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

Consolidated Financial Statements

December 31, 2003 and 2002

(With Independent Auditors' Report Thereon)

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KPMG

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated balance sheets of Banco Latinoamericano de Exportaciones, S.A. and subsidiaries at December 31, 2003 and 2002, and the related consolidated statements of operations, changes in stockholders' equity, comprehensive income (loss), and cash flows for each of the years in the three-year period ended December 31, 2003. 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, 2003 and 2002, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2003, in conformity with generally accepted accounting principles in the United States of America.

As further disclosed in Note 3, at December 31, 2003 the Bank has credit exposure with Argentine debtors of approximately US$440 million, less impairment losses of investment securities and of the specific allowance for credit losses of US$200 million, resulting in a net credit exposure of US$240 million. In addition, the Bank has securities purchased under agreements to resell with an Argentine counter party totaling US$132 million, which are fully collateralized with U.S. Treasury Securities. These securities are classified as U.S. country risk, carry no reserves and are accounted for as accruing assets. While there has been improvement in Argentina's economic and political environment, repayments problems of the Bank's Argentine loans and securities could have a material effect on the Bank's financial condition and results of operations. The Bank assesses continuously the risk of the Argentine portfolio, of which approximately 80% has been restructured, and periodically reviews the adequacy of the allowances for credit losses which involves an in depth analysis of each borrower. The Bank believes it has provided an appropriate level of allowance for credit losses and has taken appropriate securities impairment charges. The Bank will continue to monitor developments in Argentina closely and intends to take appropriate additional steps as more information and clarity of the Argentine government's actions, and their resultant impact on the Bank's credit exposure, become available.

As further disclosed in Note 2(n) and 13, the Bank changed its method of accounting for certain financial instruments with characteristics of both liabilities and equity effective July 1, 2003. Also, as discussed in Note 2(o), 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 30, 2004

BANCO LATINOAMERICANO DE EXPORTACIONES, S. A. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2003 and 2002

Assets	Note		2003	2002
Cash and due from banks		US$	868,018	827,563
Interest-bearing deposits with banks (including pledged certificate of deposit of US$2,200,000 and US$5,000,000 for 2003 and 2002, respectively)			253,945,857	483,436,276
Securities purchased under agreements to resell	5		132,022,050	132,022,050
Securities available for sale	6, 21		48,340,618	149,158,892
Securities held to maturity (market value of US$29,790,000 in 2003 and US$11,717,332 in 2002)	6, 21		29,452,040	11,555,397
Loans	7, 21		2,275,031,138	2,516,512,439
Less:				
Allowance for loan losses	8		224,347,459	429,720,362
Unearned income			4,282,083	9,485,461
Loans, net			2,046,401,596	2,077,306,616
Customers' liabilities under acceptances			29,006,054	34,840,132
Premises and equipment	9		4,118,848	5,086,889
Accrued interest receivable			10,930,756	15,411,853
Derivatives financial instruments-assets	19,21		2,256,084	6,571,056
Other assets			6,213,612	13,049,807
Total assets		US$	2,563,555,533	2,929,266,531

Liabilities and Stockholders' Equity	Note		2003	2002
Deposits:	10, 21			
Noninterest-bearing - Demand		US$	19,370,257	23,102,051
Interest-bearing - Time			683,584,579	528,870,561
Total deposits			702,954,836	551,972,612
Short-term borrowings and placements	11, 21		687,214,017	647,344,489
Medium and long-term borrowings and placements	12,21		485,516,431	1,285,493,265
Acceptances outstanding			29,006,054	34,840,132
Accrued interest payable			5,431,818	11,871,885
Derivatives financial instruments-liabilities	19, 21		13,021,310	20,020,375
Reserve for losses on off-balance sheet credit risk	8		33,972,581	23,369,691
Redeemable preferred stock (US$10 par value)	13		10,946,434	0
Other liabilities			11,163,367	12,955,056
Total liabilities			1,979,226,848	2,587,867,505
Redeemable preferred stock (US$10 par value)	13		0	12,475,600
Stockholders' equity:	14,15,16,20,27			
Class "A", common stock, no par value, assigned value of US$6.67 (Authorized 40,000,000; outstanding 6,342,189 in 2003 and 4,911,185 in 2002)			44,407,100	34,862,304
Class "B", common stock, no par value, assigned value of US$6.67 (Authorized 40,000,000; outstanding 3,466,703 in 2003 and 3,746,721 in 2002)			26,901,149	28,765,769
Class "E", common stock, no par value, assigned value of US$6.67 Authorized 100,000,000; outstanding 29,543,846 in 2003 and 8,685,287 in 2002)			208,669,649	69,606,733
Treasury stock			(85,570,028)	(85,633,707)
Additional paid-in capital in excess of assigned value			133,817,342	145,490,027
Capital reserves			95,210,154	95,210,154
Accumulated other comprehensive income (loss)			9,876,226	(117,717)
Retained earnings			151,017,093	40,739,863
Total stockholders' equity			584,328,685	328,923,426
Commitments and contingent liabilities	18,19,21			
Total liabilities and stockholders' equity		US$	2,563,555,533	2,929,266,531

See accompanying notes to consolidated financial statements.

BANCO LATINOAMERICANO DE EXPORTACIONES, S. A. AND SUBSIDIARIES

Consolidated Statements of Operations

For Each of the Years in the Three - Year Period Ended December 31, 2003

	Note		2003	2002	2001
Interest income:					
Deposits with banks		US$	4,620,632	9,716,709	14,421,899
Investment securities:					
Investment available for sale			6,515,781	6,986,015	8,499,864
Investment held to maturity			1,275,553	10,379,207	25,121,630
Loans			85,944,679	138,681,758	330,337,606
Other			38,534	36,660	40,626
Total interest income			98,395,179	165,800,349	378,421,625
Interest expense:					
Deposits			7,348,428	15,283,449	74,522,455
Short-term borrowings and placements			12,050,472	33,555,221	89,357,367
Medium and long-term borrowings and placements			24,643,673	52,182,769	96,853,307
Redeemable preferred stock	13		365,567	0	0
Total interest expense			44,408,140	101,021,439	260,733,129
Net interest income			53,987,039	64,778,910	117,688,496
(Reversal) provision for loan losses	8		(69,507,810)	272,586,082	77,144,445
Net interest income (loss) after (reversal) provision for loan losses			123,494,849	(207,807,172)	40,544,051
Other income (expense):					
Commission income, net			7,445,581	8,886,260	14,741,343
Provision for losses on off-balance sheet credit risk	8		(10,602,890)	(6,169,691)	0
Derivatives and hedging activities			(7,987,844)	(340,743)	7,378,770
Impairment loss on securities	6		(953,477)	(44,268,201)	(40,355,555)
Gain on early extinguishment of debt	12		788,907	1,430,000	0
Gain on sale of securities available for sale	6		22,210,998	183,586	4,798,368
Gain (loss) on foreign currency exchange			(381,814)	300,589	(20,586)
Other income			42,385	552,727	674,430
Net other income (expense)			10,561,846	(39,425,473)	(12,783,230)
Operating expenses:					
Salaries and other employee expenses			11,390,409	9,873,652	10,648,118
Pre-operating costs			0	0	2,966,955
Depreciation of premises and equipment			1,511,981	1,418,251	1,194,768
Professional services			3,146,994	2,395,277	2,985,926
Maintenance and repairs			1,165,864	915,902	698,014
Other operating expenses			5,345,635	4,655,988	5,514,642
Total operating expenses			22,560,883	19,259,070	24,008,423
Income (loss) from continuing operations			111,495,812	(266,491,715)	3,752,398
Discontinued operations:					
Loss from operations and disposal of business segment	26		0	(2,346,094)	(2,388,114)
Income (loss) before cumulative effect of accounting change			111,495,812	(268,837,809)	1,364,284
Cumulative effect of accounting change	22		0	0	1,129,413
Net income (loss)		US$	111,495,812	(268,837,809)	2,493,697
Basic earnings (loss) per share:	17				
Income (loss) from continuing operations		US$	3.88	(15.42)	0.14
Loss from discontinued operations			0.00	(0.14)	(0.13)
Cumulative effect of accounting change			0.00	0.00	0.06
Net income (loss) per share		US$	3.88	(15.56)	0.07
Diluted earnings (loss) per share:	17				
Income (loss) from continuing operations		US$	3.88	(15.42)	0.14
Loss from discontinued operations			0.00	(0.14)	(0.13)
Cumulative effect of accounting change			0.00	0.00	0.06
Net income (loss) per share		US$	3.88	(15.56)	0.07

See accompanying notes to consolidated financial statements.

BANCO LATINOAMERICANO DE EXPORTACIONES, S. A. AND SUBSIDIARIES

Consolidated Statements of Changes in Stockholders' Equity

For Each of the Years in the Three - Year Period Ended December 31, 2003

		2003	2002	2001
Common stock:				
Balance at beginning of the year	US$	133,234,806	133,217,418	132,851,168
Issuance of common stock		146,740,000	15,734	26,882
Difference in fractional shares in conversion of common stock		3,092	1,654	931
Stock option plan		0	0	338,437
Balance at end of the year	US$	279,977,898	133,234,806	133,217,418
Treasury stock:				
Balance at beginning of the year	US$	(85,633,707)	(85,633,707)	(20,840,896)
Issuance of restricted stock		63,679	0	0
Purchase of Class "A" common stock		0	0	(9,222,576)
Purchase of Class "E" common stock		0	0	(55,570,235)
Balance at end of the year	US$	(85,570,028)	(85,633,707)	(85,633,707)
Additional paid-in capital in excess of assigned value:				
Balance at beginning of the year	US$	145,490,027	145,456,320	144,522,184
Issuance of common stock		220,000	35,361	103,482
Difference in fractional shares in conversion of common stock		(3,092)	(1,654)	(784)
Stock offering costs		(11,920,907)	0	0
Issuance of restricted stock		31,314	0	0
Stock option plan		0	0	831,438
Balance at end of the year	US$	133,817,342	145,490,027	145,456,320
Capital reserves:				
Balance at beginning of the year	US$	95,210,154	305,210,154	305,210,154
Transfer to retained earnings		0	(210,000,000)	0
Balance at end of the year	US$	95,210,154	95,210,154	305,210,154
Accumulated other comprehensive income (loss):				
Balance at beginning of the year	US$	(117,717)	(506,280)	0
Transition adjustment for the adoption of SFAS 133		0	0	421,421
Net change in unrealized gains (losses) on securities available for sale		7,258,933	2,967,166	(387,005)
Net change in unrealized gains (losses) on derivatives		2,735,010	(2,578,603)	(540,696)
Balance at end of the year	US$	9,876,226	(117,717)	(506,280)
Retained earnings:				
Balance at beginning of the year	US$	40,739,863	100,674,373	137,462,193
Net income (loss)		111,495,812	(268,837,809)	2,493,697
Cash dividends paid on:				
Redeemable preferred stock		(852,990)	(1,096,701)	(5,150,693)
Common stock		0	0	(34,010,105)
Dividends payable on redeemable preferred stock		(365,567)	0	0
Purchase of redeemable preferred stock		0	0	(120,453)
Earnings transferred from capital reserves		0	210,000,000	0
Difference on fractional shares in conversion of common stock		(25)	0	(266)
Balance at end of the year	US$	151,017,093	40,739,863	100,674,373
Balance at beginning of the year	US$	328,923,426	598,418,278	699,204,803
Changes during the year, net		255,405,259	(269,494,852)	(100,786,525)
Balance at end of the year	US$	584,328,685	328,923,426	598,418,278

See accompanying notes to consolidated financial statements.

BANCO LATINOAMERICANO DE EXPORTACIONES, S. A. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income (Loss)

For Each of the Years in the Three - Year Period Ended December 31, 2003

		2003	2002	2001
Net income (loss) before cumulative effect of accounting change	US$	111,495,812	(268,837,809)	1,364,284
Cumulative effect of accounting change		0	0	1,129,413
Net income (loss)		111,495,812	(268,837,809)	2,493,697
Other comprehensive income (loss):				
Transition adjustment related to SFAS 133		0	0	421,421
Unrealized gains (losses) on securities:				
Unrealized gains (losses) arising from the year (including adjustments related to transfers from securities held to maturity to available for sale)		7,258,933	(38,916,035)	(387,005)
Less: Reclassification adjustment for losses included in net income		0	41,883,201	0
Net change in unrealized gains (losses) on securities available for sale		7,258,933	2,967,166	(387,005)
Unrealized gains (losses) on derivatives:				
Unrealized gains (losses) arising from the year		2,735,010	(2,578,603)	(540,696)
Other comprehensive income (loss)		9,993,943	388,563	(506,280)
Comprehensive income (loss)	US$	121,489,755	(268,449,246)	1,987,417

See accompanying notes to consolidated financial statements.

BANCO LATINOAMERICANO DE EXPORTACIONES, S. A. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For Each of the Years in the Three - Year Period Ended December 31, 2003

		2003	2002	2001
Cash flows from operating activities:				
Net income (loss)	US$	111,495,812	(268,837,809)	2,493,697
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Derivatives and hedging activities		1,274,094	340,743	(8,508,183)
Depreciation of premises and equipment		1,511,981	1,434,217	1,194,768
(Reversal) provision for loan losses		(69,507,810)	272,586,082	77,144,445
Impairment loss on securities		953,477	44,268,201	40,355,555
Provision for losses on off-balance sheet credit risk		10,602,890	6,169,691	0
Provision for fair value of guarantees		5,260	0	0
Gain on sale of securities available for sale		(22,210,998)	(183,586)	(4,798,368)
Issuance of restricted stock		94,993	0	0
Net decrease in accrued interest receivable		4,481,097	58,988,253	27,751,400
Net (increase) decrease in derivatives financial instruments		(1,223,177)	38,104,883	(33,894,605)
Net decrease (increase) in other assets		2,756,416	(1,273,916)	23,355,482
Net decrease in accrued interest payable		(6,074,501)	(28,021,652)	(20,573,556)
Net (decrease) increase in other liabilities		(1,796,949)	(6,793,106)	1,359,691
Net cash provided by operating activities		32,362,585	116,782,001	105,880,326
Cash flows from investing activities:				
Decrease (increase) in pledged certificates of deposit		2,800,000	1,000,000	(2,500,000)
Net decrease in loans		102,804,456	2,188,689,639	162,141,993
Net acquisition of premises and equipment		(543,940)	(1,043,325)	(2,171,091)
Proceeds from the redemption of securities available for sale		56,815,259	4,300,000	10,000,000
Proceeds from the redemption of securities held to maturity		11,555,397	143,337,714	211,154,079
Proceeds from the sale of securities available for sale		40,675,803	63,722,089	46,798,368
Acquisition of securities available for sale		0	(51,128,723)	(14,162,498)
Acquisition of securities held to maturity		0	0	(222,452,112)
Net cash provided by investing activities		214,106,975	2,348,877,394	188,808,739
Cash flows from financing activities:				
Net increase (decrease) in due to depositors		150,982,224	(1,019,386,627)	(172,482,507)
Net (decrease) increase in short-term borrowings and placements with original maturity of less than 90 days		(25,574,014)	(249,198,695)	243,434,696
Proceeds from short-term borrowings and placements with original maturity greater than 90 days		870,583,548	398,145,749	2,115,902,432
Repayments of short-term borrowings and placements with original maturity greater than 90 days		(805,140,006)	(1,324,926,193)	(2,045,893,707)
Proceeds from medium and long-term borrowings and placements with original maturity greater than 90 days		100,098,511	225,386,872	433,828,316
Repayments of medium and long-term borrowings and placements with original maturity greater than 90 days		(900,075,345)	(727,054,926)	(229,146,483)
Dividends paid		(852,990)	(1,096,701)	(39,160,798)
Proceeds from issuance of common stock		146,960,000	51,095	1,300,386
Stock offering costs		(7,841,128)	(4,079,779)	0
Redemption of redeemable preferred stock		(2,260,299)	(2,756,360)	(699,139)
Repurchase of common stock		(25)	0	(64,792,811)
Net cash (used in) provided by financing activities		(473,119,524)	(2,704,915,565)	242,290,385
Subtotal to page 83		(226,649,964)	(239,256,170)	536,979,450

BANCO LATINOAMERICANO DE EXPORTACIONES, S. A. AND SUBSIDIARIES
Consolidated Statements of Cash Flows (Continued)
For Each of the Years in the Three - Year Period Ended December 31, 2003

		2003	2002	2001
Subtotal from page 82 and net (decrease) increase in cash and cash equivalents		(226,649,964)	(239,256,170)	536,979,450
Cash and cash equivalents at beginning of the year		611,285,889	850,542,059	313,562,609
Cash and cash equivalents at end of the year	US$	384,635,925	611,285,889	850,542,059
Supplemental disclosures of cash flow information:				
Cash paid during the year for interest	US$	50,482,640	127,166,695	280,256,305
Non-cash investing and financing activities:				
Loan restructured as investment	US$	933,374	3,023,100	31,000,000
Investment restructured as loan	US$	3,325,000	5,500,000	0
Transfer from securities held to maturity to available for sale	US$	0	173,974,293	80,750,000
Transfer from securities available for sale to held to maturity	US$	29,821,038	0	0
Transfer from capital reserves to retained earnings	US$	0	210,000,000	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, Republic of 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 there under. 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 there under. BLADEX Representacao Ltda., which was incorporated under the laws of Brazil on January 7, 2000 and continues to exist there under, 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 Inc., which is a wholly owned subsidiary, was incorporated under the laws of the State of Delaware on May 30, 2000 and continues to exist there under. BLADEX Holdings Inc.'s 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 inter-bank deposits and short-term borrowings to finance the Bank's short-term investments and foreign trade loans. Since September 30, 2002 the New York Agency is located at 708 Third Avenue, 16th Floor, New York, NY 10017. The Bank also has representative offices in Buenos Aires, Argentina and 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 BLADEX Panama, its New York Agency and its subsidiaries, BLADEX Cayman, BLADEX Holdings Inc. in the United States of America and BLADEX Representacao Ltda., in Brazil. All significant inter-company balances and transactions have been eliminated for consolidation purposes.

(b) Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP 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 and off-balance sheet credit losses.

(c) Cash Equivalents

For purposes of the consolidated statements of cash flows, cash equivalents consist of due from banks, interest-bearing deposits with banks, repurchase and resale agreements with original maturities of three 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 and to relinquish possession of the securities sold under agreements to repurchase. 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. These securities consist of debt securities such as negotiable commercial paper, banker's acceptances, bonds and floating rate notes, and equity securities.

1) Securities Available for Sale

Securities classified as available for sale are carried at fair value, based on quoted market prices, and interest earned is recognized as income. Changes in fair values are recorded as a component of other comprehensive income (loss) in shareholders' equity until realized.

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 consolidated statements of operation.

2) Securities Held to Maturity

Securities classified as held to maturity are securities that the Bank has the positive intent and ability to hold to maturity. These securities 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) Investment Fund

Investment fund is reported at cost and is included in other assets.

(g) 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 accrual basis.

Loans are identified as impaired and placed on non-accrual status (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 against earnings. Interest on non-accrual loans is only recorded as earned when collected. Non-accrual 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 contractual loan terms for a sustained period of time not less than six months, which is the minimum required by the Superintendence of Banks of Panama, and if in management's opinion the loan is fully collectible. When current events or available information confirms that specific impaired loans or portions thereof are uncollectible, these credit losses are deducted from the allowance for loan losses. Factors considered by management in determining impairment include collection 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 active market price, or the fair value of the collateral if the loan is collateral dependent.

A loan is classified as a troubled debt restructuring if a significant concession is granted to the borrower due to the deterioration in the borrower's financial condition.

Transfers of financial assets, primarily loans, are accounted for as sales when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when: (1) the assets have been isolated from the Bank; (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets; and (3) the Bank does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

Upon completion of a transfer of assets that satisfies the conditions described above to be accounted for as a sale, the Bank derecognizes all assets sold; and recognizes in earnings any gain or loss on the sale.

(h) 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. Additions to the allowance for credit losses are made by charges to earnings. Credit losses are deducted from the allowance, and subsequent recoveries are added. The allowance is also decreased by reversals of the allowance back to earnings. The allowance for credit losses is based on the evaluation of risks in the credit portfolio, and additionally, the 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 borrower's country. Securities received in exchange for loan claims in debt restructurings are initially recorded at fair value, with any gain or loss reflected as recovery to the allowance, and are subsequently accounted for as securities available for sale.

The Bank's management estimates 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 other factors.

The Bank's management estimates probable credit losses on the balance of its credit portfolio using a provision matrix model, which classifies and aggregates risk into three categories: 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 required reserves, but does not take into account all variables affecting asset quality. Therefore, on a quarterly basis, the Bank also reviews the adequacy of 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 adjust the level of required reserves accordingly.

The allowance attributable to off-balance sheet credit risk, such as letters of credit and guarantees, is reported as liabilities.

(i) Fair Value of Guarantees Including Indirect Indebtedness of Others

In November 2002, the FASB issued FASB Interpretation No.45 ("FIN 45"), "Guarantor's Accounting and Disclosure Requirements of Guarantees, Including Indirect Guarantees of Indebtedness of Others". FIN 45 identifies characteristics of certain guarantee contracts and requires that a liability be recognized at fair value at the inception of such guarantees for the obligations undertaken by the guarantor. Additional disclosures also are prescribed for certain guarantee contracts. The initial recognition and initial measurement provisions of FIN 45 are effective for these guarantees issued or modified after December 31, 2002. The disclosure requirements of FIN 45 were effective for the Bank for year ending December 31, 2002.

(j) Commission Income

Loan origination fees, net of direct loan origination costs are deferred and the net amount is recognized over the contract life of the loans as an adjustment to the 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 received in connection with a modification of terms of troubled debt restructuring are applied as a reduction of the recorded investment in the loan. All related costs, including direct loan origination costs, are charged to expense as incurred.

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

(k) 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. The estimated original useful life is 40 years for building and 3 to 5 years for furniture and equipment.

(l) Capital Reserves

According to Panamanian banking regulations, capital reserves are established by the Bank as a carve-out of retained earnings and are as such a form of retained earnings. Reductions of these capital reserves require the approval of the Bank's Board of Directors, and of Panamanian banking authorities.

(m) Cash and Stock Based Compensation Plan

In accordance with SFAS 148 "Accounting for Stock-Based Compensation" Transition and Disclosure, an amendment of SFAS 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 equal to the market price, no compensation cost is recognized.

Had the Bank applied SFAS 123 in accounting for the Bank's Stock Option Plans, net income and net income per share would have been the pro forma amounts indicated below:

(In US$ thousands, except per share data)		**December 31,** 2003	2002	2001
Net income (loss), as reported	*US$*	*111,496*	*(268,838)*	*2,494*
Adjust: Total stock-based employee compensation expense determined under fair value based method for all grants	*US$*	*87*	*28*	*(185)*
Pro forma net income (loss)	*US$*	*111,583*	*(268,810)*	*2,309*
Earnings (loss) per share:				
Basic-as reported	*US$*	*3.88*	*(15.56)*	*0.07*
Basic-pro forma	*US$*	*3.88*	*(15.56)*	*0.06*
Diluted-as reported	*US$*	*3.88*	*(15.56)*	*0.07*
Diluted-pro forma	*US$*	*3.88*	*(15.56)*	*0.06*

(n) Redeemable Preferred Stock

As of July 1, 2003, the Bank adopted the Statement of Financial Accounting Standard No.150 (SFAS 150) "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity". This statement establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both, liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability, because that financial instrument embodies an obligation of the issuer.

SFAS 150 became effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. Adoption of SFAS 150 brought about the reclassification of redeemable preferred stock as liabilities in the consolidated balance sheets. As of July 1, 2003, the dividend payable to redeemable preferred stock was charged to interest expense. SFAS 150 does not require restatement of previous years.

(o) Derivative Financial Instruments

The Bank makes use of derivative financial instruments, primarily foreign exchange forward contracts and interest rate swaps, as part of its management of foreign exchange and interest rate risks.

Foreign exchange forward contracts are commitments to purchase non-US dollar currencies at a specified price on an agreed-upon future date, and are used mainly 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 balance sheets 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 (1) a hedge of the fair value of a recognized asset or liability or of an unrecognized firm commitment ("fair value" hedge); or (2) 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 (3) 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 (loss) 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 those that do not qualify as hedges (freestanding) are included in other income (expense) and recorded as derivative and hedging activities. Ineffectiveness relating to fair value and cash flow hedges, if any, is recorded within interest expense. The impact of hedge ineffectiveness on the Bank's consolidated statement of operations was not material for all periods presented.

At the inception of each hedge, the Bank documents the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking the 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 consolidated balance sheets, or to specific firm commitments or forecasted transactions.

Hedge discontinuation

On an on-going basis the Bank formally assesses, whether the derivatives 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 a "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 no 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 consolidated balance sheets 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 a forecasted transaction that is not expected to occur, any amounts recorded on the consolidated balance sheets 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 consolidated balance sheets 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.

(p) Foreign Currency Transactions

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

(q) 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."

(r) 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 and BLADEX subsidiaries incorporated in the United States of America are subject to United States of America federal and local taxation based on the portion of income that is effectively connected with its operations in that country. Such amounts have been immaterial to date.

(s) Discontinued Operations

On January 1, 2002, the Bank adopted SFAS 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 consolidated statements of operations for the years ended December 31, 2002 and 2001.

(t) Earnings Per Share

Earnings per share ratio ("EPS") is computed by dividing income available to common stockholders (the numerator) by the average number of common shares outstanding (the denominator) during the year.

Diluted EPS measures performance incorporating 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 using the treasury stock method that would have been outstanding if the diluted potential common shares had been issued.

(u) Reclassifications

Certain amounts reported in previous years have been reclassified to conform to the 2003 presentation.

(3) Exposure in Argentina

As of December 31, 2003 and 2002, the Bank's exposure in Argentina was the following:

		December 31, 2003				
(In US$ million)		Loans	Investments Securities	Contingencies and Acceptances	Total	Reverse Repurchase Agreements
Nominal value	US$	398	10	32	440	132
Specific allowance for credit losses		(175)	n/a	(20)	(195)	0
Impairment losses		n/a	(5)	n/a	(5)	0
Collateral (U.S. Treasury Strips)		0	0	0	0	(132)
Net exposure	US$	223	5	12	240	0

		December 31, 2002				
(In US$ million)		Loans	Investments Securities	Contingencies and Acceptances	Total	Reverse Repurchase Agreements
Nominal value	US$	694	107	46	847	132
Specific allowance for credit losses		(365)	n/a	(15)	(380)	0
Impairment losses		n/a	(73)	n/a	(73)	0
Collateral (U.S. Treasury Strips)		0	0	0	0	(132)
Net exposure	US$	329	34	31	394	0

At December 31, 2003, the Bank net exposure in Argentina of US$240 million, represented 41% of the total equity capital of the Bank, compared to 120% at December 31, 2002.

At December 31, 2003, the Bank's gross Argentine portfolio of US$440 million, represented a reduction of US$407 million, or 48%, compared to December 31, 2002. This reduction was mainly due to the sale of Argentine credit portfolio with a face value of US$308 million. In all cases, the sale proceeds from the loans and investments exceeded their carrying value, net of previously established loan loss allowances and impairment losses. Therefore, the credit portfolio sales generated reversals of the allowance for loan losses and gain on sales of securities available for sale. The following table shows detailed information on the sale of the Argentine credit portfolio:

(In US$ million)		Loans	Investments Securities	Total
Principal (nominal value)	US$	214.5	93.5	308.0
Specific credit allowances		(171.4)	n/a	(171.4)
Impairment losses		n/a	(75.0)	(75.0)
Net carrying value (A)	US$	43.1	18.5	61.6
Proceeds from sales (B)	US$	105.7	40.7	146.4
Gain on sale (B-A)	US$	62.6	22.2	84.8

All of the Bank's exposure in Argentina is denominated in U.S. dollars. The Argentine portfolio distribution by type of industry as of December 31, 2003 is as follows: Corporations (35%) and financial institutions (65% of which, 50% represent state owned banks and 15% represent controlled subsidiaries of major U.S. and European banks).

Additionally, as of December 31, 2003, the Bank had reverse repurchase agreements with Argentine counter parties totaling US$132 million, which are fully collateralized with U.S. Treasury securities, an amount unchanged from December 31, 2002. These instruments are classified as U.S. country risk, carry no reserves and are accounted for as accruing assets.

In accordance with the Bank's policy, all interest income on Argentine credits are recorded on a cash basis. Although significant amounts of interest have been received on a consistent basis from most of the Bank's clients in the country, the ultimate collection of principal on these loans is evaluated separately. During 2003, the Bank collected interest from Argentine borrowers of approximately US$24 million. The ratio of interest collected from Argentine borrowers to total interest payments due and payable from these borrowers during the 2003 was 86%.

At December 31, 2003, 80% of the Argentine portfolio had been restructured, while the restructuring of 4% of the portfolio was under negotiation, 8% has not been restructured and was not paying interest and 8% was performing under original terms.

On January 2004, the Bank had collected loans classified as "performing under original terms" for US$7.2, million, and had restructured a loan classified as "under negotiation" for US$2.5 million. These collection and debt restructuring represent 19% and 14%, respectively, of the total outstanding categories mentioned above at December 31, 2003.

(4) Exposure in Brazil

As of December 31, 2003 and 2002, the Bank's exposure in Brazil was as follows:

		December 31, 2003			
(In US$ million)		**Loans**	**Investments Securites**	**Contingencies**	**Total**
Nominal value	US$	1,011	15	95	1,121
Allowance for credit losses		(33)	n/a	(2)	(35)
Fair value adjustments		n/a	1	n/a	1
Net exposure	US$	978	16	93	1,087

		December 31, 2002			
(In US$ million)		**Loans**	**Investments Securites**	**Contingencies**	**Total**
Nominal value	US$	930	39	148	1,117
Allowance for credit losses		(46)	n/a	(4)	(50)
Fair value adjustments		n/a	(1)	n/a	(1)
Net exposure	US$	884	38	144	1,066

At December 31, 2003, the Bank's Brazilian credit portfolio is composed by financial institutions (78%) and non-financial entities (22%).

At December 31, 2003 the Bank's Brazilian portfolio had, one impaired and restructured loan on a non-accruing basis for US$47 million to a Brazilian corporation, for which the Bank had established a specific allowance for possible loan losses of US$16 million. On December 29, 2003, this Brazilian corporation reached an agreement with its private creditors to reschedule approximately US$787 million of outstanding debt over the next five years, which is expected to resolve all outstanding defaults and accelerations with creditors. In addition, the parent company of this Brazilian corporation has agreed on the terms of the restructuring of its outstanding loans owed to a Brazilian state-owned bank.

(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, 2003 and 2002, securities purchased under agreements to resell had a carrying value of US$132,022,050. These reverse repurchase agreements are all with an Argentine counter party, and they are fully collateralized with U.S. Treasury securities, consequently, the Bank classifies these instruments as U.S. country risk. At December 31, 2003, the maturity of these agreements did not exceed 90 days, and they were all current with regard to principal and interest.

(6) Investment Securities

a) Securities Available for Sale

These securities consist of mostly debt instruments that the Bank buys with the intention of selling them prior to maturity, and are subject to the same approval criteria as the rest of the credit portfolio.

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

		December 31, 2003			
		Amortized Cost	Estimated Unrealized Gross Gain	Estimated Unrealized Gross Loss	Estimated Fair Value
Bonds:					
Corporate	US$	1,001,585	18,492	0	1,020,077
Government		37,910,614	4,131,074	0	42,041,688
Impaired bonds -					
Argentine issuers		2,859,895	2,418,958	0	5,278,853
	US$	41,772,094	6,568,524	0	48,340,618

		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 -					
Argentine issuers		24,693,005	9,942,430	0	34,635,435
	US$	137,715,863	14,667,821	3,224,792	149,158,892

During 2003, investments with a fair value of US$933,374 were received in lieu of payment of an impaired Argentine loan. In addition, the terms of an impaired Argentine security with a fair value of US$4,269,479 were modified as a result of a restructuring agreement. At December 31, 2003 and 2002, all Argentine securities were classified as available for sale. During 2003 and 2002, impaired securities with net value of US$3,325,000 and US$5,500,000, respectively, were restructured and converted into loans.

At December 31, 2003 and 2002, securities with a carrying value of US$48,340,618 and US$129,835,647, 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, 2003			
		2003		2002	
		Gains	(Losses)	Gains	(Losses)
Bonds	US$	22,210,998	0	183,586	0

The amortized cost and fair values of securities available for sale at December 31, 2003, by contractual maturity are shown in the following table:

		Amortized Cost	**Fair Value**
Due within 1 year	US$	4,004,942	4,125,502
After 1 but within 5 years		36,833,778	43,281,742
After 5 years		933,374	933,374
	US$	41,772,094	48,340,618

Pursuant to rules issued by the 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, the Bank's management determined that the decline in fair value of Argentine investment securities classified at that time as available for sale, was other than temporary. Consequently, an impairment loss on securities of US$41,883,201 was recorded. During 2003, the decline in fair value of these investments considered other than temporary was US$953,477.

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, or Fitch IBCA, and as long as they are negotiable in the secondary markets. Securities rated one level or more below investment grade ratings are classified as available for sale. For purposes other than treasury activities, 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, 2003 and 2002, the outstanding balances of securities held to maturity belonging to credit portfolio were US$29,452,040 and US$11,555,397, respectively.

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

		December 31, 2003			
		Amortized Cost	**Estimated Unrealized Gross Gain**	**Estimated Unrealized Gross Loss**	**Estimated Fair Value**
Bonds-Government	US$	29,452,040	337,960	0	29,790,000

		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

During August 2003, the Bank transferred Mexican government securities available for sale for US$29,821,038, to held to maturity. At the date of the transfer, the estimated unrealized gains on these securities were US$4,107,753, which are being amortized until its maturity in January 2007. As of December 31, 2003, the balance of the estimated unrealized gross gain, net of amortization, was US$3,691,991.

As of December 31, 2003, the maturity of all of these securities is over one year.

(7) Loans

The remaining loan maturities are summarized as follows:

		December 31, 2003	December 31, 2002
Current:			
Up to 1 month	US$	240,111,995	221,417,013
From 1 month to 3 months		463,387,032	382,946,482
From 3 months to 6 months		629,434,403	615,121,422
From 6 months to 1 year		435,279,440	242,130,661
Over 1 year		61,942,139	360,941,399
Impaired – Argentina		39,653,128	535,207,263
		1,869,808,137	2,357,764,240
Restructured and impaired:			
Argentine borrowers		336,411,853	41,711,000
Brazilian borrower		46,986,148	0
		383,398,001	41,711,000
Past due:			
Impaired Argentine borrowers		21,825,000	117,037,094
Brazilian borrower		0	105
		21,825,000	117,037,199
	US$	2,275,031,138	2,516,512,439

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

		December 31, 2003	December 31, 2002
Fixed interest rates	US$	1,270,879,762	1,195,983,087
Floating interest rates		1,004,151,376	1,320,529,352
	US$	2,275,031,138	2,516,512,439

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

Country		December 31, 2003	December 31, 2002
Argentina	US$	397,889,981	693,955,356
Bolivia		0	12,885,386
Brazil		1,011,165,805	930,239,821
Chile		131,010,000	47,836,000
Colombia		96,479,616	80,264,476
Costa Rica		58,927,685	41,566,464
Dominican Republic		24,169,884	155,950,402
Ecuador		21,644,929	45,673,812
El Salvador		25,646,616	1,890,212
Guatemala		33,831,065	28,846,962
Jamaica		13,551,989	11,182,506
Mexico		183,051,940	142,415,891
Nicaragua		8,609,442	6,548,228
Panama		43,600,000	18,700,000
Paraguay		0	1,675,000
Peru		64,664,849	63,355,814
Trinidad and Tobago		99,874,837	84,238,609
Venezuela		60,912,500	149,287,500
	US$	2,275,031,138	2,516,512,439

In the normal course of business, at December 31, 2003 and 2002, the Bank has transactions with 39% and 35% of its Class "A" and "B" stockholders, respectively, (see Note 14). All transactions are made based on arm's-length terms and subject to prevailing commercial criteria and market rates and are subject to all of the Bank's Corporate Governance and control procedures. At December 31, 2003 and 2002, approximately 51% and 26% of the outstanding loan portfolio is placed with the Bank's Class "A" and "B" stockholders and their related parties, respectively.

As of December 31, 2003 and 2002, substantially all of the Bank's Argentine loan portfolio of US$397,889,981 and US$691,471,518, respectively, was classified as impaired. These impaired Argentine loans were accounted 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,		
		2003	**2002**	**2001**
Loans on non-accrual basis	US$	444,876,129	691,471,518	77,060,927
Past due loans on accrual basis (less than 90 days past due)		0	105	338,553
Total past due and non-accruing loans	US$	444,876,129	691,471,623	77,399,480
Interest which would had been recorded if the loans had not been on a non-accrual basis	US$	28,888,663	26,835,677	845,844
Interest income collected on non-accruing loans		24,086,389	16,572,439	261,795
Foregone interest revenue	US$	4,802,274	10,263,238	584,049

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

		December 31,		
		2003	**2002**	**2001**
Impaired loans with specific allowance for credit losses	US$	444,876,129	691,471,518	77,060,927
Specific allowance for impaired loans (under SFAS 114)	US$	191,293,077	365,345,703	17,714,918
Average balance of impaired loans during the year	US$	572,811,928	422,412,361	12,821,669
Interest income collected on impaired loans	US$	24,086,389	16,572,439	261,795

(8) Allowance for Credit Losses

The allowance for credit losses is available to absorb future estimated probable credit losses existing in the credit portfolio at the date of the consolidated balance sheets. The Bank classifies the allowance for credit losses into two components:

a) Allowance for Loan Losses:

		December 31,		
		2003	**2002**	**2001**
Balance at beginning of the year	US$	429,720,362	177,483,648	110,387,682
Provision (reversal) charged to income		(69,507,810)	272,586,082	77,144,445
Loan recoveries		1,971,400	291,616	285,914
Loans written off against the allowance for loan losses		(137,836,493)	(20,640,984)	(10,334,393)
Balance at end of the year	US$	224,347,459	429,720,362	177,483,648

Loans deemed uncollectible are written off against the allowance for loan losses, while recoveries of amounts previously charged off are credited to the allowance for loan losses.

b) Reserve for Losses on Off-Balance Sheet Credit Risk:

		December 31,		
		2003	**2002**	**2001**
Balance at beginning of the year	US$	23,369,691	17,200,000	17,200,000
Provision		10,602,890	6,169,691	0
Balance at end of the year	US$	33,972,581	23,369,691	17,200,000

The reserve for losses on off-balance sheet credit risk reflects the Bank's management estimate of probable losses on off-balance sheet credit risk items, such as: Confirmed letters of credit, stand-by letters of credit and credit commitments. (See Note 18).

The increase in the allowance for losses on off-balance sheet credit risk during 2003 was mainly related to outstanding transactions with Argentine borrowers for US$20,455,206.

(9) Premises and Equipment

The table below provides information on premises and equipment:

		December 31,	
		2003	**2002**
Land	US$	462,176	462,176
Building and improvements		4,092,982	4,086,968
Furniture and equipment		8,017,960	8,617,368
		12,573,118	13,166,512
Less accumulated depreciation		8,454,270	8,079,623
	US$	4,118,848	5,086,889

(10) Deposits

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

		December 31,	
		2003	**2002**
Demand	US$	19,370,257	23,102,051
Up to 1 month		497,740,333	463,404,023
From 1 month to 3 months		161,379,961	49,645,110
From 3 months to 6 months		10,000,000	0
From 6 months to 1 year		5,000,000	1,000,000
Over 1 year		9,464,285	14,821,428
	US$	702,954,836	551,972,612
Time deposits of US$100,000 or more:			
Aggregate amount of deposits	US$	683,486,038	528,870,561
Deposits in offices outside of Panama:			
Aggregate amount of deposits	US$	285,304,305	262,349,849
Interest expense	US$	3,641,999	6,079,229

(11) Short-term Borrowings and Placements

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

		December 31, 2003	December 31, 2002
Borrowings:			
At fixed interest rates:			
Advances from banks	US$	448,800,000	361,136,539
Discounted acceptances		14,600,000	65,700,000
Securities sold under repurchase agreements		223,814,017	220,507,950
Total short-term borrowings outstanding at the end of the year	US$	687,214,017	647,344,489
Average outstanding during the year	US$	602,496,299	1,218,036,260
Maximum outstanding at any month-end	US$	704,240,216	1,762,156,670

	December 31, 2003	December 31, 2002
At fixed interest rates:		
Weighted average interest rate at the end of the year	1.50%	2.20%
Weighted average interest rate during the year	1.93%	2.72%
At floating interest rates:		
Weighted average interest rate at the end of the year	n/a	n/a
Weighted average interest rate during the year	n/a	0.29%

The Bank's activities to secure funds include a US$750 million program for issuance of Euro-Commercial Paper and Euro-Certificates of Deposit. This program may be used by the Bank or its subsidiary in the Cayman Islands to issue commercial paper or certificates of deposit with maturities between 7 and 365 days, bearing interest or at 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, 2003	December 31, 2002
Borrowings:			
At floating interest rates:			
Syndicated and other medium-term borrowings from international banks, with due dates from July 2004 until September 2008	US$	223,855,286	910,053,539
Securities sold under repurchase agreements		0	31,686,541
Total floating interest rate borrowings		223,855,286	941,740,080
At fixed interest rates:			
Syndicated and other medium-term borrowings from international banks, with due dates from January 2004 until December 2005		143,786,772	0
Securities sold under repurchase agreements		0	4,614,213
Total fixed interest rates borrowings		143,786,772	4,614,213
Total borrowings		367,642,058	946,354,293
Placements:			
At floating interest rates:			
Euro medium-term notes with due dates from May 2004 until May 2006		79,000,000	236,284,802
At fixed interest rates:			
Euro medium-term notes with due dates from February 2004 until September 2005		38,874,373	102,854,170
Total placements		117,874,373	339,138,972
Total medium and long-term borrowings and placements outstanding	US$	485,516,431	1,285,493,265
Average outstanding during the year	US$	867,598,550	1,547,080,898
Maximum outstanding at any month end	US$	1,251,316,393	1,780,266,566

	December 31, 2003	December 31, 2002
At fixed interest rates:		
Weighted average interest rate at the end of the year	6.24%	6.46%
Weighted average interest rate during the year	6.27%	6.50%
At floating interest rates:		
Weighted average interest rate at the end of the year	1.84%	2.30%
Weighted average interest rate during the year	2.01%	2.70%

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

		December 31,	
		2003	**2002**
2003	US$	*0*	*838,018,394*
2004		*259,074,374*	*305,085,836*
2005		*159,086,652*	*123,389,035*
2006		*47,355,405*	*19,000,000*
2007 and later		*20,000,000*	*0*
	US$	*485,516,431*	*1,285,493,265*

The Bank's funding activities include a Euro-Medium-Term Note program ("EMTN Program"), which, in June of 1999, was increased 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 discount, and in various currencies. The notes are generally sold in bearer or registered form through one or more authorized financial institutions.

One of the Bank's borrowing agreement has covenants related to the following ratios: Risk weighted capital adequacy ratio, open credit exposure ratio, maturity gap ratio, single country exposure ratio, single group exposure ratio. As of December 31, 2003 the Bank was in compliance with these covenants.

Early Extinguishment of Debt

During the second quarter of 2003, the Bank repurchased in the market at discount, notes issued under its EMTN program, with a face value of US$14,098,000. The Bank's total disbursements were US$13,309,093, which resulted in a realized gain of US$788,907. The original maturity dates of these notes were September 20, 2005.

Also, during the third quarter of 2002, the Bank repurchased in the market at discount, notes issued under its EMTN program with a face value of US$11,000,000. The Bank's total disbursements were US$9,570,000, resulting in a realized gain of US$1,430,000. The original maturity dates of these notes 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, 2003 and 2002, the issued and outstanding shares were 913,918 and 1,218,557, respectively. At December 31, 2003 and 2002, 107,612 and 29,003 preferred stock, respectively, were redeemed but not delivered by stockholders. Normally, the preferred stock is non-voting, except if the minimum dividends were not paid, and certain other conditions were not complied with, in which case, the preferred stockholders have the right to elect a Director, and to receive a minimum preferred dividend of 8%, which payment would be subject to the approval of the Bank's Board of Directors and, in case of a liquidation would receive first preference of US$10 per share, plus accrued and unpaid dividends. The preferred stock is 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 stock outstanding as of March 15, 2002, and on May 15 of each of the subsequent years up to 2006. Accordingly, on May 15, 2003, the Bank redeemed 304,639 outstanding stock, which represented the 20% of the total redeemable preferred stock. The redeemed preferred stock was chosen by lot on March 31, 2003 at the Bank's headquarters in Panama.

As of July 1, 2003, the Bank adopted SFAS 150, consequently redeemable preferred stock was reclassified as a liability and the accrual of interest payable was charged to interest expense. As of December 31, 2003, the interest payable to redeemable preferred stock was US$731,134.

(14) Common Stock

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

1) *Class "A" shares may only be issued to Latin American Central Banks or banks in which the state or other government 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" 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.

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 common capital from 70,000,000 to 180,000,000 shares for the purpose of allowing the Bank to raise needed additional equity capital through a rights offering to the Bank's common stockholders. (See Note 15).

On June 27, 2003, the Bank offered non-transferable rights, entitling the holders of common stock to subscribe up to an aggregate of 22,000,000 shares of the Bank's common stock. Following the capitalization and the subscription of the 22 million shares offered, BLADEX's shareholding composition was: 16.1% Class "A", 10.4% Class "B" and 73.5% Class "E", and the total number of common stock outstanding was 39.3 million shares. The following table provides detailed information on the share activity per class for each of the years in the two-year period ended December 31, 2003:

	Class "A"	Class "B"	Class "E"	Total
Authorized	40,000,000	40,000,000	100,000,000	180,000,000
Outstanding at December 31, 2001	4,911,185	4,247,213	8,182,440	17,340,838
Conversions	0	(502,850)	502,847	(3)
Issuance of new stock	0	2,358	0	2,358
Outstanding at December 31, 2002	4,911,185	3,746,721	8,685,287	17,343,193
Conversions	0	(933,015)	933,013	(2)
Issuance of new stock	1,431,004	652,997	19,915,999	22,000,000
Issuance of restricted stock	0	0	9,547	9,547
Outstanding at December 31, 2003	6,342,189	3,466,703	29,543,846	39,352,738

Under the stock repurchased program approved by the Bank's Board of Directors on December 6, 2000, the Bank repurchased common stock in the open market at the prevailing market price at the date of the purchase. The following table presents information regarding shares repurchased not retired by the Bank and, accordingly, were classified as treasury stock:

	Class "A"		Class "B"		Class "E"	
	Shares	Amount	Shares	Amount	Shares	Amount
Outstanding at December 31, 2000	48,297	1,485,144	568,010	15,655,232	117,300	3,700,521
Repurchased during 2001	269,843	9,222,575	0	0	1,633,205	55,570,235
Outstanding at December 31, 2001 and 2002	318,140	10,707,719	568,010	15,655,232	1,750,505	59,270,756
Issuance of restricted stock	0	0	0	0	(9,547)	(63,679)
Outstanding at December 31, 2003	318,140	10,707,719	568,010	15,655,232	1,740,958	59,207,077

(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, so as to support BLADEX's growth plans, and strengthen its ability to withstand market volatility, the Bank's Board of Directors decided to raise additional Tier 1 capital (common stock equity) for at least US$100 million. The Bank's Board of Directors believed that the Bank had to raise a minimum of US$100 million of Tier 1 capital in order to retain its investment grade, and thus, continue to secure the funding necessary to fulfill its role of providing trade financing to borrowers in Latin America.

In order to provide assurance that the Bank would be able to raise the required equity capital, a group of existing Class "A" and Class "B" stockholders, and several multilateral organizations, including the IFC (together, the "Core Support Group"), supported *the Bank in the form of more than US$100 million in commitments to purchase any shortfall of shares which were offered to existing shareholders in the rights offering, but which were not subscribed by the end of the subscription period.*

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 Bank's Board of Directors included the Class "E" shareholders in the rights offering in order to ensure that they were treated fairly. In order to address a potential stockholder ownership dilution, the Bank's Board of Directors raised the needed capital initially through a rights offering to the Bank's common stockholders, pursuant to which each stockholder was given the opportunity to subscribe, on a pro rata basis for a portion of the shares being offered. Only following the completion of the rights offering, would the Bank sell shares to entities that were not stockholders. BLADEX chose to offer 22 million shares in order to provide a cushion so that if BLADEX share price declined substantially, it would be still able to raise its target of US$100 million.

As of June 27, 2003, the Bank completed the capitalization process through a stock rights offering raising US$147 million at US$6.68 per share. Following an over-subscription of the issue that resulted in subscriptions for a total of 23.2 million common shares, the entire 22 million issue of new shares was subscribed by shareholders of record at June 2, 2003. The subscription had an important and positive connotation on credit risk ratings of the Bank. On July 2, 2003, Standard and Poor's raised its BBB- investment grade rating outlook from a negative to stable and, on July 21, 2003, Moody's confirmed the stable outlook of its Baa3 investment grade rating and upgraded the Financial Strength Rating of the Bank. On August 5, 2003, Fitch upgraded the Bank's long-term rating from BB+ back to an investment grade rating of BBB- with a stable outlook.

Capital issuance related costs

On June 28, 2002, the Bank hired BNP Paribas Securities Corp. and Deutsche Bank Securities Inc. (together the "Financial Advisors") to provide financial advice with respect to the capital raising plans and ratings-related issues. At December 31, 2003, the direct costs related to the advisory services provided by the Financial Advisors as well as legal and other financial advisors were US$11,920,907, which was recorded as a deduction from additional paid-in capital.

At December 31, 2002, the accumulated costs related to the capital raising exercise were US$4,079,779. Since the rights offering was not yet completed on that date, the capitalization costs and related expenses were classified as other assets. At December 31, 2002, the Bank had a US$1,650,000 commitment to the Financial Advisors for their services in connection with the capitalization process, which was paid during 2003.

(16) Cash and Stock Based Compensation Plans

The Bank adopted a number of equity compensation plans under which it administers restricted stock and stock options plans to attract, retain and motivate directors, officers and employees, and to compensate them for their contributions to the growth and profits of the Bank.

a) Restricted Stock - Directors

During 2003, the Bank's Board of Directors approved a restricted stock award program for non-employee Directors of the Bank. Restricted stock delivered under this award program may be sourced from treasury stock, or authorized un-issued shares. In accordance with this program, on a yearly basis, the Bank's Board of Directors may grant Class "E" shares for each Director worth US$10,000, except in the case of the Chairman of the Board, who is granted an amount of US$15,000, all based on BLADEX's closing price in the New York Stock Exchange at the last trading date preceding the grant. The restricted stock will have a cliff vesting after five years. Under this plan 9,547 Class "E" common shares were issued and compensation costs charged against income in 2003 was US$94,993.

b) Stock Option Plan 2003 - Directors

On July 19, 2003, the Bank's Board of Directors approved a stock option plan for Directors, which allows them have the option to purchase Class "E" shares for an equivalent amount of US$10,000, and for the Chairman of the Board, an equivalent amount of US$15,000.

The new stock option plan has the following features:

a. The plan consists of indexed options based on a customized Latin America general market index (Optimized Equity Index – Merval, Ibovespa, IndMex, IPSA, IGBVL, IGBC, IBC).
b. The exercise price will be adjusted based on the change in a relevant market index.
c. The option term will be seven years, and there is a cliff vesting in four years.
d. Grants will be calculated based on the Black-Scholes derived expected value of the award.

No options have yet been granted under the new plan.

c) Stock Option Plans - Directors

During 2000, the Bank's Board of Directors approved a stock option plan for non-employee Directors of the Bank. 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.

On July 19, 2003, the Bank's Board of Directors approved to discontinue this plan; consequently, no additional options will be granted.

d) Stock Option Plans - Employees

For the 1995 Stock Option 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. For the 1999 Stock Option Plan the terms of the plan were 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 day.

On July 19, 2003, the Bank's Board of Directors approved to discontinue the 1995 and 1999 Stock Option Plans for employees and no additional options will be granted under these plans.

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

	December 31,					
	2003		2002		2001	
	Shares	Wtd. Avg. Exercise Price	Shares	Wtd. Avg. Exercise Price	Shares	Wtd. Avg. Exercise Price
Outstanding at beginning of the year	247,642	US$37.23	291,596	US$36.65	313,406	US$35.47
Granted	0	0	0	0	72,584	US$32.88
Exercised	0	0	0	0	(50,740)	US$23.06
Forfeited	(19,017)	US$41.66	(43,954)	US$33.39	(43,654)	US$37.70
Outstanding at end of the year	228,625	US$36.86	247,642	US$37.23	291,596	US$36.65
Options exercisable at end of the year	191,210	US$38.00	176,891	US$40.21	157,721	US$44.16
Weighted average fair value of options granted during the year		n/a		n/a		US$12.42

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding at Dec. 31, 2003	Wtd. Avg. Exercise Price	Wtd. Avg. Remaining Contractual Life (in years)	Number Exercisable at Dec. 31, 2003	Wtd. Avg. Exercise Price
US$20.00 - $30.00	57,482	US$23.12	5.77	50,504	US$23.11
US$30.01 - $40.00	48,473	32.88	7.08	18,036	32.88
US$40.01 - $50.00	84,670	42.04	2.89	84,670	42.04
Greater than US$50.00	38,000	51.19	3.08	38,000	51.19
Total	228,625	US$36.86	4.51	191,210	US$37.99

In addition, on July 19, 2003, the Bank's Board of Directors approved a new stock option plan for employees (indexed options) with the same features as the Stock Option Plan 2003 – Directors described above. No options have yet been granted under this new plan.

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 for 2001:

		Stock Option Plans	
		Directors	Employees
Weighted average fair value option	US$	7.09	12.62
Weighted average expected life		2.35	5.05
Expected volatility		30%	35%
Risk-free interest rate		3.45%	4.15%
Expected annual dividends per share		n/a	n/a
Expected annual forfeitures		n/a	n/a

e) Contribution Plans

The Bank sponsors a defined contribution plan for its expatriate officers. The Bank's contributions are determined as a percentage of the eligible officers' annual salary, with each officer contributing an additional amount withheld from his salary and deposited in a savings account with the Bank, earning interest at market rates. During the years 2003, 2002 and 2001, the Bank charged to salaries expense US$139,934, US$118,900, and US$50,764, respectively. As of December 31, 2003 and 2002, the accumulated liability payable under this contribution plan amounted to US$571,755 and US$431,821, respectively.

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

The DEU Plan allowed eligible employees to invest up to 25% of their annual profit sharing in Class "E" shares (the "Participation Shares"). The employee receives a grant of one DEU for every two participating shares. Every DEU represented the right to receive a Class "E" share. On July 19, 2003, the Bank's Board of Directors approved to discontinue this plan and consequently, no additional options will be granted under this plan.

During 2003, 2002 and 2001, the Bank provisioned the market value of the related Class "E" shares of US$1,863, US$(3,011) and US$3,591, respectively, corresponding to 122 deferred equity units exercisable in February 2006.

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 employees exceed 6% of the employee's annual base compensation. Under the DC Plan, 30,000 Class "E" shares were reserved. On July 19, 2003, the Bank's Board of Directors approved to discontinue this plan. No additional options will be granted under this plan.

The following presents a detail of changes in the deferred equity units under the DC Plan as of December 31, 2003, 2002 and 2001:

	December 31,		
	2003	**2002**	**2001**
Outstanding at the beginning of the year	9,114	4,308	0
Granted	20,140	6,248	4,359
Forfeited	(281)	(1,442)	(51)
Exercised	(83)	0	0
Outstanding at end of the year	28,890	9,114	4,308

The expenses provisioned for 2003, 2002 and 2001, under this plan, were US$58,573, US$49,122 and US$175,798, respectively.

(17) Earnings (loss) Per Share

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

		December 31,		
		2003	**2002**	**2001**
Income (loss) from continuing operations before cumulative effect of accounting changes	US$	111,495,812	(266,491,715)	3,752,398
Discontinued operations		0	(2,346,094)	(2,388,114)
Cumulative effect of accounting change		0	0	1,129,413
		111,495,812	(268,837,809)	2,493,697
Less:				
Preferred stock dividends		365,567	1,011,910	1,235,481
Income (loss) available to common stockholders for both, basic and diluted EPS	US$	111,130,245	(269,849,719)	1,258,216
Weighted average common shares outstanding applicable to basic EPS		28,674,725	17,342,689	18,101,751
Basic earnings (loss) per share:				
Income (loss) from continuing operations before cumulative effect of accounting change	US$	3.88	(15.42)	0.14
Discontinued operations		0	(0.14)	(0.13)
Cumulative effect of accounting change		0	0	0.06
Net income (loss) per share	US$	3.88	(15.56)	0.07
Weighted average common shares outstanding applicable to diluted EPS		28,674,725	17,342,689	18,101,751
Effect of dilutive securities - Stock option plans		0	0	60,454
Adjusted weighted average common shares outstanding applicable to diluted EPS		28,674,725	17,342,689	18,162,205
Diluted earnings (loss) per share:				
Income (loss) from continuing operations before cumulative effect of accounting change	US$	3.88	(15.42)	0.14
Discontinued operations		0	(0.14)	(0.13)
Cumulative effect of accounting changes		0	0	0.06
Net income (loss) per share	US$	3.88	(15.56)	0.07

At December 31, 2003 and 2002, weighted average options for 145,537 and 149,325, respectively, were excluded from the computation of diluted EPS because the option's exercise price was greater than the average quoted market price of the Bank's common stock.

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

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

The Bank's outstanding financial instruments with off-balance sheet credit risk, at the dates indicated, were as follows:

		December 31, 2003	December 31, 2002
Confirmed letters of credit	US$	76,333,440	48,743,756
Stand-by letters of credit and guarantees:			
Country risk		79,343,348	90,122,176
Commercial risk		121,541,123	249,021,614
Credit commitments:			
At fixed interest rates		23,518,019	30,000,000
At floating interest rates		32,122,756	42,722,757
	US$	332,858,686	460,610,303

As of December 31, 2003, the maturity profile of the outstanding financial instruments with off-balance sheet credit risk is as follows:

Within 1 year	US$	262,055,788
From 1 to 2 years		28,846,154
From 3 to 4 years		41,956,744
	US$	332,858,686

As of December 31, 2003 and 2002 the breakdown of the Bank's off-balance sheet exposure by country risk is as follows:

Country		December 31, 2003	December 31, 2002
Argentina	US$	5,000,000	23,000,000
Bolivia		55,743	238,664
Brazil		126,466,105	215,215,323
Chile		1,333,647	532,695
Colombia		40,000	65,000
Costa Rica		15,883,240	736,350
Dominican Republic		12,126,168	66,524,359
Ecuador		65,532,104	31,970,477
El Salvador		5,101,978	6,921,761
Guatemala		2,000,000	200,000
Jamaica		11,250,000	11,070,954
Mexico		33,738,019	42,499,400
Nicaragua		5,798,000	5,750,000
Panama		162,123	397,822
Peru		41,371,559	51,062,045
Other		7,000,000	4,425,453
	US$	332,858,686	460,610,303

Letters of Credit and Guarantees

The Bank, on behalf of its institutional client base, advises and confirms letters of credit to facilitate foreign trade transactions. When confirming letters of credit, the Bank adds its own unqualified assurance that the issuing bank will pay and that if the issuing bank does not honor drafts drawn on the credit, the Bank will.

The Bank provides stand-by letters of credit and guarantees (including country risk 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 policies used in its lending process, and, once issued, the commitment is irrevocable and remains valid until its expiration. Credit risk arises from the Bank's obligation to make payment in the event of a customer's contractual default to a third party. Risks associated with 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.

Other commitments

During November 2003, the Bank made a commitment to invest US$5,000,000 in an investment fund, registered in NAFTA, whose main objective is to invest in the Mexican export industry and its supply chain. As of December 31, 2003, the total disbursement related with this investment fund was US$328,135, recorded as other assets.

Unused commitments available to the Bank

During 2003 the Bank signed borrowing agreements with financial institutions for US$125,000,000 and US$40,000,000. The purpose of these commitments is exclusively to finance trade in Latin America and the Caribbean, with maturities up to 18 and 24 months, respectively. Commitment fees of 0.50% will be charge on the unused available credit of these commitments, plus an availability fee of 0.25% for the US$125,000,000 commitment.

As of December 31, 2003, the Bank had draw down US$20,000,000 from the US$40,000,000 commitment (See Note 12). On January 8, 2004, the Bank made a second draw down for the remaining available commitment of US$20,000,000. Borrowings under this agreement are at interest rates ranging from 1.35% to 3.35% above LIBOR.

(19) Derivative Financial Instruments

Effective January 1, 2001, the Bank adopted SFAS 133 related to the accounting of financial instruments that are considered to be derivatives, which requires that these financial instruments be booked on the consolidated balance sheets at their fair value. For control purposes, these financial instruments are recorded at their nominal amount ("notional amount") on the memorandum accounts.

In the normal course of business, the Bank utilizes interest rate and foreign exchange derivatives primarily for hedging purposes in its consolidated balance sheets management activities. All of the interest rate swaps and foreign exchange forward contracts entered during 2003 and 2002 were made by the Bank to hedge interest rate and 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. 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 payment or vice-versa. The Bank also engages in some foreign exchange trades to serve customers' transaction needs. All positions are hedged with an offsetting contract for the same currency. The Bank manages and controls the risks on these foreign exchange trades by establishing counter party credit limits by client, and policies that do not allow for open positions.

Types of Derivative and Foreign Exchange Instruments

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

For purposes of asset/liability activities, the Bank 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.*

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 these derivative instruments.*

The following table provides quantitative information on derivative financial instruments outstanding at December 31, 2003 and 2002:

	December 31, 2003			December 31, 2002			
		Fair Value			Fair Value		
(in U.S. Dollar)	Nominal Amount	Asset	Liability	Nominal Amount	Asset	Liability	Changes in Fair value (1)
Fair Value Hedges:							
Interest rate swaps	0	0	0	50,000,000	0	8,441,446	8,441,446
Cross-currency swap	61,425,806	1,684,209	7,051,049	184,583,998	4,904,418	8,019,373	(2,251,885)
Cash Flow Hedges:							
Interest rate swaps	60,000,000	0	792,537	131,000,000	0	3,119,299	2,326,762 (2)
Freestanding:							
Interest rate swaps	0	0	0	10,000,000	1,666,638	141,487	(1,525,151)
Cross-currency swap	50,129,509	571,875	5,177,724	0	0	0	(4,605,849)
Foreign exchange forward contracts	0	0	0	13,273,132	0	298,770	298,770
Total	171,555,315	2,256,084	13,021,310	388,857,130	6,571,056	20,020,375	2,684,093

(1) Changes in fair value of derivatives used as fair value hedges (net of changes in fair value of hedged instruments) and freestanding are recognized in the statement of operations as derivatives and hedging activities. Changes in fair value related to cash flow hedges are recognized as a component of other comprehensive income (loss).

(2) Include US$408,248 recorded as interest expense.

All derivative contracts will mature in 2004. Interest rate swaps maturing on March 29, 2004, match the maturity date of the related medium-term borrowings (hedged item).

(20) Accumulated Other Comprehensive Income (Loss)

As of December 31, 2003 and 2002, the breakdown of accumulated other comprehensive income (loss) was as follows:

		SFAS 115	SFAS133	TOTAL
Balance as of December 31, 2001	US$	34,416	(540,696)	(506,280)
Unrealized gain (loss) arising from the year		2,967,166	(2,578,603)	388,563
Balance as of December 31, 2002		3,001,582	(3,119,299)	(117,717)
Unrealized gain arising from the year		7,258,933	2,735,010	9,993,943
Balance as of December 31, 2003	US$	10,260,515	(384,289)	9,876,226

(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 were used by management in estimating the fair values of each type of financial instruments:

(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, 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

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

(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 allowances for loan losses. The allocated portion of the allowance, adjusted by a present value factor based upon the timing of expected losses, has been deducted from the gross cash flows prior to calculating the present value. The fair value of the non-performing loans has been determined net of related allowance for loan losses.

(d) Deposits

The fair value of demand deposits is equal to the amount payable on demand at the reporting date. For time deposits, 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

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

(g) Derivative financial instruments

The fair value of derivatives financial instruments and options is 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 counter parties. 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 counterparts at the reporting date. Fair values have been determined based on applicable requirements and do not necessarily represent the amount that would be realized upon liquidation. The following table provides information on the carrying value and fair value of the Bank's financial instruments:

(in U.S. Dollar)	December 31, 2003 Carrying Value	2003 Fair Value	2002 Carrying Value	2002 Fair Value
Financial assets:				
Instruments with carrying value equal to fair value	427,100,870	427,100,870	666,537,874	666,537,874
Securities available for sale	48,340,618	48,340,618	149,158,892	149,158,892
Securities held to maturity	29,452,040	29,790,000	11,555,397	11,717,332
Loans, net of allowance	2,046,401,596	2,056,285,583	2,077,306,616	2,025,087,468
Derivatives financial instruments - assets	2,256,084	2,256,084	6,571,056	6,571,056
Financial liabilities:				
Instruments with carrying value equal to fair value	64,754,563	64,754,563	69,814,068	69,814,068
Time deposits	683,584,579	682,631,908	528,870,561	530,334,007
Short-term borrowings and placements	687,214,017	683,680,689	647,344,489	651,142,058
Medium and long-term borrowings and placements	485,516,431	473,258,567	1,285,493,265	1,321,589,490
Derivatives financial instruments - liabilities	13,021,310	13,021,310	20,020,375	20,020,375
Commitments to extend credit, stand-by letters of credits and guarantees	332,858,686	1,604,595	460,610,303	4,474,133

(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 which, impacted the consolidated statement of operations, as follows:

		Options	Interest Rate Swaps	Total
Cumulative effect of accounting change:				
Transition adjustment (one time adjustment made on January 1, 2001)	US$	1,358,760	(229,347)	1,129,413

Also, the adoption of SFAS 133 affected the "other comprehensive income (loss)" account in the Bank's consolidated balance sheets. (See Note 20)

(23) Business Segment Information

The Bank's businesses are grouped into three segments 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 an Enterprise and Related Information". The segment results show the financial performance of the major lines of business. These results are determined based on the Bank's management accounting process, which assigns consolidated balance sheets, revenue and expense items to each reportable line of business 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.

Medium-term loans (original term of over one to five years, and exceptionally more than five years) were mainly granted to selected commercial banks in the Region, to support the medium-term financing needs of the Bank's clients.

The contingencies constitute mainly guarantees and stand-by or commercial letters of credit covering commercial and country risk. This business segment is the primary component of fee income generation. Additional components of other income are commissions earned on loan origination. The following table presents certain information regarding the Bank's continuing operations by segment:

***Business Segment Analysis* (1)**

(In US$ million)

2003	***Average Assets***	***Net Interest Income***	***Net Commissions and Other Income***	***Net Revenues***	***Operating Expenses***	***Net Operating Income* (2)**
Loans and selected securities **(3)**						
Short-term	*1,763*	*37.9*	*17.1*	*55.0*	*(14.1)*	*40.9*
Medium-term	*720*	*16.1*	*7.0*	*23.1*	*(5.7)*	*17.4*
Loan portfolio	*2,483*	*54.0*	*24.1*	*78.1*	*(19.8)*	*58.3*
Acceptances and contingencies **(4)**	*369*	*0*	*6.1*	*6.1*	*(2.8)*	*3.3*
Credit portfolio **(5)**	*2,852*	*54.0*	*30.2*	*84.2*	*(22.6)*	*61.6*

2002	***Average Assets***	***Net Interest Income***	***Net Commissions and Other Income***	***Net Revenues***	***Operating Expenses***	***Net Operating Income* (2)**
Loans and selected securities (3)						
Short-term	*2,101*	*32.5*	*1.4*	*33.9*	*(9.2)*	*24.7*
Medium-term	*1,701*	*32.3*	*1.2*	*33.5*	*(7.5)*	*26.0*
Loan portfolio	*3,802*	*64.8*	*2.6*	*67.4*	*(16.7)*	*50.7*
Acceptances and contingencies **(4)**	*665*	*0*	*8.8*	*8.8*	*(2.6)*	*6.1*
Credit portfolio **(5)**	*4,467*	*64.8*	*11.4*	*76.2*	*(19.3)*	*56.8*

2001	***Average Assets***	***Net Interest Income***	***Net Commissions and Other Income***	***Net Revenues***	***Operating Expenses***	***Net Operating Income* (2)**
Loans and selected securities **(3)**						
Short-term	*3,013*	*61.9*	*3.0*	*64.9*	*(11.1)*	*53.8*
Medium-term	*2,530*	*55.8*	*2.6*	*58.4*	*(9.3)*	*49.10*
Loan portfolio	*5,543*	*117.7*	*5.6*	*123.3*	*(20.4)*	*102.9*
Acceptances and contingencies **(4)**	*1,178*	*0*	*14.6*	*14.6*	*(3.6)*	*11.0*
Credit portfolio **(5)**	*6,721*	*117.7*	*20.2*	*137.9*	*(24.0)*	*113.9*

(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, 2003, 2002 and 2001, the following items should be included: (a) (reversal) provisions for credit losses for US$58.9 million, US$(278.8) million and US$(77.1) million, for the years ended December 31, 2003, 2002 and 2001, respectively; (b) impairment loss on securities of US$(1.0) million, US$(44.3) million and US$(40.3) million for the years ended December 31, 2003, 2002 and 2001, respectively; (c) cumulative effect of accounting change (SFAS 133) for US$1.1 million for the year ended December 31, 2001; (d) derivatives and hedging activities from market valuation for US$(8.0) million, US$(0.3) million and US$7.4 million for the years ended December 31, 2003, 2002 and 2001, respectively; and (e) loss on operations and disposal of segment for US$(2.3) million for the years ended December 31, 2002 and 2001, respectively.

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

(4) Includes customers' liabilities under acceptances and letters of credit and guarantees covering commercial and country risk. Excludes credit commitments in the average amount of US$98.2 million, US$104.5 million and US$92.6 million for the years ended December 31, 2003, 2002 and 2001, respectively.

(5) Includes loan portfolio plus acceptances and contingencies.

(24) Leasehold Commitments

At December 31, 2003, a summary of leasehold commitments is as follows:

Expiration Year		Future Rental Commitments
2004	US$	485,205
2005		450,925
2006		165,080
2007		169,207
2008		84,626
	US$	1,355,043

Occupancy expense for the years ended December 31, 2003, 2002 and 2001, amounted to US$293,289, US$408,993 and US$681,412, respectively.

(25) Litigation

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

(26) Discontinued Operations

At June 30, 2002, the Bank's Board of Directors approved the closing of its structured transactions finance unit (BLADEX Financial Services, LLC and BLADEX Securities, LLC) in New York, as part of its restructuring program. 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 from the Capital Reserves account to the Retained Earnings account. This reclassification was approved by the Bank's Board of Directors, and was previously authorized by the Superintendence of Banks in Panama.

(28) Bank of America Partnership

On July 2003, BLADEX and Bank of America Corporation completed a strategic alliance that offers Bank of America's U.S. Dollar clearing services to BLADEX clients in the Latin America and Caribbean region. This alliance offers an opportunity to combine BLADEX's reliable trade finance capabilities with Bank of America's widely recognized product excellence in clearing services.

(29) Summary of Unaudited Quarterly Financial Information

(In US$ thousand, except per share data)		2003 Fourth	Third	Second	First
Interest income	US$	21,522	22,769	26,265	27,840
Interest expense		(8,253)	(9,339)	(12,748)	(14,069)
Net interest income		13,269	13,430	13,517	13,771
Reversal of provision for loan losses		14,661	10,093	37,429	7,325
Net interest income after reversal of loan losses		27,930	23,523	50,946	21,096
Commission income, net		1,400	1,782	1,835	2,429
Provision for loan losses on off-balance sheet credit risk		(5,127)	(5,043)	7,209	(7,642)
Derivatives and hedging activities		(199)	(6,667)	(320)	(802)
Impairment loss on securities		0	(75)	(875)	(3)
Gain on early extinguishment of debt		0	0	789	0
Gain on sale of securities available for sale		0	8,860	13,351	0
Gain (loss) on foreign currency exchange		3	176	(534)	(27)
Other income		38	2	93	(91)
Operating expenses		(7,812)	(4,755)	(5,409)	(4,585)
Net income	US$	16,233	17,803	67,085	10,375
Net income available to common stockholders	US$	16,233	17,803	66,865	10,127
Earnings per share (after dividends on preferred stock)	US$	0.41	0.45	3.65	0.58
Diluted earnings per share	US$	0.41	0.45	3.65	0.58
Average number of common shares outstanding (thousand)		39,343	39,343	18,310	17,343

(In US$ thousand, except per share data)		2002 Fourth	Third	Second	First
Interest income	US$	32,710	37,667	38,321	57,103
Interest expense		(17,544)	(22,118)	(27,284)	(34,076)
Net interest income		15,166	15,549	11,037	23,027
Provision for loan losses		(688)	0	(251,898)	(20,000)
Net interest income (loss) after provision for loan losses		14,478	15,549	(240,861)	3,027
Commission income, net		2,083	1,614	2,397	2,792
Provision for loan losses on off-balance sheet credit risk		1,881	0	(8,051)	0
Derivatives and hedging activities		(367)	4,639	(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		430	7	15	101
Operating expenses		(3,778)	(5,099)	(5,712)	(4,670)
Income (loss) from continuing operations		15,113	15,847	(298,533)	1,082
Discontinued operations:					
Loss from operations and disposal of business segment		(103)	(24)	(1,612)	(607)
Net income (loss)	US$	15,010	15,823	(300,145)	475
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 (thousand)		17,343	17,343	17,343	17,342