CORELOGIC, INC.
Form 8-K
July 25, 2011

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the

Securities Exchange Act of 1934

Date of report (Date of earliest event reported): July 20, 2011

CORELOGIC, INC.

(Exact Name of the Registrant as Specified in Charter)

Delaware	001-13585	95-1068610
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

4 First American Way, Santa Ana, California	**92707**
(Address of Principal Executive Offices)	**(Zip Code)**

Registrant s telephone number, including area code (714) 250-6400

Not Applicable.

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

¨ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

¨ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

¨ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

¨ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 5.02. Departures of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements with Certain Officers.

On July 20, 2010, the Board of Directors (the Board) of CoreLogic, Inc. (the Company) approved Frank D. Martell as the Company s Chief Financial Officer and principal financial officer, effective August 29, 2011.

Mr. Martell, age 51, joins the Company after serving as President and Chief Executive Officer for Western Institutional Review Board, an institutional review board for clinical research studies. Prior to joining Western Institutional Review Board, Mr. Martell served as Chief Financial Officer from October 2009 to January 2010 for Advantage Sales and Marketing, a retail merchandising and marketing services company, specializing in client and customer events, publications and assisted-selling services for grocery, drugstore, club, convenience, natural/specialty, sporting goods, consumer electronics and home center channels. From January 2007 to September 2009 Mr. Martell served as Executive Vice President and Chief Financial Officer for Information Services Group, where he was responsible for global financial management, investor and rating agency relations and information technology operations. From 1996 to 2006, Mr. Martell held a number of leadership positions for ACNielsen Corporation including, Vice President and Treasurer, as well as Chief Financial Officer, Chief Operating Officer and President of Asia Pacific & Emerging Markets. Mr. Martell was then appointed Executive Vice President Marketing Information Group and COO ACNielsen and President Europe, Middle East & Africa. Mr. Martell began his career at General Electric in their Financial Management Program and subsequently held progressively more responsible financial management positions before joining Dun & Bradstreet as Director of Audit.

There are no family relationships between Mr. Martell and any other director or executive officer of the Company, or with any person selected to become an officer or a director of the Company. The Company has had no transactions since the beginning of its last fiscal year, and has no transaction proposed, in which Mr. Martell, or any member of his immediate family, has a direct or indirect material interest.

Mr. Martell will receive an annual base salary of $550,000 (Base Salary). He is eligible to receive an annual discretionary cash performance bonus with a target award amount of 125% of his Base Salary. Consistent with the annual incentive bonus program applicable to senior executives, the actual award will be based on a combination of Company, business unit and individual performance factors. Mr. Martell is also eligible for an annual long-term equity incentive compensation award with a target annual award amount of 200% of his Base Salary. Consistent with the annual long-term incentive program applicable to senior executives, the actual award will be based on a combination of individual performance and defined award metrics approved by the Compensation Committee of the Board and may be awarded using restricted stock units, stock options, performance units or a combination of these equity instruments. Mr. Martell will receive an initial equity award in an amount equivalent to an award value of $1,100,000, $220,000 of which will be in the form of restricted stock unit awards, $440,000 of which will be in the form of performance based restricted stock unit awards and $440,000 of which will be in the form of non-qualified stock options.

The Company expects to enter into an Employment Agreement with Mr. Martell, effective as of August 29, 2011 with a term ending December 31, 2013, after which Mr. Martell will be eligible for annual extensions of the Employment Agreement. The Employment Agreement is substantially consistent with the Company s form of Employment Agreement filed with, and the material terms described in, the Company s Quarterly Report on Form 10-Q filed with the SEC on May 6, 2011, which is incorporated herein by reference.

The Company expects to enter into a Change in Control Agreement and an Indemnification Agreement with Mr. Martell, each of which will be effective as of August 29, 2011. The Change in Control Agreement is substantially consistent with the Company s form of Change in Control Agreement filed with, and the material terms described in, the Company s Current Report on Form 8-K filed with the SEC on June 14, 2010, which is incorporated herein by reference. The Indemnification Agreement is substantially consistent with the Company s form of Indemnification Agreement filed with, and the material terms described in, the Company s Current Report on Form 8-K filed with the SEC on May 25, 2011, which is incorporated herein by reference.

A copy of the press release announcing Mr. Martell s appointment is attached hereto as Exhibit 99.1.

Item 9.01. Financial Statements and Exhibits

(d) *Exhibits.*

Exhibit Number	**Description**
99.1	Press Release dated July 25, 2011.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Report to be signed on its behalf by the undersigned hereunto duly authorized.

CORELOGIC, INC.

Date: July 25, 2011

By: /s/ STERGIOS THEOLOGIDES
Name: Stergios Theologides
Title: Senior Vice President, General Counsel and Secretary

0

Difference in fractional shares in conversion of common stock

(1

)

0

(3

)

Stock offering costs

0

0

(11,921

)

Balance at end of the year

US$

134,340

133,786

133,786

Capital reserves:

Balance at the beginning and end of the year	
US$	95,210
	95,210
	95,210

Retained earnings:

Balance at beginning of the year	US$	233,701
		150,789
		40,740
Net income		

80,101

141,730

111,496

Dividends - common stock

(100,825

)

(58,702

)

0

Dividends - redeemable preferred stock

0

0

(1,219

)

Issuance of restricted stock

(57

)

(116

)

(228

)

Stock awards granted

(4
)

0

0

Balance at end of the year

US$

212,916

233,701

150,789

Treasury stock:

Balance at beginning of the year	US$ (92,627)	(85,310)	(85,633)
Issuance of restricted stock	152	211	323

Stock awards granted

14

8

0

0

Repurchase of Class E common stock

12

(13,815

)

(7,528

)

0

Balance at end of the year	US$	(106,282)	(92,627)	(85,310)

Accumulated other comprehensive income (loss):

Balance at beginning of the year

US$

6,082

9,876

(118

)

Net change in unrealized gains (losses) on securities available for sale

18

(5,463

)

(4,178

)

7,259

Net change in unrealized gains on derivatives

0

384

2,735

Balance at end of the year

US$

619

6,082

9,876

Balance at beginning of the year	
US$	
	656,130
	584,329
	328,924
Changes during the year, net	

(39,348
)

71,801

255,405

Balance at end of the year

US$

616,782

656,130

584,329

See accompanying notes to consolidated financial statements.

BANCO LATINOAMERICANO DE EXPORTACIONES, S. A.
AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For Each of the Years in the Three - Year Period Ended December 31, 2005
(in US$ thousands)

	Note		2005	2004	2003
Income before cumulative effect of changes in accounting principles		US$	77,518	141,730	111,496
Cumulative effect on prior years (to December 31, 2004) of a change in the credit loss reserve methodology	6		2,733	0	0
Cumulative effect on prior year (to December 31, 2004) of an early adoption of the fair value-based method of accounting stock-based employee compensation plan	14,15		(150)	0	0
Net income			80,101	141,730	111,496
Other comprehensive income (loss):					
Unrealized gains (losses) on securities:					
Unrealized gains (losses) arising from the year	4,18		(5,257)	(1,256)	29,470
Less: Reclassification adjustments for gains included in net income	18		(206)	(2,922)	(22,211)
Net change in unrealized gains (losses) on securities available for sale			(5,463)	(4,178)	7,259
Unrealized gains on derivatives arising from the year	18		0	384	2,735
Other comprehensive income (loss)			(5,463)	(3,794)	9,994
Comprehensive income		US$	74,638	137,936	121,490

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, 2005
(in US$ thousands)

		2005	2004	2003
Cash flows from operating activities:				
Income before cumulative effect of changes in accounting principles:	US$	77,518	141,730	111,496
Cumulative effect on prior years (to December 31, 2004) of a change in the credit loss reserve methodology		2,733	0	0
Cumulative effect on prior year (to December 31, 2004) of an early adoption of the fair-value based method of accounting stock-based employee compensation plan		(150)	0	0
Net income		80,101	141,730	111,496
Adjustments to reconcile net income to net cash provided by operating activities:				
Derivatives and hedging activities		(85)	(48)	1,274
Depreciation of premises and equipment		869	1,298	1,512
Reversal of provision for loan losses		(54,155)	(111,400)	(69,508)
Provision (reversal) for losses on off-balance sheet credit risk		15,781	(871)	10,603
Impairment loss on securities		469	0	953
Provision for fair value of guarantees		0	0	5
Gain on sale of securities available for sale		(206)	(2,922)	(22,211)
Compensation cost - indexed stock options plan		555	0	0
Issuance of restricted stock		95	95	95
Deferred compensation awards		3	0	0
Amortization of premiums and discounts on investments		2,343	1,175	(263)
Net (increase) decrease in accrued interest receivable		(14,806)	(4,517)	4,481
Net increase in derivative financial instruments		25	(10,333)	(1,223)
Net (increase) decrease in other assets		(5,804)	723	2,756
Net increase (decrease) in accrued interest payable		8,259	385	(6,075)
Net (decrease) increase in other liabilities		(5,958)	10,511	(1,796)
Net cash provided by operating activities		27,486	25,826	32,099
Cash flows from investing activities:				
(Increase) decrease in pledged certificates of deposit		(800)	(2,000)	2,800
Net (increase) decrease in loans		(179,315)	(173,687)	102,804
Net acquisition of premises and equipment		(614)	(688)	(544)
Proceeds from the redemption of securities available for sale		26,000	19,274	56,815
Proceeds from the redemption of securities held to maturity		0	0	11,818
Proceeds from the sale of securities available for sale		276,524	7,657	40,676
Acquisition of securities available for sale		(326,307)	(144,425)	0
Net cash (used in) provided by investing activities		(204,512)	(293,869)	214,369
Cash flows from financing activities:				
Net increase in due to depositors		182,458	161,205	150,982
Net increase (decrease) in short-term borrowings and placements with original maturity of less than 90 days		94,998	(183,024)	(25,574)
Proceeds from short-term borrowings and placements with original maturity greater than 90 days		908,729	936,355	870,584

Repayments of short-term borrowings and placements with original maturity greater than 90 days		(947,746)	(735,828)	(805,140)
Proceeds from medium and long-term borrowings and placements with original maturity greater than 90 days		309,962	256,728	100,099
Repayments of medium and long-term borrowings and placements with original maturity greater than 90 days		(179,723)	(338,623)	(900,075)
Dividends paid		(100,825)	(52,867)	(853)
Proceeds from issuance of common stocks		0	0	146,960
Stock offering costs		0	0	(7,841)
Redemption of redeemable preferred stocks		(2,705)	(2,425)	(2,260)
Repurchase of preferred stocks		(6)	0	0
Repurchase of common stocks		(13,815)	(7,528)	0
Net cash provided by (used in) financing activities		251,327	33,993	(473,118)
Net increase (decrease) in cash and cash equivalents		74,301	(234,050)	(226,650)
Cash and cash equivalents at beginning of the year		150,586	384,636	611,286
Cash and cash equivalents at end of the year	US$	224,887	150,586	384,636
Supplemental disclosures of cash flow information:				
Cash paid during the year for interest	US$	63,298	33,742	50,483
Non-cash investing and financing activities:				
Loan restructured as investment	US$	0	0	933
Investment restructured as loan	US$	0	0	3,325
Transfer from securities available for sale to held to maturity	US$	0	0	29,821

See accompanying notes to consolidated financial statements.

BANCO LATINOAMERICANO DE EXPORTACIONES, S. A. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
December 31, 2005 and 2004

(1) Organization

Banco Latinoamericano de Exportaciones, S. A. (Bladex Head Office and together with its subsidiaries Bladex or the Bank), headquartered in Panama City, Republic of Panama is a specialized supranational bank established to finance trade in Latin America and the Caribbean (the Region). The Bank was established pursuant to a May 1975 proposal presented to the 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. The Bank was organized in 1977, constituted in 1978 as a corporation pursuant to the laws of the Republic of Panama, and officially initiated operations on January 2, 1979.

The Bank operates under a general banking license issued by the National Banking Commission, predecessor of the Superintendency of Banks of Panama, and is subject to its supervision and inspection.

Bladex s subsidiaries are the following:

Bladex Holdings Inc. is a wholly owned subsidiary, incorporated under the laws of the State of Delaware, United States of America, on May 30, 2000 and continues to exist thereunder.

Bladex Representacao Ltda., 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 Head Office and 0.001% owned by Bladex Holdings Inc.

The Bank has an agency in the United States of America (the New York Agency), which began operations on March 27, 1989. The New York Agency is principally engaged in obtaining inter-bank deposits and short-term borrowings to finance the Bank s short-term investments and foreign trade loans. The Bank also has representative offices in Buenos Aires, Argentina, and in Mexico City, D.F., Mexico.

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

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

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.

(b) Principle of Consolidation

The consolidated financial statements include the accounts of Bladex (Head Office), its agencies and subsidiaries. All significant inter-company balances and transactions have been eliminated for consolidation purposes.

Certain amounts in prior years have been reclassified to conform to the current year s presentation.

(c) Use of Estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. 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.

(d) Cash Equivalents

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

(e) 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.

(f) 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) Trading Securities

Securities classified as trading have been bought and held principally for the purpose of selling them in the near term and are carried at fair value, which is determined based upon quoted prices when available, or if quoted market prices are not available, on discounted expected cash flows using market rates commensurate with the credit quality and maturity of the security. Changes in the fair value are recorded in earnings.

2) 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. These securities are carried at fair value, based on quoted market prices when available, or if quoted market prices are not available, on discounted expected cash flows using market rates commensurate with the credit quality and maturity of the security. Unrealized gains and losses are reported as net increase or decreases to accumulated other comprehensive income (loss) until they are realized.

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

Interests on securities are recognized based on the interest method. Amortization of premiums and accretion of discounts, are included in interest income as an adjustment to the yield. Realized gains and losses from the sales of securities, which are included in net gains on sales of securities, are determined using the specific identification method.

Declines in fair value that are determined to be other than temporary are charged to earnings. Accrual of income is suspended on fixed maturities that are in default, or on which it is likely that future interest payments will not be made as scheduled.

(g) Other Investments
An investment in a fund and other equity investments are reported at cost and are included in other assets.

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

Loans are identified as impaired and placed on a cash (non-accrual) basis when it is determined that the payment of interest or principal is doubtful when interest or principal is past due for 90 days or more, or before if the Bank s management determines that the ultimate collection of principal or interest is doubtful. 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. Cash basis loans are returned to an accrual status when (1) all contractual principal and interest amounts are reasonably assured of repayment (2) there is a sustained period of repayment performance in accordance with the contractual terms of at least six months, which is the minimum required by the Superintendency of Banks of Panama; and (3) if in the Bank s 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 the Bank s management in determining impairment include collection status, collateral value, the probability of collecting scheduled principal and interest payment when due, and economic conditions in the borrowing country.

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

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

(i) *Allowance for Credit Losses*

The allowance for credit losses is provided for risk on losses, derived from the credit extension process, inherent in the loan portfolio and off-balance sheet financial instruments, using the reserve method of providing for credit losses. Additions to the allowance for credit losses are made by charges to earnings. Credit losses are deducted from the allowance, and subsequent recoveries are added. The allowance is also decreased by reversals of the allowance back to earnings.

Bladex s management estimate losses on impaired loans, on a loan-by-loan basis. This estimate 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.

Bladex s management estimates probable credit losses on the rest of its credit portfolio using an expected loss forecast model, which considers historical loss experience, internal ratings, as well as country, client and risk elements. The model establishes guidelines for the application of management s qualitative judgment to complement the statistical estimate of losses. These guidelines take into consideration the potential impact of portfolio concentrations, the absence of a lender of last resort in a dollarized economy, such as Panama, model imprecision, and external economic factors.

The allowance attributable to loans is reported as a deduction of loans and the allowance for off-balance sheet credit risk, such as: letters of credit and guarantees, is reported as liabilities.

(j) *Fair Value of Guarantees Including Indirect Indebtedness of Others*

The Bank recognizes a liability for the fair value of all the obligations undertaken such as: stand-by letters of credit and guarantees. Fair value is calculated based on the present value of the premium to be received or an specific off-balance sheet allowance based on FAS 5 is established, whichever is greater.

(k) *Commission Income*

Loan origination fees, net of direct loan origination costs are deferred and the net amount is recognized over the contractual term of the loans as an adjustment to the yield. These fees, net of direct loan origination costs, are not recognized during periods in which interest income on loans is suspended because of concerns about the realization of loan principal or interest.

Fees received in connection with a modification of terms of a troubled debt restructuring are applied as a reduction of the recorded investment in the loan. All related costs, including direct loan origination costs, are charged to expense as incurred. Fees earned on letters of credit, guarantees and commitments are amortized over the life of such instruments.

(l) *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 useful life of the related asset. The estimated original useful life for building is 40 years and for furniture and equipment is 3 to 5 years.

(m) Capitalized Internal Use Software Costs

The Bank capitalizes the cost of internal-use software that has a useful life in excess of one year in accordance with SOP 98-1, Accounting for the Costs of Computer Software Developed or Obtained for Internal Use . These costs consist of payments made to third parties related to the use of licenses and installation of both, software and hardware, and other related costs. Subsequent additions, modifications or upgrades to internal-use software are capitalized only to the extent that they allow the software to perform a task it previously did not perform. Software maintenance and training costs are expensed in the period in which they are incurred. Capitalized internal use software costs will be amortized using the straight-line method over their estimated useful lives, generally consisting of 3 to 7 years.

During the year 2005, the Bank disbursed US$2,445 thousand related to a project to install a software package obtained for internal-use. The Bank s management estimates that the project will be completed during 2006.

(n) *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 the Superintendency of Banks of Panama.

(o) *Cash and Stock Based Compensation Plan*

During the fourth quarter of 2005, the Bank chose to make an early adoption of the Statement of Financial Accounting No.123(R) Share-Based Payment which established the use of the fair-value-based method, considered the preferable accounting method, of accounting for stock-based employee compensation. As prescribed in this standard, the Bank elected to use the modified prospective application for new and previously granted awards that are not fully vested on the effective date. Compensation cost is based on the fair value of the awards granted and is recognized over the requisite service period of the award. The fair value of each option is estimated at the grant date using the Black-Scholes option-pricing model. The Bank has the policy of re-issuing shares from treasury shares. As a result of the early adoption of this rule, a compensation cost of US$555 thousand was recorded during 2005. The adjustment of US$150 thousand to apply retroactively the new method is included in income of 2005. The pro forma amounts shown on the income statement have been adjusted for the effect of retroactive application of compensation cost, which would have been applied, had the new method been in effect.

Historically, the Bank applied the intrinsic method as provided in Accounting Principles Board Opinion No.25 (APB 25), Accounting for Stock Issued to Employees and related interpretations and accordingly, no compensation cost had been recognized for stock options in prior years.

(p) *Redeemable Preferred Stock*

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

(q) *Derivative Financial Instruments*

The Bank makes use of derivative financial instruments, primarily interest rate swaps, as part of its management of interest rate risks.

Interest rate swaps are the most common type of derivative contract used to modify exposure to interest rate risk, converting fixed-rate assets and liabilities to a floating rate. These financial instruments are used to manage interest rate risk through the exchange of interest payments based on a predetermined notional principal amount. The underlying principal balances are not affected. All amounts are included in earnings consistent with the classification of related interest of the hedged item.

The accounting for changes in value of a derivative depends on whether the contract is for trading purposes or has been designated and qualifies for hedge accounting. In order to qualify for hedge accounting, a derivative must be considered highly effective at reducing the risk associated with the exposure being hedged. Each derivative must be designated as a hedge, with documentation of the risk management objective and strategy, including identification of the hedging instrument, the hedged item and the risk exposure, as well as how effectiveness will be assessed prospectively and retrospectively. The extent to which a hedging instrument is effective at achieving offsetting changes in fair value or cash flows must be assessed at least quarterly. Any ineffectiveness must be reported in current-period earnings.

The Bank carries all derivatives in the balance sheets at fair value. For qualifying fair value hedges, all changes in the fair value of the derivative and the fair value of the item for the risk being hedged are recognized in earnings. If the hedge relationship is terminated, then the fair value adjustment to the hedge item continues to be reported as part of the basis of the item and is amortized to earnings as a yield adjustment. For qualifying cash flow hedges, the effective portion of the change in the fair value of the derivative is recorded in other comprehensive income and recognized in the income statement when the hedged cash flows affect earnings. If the hedge relationship is terminated, then the change in fair value of the derivative recorded in other comprehensive income is recognized when the cash flows that were hedged occurs.

(r) *Foreign Currency Transactions*
Assets and liabilities denominated in foreign currencies are re-measured into U.S. dollar equivalents using period-end spot foreign exchange rates. The effects of re-measuring assets and liabilities into the U.S. dollar as the functional currency are included in other income (expense) and recorded as gains (losses) on foreign currency exchange.

(s) *Income Taxes*
Bladex Head Office is exempt from the payment of income taxes. Bladex Representacao Ltda., in Brazil, is subject to income taxes. The New York Agency and Bladex s subsidiary 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.

(t) *Earnings Per Share*
Earnings per share (EPS) are 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.

(3) Cash and Cash Equivalents

Cash and cash equivalents are as follows:

(In US$thousands)		December 31,	
		2005	**2004**
Cash and due from banks	US$	687	687
Interest bearing deposits with banks		229,200	154,099
Total		229,887	154,786
Less Pledged certificate of deposit		5,000	4,200
	US$	224,887	150,586

On December 31, 2005 and 2004, the Agency of New York had pledged certificates of deposit with a carrying value of US$5 million and US$4.2 million respectively, with the State of New York Banking Department, as required by law since March 1994.

(4) **Investment Securities**

a) Securities Available for Sale

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

(In US$ thousands)		December 31, 2005			
		Amortized Cost	Unrealized Gross Gain	Unrealized Gross Loss	Fair Value
Bonds:					
Corporate	US$	38,556	116	438	38,234
Government		144,135	601	920	143,816
	US$	182,691	717	1,358	182,050

		December 31, 2004			
		Amortized Cost	Unrealized Gross Gain	Unrealized Gross Loss	Fair Value
Bonds - Government	US$	160,599	3,924	584	163,939
Impaired bonds - Argentine issuers		665	267	0	932
	US$	161,264	4,191	584	164,871

The following table discloses whether these securities have had unrealized losses for less than 12 months, or for 12 months or longer:

(In US$ thousands)		December 31, 2005					
		Less than 12 Months		12 Months or Greater		Total	
		Fair Value	Unrealized Gross Losses	Fair Value	Unrealized Gross Losses	Fair Value	Unrealized Gross Losses
Bonds:							
Corporate	US$	31,096	438	0	0	31,096	438
Government		26,242	397	16,043	523	42,285	920
	US$	57,338	835	16,043	523	73,381	1,358

(In US$ thousands)		December 31, 2004					
		Less than 12 Months		12 Months or Greater		Total	
		Fair Value	Unrealized Gross Losses	Fair Value	Unrealized Gross Losses	Fair Value	Unrealized Gross Losses
Bonds - Government	US$	71,577	584	0	0	71,577	584

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Impairment is evaluated considering numerous factors, and their relative significance varies case to case. Factors considered include the length of time and extent to which the market value has been less than cost, the financial condition and near-term prospects of the issuer and the intent and ability to retain the security in order to allow for an anticipated recovery in market value. If, based on the analysis, it is determined that the impairment is other-than-temporary, the security is written down to fair value, and a loss is recognized through earnings.

The unrealized losses are due to overall increases in market interest rates and not due to underlying credit concerns of the issuers. At December 31, 2005 and 2004, the Bank believes that none of the securities in its investment portfolio are other-than-temporarily impaired.

At December 31, 2005 and 2004, securities available for sale with a carrying value of US$119.3 million and US$62.4 million, respectively, were pledged to secure borrowings for securities sold under repurchase agreements.

During 2005, the Bank collected Argentine impaired securities for US$10.7 million which had been written-off and charged to earnings in prior years. This recovery was recorded in earnings as recoveries (impairment) on securities. During the year, an impaired security with a net carrying value of US$469 thousand was written-off and charged to earnings.

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

(In US$ thousands)	**December 31,**					
	2005		**2004**		**2003**	
	Gains	**Losses**	**Gains**	**Losses**	**Gains**	**Losses**
US$	253	47	2,922	0	22,211	0

The amortized cost and fair value of securities available for sale distributed by contractual maturity at December 31, 2005, are shown in the following table:

(In US$ thousands)		**Amortized Cost**	**Fair Value**
Due within 1 year	US$	20,000	20,000
After 1 but within 5 years		104,071	103,003
After 5 years		58,620	59,047
	US$	182,691	182,050

b) Securities Held to Maturity

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

(In US$ thousands)		**December 31, 2005**			
		Amortized Cost	**Unrealized Gross Gain**	**Unrealized Gross Loss**	**Fair Value**
Bonds - Government	US$	26,520	0	195	26,325

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		December 31, 2004			
		Amortized Cost	Unrealized Gross Gain	Unrealized Gross Loss	Fair Value
Bonds - Government	US$	27,984	133	0	28,117

The security held to maturity has been in unrealized gross loss position for less than 12 month and the unrealized loss is not considered other-than-temporary.

At December 31, 2005 and 2004, securities held to maturity with a carrying value of US$26.5 million and US$27.9 million, respectively, were pledged to secure borrowings for securities sold under repurchase agreements.

(5) Loans

The remaining loan maturities are summarized as follows:

(In US$ thousands)		December 31,	
		2005	2004
Current			
Up to 1 month	US$	397,745	255,891
From 1 month to 3 months		601,557	356,777
From 3 months to 6 months		592,223	617,428
From 6 months to 1 year		521,367	614,783
Over 1 year		468,305	341,255
Impaired		0	12,500
		2,581,197	2,198,634
Restructured and impaired		28,822	238,777
Past due		0	4,275
	US$	2,610,019	2,441,686

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

(In US$ thousands)		December 31,	
		2005	2004
Fixed interest rates	US$	1,561,893	1,480,457
Floating interest rates		1,048,126	961,229
	US$	2,610,019	2,441,686

At December 31, 2005, 89% of the loan portfolio at fixed interest rates has remaining maturities of less than 180 days.

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

(In US$ thousands)		December 31,	
		2005	2004
Country			
Argentina	US$	51,215	206,782
Brazil		1,095,055	1,054,073
Chile		282,500	321,500
Colombia		249,025	148,262
Costa Rica		53,962	37,507
Dominican Republic		997	242
Ecuador		25,407	51,047
El Salvador		80,753	44,473
Guatemala		41,303	38,040
Honduras		25,654	5,957
Jamaica		24,018	26,123
Mexico		160,737	262,156
Nicaragua		1,977	4,808
Panama		156,061	89,298
Peru		180,156	54,692
Trinidad and Tobago		177,498	92,121
Uruguay		3,701	0
Venezuela		0	4,605
	US$	2,610,019	2,441,686

In the normal course of business, at December 31, 2005 and 2004, the Bank has credit activity transactions with 22% and 23%, respectively of its Class A and B stockholders (See Note 12). 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, 2005 and 2004, approximately 40% and 49%, respectively, of the outstanding loan portfolio is placed with the Bank s Class A and B stockholders and their related parties. At December 31, 2005, the Bank was not directly or indirectly owned or controlled by another corporation or any foreign government, and no Class A or B shareholder was the registered owner of more than 3.5% of the total outstanding shares of the voting capital stock of the Bank.

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

(In US$ thousands)		December 31,		
		2005	2004	2003
Loans on non-accrual status	US$	28,822	255,552	444,876
Interest which would had been recorded if the loans had not been on a non-accrual status	US$	7,004	18,716	28,889
Interest income collected on non-accruing loans		7,670	18,692	24,086
Foregone interest revenue	US$	0	24	4,803

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

(In US$ thousands)		December 31,		
		2005	**2004**	**2003**
Impaired loans with specific allowance for credit losses	US$	28,822	255,552	444,876
Specific allowance for impaired loans (under SFAS 114)	US$	11,184	81,725	191,293
Average balance of impaired loans during the year	US$	105,964	356,278	572,812
Interest income collected on impaired loans	US$	7,670	18,692	24,086

(6) Allowance for Credit Losses

The allowance for credit losses is available to absorb estimated probable credit losses existing in the credit portfolio at the date of the consolidated balance sheets.

During the third quarter of 2005, Bladex implemented a new methodology for estimating generic allowances for credit losses. The new methodology incorporates eight years of statistical data on Bladex s historical loss performance in the calculation of expected loss and loss given default ratios replacing the use of general probability of default information from rating agencies in the former model. The Bank believes that this new methodology provide a more adequate level of allowance for credit losses.

The effect of the change in methodology for 2005 decreased the net income by US$10 million (or US$0.26 per share). The adjustment of US$2.7 million to apply retroactively (to December 31, 2004) the new methodology is included in income of 2005. The pro forma amounts shown on the income statement have been adjusted for the effect of retroactive application of credit loss reserve, which would have been applied, had the new methodology been in effect.

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

a) Allowance for Loan Losses:

(In US$ thousands)		December 31,		
		2005	**2004**	**2003**
Balance at beginning of the year	US$	106,352	224,347	429,720
Reversal of provision for loan losses:				
Reversal - 2005		(48,180)	(111,400)	(69,508)
Reversal - effect of a change in the credit loss reserve methodology - 2005		(5,975)	0	0
		(54,155)	(111,400)	(69,508)
Cumulative effect on prior years (to December 31, 2004) of a change in the credit loss reserve methodology		(5,937)	0	0
Loan recoveries		2,612	6,396	1,971
Loans written-off against the allowance for loan losses		(9,424)	(12,991)	(137,836)
Balance at end of the year	US$	39,448	106,352	224,347

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

(In US$ thousands)		December 31,		
		2005	**2004**	**2003**
Balance at beginning of the year	US$	33,101	33,972	23,369
Provision (reversal) for losses on off-balance sheet credit risk:				
Provision (reversal) - 2005		(210)	(871)	10,603
Provision - effect of a change in the credit loss reserve methodology - 2005		15,991	0	0
		15,781	(871)	10,603
Cumulative effect on prior years (to December 31, 2004) of a change in the credit loss reserve methodology		3,204	0	0
Balance at end of the year	US$	52,086	33,101	33,972

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

(7) Premises and Equipment

The table below provides information on premises and equipment:

(In US$ thousands)		December 31,	
		2005	**2004**
Land	US$	462	462
Building and improvements		4,185	4,148
Furniture and equipment		7,743	8,079
		12,390	12,689
Less: accumulated depreciation		9,137	9,181
	US$	3,253	3,508

(8) Deposits

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

(In US$ thousands)		December 31,	
		2005	**2004**
Demand	US$	28,385	22,619
Up to 1 month		575,362	475,821
From 1 month to 3 months		361,071	261,290
From 3 months to 6 months		81,800	103,001
From 6 months to 1 year		0	1,429
	US$	1,046,618	864,160

Aggregate amounts of time deposits of US$100,000 or more	US$	1,018,038	841,541
Aggregate amounts of deposits in offices outside of Panama	US$	350,026	301,495
Interest expense	US$	8,853	4,485

(9) Short-Term Borrowings

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

(In US$ thousands)		December 31,	
		2005	**2004**
Borrowings:			
At fixed interest rates:			
Advances from banks	US$	608,100	622,350
Discounted acceptances		24,000	0
Securities sold under repurchase agreements		128,599	82,368
Total short-term borrowings	US$	760,699	704,718
Average outstanding during the year	US$	601,361	532,575
Maximum outstanding at any month-end	US$	760,699	704,718

	December 31,	
	2005	**2004**
Weighted average interest rate at the end of the year	4.73%	2.83%
Weighted average interest rate during the year	3.39%	1.74%

(10) Medium and Long-Term Borrowings and Placements

Borrowings consist of medium term and syndicated borrowings from international banks. Placements consist of Euro medium-term notes. The breakdown of medium and long-term borrowings and placements (original maturity of more than one year) is as follows:

(In US$ thousands)		December 31,	
		2005	**2004**
Borrowings:			
At fixed interest rates with due dates in July 2007	US$	40,000	0
At floating interest rates with due dates from April 2005 until December 2009		449,860	333,621
Total borrowings		489,860	333,621
Placements:			
At fixed interest rates with due dates from January 2005 until September 2005		0	21,000
At floating interest rates with due dates from September 2005 until October 2010		44,000	49,000
Total placements		44,000	70,000
Total medium and long-term borrowings and placements outstanding	US$	533,860	403,621

Average outstanding during the year	US$	444,393	392,059
Maximum outstanding at any month-end	US$	587,998	488,363

	December 31,	
	2005	**2004**
At fixed interest rates:		
Weighted average interest rate at the end of the year	4.33%	8.05%
Weighted average interest rate during the year	5.52%	7.24%
At floating interest rates:		
Weighted average interest rate at the end of the year	4.67%	2.97%
Weighted average interest rate during the year	3.78%	2.03%

The future maturities of medium and long-term borrowings and placements outstanding at December 31, 2005, are as follows:

(In US$ thousands)		
2006	US$	83,500
2007		170,360
2008		255,000
2009		20,000
2010		5,000
	US$	533,860

The Bank s funding activities include a Euro-Medium-Term Note program (EMTN Program), which, in October 1997, was increased to a maximum of US$2.3 billion. 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. During 2005 and 2004, the Bank issued notes for US$15 million and US$10 million, respectively, under this program.

Early Extinguishment of Debt
During the first quarter of 2004, the Bank repurchased in the market at discount, notes issued under its EMTN program, with a face value of US$5 million and due in 2004 which resulted in realized gains of US$6 thousand.

(11) Redeemable Preferred Stock
The redeemable preferred stock is non-voting. If the Bank fails to pay the minimum dividend of 8% for three years, and certain other conditions were not complied with, the preferred stockholders have the right to elect a Director. In case of a liquidation of the Bank, the preferred stockholders are entitled to receive a liquidation preference of US$10 per share, plus accrued and unpaid dividends. The Bank is required to redeem preferred stock at its 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 March 15 of each of the subsequent years up to 2006. On May 16, 2005, the Bank redeemed 304,639 outstanding shares, chosen by lot on March 23, 2005. At December 31, 2005 and 2004, the Bank had 202,633 and 169,719 preferred stocks, respectively, redeemed but not claimed by preferred shareholders. During the 2005, the Bank repurchased 630 preferred shares.

Preferred stockholders have the right to receive an interest on their preferred stock equivalent to the same percentage as the common stockholders (excluding from the calculation any common stock issued as stock dividend).

(12) **Common Stock**

The Bank s common stock is divided into three categories:

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

The holders of Class B shares have the right to convert or exchange their Class B shares, at any time, and without restriction, for Class E shares, at a rate of one to one.

The following table provides detailed information on the Bank s common stock activity per class for each of the years in the three-year period ended December 31, 2005:

(Shares units)	Class A	Class B	Class E	Total
Authorized	40,000,000	40,000,000	100,000,000	180,000,000
Outstanding at December 31, 2002	4,911,185	3,746,721	8,685,287	17,343,193
Conversions	0	(933,016)	933,014	(2)
Issuance of new stock	1,431,004	652,997	19,915,999	22,000,000
Restricted stock granted	0	0	9,547	9,547
Outstanding at December 31, 2003	6,342,189	3,466,702	29,543,847	39,352,738
Conversions	0	(195,433)	195,432	(1)
Restricted stock granted	0	0	6,242	6,242
Repurchased stock	0	0	(461,900)	(461,900)
Outstanding at December 31, 2004	6,342,189	3,271,269	29,283,621	38,897,079
Conversions	0	(56,925)	56,925	0
Restricted stock granted	0	0	5,320	5,320
Repurchased stock	0	0	(805,900)	(805,900)
Stock awards granted	0	0	276	276
Outstanding at December 31, 2005	6,342,189	3,214,344	28,540,242	38,096,775

On August 3, 2004, the Board of Directors authorized a three-year stock repurchase program under which Bladex may, from time to time, repurchase up to an aggregate of US$50 million of its Class E shares of common stock, in the open market at the then prevailing market price.

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

(In US$ thousands, except shares data)	Class A		Class B		Class E		Total	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
Outstanding at December 31, 2002	318,140	10,708	568,010	15,655	1,750,505	59,271	2,636,655	85,634
Restricted stocks granted	0	0	0	0	(9,547)	(323)	(9,547)	(323)
Outstanding at December 31, 2003	318,140	10,708	568,010	15,655	1,740,958	58,948	2,627,108	85,311
Repurchased during 2004	0	0	0	0	461,900	7,527	461,900	7,527
Restricted stocks granted	0	0	0	0	(6,242)	(211)	(6,242)	(211)
Outstanding at December 31, 2004	318,140	10,708	568,010	15,655	2,196,616	66,264	3,082,766	92,627
Repurchased during 2005	0	0	0	0	805,900	13,815	805,900	13,815
Restricted stocks granted	0	0	0	0	(5,320)	(152)	(5,320)	(152)
Stock awards granted	0	0	0	0	(276)	(8)	(276)	(8)
Outstanding at December 31, 2005	**318,140**	**10,708**	**568,010**	**15,655**	**2,996,920**	**79,919**	**3,883,070**	**106,282**

(13) Capital Issuance and Related Costs

During 2003, the Bank increased its paid-in capital by US$147 million through a stock rights offering. At December 31, 2003, the accumulated direct costs provided by the financial advisors as well as legal and others were US$11.9 million, which was recorded as a deduction from additional paid-in capital.

(14) Cash and Stock Based Compensation Plans

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

a) Restricted Stock Directors

During 2003, the Board of Directors approved a restricted stock award program for non-employee Directors of the Bank. Restricted stock may be sourced from treasury stock, or authorized un-issued shares. On a yearly basis, the Bank s Board of Directors may grant Class E shares for each Director worth US$10 thousand, and to the Chairman of the Board worth US$15 thousand, all based on Bladex s closing price in the NYSE at the last trading date preceding the grant. The restricted stocks have a cliff vesting after five years. During 2005, 2004 and 2003, the Bank issued under this plan, 5,320, 6,242 and 9,547, Class E common shares respectively, and related compensation costs charged against income was US$95 thousand for each year.

b) Indexed Stock Option Plan 2003 Directors and Key Employees

During 2003, the Board of Directors approved an indexed stock option plan for non-employee Directors and key employees of the Bank. On annual basis, the plan allows Directors to receive options to purchase Class E shares from treasury shares already held, for an equivalent amount of US$10 thousand, and for the Chairman of the Board, an equivalent amount of US$15 thousand. The number of options granted for key employees is determined by the Board of Directors based on the target of each eligible position and the value of the option at grant date.

The indexed stock options expire in seven years with a cliff-vesting period of four years. The exercise price is adjusted based on the change in a customized Latin America general market index.

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

	December 31,			
	2005		2004	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding, beginning of year	184,836	18.53	0	US$0
Granted	152,084	17.30	186,886	12.19
Forfeited	(29,907)	17.30	(2,050)	12.19
Outstanding, end of year	307,013	17.30	184,836	12.19
Exercisable at year end	0	0	0	0
Weighted average fair value of options granted during the year		US$5.18		US$6.54

	December 31, 2005		
Range of Exercise Prices	Number Outstanding	Weighted Average Exercise Price	Weighted Average Contractual Life Remaining (In years)
US$10.00 - 20.00	307,013	US$13.95	5.48

As of December 31, 2005, the Bank had an unrecognized compensation cost of US$1.1 million related to non-vested options granted under the Plan, which will be recognized over a period of 3.08 years.

The fair value of each option granted is estimated at the grant date using the Black-Scholes option-pricing model, based on the following factors:

	December 31,	
	2005	2004
Weighted average fair value option	5.25	6.62
Weighted average expected term	6.17 years	5.37 years
Expected volatility	51.37 %	51.37 %
Risk-free rate	3 %	3 %
Expected dividends	6.70 %	6.70 %

c) Stock Option Plan - Directors and Employees

During 2000, the 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 market value of the stock at the grant date and becomes 100% exercisable one year after the grant date and expire on the fifth year after the grant date.

During 1995 and 1999, the Board of Directors approved two stock option plans for employees (the 1995 and 1999 Stock Option Plan). For 1995 and 1999, stock option plans, the stock options were granted at a purchase price equal to the average market value of the common stock at the grant date; one third of the options may be exercised on each successive year and two years, respectively, after the grant date and expire on the tenth anniversary after the grant date.

On July 19, 2003, the Board of Directors approved discontinuing these plans therefore, no additional stock options have been granted.

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

	December 31,								
	2005			2004			2003		
	Shares		Wtd. Avg. Exercise Price	Shares		Wtd. Avg. Exercise Price	Shares		Wtd. Avg. Exercise Price
Outstanding, beginning of year	102,012	US$	36.12	228,625	US$	36.86	247,642	US$	37.23
Forfeited	(37,483)	US$	35.35	0		0	0		0
Expired	(8,436)	US$	37.88	(126,613)	US$	37.46	(19,017)	US$	41.66
Outstanding, end of year	56,093	US$	34.34	102,012	US$	36.12	228,625	US$	36.86
Exercisable at year end	56,093	US$	34.34	93,989	US$	36.40	191,210	US$	38.00

	December 31, 2005						
	Options Outstanding				Options Exercisable		
Range of Exercise Prices	Number Outstanding		Weighted Average Exercise Price	Weighted Average Contractual Life Remaining	Number Exercisable		Weighted Average Exercise Price
US$20.00 - 30.00	17,343	US$	23.10	4 years	17,343	US$	23.10
US$30.01 - 40.00	18,950	US$	32.88	5 years	18,950	US$	32.88
US$40.01 50.00	10,300	US$	42.06	2 years	10,300	US$	42.06
Greater than US$50.00	9,500	US$	51.19	1 year	9,500	US$	51.19
Total	56,093	US$	34.29		56,093	US$	34.29

d) **Other Employee Plans**

Expatriate officers plan:

The Bank sponsors a defined contribution plan for its expatriate top executives. The Bank s contributions are determined as a percentage of the eligible officers annual salary, with each officer contributing an additional amount withheld from his salary and deposited in a saving account, at market interest rates. During the years 2005, 2004 and 2003, the Bank charged to salaries expense, US$165 thousand, US$179 thousand, and US$140 thousand, respectively. As of December 31, 2005, 2004 and 2003, the accumulated liability payable amounted to US$484 thousand, US$356 thousand and US$572 thousand, respectively.

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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 employee received 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 discontinuing this plan and consequently, no additional options were granted. During December 2005, 2004, and 2003, the Bank recorded as expense the market value of the related Class E shares of US$0.2 thousand, US$0.2 thousand and US$1.9 thousand, respectively corresponding to 122 DEU to be exercisable in February 2006.

Deferred compensation plan (the DC Plan):
The DC Plan has two separate features. Under the first component, the Bank may grant to each eligible employee a number of DEU equal to an amount equivalent to a percentage, not to exceed 3%, of the employee s compensation, divided by the market value of a Class E share. Eligible employees will vest the DEU after three years of service. Distributions are made in respect of DEU on the later of (i) the date the vested DEU are credited to an employee s account and (ii) ten years after the employee is first credited with DEU under the DC Plan. Participating employees receive dividends, 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. On July 19, 2003, the Board of Directors approved discontinuing this plan; consequently, no additional options have been granted.

A summary of the status of the DC Plan is presented below:

	December, 31		
	2005	**2004**	**2003**
Outstanding at the beginning of the year	28,351	28,890	9,114
Granted	0	0	20,140
Forfeited	0	(82)	(281)
Exercised	(398)	(457)	(83)
Outstanding at end of the year	27,953	28,351	28,890

As of December 31, 2005, 2004 and 2003, expenses recorded were US$67 thousand, US$32 thousand and US$59 thousand, respectively.

(15) Earnings Per Share

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

(In US$ thousands, except per share amounts)		**December 31,**		
		2005	**2004**	**2003**
Income before cumulative effect of changes in accounting principles:	US$	77,518	141,730	111,496
Cumulative effect on prior years (to December 31, 2004) of a change in the credit loss reserve methodology		2,733	0	0
Cumulative effect on prior year (to December 31, 2004) of an early adoption of the fair-value-based method of accounting stock-based employee compensation		(150)	0	0
Net income		80,101	141,730	111,496
Less - Preferred stock dividends		0	0	366
Net income available to common stockholders for both, basic and diluted EPS		80,101	141,730	111,130
Weighted average common shares outstanding applicable to basic EPS		38,550	39,232	28,675
Basic earnings per share:				
Income before cumulative effect of changes in accounting principles		2.01	3.61	3.88
Cumulative effect on prior years of accounting changes		0.07	0	0
Net income per share	US$	2.08	3.61	3.88
Weighted average common shares outstanding applicable to diluted EPS		38,550	39,232	28,675
Effect of dilutive securities (1):				
Indexed stock option plans		310	139	0
Adjusted weighted average common shares outstanding applicable to diluted EPS		38,860	39,371	28,675
Diluted earnings per share:				
Income before cumulative effect of changes in accounting principles		1.99	3.60	3.88
Cumulative effect on prior years of accounting changes		0.07	0	0
Net income per share	US$	2.06	3.60	3.88
Pro forma amounts, assuming the changes in accounting principles are applied retroactively:				
Income before the effect of changes in accounting principles:	US$	77,518	141,730	111,496
Less - Preferred stock dividends		0	0	(366)
Net income, as originally reported		77,518	141,730	111,130
Effect on prior years of a change in the credit loss reserve methodology		0	(8,244)	428
Effect on prior year of early adoption of the fair-value-based method of accounting stock-based employee compensation		0	(150)	0
Net income available to common stockholders for both, basic and diluted EPS		77,518	133,336	111,558
Basic earning per share	US$	2.01	3.40	3.89
Diluted earning per share	US$	1.99	3.39	3.89

[1] At December 31, 2005 and 2004, weighted average options for 98,806 and 145,460, 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.

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

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

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

(In US$ thousands)		December 31,	
		2005	**2004**
Confirmed letters of credit	US$	155,547	51,323
Stand-by letters of credit and guarantees:			
Country risk		149,921	83,060
Commercial risk		239,112	120,994
Credit commitments:			
At fixed interest rates		138,228	4,770
At floating interest rates		0	15,632
Reimbursement undertaking		904	0
	US$	683,712	275,779

As of December 31, 2005, the maturity profile of the Bank s outstanding financial instruments with off-balance sheet credit risk is as follows:

(In US$ thousands)		
Within 1 year	US$	411,446
From 1 to 2 years		94,271
From 2 to 5 years		175,102
After 5 years		2,893
	US$	683,712

As of December 31, 2005 and 2004 the breakdown of the Bank s off-balance sheet exposure by country risk is as follows:

(In US$ thousands)		December 31,	
		2005	**2004**
Country			
Argentina	US$	2,316	5,000
Brazil		264,160	114,832
Chile		132	519
Colombia		500	410
Costa Rica		31,797	133
Dominican Republic		126,559	27,189
Ecuador		82,355	49,586
El Salvador		1,367	11,851
Guatemala		4,084	2,200
Jamaica		22,715	0
Mexico		2,957	14,959
Panama		15,350	10,125
Peru		49,779	30,530
Uruguay		3,024	0
United States		16,677	0
Venezuela		59,460	189
Other		480	8,256
	US$	683,712	275,779

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 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 and to provide coverage for country risk arising from political risks, such as expropriation, nationalization, war and/or civil disturbances.

Credit Commitments

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

Other Commitments

Private Investment Fund and Other Investments

The Bank is committed to invest US$5 million in an investment fund whose main objective is investing in the Mexican export industry and its supply chain. Additionally, the Bank has an equity investment in a company specialized in digital identity solutions. These investments are recorded as other assets and are carried at cost. At December 31, 2005 and 2004, these investments totaled US$2.7 and US$1.3 million, respectively.

At December 31, 2005, the Bank did not estimate the fair value of these investments and has not identified any events or changes in their financial conditions that may have had a significant adverse effect on the fair value of these investments. The Bank does not consider these investments to be other-than-temporary impaired.

Purchase Agreements

The Bank has signed service agreements with certain vendors that provide services that are necessary for the ongoing operations of its business and mainly related to the implementation during 2005 and 2006, of a new technology platform and telecommunications services. The terms of these agreements are up to 8 years and some of these agreements can be re-negotiated for annual or semi-annual price adjustments, after the fifth year. These agreements also include maintenance and license payments, starting from 2007. During 2005 amounts paid under these agreements are US$2 million.

Under the terms of these agreements, the Bank has committed to contractually specified minimums payments over the contractual periods. The contractual minimums payments are:

(In US$ thousands)		
2006	US$	5,498
2007		699
2008		699
2009		644
2010 and all years thereafter		3,388
	US$	10,928

A certain portion of these payments will be amortized over the estimated useful lives of the assets.

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

(17) Derivative Financial Instruments

The Bank records financial instruments that are considered to be derivatives 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 uses interest rate and foreign exchange derivatives primarily for hedging purposes in its consolidated balance sheet management activities. 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 by adopting 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.

As of December 31, 2005, the Bank had interest rate swaps for a notional amount of US$114.7 million and a recorded fair value of US$0.1 million. During 2005, the Bank settled prior to maturity certain hedge relationships accounted for as fair value hedges, and recorded US$2.1 million in other income derivative and hedging activities. These interest rate swaps were considered highly effective at reducing the interest rate risk associated to available for sale securities. As of December 31, 2005, the fair value hedge ineffective net gain of US$84 thousand was reported in earnings. There were no derivative financial instruments outstanding at December 31, 2004.

(18) Accumulated Other Comprehensive Income (Loss)

As of December 31, 2005, 2004 and 2003 the breakdown of accumulated other comprehensive income (loss) related to investment securities and derivatives was as follows:

(In US$ thousands)		Investment Securities	Derivatives Financial Instruments	Total
Balance as of December 31, 2002	US$	3,001	(3,119)	(118)
Unrealized gains (losses) arising from the year		29,470	2,735	32,205
Reclassification adjustment for gains included in net income [1]		(22,211)	0	(22,211)
Balance as of December 31, 2003		10,260	(384)	9,876
Unrealized gains (losses) arising from the year		(1,256)	384	(872)
Reclassification adjustment for gains included in net income [1]		(2,922)	0	(2,922)
Balance as of December 31, 2004		6,082	0	6,082
Unrealized losses arising from the year		(5,257)	0	(5,257)
Reclassification adjustment for gains included in net income [1]		(206)	0	(206)
Balance as of December 31, 2005	US$	619	0	619

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

(19) 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, 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*
The fair value of short-term borrowings is estimated using discounted cash flow analysis based on the current incremental borrowing rates for similar types of borrowing arrangements, and the carrying value approximates fair value because of the relative short period of time between their origination and expected realization.

(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 US$ thousands)		December 31,			
		2005		2004	
		Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets:					
Instruments with carrying value equal to fair value	US$	370,762	370,762	202,764	202,764
Securities available for sale		182,050	182,050	164,871	164,871
Securities held to maturity		26,520	26,325	27,984	28,117
Loans, net of allowance		2,564,994	2,590,429	2,327,545	2,349,327
Derivatives financial instruments - assets		357	357	0	0
Financial liabilities:					
Instruments with carrying value equal to fair value	US$	158,891	158,891	69,487	69,487
Time deposits		1,018,233	1,018,233	841,541	841,541
Short-term borrowings		760,699	760,699	704,718	704,718
Medium and long-term borrowings and placements		533,860	527,657	403,621	398,869
Derivatives financial instruments - liabilities		297	297	0	0
Commitments to extend credit, stand-by letters of credits and guarantees		683,712	1,532	275,779	1,136

(20) Business Segment Information

The Bank s businesses are grouped into three segments for management reporting and analysis purposes: Securities, short-term loans, medium-term loans, acceptances 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 (SFAS 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 Bank s principal activity, and constitute mostly short-term trade related financing to its stockholders banks and other selected commercial banks in the Region, which then on-lend to businesses engaged in foreign trade, as well as to state owned export institutions, and 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 and corporations 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)

2005	Average Assets	Net Interest Income	Net Commissions and Other Income	Net Revenues	Operating Expenses	Net Operating Income (2)
Loans and securities						
Short-term	1,573	23.8	1.6	25.4	(12.8)	12.7
Medium-term	926	21.4	1.0	22.4	(7.5)	14.9
Total loans and securities	2,498	45.3	2.6	47.8	(20.3)	27.5
Acceptances and contingencies **(3)**	582	0	5.7	5.7	(4.5)	1.2
Credit portfolio **(4)**	3,081	45.3	8.3	53.5	(24.8)	28.7

2004	Average Assets	Net Interest Income	Net Commissions and Other Income	Net Revenues	Operating Expenses	Net Operating Income (2)
Loans and securities						
Short-term	1,884	31.5	2.4	33.9	(15.0)	19.0
Medium-term	448	10.5	0.6	11.1	(3.6)	7.5
Total loans and securities	2,332	42.0	3.0	45.0	(18.5)	26.5
Acceptances and contingencies **(3)**	373	0	5.8	5.8	(2.8)	2.9
Credit portfolio **(4)**	2,705	42.0	8.8	50.8	(21.3)	29.4

(In US$ million)

2003	Average Assets	Net Interest Income	Net Commissions and Other Income	Net Revenues	Operating Expenses	Net Operating Income (2)
Loans and securities						
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
Total loans and securities	2,483	54.0	24.1	78.1	(19.8)	58.3
Acceptances and contingencies **(3)**	369	0	6.1	6.1	(2.8)	3.3
Credit portfolio **(4)**	2,852	54.0	30.2	84.2	(22.6)	61.6

(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, 2005, 2004, and 2003, the following items should be included: (a) reversals of provision for credit losses for US$38.4 million, US$112.3 million and US$58.9 million, respectively; (b) cumulative effect of a change in the credit loss reserve methodology for US$2.7 million, (c) Recoveries (impairment) on securities for US$10.2 million and US$(1.0) million for the years ended December 31, 2005 and 2003, respectively; (d) derivatives and hedging activities for US$2.3 million and US$(8.0) million for the years ended December 31, 2005 and 2003, respectively.

(3) Includes customers liabilities under acceptances, letters of credit and guarantees covering commercial and country risk and credit commitments.

(4) Includes loans and investment securities plus acceptances and contingencies.

(21) Leasehold Commitments

At December 31, 2005, a summary of leasehold commitments is as follows:

Expiration Year		Future Rental Commitments
(In US$ thousands)		
2006	US$	586
2007		490
2008		495
2009		501
2010		511
	US$	2,583

Occupancy expense for years ended December 31, 2005, 2004 and 2003, amounted to US$447 thousand, US$311 thousand, and US$293 thousand, respectively.

(22) 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.

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(23) Summary of Unaudited Quarterly Financial Information

		2005			
(In US$ thousands, except per share data)		**Fourth**	**Third**	**Second**	**First**
Interest income	US$	35,127	29,959	25,061	26,676
Interest expense		(22,630)	(18,291)	(15,122)	(15,528)
Net interest income		12,498	11,668	9,939	11,148
Reversal (provision) for loan losses:					
Reversal (provision) - 2005		(715)	23,213	5,863	19,819
Reversal (provision) - effect of a change in the credit loss reserve methodology - 2005		16,518	707	1,266	(12,516)
		15,803	23,920	7,129	7,302
Net interest income after provision (reversal) for loan losses		28,301	35,589	17,069	18,450
Reversal (provision) for losses on off-balance sheet credit risk:					
Reversal (provision) - 2005		1,571	(1,051)	(3,286)	2,977
Reversal (provision) - effect of a change in the credit loss reserve methodology - 2005		(9,854)	(10,330)	4,284	(91)
		(8,283)	(11,381)	998	2,885
Commission income, net		1,667	1,546	1,024	1,587
Derivatives and hedging activities		2,336	2	0	0
Recovery of impairment loss on securities		0	137	0	10,069
Gain (loss) on sale of securities available for sale		(40)	0	93	152
Gain (loss) on foreign currency exchange		(29)	12	20	0
Other income, net		3	1	1	1
Operating expenses		(7,407)	(6,034)	(5,616)	(5,633)
Net income before cumulative effect of changes in accounting principles		16,548	19,872	13,590	27,511
Cumulative effect on prior periods (to Dec. 31, 2004) of a change in the credit loss reserve methodology		0	0	0	2,733
Effect on prior period (to Dec. 31, 2004) of an early adoption of the fair-value based method of accounting stock-based employee compensation		(150)	0	0	0
Net income	US$	16,398	19,872	13,590	30,245
Net income per share before the cumulative effect of changes in accounting principles	US$	0.43	0.52	0.35	0.71
Cumulative effect of changes in accounting principles		0	0	0	0.07
Net income per share	US$	0.43	0.52	0.35	0.78
Diluted earnings per share before cumulative effect of a change in the credit loss reserve methodology	US$	0.43	0.51	0.35	0.70
Cumulative effect of changes in accounting principles		0	0	0	0.07
Diluted earnings per share	US$	0.43	0.51	0.35	0.77
Average number of common shares outstanding (thousands)		38,097	38,481	38,738	38,895

	2004			
(In US$ thousands, except per share data)	**Fourth**	**Third**	**Second**	**First**

Interest income	US$	20,422	18,535	17,687	19,508
Interest expense		(11,358)	(7,950)	(6,632)	(8,186)
Net interest income		9,064	10,585	11,054	11,322
Reversal of provision for loan losses		45,010	27,413	20,638	18,338
Net interest income after provision for loan losses		54,074	37,998	31,692	29,660
Reversal (provision) for losses on off-balance sheet credit risk		4,715	(3,683)	(3,212)	3,051
Commission income, net		1,201	1,569	1,471	1,686
Derivatives and hedging activities		0	24	(89)	113
Gain on sale of securities available for sale		0	2,589	332	0
Gain on early extinguishment of debt		0	0	0	6
Gain (loss) on foreign currency exchange		7	5	(205)	(1)
Other income, net		60	14	1	2
Operating expenses		(6,145)	(4,792)	(5,727)	(4,689)
Net income	US$	53,913	33,724	24,263	29,830
Earnings per share	US$	1.39	0.86	0.62	0.76
Diluted earnings per share	US$	1.38	0.85	0.61	0.76
Average number of common shares outstanding (thousands)		38,916	39,310	39,353	39,353

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

BANCO LATINOAMERICANO DE EXPORTACIONES, S.A.

/s/ JAIME RIVERA

Jaime Rivera
Chief Executive Officer
June 15, 2006

EXHIBIT INDEX

Exhibit

Exhibit 12.1. Rule 13a-14(a) Certification of Principal Executive Officer

Exhibit 12.2. Rule 13a-14(a) Certification of Principal Financial Officer

Exhibit 13.1. Rule 13a-14(b) Certification of Principal Executive Officer

Exhibit 13.2. Rule 13a-14(b) Certification of Principal Financial Officer