

LATIN AMERICAN EXPORT BANK
Form 6-K
July 28, 2008

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

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

Long form of Press Release

BANCO LATINOAMERICANO DE EXPORTACIONES, S.A.
(Exact name of Registrant as specified in its Charter)

LATIN AMERICAN EXPORT BANK
(Translation of Registrant's name into English)

Calle 50 y Aquilino de la Guardia
P.O. Box 0819-08730
El Dorado, Panama City
Republic of Panama
(Address of Registrant's Principal Executive Offices)

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

Form 20-F Form 40-F

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

Yes No

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

SIGNATURES

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

July 28, 2008

Banco Latinoamericano de Exportaciones, S.A.

By: /s/ Pedro Toll

Name: Pedro Toll

Title: Deputy Manager

**BLADEx REPORTS SECOND QUARTER NET INCOME OF \$26.3 MILLION
COMPARED WITH \$19.2 MILLION FOR THE PRIOR QUARTER.
ROE WAS 16.7%, COMPARED TO 12.6% IN THE FIRST QUARTER.**

Panama City, Republic of Panama, July 28, 2008 – Banco Latinoamericano de Exportaciones, S.A. (NYSE: BLX) (“Bladex” or the “Bank”) announced today its results for the second quarter ended June 30, 2008.

Second Quarter Business Highlights

- Net income of \$26.3 million, an increase of 37% compared to the first quarter 2008, and 3% lower than the second quarter 2007, principally due to lower trading gains.
- Net operating revenue⁽¹⁾ of \$36.4 million, an increase of 28% from the first quarter 2008, and unchanged from the second quarter 2007, reflecting strong growth in the Bank’s intermediation business.
- Return on average equity (“ROE”) of 16.7%, compared to 12.6% in the first quarter 2008, and 18.0% in the second quarter 2007.
- Commercial Division’s net operating income⁽²⁾ was \$12.9 million, versus \$14.7 million in the previous quarter. Net interest income on lending spreads⁽³⁾ increased 27% as a result of higher lending spreads⁽⁴⁾ (27 bps, or 22%), and a 4% growth on the average commercial portfolio.
- Treasury Division’s net operating income was \$3.0 million, an increase of \$2.0 million compared to the first quarter 2008, and a decrease of \$1.1 million from the second quarter 2007 due to lower gains on the sale of securities.
- Asset Management Division’s net operating income was \$10.1 million, an increase of \$6.5 million from the first quarter 2008, and a decrease of \$1.9 million from the second quarter 2007, driven by trading gains.
- As of June 30, 2008, the Bank had zero credit in non-accrual or past due status.
- As of June 30, 2008, liquidity⁽⁵⁾ stood at \$372 million, representing 7% of total assets. During the quarter, deposits increased \$379 million (28%) to \$1,736 million.
- The Bank’s efficiency ratio⁽⁶⁾ was 29%, compared to 32% in the first quarter 2008, and 28% in the second quarter 2007. Tier 1 capital ratio stood at 19%.

Mr. Jaime Rivera, Bladex’s Chief Executive Officer, stated the following regarding the quarter’s results: *“We are very pleased with the results for the quarter which were solid across all business lines. This performance demonstrates once more Bladex’s ability to take advantage of a Latin American market that continues to grow, and a business franchise that continues to strengthen.*

In broad terms, while we are mindful of both the stress placed on large segments of the financial industry and the implications for the economy as a whole, the current scenario has resulted in opportunities for the Region, which Bladex is uniquely well positioned to realize.

Consistent with this favorable scenario, the Bank’s intermediation business continues to grow, with lending margins widening at an accelerating rate and fee revenue building momentum. Bladex’s Asset Management Division posted another quarter of solid results, and concerns regarding credit quality within Bladex’s portfolio remain a non-issue. On the liability side, the Bank’s deposit base increased at the faster pace that we have seen in years, and our liquidity position remains strong.

As satisfied as Bladex is with the current results, we place great importance on the permanent nature of our improving market share, which we believe will continue to benefit the Bank through the next phase of the credit cycle.”

RESULTS BY BUSINESS SEGMENT

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

| (US\$ million) | 2Q07 | 1Q08 | 2Q08 |
|---|----------------|----------------|----------------|
| Commercial Division: | | | |
| Net interest income on lending spreads ⁽³⁾ | \$ 7.3 | \$ 10.6 | \$ 13.5 |
| Net interest income on allocated capital ⁽⁷⁾ | 8.1 | 8.8 | 5.4 |
| Net Interest Income | \$ 15.4 | \$ 19.4 | \$ 18.9 |
| Non-interest operating income ⁽⁸⁾ | 1.4 | 1.8 | 1.9 |
| Net operating revenues | \$ 16.8 | \$ 21.2 | \$ 20.8 |
| Operating expenses | (6.7) | (6.5) | (7.9) |
| Net Operating Income | \$ 10.1 | \$ 14.7 | \$ 12.9 |

Net operating income for the second quarter 2008 reached \$12.9 million, representing an increase of 28%, compared to second quarter 2007, and a decrease of 12% from the first quarter 2008. With respect to the previous quarter, weighted average lending spreads increased 27 bps (22%), while the average commercial portfolio growth was 4%. Combining these factors resulted in a \$2.9 million, or 27% growth in net interest income on lending spreads. These increases were offset by \$3.4 million in lower yields on allocated capital due to lower market interest rates.

Weighted average lending spreads on new disbursements were 1.93%, a 41 bps, or 27%, increase with respect to the previous quarter.

The following graph illustrates lending spreads' quarterly trend:

The average commercial portfolio grew 4% during the quarter and 15% during the last year. End of period growth during the quarter was 8%.

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The commercial portfolio includes letters of credit, country risk guarantees and loan commitments pertaining to the Bank's traditional intermediation activities.

See Exhibit X for information related to the Bank's commercial portfolio distribution by country.

During the second quarter 2008, the Bank disbursed credits amounting to \$2 billion, unchanged when compared to the previous quarter. Please refer to Exhibit XII for the Bank's distribution of credit disbursements by country.

As of June 30, 2008, the corporate market segment represented 55% of the Bank's total commercial portfolio, compared to 53% as of March 31, 2008, and 49% a year ago.

The commercial portfolio as a whole continues to be short-term and trade-related in nature, with 70% of credits maturing within one year, and 66% representing trade financing operations.

As of June 30, 2008, the Bank had zero credits in non-accruing or past-due status.

The *Treasury Division* incorporates the Bank's investment securities activities. Net operating income is presented net of allocated operating expenses, and includes net interest income on investment securities, and net gains on sale of securities available for sale.

| (US\$ million) | 2Q07 | 1Q08 | 2Q08 |
|--|---------------|---------------|---------------|
| Treasury Division: | | | |
| Net interest income | \$ 1.1 | \$ 2.2 | \$ 2.1 |
| Non-interest operating income ⁽⁸⁾ | 3.9 | 0.2 | 2.7 |
| Net operating revenues | \$ 5.1 | \$ 2.3 | \$ 4.7 |
| Operating expenses | (1.0) | (1.4) | (1.8) |
| Net Operating Income | \$ 4.1 | \$ 1.0 | \$ 3.0 |

Net operating income totaled \$3.0 million, representing an increase of \$2.0 million from the first quarter 2008, and a decrease of \$1.1 million from the second quarter 2007. These variations mostly reflected different levels of gains on sales of securities in the referenced quarters.

The quarter-end securities available for sale portfolio totaled \$737 million, representing an increase of 6% from March 31, 2008. As of June 30, 2008, the securities portfolio represented 14% of the Bank's total credit portfolio, and consisted of Latin American securities (please refer to Exhibit XI for a per country distribution of the investment securities in the available for sale portfolio).

In its available for sale portfolio, and in order to hedge the instruments' interest rate risk, the Bank enters into interest rate swap agreements to convert them from fixed interest to floating rate instruments. The available for sale portfolio is marked-to-market, and the impact thereof is recorded in capital through the other comprehensive income account (please refer to Exhibit I).

As of June 30, 2008, deposit balances totaled \$1,736 million, a \$379 million (28%) increase compared to the previous quarter, and \$356 million (26%) higher than the second quarter 2007, mostly reflecting \$240 million in new deposits from central banks.

The *Asset Management Division* incorporates the Bank's asset management activities. Net operating income is presented net of allocated operating expenses, and includes net interest income on trading assets and investment in mutual funds, as well as trading gains and other related income (loss).

| (US\$ million) | 2Q07 | 1Q08 | 2Q08 |
|--|----------------|---------------|----------------|
| Asset Management Division: | | | |
| Net interest income | \$ 0.2 | \$ (0.4) | \$ (0.8) |
| Non-interest operating income ⁽⁸⁾ | 14.3 | 5.4 | 11.7 |
| Net operating revenues | \$ 14.5 | \$ 4.9 | \$ 10.8 |
| Operating expenses | (2.5) | (1.3) | (0.8) |
| Net Operating Income | \$ 12.0 | \$ 3.6 | \$ 10.1 |

Net operating income in the second quarter 2008 totaled \$10.1 million, representing an increase of 182% compared to the previous quarter, and a 16% decrease from the second quarter 2007, driven by trading gains.

In April 2008, Bladex Offshore Feeder Fund (the "Fund") registered with the Cayman Islands Monetary Authority under the Cayman Islands Mutual Funds Law. On May 1, 2008, the Fund began receiving third party investments. In May 2008, Bladex also began accounting for the Fund and its related companies in accordance with the specialized accounting guidance in the AICPA Audit and Accounting Guide, *Audits of Investment Companies*.

As of June 30, 2008, investment in mutual funds totaled \$144 million compared to the Fund's net asset value of \$133 million and \$122 million, as of March 31, 2008 and June 30, 2007, respectively.

CONSOLIDATED RESULTS OF OPERATIONS**KEY FINANCIAL FIGURES AND RATIOS**

| (US\$ million, except percentages and per share amounts) | 2Q07 | | 1Q08 | | 2Q08 | |
|--|------|-------|------|-------|------|-------|
| Net Interest Income | \$ | 16.7 | \$ | 21.1 | \$ | 20.1 |
| Net Operating Income by Business Segment: | | | | | | |
| Commercial Division | \$ | 10.1 | \$ | 14.7 | \$ | 12.9 |
| Treasury Division | \$ | 4.1 | \$ | 1.0 | \$ | 3.0 |
| Asset Management Division | \$ | 12.0 | \$ | 3.6 | \$ | 10.1 |
| Net Operating Income | \$ | 26.1 | \$ | 19.2 | \$ | 25.9 |
| Net Income | \$ | 27.0 | \$ | 19.2 | \$ | 26.3 |
| Net Income per Share ⁽⁹⁾ | \$ | 0.74 | \$ | 0.53 | \$ | 0.72 |
| Book Value per common share (period end) | \$ | 16.68 | \$ | 16.73 | \$ | 17.74 |
| Return on Average Equity ("ROE") | | 18.0% | | 12.6% | | 16.7% |
| Operating Return on Average Equity ("Operating ROE") | | 17.4% | | 12.6% | | 16.5% |
| Return on Average Assets ("ROA") | | 2.7% | | 1.6% | | 2.0% |
| Net Interest Margin | | 1.70% | | 1.77% | | 1.56% |
| Tier 1 Capital ⁽¹⁰⁾ | \$ | 606 | \$ | 608 | \$ | 645 |
| Total Capital ⁽¹¹⁾ | \$ | 642 | \$ | 647 | \$ | 688 |
| Risk-Weighted Assets | \$ | 2,862 | \$ | 3,112 | \$ | 3,392 |
| Tier 1 Capital Ratio ⁽¹⁰⁾ | | 21.2% | | 19.6% | | 19.0% |
| Total Capital Ratio ⁽¹¹⁾ | | 22.4% | | 20.8% | | 20.3% |
| Stockholders' Equity to Total Assets | | 14.4% | | 12.0% | | 11.9% |
| Liquid Assets / Total Assets ⁽⁵⁾ | | 7.6% | | 9.7% | | 6.9% |
| Liquid Assets / Total Deposits | | 23.2% | | 36.3% | | 21.5% |
| Non-Accruing Loans to Total Loans, net | | 0.0% | | 0.0% | | 0.0% |
| Allowance for Loan Losses to Total Loan Portfolio | | 2.0% | | 1.9% | | 1.7% |
| Allowance for Losses on Off-Balance Sheet Credit Risk to Total Contingencies | | 2.6% | | 3.5% | | 4.0% |
| Total Assets | \$ | 4,205 | \$ | 5,090 | \$ | 5,407 |

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The following graphs illustrate Net Operating Income and the Return on Average Stockholders' Equity trends from 2005 through 2008:

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NET INTEREST INCOME AND MARGINS

| (In US\$ million, except percentages) | 2Q07 | 1Q08 | 2Q08 |
|---------------------------------------|----------------|----------------|----------------|
| Net Interest Income | | | |
| Commercial Division | \$ 15.4 | \$ 19.4 | \$ 18.9 |
| Treasury Division | 1.1 | 2.2 | 2.1 |
| Asset Management Division | 0.2 | (0.4) | (0.8) |
| Consolidated | \$ 16.7 | \$ 21.1 | \$ 20.1 |
| Net Interest Margin* | 1.70% | 1.77% | 1.56% |

* Net interest income divided by average balance of interest-earning assets.

Net interest income during the second quarter 2008 reached \$20.1 million, a decrease of 5% compared to the previous quarter driven by lower yield on the Bank's available capital as market interest rates decreased. This factor was partially offset by a larger average loan portfolio and wider lending spreads.

The \$3.4 million, or 20%, increase in net interest income compared to the second quarter of 2007 mostly reflects an increased average loan portfolio, and higher lending spreads, partly offset by a lower yield on the Bank's available capital.

FEES AND COMMISSIONS

| (US\$ million) | 2Q07 | 1Q08 | 2Q08 |
|----------------------------------|---------------|---------------|---------------|
| Letters of credit | \$ 0.7 | \$ 1.0 | \$ 1.2 |
| Guarantees | 0.2 | 0.4 | 0.3 |
| Loans | 0.2 | 0.2 | 0.2 |
| Other* | 0.4 | 0.2 | 0.6 |
| Fees and Commissions, net | \$ 1.5 | \$ 1.8 | \$ 2.4 |

* Net of commission expenses

Fees and commissions in the second quarter 2008 increased 35%, or \$0.6 million, compared to the previous quarter, and 59%, or \$0.9 million, from a year ago mostly due to the increased commission income from letters of credit, and management fee related to the Asset Management Division.

PORTFOLIO QUALITY AND PROVISION FOR CREDIT LOSSES

| (In US\$ million) | 30-Jun-07 | 30-Sep-07 | 31-Dec-07 | 31-Mar-08 | 30-Jun-08 |
|---|----------------|----------------|----------------|----------------|-------------|
| Allowance for Loan Losses: | | | | | |
| Balance at beginning of the period | \$ 56.6 | \$ 69.0 | \$ 72.6 | \$ 69.6 | 69.9 |
| Provisions (reversals) | 6.2 | 3.4 | (3.0) | 0.0 | (3.2) |
| Recoveries | 6.2 | 0.3 | 0.0 | 0.2 | 3.1 |
| End of period balance | \$ 69.0 | \$ 72.6 | \$ 69.6 | \$ 69.9 | 69.8 |
| Reserve for Losses on Off-balance Sheet Credit Risk: | | | | | |
| Balance at beginning of the period | \$ 21.0 | \$ 13.5 | \$ 10.5 | \$ 13.7 | 13.7 |
| Provisions (reversals) | (7.6) | (3.0) | 3.2 | 0.0 | 2.5 |
| End of period balance | \$ 13.5 | \$ 10.5 | \$ 13.7 | \$ 13.7 | 16.2 |
| Total Allowance for Credit Losses | \$ 82.5 | \$ 83.1 | \$ 83.4 | \$ 83.6 | 86.0 |

The allowance for credit losses amounted \$86.0 million, an increase of 3% from March 31, 2008. The ratio of the allowance for credit losses to the commercial portfolio was 1.9%, compared to 2.0% as of March 31, 2008 and 2.1% as of June 30, 2007.

OPERATING EXPENSES AND EFFICIENCY LEVEL

| (US\$ million) | 2Q07 | 1Q08 | 2Q08 |
|---|----------------|---------------|----------------|
| Salaries and other employee expenses | \$ 6.2 | \$ 5.5 | \$ 5.0 |
| Depreciation, amortization and impairment | 0.6 | 0.7 | 1.6 |
| Professional services | 1.2 | 0.7 | 1.2 |
| Maintenance and repairs | 0.3 | 0.3 | 0.4 |
| Other operating expenses | 1.9 | 2.0 | 2.2 |
| Total Operating Expenses | \$ 10.3 | \$ 9.2 | \$ 10.5 |

The Bank's efficiency ratio was 29% in the second quarter 2008, compared to 32% in the first quarter 2008 and 28% in the second quarter 2007.

Total operating expenses for the second quarter 2008 were \$10.5 million, an increase of \$1.2 million compared to the previous quarter, mainly due to a write-off related to an information technology application reported in depreciation, amortization and impairment expenses.

OTHER EVENTS

§ Common Dividend Payment: On July 15, 2008, the Bank's Board of Directors declared regular quarterly dividend of US\$0.22 per share corresponding to the second quarter 2008 to stockholders of record as of July 21, 2008, payable on July 31, 2008.

§ Asset Management Division: On July 10, 2008, Bladex announced the incorporation of Mr. Tulio P. Vera to Bladex Asset Management (BAM). Mr. Vera joins the Division as Chief Strategist and Head of Client Relations, and will be responsible for identifying and analyzing opportunities in the Latin American investment space. Prior to Bladex, Mr. Vera worked with Merrill Lynch as a Managing Director, Chief Global Emerging Market Macro and Debt Strategist.

Ratings Assigned: On July 7, 2008, Fitch Ratings assigned the following ratings to Bladex: Foreign Currency Long-Term Issuer Default Rating (IDR) – 'BBB', Foreign Currency Short-Term IDR – 'F-2', Individual Rating – 'C', Support Rating – '5', Support Floor – 'NF'. The outlook is stable.

§ Ratings Upgrade: On May 13, 2008, Standard & Poor's Rating Services upgraded Bladex's long-term issuer credit rating to 'BBB' from 'BBB-' and its short-term issuer credit rating to 'A-2' from 'A-3'. The outlook is stable.

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

Footnotes:

- (1) Net Operating Revenue refers to net interest income plus non-interest operating income.
- (2) Net Operating Income refers to net interest income plus non-interest operating income, minus operating expenses.
- (3) Net interest income on lending spreads refers to interest income on weighted average net lending spreads of average loan portfolio, plus loan commissions.
- (4) Lending spreads refer to loan portfolio weighted average lending spread over weighted average Libor-based cost rate, excluding loan commission.
- (5) Liquidity ratio refers to liquid assets as a percentage of total assets. Liquid assets consist of investment-grade 'A' securities, and cash and due from banks, excluding cash balances in the Asset Management Division.
- (6) Efficiency ratio refers to consolidated operating expenses as a percentage of net operating revenues. Excluding the Asset Management Division's net revenues and expenses, the efficiency ratio is 38%, 34% and 35% for second quarter 2008, first quarter 2008 and second quarter 2007, respectively.
- (7) Net interest income on allocated capital is calculated based on capital assigned to support the loan portfolio.
- (8) Non-interest operating income refers to net other income (expense) excluding reversals (provisions) for credit losses and recoveries (impairment) on assets. By business segment, non-interest operating income includes:
Commercial Division: fees and commissions net and related other income (expense), net.
Treasury Division: net gains on sale of securities available for sale, activities of hedging derivative instruments and gain (loss) on foreign currency expense.
Asset Management Division: trading gains and related other income (expense), net.

(9) Net Income per Share calculations are based on the average number of shares outstanding during each period.

(10) Tier 1 Capital refers to total stockholders' equity.

Tier 1 Capital ratio refers to Tier 1 Capital as a percentage of risk weighted assets.

Risk-weighted assets are calculated based on US Federal Reserve Board and Basel I capital adequacy guidelines.

(11) Total Capital refers to total stockholders' equity plus Tier 2 Capital based on US Federal Reserve Board and Basel I capital adequacy guidelines.

Total Capital ratio refers to Total Capital as a percentage of risk weighted assets.

(12) Operating ROE: Annualized net operating income divided by average stockholders' equity.

SAFE HARBOR STATEMENT

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

About Bladex

Bladex is a supranational bank originally established by the Central Banks of Latin American and Caribbean countries to support trade finance in the Region. Based in Panama, its shareholders include central banks and state-owned entities in 23 countries in the Region, as well as Latin American and international commercial banks, along with institutional and retail investors. Through June 30, 2008, Bladex had disbursed accumulated credits of over \$156 billion.

Conference Call Information

There will be a conference call to discuss the Bank's quarterly results on Tuesday, July 29, 2008, at 11:00 a.m., New York City time (Eastern Time). For those interested in participating, please dial (800) 311-9401 in the United States or, if outside the United States, (334) 323-7224. Participants should use conference ID# 8034, and dial in five minutes before the call is set to begin. There will also be a live audio web cast of the conference at www.bladex.com.

The conference call will become available for review on Conference Replay one hour after its conclusion, and will remain available through September 28, 2008. Please dial (877) 919-4059 or (334) 323-7226, and follow the instructions. The Conference ID# for the replayed call is 42697683.

For more information, please access www.bladex.com or contact:

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CONSOLIDATED BALANCE SHEETS

AT THE END OF,

| | (A) | (B) | (C) | (C) - (B) | % | (C) - (A) | % |
|--|-------------------|---------------|---------------|-----------|---|-----------|---|
| | Jun. 30, 2007 | Mar. 31, 2008 | Jun. 30, 2008 | CHANGE | | CHANGE | |
| | (In US\$ million) | | | | | | |

ASSETS:

| | | | | | | | |
|--|--------|--------|--------|----------|-------|-------|---------|
| Cash and due from banks | \$ 326 | \$ 539 | \$ 349 | \$ (190) | (35)% | \$ 23 | 7% |
| Trading assets | 143 | 29 | 0 | (29) | (100) | (143) | (100) |
| Securities available for sale | 168 | 695 | 737 | 41 | 6 | 568 | 338 |
| Securities held to maturity | 0 | 0 | 29 | 29 | 0 | 29 | n.m.(*) |
| Investment in mutual funds | 0 | 0 | 144 | 144 | 0 | 144 | n.m.(*) |
| Loans | 3,415 | 3,775 | 4,105 | 330 | 9 | 689 | 20 |
| Less: | | | | | | | |
| Allowance for loan losses | (69) | (70) | (70) | 0 | (0) | (1) | 1 |
| Unearned income and deferred loan fees | (4) | (7) | (6) | 0 | (6) | (2) | 51 |
| Loans, net | 3,342 | 3,698 | 4,029 | 330 | 9 | 686 | 21 |

Customers' liabilities under acceptances

| | | | | | | | |
|--|-----|----|----|------|------|-------|------|
| Customers' liabilities under acceptances | 21 | 35 | 31 | (3) | (9) | 11 | 52 |
| Premises and equipment, net | 10 | 10 | 8 | (2) | (16) | (1) | (15) |
| Accrued interest receivable | 52 | 52 | 59 | 7 | 14 | 7 | 14 |
| Other assets | 144 | 32 | 21 | (11) | (35) | (123) | (85) |

TOTAL ASSETS

| | | | | | | | |
|--------------|----------|----------|----------|--------|----|----------|-----|
| TOTAL ASSETS | \$ 4,205 | \$ 5,090 | \$ 5,407 | \$ 317 | 6% | \$ 1,202 | 29% |
|--------------|----------|----------|----------|--------|----|----------|-----|

LIABILITIES AND STOCKHOLDERS' EQUITY:

Deposits:

| | | | | | | | |
|----------------|--------|-------|--------|------|-----|--------|-----|
| Demand | \$ 109 | \$ 94 | \$ 104 | \$ 9 | 10% | \$ (5) | (5) |
| Time | 1,272 | 1,263 | 1,633 | 370 | 29 | 361 | 28 |
| Total Deposits | 1,381 | 1,357 | 1,736 | 379 | 28 | 356 | 26 |

| | | | | | | | |
|---|----------|----------|----------|--------|-------|----------|-------|
| Trading liabilities | 178 | 23 | 0 | (23) | (100) | (178) | (100) |
| Securities sold under repurchase agreements | 113 | 529 | 458 | (70) | (13) | 345 | 306 |
| Short-term borrowings | 945 | 1,204 | 1,230 | 26 | 2 | 285 | 30 |
| Long-term debt and borrowings | 813 | 1,220 | 1,202 | (18) | (1) | 389 | 48 |
| Acceptances outstanding | 21 | 35 | 31 | (3) | (9) | 11 | 52 |
| Accrued interest payable | 36 | 36 | 43 | 7 | 20 | 7 | 20 |
| Reserve for losses on off-balance sheet credit risk | 13 | 14 | 16 | 3 | 18 | 3 | 21 |
| Other liabilities | 99 | 65 | 44 | (20) | (31) | (55) | (55) |
| TOTAL LIABILITIES | \$ 3,599 | \$ 4,482 | \$ 4,762 | \$ 281 | 6% | \$ 1,164 | 32% |

STOCKHOLDERS' EQUITY:

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| | | | | | | | | | |
|---|-----------------|-----------------|-----------------|---------------|-----------|-----------------|------------|--|--|
| Common stock, no par value, assigned value of US\$6.67 | 280 | 280 | 280 | | | | | | |
| Additional paid-in capital in excess of assigned value | 135 | 135 | 136 | | | | | | |
| Capital reserves | 95 | 95 | 95 | | | | | | |
| Retained earnings | 231 | 257 | 274 | | | | | | |
| Accumulated other comprehensive income (loss) | (1) | (25) | (6) | | | | | | |
| Treasury stock | (134) | (134) | (134) | | | | | | |
| TOTAL STOCKHOLDERS' EQUITY | \$ 606 | \$ 608 | \$ 645 | \$ 37 | 6% | \$ 39 | 6% | | |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | \$ 4,205 | \$ 5,090 | \$ 5,407 | \$ 317 | 6% | \$ 1,202 | 29% | | |

(* "n.m." means not meaningful.

CONSOLIDATED STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED

| | (A) | (B) | (C) | (C) - (B) | % | (C) - (A) | % |
|--|---------------|---------------|---------------|-----------|---|-----------|---|
| | Jun. 30, 2007 | Mar. 31, 2008 | Jun. 30, 2008 | CHANGE | | CHANGE | |

(In US\$ thousand, except per share data)

INCOME STATEMENT
DATA:

| | | | | | | | |
|--------------------------------------|-----------|-----------|-----------|------------|---------|------------|-------|
| Interest income | \$ 63,243 | \$ 67,850 | \$ 60,629 | \$ (7,221) | (11)% | \$ (2,614) | (4)% |
| Interest expense | (46,497) | (46,733) | (40,513) | 6,220 | (13) | 5,984 | (13) |
| NET INTEREST INCOME | 16,745 | 21,118 | 20,116 | (1,002) | (5) | 3,370 | 20 |
| Reversal (provision) for loan losses | (6,235) | 0 | 3,204 | 3,204 | n.m.(*) | 9,439 | (151) |

NET INTEREST INCOME
AFTER REVERSAL

| | | | | | | | |
|-----------------|--------|--------|--------|-------|----|--------|-----|
| FOR LOAN LOSSES | 10,510 | 21,118 | 23,319 | 2,202 | 10 | 12,809 | 122 |
|-----------------|--------|--------|--------|-------|----|--------|-----|

OTHER INCOME
(EXPENSE):

| | | | | | | | |
|--|--------|-------|---------|---------|---------|----------|---------|
| Reversal (provision) for losses on off-balance sheet credit risk | 7,581 | 0 | (2,513) | (2,513) | n.m.(*) | (10,094) | (133) |
| Fees and commissions, net | 1,525 | 1,799 | 2,421 | 622 | 35 | 896 | 59 |
| Activities of hedging derivatives instruments | 1 | (52) | (27) | 25 | (49) | (28) | (2,747) |
| Recoveries (impairment), on assets | (500) | 0 | (339) | (339) | n.m.(*) | 161 | (32) |
| Trading gains | 14,278 | 5,350 | 216 | (5,134) | (96) | (14,062) | (98) |
| Net gains on sale of securities available for sale | 3,906 | 0 | 2,095 | 2,095 | n.m.(*) | (1,812) | (46) |
| Net gains on mutual funds | 0 | 0 | 10,960 | 10,960 | n.m.(*) | 10,960 | n.m.(*) |
| Gain (loss) on foreign currency exchange | (56) | 184 | 554 | 370 | 201 | 610 | (1,084) |
| Other income (expense), net | 0 | 40 | 30 | (11) | (27) | 30 | 27,385 |
| NET OTHER INCOME (EXPENSE) | 26,734 | 7,321 | 13,396 | 6,075 | 83 | (13,338) | (50) |

OPERATING EXPENSES:

| | | | | | | | |
|---|----------|---------|----------|---------|------|---------|------|
| Salaries and other employee expenses | (6,234) | (5,530) | (4,970) | 560 | (10) | 1,264 | (20) |
| Depreciation, amortization and impairment | (639) | (682) | (1,648) | (966) | 142 | (1,008) | 158 |
| Professional services | (1,223) | (737) | (1,241) | (504) | 68 | (19) | 2 |
| Maintenance and repairs | (279) | (300) | (365) | (64) | 21 | (86) | 31 |
| Other operating expenses | (1,887) | (1,988) | (2,228) | (240) | 12 | (341) | 18 |
| TOTAL OPERATING EXPENSES | (10,262) | (9,237) | (10,452) | (1,215) | 13 | (190) | 2 |

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| | | | | | | | |
|------------|-----------|-----------|-----------|----------|-----|----------|------|
| NET INCOME | \$ 26,983 | \$ 19,202 | \$ 26,264 | \$ 7,062 | 37% | \$ (719) | (3)% |
|------------|-----------|-----------|-----------|----------|-----|----------|------|

PER COMMON SHARE
DATA:

| | | | |
|----------------------|------|------|------|
| Net income per share | 0.74 | 0.53 | 0.72 |
|----------------------|------|------|------|

| | | | |
|----------------------------|------|------|------|
| Diluted earnings per share | 0.73 | 0.53 | 0.72 |
|----------------------------|------|------|------|

| | | | |
|----------------------|--------|--------|--------|
| Average basic shares | 36,335 | 36,370 | 36,370 |
|----------------------|--------|--------|--------|

| | | | |
|------------------------|--------|--------|--------|
| Average diluted shares | 37,062 | 36,370 | 36,423 |
|------------------------|--------|--------|--------|

PERFORMANCE RATIOS:

| | | | |
|--------------------------|------|------|------|
| Return on average assets | 2.7% | 1.6% | 2.0% |
|--------------------------|------|------|------|

| | | | |
|--|-------|-------|-------|
| Return on average stockholders' equity | 18.0% | 12.6% | 16.7% |
|--|-------|-------|-------|

| | | | |
|---------------------|-------|-------|-------|
| Net interest margin | 1.70% | 1.77% | 1.56% |
|---------------------|-------|-------|-------|

| | | | |
|---------------------|-------|-------|-------|
| Net interest spread | 0.76% | 1.14% | 1.09% |
|---------------------|-------|-------|-------|

| | | | |
|--|-------|-------|-------|
| Operating expenses to total average assets | 1.01% | 0.76% | 0.80% |
|--|-------|-------|-------|

(*) "n.m." means not meaningful.

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

FOR THE SIX MONTHS ENDED JUNE 30,

2007 2008

(In US\$ thousand, except per share amounts & ratios)

INCOME STATEMENT DATA:

| | | | | |
|---|-----------|---------------|-----------|---------------|
| Net interest income | \$ | 33,821 | \$ | 41,233 |
| Fees and commissions, net | | 2,800 | | 4,220 |
| Reversal of provision for loan and off-balance sheet credit losses, net | | 2,150 | | 690 |
| Activities of hedging derivatives instruments | | (483) | | (78) |
| Recoveries (impairment), on assets | | (500) | | (339) |
| Trading gains | | 15,286 | | 5,566 |
| Net gains on sale of securities available for sale | | 6,605 | | 2,095 |
| Net gains on mutual funds | | 0 | | 10,960 |
| Gain (loss) on foreign currency exchange | | (56) | | 738 |
| Other income (expense), net | | 41 | | 70 |
| Operating expenses | | (17,847) | | (19,688) |
| NET INCOME | \$ | 41,817 | \$ | 45,466 |

BALANCE SHEET DATA (In US\$ millions):

| | | |
|---|--------------|--------------|
| Investment securities and trading assets | 311 | 766 |
| Loans, net | 3,342 | 4,029 |
| Total assets | 4,205 | 5,407 |
| Deposits | 1,381 | 1,736 |
| Trading liabilities | 178 | 0 |
| Securities sold under repurchase agreements | 113 | 458 |
| Short-term borrowings | 945 | 1,230 |
| Long-term debt and borrowings | 813 | 1,202 |
| Total liabilities | 3,599 | 4,762 |
| Stockholders' equity | 606 | 645 |

PER COMMON SHARE DATA:

| | | |
|-----------------------------|-------|-------|
| Net income per share | 1.15 | 1.25 |
| Diluted earnings per share | 1.13 | 1.25 |
| Book value (period average) | 16.39 | 17.10 |
| Book value (period end) | 16.68 | 17.74 |

(In US\$ thousand):

| | | |
|-------------------------|--------|--------|
| Average basic shares | 36,332 | 36,370 |
| Average diluted shares | 36,853 | 36,397 |
| Basic shares period end | 36,348 | 36,371 |

SELECTED FINANCIAL RATIOS:

PERFORMANCE RATIOS:

| | | |
|--|-------|-------|
| Return on average assets | 2.1% | 1.8% |
| Return on average stockholders' equity | 14.2% | 14.7% |
| Net interest margin | 1.76% | 1.67% |
| Net interest spread | 0.82% | 1.12% |
| Operating expenses to total average assets | 0.91% | 0.78% |

ASSET QUALITY RATIOS:

| | | |
|--|------|-------|
| Non-accruing loans to total loans, net of discounts ⁽¹⁾ | 0.0% | 0.0% |
| Charge offs net of recoveries to total loan portfolio ⁽¹⁾ | 0.0% | -0.1% |
| Allowance for loan losses to total loan portfolio ⁽¹⁾ | 2.0% | 1.7% |
| Allowance for losses on off-balance sheet credit risk to total contingencies | 2.6% | 4.0% |

CAPITAL RATIOS:

| | | |
|--|-------|-------|
| Stockholders' equity to total assets | 14.4% | 11.9% |
| Tier 1 capital to risk-weighted assets | 21.2% | 19.0% |
| Total capital to risk-weighted assets | 22.4% | 20.3% |

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

CONSOLIDATED STATEMENTS OF INCOME

FOR THE SIX MONTHS
ENDED JUNE 30,

| | 2007 | 2008 | CHANGE | % |
|--|------------|------------|----------|---------|
| (In US\$ thousand) | | | | |
| INCOME STATEMENT DATA: | | | | |
| Interest income | \$ 124,236 | \$ 128,479 | \$ 4,243 | 3% |
| Interest expense | (90,414) | (87,246) | 3,169 | (4) |
| NET INTEREST INCOME | 33,821 | 41,233 | 7,412 | 22 |
| Provision for loan losses | (11,589) | 3,204 | 14,793 | (128) |
| NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES | | | | |
| | 22,232 | 44,437 | 22,205 | 100 |
| OTHER INCOME (EXPENSE): | | | | |
| Reversal for losses on off-balance sheet credit risk | 13,739 | (2,513) | (16,252) | (118) |
| Fees and commissions, net | 2,800 | 4,220 | 1,420 | 51 |
| Derivatives and hedging activities | (483) | (78) | 405 | (84) |
| Recoveries (impairment), on assets | (500) | (339) | 161 | (32) |
| Trading gains | 15,286 | 5,566 | (9,720) | (64) |
| Net gains on sale of securities available for sale | 6,605 | 2,095 | (4,511) | (68) |
| Net gains on mutual funds | 0 | 10,960 | 10,960 | n.m.(*) |
| Gain (loss) on foreign currency exchange | (56) | 738 | 794 | (1,422) |
| Other income (expense), net | 41 | 70 | 29 | 72 |
| NET OTHER INCOME (EXPENSE) | 37,432 | 20,718 | (16,714) | (45) |
| OPERATING EXPENSES: | | | | |
| Salaries and other employee expenses | (10,497) | (10,499) | (3) | 0 |
| Depreciation, amortization and impairment | (1,267) | (2,329) | (1,063) | 84 |
| Professional services | (1,963) | (1,979) | (16) | 1 |
| Maintenance and repairs | (570) | (665) | (96) | 17 |
| Other operating expenses | (3,551) | (4,216) | (664) | 19 |
| TOTAL OPERATING EXPENSES | (17,847) | (19,688) | (1,841) | 10 |
| NET INCOME | \$ 41,817 | \$ 45,466 | \$ 3,650 | 9% |

(*) "n.m." means not meaningful.

CONSOLIDATED NET INTEREST INCOME AND AVERAGE BALANCES

FOR THE THREE MONTHS ENDED,

| | June 30, 2007 | | March 31, 2008 | | June 30, 2008 | |
|--|---------------|--------------------|----------------|--------------------|---------------|--------------------|
| | AVERAGE | AVG. INTEREST RATE | AVERAGE | AVG. INTEREST RATE | AVERAGE | AVG. INTEREST RATE |
| | BALANCE | | BALANCE | | BALANCE | |

(In US\$ million)

INTEREST EARNING ASSETS

| | | | | | | | | | |
|--|--------|--------|-------|--------|--------|-------|--------|--------|-------|
| Interest-bearing deposits with banks | \$ 290 | \$ 4.0 | 5.50% | \$ 443 | \$ 3.8 | 3.36% | \$ 382 | \$ 2.1 | 2.20% |
| Loans, net of unearned income & deferred loan fees | 3,321 | 54.1 | 6.44 | 3,701 | 55.4 | 5.92 | 3,966 | 49.7 | 4.96 |
| Trading assets | 110 | 1.6 | 5.80 | 29 | 0.1 | 1.61 | 42 | 0.0 | 0.08 |
| Investment securities | 241 | 3.6 | 5.84 | 615 | 8.6 | 5.53 | 783 | 8.8 | 4.45 |

TOTAL INTEREST EARNING ASSETS

| | | | | | | | | | |
|--|----------|---------|-------|----------|---------|-------|----------|---------|-------|
| | \$ 3,961 | \$ 63.2 | 6.32% | \$ 4,787 | \$ 67.9 | 5.61% | \$ 5,172 | \$ 60.6 | 4.64% |
|--|----------|---------|-------|----------|---------|-------|----------|---------|-------|

Investment in mutual funds

| | | | | | | | | | |
|-----------------------------|------|--|--|------|--|--|------|--|--|
| Investment in mutual funds | 0 | | | 0 | | | 42 | | |
| Non interest earning assets | 75 | | | 108 | | | 80 | | |
| Allowance for loan losses | (56) | | | (70) | | | (70) | | |
| Other assets | 76 | | | 85 | | | 41 | | |

TOTAL ASSETS

| | | | | | | | | | |
|--|----------|--|--|----------|--|--|----------|--|--|
| | \$ 4,055 | | | \$ 4,911 | | | \$ 5,265 | | |
|--|----------|--|--|----------|--|--|----------|--|--|

INTEREST BEARING LIABILITIES

| | | | | | | | | | |
|--|----------|---------|-------|----------|---------|-------|----------|---------|-------|
| Deposits | \$ 1,341 | \$ 18.1 | 5.33% | \$ 1,435 | \$ 13.7 | 3.79% | \$ 1,601 | \$ 11.7 | 2.88% |
| Trading liabilities | 88 | 1.4 | 6.24 | 45 | 0.7 | 6.20 | 12 | 0.1 | 2.62 |
| Securities sold under repurchase agreement and short-term borrowings | 1,123 | 15.6 | 5.49 | 1,655 | 18.8 | 4.49 | 1,697 | 16.0 | 3.73 |
| Long-term debt and borrowings | 760 | 11.5 | 5.98 | 1,006 | 13.5 | 5.32 | 1,209 | 12.8 | 4.18 |

TOTAL INTEREST BEARING LIABILITIES

| | | | | | | | | | |
|--|----------|---------|-------|----------|---------|-------|----------|---------|-------|
| | \$ 3,311 | \$ 46.5 | 5.56% | \$ 4,141 | \$ 46.7 | 4.46% | \$ 4,519 | \$ 40.5 | 3.55% |
|--|----------|---------|-------|----------|---------|-------|----------|---------|-------|

Non interest bearing liabilities and other liabilities

| | | | | | | | | | |
|--|--------|--|--|--------|--|--|--------|--|--|
| | \$ 142 | | | \$ 157 | | | \$ 115 | | |
|--|--------|--|--|--------|--|--|--------|--|--|

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| | | | | | | |
|---|----------|-------|----------|-------|----------|-------|
| TOTAL LIABILITIES | 3,453 | | 4,298 | | 4,635 | |
| STOCKHOLDERS' EQUITY | 603 | | 613 | | 631 | |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | \$ 4,055 | | \$ 4,911 | | \$ 5,265 | |
| NET INTEREST SPREAD | | 0.76% | | 1.14% | | 1.09% |
| NET INTEREST INCOME AND NET INTEREST MARGIN | \$ 16.7 | 1.70% | \$ 21.1 | 1.77% | \$ 20.1 | 1.56% |

(*) "n.m." means not meaningful.

CONSOLIDATED NET INTEREST INCOME AND AVERAGE BALANCES

FOR THE SIX MONTHS ENDED,

| | June 30, 2007 | | | June 30, 2008 | | |
|--|--------------------|-----------------|-----------------------------------|--------------------|-----------------|--------------|
| | AVERAGE BALANCE | INTEREST | AVG. RATE (In US\$ million) | AVERAGE BALANCE | INTEREST | AVG. RATE |
| INTEREST EARNING ASSETS | | | | | | |
| Interest-bearing deposits with banks | \$ 260 | \$ 7.1 | 5.41% | \$ 412 | \$ 5.9 | 2.82% |
| Loans, net of unearned income & deferred loan fees | 3,194 | 104.1 | 6.48 | 3,833 | 105.1 | 5.42 |
| Trading assets | 116 | 4.1 | 7.06 | 35 | 0.1 | 0.70 |
| Investment securities | 310 | 8.9 | 5.75 | 699 | 17.4 | 4.93 |
| TOTAL INTEREST EARNING ASSETS | \$ 3,880 | \$ 124.2 | 6.37% | \$ 4,980 | \$ 128.5 | 5.10% |
| Investment in mutual funds | 0 | | | 21 | | |
| Non interest earning assets | 86 | | | 94 | | |
| Allowance for loan losses | (54) | | | (70) | | |
| Other assets | 60 | | | 63 | | |
| TOTAL ASSETS | \$ 3,973 | | | \$ 5,088 | | |
| INTEREST BEARING LIABILITIES | | | | | | |
| Deposits | \$ 1,250 | \$ 33.4 | 5.32% | \$ 1,518 | \$ 25.4 | 3.31% |
| Trading liabilities | 73 | 2.3 | 6.38 | 28 | 0.8 | 5.45 |
| Securities sold under repurchase agreement and short-term borrowings | 1,243 | 34.3 | 5.48 | 1,676 | 34.8 | 4.10 |
| Long-term debt and borrowings | 675 | 20.4 | 6.01 | 1,107 | 26.3 | 4.70 |
| TOTAL INTEREST BEARING LIABILITIES | \$ 3,241 | \$ 90.4 | 5.55% | \$ 4,330 | \$ 87.2 | 3.99% |
| Non interest bearing liabilities and other liabilities | \$ 136 | | | \$ 136 | | |
| TOTAL LIABILITIES | 3,377 | | | 4,466 | | |
| STOCKHOLDERS' EQUITY | 596 | | | 622 | | |

| | | | | | |
|---|----|-------|-------|----|-------|
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | \$ | 3,973 | | \$ | 5,088 |
| NET INTEREST SPREAD | | | 0.82% | | 1.12% |
| NET INTEREST INCOME AND NET INTEREST MARGIN | \$ | 33.8 | 1.76% | \$ | 41.2 |
| | | | | | 1.67% |

(*) "n.m." means not meaningful

CONSOLIDATED STATEMENT OF INCOME
(In US\$ thousand, except ratios)

| | SIX MONTHS ENDED | | FOR THE THREE MONTHS ENDED | | | SIX MONTHS ENDED | |
|---|------------------|------------------|----------------------------|------------------|------------------|------------------|------------------|
| | JUN 30/07 | JUN 30/07 | SEP 30/07 | DEC 31/07 | MAR 31/08 | JUN 30/08 | JUN 30/08 |
| INCOME STATEMENT DATA: | | | | | | | |
| Interest income | \$ 124,236 | \$ 63,243 | \$ 68,641 | \$ 71,992 | \$ 67,850 | \$ 60,629 | \$ 128,479 |
| Interest expense | (90,414) | (46,497) | (51,020) | (52,864) | (46,733) | (40,513) | (87,246) |
| NET INTEREST INCOME | 33,821 | 16,745 | 17,622 | 19,127 | 21,118 | 20,116 | 41,233 |
| Reversal (provision) for loan losses | (11,589) | (6,235) | (3,384) | 2,980 | 0 | 3,204 | 3,204 |
| NET INTEREST INCOME AFTER REVERSAL (PROVISION) FOR LOAN LOSSES | 22,232 | 10,510 | 14,237 | 22,107 | 21,118 | 23,319 | 44,437 |
| OTHER INCOME (EXPENSE): | | | | | | | |
| Reversal (provision) for losses on off-balance sheet credit risk | 13,739 | 7,581 | 2,964 | (3,235) | 0 | (2,513) | (2,513) |
| Fees and commissions, net | 2,800 | 1,525 | 1,173 | 1,582 | 1,799 | 2,421 | 4,220 |
| Derivatives and hedging activities | (483) | 1 | (294) | (212) | (52) | (27) | (78) |
| Recoveries (impairment) on assets | (500) | (500) | 0 | 0 | 0 | (339) | (339) |
| Trading gains | 15,286 | 14,278 | 5,104 | 3,475 | 5,350 | 216 | 5,566 |
| Net gains on sale of securities available for sale | 6,605 | 3,906 | 288 | 2,226 | 0 | 2,095 | 2,095 |
| Net gains on mutual funds | 0 | 0 | 0 | 0 | 0 | 10,960 | 10,960 |
| Gain (loss) on foreign currency exchange | (56) | (56) | (9) | 181 | 184 | 554 | 738 |
| Other income (expense), net | 41 | 0 | 17 | (64) | 40 | 30 | 70 |
| NET OTHER INCOME (EXPENSE) | 37,432 | 26,734 | 9,242 | 3,954 | 7,321 | 13,396 | 20,718 |
| TOTAL OPERATING EXPENSES | (17,847) | (10,262) | (8,652) | (10,527) | (9,237) | (10,452) | (19,688) |
| NET INCOME | \$ 41,817 | \$ 26,983 | \$ 14,827 | \$ 15,534 | \$ 19,202 | \$ 26,264 | \$ 45,466 |

SELECTED
FINANCIAL DATA
PER COMMON SHARE
DATA

| | | | | | | | | | | | | | | |
|----------------------|----|------|----|------|----|------|----|------|----|------|----|------|----|------|
| Net income per share | \$ | 1.15 | \$ | 0.74 | \$ | 0.41 | \$ | 0.43 | \$ | 0.53 | \$ | 0.72 | \$ | 1.25 |
|----------------------|----|------|----|------|----|------|----|------|----|------|----|------|----|------|

PERFORMANCE
RATIOS

| | | | | | | | | | | | | | | |
|---|--|-------|--|-------|--|-------|--|-------|--|-------|--|-------|--|-------|
| Return on average assets | | 2.1% | | 2.7% | | 1.4% | | 1.3% | | 1.6% | | 2.0% | | 1.8% |
| Return on average stockholders' equity | | 14.2% | | 18.0% | | 9.6% | | 9.9% | | 12.6% | | 16.7% | | 14.7% |
| Net interest margin | | 1.76% | | 1.70% | | 1.65% | | 1.69% | | 1.77% | | 1.56% | | 1.67% |
| Net interest spread | | 0.82% | | 0.76% | | 0.73% | | 0.84% | | 1.14% | | 1.09% | | 1.12% |
| Operating expenses to average assets | | 0.91% | | 1.01% | | 0.80% | | 0.91% | | 0.76% | | 0.80% | | 0.78% |

BUSINESS SEGMENT ANALYSIS
(In US\$ million)

FOR THE SIX MONTHS ENDED FOR THE THREE MONTHS ENDED
JUN 30/07 JUN 30/08 JUN 30/07 MAR 31/08 JUN 30/08

| COMMERCIAL DIVISION: | | | | | | | | | | |
|--|----|-------------|----|-------------|----|-------------|-------|-------------|-------|-------------|
| Net interest income ⁽¹⁾ | \$ | 30.2 | \$ | 38.3 | \$ | 15.4 | \$ | 19.4 | \$ | 18.9 |
| Non-interest operating income ⁽²⁾ | | 2.7 | | 3.7 | | 1.4 | | 1.8 | | 1.9 |
| Operating expenses ⁽³⁾ | | (12.9) | | (14.4) | | (6.7) | | (6.5) | | (7.9) |
| Net operating income ⁽⁴⁾ | | 20.1 | | 27.5 | | 10.1 | | 14.7 | | 12.9 |
| Reversal (provision) for loan and off-balance sheet credit losses, net | | 2.2 | | 0.7 | | 1.3 | | 0.0 | | 0.7 |
| Impairment on assets | | (0.5) | | (0.3) | | (0.5) | | 0.0 | | (0.3) |
| NET INCOME | \$ | 21.7 | \$ | 27.9 | \$ | 10.9 | \$ | 14.7 | \$ | 13.2 |
| Average interest-earning assets ⁽⁵⁾ | | | | | | 3,194 | 3,833 | 3,321 | 3,701 | 3,966 |
| End-of-period interest-earning assets ⁽⁵⁾ | | | | | | 3,411 | 4,098 | 3,411 | 3,768 | 4,098 |
| TREASURY DIVISION: | | | | | | | | | | |
| Net interest income ⁽¹⁾ | \$ | 2.5 | \$ | 4.2 | \$ | 1.1 | \$ | 2.2 | \$ | 2.1 |
| Non-interest operating income ⁽²⁾ | | 6.2 | | 2.8 | | 3.9 | | 0.2 | | 2.7 |
| Operating expenses ⁽³⁾ | | (1.9) | | (3.1) | | (1.0) | | (1.4) | | (1.8) |
| Net operating income ⁽⁵⁾ | | 6.7 | | 3.9 | | 4.1 | | 1.0 | | 3.0 |
| NET INCOME | \$ | 6.7 | \$ | 3.9 | \$ | 4.1 | \$ | 1.0 | \$ | 3.0 |
| Average interest-earning assets ⁽⁶⁾ | | | | | | 516 | 1,044 | 450 | 967 | 1,121 |
| End-of-period interest-earning assets ⁽⁶⁾ | | | | | | 399 | 1,115 | 399 | 1,183 | 1,115 |
| ASSET MANAGEMENT DIVISION: | | | | | | | | | | |
| Net interest income ⁽¹⁾ | \$ | 1.1 | \$ | (1.3) | \$ | 0.2 | \$ | (0.4) | \$ | (0.8) |
| Non-interest operating income ⁽²⁾ | | 15.3 | | 17.0 | | 14.3 | | 5.4 | | 11.7 |
| Operating expenses ⁽³⁾ | | (3.0) | | (2.1) | | (2.5) | | (1.3) | | (0.8) |
| Net operating income ⁽⁴⁾ | | 13.4 | | 13.6 | | 12.0 | | 3.6 | | 10.1 |
| NET INCOME | \$ | 13.4 | \$ | 13.6 | \$ | 12.0 | \$ | 3.6 | \$ | 10.1 |
| Average interest-earning assets ⁽⁷⁾ | | | | | | 169 | 102 | 190 | 119 | 85 |
| Average investment in mutual funds | | | | | | 0 | 21 | 0 | 0 | 42 |
| Total average interest-earning assets and investment in mutual funds | | | | | | 169 | 123 | 190 | 119 | 127 |
| End-of-period interest-earning assets ⁽⁷⁾ | | | | | | 237 | 0 | 237 | 80 | 0 |
| End-of-period investment in mutual funds | | | | | | 0 | 144 | 0 | 0 | 144 |
| Total end-of period interest-earning assets and investment in mutual funds | | | | | | 237 | 144 | 237 | 80 | 144 |
| CONSOLIDATED: | | | | | | | | | | |

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| | | | | | | | | | | |
|--|----|--------|----|--------|----|--------|----|-------|----|--------|
| Net interest income ⁽¹⁾ | \$ | 33.8 | \$ | 41.2 | \$ | 16.7 | \$ | 21.1 | \$ | 20.1 |
| Non-interest operating income ⁽²⁾ | | 24.2 | | 23.6 | | 19.7 | | 7.3 | | 16.2 |
| Operating expenses ⁽³⁾ | | (17.8) | | (19.7) | | (10.3) | | (9.2) | | (10.5) |
| Net operating income ⁽⁴⁾ | | 40.2 | | 45.1 | | 26.1 | | 19.2 | | 25.9 |
| Reversal (provision) for loan and off-balance sheet credit losses, net | | 2.2 | | 0.7 | | 1.3 | | 0.0 | | 0.7 |
| Recoveries (impairment), on assets | | (0.5) | | (0.3) | | (0.5) | | 0.0 | | (0.3) |
| NET INCOME | \$ | 41.8 | \$ | 45.5 | \$ | 27.0 | \$ | 19.2 | \$ | 26.3 |
| Average interest-earning assets | | 3,880 | | 4,980 | | 3,961 | | 4,787 | | 5,172 |
| End-of-period interest-earning assets | | 4,048 | | 5,213 | | 4,048 | | 5,031 | | 5,213 |

The bank has aligned its operations into three major business segments, based on the nature of clients, products and on credit risk standards.

Interest expenses are allocated based on average credits.

(1) Interest income on interest-earning assets, net of allocated cost of funds.

(2) Non-interest operating income consists of net other income (expense), excluding reversals of provisions for credit losses and impairment on assets

(3) Operating expenses are calculated based on average credits.

(4) Net operating income refers to net income excluding reversals of provisions for credit losses and impairment on assets.

(5) Includes loans, net of unearned income and deferred loan fees.

(6) Includes cash and due from banks, interest-bearing deposits with banks, securities available for sale and held to maturity.

(7) Includes cash and due from banks, interest-bearing deposits with banks, and trading securities of Asset Management Division.

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

| COUNTRY | AT THE END OF, | | | | | | Change in Amount | |
|--|-----------------|--------------------|-----------------|--------------------|-----------------|-------------|------------------|-----------------|
| | (A) | | (B) | | (C) | | (C) - (B) | (C) - (A) |
| | 30JUN07 | % of Total | 31MAR08 | % of Total | 30JUN08 | % of Total | | |
| Amount Outstanding | | Amount Outstanding | | Amount Outstanding | | | | |
| ARGENTINA | \$ 247 | 6.0 | \$ 310 | 6.4 | \$ 273 | 5.2 | \$ (37) | \$ 27 |
| BOLIVIA | 5 | 0.1 | 0 | 0.0 | 5 | 0.1 | 5 | 0 |
| BRAZIL | 1,467 | 35.7 | 1,714 | 35.2 | 1,801 | 34.3 | 87 | 334 |
| CHILE | 161 | 3.9 | 53 | 1.1 | 52 | 1.0 | (1) | (110) |
| COLOMBIA | 347 | 8.5 | 629 | 12.9 | 514 | 9.8 | (116) | 166 |
| COSTA RICA | 63 | 1.5 | 96 | 2.0 | 256 | 4.9 | 160 | 193 |
| DOMINICAN REPUBLIC | 108 | 2.6 | 81 | 1.7 | 80 | 1.5 | (1) | (28) |
| ECUADOR | 136 | 3.3 | 151 | 3.1 | 174 | 3.3 | 23 | 37 |
| EL SALVADOR | 32 | 0.8 | 62 | 1.3 | 73 | 1.4 | 11 | 41 |
| GUATEMALA | 102 | 2.5 | 119 | 2.4 | 175 | 3.3 | 56 | 73 |
| HONDURAS | 50 | 1.2 | 56 | 1.1 | 56 | 1.1 | 1 | 6 |
| JAMAICA | 38 | 0.9 | 70 | 1.4 | 85 | 1.6 | 15 | 47 |
| MEXICO | 390 | 9.5 | 492 | 10.1 | 497 | 9.5 | 5 | 107 |
| NICARAGUA | 12 | 0.3 | 20 | 0.4 | 5 | 0.1 | (14) | (6) |
| PANAMA | 178 | 4.3 | 227 | 4.6 | 226 | 4.3 | (1) | 48 |
| PERU | 465 | 11.3 | 646 | 13.3 | 680 | 12.9 | 34 | 215 |
| TRINIDAD & TOBAGO | 142 | 3.5 | 26 | 0.5 | 92 | 1.8 | 67 | (49) |
| URUGUAY | 0 | 0.0 | 4 | 0.1 | 0 | 0.0 | (4) | 0 |
| VENEZUELA | 159 | 3.9 | 94 | 1.9 | 141 | 2.7 | 47 | (17) |
| OTHER | 5 | 0.1 | 25 | 0.5 | 67 | 1.3 | 43 | 62 |
| TOTAL CREDIT PORTFOLIO ⁽¹⁾ | \$ 4,106 | 100% | \$ 4,874 | 100% | \$ 5,252 | 100% | \$ 378 | \$ 1,145 |
| UNEARNED INCOME AND COMMISSION ⁽²⁾ | (4) | | (7) | | (6) | | 0 | (2) |
| TOTAL CREDIT PORTFOLIO, NET OF UNEARNED INCOME AND COMMISSION | \$ 4,102 | | \$ 4,867 | | \$ 5,245 | | \$ 378 | \$ 1,143 |

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

default swaps and credit commitments).

(2) Represents unearned income and commission on loans.

COMMERCIAL PORTFOLIO
DISTRIBUTION BY COUNTRY
(In US\$ million)

| COUNTRY | AT THE END OF, | | | Change in Amount |
|---------|------------------------|------------|---------|------------------|
| | (A) | (B) | (C) | |
| | 30JUN07 | 31MAR08 | 30JUN08 | |
| | Amount | Amount | Amount | |
| | % of Total Outstanding | % of Total | | |