Banking Department, USA, to operate an International Banking Facility ("IBF"). The Bank also has representative offices in Buenos Aires, Argentina, and in Mexico City, D.F., Mexico, and an international administrative office in Miami, Florida, USA.

In addition, Banco Latinoamericano de Exportaciones Limited, a wholly owned subsidiary incorporated under the laws of the Cayman Islands ceased its banking operations on November 30, 2004 and was dissolved in 2005. All financial assets and liabilities were transferred to Bladex Head Office and recorded at their carrying amount on the date of the transfer.

2. Summary of significant accounting policies

a) *Basis of presentation*

These consolidated financial statements have been prepared under accounting principles generally accepted in the United States of America ("U.S. GAAP"). All amounts presented in the consolidated financial statements and notes are expressed in dollars of the United Stated of America ("US$"), which is the Bank's functional currency. The accompanying consolidated financial statements have been translated from Spanish version to English version for users outside of the Republic of Panama.

b) *Principles of consolidation*

The consolidated financial statements include the accounts of Bladex Head Office, its agencies and subsidiaries. All intercompany balances and transactions have been eliminated for consolidation purposes.

c) *Use of estimates*

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Material estimates that are particularly susceptible to significant changes relate to the determination of the allowances for credit losses, impairment losses on assets, impairment of securities available for sale and held to maturity, and the fair value of financial instruments. Actual results could differ from those estimates. Management believes these estimates are adequate.

d) Cash equivalents

Cash equivalents consist of due from banks and interest-bearing deposits in banks with original maturities of three months or less, except deposits pledged.

e) Repurchase agreements

Repurchase agreements represent collateralized financing transactions used to increase liquidity and are carried at the amounts at which the securities will be subsequently reacquired including accrued interest, as specified in the respective agreements. The Bank's policy is to relinquish possession of the securities sold under agreements to repurchase. The market value of securities to be repurchased is permanently monitored, and additional collateral is provided where appropriate, to protect against credit exposure.

f) Trading assets and liabilities

Trading assets include mainly debt instruments and shares in indexed funds that have been bought and held principally for the purpose of selling them in the near term. Trading liabilities include debt instruments that the Bank has sold to other parties but does not own ("short" positions). The Bank is obliged to purchase securities at a future date to cover short positions. Included in trading assets and liabilities are the reported receivables (unrealized gains) and payables (unrealized losses) related to derivative instruments. These amounts include the derivative assets and liabilities net of cash received or paid, respectively, under legally enforceable master netting agreements. Trading assets and liabilities are carried at fair value, which is determined based upon quoted prices when available, or if quoted market prices are not available, on discounted expected cash flows using market rates commensurate with the credit quality and maturity of the security. Unrealized and realized gains and losses on trading assets and liabilities are recorded in earnings as trading gains (losses).

Transactions traded not yet settled at the consolidated balance sheet date are recorded as brokerage receivables and payables.

g) Investment securities

Securities are classified at the date of purchase based on the ability and intent to sell or hold them as investments. These securities consist of debt securities such as: negotiable commercial paper, bonds and floating rate notes.

<u>Securities available for sale</u>

These securities consist of debt instruments that the Bank buys with the intention of selling them prior to maturity and are subject to the same approval criteria as the rest of the credit portfolio. These securities are carried at fair value, based on quoted market prices when available, or if quoted market prices are not available, on discounted expected cash flows using market rates commensurate with the credit quality and maturity of the security. Unrealized gains and losses are reported as net increase or decreases to accumulated other comprehensive income (loss) in equity until they are realized.

<u>Securities held to maturity</u>

Securities classified as held to maturity represent securities that the Bank has the ability and the intent to hold until maturity. These securities are carried at amortized cost and are subject to the same approval criteria as the rest of the credit portfolio.

Interest on securities is recognized based on the interest method. Amortization of premiums and accretion of discounts are included in interest income as an adjustment to the yield. Realized gains and losses from the sales of securities which are included in realized gain (loss) from investment securities, are determined using the specific identification method.

Impairment of investments is evaluated considering numerous factors, and their relative significance varies case by case. Factors considered include the length of time and extent to which the market value has been less than cost, the financial condition and near-term prospects of the issuer and the intent and ability of the Bank to retain the security in order to allow for an anticipated recovery in market value. If, based on the analysis, it is determined that the impairment is other-than-temporary, the security is written down to its fair value, and a loss is recognized through earnings as impairment loss on assets. Accrual of income is suspended on fixed maturities that are in default, or on which it is likely that future interest payments will not be received as scheduled.

h) Other Investments

Other investments, that mainly consist of unlisted stock, are recorded at cost and are included in other assets. The Bank determined that it is not practicable to obtain the market value of these investments, as these shares are not traded in a secondary market. Impairment of these investments is evaluated periodically and declines that are determined to be other than temporary are charged to earnings as impairment on assets.

i) Loans

Loans are reported at their principal amounts outstanding net of unearned income, deferred fees and allowance for loan losses. Interest income is recognized using the interest method. The amortization of net unearned income and deferred fees are recognized as an adjustment to the related loan yield using the interest method.

Purchased loans are recorded at acquisition cost. The difference between the principal and the acquisition cost of loans, the premiums and discounts, is amortized over the life of the loan as an adjustment to the yield. All other costs related to acquisition of loans are expensed when incurred.

Loans are identified as impaired and placed on a cash (non-accrual) basis when interest or principal is past due for 90 days or more, or before if the Bank's management determines that the ultimate collection of principal or interest is doubtful. Factors considered by the Bank's management in determining impairment include collection status, collateral value, the probability of collecting scheduled principal and interest payments when due, and economic conditions in the borrower's country of residence. Any interest receivable is reversed and charged-off against earnings. Interest on non-accruing loans is only recorded as earned when collected. Non-accruing loans are returned to an accrual status when (1) all contractual principal and interest amounts are current (2) there is a sustained period of repayment performance in accordance with the contractual terms of at least six months; and (3) if in the Bank management's opinion the loan is fully collectible. When current events or available information confirm that specific impaired loans or portions thereof are uncollectible, such impaired loans are charged-off against the allowance for loan losses.

A loan is classified as a troubled debt restructuring if a significant concession in amount, maturity or interest rate is granted to the borrower due to the deterioration in its financial condition. Marketable securities received in exchange for loan under debt restructurings are initially recorded at fair value, with any gain or loss recorded as recovery or charge to the allowance, and are subsequently accounted for as securities available for sale.

Transfers of financial assets, primarily loans, are accounted for as sales when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when: (1) the assets have been isolated from the Bank; (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets; and (3) the Bank does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity. Upon completion of a transfer of assets that satisfies the conditions described above to be accounted for as a sale, the Bank recognizes the assets as sold and records in earnings any gain or loss on the sale. The Bank may retain interest in loans sold in the form of servicing rights. Service rights are only recognized when the benefits of the service exceeds the costs associated with the responsibility of that service.

j) Allowance for credit losses

The allowance for credit losses is provided for losses derived from the credit extension process, inherent in the loan portfolio and off-balance sheet financial instruments, using the reserve method of providing for credit losses. Additions to the allowance for credit losses are made by charges to earnings. Credit losses are deducted from the allowance, and subsequent recoveries are added. The allowance is also decreased by reversals of the allowance back to earnings. The allowance attributable to loans is reported as a deduction of loans and the allowance for off-balance sheet credit risk, such as: letters of credit and guarantees, is reported as a liability.

The allowance for possible credit losses includes an asset-specific component and a formula-based component. The asset-specific component relates to provision for losses on credits considered impaired and measured on a case-by-case basis. An allowance is established when the discounted cash flows (or collateral value of observable market price) of the credit is lower than the carrying value of that credit. The formula-based component covers the Bank's performing credit portfolio and is established based in a process that estimates the probable loss inherent in the portfolio, based on statistical analysis and management's qualitative judgment. The statistical calculation is a product of internal risk classifications, probabilities of default and loss given default. The probability of default is supported by Bladex's historical portfolio performance complemented by probabilities of default provided by external sources for higher risk cases, in view of the greater robustness of this external data for such cases. The loss given default is based on Bladex's historical losses experience and best practices.

k) Fair value of guarantees including indirect indebtedness of others

The Bank recognizes a liability for the fair value of obligations undertaken such as stand-by letters of credit and guarantees. Fair value is calculated based on the present value of the premium to be received or a specific allowance for off-balance sheet credit contingencies, whichever is greater.

l) Fees and commissions

Loan origination fees, net of direct loan origination costs, are deferred, and the net amount is recognized as revenue over the contractual term of the loans as an adjustment to the yield. These net fees are not recognized as revenue during periods in which interest income on loans is suspended because of concerns about the realization of loan principal or interest. Underwriting fees are recognized as revenue when the Bank has rendered all services to the issuer and is entitled to collect the fee from the issuer, when there are no contingencies related to the fee. Underwriting fees are recognized net of syndicate expenses. In addition, the Bank recognizes credit arrangement and syndication fees as revenue after satisfying certain retention, timing and yield criteria. Fees received in connection with a modification of terms of a troubled debt restructuring are applied as a reduction of the recorded investment in the loan. Fees earned on letters of credit, guarantees and other commitments are amortized using the straight-line method over the life of such instruments.

m) Premises and equipment

Premises and equipment, including the electronic data processing equipment, are carried at cost less accumulated depreciation and amortization, except land, which is carried at cost. Depreciation and amortization are charged to operations using the straight-line method, over the estimated useful life of the related asset. The estimated original useful life for building is 40 years and for furniture and equipment is 3 to 5 years.

The Bank defers the cost of internal-use software that has a useful life in excess of one year in accordance with SOP 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use". These costs consist of payments made to third parties related to the use of licenses and installation of both, software and hardware. Subsequent additions, modifications or upgrades to internal-use software are capitalized only to the extent that they allow the software to perform a task it previously did not perform. Software maintenance and training costs are expensed in the period in which they are incurred. Capitalized internal use software costs will be amortized using the straight-line method over their estimated useful lives, generally consisting of 5 years.

n) Capital reserves

Capital reserves are established as a segregation of retained earnings and are, as such, a form of retained earnings. Even though their constitution is not required by the SBP, reductions of these capital reserves require the approval of the Bank's Board of Directors and the SBP.

o) Cash and stock-based compensation plan

In year 2005, the Bank chose to early adopt Statement of Financial Accounting Standards ("SFAS") No.123(R), "Share-Based Payment", which established the use of the fair-value-based method of accounting for stock-based compensation to key employees and directors. The Bank elected to use the "modified prospective application" for new and previously granted awards that are not fully vested on the effective date. Compensation cost is based on the fair value of the awards granted and is recognized over the requisite service period of the award. The fair value of each option is estimated at the grant date using the Black-Scholes option-pricing model. The Bank has the policy of re-issuing shares from treasury shares, when options are exercised.

p) Redeemable preferred stock

The Bank accounts for as liabilities all financial instruments that embody an obligation to the Bank. The accrual of interest payable is charged to interest expense.

q) Derivative financial instruments and hedge accounting

The Bank makes use of derivative financial instruments for its management of interest rate and foreign exchange risks, which represent the majority of the Bank's derivatives, as well as for trading purposes. The accounting for changes in value of a derivative depends on whether the contract is for trading purposes or has been designated and qualifies for hedge accounting.

Derivatives held for trading purposes include interest rate swaps, forward foreign exchange contracts and credit default swaps, as part of the Fund's trading activity, and those used for risk management purposes that do not qualify for hedge accounting. The fair value of trading derivatives is reported as trading assets and trading liabilities, as applicable. Changes in realized and unrealized gains and losses and interest flows from these trading instruments are included in trading gains (losses).

Derivatives for hedging purposes primarily include interest rate swaps and forward foreign exchange contracts. Derivative contracts designated and qualifying as fair value hedge are reported as other assets and other liabilities and hedge accounting is applied. In order to qualify for hedge accounting, a derivative must be considered highly effective at reducing the risk associated with the exposure being hedged. Each derivative must be designated as a hedge, with documentation of the risk management objective and strategy, including identification of the hedging instrument, the hedged item and the risk exposure, as well as how effectiveness will be assessed prospectively and retrospectively. The extent to which a hedging instrument is effective at achieving offsetting changes in fair value or cash flows must be assessed at least quarterly. Any ineffectiveness must be reported in current-period earnings. The Bank discontinues hedge accounting prospectively in the following situations:

1. It is determined that the derivative is no longer effective in offsetting changes in the fair value or cash flows of a hedged item.
2. The derivative expires or is sold, terminated or exercised.
3. The Bank otherwise determines that designation of the derivative as a hedging instrument is no longer appropriate.

The Bank carries all derivatives in the consolidated balance sheet at fair value. For qualifying fair value hedges, all changes in the fair value of the derivative and the fair value of the item for the risk being hedged are recognized in earnings. If the hedge relationship is terminated, then the fair value adjustment to the hedge item continues to be reported as part of the basis of the item and is amortized to earnings as a yield adjustment. For qualifying cash flow hedges, the effective portion of the change in the fair value of the derivative is recorded in other comprehensive income and recognized in the income statement when the hedged cash flows affect earnings. Ineffective portion is recognized in the income statement as activities of hedging derivative instruments. If the cash flow hedge relationship is terminated, related amounts in other comprehensive income are reclassified into earnings when hedged cash flows occur.

r) Foreign currency transactions

Assets and liabilities denominated in foreign currencies are translated into U.S. dollar equivalents using period-end spot foreign exchange rates. The effects of re-measuring assets and liabilities into the U.S. dollar as the functional currency are included in earnings.

s) Income taxes

- Bladex Head Office is exempted from payment of income taxes in Panama in accordance to its Constitutive Law that granted special benefits, including the total exemption of income tax payment.
- The Feeder and the Fund are not subject to income taxes in accordance to Laws of the Caiman Islands.
- Clavex, S.A. is subject to income taxes in Panama on profits from local operations.
- Bladex Representacao Ltd. is subject to income taxes in Brazil.
- The New York Agency and Bladex's subsidiaries incorporated in the USA are subject to USA federal and local taxation based on the portion of income that is effectively connected with its operations in that country.

Such amounts of income taxes have been immaterial to date.

t) Earnings per share

Basic earnings per share is computed by dividing income available to common stockholders (the numerator) by the weighted average number of common shares outstanding (the denominator) during the year. Diluted earning per share measures performance incorporating the effect that potential common shares, such as stock options outstanding during the same period, would have on earning per share. The computation is similar to the computation of earning per share, except that the denominator is increased to include the number of additional common shares that would have been outstanding if the diluted potential common shares had been issued.

u) Recently Issued Accounting Standards

SFAS No. 157: Fair Value Measurement

SFAS No. 157 defines fair value, establishes a framework for measuring fair value under U.S. GAAP, and enhances disclosures about fair value measurements. This Standard applies when other accounting pronouncements require fair value measurements. This Standard is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those years. The Bank does not anticipate any significant effect on its consolidated financial position, operations and cash flows with the adoption of SFAS No.157.

SFAS No. 159: The Fair Value Option for Financial Assets and Financial Liabilities.

SFAS No. 159 will allow the Bank to report at fair value many of its financial instruments and certain other items that are not currently required to be reported at fair value. The valuation of a financial instrument at fair value is irrevocable once adopted. All changes in fair value are reported in earnings. This standard is effective for years beginning after November 15, 2007. The Bank is currently evaluating the potential impact on its consolidated financial statements of adopting this standard.

3. Cash and cash equivalents

Cash and cash equivalents are as follows:

(In thousand of US$)	December 31, 2007	2006
Cash and due from banks	596	401
Interest bearing deposits in banks	476,983	331,764
Total	477,579	332,165
Less:		
Pledged deposits	59,308	33,470
	418,271	298,695

At December 31, 2007 and 2006 pledged deposits in banks include $53.8 million and $28 million, respectively, of collateral advanced on trading liabilities. On December 31, 2007 and 2006, the Agency of New York had pledged certificates of deposit with a carrying value of $5.5 million, with the State of New York Banking Department, as required by law since March 1994.

4. Trading assets and liabilities

The fair value of trading assets and liabilities is as follows:

(In thousand of US$)	December 31, 2007	2006
Trading assets:		
Government bonds	10,891	81,077
Corporate bonds	5,206	48,655
Shares in indexed funds	36,315	-
Derivative instruments	185	344
Total	52,597	130,076
Trading liabilities:		
Government bonds sold short	31,734	54,039
Shares in indexed funds sold short	57,863	-
Derivative instruments	1,168	793
Total	90,765	54,832

Trading assets secure all short sale transactions.

5. Investment securities

Securities available for sale

The amortized cost, related unrealized gross gain (loss) and fair value of securities available for sale, are as follows:

(In thousand of US$)	December 31, 2007			
	Amortized Cost	Unrealized Gross Gain	Unrealized Gross Loss	Fair Value
Corporate debt:				
Brazil	67,971	78	660	67,389
Chile	42,849	-	549	42,300
Panama	20,019	669	-	20,688
	130,839	747	1,209	130,377
Government debt:				
Argentina	19,546	22	28	19,540
Brazil	59,464	1,897	18	61,343
Colombia	123,084	2,797	206	125,675
Dominican Republic	13,093	-	182	12,911
El Salvador	10,984	-	84	10,900
Mexico	27,045	-	89	26,956
Panama	50,008	1,462	112	51,358
Peru	29,291	24	15	29,300
	332,515	6,202	734	337,983
Total	463,354	6,949	1,943	468,360

(In thousand of US$)	December 31, 2006			
	Amortized Cost	Unrealized Gross Gain	Unrealized Gross Loss	Fair Value
Corporate debt:				
Brazil	16,985	69	129	16,925
Chile	16,086	-	144	15,942
Panama	20,026	-	254	19,772
	53,097	69	527	52,639
Government debt:				
Argentina	9,421	69	6	9,484
Brazil	112,370	3,315	61	115,624
Colombia	97,335	776	16	98,095
Chile	16,091	-	444	15,647
El Salvador	4,981	19	-	5,000
Mexico	48,350	1,516	161	49,705
	288,548	5,695	688	293,555
Total	341,645	5,764	1,215	346,194

At December 31, 2007 and 2006, securities available for sale with a carrying value of $323 million each year, were pledged to secure repurchase agreements.

The following table discloses those securities that have had unrealized losses for less than 12 months or for 12 months or longer:

(In thousand of US$)	December 31, 2007					
	Less than 12 months		12 months or longer		Total	
	Fair Value	Unrealized Gross Losses	Fair Value	Unrealized Gross Losses	Fair Value	Unrealized Gross Losses
Corporate debt	68,244	1,107	30,495	102	98,739	1,209
Government debt	113,093	706	15,962	28	129,055	734
	181,337	1,813	46,457	130	227,794	1,943

(In thousand of US$)	December 31, 2006					
	Less than 12 months		12 months or longer		Total	
	Fair Value	Unrealized Gross Losses	Fair Value	Unrealized Gross Losses	Fair Value	Unrealized Gross Losses
Corporate debt	19,772	254	30,791	273	50,563	527
Government debt	6,187	16	36,004	672	42,191	688
	25,959	270	66,795	945	92,754	1,215

Gross unrealized losses are related mainly to an overall increase in market interest rates and market credit spreads and not due to underlying credit concerns about the issuers. At December 31, 2007, the Bank believes that none of the securities in its investment portfolio are other-than-temporarily impaired.

During 2006 and 2005, the Bank collected Argentine impaired securities for $5.6 million and $10.7 million, respectively, which had been written-off and charged to earnings in prior years. These recoveries were recorded in earnings as recoveries on assets. During the year 2005, an impaired security with a net carrying value of $0.5 million was written-off and charged to earnings as a decrease to recoveries on assets.

The following table presents the realized gains and losses on securities available for sale:

(In thousand of US$)	Year ended December 31,		
	2007	2006	2005
Gains	9,550	2,568	253
Losses	(431)	-	(47)
Net	9,119	2,568	206

The amortized cost and fair value of securities available for sale distributed by contractual maturity at December 31, 2007, are shown in the following table:

(In thousand of US$)	Amortized Cost	Fair Value
Due within 1 year	19,998	19,953
After 1 year but within 5 years	153,382	153,628
After 5 years but within 10 years	289,974	294,779
	463,354	468,360

Securities held to maturity

The amortized cost, related unrealized gross gain (loss) and fair value of securities held to maturity are as follows:

(In thousand of US$)	December 31, 2006			
	Amortized Cost	Unrealized Gross Gain	Unrealized Gross Loss	Fair Value
Corporate debt:				
Switzerland	40,044	-	10	40,034
United States of America	60,048	-	27	60,021
	100,092	-	37	100,055
Government debt:				
Mexico	25,065	-	2	25,063
Total	125,157	-	39	125,118

At December 31, 2006, the contractual maturity of the securities held to maturity was within one year and none of the securities in this portfolio was considered other-than-temporarily impaired since such securities did not maintain significant gross unrealized losses for more then 12 months. At December 31, 2006, securities held to maturity with a carrying value of $125.2 million were pledged to secure repurchase agreements. All held to maturity investments matured during the first semester of 2007.

6. Loans

The following table set forth details of the Bank's loan portfolio:

(In thousand of US$)	December 31,	
	2007	2006
Corporate	1,886,580	1,417,777
Banks:		
Private	1,485,313	1,130,490
State-owned	241,322	273,090
Other	118,623	159,415
Total	3,731,838	2,980,772

The remaining loan maturities are summarized as follows:

(In thousand of US$)	December 31,	
	2007	**2006**
Maturities:		
Up to 1 month	667,612	297,920
From 1 month to 3 months	667,393	719,966
From 3 months to 6 months	572,597	649,147
From 6 months to 1 year	617,482	456,528
From 1 year to 2 years	399,655	375,954
From 2 years to 5 years	729,786	412,565
More than 5 years	77,313	68,692
	3,731,838	2,980,772

The following table provides a breakdown of loans by country risk:

(In thousand of US$)	December 31,	
	2007	**2006**
Country:		
Argentina	263,814	203,015
Bolivia	5,000	5,000
Brazil	1,379,394	1,316,650
Chile	10,000	175,147
Colombia	400,458	163,132
Costa Rica	76,506	85,028
Dominican Republic	28,770	8,805
Ecuador	60,529	42,926
El Salvador	46,563	82,250
Guatemala	95,902	88,573
Honduras	48,631	36,466
Jamaica	77,401	48,904
Mexico	410,164	167,808
Nicaragua	12,616	10,121
Panama	139,720	180,511
Peru	454,226	261,617
Trinidad and Tobago	87,565	103,513
Venezuela	134,579	1,306
	3,731,838	2,980,772

The fixed and floating interest rate distribution of the loan portfolio is as follows:

(In thousand of US$)	December 31,	
	2007	**2006**
Fixed interest rates	1,855,540	1,498,338
Floating interest rates	1,876,298	1,482,434
	3,731,838	2,980,772

At December 31, 2007 and 2006, 84% and 89%, respectively, of the loan portfolio at fixed interest rates has remaining maturities of less than 180 days.

The following is a summary of information on non-accruing loans, and interest amounts on non-accruing loans:

(In thousand of US$)	December 31,		
	2007	**2006**	**2005**
Loans on non-accrual status	-	-	28,822
Interest which would had been recorded if the loans had not been on a non-accrual status	-	-	7,004
Interest income collected on non-accruing loans	-	2,721	7,670
Foregone interest revenue	-	-	-

The following is a summary of information pertaining to impaired loans:

(In thousand of US$)	December 31,		
	2007	2006	2005
Impaired loans with specific allowance for credit losses	-	-	28,822
Specific allowance for impaired loans (under SFAS 114)	-	-	11,184
Average balance of impaired loans during the year	-	18,168	105,964
Interest income collected on impaired loans	-	2,721	7,670

At December 31, 2007 and 2006, the Bank has credit transactions in the normal course of business with 18% and 22%, respectively, of its Class "A" and "B" stockholders (see Note 13). All transactions are made based on arm's-length terms and subject to prevailing commercial criteria and market rates and are subject to all of the Bank's corporate governance and control procedures. At December 31, 2007 and 2006, approximately 22% and 27%, respectively, of the outstanding loan portfolio is placed with the Bank's Class "A" and "B" stockholders and their related parties. At December 31, 2007, the Bank was not directly or indirectly owned or controlled by another corporation or any foreign government, and no Class "A" or "B" shareholder was the registered owner of more than 3.5% of the total outstanding shares of the voting capital stock of the Bank.

During the year 2007, the Bank sold loans with a book value of $121.8 million, with a net gain of $271 thousand.

7. Allowance for credit losses

The allowance for credit losses is available to absorb estimated probable credit losses existing in the credit portfolio at the date of the consolidated balance sheets. During 2005, Bladex implemented a new methodology for estimating generic allowances for credit losses. The new methodology incorporates statistical data on Bladex's historical loss performance to calculate the expected loss and loss given default ratios, replacing the use of general probability of default information from rating agencies used in the former model. The Bank believes that this new methodology represents a change in determining an adequate level of allowance for credit losses. The effect of the change in methodology for periods ending before December 31, 2005 is included into the 2005 earnings and represented a net reversal of provisions for $2.7 million (reversal of $5.9 million in provision for loan losses and increase of $3.2 million in provision for off-balance sheet risk). The net effect of the change for the year ended December 31, 2005 was a decrease of $10 million in net income ($0.26 per share).

The Bank classifies the allowance for credit losses into two components:

a) Allowance for loan losses:

(In thousand of US$)	December 31,		
	2007	2006	2005
Balance at beginning of the year	51,266	39,448	106,352
Provision (reversal) for loan losses:			
Current year allocation	11,994	11,846	(48,180)
Effect of a change in the credit loss reserve methodology - 2005	-	-	(5,975)
	11,994	11,846	(54,155)
Cumulative effect on prior years (to December 31, 2004) of a change in the credit loss reserve methodology	-	-	(5,937)
Loan recoveries	6,434	3	2,612
Loans written-off against the allowance for loan losses	(51)	(31)	(9,424)
Balance at end of the year	69,643	51,266	39,448

Reversal of provision for credit losses are mostly related to reserves assigned and recovery of the Bank's Argentine non-accruing portfolio, which was collected during the last three years.

b) Reserve for losses on off-balance sheet credit risk:

(In thousand of US$)	December 31,		
	2007	2006	2005
Balance at beginning of the year	27,195	52,086	33,101
Provision (reversal) for losses on off-balance sheet credit risk:			
Current year allocation	(13,468)	(24,891)	(210)
Effect of a change in the credit loss reserve methodology - 2005	-	-	15,991
	(13,468)	(24,891)	15,781
Cumulative effect on prior years (to December 31, 2004) of a change in the credit loss reserve methodology	-	-	3,204
Balance at end of the year	13,727	27,195	52,086

The reserve for losses on off-balance sheet credit risk reflects the Bank's management estimate of probable losses on off-balance sheet credit risk items such as: confirmed letters of credit, stand-by letters of credit, guarantees and credit commitments (see Note 16).

8. Other Assets

At December 31, 2007 and 2006, other assets include an equity investment in a private investment fund for $2.4 million and $3.1 million, respectively. Its main objective is to generate capital gains in the long term through the purchase of shares and convertible debt, mainly from Mexican manufacturing corporations or foreign corporations looking for establishing or expanding its operations in Mexico. During 2007, the Bank invested $0.4 million in the fund, and received a total of $1.1 million of capital distribution that generated a net loss of $106 thousand. During 2006 the Bank invested $0.9 million.

At December 31, 2007 the Bank is committed to invest $1.5 million in this fund.

At December 31, 2007 and 2006, the Bank has not identified any events or changes in their financial condition that may have had a significant adverse effect on the carrying value of this investment. The Bank does not consider this investment to be other-than-temporary impaired.

At December 31, 2006, other assets also included an equity investment of $500 thousand in a company specialized in digital solutions. During the first semester of 2007, this investment was written off and charged to earnings as its impairment was considered other than temporary.

9. Deposits

The maturity profile of the Bank's deposits is as follows:

(In thousand of US$)	December 31,	
	2007	2006
Demand	111,496	132,130
Up to 1 month	1,060,706	578,220
From 1 month to 3 months	206,889	317,153
From 3 months to 6 months	73,280	28,774
From 6 months to 1 year	10,000	-
	1,462,371	1,056,277

The following table presents additional information about deposits:

(In thousand of US$)	December 31,	
	2007	2006
Aggregate amounts of time deposits of $100,000 or more	1,350,875	924,147
Aggregate amounts of deposits in offices outside Panama	290,501	422,359
Interest expense paid to deposits in offices outside Panama	22,636	19,963

10. Short-term borrowings

The breakdown of short-term borrowings due to banks and other creditors is as follows:

(In thousand of US$)	December 31,	
	2007	**2006**
At fixed interest rates:		
Advances from corporations	25,000	-
Advances from banks	1,181,500	1,147,248
Discounted acceptances	-	10,000
	1,206,500	1,157,248
At floating interest rates:		
Advances from banks	15,000	-
Total short-term borrowings	1,221,500	1,157,248
Average outstanding balance during the year	1,272,986	497,830
Maximum balance at any month-end	1,221,500	1,208,348
Weighted average interest rate at end of the year	5.31%	5.56%
Weighted average interest rate during the year	5.48%	5.50%

11. Borrowings and long-term debt

Borrowings consist of long-term and syndicated loans obtained from international banks. Debt instruments consist of Euro-Notes and other issuances in Latin America. The breakdown of borrowings and long-term debt (original maturity of more than one year) is as follows:

(In thousand of US$)	December 31,	
	2007	**2006**
Borrowings:		
At fixed interest rates with due dates from June 2008 to July 2011	235,578	105,180
At floating interest rates with due dates from January 2008 to March 2012	708,690	428,680
Total borrowings	944,268	533,860
Debt:		
At fixed interest rates with due dates in November 2014	41,048	-
At floating interest rates with due dates from January 2008 until October 2010	25,000	25,000
Total debt	66,048	25,000
Total borrowings and long-term debt outstanding	1,010,316	558,860
Average outstanding balance during the year	808,890	497,830
Maximum outstanding balance at any month-end	1,059,224	558,860
Weighted average interest rate at the end of the year	5.75%	5.82%
Weighted average interest rate during the year	5.94%	5.50%

The Bank's funding activities include a Euro-Note program, which may be used to issue notes for up to $2.3 billion, with maturities from 90 days up to a maximum of 30 years, at fixed or floating interest rates, or at discount, and in various currencies.

During 2007 the Bank issued long-term debt for a total of 123 million Peruvian Soles with maturity in November 2014. This issuance is hedged with cross-currency swaps at fixed interest rate.

The notes are generally sold in bearer or registered form through one or more authorized financial institutions.

Some borrowing agreements include various events of default and covenants related to minimum capital adequacy ratios, incurrence of additional liens, and asset sales, as well as other customary covenants, representations and warranties. At December 31, 2007, the Bank was in compliance with all covenants.

The future maturities of long-term debt and borrowings outstanding at December 31, 2007, are as follows:

(In thousand of US$)

Due in:	Outstanding
2008	357,300
2009	138,000
2010	214,393
2011	109,575
2012	150,000
2013	-
2014	41,048
	1,010,316

12. Other liabilities

Redeemed Preferred Stock:

On May 15, 2006, the Bank redeemed all non-voting preferred shares outstanding. In case of a liquidation of the Bank, the preferred stockholders were entitled to receive a liquidation preference of $10 per share, plus accrued and unpaid dividends. The Bank redeemed preferred stock at its par value by 20% of the aggregate par value of the preferred stock outstanding as of March 15, 2002, and on March 15 of each of the subsequent years up to 2006. At December 31, 2007 and 2006, the Bank had $1.3 million and $1.9 million, respectively, representing 126,448 and 193,623 preferred shares, respectively, redeemed but not claimed by preferred shareholders, which are recorded in other liabilities. Preferred stockholders had the right to receive an interest equivalent to the same percentage as the common stockholders (excluding from the calculation any common stock issued as stock dividend).

13. Common stock

The Bank's common stock is divided into three categories:

1) Class "A"; shares may only be issued to Latin American Central Banks or banks in which the state or other government agency is the majority shareholder.
2) Class "B"; shares may only be issued to banks or financial institutions.
3) Class "E"; shares may be issued to any person whether a natural person or a legal entity.

The holders of Class "B" shares have the right to convert or exchange their Class "B" shares, at any time, and without restriction, for Class "E" shares, at a rate of one to one. On August 3, 2004, the Board of Directors authorized a three-year stock repurchase program under which Bladex may, from time to time, repurchase up to an aggregate of $50 million of its Class "E" shares of common stock, in the open market at the prevailing market price. In July 2006, this stock repurchase program was completed at an average price of $16.43 per share.

The following table provides detailed information on the Bank's common stock activity per class for each of the years in the three-year period ended December 31, 2007:

(Share units)	Class "A"	Class "B"	Class "E"	Total
Authorized	40,000,000	40,000,000	100,000,000	180,000,000
Outstanding at December 31, 2004	6,342,189	3,271,269	29,283,621	38,897,079
Conversions	-	(56,925)	56,925	-
Restricted stock issued	-	-	5,320	5,320
Repurchased stock	-	-	(805,900)	(805,900)
Exercised stock options - compensation plan	-	-	276	276
Outstanding at December 31, 2005	6,342,189	3,214,344	28,540,242	38,096,775
Conversions	-	(488,954)	488,954	-
Restricted stock issued	-	-	5,967	5,967
Repurchased stock	-	-	(1,774,818)	(1,774,818)
Exercised stock options - compensation plan	-	-	1,150	1,150
Outstanding at December 31, 2006	6,342,189	2,725,390	27,261,495	36,329,074
Conversions	-	(64,540)	64,540	-
Accumulated difference in fraccional shares in conversion of common stocks	-	(3)	-	(3)
Restricted stock issued	-	-	22,240	22,240
Exercised stock options - compensation plan	-	-	18,838	18,838
Outstanding at December 31, 2007	6,342,189	2,660,847	27,367,113	36,370,149

The following table presents information regarding shares repurchased but not retired by the Bank and accordingly classified as treasury stock:

(In thousand, except for share data)	Class "A"		Class "B"		Class "E"		Total	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
Outstanding at December 31, 2004	**318,140**	**10,708**	**568,010**	**15,655**	**2,196,616**	**66,264**	**3,082,766**	**92,627**
Repurchased during 2005	-	-	-	-	805,900	13,815	805,900	13,815
Restricted stock issued	-	-	-	-	(5,320)	(152)	(5,320)	(152)
Exercised stock options – compensation plan	-	-	-	-	(276)	(8)	(276)	(8)
Outstanding at December 31, 2005	**318,140**	**10,708**	**568,010**	**15,655**	**2,996,920**	**79,919**	**3,883,070**	**106,282**
Repurchased during 2006	-	-	-	-	1,774,818	28,657	1,774,818	28,657
Restricted stock issued	-	-	-	-	(5,967)	(144)	(5,967)	(144)
Exercised stock options – compensation plan	-	-	-	-	(1,150)	(27)	(1,150)	(27)
Outstanding at December 31, 2006	**318,140**	**10,708**	**568,010**	**15,655**	**4,764,621**	**108,405**	**5,650,771**	**134,768**
Restricted stock issued	-	-	-	-	(22,240)	(531)	(22,240)	(531)
Exercised stock options – compensation plan	-	-	-	-	(18,838)	(449)	(18,838)	(449)
Outstanding at December 31, 2007	**318,140**	**10,708**	**568,010**	**15,655**	**4,723,543**	**107,425**	**5,609,693**	**133,788**

14. Cash and stock-based compensation plans

The Bank established equity compensation plans under which it administers restricted stock and stock option plans to attract, retain and motivate Directors, and key employees and compensate them for their contributions to the growth and profitability of the Bank.

During 2005 the Bank adopted SFAS No. 123(R) "Share-Based Payment". As a result of the early adoption of this rule, compensation cost of $555 thousand was recorded in 2005. The adjustment of $150 thousand to retroactively apply the new method was charged to income of 2005.

Restricted Stock – Directors

During 2003, the Board of Directors approved a restricted stock award plan for Directors of the Bank that was amended during 2007. These Class "E" stocks may be sourced from treasury stock, or authorized unissued shares. Until 2006, the plan allowed Directors to receive Class "E" shares for each Director on an annual basis worth $10 thousand, and to the Chairman of the Board worth $15 thousand. Following the amendment of this award plan, starting in 2007, annually the Board may grant Class "E" shares for each Director worth $50 thousand, and to the Chairman of the Board worth $75 thousand, all based on Bladex's closing price in the New York Stock Exchange ("NYSE") at the trading date of the grant. The restricted stocks have a cliff vesting period of five years after the grant date. During 2007, 2006, and 2005, the Bank issued under this plan 22,240, 5,967, and 5,320 Class "E" common shares, respectively. Costs of restricted stock issued under this plan for $475 thousand in 2007, and $95 thousand in 2006 and 2005, are amortized during the cliff vesting period. Related costs charged against income totaled $118 thousand, $65 thousand and $46 thousand in 2007, 2006 and 2005, respectively. At December 31, 2007 remaining compensation cost for $587 thousand will be amortized over 3.06 years.

Stock Option Plan 2006 – Directors and Key Employees

On December 12, 2006, the Bank's Board of Directors adopted the 2006 Stock Option Plan. The maximum aggregate number of shares which may be issued under the 2006 Stock Option Plan is two million Class "E" common shares. However, if there are any modifications to the number of shares representing the outstanding common stock of the Bank, as a result of a stock dividend, combination of stock or change in the corporate structure, the number of shares that may be issued under the 2006 Stock Option Plan will be revised. Under the 2006 Stock Option Plan, the Bank's Board of Directors, with the recommendation and advice of the Nomination and Compensation Committee, may authorize the grant of options to any one or more key employees or directors of the Bank, as well as determine or impose conditions upon the grant or exercise of Options under the Plan. The Options expire seven years after the grant date and, except otherwise provided in the award agreement, shall be exercisable beginning on the fourth anniversary of the date of grant.

During 2007, the Board of Directors granted $95 thousand in stock options to members of the Board of Directors and $890 thousand in stock options to key employees of the Bank. At December 31, 2007, related cost charged against income was $302 thousand. Remaining compensation cost for $709 thousand will be amortized over 3.12 years. The fair value of each option granted is estimated at the grant date using the Black-Scholes option-pricing model, based on the following factors:

	December 31, 2007
Weighted average fair value option	$ 4.72
Weighted average expected terms, in years	5.50
Expected volatility	36%
Risk-free rate	4.81%
Expected dividend	3.54%

A summary of the status of the share options granted to Directors and key employees is presented below:

	2007	
	Options	Weighted Average Option Price Exercisable
Outstanding, beginning of year	-	-
Granted	208,765	$16.34
Forfeited	-	-
Outstanding, end of year	208,765	$16.34

Indexed Stock Option Plan

During 2003, the Board of Directors approved an indexed stock option plan for Directors and key employees of the Bank, which was subsequently terminated in April 2006. On an annual basis, the plan allowed Directors to receive options to purchase Class "E" shares from treasury shares already held, for an equivalent amount of $10 thousand, and for the Chairman of the Board, an equivalent amount of $15 thousand. The number of options granted for key employees was determined by the Board of Directors based on the target of each eligible position and the value of the option at grant date. The indexed stock options expire in seven years with a cliff-vesting period of four years. The exercise price is adjusted based on the change in a customized Latin America general market index. As of December 31, 2007, the Bank had an unrecognized compensation cost of $689 thousand related to non-vested options granted under the indexed stock option plan, which will be recognized over a period of 1.70 years. Related costs charged against income amounted to $828 thousand in 2007, $635 thousand in 2006, and $385 thousand in 2005. The fair value of each option granted is estimated at the grant date using the Black-Scholes option-pricing model, based on the following factors:

	2007	2006	2005
Weighted average fair value option	$ 6.02	$ 4.5	$ 5.3
Weighted average expected term, in years	4.11	6.1	6.2
Expected volatility	51.4%	51.4%	51.4%
Risk-free rate	3%	3%	3%
Expected dividend	6.7%	6.7%	6.7%

A summary of the status of the share options granted under the indexed stock option plans is presented below:

	2007		2006		2005	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding, beginning of year	523,723	$14.53	307,013	$12.42	184,836	$ 18.53
Granted	-	$ -	216,710	$16.00	152,084	$17.30
Forfeited	-	$ -	-	$ -	(29,907)	$ 17.30
Exercised	(18,838)	$ 8.50	-	$ -	-	$ -
Outstanding, end of year	504,885	$14.47	523,723	$13.90	307,013	$ 17.30
Weighted average fair value of options granted during the year		$ -		$ 4.48		$ 5.18

Range of Exercise Price	December 31, 2007 Number Outstanding	 Weighted Average Exercise Prices	 Weighted Average Contractual Life Remaining (in years)
$10.00 - 20.00	504,885	$14.47	4.11

Stock Option Plan - Discontinued

During 2000, the Board of Directors approved a stock option plan for Directors and employees of the Bank. The exercise price of each option must equal 100% of the market value of the stock at the grant date and becomes 100% exercisable one year after the grant date and expires on the fifth year after the grant date. In addition, during 1995 and 1999, the Board of Directors approved two stock option plans for employees. Under these stock option plans, stock options were granted at a purchase price equal to the average market value of the common stock at the grant date. One third of the options may be exercised on each successive year after the grant date and expire on the tenth anniversary after the grant date. On July 19, 2003, the Board of Directors approved discontinuing these plans therefore, no additional stock options have been granted.

A summary of the status of the stock options granted to Directors and employees is presented below:

	2007		2006		2005	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding, beginning of year	49,613	$34.84	56,093	$34.34	102,012	$36.12
Forfeited	(2,850)	$30.95	(4,200)	$34.47	(37,483)	$35.35
Expired	(8,600)	$51.19	(2,280)	$32.88	(8,436)	$37.88
Outstanding, end of year	38,163	$31.46	49,613	$34.84	56,093	$34.34
Exercisable at year end	38,163	$31.46	49,613	$34.84	56,093	$34.34

	December 31, 2007 Outstanding Options			Exercisable Options	
Range of Exercise Prices	Number Outstanding	Weighted Exercise Average Price	Weighted Average Contractual Life Remaining	Number Outstanding	Weighted Average Exercise Price
$20.00 - 30.00	14,143	$23.12	2 years	14,143	$23.12
$30.01 - 40.00	15,370	$32.88	4 years	15,370	$32.88
$40.01 – 50.00	8,650	$42.56	1 year	8,650	$42.56
Total	38,163	$31.46		38,163	$31.46

Other employee plans

Expatriate Officer Plan:
The Bank sponsors a defined contribution plan for its expatriate top executives. The Bank's contributions are determined as a percentage of the eligible officers' annual salaries, with each officer contributing an additional amount withheld from his salary. Contributions from officers were deposited in a saving account with the Bank at market interest rates until March 2007, when the Bank transferred the balance of contributions from both, the Bank and the officers, to a trust that is managed by a fund manager. Officers are entitled to the contributions from the Bank once they have worked with the Bank for at least three years. During the years 2007, 2006 and 2005, the Bank charged to salaries expense, $175 thousand, $261 thousand and $165 thousand, respectively. As of December 31, 2007, 2006 and 2005, the accumulated liability payable amounted to $382 thousand, $745 thousand and $484 thousand, respectively.

Deferred Equity Unit Plan (the "DEU Plan"):
In 1999, the Board of Directors approved the adoption of the DEU Plan, which was subsequently terminated in July 2003. This plan expired in February 2006 and employees exercised their rights in cash or shares.

Deferred Compensation Plan (the "DC Plan"):

In 1999, the Board of Directors approved the adoption of the DC Plan, which was subsequently terminated in July 2003. The DC Plan has two separate features. Under the first component, the Bank could grant to each eligible employee a number of DEU equal to an amount equivalent to a percentage, not to exceed 3%, of the employee's compensation, divided by the market value of a Class "E" share. Eligible employees would vest the DEU after three years of service. Distributions were made in respect of DEU on the later of (i) the date the vested DEU were credited to an employee's account and (ii) ten years after the employee was first credited with DEU under the DC Plan. Participating employees receive dividends, with respect to their unvested deferred equity units. The second component allowed employees who are not citizens or residents of the United States of America to defer a percentage of their compensation, and receive discretionary matching cash contribution. In no event could the value of (i) the discretionary matching cash contribution made on behalf of an employee and (ii) the grant of deferred equity units made to such employees exceed 6% of the employee's annual base compensation. A summary of the status of the DC Plan is presented bellow:

	2007	2006	2005
Outstanding, beginning of year	23,779	27,953	28,351
Exercised	(1,597)	(4,174)	(398)
Outstanding, end of year	22,182	23,779	27,953

As of December 31, 2007, 2006, and 2005, expenses recorded were $20 thousand, $48 thousand, and $67 thousand, respectively.

15. Earnings Per Share

The following is a reconciliation of the income and share data used in the basic and diluted earnings per share ("EPS") computations for the dates indicated:

(In thousand of US$, except per share amounts)	Year ended December 31,		
	2007	2006	2005
Income before cumulative effect of changes in accounting principles:	72,177	57,902	77,518
Cumulative effect on prior years (to December 31, 2004) of a change in the credit loss reserve methodology	-	-	2,733
Cumulative effect on prior year (to December 31, 2004) of an early adoption of the fair-value-based method of accounting stock-based employee compensation	-	-	(150)
Net income available to common stockholders for both, basic and diluted EPS	72,177	57,902	80,101
Weighted average common shares outstanding applicable to basic EPS	36,349	37,065	38,550
Basic earnings per share:			
Income before cumulative effect of changes in accounting principles	1.99	1.56	2.01
Cumulative effect on prior years of accounting changes	0.00	0.00	0.07
Net income per share	1.99	1.56	2.08
Weighted average common shares outstanding applicable to diluted EPS	36,349	37,065	38,550
Effect of dilutive securities (1):			
Indexed stock option plans	65	507	310
Adjusted weighted average common shares outstanding applicable to diluted EPS	36,414	37,572	38,860
Diluted earnings per share:			
Income before cumulative effect of changes in accounting principles	1.98	1.54	1.99
Cumulative effect on prior years of accounting changes	0.00	0.00	0.07
Net income per share	1.98	1.54	2.06
Basic earning per share	1.99	1.56	2.01
Diluted earning per share	1.98	1.54	1.99

(1) At December 31, 2007, 2006, 2005, weighted average options for 38,467, 53,177 and 98,806, respectively, were excluded from the computation of diluted earning per share because the option's exercise price was greater than the average quoted market price of the Bank's common stock.

16. Financial instruments with off-balance sheet credit risk

In the normal course of business, to meet the financing needs of its customers, the Bank is party to financial instruments with off-balance sheet credit risk. These financial instruments involve, to varying degrees, elements of credit and market risk in excess of the amount recognized in the consolidated balance sheets. Credit risk represents the possibility of loss resulting from the failure of a customer to perform in accordance with the terms of a contract.

The Bank's outstanding financial instruments with off-balance sheet credit risk were as follows:

(In thousand of US$)	December 31,	
	2007	2006
Confirmed letters of credit	97,211	109,102
Stand-by letters of credit and guarantees:		
Country risk	113,924	123,924
Commercial risk	197,528	168,295
Other	-	20,000
Credit derivatives	3,000	-
	314,452	312,219
Credit commitments	129,378	200,191
Reimbursement undertaking	-	2,687
	541,041	624,199

As of December 31, 2007, the maturity profile of the Bank's outstanding financial instruments with off-balance sheet credit risk is as follows:

(In thousand of US$)	
Maturities	**Amount**
Within 1 year	427,146
From 1 to 2 years	70,502
From 2 to 5 years	41,807
After 5 years	1,586
	541,041

As of December 31, 2007 and 2006 the breakdown of the Bank's off-balance sheet exposure by country risk is as follows:

(In thousand of US$)	2007	2006
Country:		
Argentina	4,057	1,055
Brazil	220,281	213,956
Chile	590	461
Colombia	4,225	67,830
Costa Rica	71,871	11,553
Dominican Republic	60,601	112,234
Ecuador	81,379	80,570
El Salvador	1,675	1,175
Guatemala	6,293	5,980
Honduras	400	-
Jamaica	15,615	-
Mexico	11,750	37,526
Panama	10,565	40,152
Peru	10	18,743
Trinidad and Tobago	5,000	-
United States	18,616	-
Venezuela	27,963	32,782
Other	150	182
	541,041	624,199

Letters of credit and guarantees

The Bank, on behalf of its client base, advises and confirms letters of credit to facilitate foreign trade transactions. When confirming letters of credit, the Bank adds its own unqualified assurance that the issuing bank will pay and that if the issuing bank does not honor drafts drawn on the credit, the Bank will. The Bank provides stand-by letters of credit and guarantees, including country risk guarantees, which are issued on behalf of institutional customers in connection with financing between its customers and third parties. The Bank applies the same credit policies used in its lending process, and once issued the commitment is irrevocable and remains valid until its expiration. Credit risk arises from the Bank's obligation to make payment in the event of a customer's contractual default to a third party. Risks associated with stand-by letters of credit and guarantees are included in the evaluation of the Bank's overall credit risk. The Bank issues stand-by letters and guarantees to provide coverage for country risk arising from the risk of convertibility and transferability of local currency of countries in the Region into hard currency, and to provide coverage for country risk arising from political risks, such as expropriation, nationalization, war and/or civil disturbances.

Credit commitments

Commitments to extend credit are a combination of either non-binding or legal agreements to lend to a customer. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee to the Bank. As some commitments expire without being drawn down, the total commitment amounts do not necessarily represent future cash requirements.

17. Leasehold and other commitments

Leasehold commitments

At December 31, 2007, a summary of leasehold commitment is as follows:

(In thousand of US$) Year	Future Rental Commitments
2008	654
2009	660
2010	667
2011	618
2012	417
Thereafter	1,122
	4,138

Occupancy expense for years ended December 31, 2007, 2006 and 2005, amounted to $593 thousand, $637 thousand, and $447 thousand, respectively.

Other commitments

Purchase Agreements

The Bank has signed service agreements with certain vendors that provide services that are necessary for the ongoing operations of its business and mainly related to the maintenance of a new technology platform and telecommunications services. The terms of these agreements are up to 8 years and some of them can be renegotiated for annual or semiannual price adjustments, after the fifth year.

Under the terms of these agreements, the Bank has committed to contractually specified minimums payments over the contractual periods as follows:

The contractual minimum payments are:

(In thousand of US$) Due in:	Amount
2008	577
2009	530
2010	519
2011	311
2012	323
Thereafter	336
	2,596

To the extent that the Bank does not fulfill the contractual minimum amount of services, the Bank must pay the shortfall to the vendors. The Bank believes that it will meet the contractual minimums payments through the normal course of business.

18. Derivative financial instruments

At December 31, 2007 and 2006, quantitative information on derivative financial instruments held for hedging purposes is as follows:

(In thousand of US$)	2007			2006		
	Nominal	Fair Value		Nominal	Fair Value	
	Amount	Asset	Liability	Amount	Asset	Liability
Fair value hedges:						
Interest rate swaps	372,996	122	13,408	249,338	541	2,196
Forward foreign exchange	-	-	-	13,146	-	201
Cross-currency interest rate swaps	45,455	-	1,479	3,600	-	164
Cash flow hedges:						
Interest rate swaps	20,000	-	1,129	-	-	-
Forward foreign exchange	26,282	-	883	5,022	-	73
Total	464,733	122	16,899	271,106	541	2,634
Net loss on the ineffective portion of hedging activities		(989)			(225)	

For control purposes, derivative instruments are recorded at their nominal amount ("notional amount") in memorandum accounts. Interest rate swaps are made either in a single currency or cross currency for a prescribed period to exchange a series of interest rate flows, which involve fixed for floating interest payments. The Bank also engages in some foreign exchange trades to serve customers' transaction needs and to manage the foreign currency risk. All such positions are hedged with an offsetting contract for the same currency. The Bank manages and controls the risks on these foreign exchange trades by establishing counter party credit limits by customer and by adopting policies that do not allow for open positions in the credit and investment portfolio. Derivative and foreign exchange instruments negotiated by the Bank are executed mainly over-the-counter (OTC). These contracts are executed between two counter parties that negotiate specific agreement terms, including notional amount, exercise price and maturity. During 2005, the Bank settled, prior to maturity, certain hedge relationships accounted for as fair value hedges and recorded $2.1 million in other income under derivative and hedging activities. These interest rate swaps were considered highly effective at reducing the interest rate risk associated with available for sale securities.

The Bank estimates that approximately $127 thousand of gains reported in other comprehensive income (loss) at December 31, 2007, related to forward foreign exchange contracts were expected to be reclassified into interest expense as an adjustment to yield adjustment of hedged liabilities during the twelve-month period ending December 31, 2008.

The Bank estimates that approximately $183 thousand of losses reported in other comprehensive income (loss) at December 31, 2007 related to forward foreign exchange contracts were expected to be reclassified into interest income as an adjustment to yield of hedged loans during the twelve-month period ending December 31, 2008.

Types of Derivative and Foreign Exchange Instruments

Interest rate swaps are contracts in which a series of interest rate flows in a single currency are exchanged over a prescribed period. The Bank has designated a portion of these derivative instruments as fair value hedges. Cross currency swaps are contracts that generally involve the exchange of both interest and principal amounts in two different currencies. The Bank has designated a portion of these derivative instruments as fair value hedges. Forward foreign exchange contracts represent an agreement to purchase or sell foreign currency on a future date at agreed upon term. The Bank has designated a portion of these derivative instruments as fair value and cash flow hedges.

19. Accumulated other comprehensive income (loss)

As of December 31, 2007, 2006 and 2005 the breakdown of accumulated other comprehensive income (loss) related to investment securities available for sale and derivatives is as follows:

(In thousand of US$)	Investment Securities	Derivative Financial Instruments	Total
Balance as of December 31, 2004	6,082	-	6,082
Net unrealized losses arising from the year	(5,257)	-	(5,257)
Reclassification adjustment for gains included in net income (1)	(206)	-	(206)
Balance as of December 31, 2005	619	-	619
Net unrealized gains (losses) arising from the year	5,349	(72)	5,277
Reclassification adjustment for gains included in net income (1)	(2,568)	-	(2,568)
Balance as of December 31, 2006	3,400	(72)	3,328
Net unrealized gains (losses) arising from the year	(1,912)	(2,081)	(3,993)
Reclassification adjustment for gains included in net income (1)	(9,119)	143	(8,976)
Balance as of December 31, 2007	(7,631)	(2,010)	(9,641)

(1) Reclassification adjustments include amounts recognized in net income during the current year that had been part of other comprehensive income in this and previous years.

20. Fair value of financial instruments

Bank's management uses its best judgment in estimating the fair value of the Bank's financial instruments; however, there are limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates herein are not necessarily an indicative of the amounts the Bank could have realized in a sale transaction on the dates indicated. The estimated fair value amounts have been measured as of their respective year-ends, and have not been re-expressed or updated subsequent to the dates of these consolidated financial statements. As such, the estimated fair values of these financial instruments subsequent to the respective reporting dates may be different than the amounts reported at each year-end.

The following information should not be interpreted as an estimate of the fair value of the Bank. Fair value calculations are only provided for a limited portion of the Bank's assets and liabilities. Due to a wide range of valuation techniques and the degree of subjectivity used in making the estimates, comparison of fair value information of the Bank and other companies may not be meaningful for comparative analysis. The following methods and assumptions were used by management in estimating the fair values of each type of financial instruments:

Financial instruments with carrying value equal to fair value

The carrying value of certain financial assets, including cash and due from banks, interest-bearing deposits in banks, accrued interest receivable, customers' liabilities under acceptances and certain financial liabilities including, customer's demand and time deposits, short-term borrowings and securities sold under repurchase agreement, accrued interest payable, and acceptances outstanding, as a result of their short-term nature, are considered to be equal to fair value.

Trading assets, trading liabilities and investment securities

The fair value of investment securities has been based upon current market quotations, where available. If quoted market prices are not available, fair value has been estimated based upon quoted price of similar instruments, or where these are not available, on discounted expected cash flows using market rates commensurate with the credit quality and maturity of the security.

Loans

The fair value of the performing loan portfolio has been determined principally based upon a discounted analysis of anticipated cash flows adjusted for expected credit losses. The loans have been grouped to the extent possible, into homogeneous pools, segregated by maturity and the weighted average maturity of the loans within each pool. Depending upon the type of loan involved, maturity assumptions have been based on either contractual or expected maturity. Credit risk has been factored into the present value analysis of cash flows associated with each loan type, by allocating allowances for loan losses. The allocated portion of the allowance, adjusted by a present value factor based upon the timing of expected losses, has been deducted from the gross cash flows prior to calculating the present value. The fair value of the non-performing loans has been determined net of the related allowance for loan losses.

Borrowings and long-term debt

The fair value of long-term debt and borrowings is estimated using discounted cash flow analysis based on the current incremental borrowing rates for similar types of borrowing arrangements.

Derivative financial instruments

All derivative instruments are recognized in the consolidated balance sheet at fair value. Fair value is based on dealer quotes, pricing models, discounted cash flow analysis or quoted prices for instruments with similar characteristics.

The following table provides information on the carrying value and fair value of the Bank's financial instruments:

(In thousand of US$)	December 31,			
	2007		2006	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets:				
Instruments with carrying value equal to fair value	593,856	593,856	433,409	433,409
Trading assets	52,597	52,597	130,076	130,076
Securities available for sale	468,360	468,360	346,194	346,194
Securities held to maturity	-	-	125,157	125,118
Loans, net of allowance	3,656,234	3,674,978	2,925,081	2,940,941
Derivative financial instruments - assets	122	122	541	541
Financial liabilities:				
Instruments with carrying value equal to fair value	3,015,383	3,015,383	2,726,307	2,726,307
Borrowings and long-term debt	1,010,316	1,023,413	558,860	563,183
Trading liabilities	90,765	90,765	54,832	54,832
Derivative financial instruments - liabilities	16,899	16,899	2,634	2,634

21. Litigation

Bladex is not engaged in any litigation that is material to the Bank's business or, to the best of the knowledge of the Bank's management, that is likely to have an adverse effect on its business, financial condition or results of operations.

22. Business segment information

The Bank's activities are operated and managed by three segments, Commercial, Treasury and Asset Management. The segment information reflects this operational and management structure, in a manner consistent with the requirements outlined in SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information". The segment results are determined based on the Bank's management accounting process, which assigns consolidated balance sheets, revenue and expense items to each reportable division on a systematic basis.

In 2007 the Bank segregated the Asset Management activities from the Treasury Segment. Business segment information reported in the financial statements for the years ended December 31, 2006 and 2005 has been restated to segregate the new Asset Management Segment.

Commercial incorporates all of the Bank's financial intermediation and fee generation activities. Operating income from the Commercial Segment includes net interest income from loans, fee income and allocated operating expenses.

Treasury incorporates deposits in banks and all of the Bank's securities available for sale and held to maturity. Operating income from the Treasury Segment includes net interest income from deposits and securities available for sale and held to maturity, derivative and hedging activities, gain and losses on sale of securities available for sale, gain and losses on foreign exchange, and allocated operating expenses.

Asset Management incorporates all of the Fund's deposits and trading assets. Operating income from the Asset Management Segment includes net interest income from deposits with brokers, trading assets, derivative instruments for trading, gains and losses on trading, and allocated operating expenses.

The following table provides certain information regarding the Bank's continuing operations by segment:

Business Segment Analysis [1]

(In millions of US$)	**2007**	**2006**	**2005**
COMMERCIAL			
Interest income	221.6	165.8	101.7
Interest expense	(157.5)	(114.9)	(62.3)
Net interest income	64.1	50.9	39.4
Net other income [2]	5.3	6.4	5.8
Operating expenses	(27.2)	(23.7)	(21.7)
Net operating income [3]	**42.3**	**33.6**	**23.5**
Reversals for loans and off-balance sheet credit losses	1.5	13.0	38.4
Impairment on assets	(0.5)	0.0	0.0
Net income, before cumulative effect of accounting change	43.2	46.6	61.9
Cumulative effect on prior years (to December 31, 2004) of a change in the credit loss reserve methodology	0.0	0.0	2.7
Cumulative effect on prior years (to December 31, 2004) of an early adoption of the fair value-based method of accounting stock-based employee compensation plan	0.0	0.0	(0.2)
Net income	**43.2**	**46.6**	**64.5**
Commercial Assets and Contingencies (end of period balances):			
Interest-earning assets [4]	3,725.9	2,976.3	2,604.4
Other assets and contingencies [5]	549.5	653.7	796.9
Total Interest-Earning Assets, Other Assets and Contingencies	**4,275.4**	**3,630.0**	**3,401.4**
TREASURY			
Interest income	33.7	28.8	15.1
Interest expense	(27.5)	(21.9)	(9.2)
Net interest income	6.2	6.9	5.9
Net other income [2]	8.5	2.1	2.5
Operating expenses	(4.3)	(3.5)	(2.7)
Net operating income [3]	**10.3**	**5.5**	**5.8**
Recoveries on assets	0.0	5.6	10.2
Net income	**10.3**	**11.1**	**16.0**
Treasury assets and contingencies (end of period of balances):			
Interest-earning assets [6]	819.6	775.2	438.5
Total Interest-earning assets, other assets and contingencies	**819.6**	**775.2**	**438.5**
ASSET MANAGEMENT			
Interest income	9.6	8.7	0.0
Interest expense	(9.4)	(7.7)	(0.0)
Net interest income	0.2	1.0	0.0
Net other income [2]	23.9	0.9	0.0
Operating expenses	(5.5)	(1.9)	(0.3)
Net operating income [3]	18.6	0.0	(0.3)
Net income	18.6	0.0	(0.3)
Fund's Assets and Contingencies (end of period of balances):			
Interest-earning assets [6]	178.9	158.4	0.0
Total interest-earning assets, other assets and contingencies	**178.9**	**158.4**	**0.0**

(In millions of US$)	2007	2006	2005
TOTAL			
Interest income	264.9	203.3	116.8
Interest expense	(194.3)	(144.5)	(71.5)
Net interest income	70.6	58.8	45.3
Net other income (2)	37.7	9.4	8.4
Operating expenses	(37.0)	(28.9)	(24.7)
Net operating income (3)	71.2	39.3	28.9
Reversals for loans and off-balance sheet credit losses	1.5	13.0	38.4
Recoveries (impairment) on assets	(0.5)	5.6	10.2
Net income, before cumulative effect of accounting change	72.2	57.9	77.5
Cumulative effect on prior years (to December 31, 2004) of a change in the credit loss reserve methodology	0.0	0.0	2.7
Cumulative effect on prior years (to December 31, 2004) of an early adoption of the fair value-based method of accounting stock-based employee compensation plan	0.0	0.0	(0.2)
Net income	**72.2**	**57.9**	**80.1**
Total Assets and Contingencies (end of period balances):			
Interest-earning assets (4 & 6)	4,724.4	3,909.9	3,042.9
Other assets and contingencies (5)	552.5	653.7	796.9
Total Interest-Earning Assets, Other Assets and Contingencies	**5,276.9**	**4,563.6**	**3,839.8**

(1) The numbers set out in these tables have been rounded and accordingly may not total exactly.
(2) Net other income excludes reversals (provisions) for loans and off-balance sheet credit losses, and recoveries on assets.
(3) Net operating income refers to net income excluding reversals (provisions) for loans and off-balance sheet credit losses, recoveries on assets, and cumulative effect on prior years of changes in accounting principles.
(4) Includes loans, net of unearned income and deferred loan fees.
(5) Includes customers' liabilities under acceptances, letters of credit and guarantees covering commercial and country risk, and credit commitments and equity investments recorded as other assets.
(6) Includes cash and due from banks, interest-bearing deposits in banks, securities available for sale and held to maturity and trading securities.

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