Consolidated Financial Statements

ENGLISH

Independent Auditors' Report

TO THE BOARD OF DIRECTORS AND STOCKHOLDERS
BANCO LATINOAMERICANO DE EXPORTACIONES, S. A.

KPMG

We have audited the accompanying consolidated balance sheets of Banco Latinoamericano de Exportaciones, S. A. and subsidiaries at December 31, 2002 and 2001, and the related consolidated statements of operations, changes in common stockholders' equity, other comprehensive income (loss), and cash flows for each of the years in the three-year period ended December 31, 2002. These consolidated financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in the United States of America. 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 principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Banco Latinoamericano de Exportaciones, S. A. and subsidiaries at December 31, 2002 and 2001, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2002, in conformity with generally accepted accounting principles in the United States of America.

As further disclosed in Note 3, the Bank has significant outstanding credit exposure with Argentine debtors totaling approximately US$774 million at December 31, 2002. In addition, the Bank has Argentine exposure for US$132 million in securities purchased under agreements to resell, which are secured with U.S. Treasury securities. Considering the prolonged deterioration in Argentina's economic and political environment, and the great uncertainty as to how or when the crisis created by these situations will be resolved, repayment problems with the Bank's Argentine loans and securities could have a material adverse effect on the Bank's financial condition and results of operations. The Bank believes it has provided an appropriate level of allowance for credit losses and has taken appropriate securities impairment charges given the information currently known regarding this matter, however, the situation of Argentina, over which the Bank has no control, continues highly volatile. The Bank will continue to monitor developments in Argentina closely and intends to take appropriate additional steps as more information and clarity on the Argentine government's actions, and their resultant impact on the Bank's credit exposure, become available.

As further disclosed in Notes 2(l), 19, and 22, the Bank changed its method of accounting for derivative instruments and hedging activities effective January 1, 2001.

KPMG

Panama, Republic of Panama
January 31, 2003

Consolidated Balance Sheets

December 31, 2002 and 2001

Assets	Note	2002	2001
Cash and due from banks	4	US$ 827,563	1,988,568
Interest-bearing deposits with banks	4	478,436,276	556,682,169
Securities purchased under agreements to resell	4,5	132,022,050	291,871,322
Securities available for sale	4,6	149,158,892	24,196,913
Securities held to maturity (market value of US$16,717,332 and US$350,967,235 for 2002 and 2001)	6	16,555,397	337,901,358
Loans	7	2,516,512,439	4,733,709,698
Less:			
Allowance for loan losses	8	429,720,362	177,483,648
Unearned income		9,485,461	20,120,613
Loans, net		2,077,306,616	4,536,105,437
Customers' liabilities under acceptances	4	34,840,132	31,888,487
Premises and equipment	9	5,086,889	5,477,781
Accrued interest receivable	4	15,411,853	74,400,106
Derivatives financial instruments-assets		6,571,056	53,914,980
Other assets	4	13,049,807	7,839,708
Total assets		US$ 2,929,266,531	5,922,266,829
Liabilities and Stockholders' Equity			
Deposits:	4,10		
Demand		US$ 23,102,051	71,096,235
Time		528,870,561	1,500,263,004
Total deposits		551,972,612	1,571,359,239
Short-term borrowings and placements	4,11	647,344,489	1,823,323,628
Medium and long-term borrowings and placements	4,12	1,285,493,265	1,787,161,319
Acceptances outstanding	4	34,840,132	31,888,487
Accrued interest payable	4	11,871,885	39,893,537
Derivatives financial instruments-liabilities		20,020,375	16,127,991
Other liabilities		36,324,747	38,862,390
Total liabilities		2,587,867,505	5,308,616,591
Redeemable preferred stock	13	12,475,600	15,231,960
Common stockholder' equity:	14		
Class "A", common stock, no par value (Authorized 40,000,000 class "A" common shares; outstanding 4,911,185 in 2002 and 2001)		34,862,304	34,862,304
Class "B", common stock, no par value (Authorized 40,000,000 class "B" common shares; outstanding 3,746,721 in 2002 and 4,247,213 in 2001)		28,765,769	32,102,371
Class "E", common stock, no par value (Authorized 100,000,000 class "E" common shares; outstanding 8,685,287 in 2002 and 8,182,440 in 2001)		69,606,733	66,252,743
Treasury stock		(85,633,707)	(85,633,707)
Capital surplus		145,490,027	145,456,320
Capital reserves		95,210,154	305,210,154
Accumulated other comprehensive loss		(117,717)	(506,280)
Retained earnings		40,739,863	100,674,373
Total common stockholders' equity		328,923,426	598,418,278
Commitments and contingent liabilities	18, 19		
Total liabilities and stockholders' equity		US$ 2,929,266,531	5,922,266,829

See accompanying notes to consolidated financial statements.

Consolidated Statements of Operations

For Each of the Years in the Three-Year Period Ended December 31, 2002

	Note	2002	2001	2000
Interest income:				
Deposits with banks	4	US$ 9,613,559	14,227,287	17,961,773
Investment securities		17,505,032	33,856,732	26,401,056
Loans		138,681,758	330,337,606	358,222,947
Total interest income		165,800,349	378,421,625	402,585,776
Interest expense:				
Deposits	4	15,283,449	74,522,455	108,682,349
Short-term borrowings and placements		33,555,221	89,357,367	87,237,790
Medium and long-term borrowings and placements		50,306,373	95,802,927	93,995,752
Total interest expense		99,145,043	259,682,749	289,915,891
Net interest income		66,655,306	118,738,876	112,669,885
Provision for loan losses	8	272,586,082	77,144,445	8,000,000
Net interest income (loss) after provision for loan losses		(205,930,776)	41,594,431	104,669,885
Other income (expense):				
Commission income		8,924,501	14,934,134	24,800,628
Commission expense and other charges		(1,914,637)	(1,243,171)	(1,136,430)
Provision for losses on off-balance sheet credit risk		(6,169,691)	0	(11,200,000)
Derivatives and hedging activities		(340,743)	7,378,770	0
Impairment loss on securities		(44,268,201)	(40,355,555)	0
Gain on early extinguishment of debt		1,430,000	0	0
Gain on sale of securities available for sale		183,586	4,798,368	0
Gain (loss) on foreign currency exchange		300,589	(20,586)	79,989
Other income		552,727	674,430	1,086,268
Net other income (expense)		(41,301,869)	(13,833,610)	13,630,455
Operating expenses:				
Salaries and other employee expenses		9,873,652	10,648,118	10,641,962
Pre-operating costs		0	2,966,955	925,108
Professional services		2,388,155	2,985,926	3,876,139
Other operating expenses		7,044,519	7,372,424	5,736,577
Total operating expenses		19,306,326	23,973,423	21,179,786
Income (loss) from continuing operations before income tax		(266,538,971)	3,787,398	97,120,554
Income tax		(47,256)	35,000	65,000
Income (loss) from continuing operations, net		(266,491,715)	3,752,398	97,055,554
Discontinued operations:				
Loss from operations and disposal of business segment	26	(2,346,094)	(2,388,114)	0
Income (loss) before cumulative effect of accounting change		(268,837,809)	1,364,284	97,055,554
Cumulative effect of accounting change	22	0	1,129,413	0
Net income (loss)		US$ (268,837,809)	2,493,697	97,055,554
Basic earnings (loss) per share:				
Income (loss) from continuing operations		US$ (15.42)	0.13	4.83
Loss from discontinued operations		(0.14)	(0.13)	0.00
Cumulative effect of accounting change		0.00	0.06	0.00
Net income (loss) per share		US$ (15.56)	0.06	4.83
Diluted earnings (loss) per share:				
Income (loss) from continuing operations		US$ (15.42)	0.13	4.81
Loss from discontinued operations		(0.14)	(0.13)	0.00
Cumulative effect of accounting change		0.00	0.06	0.00
Net income (loss) per share		US$ (15.56)	0.06	4.81

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Common Stockholders' Equity

For Each of the Years in the Three - Year Period Ended December 31, 2002

	2002	2001	2000
Common stock:			
Balance at beginning of the year	US$ 133,217,418	132,851,168	132,848,420
Issuance of common shares	15,734	26,882	60,898
Difference in conversion of common shares	1,654	931	0
Retirement of Class "B" common shares	0	0	(58,150)
Stock option plan	0	338,437	0
Balance at end of the year	US$ 133,234,806	133,217,418	132,851,168
Treasury stock:			
Balance at beginning of the year	US$ (85,633,707)	(20,840,896)	0
Purchase of Class "A" common shares	0	(9,222,576)	(1,485,144)
Purchase of Class "B" common shares	0	0	(15,655,231)
Purchase of Class "E" common shares	0	(55,570,235)	(3,700,521)
Balance at end of the year	US$ (85,633,707)	(85,633,707)	(20,840,896)
Capital surplus:			
Balance at beginning of the year	US$ 145,456,320	144,522,184	144,361,894
Issuance of common shares	35,361	103,482	170,890
Difference in conversion of common shares	(1,654)	(784)	0
Retirement of Class "B" common shares	0	0	(10,600)
Stock option plan	0	831,438	0
Balance at end of the year	US$ 145,490,027	145,456,320	144,522,184
Capital reserves:			
Balance at beginning of the year	US$ 305,210,154	305,210,154	305,210,154
Transfer to retained earnings	(210,000,000)	0	0
Balance at end of the year	US$ 95,210,154	305,210,154	305,210,154
Accumulated other comprehensive loss:			
Balance at beginning of the year	US$ (506,280)	0	0
Transition adjustment for the adoption of SFAS 133	0	421,421	0
Net change in unrealized losses on securities available for sale	2,967,166	(387,005)	0
Net change in unrealized losses on derivatives	(2,578,603)	(540,696)	0
Balance at end of the year	US$ (117,717)	(506,280)	0
Retained earnings:			
Balance at beginning of the year	US$ 100,674,373	137,462,193	98,008,570
Net income (loss)	(268,837,809)	2,493,697	97,055,554
Cash dividends paid on:			
Preferred shares	(1,096,701)	(5,150,693)	(7,533,303)
Common shares	0	(34,010,105)	(49,775,765)
Retirement of Class "B" common shares	0	0	(97,852)
Purchase of preferred shares	0	(120,453)	(195,012)
Earnings transferred from capital reserves	210,000,000	0	0
Difference in conversion of common shares	0	(266)	0
Balance at end of the year	US$ 40,739,863	100,674,373	137,462,193
Balance at beginning of the year	US$ 598,418,278	699,204,803	680,429,038
Changes during the year, net	(269,494,852)	(100,786,525)	18,775,765
Balance at end of the year	US$ 328,923,426	598,418,278	699,204,803

See accompanying notes to consolidated financial statements.

Consolidated Statements of Other Comprehensive Income (Loss)

For Each of the Years in the Three-Year Period Ended December 31, 2002

	2002	2001	2000
Net income (loss) before cumulative effect of accounting change	*US$ (268,837,809)*	*1,364,284*	*97,055,554*
Cumulative effect of accounting change	*0*	*1,129,413*	*0*
Net income (loss)	*(268,837,809)*	*2,493,697*	*97,055,554*
Other comprehensive income (loss):			
Transition adjustment related to SFAS 133	*0*	*421,421*	*0*
Unrealized gains (losses) on securities:			
Unrealized gains (losses) arising from the period (including as related to transfers from securities held to maturity to available for sale)	*(38,916,035)*	*(387,005)*	*0*
Less: Reclassification adjustment for losses included in net income	*41,883,201*	*0*	*0*
Net change in unrealized losses on securities available for sale	*2,967,166*	*(387,005)*	*0*
Unrealized losses on derivatives:			
Unrealized losses arising from the period	*(2,578,603)*	*(540,696)*	*0*
Less: Reclassification adjustment for gains (losses) included in net income	*0*	*0*	*0*
Unrealized losses on derivatives	*(2,578,603)*	*(540,696)*	*0*
Other comprehensive income (loss)	*388,563*	*(506,280)*	*0*
Comprehensive income (loss)	*US$ (268,449,246)*	*1,987,417*	*97,055,554*

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

For Each of the Years in the Three-Year Period Ended December 31, 2002

	2002	2001	2000
Cash flows from operating activities:			
Net income (loss)	US$ (268,837,809)	2,493,697	97,055,554
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Derivatives and hedging activities	340,743	(8,508,183)	0
Depreciation of premises and equipment	1,434,217	1,194,768	1,141,924
Provision for loan losses	272,586,082	77,144,445	8,000,000
Impairment loss on securities	44,268,201	40,355,555	0
Provision for losses on off-balance sheet credit risk	6,169,691	0	11,200,000
Gain on sale of securities available for sale	(183,586)	(4,798,368)	0
Net decrease in accrued interest receivable	58,988,253	27,751,400	1,724,560
Net decrease (increase) in derivatives financial instruments-assets	47,487,520	(53,914,980)	0
Net (increase) decrease in other assets	(2,184,778)	20,186,565	(22,595,264)
Net (decrease) increase in accrued interest payable	(28,021,652)	(20,573,556)	11,958,776
Net (decrease) increase in financial instrument derivatives-liabilities	(8,492,885)	19,471,366	0
Net (decrease) increase in other liabilities	(10,511,032)	5,077,617	(14,117,815)
Net cash provided by operating activities	113,042,965	105,880,326	94,367,735
Cash flows from investing activities:			
Net decrease (increase) in loans	2,186,212,739	193,141,993	(357,125,939)
Net acquisition of premises and equipment	(1,043,325)	(2,171,091)	(736,278)
Proceeds from the redemption of securities	86,277,783	106,033,989	85,166,890
Proceeds from the sell of securities	14,886,561	84,634,197	0
Acquisition of securities	(50,689,116)	(226,465,025)	(174,098,615)
Net cash provided by (used in) investing activities	2,235,644,642	155,174,063	(446,793,942)
Cash flows from financing activities:			
Net (decrease) increase in due to depositors	(1,019,386,627)	(172,482,507)	126,667,557
Net (decrease) increase in short-term borrowings and placements with original maturity of less than 90 days	(249,198,695)	243,434,696	71,401,629
Proceeds from short-term borrowings and placements with original maturity greater than 90 days	398,145,749	2,115,902,432	2,490,454,764
Repayments of short-term borrowings and placements with original maturity greater than 90 days	(1,324,926,193)	(2,045,893,707)	(2,572,946,969)
Proceeds from medium and long-term borrowings and placements with original maturity greater than 90 days	225,386,872	433,828,316	826,333,958
Repayments of medium and long-term borrowings and placements with original maturity greater than 90 days	(727,054,926)	(229,146,483)	(456,421,020)
Cash dividends paid	(1,096,701)	(39,160,798)	(57,309,068)
Proceeds from issuance of common stock	17,388	366,250	62,215
Repurchase of preferred stock	(2,756,360)	(699,139)	(1,083,420)
Repurchase of common shares	0	(64,792,811)	(21,203,827)
Capital surplus paid in excess of stated value of common stock issued	33,707	934,136	170,891
Net cash (used in) provided by financing activities	(2,700,835,786)	242,290,385	406,126,710
Net (decrease) increase in cash and cash equivalents	(352,148,179)	503,344,774	53,700,503
Cash and cash equivalents at beginning of the year	963,434,068	460,089,294	406,388,791
Cash and cash equivalents at end of the year	US$ 611,285,889	963,434,068	460,089,294
Supplemental disclosures of cash flow information:			
Cash paid during the year for interest	US$ 127,166,695	280,256,305	277,957,115
Transfer from securities held to maturity to available for sale	US$ 173,974,293	80,750,000	0
Transfer from capital reserves to retained earnings	US$ 210,000,000	0	0

See accompanying notes to consolidated financial statements.

(1) Organization

Banco Latinoamericano de Exportaciones, S. A. (BLADEX Panama and, together with its subsidiaries "BLADEX" or the "Bank"), headquartered in Panama City, Panama, is a specialized multinational bank established to finance trade in Latin America and the Caribbean (the "Region"). The Bank was established pursuant to a May 1975 proposal of the XX 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. BLADEX Panama was incorporated under the laws of the Republic of Panama ("Panama") on November 30, 1977 and continues to exist thereunder. BLADEX Panama began business operations on January 2, 1979.

BLADEX Panama's subsidiaries are Banco Latinoamericano de Exportaciones Limited, ("BLADEX Cayman"), BLADEX Representacao Ltda. and BLADEX Holdings Inc. BLADEX Cayman, which is a wholly owned subsidiary, was incorporated under the laws of the Cayman Islands (B.W.I.) on September 8, 1987 and continues to exist thereunder. BLADEX Representacao Ltda., which was incorporated under the laws of Brazil on January 7, 2000 and continues to exist thereunder, was established to act as the Bank's representative office in Brazil. BLADEX Representacao Ltda. is 99.999% owned by BLADEX Panama and 0.001% owned by BLADEX Cayman. BLADEX Holdings, which is a wholly owned subsidiary, was incorporated under the laws of the State of Delaware on May 30, 2000 and continues to exist thereunder. BLADEX Holdings' wholly owned subsidiary, BLADEX Financial Services, LLC, incorporated under the laws of the State of New York on October 20, 2000 was closed on June 30, 2002 together with its wholly owned subsidiary, BLADEX Securities, LLC, incorporated under the laws of the State of New York on October 20, 2000. BLADEX Financial Services, LLC and its wholly owned subsidiary BLADEX Securities, LLC, had no operations subsequent to June 30, 2002.

The Bank established an agency in the State of New York (the "New York Agency"), which began business on March 27, 1989. The New York Agency, which continues to exist in the State of New York, is principally engaged in obtaining interbank deposits and short-term borrowings to finance the Bank's short-term investments and foreign trade loans. Prior to the tragic events that occurred in the United States on September 11, 2001, the New York Agency and BLADEX Securities, LLC, were located at One World Trade Center, Suite No. 3227, in New York City. On October 1, 2001, as a result of September 11, 2001 incidents in New York City, the Bank leased facilities for its New York operations, including the New York Agency and BLADEX Securities, LLC, at 641 Lexington Avenue, 32nd Floor, New York, N.Y. 10022. On September 30, 2002 the New York Agency moved again, now at 708 Third Avenue, 16th Floor, New York, NY10017. The Bank also has a representative office in Buenos Aires, Argentina and on November 29, 2000 opened a representative office in Mexico City, Mexico.

The consolidated financial statements have been prepared under generally accepted accounting principles in the United States of America ("U.S. GAAP"). All amounts presented in the consolidated financial statements and notes are expressed in U.S. dollars.

(2) Summary of Significant Accounting Policies

(a) Principle of Consolidation

The consolidated financial statements include the accounts of the Bank, its New York Agency and its subsidiaries, BLADEX Cayman, BLADEX Holdings in the United States of America and BLADEX Representacao Ltda, in Brazil. All significant intercompany balances and transactions have been eliminated for consolidation purposes.

(b) Use of Estimates

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles in the United States of America requires the Bank 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. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change relate to the determination of the allowances for credit losses and impairment losses on securities.

(c) Cash Equivalents

For purposes of the consolidated statements of cash flows, cash equivalents consist of due from banks, interest-bearing deposits with banks, and securities with original maturities of six months or less, except certificates of deposit and banker's acceptances pledged.

(d) Repurchase and Resale Agreements

Repurchase and resale agreements are treated as collateralized financing transactions and are carried at the amounts at which the securities will be subsequently reacquired or resold, including accrued interest, as specified in the respective agreements. The Bank's policy is to take possession of securities purchased under agreements to resell. The market value of securities to be repurchased and resold is monitored, and additional collateral is obtained where appropriate, to protect against credit exposure.

(e) Investment Securities

Securities are classified at the date of purchase based on the ability and intent to sell or hold them as investments.

1) *Securities Available for Sale*

Securities classified as available for sale are carried at fair value and interest earned recognized as income. Changes in fair values are recorded in other comprehensive income.

Realized gains and losses on sales of securities are computed on a specific identified cost basis and are reported within other income (expense) in the statement of operations.

2) *Securities Held to Maturity*
Securities held to maturity are securities that the Bank has the positive intent and ability to hold to maturity. These securities consist of debt instruments such as, negotiable commercial paper, banker's acceptances, bonds and floating rate notes, which are carried at amortized cost.

Any security that experiences a decline in value, which is deemed other than temporary, is written down to its estimated fair value through a charge to current period income, as impairment loss on securities. Premiums and discounts are amortized or accreted over the life of the related security as an adjustment to yield using a method that approximates the interest method.

Accrual of income is suspended on fixed maturity securities that are in default, or on which it is likely that future interest payments will not be collected as scheduled.

(f) Loans
Loans are reported at their principal amounts outstanding net of unearned income, reduced by the allowance for loan losses. Unearned income is generally accreted to interest income using the effective yield method. Interest on loans is recognized to income on the accrual basis. Loans are identified as impaired and placed on non-accrual (cash) basis when any payment of principal or interest is over 90 days due, or if the Bank's management determines that the ultimate collection of principal or interest is doubtful. Any interest receivable that was accrued during the current period is reversed and any interest accrued in prior periods is charged-off. Interest on non-accrual loans is only recorded as earned when collected. Loans are returned to an accrual status when both principal and interest are current and the loan is determined to be performing in accordance with the applicable loan terms. When current events or available information confirms that specific impaired loans or portions thereof are uncollectible, these amounts are charged-off against the allowance for loan losses. Factors considered by management in determining impairment include payment status, collateral value, the probability of collecting scheduled principal and interest payment when due, and the economy in the borrowing country. Impairment is measured on a loan-by-loan basis, by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price, or the fair value of the collateral if the loan is collateral dependent. When loans are sold without recourse, they are not longer recognized on the balance sheet.

(g) Allowance for Credit Losses
The allowance for credit losses is provided for risk on losses, derived from the credit extension process, inherent in various on and off-balance sheet financial instruments, using the reserve method of providing for credit losses. The allowance is increased by provisions charged to operations and recoveries, and decreased by charge-offs. The allowance for credit losses is based on the evaluation of risks in the credit portfolio, and additionally, Bank's management takes into consideration the growth, nature and composition of the credit portfolio, including concentration, prior credit loan losses experience, and the conditions and general tendencies of the economy in each borrowing country.

The allowance attributable to non-loan credit losses, such as letters of credit and guarantees, is reported in other liabilities.

(h) Commission Income
Loan origination fees net of direct loan origination costs are deferred and recognized over the contract life of the loans as an adjustment to yield. During periods in which interest income on loans is suspended because of concerns about the realization of loan principal or interest, these fees net of direct loan origination costs are not recognized.

Fees earned on commercial and stand-by letters of credit, guarantees and commitments are amortized until expired.

(i) Premises and Equipment
Premises and equipment are carried at cost less accumulated depreciation, except land, which is carried at cost. Depreciation is charged to operations using the straight-line method and is provided over the estimated original useful life of the related assets.

(j) Capital Reserves
Capital reserves are established by the Bank from retained earnings and are a form of retained earnings according to Panamanian banking regulations. The difference between capital reserves and retained earnings is that the objective of capital reserves is to strengthen the capital position of the Bank, as reductions of these reserves require the approval of the Board of Directors and Panamanian banking authorities.

(k) Cash and Stock Compensation
In accordance with SFAS 148 "Accounting for Stock-Based Compensation" Transition and Disclosure, an amendment of FASB Statement No. 123, as of the date of the financial statements, the Bank has continued applying the intrinsic value based method to account for stock-based employee compensation plans prescribed by APB Opinion No. 25, "Accounting for Stock Issued to Employees". Under the intrinsic value based method, compensation cost is the excess, if any, of the quoted market price of the stock at grant date or other measurement date over the amount an employee

must pay to acquire the stock. Since the purchase price at grant date was equal to the market price, no compensation cost is recognized.

(l) Derivative Financial Instruments

The Bank is an end user of derivative financial instruments, primarily foreign exchange forward contracts and interest rate swaps, as part of its overall foreign exchange and interest rate risk management.

Foreign exchange forward contracts are commitments to purchase non-US dollar currencies at a specified price on an agreed-upon future date and used principally to hedge non-US dollar interest paying liabilities.

Interest rate swaps are contracts that represent an exchange of interest payment streams based on an agreed-upon notional principal amount with one stream based on a specified floating rate or fixed rate. The underlying principal balances are not affected. Net settlement amounts are reported as adjustments to interest.

Effective on January 1, 2001, the Bank adopted Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" (SFAS 133) as amended by SFAS 137 and SFAS 138. SFAS 133 standardizes the accounting for derivative instruments, including certain derivative instruments embedded in other contracts. Under SFAS 133, entities are required to carry all derivatives in the consolidated balance sheet at fair value. The accounting for changes in fair value (i.e. gains or losses) of a derivative depends on whether it has been designated and qualifies as part of a hedging relationship and, if so, the type of hedge. That is, the derivative is designated by the Bank as (a) a hedge of the fair value of a recognized asset or liability or of an unrecognized firm commitment ("fair value" hedge); or (b) a hedge of the variability of cash flows of a forecasted transaction to be received or paid related to a recognized asset or liability ("cash flow" hedge); or (c) as a trading position.

Changes in the fair value of a derivative that has been designated and qualifies as a fair value hedge along with the changes in the fair value of the hedged asset or liability that are attributable to the hedged risk, are included in other income (expense) and recorded as derivative and hedging activities. Changes in the fair value of a derivative that has been designated and qualifies as a cash flow hedge are recorded in other comprehensive income to the extent of its effectiveness, until earnings are impacted by the variability of cash flows from the hedged item. Changes in the fair value of derivatives held for trading purposes or that do not qualify as hedges are included in other income (expense) and recorded as derivative and hedging activities.

At the inception of each hedge the Bank formally documents all relationships between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. This process includes linking all derivatives that are designated as fair value or cash flow hedges to specific assets and liabilities on the balance sheet or to specific firm commitments or forecasted transactions.

Hedge discontinuation

The Bank formally assesses on an on-going basis, whether the derivatives that are used in hedging transactions will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items. If it is determined that a derivative is not highly effective as a hedge or that it has ceased to be highly effective hedge, the Bank discontinues hedge accounting prospectively.

The Bank discontinues hedge accounting prospectively when (1) 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) it is unlikely that a forecasted transaction will occur; (4) the hedged firm commitment no longer meets the definition of a firm commitment; or (5) the designation of the derivative as a hedging instrument is not longer appropriate.

When hedge accounting is discontinued because it is determined that the derivative no longer qualifies as an effective fair value or cash flow hedge, the derivative will continue to be carried on the balance sheet at its fair value with changes in fair value reported in current period earnings. The hedged item will no longer be adjusted for changes in fair value. If the hedged item was a firm commitment or forecasted transaction that is not expected to occur, any amounts recorded on the balance sheet related to the hedged item, including any amounts recorded in accumulated other comprehensive income (loss) are reversed to current period earnings. In all other situations, the accumulated fair value adjustment recorded on the balance sheet for the hedged asset or liability, (including amounts recorded in other comprehensive income (loss)), will be accreted/amortized to earnings over the remaining term of the hedged asset or liability.

Prior to adoption of SFAS 133, derivative financial instruments were carried as off-balance sheet items.

(m) Foreign Currency Transactions

Assets and liabilities denominated in foreign currencies are translated into U.S. dollar equivalents using year-end spot foreign exchange rates. The effects of translating assets and liabilities into the U.S. dollar as the functional currency are included in other income (expense) and recorded as gain (loss) on foreign currency exchange.

(n) Pre-operating Expenses

Costs of start-up activities and organization costs, related to new business initiatives, have been expensed as incurred, in accordance with SOP 98-5, "Reporting on the Costs of Start-Up Activities."

(o) Income Taxes

BLADEX Panama and BLADEX Cayman are exempt from the payment of income taxes. BLADEX Representacao Ltda., in Brazil, is subject to income taxes. The New York Agency of the Bank and BLADEX subsidiaries incorporated in the United States of America are subject to U.S. of America federal and local taxation based on the portion of income that is effectively connected with its operations in that country. However, such amounts have been inmaterial to date.

(p) Discontinued Operations

On January 1, 2002, the Bank adopted SFAS No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets" (SFAS 144). Among other matters, SFAS 144 establishes additional criteria as compared to existing generally accepted accounting principles to determine when a long-lived asset is held for sale. It also broadens the definition of "discontinued operations", but does not allow for the accrual of future operating losses, as was previously permitted. The Bank's management has determined that the closure of BLADEX Financial Services, LLC and its wholly owned subsidiary BLADEX Securities, LLC in 2002 qualifies for discontinued operations presentation and, accordingly, a loss from the operations and closure of this business segment is presented as discontinued operations in the statements of operations for the years ended December 31, 2002 and 2001. In addition, the operation of this business in prior years' statements of operations has been reclassified as discontinued operations.

(q) Earnings Per Share

Earnings per share ("EPS") measures the performance of an entity over the reporting period. EPS is computed by dividing income available to common stockholders (the numerator) by the average number of common shares outstanding (the denominator) during the period.

Diluted EPS measures the performance considering the effect that potential common shares, such as stock options outstanding during the same period, would have on EPS. The computation is similar to the computation of EPS, 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.

(r) Reclassifications

Certain amounts for the years 2001 and 2000 have been reclassified to make them uniform to the presentation of the 2002 consolidated financial statements.

(3) Exposure in Argentina

A prolonged deterioration in Argentina's economic and political environment, financial condition and investor confidence, resulted in late December 2001 in a deep crisis which forced the Argentine government to adopt stringent measures, including foreign exchange and deposit controls, bank holidays and restrictions on the repayment of foreign debt.

The deterioration of the Argentine economy, and the current political crisis have adversely affected the financial condition of our Argentine obligors, including banks and corporations, and the quality of the Bank's loans to those obligors. In response, the Bank put in place a pragmatic collection program to manage its Argentine exposure. The Bank's multilateral status, confirmed by the Central Bank of Argentina at the end of February 2002, exempted the Bank from limitations on the convertibility and transfer abroad of U.S. dollars for payment of external obligations. This preferred status has contributed positively to the on-going efforts of the Bank's collection program. Even with the benefit of its confirmed multilateral status, given the continued severity of the Argentine crisis, management believes that it will have to renegotiate and restructure loans that could result in possible significant write-offs related to its Argentine portfolio.

The Bank's exposure in Argentina at December 31, 2002 consisted of US$694 million of loans, US$107 million of securities at par value (with an estimated fair value of US$35 million) and US$45 million of off-balance sheet financial risk instruments. The distribution of this exposure is as follows: the country's top tier local banks (12%), local corporations (14%), state-owned banks (28%), multinational corporations (29%) and international banks (17%, of which 88% represents subsidiaries and 12% represents branches). In addition, at December 31, 2002 the Bank had US$132 million of exposure under repurchase agreements with a counterparts in Argentina, which were fully secured with U.S. Treasury securities and consequently, the Bank classifies the transactions as USA country risk. Repurchase agreements, loans and country risk guarantees covering convertibility and transfer risk of local currency into U.S. dollars that are specifically covered by the Bank's preferred creditor status discussed above were not placed on non-accrual status. These loans and country risk guarantees totaled US$2.5 million at December 31, 2002. In addition, as of June 30, 2002 fees generated by contingencies in Argentina are accounted for on a cash basis.

All of the Bank's exposure in Argentina continues to be denominated in U.S. dollars (with the exception of a small portion in Japanese yen), as none of its loans in Argentina have been converted to an Argentine peso basis. During 2002, the Bank collected interest from Argentine borrowers of approximately US$38.2 million (including US$16.6 million received from loans in non-accruing status), while interest in the amount of US$5.9 million is past due at December 31, 2002.

At the end of the second quarter of 2002, after careful consideration and in the absence of any clarity as to the timing or nature of the ways in which the many issues facing the country would be resolved, and based upon rigorous analysis of all relevant factors including a detailed assessment of the potential for collection of specific loans to Argentine entities, the Bank determined that an additional provision for credit losses of US$259.9 million for the Bank's Argentine loans and contingencies portfolio was required as well as a US$42.0 million write down for other than temporary impairment losses on its US$115 million Argentine securities portfolio. At June 30, 2002, 97% of the Bank's total credit exposure in Argentina was placed on non-accrual status, and from that date all interest income on these loans and investments is being accounted for on a cash basis.

A similar rigorous analysis and detailed assessment conducted after the crisis in late December 2001 referred to above, had previously resulted in the Bank recording at December 31, 2001, additional provisions for credit losses of US$77 million for the Argentine loans and contingencies portfolio, and a US$40 million charge for other than temporary impairment losses on the securities portfolio exposure to Argentina.

The Argentine situation precipitated a downgrading of the Bank's credit rating and a reduction of the Bank's funding base. Although, the economic activity began to show signs of stabilizing towards the end of 2002, the political, economical and financial situation in Argentina remains uncertain.

As of December 31, 2002, reserves for credit losses related to the Bank's US$739 million loan and off-balance sheet credit exposure in Argentina amounted to US$380 million while US$107 million of securities at par value in Argentina had an estimated fair value of US$35 million. The Argentine portfolio totaled US$774 million at year-end 2002. This is a reduction of US$340 million from December 31, 2001, when the Bank's total exposure to Argentina was US$1.1 billion. Determining the appropriate level of allowances for credit losses necessarily requires management's judgement, including assumptions and estimates made in the context of rapidly changing political and economic conditions in many of the countries in the Latin American region. Accordingly, there is no assurance that the current level of reserves will prove to be adequate in light of future events. During the fourth quarter of 2002, the Bank charged-off Argentine loans for US$20 million, which had a 100% provision.

Given the lack of a clearly defined and comprehensive fiscal, monetary and banking policy framework and the continuing volatility of Argentina's political and financial situation, there is great uncertainty as to how or when the situation will be resolved.

The Bank's management and Board of Directors will continue to monitor developments in Argentina closely and take the appropriate additional steps as more information and clarity on the Argentine government's actions regarding external debt and their effect on the Bank become available.

(4) Balances and Transactions with Related Parties

The consolidated balance sheets and consolidated statements of operations include the following significant balances and transactions with related parties (shareholder banks and their affiliates):

		December 31, 2002	December 31, 2001
Assets			
Cash and due from banks	US$	458,291	582,749
Interest-bearing deposits with banks		65,400,000	85,400,000
Securities purchased under agreements to resell		132,022,050	291,871,322
Investment securities		56,203,096	118,965,782
Loans		1,242,484,540	2,595,551,974
Customers' liabilities under acceptances		31,074,353	27,269,823
Accrued interest receivable		14,985,366	67,930,565
Other assets		2,424,887	3,204,113
Liabilities			
Demand deposits		16,607,243	51,515,360
Time deposits		185,282,616	1,120,202,252
Short-term borrowings and placements		35,813,433	381,209,779
Medium and long-term borrowings and placements		240,708,338	260,778,975
Acceptances outstanding		0	25,896,791
Accrued interest payable		8,059,576	26,106,677
Commitments and contingent liabilities			
Letters of credit and guarantees		138,260,910	393,381,681
Foreign exchange contracts		23,365,000	46,000,000
Interest rate swaps	US$	0	156,535,875

	December 31, 2002	December 31, 2001	December 31, 2000
Income and expenses			
Interest income	US$ 114,323,193	265,331,201	300,614,492
Interest expense	US$ 48,027,285	146,563,010	187,807,054

In the normal course of business, the Bank has operations with a 35% of Class "A" and "B" stockholders. (See note 14). All the operations are made on arm's-length terms and subject to prevailing commercial criteria and market rates. None of the Class "A" and "B" stockholders has a shareholding participation in excess of 3% of total shares.

(5) Securities Purchased under Agreements to Resell

The Bank enters into purchases of securities under agreements to resell the same or substantially identical securities. These agreements are considered secured loans. At December 31, 2002 and 2001, securities purchased under agreements to resell had a carrying value of US$132,022,050 and US$291,871,322, respectively. These reverse repurchase agreements are all with an Argentine counterparty, and they are fully collateralized with U.S. Treasury securities, consequently, the Bank classifies these instruments as U.S. country risk. At December 31, 2002, the maturity of these agreements did not exceed 30 days, and they are current with regard to interest.

(6) Investment Securities

(a) Securities Available for Sale

These securities consist of debt instruments that the Bank buys with the intention of selling them in the future, as part of its credit portfolio and are subject to the same credit approval criteria and policy as the rest of the credit portfolio.

The securities available for sale are summarized as follows:

		December 31, 2002			
		Amortized Cost	Estimated Unrealized Gross Gain	Estimated Unrealized Gross Loss	Estimated Fair Value
Bonds:					
Corporate	US$	21,486,861	80,680	0	21,567,541
Government		91,535,997	4,644,711	3,224,792	92,955,916
Impaired bonds - Argentina		24,693,005	9,942,430	0	34,635,435
	US$	137,715,863	14,667,821	3,224,792	149,158,892

		December 31, 2001			
		Amortized Cost	Estimated Unrealized Gross Gain	Estimated Unrealized Gross Loss	Estimated Fair Value
Bonds:					
Government	US$	21,398,313	98,313	63,841	21,432,785
Certificates of deposit:					
Corporate		764,184	0	56	764,128
Impaired bonds - Argentina		2,000,000	0	0	2,000,000
	US$	24,162,497	98,313	63,897	24,196,913

As of December 31, 2002 and 2001, the amortized cost is presented net of cumulative impairment loss of US$80,123,756 and US$8,000,000, respectively, charged to operations, which is related to Argentine available for sale securities. During October 2002, an investment with a net value of US$4,500,000 was restructured and converted into a loan.

At December 31, 2002 and 2001, securities with a carrying value of US$129,835,647 and US$208,328,175, respectively, were pledged to secure borrowings for securities sold under repurchase agreements.

The following table presents the realized components of investment securities transactions attributable to securities available for sale:

		December 31,			
		2002		2001	
		Gains	(Losses)	Gains	(Losses)
Bonds	US$	183,586	0	4,798,368	0

The amortized cost and fair values of securities available for sale at December 31, 2002 and 2001 by contractual maturity are shown in the following table. Expected maturities may differ from contractual maturities because borrowers have the right to prepay obligations without prepayment penalties in certain cases.

		December 31,			
		2002		2001	
		Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due within 1 year	US$`	58,732,321	63,918,542	5,822,593	5,851,013
After 1 but within 5 years		67,690,537	72,990,748	18,339,904	18,345,900
After 5 years		689,116	689,116	0	0
Past due		10,603,889	11,560,486	0	0
	US$	137,715,863	149,158,892	24,162,497	24,196,913

Securities held to maturity were transferred to available for sale as of January 2001, in connection with the adoption of SFAS 133, with an amortized cost of US$80,750,000, a fair value of US$81,171,421, and an estimated unrealized holding gain recorded in other comprehensive income (loss) of US$421,421.

Pursuant to rules issued by Superintendence of Banks of Panama that became effective on May 31, 2002, certain securities held to maturity were transferred to available for sale. At the date of the transfer, the investments had an amortized cost of US$173,974,293 and a fair value of US$131,269,757. The related unrealized loss of US$42,704,536 was recorded in other comprehensive income (loss) account. On June 30, 2002, management determined that the decline in fair value of Argentine investment securities was other than temporary, consequently, an impairment loss on securities of US$41,883,201 was recorded.

(b) Securities Held to Maturity

The Bank's treasury investment policy is to acquire securities with maturities up to three years, as long as they have a short-term rating of "A1/P1" or long-term rating of "A" or better, issued by at least two of the following agencies: Standard & Poor's, Moody's Investors, and Fitch IBCA, and are negotiable in secondary markets. Securities rated one level or more below investment grade ratings are classified as available for sale. The Bank has classified as held to maturity, securities that do not adhere to the Bank's treasury investment policy, such as bonds and floating rate notes, which were bought as part of its credit portfolio and are subject to the same credit approval criteria and policy as the rest of the credit portfolio. As of December 31, 2002 and 2001, the outstanding balances of securities held to maturity belonging to the credit portfolio were US$11,555,397 and US$331,901,358, respectively.

The carrying value, approximates market value, and related gross unrealized gain (loss) of these securities are as follows:

		December 31, 2002			
		Amortized Cost	Estimated Unrealized Gross Gain	Estimated Unrealized Gross Loss	Estimated Fair Value
Bonds-Corporate	US$	11,555,397	345,152	183,217	11,717,332
Certificates of deposit		5,000,000	0	0	5,000,000
	US$	16,555,397	345,152	183,217	16,717,332

		December 31, 2001			
		Amortized Cost	Estimated Unrealized Gross Gain	Estimated Unrealized Gross Loss	Estimated Fair Value
Bonds:					
Corporate	US$	56,283,505	5,967,710	0	62,251,215
Government		109,540,611	2,674,763	0	112,215,374
Argentina		10,008,787	0	1,258,787	8,750,000
		175,832,903	8,642,473	1,258,787	183,216,589
Floating rate notes:					
Corporate		50,000,000	0	0	50,000,000
Argentina		54,935,294	5,653,595	0	60,588,889
		104,935,294	5,653,595	0	110,588,889
Certificates of deposit:					
Corporate		9,916,546	33,387	0	9,949,933
Government		4,461,155	15,986	0	4,477,141
Argentina		4,953,078	0	18,839	4,934,239
		19,330,779	49,373	18,839	19,361,313
Treasury bills:					
Government		29,713,493	0	1,938	29,711,555
		329,812,469	14,345,441	1,279,564	342,878,346
Impaired floating rate notes - Argentina		8,088,889	0	0	8,088,889
	US$	337,901,358	14,345,441	1,279,564	350,967,235

As of December 31, 2001 the amortized cost of these securities was net of an impairment loss of US$32,355,555 (2002: NIL) charged to operations, which is related to Argentine held to maturity securities.

The distribution of these securities by maturity is as follows:

	December 31, 2002	December 31, 2001
Bonds:		
From 2 months to 3 months	US$ 0	22,780,026
From 3 months to 6 months	0	25,113,798
From 6 months to 1 year	11,555,397	52,924,816
Over 1 year	0	75,014,263
	11,555,397	175,832,903
Floating rate notes:		
From 3 months to 6 months	0	15,000,000
From 6 months to 1 year	0	9,533,334
Over 1 year	0	88,490,849
	0	113,024,183
Certificates of deposit:		
Up to 1 month	5,000,000	6,000,000
From 2 months to 3 months	0	9,414,233
From 3 months to 6 months	0	3,916,546
	5,000,000	19,330,779
Treasury bills:		
From 2 months to 3 months	0	24,816,393
From 6 months to 1 year	0	4,897,100
	0	29,713,493
	US$ 16,555,397	337,901,358

As of December 31, 2002 and 2001, the New York Agency had pledged certificates of deposit with a carrying value of US$5,000,000 and US$6,000,000, respectively, with the State of New York Banking Department, as required by law since March 1994.

As of December 31, 2001 securities considered cash equivalents amounted to US$112,892,009 (2002: NIL).

(7) Loans

The composition of the loan portfolio based on original terms is as follows:

	December 31, 2002	December 31, 2001
Short-term:		
Advances	US$ 991,166,458	2,378,463,252
Discounted loans	77,041,538	205,602,828
Acceptance financing	31,831,753	14,675
Medium-term loans with maturities within one year	608,953,717	1,036,903,175
Loans with maturities within one year	1,708,993,466	3,620,983,930
Medium-term with maturities over one year	687,282,437	1,108,220,723
Long - term	3,199,442	3,199,442
Past due - Argentina	117,037,094	338,553
Past due - Others	0	967,050
	US$ 2,516,512,439	4,733,709,698

The remaining maturities of loans are summarized as follows:

	December 31, 2002	December 31, 2001
Current:		
Up to 1 month	US$ 221,417,120	427,718,950
From 1 month to 3 months	573,801,294	1,149,556,379
From 3 months to 6 months	444,839,082	744,399,129
From 6 months to 1 year	221,562,143	613,644,242
Over 1 year	360,937,444	993,222,107
Argentina	576,918,262	803,863,288
Past due:		
Argentina	117,037,094	338,553
Others	0	967,050
	US$ 2,516,512,439	4,733,709,698

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

	December 31, 2002	December 31, 2001
Fixed interest rates	US$ 1,195,983,087	2,520,665,903
Floating interest rates	1,320,529,352	2,213,043,795
	US$ 2,516,512,439	4,733,709,698

A summary of loans by country risk is as follows:

Country		December 31, 2002	2001
Argentina	US$	693,955,356	804,201,840
Bolivia		12,885,386	25,960,731
Brazil		930,239,821	2,012,557,644
Chile		47,836,000	112,428,710
Colombia		80,264,476	138,372,173
Costa Rica		41,566,464	67,345,677
Dominican Republic		155,950,402	174,932,878
Ecuador		45,673,812	13,880,241
El Salvador		1,890,212	19,344,856
Guatemala		28,846,962	22,656,284
Jamaica		11,182,506	7,107,871
Mexico		142,415,891	832,747,320
Nicaragua		6,548,228	37,712,241
Panama		18,700,000	43,152,616
Paraguay		1,675,000	618,000
Peru		63,355,814	119,501,160
Trinidad and Tobago		84,238,609	58,789,456
Venezuela		149,287,500	242,400,000
	US$	2,516,512,439	4,733,709,698

As of December 31, 2002, substantially all the Bank's Argentine loan portfolio was classified as impaired, including past due loans totaling US$117,037,094 that represented loans which original terms were in default and US$574,434,424 that were also considered impaired. These impaired Argentine loans totaling US$691,471,518 were accounted for interest using the cash basis method.

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

		December 31, 2002	2001	2000
On non-accrual basis	US$	691,471,518	77,060,927	14,723,989
On accrual basis (less than 90 days, past due)		0	338,553	1,917,886
Total past due, impaired and non-accrual loans	US$	691,471,518	77,399,480	16,641,875
Interest which would had been recorded if the loans had not been on a non-accrual basis	US$	26,835,677	845,844	1,825,850
Interest income recognized on non-accruing loans	US$	16,572,439	261,795	503,636
Foregone interest revenue	US$	10,263,238	584,049	1,322,214

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

		December 31, 2002	2001	2000
Impaired loans with specific allowances for credit losses	US$	691,471,518	77,060,927	14,723,989
Allowance for impaired loans (under SFAS 114)	US$	365,345,703	17,714,918	9,235,652
Average balance of impaired loans during the year	US$	422,412,361	12,821,669	25,533,840
Interest income recognized on impaired loans	US$	16,572,439	261,795	503,636

(8) Allowance for Credit Losses

The Bank classifies the allowance for credit losses into three components, as follows:

a) Allowance for Loan Losses:

		December 31, 2002	2001	2000
Balance at beginning of the year	US$	177,483,648	110,387,682	117,669,683
Provision		272,586,082	77,144,445	8,000,000
Recoveries		291,616	285,914	307,134
Loans charged-off		(20,640,984)	(10,334,393)	(15,589,135)
Balance at end of the year	US$	429,720,362	177,483,648	110,387,682

b) Allowance for Losses on Off-Balance Sheet Risk:

		December 31, 2002	2001	2000
Balance at beginning of the year	*US$*	*17,200,000*	*17,200,000*	*6,000,000*
Provision		*6,169,691*	*0*	*11,200,000*
Balance at end of the year	*US$*	*23,369,691*	*17,200,000*	*17,200,000*

At December 31, 2002, 2001 and 2000, the allowance for losses on off-balance sheet risk reflects the Bank's estimate of probable losses on off-balance sheet credit risk items such as confirmed letters of credit, stand-by letters of credit and credit commitments. (See note 18).

***c) Allowance for losses on guarantees** (potential credit and market losses on options). (See note 17):*

		December 31, 2002	2001	2000
Balance at beginning of the year	*US$*	*0*	*5,025,223*	*6,837,723*
Reclassification due to SFAS 133 adoption		*0*	*(5,025,223)*	*0*
Guarantees charged-off		*0*	*0*	*(1,812,500)*
Balance at end of the year	*US$*	*0*	*0*	*5,025,223*

The allowance for loan losses is presented in the balance sheets as a reduction from loans, and the allowance for losses on off-balance sheet credit risk and for losses on guarantees are both presented in the balance sheets within other liabilities.

The allowance for credit losses reflects management's judgment as to the level of allowance required to provide for losses inherent in the credit portfolio, based upon the political and macroeconomic conditions in the countries of the Region in which the Bank lends, the nature and characteristics of the Bank's credit portfolio which is mostly unsecured and contains some large individual loans, as well as country concentrations, most significantly Argentina and Brazil.

The Bank's estimate of losses on impaired loans considers all available evidence including, as appropriate, the present value of expected future cash flows discounted at the loan's contractual effective rate, the secondary market value of the loan, the fair value of the collateral, and environmental factors.

The Bank estimates probable credit losses on the balance of its credit portfolio, using a provisioning matrix model, which differentiates the risk into three categories and aggregates the sum of the following three factors: country risk, borrower risk and transaction type risk. To determine the probability of loss due to country risk, the Bank uses sovereign ratings of well-known independent rating agencies. For borrower risk, the Bank uses the probability of default matrix of a well-known rating agency. The Bank evaluates the transaction risk mainly by taking into account whether the risk is a trade transaction or otherwise. This model is a tool to estimate and validate the levels of reserves required, since it does not take into account all variables affecting asset quality. Therefore, the Bank also reviews the adequacy of general reserves, taking into account regional political, financial and economic trends affecting the portfolio, delinquency trends, volatility and significant concentrations that are not fully reflected in the model, and then adjusts the level of required reserves accordingly as of the end of each quarterly period.

(9) Premises and Equipment

The detail of premises and equipment is as follows:

		December 31, 2002	2001
Land	*US$*	*462,176*	*462,176*
Building and improvements		*4,086,968*	*4,092,202*
Furniture and equipment		*8,617,368*	*7,637,085*
		13,166,512	*12,191,463*
Less accumulated depreciation		*8,079,623*	*6,713,682*
	US$	*5,086,889*	*5,477,781*

Other operating expenses in the consolidated statements of operations include depreciation of US$1,434,217 in 2002, US$1,194,768 in 2001 and US$1,141,924 in 2000. The estimated original useful life is 40 years for building and 3 to 5 years for furniture and equipment.

(10) Deposits

The maturities of deposits are summarized as follows:

		December 31, 2002	December 31, 2001
Up to 1 month	US$	486,506,074	1,128,658,255
From 1 month to 3 months		49,645,110	372,450,984
From 3 months to 6 months		0	44,000,000
From 6 months to 1 year		1,000,000	7,500,000
Over 1 year		14,821,428	18,750,000
	US$	551,972,612	1,571,359,239
Deposits of US$100,000 or more:			
Aggregate amount of deposits	US$	549,868,874	1,569,367,264
Deposits in offices outside of Panama:			
Aggregate amount of deposits	US$	262,349,849	475,477,282
Interest expense	US$	6,079,229	26,200,966

(11) Short-term Borrowings and Placements

The breakdown of short-term borrowings and placements from banks and other investors is as follows:

		December 31, 2002	December 31, 2001
Borrowings:			
At fixed interest rates:			
Advances from banks	US$	361,136,539	1,277,310,000
Discounted acceptances		65,700,000	50,000,000
Securities sold under repurchase agreements		220,507,950	407,728,256
Total fixed interest rate borrowings		647,344,489	1,735,038,256
Placements:			
At floating interest rates:			
Short-term Euro notes		0	15,202,189
At fixed interest rates:			
Euro commercial paper		0	73,083,183
Total placements		0	88,285,372
Total short-term borrowings and placements outstanding at the end of the year	US$	647,344,489	1,823,323,628
Average outstanding during the year	US$	1,218,036,260	1,704,251,945
Maximum outstanding at any month end	US$	1,762,156,670	1,880,007,077

The Bank's activities to obtain funds include a program for issuance of Euro Commercial Paper and Euro Certificates of Deposit, which in 1995 was increased up to a maximum of US$750 million. This program may be used by the Bank or its subsidiary in the Cayman Islands to issue commercial paper or certificates of deposit with a maturities between 7 and 365 days, bearing interest or at a discount, for a minimum of US$10,000 and in various currencies. The securities are generally sold in bearer form through one or more authorized financial institutions. With respect to issuance of Certificates of Deposit, these may only be issued by the Bank's subsidiary in the Cayman Islands.

(12) Medium and Long-term Borrowings and Placements

The breakdown of medium and long-term borrowings and placements (original maturity of more than one year) is as follows:

		December 31, 2002	December 31, 2001
Borrowings:			
At floating interest rates:			
Syndicated and other medium-term borrowings from various international banks, with due dates from January 2003 until November 2005	US$	910,053,539	1,108,201,543
Securities sold under repurchase agreements		31,686,541	0
Total floating interest rate borrowings		941,740,080	1,108,201,543
At fixed interest rates:			
Securities sold under repurchase agreements		4,614,213	0
Total borrowings		946,354,293	1,108,201,543
Placements:			
At floating interest rates:			
Euro medium-term notes with various maturities, with due dates from January 2003 until May 2006		236,284,802	395,520,192
At fixed interest rates:			
Euro medium-term notes with various maturities, with due dates from January 2003 until September 2005.		102,854,170	283,439,584
Total placements		339,138,972	678,959,776
Total medium and long-term borrowings and placements outstanding at the end of the year	US$	1,285,493,265	1,787,161,319
Average outstanding during the year	US$	1,547,080,898	1,714,441,267
Maximum outstanding at any month end	US$	1,780,266,566	1,837,870,892

	2002	2001
At floating interest rates:		
Weighted average interest rate at the end of the year	2.26%	3.16%
Weighted average interest rate during the year	2.65%	5.18%
At fixed interest rates:		
Weighted average interest rate at the end of the year	6.46%	5.73%
Weighted average interest rate during the year	5.67%	5.79%

The future maturities of medium and long-term borrowings and placements are as follows:

		December 31, 2002	December 31, 2001
2002	US$	0	682,547,750
2003		838,018,394	777,597,304
2004		305,085,836	255,614,623
2005		123,389,035	52,401,642
2006		19,000,000	19,000,000
	US$	1,285,493,265	1,787,161,319

The Bank's funding activities include an Euro Medium-Term Note program which in June 1999 was increased by US$750 million to a maximum of US$2,250 million. The program may be used to issue notes with maturities from 90 days up to a maximum of 30 years, at fixed, floating interest rates or at a discount, and in various currencies. The notes are generally sold in bearer or registered form through one or more authorized financial institutions.

Early Extinguishment of Debt

During the third quarter of 2002, the Bank repurchased in the market at discount a US$11,000,000 of notes issued under the EMTN program as the "US$20MM Nomura Series 223" and the "US$5MM Prudential Series 240". The Bank's total disbursements were US$9,570,000 resulting in a realized gain as of December 31, 2002, of US$1,430,000, for both transactions. The maturity dates for these series were September 25, 2003 and May 2, 2003.

(13) Redeemable Preferred Stock

The Bank's authorized redeemable preferred stock consists of 5,000,000 shares of US$10 par value per share, totaling US$50,000,000. The minimum 8% cumulative participating preferred stock issue was authorized on April 30, 1986. At December 31, 2002 and 2001, the issued and outstanding shares were 1,218,557 and 1,523,196, respectively. At December 31, 2002, 29,003 preferred shares were redeemed but not collected by stockholders. In 2001, 57,842 shares were repurchased, for US$698,873 that included a payment of US$120,453 over the par value. Normally, the preferred stock is non-voting, except when the minimum dividends are not paid and certain other conditions are not complied with, in which case, the preferred stockholders have the right to elect a Director, and receive a minimum preferred dividend of 8%, which payment is subject to the approval of the Board of Directors, and in case of a liquidation receive first preference of US$10 per share, plus accrued and unpaid dividends. The preferred shares are required to be redeemed at their par value by means of a sinking fund designed to retire 20% of the aggregate par value of the preferred shares outstanding as of March 15, 2002, and on May 15 in each of the subsequent years up to 2006. On May 15, 2002, the Bank redeemed 304,639 outstanding shares, which represented 20% of the total redeemable Preferred Stock. The preferred shares to be redeemed were chosen by lot on March 27, 2002 at the Bank's headquarters in Panama.

The retained earnings at the end of each of the years in the three-year period ended December 31, 2002, include the minimum dividend of 8% payable on the preferred shares in each such period, which is subject to the approval by the Board of Directors in order to be appropriated and paid to the preferred stockholders in the following year. (See note 15).

(14) Common Stock

On November 18, 2002, the Bank's shareholders approved an amendment of the first paragraph Article 4 of the Articles of Incorporation of the Bank which increased its authorized capital from 75,000,000 to 185,000,000 shares for the purpose of permitting the Bank to raise needed additional equity capital initially through a rights offering to the Bank's common stockholders. (See note15).

The common stock of the Bank is divided into three classes:

1) *Class "A" shares may only be issued to Latin American Central Banks or banks in which the state or other government agencies 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 the 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 new Class "B" share for one Class "E" share, without a discount. Class "E" shares issued in exchange for existing Class "B" and Class "C" shares which have not been outstanding for at least two years (including newly issued Class "B" shares) will not (unless they are registered by the Bank under the U.S. Securities Act of 1933, as amended) be freely tradable in the New York Stock Exchange until the end of a two-year holding period, which will include the holding period of the Class "B" shares for which the Class "E" shares are exchanged.

The details relating to the common stock are as follows:

	Class			
	A	B	E	Total
Capital				
Authorized number of common shares, without par value, at December 31, 2002	40,000,000	40,000,000	100,000,000	180,000,000
Number of outstanding shares at December 31, 2002	4,911,185	3,746,721	8,685,287	17,343,193

	Number of Shares	Stated Value	Capital Surplus
Issued capital			
Balance at December 31, 1999	19,922,522	US$ 132,848,420	144,361,894
Issuance of no par value shares at assigned value during 2000	9,130	60,898	170,890
Retirement of Class "B" shares	(8,926)	(58,150)	(10,600)
Treasury stock	(733,608)	(4,891,306)	(15,949,590)
Balance at December 31, 2000	19,189,118	127,959,862	128,572,594
Issuance of no par value shares at assigned value during 2001	4,031	26,882	103,482
Treasury stock	(1,903,048)	(12,692,430)	(52,100,381)
Conversion of Class "B" shares	(3)	931	(784)
Stock option plan	50,740	338,437	831,438
Balance at December 31, 2001	17,340,838	115,633,682	77,406,349
Issuance of no par value shares at assigned value during 2002	2,358	15,734	35,361
Conversion of Class "B" shares	(3)	0	0
Balance at December 31, 2002	17,343,193	US$ 115,649,416	77,441,710

All common shares do not have par value, however, its assigned value is US$6.67 per share. Treasury stock weighted average purchase price during the years ended December 31, 2001 and 2000 is US$34.05 and US$28.41, respectively.

Class	Outstanding December 31, 2001	Conversions	Repurchases	Issuance of New Shares	Outstanding December 31, 2002
A	4,911,185	0	0	0	4,911,185
B	4,247,213	(502,850)	0	2,358	3,746,721
E	8,182,440	502,847	0	0	8,685,287
TOTAL	17,340,838	(3)	0	2,358	17,343,193

During the year 2000, the Board of Directors approved repurchases by the Bank, at the discretion of management, of up to 2,000,000 Class "B" shares (at the prevailing per share market price of the Class "E" shares on the date of purchase) from shareholders that requested conversion of their Class "B" shares into Class "E" shares. The Bank repurchased an aggregate of 568,010 Class "B" shares for US$15.7 million under this program prior to its cancellation in December 2000. Upon repurchase, these Class "B" shares were not cancelled by the Bank and were, accordingly, classified as treasury stock.

On December 6, 2000, the Board of Directors approved a stock repurchase program, an increased dividend payout ratio and a plan to declare and pay dividends on a quarterly basis, rather than annually. Under the repurchase program, the Bank may, from time to time, at the discretion of management, purchase up to an aggregate of US$75,000,000 Class "E" shares on the open market at the then prevailing market price. The Bank, may also makes repurchases of up to an aggregate of US$25,000,000 of Class "A" common shares in privately negotiated transactions at the then prevailing market price. Repurchase of Class "A" shares may not exceed 25% of the number of shares owned by each Class "A" shareholder.

During the year ended December 31, 2001 and 2000, the Bank repurchased under this program the following shares:

	December 31,			
	2001		2000	
	Shares	Amount	Shares	Amount
Class "A"	269,843	US$ 9,222,575	48,297	US$ 1,485,144
Class "E"	1,633,205	55,570,235	117,300	3,700,521
	1,903,048	US$ 64,792,810	165,597	US$ 5,185,665

There was no share repurchase activity during 2002.

(15) Capital Issuance

Background information related to capital issuance

The credit loss provision and securities impairment charges taken in the second quarter of 2002 resulted in diminished capital ratios. In order to bring these back to historical levels to support BLADEX's growth plans and strengthen its ability to withstand market volatility, the Bank is in the process of raising additional capital for at least US$100 million. While there is no assurance that the new capital will preserve the Bank's investment grade ratings, the rating agencies have made it clear that, without it, the Bank would be downgraded. In the current environment, the loss of the Bank's investment grade ratings would impair the Bank's ability to obtain new funding.

Tier 1 capital (common stock equity) is the strongest form of capital. Because of the region's history of volatility, both, creditors and rating agencies, assume, expect and require high levels of this type of equity capital. The Board and management believes that the Bank must raise a minimum of US$100 million of Tier 1 capital in order to retain its investment grade ratings, and continue to fulfill in a significant way its primary role of providing trade financing to borrowers in Latin America.

In order to address a potential stockholders dilution, the Board intends to raise the needed capital initially through a rights offering to the Bank's common stockholders pursuant to which each stockholder would be given the opportunity to subscribe, on a pro rata basis in proportion to its existing shareholding, for a portion of the shares being offered. Only following the completion of that rights offering would the Bank sell shares to entities that are not stockholders. Under the Bank's Articles of Incorporation, the Class "A" and Class "B" stockholders have preemptive rights with respect to the sale of additional Class "A" and Class "B" shares, respectively. The Class "E" shareholders do not have preemptive rights, but the Board is including the Class "E" shareholders in the rights offering in order to ensure that they are treated fairly.

In order to provide some assurance that the Bank will be able to raise the required equity capital, the Bank has sought from a group of existing Class "A" and Class "B" stockholders, and several multilateral organizations (together, the "Core Support Group"), commitments to purchase some or all of the shares which are offered to existing shareholders in the rights offering, but which are not subscribed by the end of the subscription period. The Bank has made substantial progress with the Core Support Group members toward obtaining commitments to provide this equity capital, to the extent that shares are not subscribed in the rights offering.

On November 2002, the shareholders approved an amendment of the Articles of Incorporation of the Bank, increasing the authorized capital of the Bank from 75,000,000 to 185,000,000 shares for the purpose of allowing the Bank to raise needed additional capital. On December 17, 2002, the Bank filed with the U.S. Securities and Exchange Commission a Registration Statement Form F-2 for the rights offering.

Capital issuance related costs

On June 28, 2002 a letter agreement was signed between BNP Paribas Securities Corp. and Deutsche Bank Securities Inc. (together the "Financial Advisors") and the Bank to assist in financial advice with respect to the capital raising plans and ratings-related issues. The Financial Advisors have provided assistance in executing the plan to secure the initial participation of the Core Group of Class "A" and "B" shareholders and multilateral agencies by contacting existing holders of the Bank's Class "A" and Class "B" common stock to determine their interest in making additional equity investments in the Bank. In addition, they assist in contacting other public sector entities which the Financial Advisors may identify as potentially having an interest in making an equity investment in the Bank.

At December 31, 2002 the direct costs related to the advisory services provided by the Financial Advisors as well as legal and other financial advisors were approximately US$4,079,779, and will be reported as a reduction of the proceeds received that and deducted from paid-in-capital. Since the rights offering is in the process the capitalization costs and related expenses have been classified as other assets. The management expects to complete the rights offering by the end of the first quarter of 2003. In the event that the rights offering is not completed, the deferred issuance costs will be charged against income.

At December 31, 2002, the Bank recorded US$1,650,000 as commitment related to be Financial Advisors services in connection with the capitalization process.

(16) Cash and Stock Compensation

Directors

On April 28, 2000, the Board of Directors approved a compensation plan that provided for cash compensation and stock options to Directors. This plan is applicable only to Directors who are not employee of BLADEX. In accordance with the Stock Option Plan for Directors, each year, the Board of Directors may grant options to purchase Class "E" shares to each Director that have a value of US$10,000 and for the Chairman of the Board a value of US$15,000.

The exercise price of each option must equal 100% of the fair market value of the stock covered by such option at the date the option is granted. The options granted become 100% exercisable one year after the date granted and expire on the fifth year after the date granted.

Under this plan, 50,000 Class "E" common shares were reserved.

A summary of options granted under this plan, and their exercise terms, is as follows:

Options Granted			First Tranche Exercise Rights		
Date	No. of Shares	Price per Exercise Share	Amount	Starting Date	Expiration Date
02/06/01	2,584	US$32.88	2,584	02/06/02	02/06/06

A summary of the status of the option grated under the Director's Plan is presented below.

	December 31,			
	2002		2001	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at beginning of the year	2,280	US$ 32.88	0	0
Granted	0	0	2,584	US$ 32.88
Exercised	0	0	0	0
Forfeited	0	0	(304)	US$ 32.88
Outstanding at end of the year	2,280	US$ 32.88	2,280	US$ 32.88
Options exercisable at end of the year	2,280	US$ 32.88	0	US$ 0
Weighted average fair value of options granted during the year				US$ 7.09

Officers (1995 Plan)

On October 13, 1995, the Board of Directors approved the 1995 Stock Option Plan (the "1995 Plan") covering a total of 300,000 Class "E" shares. The purpose of this Plan is to encourage and enable key employees to become shareholders of the Bank to stimulate their efforts in raising the corporate performance to higher levels and strengthen their desire to remain in the Bank. The term of the plan was seven years and it ended at October 13, 2002.

In accordance with the 1995 Plan, options were granted from time-to-time at a purchase price equal to the average fair market value of the common stock covered by each option on the date that the option was granted. One third of the options may be exercised on each successive year after the grant date and expire on the tenth year after the grant date.

A summary of options granted under the 1995 Plan, and their exercise terms, is as follows:

Options Granted			***First Tranche Exercise Rights***		
Date	***No. of Shares***	***Price per Exercise Share***	***Amount***	***Starting Date***	***Expiration Date***
10/13/95	*90,000*	*US$41.56*	*30,000*	*10/13/96*	*10/12/05*
01/31/97	*70,000*	*US$51.19*	*23,334*	*01/31/98*	*01/30/07*
02/06/98	*70,000*	*US$42.56*	*23,334*	*02/06/99*	*02/05/08*
02/04/99	*70,000*	*US$23.03*	*23,334*	*02/04/00*	*02/03/09*
02/04/00	*37,367**	*US$23.16*	*12,460*	*02/04/01*	*02/03/10*

**Options reintegrated and granted*

A summary of the status of the options granted under the 1995 Plan is presented below:

	December 31,					
	2002		***2001***		***2000***	
	Shares	***Weighted Average Exercise Price***	***Shares***	***Weighted Average Exercise Price***	***Shares***	***Weighted Average Exercise Price***
Outstanding at beginning of the year	*198,633*	*US$39.82*	*280,773*	*US$36.90*	*250,607*	*US$38.85*
Granted	*0*	*0*	*0*	*0*	*37,367*	*US$23.16*
Exercised	*0*	*0*	*(50,740)*	*US$23.06*	*0*	*0*
Forfeited	*(23,064)*	*US$36.77*	*(31,400)*	*US$40.80*	*(7,201)*	*US$33.44*
Outstanding at end of the year	*175,569*	*US$40.22*	*198,633*	*US$39.82*	*280,773*	*US$36.90*
Options exercisable at end of the year	*167,367*	*US$41.05*	*157,721*	*US$44.16*	*179,523*	*US$42.50*
Weighted average fair value of options granted during the year						*US$8.82*

Information pertaining to options outstanding under the 1995 Stock Option Plan, at December 31, 2002 is as follows:

Range of Exercise Prices	***Number Outstanding***	***Weighted Average Remaining Contractual Life***	***Weighted Average Exercise Price***	***Number of Shares Exercisable***	***Weighted Average Exercise Prices***
US$23.03 - US$51.19	*175,569*	*5.48 years*	*US$40.22*	*167,367*	*US$41.05*

Officers (1999 Plan)

In October 1999, a new Class "E" Stock Option Plan (the "1999 Plan") for key employees was approved with 350,000 Class "E" shares reserved for the implementation of this Plan. The terms of the plan are the same as the 1995 Plan with the exception that one third of the options become exercisable two years after grant and become exercisable in full after the fourth year with expiration on the tenth anniversary after the grant date.

A summary of options granted under the 1999 Plan and their exercise terms, is as follows:

Options Granted			***First Tranche Exercise Rights***		
Date	***No. of Shares***	***Price per Exercise Share***	***Amount***	***Starting Date***	***Expiration Date***
02/04/00	*32,633*	*US$23.16*	*10,878*	*02/04/02*	*02/03/10*
02/06/01	*70,000*	*US$32.88*	*23,334*	*02/06/03*	*02/06/11*

A summary of the status of the options granted under the Bank's 1999 Plan is presented below:

	December 31, 2002 Shares	2002 Weighted Average Exercise Price	2001 Shares	2001 Weighted Average Exercise Price	2000 Shares	2000 Weighted Average Exercise Price
Outstanding at beginning of the year	90,683	US$ 29.81	32,633	US$ 23.16	0	0
Granted	0	US$ 0	70,000	US$ 32.88	32,633	US$ 23.16
Exercised	0	US$ 0	0	US$ 0	0	US$ 0
Forfeited	(20,890)	US$ 29.65	(11,950)	US$ 29.67	0	US$ 0
Outstanding at end of the year	69,793	US$ 29.85	90,683	US$ 29.81	32,633	US$ 23.16
Options exercisable at end of the year	7,244	US$ 23.16	0	US$ 0	0	US$ 0
Weighted average fair value of options granted during the year				US$ 12.62		US$ 8.91

Information pertaining to options outstanding under the 1999 Plan at December 31, 2002, is as follows:

Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number of Shares Exercisable	Weighted Average Exercise Price
US$23.16 - US$32.88	69,793	8.40 years	US$29.85	7,244	US$23.16

At December 31, 2002, the Bank had two stock-based employee compensation plans, which are described more fully above. The Bank accounts for those plans under the recognition and measurement principles of APB Opinion No.25, Accounting for Stock Issued to Employees, and related interpretations. In accordance with SFAS 148 "Accounting for Stock-Based Compensation Transition and Disclosure", an amendment of FASB Statement No. 123, as of the date of the financial statements, the Bank has continued applying the intrinsic value-based method to account for stock based employee compensation plan prescribed by APB Opinion No. 25, "Accounting for Stock Issued to Employees". Under the intrinsic value-based method, compensation cost is the excess, if any, of the quoted market price of the stock at grant or other measurement date over the amount an employee must pay to acquire the stock. Since the purchase price at grant date was equal to the market price, no compensation cost is recognized.

Had the Bank applied SFAS No. 123 in accounting for the Company's Stock Option Plans, net income and net income per share would have been the pro forma amounts indicated below:

		December 31, 2002	2001	2000
Net income (loss), as reported	US$	(268,837,809)	2,493,697	97,055,554
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects		51,628	184,894	639,688
Pro forma net income (loss)	US$	(268,889,437)	2,308,803	96,415,866
Earning (loss) per share:				
Basic-as reported	US$	(15.56)	0.06	4.83
Basic-pro forma	US$	(15.56)	0.05	4.80
Diluted-as reported	US$	(15.56)	0.06	4.81
Diluted-pro forma	US$	(15.56)	0.05	4.78

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

		December 31, 2002	2001	2000
Weighted average fair value of option				
Directors	US$	0	7.09	0
1995 Plan	US$	0	0	8.82
1999 Plan	US$	0	12.62	8.91
Weighted average expected life				
Directors		0	2.35	0
1995 Plan		0	0	4.86
1999 Plan		0	5.05	4.98
Valuation assumptions- Expected volatility:				
Directors		0	30%	0
1995 Plan		0	0	35%
1999 Plan		0	35%	35%

	December 31,		
	2002	2001	2000
Risk-free interest rate:			
Directors	0	3.45%	0
1995 Plan	0	0	4.60%
1999 Plan	0	4.15%	4.60%
Expected annual dividends per share	n/a	n/a	n/a
Expected annual forfeitures	n/a	n/a	n/a

Contribution Plan

The Bank sponsors a defined contribution plan authorized by the Board of Directors for certain of its expatriate officers, which as of December 31, 2002, 2001 and 2000 covered seven, six and four officers, respectively. The Bank accrues its contribution to the plan with an amount that is generally determined as a percentage of the covered officers annual salary, and each officer also contributes an amount which is withheld from his salary and deposited in a savings account with the Bank and earns interest at market rates.

During 2002, 2001 and 2000 the Bank charged to employee expense the amounts of US$118,900, US$50,764 and US$60,000, respectively related to this plan. As of December 31, 2002 and 2001 the accumulated liability payable under this defined contribution plan amounted to US$431,821 and US$312,921, respectively.

In 1999, the Board of Directors approved the adoption of two new employee stock programs, which currently have the following terms:

1) Deferred Equity Unit Plan (the "DEU Plan"):

The DEU Plan allows eligible employees to elect to invest up to 25% of their annual profit sharing in Class "E" shares (the "Participation Shares"). If participating employees agree to allow the Bank to maintain custody over the certificates of the Participating Shares, the employee receives a grant of one deferred equity unit for every two Participating Shares. Each deferred equity unit represents the right to receive a Class "E" share (or the economic equivalent thereof). In general terms, the employee will vest in 50% of the deferred equity units on each of the third and fifth anniversaries of the date of grant of the deferred equity units if, throughout the vesting period, the Participating Shares have not been transferred and the employee remains employed by the Bank. Participating employees receive dividends with respect to their vested deferred equity units and receive additional deferred equity units in lieu of a dividend with respect to their unvested deferred equity units. Distributions are made in respect of deferred equity units as they vest.

Under the DEU Plan and the Stock Purchase Plan, 30,000 and 60,000 Class "E" common shares were reserved, respectively. In February 2001, six employees participated under this plan with an investment equivalent to 246 shares. This corresponds to 122 deferred equity units exercisable in February 2006, according to the terms of this plan. As of December 31, 2002 and 2001, the Bank provisioned US$3,011 and US$3,591 respectively, reflecting the market value of the related Class "E" shares.

2) Deferred Compensation Plan (the "DC Plan"):

The DC Plan has two separate features. Under the first component of the DC Plan, the Bank may grant to each eligible employee a number of deferred equity units equal to the product of (x) an amount equal to a percentage, not to exceed 3%, of the employee's compensation, divided by (y) the fair market value of a Class "E" share. Each deferred equity unit represents the right to receive a Class "E" share (or the economic equivalent thereof). Employees will vest in the deferred equity units after three years of service (which may be either before or after the deferred equity unit award). Distributions are made in respect of deferred equity units on the later of (i) the date the vested deferred equity units are credited to an employee's account and (ii) ten years after the employee is first credited with deferred equity units under the DC Plan. Participating employees receive dividends with respect to their vested deferred equity units, and receive additional deferred equity units in lieu of a dividend with respect to their unvested deferred equity units. The second component allows employees who are not citizens or residents of the United States to defer a percentage of their compensation, and receive discretionary matching cash contribution. In no event shall 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 employee exceed 6% of the employee's annual base compensation.

Under the DC Plan, 30,000 Class "E" shares were reserved.

The following presents a detail of changes in the deferred equity units as of December 31, 2002 and 2001.

	December 31,	
	2002	2001
Outstanding at the beginning of the year	4,308	0
Granted	6,248	4,359
Forfeited	(1,442)	(51)
Exercised	0	0
Outstanding at end of the year	9,114	4,308

The deferred equity units, can be exercised beginning February 2011 in accordance with terms of this Plan. The expenses provisioned for 2002 and 2001, under this Plan, were US$49,122 and US$175,798, respectively.

(17) Earnings (loss) Per Share

Earnings (loss) per share disclosures for each period are detailed as follows:

		December 31,		
		2002	2001	2000
Income (loss) from continuing operations	US$	(266,491,715)	3,752,398	97,055,554
Discontinued operations		(2,346,094)	(2,388,114)	0
Cumulative effect of accounting change		0	1,129,413	0
Paid on preferred shares purchased		0	(120,453)	(195,012)
		(268,837,809)	2,373,244	96,860,542
Less:				
Preferred stock dividends		(1,011,910)	(1,235,481)	(1,285,911)
Income (loss) available to common stockholders	US$	(269,849,719)	1,137,763	95,574,631
Weighted average common shares outstanding applicable to Basic EPS		17,342,689	18,101,751	19,782,871
Basic earnings (loss) per share:				
Income (loss) from continuing operations before cumulative effect of accounting change	US$	(15.42)	0.13	4.83
Discontinued operations		(0.14)	(0.13)	0.00
Cumulative effect of accounting change		0.00	0.06	0.00
Net income (loss)	US$	(15.56)	0.06	4.83
Weighted average common shares outstanding applicable to Dilutive EPS		17,342,689	18,101,751	19,782,871
Effect of dilutive securities:				
Options - Plan 95		0	60,454	81,811
Adjusted weighted average common shares outstanding applicable to Dilutive EPS		17,342,689	18,162,205	19,864,682
Dilutive earnings (loss) per share:				
Income (loss) from continuing operations before cumulative effect of accounting change	US$	(15.42)	0.13	4.81
Discontinued operations		(0.14)	(0.13)	0.00
Cumulative effect of accounting change		0.00	0.06	0.00
Net income (loss) per share	US$	(15.56)	0.06	4.81

At December 31, 2002, there were 176,891 shares of common stock subject to the outstanding Stock Option Plans of the Bank. Nevertheless, the basic and diluted earnings per share are the same because the potential common shares are antidilutive securities.

(18) Financial Instruments with Off-Balance Sheet Financial Risk

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

In the normal course of business, the Bank had outstanding financial instruments with off-balance sheet financial risk, as follows:

		December 31,	
		2002	2001
Confirmed letters of credit			
Stand-by letters of credit and guarantees:	US$	48,743,756	84,711,389
Country risks	US$	90,122,176	223,423,964
Commercial risks		249,021,614	571,362,514
Credit commitments		72,722,757	30,527,034
	US$	460,610,303	910,024,901

As of December 31, 2002 the maturity dates for stand-by letters of credit and guarantees are as following:

Within 1 year	US$	253,600,442
1 to 5 years		85,543,348
	US$	339,143,790

The Bank's off-balance sheet exposure in Argentina was as follows:

		December 31, 2002	2001
Confirmed letters of credit			
Maximum potential amount	*US$*	*0*	*22,142,690*
of future payments under guarantees:	*US$*	*23,000,000*	*181,422,244*
Country risks		*0*	*30,687,327*
	US$	*23,000,000*	*234,252,261*

Letters of Credit and Guarantees

The Bank, on behalf of its institutional client base, confirms and advises 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 latter does not honor drafts drawn on the credit, the Bank will.

The Bank provides stand-by letters of credit and guarantees (including country risk coverage), which are issued on behalf of institutional customers in connection with financing between the customers and third parties. The Bank applies the same credit standards used in the 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 the third party's contractual default. Risks associated with such stand-by letters of credit and guarantees are included in the evaluation of overall credit risk.

The Bank issues stand-by letters of credit 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. However, in a few cases, the Bank also issues stand-by letters of credit and guarantees to provide coverage for country risk arising from political risks, such as expropriation, nationalization, war and/or civil disturbances. Nevertheless, the Bank has the option to choose between four alternatives that allow the Bank to recover the amounts paid under these guarantees in case of being executed.

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.

(19) Derivative Financial Instruments

Effective January 1, 2001, the Bank adopted SFAS No. 133 related to the accounting of financial instruments that are considered to be derivatives, which requires that these financial instruments be booked on the balance sheet at their fair value. For control purposes, these financial instruments are recorded at their nominal amount ("notional amount") on the memorandum accounts.

The Bank utilizes derivatives and foreign exchange financial instruments primarily for hedging purposes in its asset/liability activities. All of the forward exchange contracts entered during 2002 and 2001 were made by the Bank as an end user to hedge foreign exchange risks arising from the Bank's lending activity and the issuance of non-US dollar denominated short-term Euro Commercial Paper and Euro Medium-Term Notes. The Bank also engages in some foreign exchange trades to serve customers' transaction needs and all positions are hedged with an offsetting contract for the same currency. The Bank manages and controls the risks on these buy and sell foreign currency contracts under approved limits of amounts and terms by clients, and by having adopted policies that do not allow it to maintain open positions. 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 or vice-versa.

Types of Derivative and Foreign Exchange Instruments

Derivative and foreign exchange instruments negotiated by the Bank are mainly executed over-the-counter ("OTC"). These contracts are executed between two counterparties that negotiate specific agreement terms, including notional amount, exercise price and maturity.

The Bank for purposes of asset/liability activities uses the following 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 these derivative instruments as fair value hedges, cash flow hedges and freestanding derivatives.

Cross-currency swaps are contracts that generally involve the exchange of both interest and principal amounts in two different currencies. The Bank has designated these derivative instruments as fair value hedges.

A forward foreign exchange contract represents an agreement to purchase or sell foreign currency on a future date at agreed-upon terms. The Bank has not designated a hedging relationship to this derivative instruments.

Quantitative information on derivative financial instruments outstanding at December 31, 2002 and 2001 is as follow:

		Notional Amount		Balance Sheet Credit Exposure	
		2002	**2001**	**2002**	**2001**
Interest rate swap agreements	US$	226,000,000	196,000,000	(10,035,595)	2,181,606
Less set-offs		35,000,000	40,000,000	1,419,410	2,420,158
	US$	191,000,000	156,000,000	(11,455,005)	(238,552)
Foreign exchange forward contracts	US$	216,857,130	511,564,764	(3,413,724)	36,779,100
Less set-offs		19,000,000	61,141,774	(2,283,506)	(5,593,302)
	US$	197,857,130	450,422,990	(1,130,218)	42,372,402
Options	US$	0	100,000,000	0	(1,173,717)

Remaining contracts outstanding at December 31, 2002 with notional principal amounts less set-offs, are as follow:

		December 31,			
		2003	**2004**	**2005**	**2007**
Interest rate swaps less set-offs	US$	81,000,000	60,000,000	0	50,000,000
Foreign exchange forward contracts	US$	71,223,170	112,535,960	14,098,000	0

The interest rate swaps less set-offs, with maturities at different dates from February 21, 2003 to February 15, 2007, are matched to the maturity dates of the related Euro Medium-Term Notes issues and to the corresponding investments available for sale as part of the Bank's credit portfolio.

Options

During 1997, the Bank sold a series of options on sovereign risk assets for a notional value of US$221,391,335. At December 31, 2001 the notional value of the outstanding options was US$100,000,000. These options expired on August 2002 and the counterpart exercised options for US$50,000,000. Provisions for possible losses on these guarantees were established in 1997 and 1998 to cover the mark-to-market valuation of the underlying assets of the options. On January 1, 2001 and as a result of the adoption of SFAS 133, the allowance for losses on guarantees was eliminated and the balance of US$5,025,223, together with the remaining un-amortized premium received of US$1,915,833 were transferred to the SFAS 133 transition adjustment of US$5,582,298 generated by the market valuation of options at the date. (See note 21).

(20) Accumulated Other Comprehensive Loss

As of December 31, 2002 and 2001, the breakdown of accumulated other comprehensive loss was as follows:

		SFAS 115	SFAS133	TOTAL
Balance as of December 31, 2000	US$	0	0	0
Adjustment relate to SFAS 133 transition adjustment - transfer from held to maturity to available for sale		421,421	0	421,421
Unrealized losses arising from the year		(387,005)	(540,696)	(927,701)
Balance as of December 31, 2001		34,416	(540,696)	(506,280)
Adjustments related to transfer from securities held to maturity to available for sale		(42,704,536)	0	(42,704,536)
Unrealized gain (loss) arising from the year		3,788,501	(2,578,603)	1,209,898
Reclassification adjustment for losses included in net income		41,883,201	0	41,883,201
Balance as of December 31, 2002	US$	3,001,582	(3,119,299)	(117,717)

(21) Fair Value Disclosure of Financial Instruments

The following disclosures represent the Bank's best estimate of the fair value of on and off-balance financial instruments. The following assumptions have been used by management to estimate the fair value of each class of financial instruments for which it is practicable to do so:

(a) 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 with banks, securities purchased under agreements to resell, accrued interest receivable, derivatives and hedged items, customers' liabilities under acceptances and certain financial liabilities including, interest, taxes and other liabilities and acceptances outstanding, as a result of their short-term nature, is considered to be equal to fair value.

(b) Investment securities

Fair value has been based upon current market quotations, where available. If quoted market prices are not available, fair value has been estimated based upon the quoted price of similar instruments.

(c) 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 the allowance 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 related allowance for loan losses.

(d) Deposits

The fair value of demand, savings and time deposits is equal to the amount payable on demand at the reporting date. For deposits with fixed maturities, fair value has been estimated based upon interest rates currently being offered on deposits with similar characteristics and maturities.

(e) Short-term borrowings and placements

Fair values of short-term borrowings and placements, are estimated using discounted cash flow analysis based on the current incremental borrowing rates for similar types of borrowing arrangements.

(f) Medium and long-term borrowings and placements

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

(g) Derivative financial instruments

Fair values for derivative financial instruments and options are based upon quoted market prices.

(h) Commitments to extend credit, stand-by letters of credit, and financial guarantees written

The fair value of commitments is estimated using the fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the present creditworthiness of the counterparties. For fixed-rate loan commitments, fair value also considers the difference between current levels of interest rates and the committed rates. The fair value of guarantees and letters of credit is based on fees currently charged for similar agreements or on the estimated cost to terminate them or otherwise settle the obligations with the counterparties at the reporting date.

The following, provides a comparison of the carrying value and fair value of the Bank's financial instruments. Fair values have been determined based on applicable requirements and do not necessarily represent the amount that would be realized upon liquidation.

		December 31,			
		2002		2001	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:					
Instruments with carrying value equal to fair value	US$	668,108,930	668,108,930	1,010,745,632	1,010,745,632
Securities available for sale		149,158,892	149,158,892	24,196,913	24,196,913
Securities held to maturity		16,555,397	16,717,332	337,901,358	375,233,901
Loans, net of allowance		2,077,306,616	2,024,398,686	4,536,105,437	4,553,429,579
Financial liabilities:					
Instruments with carrying value equal to fair value	US$	89,834,443	89,834,443	159,006,250	159,006,250
Time deposits		528,870,561	530,334,007	1,500,263,004	1,503,389,706
Short-term borrowings and placements		647,344,489	651,142,058	1,823,323,628	1,848,122,271
Medium and long-term borrowings and placements		1,285,493,265	1,321,589,490	1,787,161,319	1,796,498,916
Commitments to extend credit, stand-by letters of credits and guarantees		460,610,303	463,812,661	910,024,901	897,901,305

(22) Impact of SFAS 133 on the Bank's Financial Statements

SFAS 133, as amended, which deals with the accounting for derivatives, was adopted on January 1, 2001. The adoption of SFAS 133 affected the "cumulative effect of accounting change" account, and the "other income" account, both of which, impacted the Statement of Operations, as follows:

	December 31, 2001			
	Options	**Forward Contracts**	**Interest Rate Swaps**	**Total**
Cumulative effect of accounting change:				
Transition adjustment (one time adjustment made on January 1, 2001)	US$ 1,358,760	0	(229,347)	1,129,413
Other income:				
Change in fair value of derivatives and hedging activities	4,408,581	18,540	2,951,649	7,378,770
Total	US$ 5,767,341	18,540	2,722,302	8,508,183

Also, the adoption of SFAS 133 affected the "other comprehensive income" account in the Bank's Consolidated Balance Sheet. (See Note 20).

(23) Business Segment Information

The Bank has three segments that it utilizes for management reporting and analysis purposes: short-term loans, medium-term loans and contingencies (letters of credit, guarantees and other fee generating businesses). These segments are based upon products and services offered and are identified in a manner consistent with the requirements outlined on Statement of Financial Accounting Standard No. 131, "Disclosures about Segments of a Enterprise and Related Information". The segment results show the financial performance of the major business units. These results are determined based on the Bank's management accounting process, which assigns balance sheet, revenue and expense items to each reportable business unit on a systematic basis.

The short-term loans (original term of up to 365 days) represent the principal activity of the Bank, and constitute mostly short-term trade related financing to its stockholders banks and other selected commercial banks in the Region, including stockholder banks which then on-lend to businesses engaged in foreign trade, to state owned export institutions, and to a lesser extent to private entities.

The medium-term loans (original term of over one to five years, and exceptionally more than five years) are mainly granted to selected commercial banks in the Region, including stockholder banks and other state owned and private entities, to support the medium-term financing needs of the Bank's clients.

The contingencies constitute mainly guarantees issued and stand-by or commercial letters of credit covering commercial and country risk. This business is the primary component of fee income generation. Additional components of other income are commissions earned on loan origination and the sale of loans derived from the management of the loan portfolio.

Business Segment Analysis (1)
(in US$ millions)

2002	**Average Assets**	**Net Interest Income**	**Commissions and Other Income**	**Total Income**	**Operating Expenses**	**Net Operating Income(2)**
Loans and selected securities:						
Short-term	2,101	32.5	0.1	32.6	(9.2)	23.4
Medium-term	1,700	34.2	0.6	34.8	(7.5)	27.3
Loan portfolio	3,801	66.7	0.7	67.4	(16.7)	50.7
L/C and guarantees	665	0.0	8.8	8.8	(2.6)	6.1
Credit portfolio (3)	4,466	66.7	9.5	76.1	(19.3)	56.8

2001	**Average Assets**	**Net Interest Income**	**Commissions and Other Income**	**Total Income**	**Operating Expenses**	**Net Operating Income(2)**
Loans and selected securities:						
Short-term	3,013	63.7	0.0	63.7	(12.2)	51.5
Medium-term	2,530	55.1	(0.8)	54.3	(10.2)	44.1
Loan portfolio	5,543	118.8	(0.8)	118.0	(22.4)	95.6
L/C and guarantees	1,178	0.0	20.0	20.0	(4.0)	15.9
Credit portfolio (3)	6,721	118.8	19.1	137.9	(26.4)	111.5

Business Segment Analysis [1]
(in US$ millions)

2000	Average Assets	Net Interest Income	Commissions and Other Income	Total Income	Operating Expenses	Net Operating Income[2]
Loans and selected securities:						
Short-term	3,038	72.4	0.0	72.4	(11.3)	61.1
Medium-term	1,694	40.3	0.9	41.2	(6.3)	34.9
Loan portfolio	4,732	112.7	0.9	113.6	(17.6)	96.0
L/C and guarantees	1,306	0.0	23.9	23.9	(3.7)	20.3
Credit portfolio [3]	6,037	112.7	24.8	137.5	(21.2)	116.3

(1) The numbers set out in these tables have been rounded and accordingly may not total exactly.

(2) To reconcile the net operating income reported on the preceding table with the net income reported on the consolidated statement of operations for the years ended December 31, 2002, 2001 and 2000, the following items should be included: (a) the provisions for credit losses of US$278.8 million, US$77.1 million, and US$19.2 million for the years ended December 31, 2002, 2001 and 2000, respectively; (b) the impairment loss on securities of US$44.3 million and US$40.3 million for the years ended December 31, 2002 and 2001, respectively; (c) cumulative effect of accounting change (SFAS 133) of US$1.1 million for the year ended December 31, 2001; and (d) derivatives and hedging activities from fair market valuation of US$0.3 million and US$7.4 million for the years ended December 31, 2002 and 2001, respectively; (e) loss on operations and disposal of segment of US$2.3 million and US$2.3 million for the years ended December 31, 2002 and 2001, respectively.

(3) Includes book value of loans, fair value of selected investment securities and securities purchased under agreements to resell.

(24) Leasehold Commitments

At December 31, 2002, a summary of leasehold commitments is as follows:

December 31,		Future Rental Commitment
2003	US$	515,938
2004		501,238
2005		468,131
2006		232,760
2007 and later		258,000
	US$	1,976,067

Occupancy expense for the years ended December 31, 2002, 2001 and 2000, amounted to US$ 408,993, US$681,412 and US$408,582, respectively.

(25) Litigation

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

(26) Discontinued Operations

During the second quarter of 2002, the Bank's management decided to close its structured transactions finance unit (BLADEX Financial Services, LLC and BLADEX Securities, LLC) in New York, as part of its restructuring program. At June 30, 2002, the Board of Directors approved closing this segment of the business. As of December 31, 2002 and 2001, the loss from operations and disposal of segment, totaled US$2,346,094 (including US$1,531,789 of loss from disposal) and US$2,388,114, respectively.

(27) Capital Reserves

Effective on June 30, 2002, the Bank transferred US$210,000,000 to Retained Earnings from the Capital Reserves account. This reclassification was approved by the Board of Directors, and previously authorized by The Superintendence of Banks in Panama.

(28) Summary of Unaudited Quarterly Financial Information

(In US$ thousands, except per share data)	2002 Fourth	2002 Third	2002 Second	2002 First
Interest income	US$ 32,710	37,667	38,321	57,103
Interest expense	(16,863)	(21,612)	(26,868)	(33,803)
Net interest income	15,847	16,055	11,453	23,300
Provision for loan losses	(688)	0	(251,898)	(20,000)
Net interest income (loss) after provision for loan losses	15,159	16,055	(240,445)	3,300
Commission income	2,092	1,623	2,410	2,800
Commission expense and other charges	(690)	(515)	(429)	(281)
Provision for loan losses on off-balance sheet credit risk	1,881	0	(8,051)	0
Derivatives and hedging activities	(368)	4,640	(4,296)	(317)
Impairment loss on securities	(8)	(2,252)	(42,008)	0
Gain on early extinguishment of debt	0	1,430	0	0
Gain on sale of securities available for sale	64	0	22	98
Gain (loss) on foreign currency exchange	330	(41)	(39)	51
Other income	431	8	14	100
Operating expenses	(3,850)	(5,093)	(5,703)	(4,661)
Income (loss) from continuing operations before income tax	15,041	15,855	(298,525)	1,090
Income tax	71	(6)	(9)	(9)
Income (loss) from continuing operations, net	15,112	15,849	(298,534)	1,081
Discontinued operations:				
Loss from operations and disposal of business segment	(103)	(24)	(1,612)	(607)
Net income (loss)	US$ 15,009	15,825	(300,146)	474
Net Income (loss)available to common stockholders	US$ 14,755	15,566	(300,444)	170
Earnings (loss) per share (after dividends on preferred stock)	US$ 0.85	0.90	(17.32)	0.01
Diluted earnings (loss) per share	US$ 0.85	0.90	(17.32)	0.01
Average number of common shares outstanding	17,343	17,296	17,347	17,000

(In US$ thousands, except per share data)	2001 Fourth	2001 Third	2001 Second	2001 First
Interest income	US$ 76,693	89,983	100,621	111,125
Interest expense	(48,683)	(61,353)	(69,165)	(80,482)
Net interest income	28,010	28,630	31,456	30,643
Provision for loan losses	(65,644)	(4,000)	(3,750)	(3,750)
Net interest income (expense) after provision for loan losses	(37,634)	24,630	27,706	26,893
Commission income	3,873	3,867	3,615	3,579
Commission expenses and other charges	(272)	(306)	(350)	(315)
Derivatives and hedging activities	5,521	(3,696)	4,932	622
Impairment loss on securities	(40,356)	0	0	0
Gain on sale of securities available for sale	0	1,318	2,824	656
Gain (loss) on foreign currency exchange	(44)	28	(56)	51
Other income	96	75	313	191
Operating expenses	(6,731)	(6,261)	(5,330)	(5,651)
Income (loss) from continuing operations before income tax	(75,547)	19,655	33,654	26,026
Income tax	0	(5)	(15)	(15)
Income (loss) from continuing operations, net	(75,547)	19,650	33,639	26,011
Discontinued operations:				
Loss from operations and disposal of business segment	(1,162)	(748)	(478)	0
Income (loss) before cumulative effect of accounting change	(76,709)	18,902	33,161	26,011
Cumulative effect of accounting change	0	0	0	1,129
Net income (loss)	US$ (76,709)	18,902	33,161	27,140
Net Income (loss) available to common stockholders	US$ (77,026)	18,588	32,850	26,833
Earnings (loss) per share (after dividends on preferred stock)	US$ (4.43)	1.05	1.78	1.42
Diluted earnings (loss) per share	US$ (4.43)	1.04	1.76	1.41
Average number of common shares outstanding	17,372	17,705	18,453	18,898

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