

**BAC INTERNATIONAL BANK, INC.
AND SUBSIDIARIES**
(Panama, Republic of Panama)

Consolidated Financial Statements

March 31, 2005 and 2004

BAC INTERNATIONAL BANK, INC. AND SUBSIDIARIES
(Panama, Republic of Panama)

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BAC INTERNATIONAL BANK, INC. AND SUBSIDIARIES

(Panama, Republic of Panama)

Consolidated Balance Sheets

March 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
	(Unaudited)	
Assets		
Cash and due from banks (notes 3 and 4)	US\$ 533,225,036	502,645,694
Interest-bearing deposits (notes 3 and 4)	34,163,624	40,712,440
Trading securities (notes 3 and 5)	4,712,479	13,963,412
Securities available for sale (notes 3 and 6)	291,581,109	277,703,195
Securities held to maturity (note 7)	5,617,047	4,055,051
Loans (notes 3 and 8)	1,699,531,696	1,358,832,162
Less:		
Allowance for loan losses (note 9)	47,257,903	45,383,670
Unearned income and deferred loan fees and costs	9,477,926	6,531,513
Loans, net	<u>1,642,795,867</u>	<u>1,306,916,979</u>
Property and equipment, net (note 10)	97,948,206	91,608,730
Investments in unconsolidated entities	2,365,147	4,401,681
Customers' liability on acceptances	7,786,082	6,482,937
Accrued interest receivable (note 3)	10,276,138	9,072,841
Other accounts receivable (note 3)	36,785,536	35,011,028
Other assets (note 8)	42,920,562	35,929,988
Total assets	<u>US\$ 2,710,176,834</u>	<u>2,328,503,976</u>
Liabilities and Stockholders' Equity		
Deposits (note 3):		
Demand	785,218,348	708,864,161
Savings	245,834,495	204,535,264
Time deposits (note 11)	846,984,745	703,423,533
Total deposits	<u>1,878,037,588</u>	<u>1,616,822,958</u>
Securities sold under agreements to repurchase (note 12)	28,335,835	22,980,487
Borrowings (notes 3 and 13)	343,971,870	288,275,949
Acceptances outstanding	7,786,082	6,482,937
Accrued interest payable (note 3)	9,537,678	8,487,691
Other liabilities (note 3)	105,520,928	88,503,051
Total liabilities	<u>2,373,189,981</u>	<u>2,031,553,073</u>
Minority interest	33,603,584	29,852,444
Stockholders' equity:		
Common stock, US\$1,000 and US\$10,000 par value in 2005 and 2004, respectively. Authorized 100,000 and 10,000 shares, issued and outstanding 78,947 and 7,894.7 shares, respectively	78,947,000	78,947,000
Additional paid in capital	13,160,541	13,160,541
Retained earnings	257,702,875	202,299,970
Accumulated other comprehensive loss	(46,427,147)	(27,309,052)
Total stockholders' equity	<u>303,383,269</u>	<u>267,098,459</u>
Total liabilities and stockholders' equity	<u>US\$ 2,710,176,834</u>	<u>2,328,503,976</u>

See accompanying notes to consolidated financial statements.

BAC INTERNATIONAL BANK, INC. AND SUBSIDIARIES
(Panama, Republic of Panama)

Consolidated Statements of Income

For the Three-month periods ended March 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
	(Unaudited)	
Interest income (note 3) :		
Loans	US\$ 66,736,192	55,098,264
Interest-bearing deposits	1,479,909	975,242
Trading securities	43,265	0
Securities available for sale	4,790,153	5,396,831
Securities held to maturity	509,196	280,595
Total interest income	<u>73,558,715</u>	<u>61,750,932</u>
Interest expense (note 3):		
Deposits	15,242,898	12,926,963
Securities sold under agreements to repurchase	564,808	737,712
Borrowings	4,709,952	3,375,454
Total interest expense	<u>20,517,658</u>	<u>17,040,129</u>
Net interest income before provision for loan losses	<u>53,041,057</u>	<u>44,710,803</u>
Provision for loan losses (note 9)	8,135,312	5,223,876
Net interest income after provision for loan losses	<u>44,905,745</u>	<u>39,486,927</u>
Other income (expenses) (note 3):		
Service charges	16,645,514	14,376,890
Commissions and other fees, net of commission expenses of US\$14,484,152 and US\$11,496,400, respectively	16,668,325	14,359,689
Credit card membership fees	2,374,326	2,564,013
Foreign currency gains, net	3,823,770	3,106,683
Net gain on trading securities (note 5)	45,692	159,206
Net gain on sale of securities available for sale (note 6)	226,302	1,700,043
Valuation allowance on retained interest on securitization (note 6)	(42,767)	0
Other income	2,639,790	2,831,290
Total other income	<u>42,380,952</u>	<u>39,097,814</u>
Operating expenses (note 3):		
Salaries and employee benefits	25,159,605	20,702,756
Depreciation and amortization	4,758,844	4,497,551
Administrative expenses	3,250,383	2,106,085
Occupancy and related expenses	3,459,641	2,835,000
Other operating expenses	23,359,357	21,284,913
Total operating expenses	<u>59,987,830</u>	<u>51,426,305</u>
Income before income tax expense and minority interest	<u>27,298,867</u>	<u>27,158,436</u>
Income tax expense	4,786,783	3,698,855
Income before minority interest	<u>22,512,084</u>	<u>23,459,581</u>
Minority interest	2,342,892	2,189,716
Net income	<u>US\$ 20,169,192</u>	<u>21,269,865</u>

See accompanying notes to consolidated financial statements.

BAC INTERNATIONAL BANK, INC. AND SUBSIDIARIES
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Consolidated Statements of Changes in Stockholders' Equity

For the Three-month periods ended March 31, 2005 and 2004

	Unaudited				
	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
Balance as of December 31, 2003	US\$ 78,947,000	13,160,541	189,430,105	(30,039,000)	251,498,646
Dividends					
Cash	0	0	(5,800,000)	0	(5,800,000)
Declared	0	0	(2,600,000)	0	(2,600,000)
Comprehensive income:					
Net income	0	0	21,269,865	0	21,269,865
Other comprehensive income (loss):					
Foreign currency translation	0	0	0	(1,430,354)	(1,430,354)
Changes in unrealized gain (loss) on securities available for sale, net	0	0	0	4,160,302	4,160,302
Comprehensive income					23,999,813
Balance as of March 31, 2004	<u>78,947,000</u>	<u>13,160,541</u>	<u>202,299,970</u>	<u>(27,309,052)</u>	<u>267,098,459</u>
Balance as of December 31, 2004	78,947,000	13,160,541	247,033,683	(41,921,748)	297,219,476
Cash dividends	0	0	(9,500,000)	0	(9,500,000)
Comprehensive income:					
Net income	0	0	20,169,192	0	20,169,192
Other comprehensive income (loss):					
Foreign currency translation	0	0	0	(2,848,839)	(2,848,839)
Changes in unrealized gain (loss) on securities available for sale, net	0	0	0	(1,656,560)	(1,656,560)
Comprehensive income					15,663,793
Balance as of March 31, 2005	<u>US\$ 78,947,000</u>	<u>13,160,541</u>	<u>257,702,875</u>	<u>(46,427,147)</u>	<u>303,383,269</u>

See accompanying notes to consolidated financial statements.

BAC INTERNATIONAL BANK, INC. AND SUBSIDIARIES
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Consolidated Statements of Cash Flows

For the Three-month periods ended March 31, 2005 and 2004

		<u>2005</u>	<u>2004</u>
		(Unaudited)	
Cash flows from operating activities:			
Net income	US\$	20,169,192	21,269,865
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for loan losses		8,135,312	5,223,876
Impairment loss on foreclosed assets		162,671	765,176
Depreciation and amortization of property and equipment		4,561,361	4,285,626
Amortization of intangible assets		197,483	211,925
Net gain on trading securities		(45,692)	(159,206)
Net (increase) decrease in trading securities		(4,695,870)	6,000,000
Net gain on sale of securities available for sale		(226,302)	(1,700,043)
Valuation allowance on retained interest on securitization		42,767	0
Net gain on sale of property		(9,451)	0
Unearned income		(3,578,446)	(1,749,598)
Deferred taxes		250,557	(185,110)
Equity participation in unconsolidated entities		(215,837)	(46,013)
Minority interest		2,342,892	2,189,716
Increase in accrued interest receivable		28,824	982,732
Decrease (increase) in other accounts receivable		1,692,139	(5,098,531)
(Increase) decrease in other assets		(8,203,363)	1,128,358
Decrease in accrued interest payable		(478,240)	(144,992)
Increase in other liabilities		12,959,234	5,295,621
Net cash provided by operating activities		<u>33,089,231</u>	<u>38,269,402</u>
Cash flows from investing activities:			
Net decrease (increase) in deposits placed with original maturity over 90 days		3,703,024	(18,676,914)
Proceeds from sale of securities available for sale		28,686,040	132,235,729
Maturities, prepayment and calls of securities available for sale		78,349,772	37,768,645
Purchases of securities available for sale		(92,706,343)	(123,989,769)
Maturities, prepayment and calls of securities held to maturity		4,223,253	0
Purchases of securities held to maturity		(693,027)	0
Proceeds from sale of investment in unconsolidated entity		415,360	0
Net advances to unconsolidated entities		0	(119,707)
Net increase in loans		(52,816,836)	(29,633,429)
Purchases of property and equipment		(15,621,518)	(3,734,169)
Proceeds from sale of property and equipment		2,148,006	0
Net cash used in investing activities		<u>(44,312,269)</u>	<u>(6,149,614)</u>
Cash flows from financing activities:			
Net increase in deposits received		62,797,890	81,408,938
Net increase in securities sold under agreements to repurchase		10,613,737	(4,294,665)
Proceeds from borrowings		88,298,829	231,928,455
Repayment of borrowings		(135,266,173)	(257,073,464)
Distributions to minority interest		(1,082,424)	(1,832,456)
Dividends paid		(9,500,000)	(5,800,000)
Net cash provided by financing activities		<u>15,861,859</u>	<u>44,336,808</u>
Effect of exchange rate fluctuations on cash held		<u>(4,666,445)</u>	<u>(5,224,032)</u>
Net increase (decrease) in cash and cash equivalents		(27,624)	71,232,564
Cash and cash equivalents at beginning of year		533,252,660	431,413,130
Cash and cash equivalents at end of the period	US\$	<u>533,225,036</u>	<u>502,645,694</u>
Supplemental disclosures of cash flow information:			
Cash paid for interest during the period	US\$	<u>20,298,512</u>	<u>17,364,277</u>
Cash paid for income taxes during the period	US\$	<u>3,346,988</u>	<u>5,284,922</u>
Supplemental disclosure of noncash investing and financing activities:			
Change in unrealized gain (loss) on securities available for sale, net	US\$	<u>(1,656,560)</u>	<u>4,160,302</u>
Properties acquired in settlement of loans	US\$	<u>1,203,338</u>	<u>1,753,505</u>

See accompanying notes to consolidated financial statements.

BAC INTERNATIONAL BANK, INC. AND SUBSIDIARIES
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Notes to Consolidated Financial Statements

March 31, 2005 and 2004

(1) Organization

BAC International Bank, Inc., was incorporated on August 25, 1995, in Panama City, Republic of Panama, as a banking institution. BAC International Bank, Inc. is a 95% owned subsidiary of BAC International Corporation (the "Parent Company") and provides, directly and through its wholly owned subsidiaries, BAC International Bank (Grand Cayman) ("BAC Cayman"), BAC Bank, Inc., Credomatic International Corporation (CIC), Premier Asset Management, Inc., Rudas Hill Financial, Inc., BAC Valores (Panama), S. A. and BAC Leasing, Inc. (collectively the "Bank"), a wide variety of financial services to individuals and institutions principally in Mexico, Guatemala, Honduras, El Salvador, Nicaragua, Costa Rica and Panama. Credit card operations are carried out through CIC and its subsidiaries.

These consolidated financial statements are denominated in US dollars.

These unaudited interim consolidated financial statements have been prepared in accordance with accounting principles form interim financial statements. Certain information and note disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. While management believes that the disclosures presented are adequate to make information not misleading, it is suggested that these consolidated financial statements be read in conjunction with audited consolidated financial statements of the Bank for the year ended December 31, 2004. Results of operations of interim periods are not necessarily indicative of the results that may be expected for the full year.

(2) Summary of Significant Accounting Policies

The accounting policies of BAC International Bank, Inc. and its subsidiaries conform to accounting principles generally accepted in the United States of America ("US GAAP") and to predominant practices within the banking industry. The following is a description of significant policies and practices:

(a) Principles of Consolidation

These consolidated financial statements include the accounts of BAC International Bank, Inc. and all majority owned subsidiaries with operations principally in various Central American countries, Mexico (began operations on June 2004) and in Florida, United States of America. All significant intercompany accounts and transactions have been eliminated in consolidation. Investments in companies in which the percentage of ownership is at least 20%, but not more than 50%, are accounted for under the equity method and the pro rata share of their income (loss) is included in other income. Income from investment in less than 20% owned companies is generally recognized when dividends are received.

(b) Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires the Bank to make estimates and assumptions that affect the reported amounts of assets and liabilities and

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disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the future relate to the determination of the allowances for loan losses and losses on off-balance sheet items.

(c) *Cash and Cash Equivalents*

For the purposes of the consolidated statements of cash flows, cash and cash equivalents represent those amounts that are included in cash and due from banks. Cash and due from banks include cash, due from banks, certain securities, and term interest-bearing deposits with original maturities of three months or less.

(d) *Securities*

Securities that are held principally for resale in the near term are classified as trading securities and recorded at fair value with changes in fair value recorded in earnings. Debt securities that management has the positive intent and ability to hold to maturity are classified as held to maturity and recorded at amortized cost. All other securities are classified as available for sale and recorded at fair value. Unrealized holding gains and losses, net of related tax effect, if any, on available-for-sale securities are excluded from earnings and reported as a component of other comprehensive income in stockholders' equity until realized.

Realized gains and losses from the sale of available-for-sale securities are recorded on a trade-date basis and determined on a specific-identification basis.

Purchase premiums and discounts are recognized in interest income over the term of the security using a method that approximates the interest method.

The estimated fair value of a security is determined on current quotations, where available. Where current quotations are not available, the estimated fair value is determined based primarily on the credit capacity of the issuer or discounted cash flows.

A decline in the fair value of any held-to-maturity and available-for-sale securities below cost that is deemed other than temporary results in a reduction of the carrying amount to fair value. The impairment is recorded as a realized loss and a new cost basis for the security is established.

Interest income on securities is recognized when earned.

(e) *Loans Held for Sale*

Loans originated and intended for sale in the secondary market are carried at lower of cost or estimated fair value in the aggregate. Net unrealized losses, if any, are recognized through a valuation allowance by charges to income.

(f) *Loans*

Loans are stated at their outstanding unpaid principal balances adjusted for unearned income and deferred loan fees or costs. Interest income on loans is recognized as earned based upon the principal amounts outstanding. The Bank's policy is to discontinue accrual of interest either when reasonable doubt exists as to the full, timely collection of

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interest or principal, or when a loan becomes contractually past due by 90 days or more with respect to interest or principal, or in the case of credit card receivables when the account is assigned to legal status, usually after 120 days. The accrued and unpaid interest is reversed against interest income and, thereafter, the loan is accounted for on the cash method until it qualifies for return to accrual. Loans are returned to accrual status when all principal and interest amounts contractually due are brought current and future payments are reasonably assured. The Bank charges off loans when collectibility of principal is not probable.

Restructured loans are loans for which the original contractual terms have been modified to provide for terms that are less than those the Bank would be willing to accept for new loans with comparable risk because of a deterioration in the borrower's financial condition. Interest on these loans is accrued at the renegotiated rates.

(g) *Allowance for Loan Losses*

The allowance for loan losses represents the amount, which, in management's judgment, will be adequate to absorb charge-offs of existing loans, which may become uncollectible. Additions to the allowance for loan losses are based on several factors which include, but are not limited to, analytical review of loan loss experience in relation to outstanding loans, a continuing review of problem or non performing loans, overall portfolio quality and adequacy of collateral, results of regulatory examinations, evaluation of independent appraisals, and management's judgment with respect to the impact of current economic conditions and trends on the existing loan portfolio. Management believes that the allowance for loan losses is adequate.

The allowance for the portfolio of smaller-balance, homogeneous loans is established based on estimates of probable losses inherent in the portfolio, according to various statistical analyses. These include migration analysis, in which historical delinquency and credit loss experience is applied to the current aging of the portfolio, together with analysis that reflects current trends and conditions. It is the Bank's policy to fully reserve all credit card receivable balances over 150 days past due.

Specific allowances are provided in the event that the specific analysis on each classified loan, other than those included in large groups of smaller-balance homogenous loans, indicates that the loan is impaired as it is probable that the Bank will be unable to collect all amounts due, both principal and interest, according to the contractual terms of the loan agreement. When a loan is considered to be impaired, the amount of the impairment is measured based on the present value of expected future cash flows discounted at the note's effective interest rate or the fair value of the collateral of a collateral dependent loan. Collateral dependent loans are those loans for which the repayment of the loan is to be provided solely by the underlying collateral. When the measure of the impaired loan is less than the recorded investment in the loan, the impairment is recorded through a valuation allowance. Impairment losses are included in the allowance for loan losses through a charge to the provision for loan losses.

(h) *Foreclosed Assets*

Assets acquired through, or in lieu of, loans foreclosure are held for sale and are initially recorded at the lower of the outstanding loan balance or net realizable value at the date of

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foreclosure, establishing a new cost basis. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less cost to sell. Revenue and expenses from operations and changes in the valuation allowance are included in other operating expenses.

(i) *Transfer of Financial Assets*

Transfers of financial assets 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 maturity.

When the Bank sells receivables in securitizations of loans, it might retain servicing rights, and in some cases residual values and cash reserve accounts, all of which are retained interests in the securitized loans. Gain or loss on sale of the loans depends in part on the previous carrying amount of the financial assets involved in the transfer, allocated between the assets sold and the retained interests based on their relative fair value at the date of transfer. To obtain fair values, quoted market prices are used if available. However, quotes are generally not available for retained interest, so the Bank generally estimates fair value based on the present value of future expected cash flows determined by using management's best estimates of the key assumptions, credit losses, prepayment speeds, forward yield curves, and discount rates commensurate with the risks involved.

(j) *Property and Equipment*

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets as follows:

	<u>Years</u>
Buildings and improvements	30 – 50
Equipment and furniture	5 – 10
Computers	3 – 5
Vehicles	5

Leasehold improvements are amortized in three to five years or the lease term, whichever is lower.

Expenditures for major renewals and improvements are capitalized. Repairs and maintenance expenditures are charged to expense as incurred.

(k) *Goodwill and Intangible Assets*

Goodwill including previous existing goodwill and intangible assets with indefinite useful lives are not be amortized but rather tested for impairment at least annually. Intangible assets with a definite useful life continue to be amortized through their useful lives.

All recorded goodwill must be assigned to one or more reporting units of the entity and evaluated for impairment at that level. Impairment testing requires that the fair value of

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each reporting unit be compared to its carrying amount, including the goodwill.

Goodwill, representing the excess of purchase price over the fair value of net assets acquired, results from purchase acquisitions made by the Bank.

(l) Impairment or Disposal of Long-Lived Assets

The Bank reviews its long-lived assets and certain identifiable amortizable intangibles for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

(m) Repurchase Agreements

The Bank sells securities under agreements to repurchase ("repurchase agreements") substantially identical securities. Repurchase agreements are accounted for as secured borrowing transactions.

The amounts borrowed under repurchase agreements are carried on the consolidated balance sheets at the amount borrowed. Interest incurred on repurchase agreements is reported as interest expense. Securities underlying the repurchase agreements remain on the asset accounts but under custody of a third party guaranteeing these transactions. The market value of securities subject to repurchase agreements are regularly monitored to ensure appropriate collateral coverage of these secured financing transactions.

(n) Loan Fees

Nonrefundable fees and related direct costs associated with the origination of loans are deferred and netted against outstanding loan balances. The amortization of net deferred fees and costs is recognized as an adjustment to the related loan yield by using a method that approximates the interest method, based on the estimated lives of the loans. Nonrefundable fees related to lending activities other than direct loan origination are recognized as other income over the period the related service is provided.

(o) Credit Card Revenue

Merchant's commission income is determined based on the amount and type of purchase by the cardholder and is recognized at the time the charges are billed.

Fees for credit card issuance or renewal are, by contract, not refundable to the cardholders. Such fees are charged monthly or annually to cardholders and are taken into income at that time. This accounting treatment is common industry practice in countries in which the Bank principally conducts its credit card business. The effect of this treatment rather than deferral of income throughout the issuance or renewal period is not material to the accompanying consolidated financial statements.

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(p) *Deferred Income Tax*

The Bank uses the asset and liability method of accounting for deferred income taxes. Under the asset and liability method, deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to be applied to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the enactment date period. A valuation allowance is recognized when it is more likely than not that some portion or all of the deferred tax assets will not be realizable.

(q) *Foreign Currency*

The Bank operates through a number of entities in various countries in Central America, Mexico and the United States of America. The local currency of these countries is the functional currency of the entities.

Foreign currency transactions are recorded at the exchange rate prevailing at the date of the transaction. Assets and liabilities denominated in foreign currency are re-measured into the functional currency at the exchange rate prevailing at balance sheet date. Resulting gains and losses on foreign currency transactions are included within other income in the consolidated statements of income.

The financial statements of subsidiaries where the local currency is considered as the functional currency are translated to U.S. dollars using (i) exchanges rates prevailing at balance sheet date for assets and liabilities, and (ii) average exchange rates for the year for revenue and expenses. Adjustments resulting from the translation of these financial statements into U.S. dollars are included as a component of other comprehensive income (loss) in stockholders' equity.

(r) *Reclassifications*

Certain amounts of the 2004 consolidated financial statements have been reclassified to conform to the 2005 consolidated financial statement presentation.

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(3) Related Party Transactions

The Bank in the normal course of business enters into transactions with related parties, including principal officers and directors. The following table sets forth balances and transactions with related parties as of March 31, 2005 and 2004 and for the three month periods then ended:

		<u>2005</u>	<u>2004</u>
Assets:			
Due from banks	US\$	31,751,001	104,839,244
Interest-bearing deposits		6,574,173	3,789,809
Trading securities		0	12,085,726
Securities available for sale		22,695,743	13,118,161
Loans receivable		66,159,255	36,705,207
Accrued interest and other receivables		<u>7,720,511</u>	<u>786,396</u>
		<u>134,900,683</u>	<u>171,324,543</u>
Liabilities:			
Demand deposits		35,260,288	33,751,863
Time deposits		17,884,535	9,002,836
Borrowings		0	5,292,868
Accrued interest and other liabilities		<u>71,316</u>	<u>2,697,232</u>
		<u>53,216,139</u>	<u>50,744,799</u>
Net assets due from related parties	US\$	<u>81,684,544</u>	<u>120,579,744</u>
Interest and other operating income	US\$	<u>2,241,757</u>	<u>1,584,858</u>
Interest and other operating expenses	US\$	<u>146,207</u>	<u>269,936</u>

Trading securities and securities available for sale are placed in mutual funds managed by a subsidiary of the Bank.

(4) Cash and Due from Banks, and Pledged Interest-Bearing Deposits

At March 31, 2005 and 2004, cash and due from banks aggregating US\$291,566,518 and US\$234,106,752, respectively, are placed at Central Banks in the various Central American Countries to cover legal liquidity reserve requirements.

At March 31, 2005 and 2004, interest-bearing deposits amounting to approximately US\$24,126,510 and US\$25,966,037 are placed as legal liquidity or to guarantee borrowings and other credit facilities.

(5) Trading Securities

At March 31, 2005 and 2004, trading securities, at fair value, consist in government bond for US\$4,712,479 and mutual funds for US\$13,963,412, respectively.

The net gains on security trading activities included in earnings for the three month periods ended March 31, 2005 and 2004 amount to US\$45,692 and US\$159,206, respectively.

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(6) Securities Available for Sale

The amortized cost, gross unrealized holding gains, gross unrealized holding losses and fair value of securities available for sale as of March 31, 2005 and 2004 is as follows:

		2005			
		Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Fair Value
Government bonds:					
United States of America	US\$	26,691,836	38,098	(102,843)	26,627,091
Guatemala		49,326,284	664,844	(291,743)	49,699,385
El Salvador		29,998,335	315,543	(153,765)	30,160,113
Nicaragua		33,126,561	178,216	0	33,304,777
Costa Rica		58,508,338	430,885	(308,971)	58,630,252
Panama		34,671,188	38,774	(393,028)	34,316,934
Colombia		5,216,071	2,307	(147,073)	5,071,305
Brasil		<u>1,832,754</u>	<u>0</u>	<u>(99,429)</u>	<u>1,733,325</u>
		<u>239,371,367</u>	<u>1,668,667</u>	<u>(1,496,852)</u>	<u>239,543,182</u>
Corporate debentures:					
United States of America		14,001,053	0	(403,300)	13,597,753
El Salvador		1,763,700	0	(5,743)	1,757,957
Costa Rica		271,816	234	0	272,050
Colombia		<u>528,623</u>	<u>8,877</u>	<u>0</u>	<u>537,500</u>
		<u>16,565,192</u>	<u>9,111</u>	<u>(409,043)</u>	<u>16,165,260</u>
Mortgage-backed related securities –					
Costa Rica		<u>5,717,754</u>	<u>42,514</u>	<u>0</u>	<u>5,760,268</u>
Retained interest on securitization of					
mortgages – Costa Rica (note 10)		<u>4,901,305</u>	<u>0</u>	<u>0</u>	<u>4,901,305</u>
Mutual funds:					
United States of America		2,550,000	0	0	2,550,000
Costa Rica		10,018,880	0	(88,677)	9,930,203
Panama		<u>13,038,201</u>	<u>0</u>	<u>(342,661)</u>	<u>12,695,540</u>
		<u>25,607,081</u>	<u>0</u>	<u>(431,338)</u>	<u>25,175,743</u>
Other securities:					
Costa Rica		351	0	0	351
Panama		<u>35,000</u>	<u>0</u>	<u>0</u>	<u>35,000</u>
		<u>35,351</u>	<u>0</u>	<u>0</u>	<u>35,351</u>
US\$		<u>292,198,050</u>	<u>1,720,292</u>	<u>(2,337,233)</u>	<u>291,581,109</u>

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		2004			
		<u>Amortized</u>	<u>Gross</u>	<u>Gross</u>	<u>Fair Value</u>
		<u>Cost</u>	<u>Unrealized</u>	<u>Unrealized</u>	
			<u>Holding</u>	<u>Holding</u>	
			<u>Gains</u>	<u>Losses</u>	
Government bonds:					
United States of America	US\$	20,783,300	0	(293,632)	20,489,668
Mexico		1,000,000	0	(15,000)	985,000
Guatemala		37,153,301	820,296	(19,421)	37,954,176
El Salvador		14,183,240	387,545	0	14,570,785
Nicaragua		45,598,691	7,775,584	0	53,374,275
Costa Rica		37,428,858	446,485	(27,931)	37,847,412
Panama		60,354,062	1,175,210	(44,110)	61,485,162
Colombia		4,434,752	135,623	0	4,570,375
Brasil		<u>4,597,877</u>	<u>42,198</u>	<u>0</u>	<u>4,640,075</u>
		<u>225,534,081</u>	<u>10,782,941</u>	<u>(400,094)</u>	<u>235,916,928</u>
Corporate debentures:					
Mexico		5,297,483	169,517	0	5,467,000
Honduras		256,563	21,563	0	278,126
Colombia		2,127,393	0	(4,893)	2,122,500
Brazil		<u>7,395,228</u>	<u>22,898</u>	<u>(15,476)</u>	<u>7,402,650</u>
		<u>15,076,667</u>	<u>213,978</u>	<u>(20,369)</u>	<u>15,270,276</u>
Mortgage-backed related securities – Costa Rica					
		<u>5,671,424</u>	<u>0</u>	<u>(55,249)</u>	<u>5,616,175</u>
Retained interests on securitization of mortgages – Costa Rica (note 10)					
		<u>5,163,269</u>	<u>0</u>	<u>(96,924)</u>	<u>5,066,345</u>
Mutual funds:					
United States of America		2,550,000	0	0	2,550,000
Panama		<u>13,155,039</u>	<u>246,038</u>	<u>(352,916)</u>	<u>13,048,161</u>
		<u>15,705,039</u>	<u>246,038</u>	<u>(352,916)</u>	<u>15,598,161</u>
Other securities:					
Costa Rica		358,178	0	(157,868)	200,310
Panama		<u>35,000</u>	<u>0</u>	<u>0</u>	<u>35,000</u>
		<u>393,178</u>	<u>0</u>	<u>(157,868)</u>	<u>235,310</u>
	US\$	<u>267,543,658</u>	<u>11,242,957</u>	<u>(1,083,420)</u>	<u>277,703,195</u>

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A summary of securities available for sale as of March 31, 2005 and 2004, by contractual maturity, is presented below. Expected maturities will differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties.

		<u>2005</u>		<u>2004</u>	
		<u>Amortized</u>	<u>Fair Value</u>	<u>Amortized</u>	<u>Fair Value</u>
		<u>Cost</u>		<u>Cost</u>	<u>Fair Value</u>
Government bonds:					
Due within one year	US\$	68,666,242	68,659,650	52,596,792	52,987,297
Due after one year but within five years		82,155,909	82,263,927	127,548,744	129,938,386
Due after five years but within ten years		80,012,487	79,959,804	28,660,839	30,216,810
Due after ten years		<u>8,536,729</u>	<u>8,659,801</u>	<u>16,727,706</u>	<u>22,774,435</u>
		<u>239,371,367</u>	<u>239,543,182</u>	<u>225,534,081</u>	<u>235,916,928</u>
Corporate debentures					
Due within one year		3,001,053	3,001,053	0	0
Due after one year but within five years		8,564,139	8,557,207	5,649,319	5,680,750
Due after five year but within ten years		5,000,000	4,607,000	8,437,333	8,610,126
Due after ten years		<u>0</u>	<u>0</u>	<u>990,015</u>	<u>979,400</u>
		<u>16,565,192</u>	<u>16,165,260</u>	<u>15,076,667</u>	<u>15,270,276</u>
Mortgage backed related securities:					
Due after five years but within ten years		<u>5,717,754</u>	<u>5,760,268</u>	<u>5,671,424</u>	<u>5,616,175</u>
Retained interest on securitization of mortgages:					
Due after five years but within ten years		<u>4,901,305</u>	<u>4,901,305</u>	<u>5,163,269</u>	<u>5,066,345</u>
Mutual funds, without maturity		<u>25,607,081</u>	<u>25,175,743</u>	<u>15,705,039</u>	<u>15,598,161</u>
Other:					
Due within one year		351	351	358,178	200,310
Due after ten years		<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>
		<u>35,351</u>	<u>35,351</u>	<u>393,178</u>	<u>235,310</u>
	US\$	<u>292,198,050</u>	<u>291,581,109</u>	<u>267,543,658</u>	<u>277,703,195</u>

At March 31, 2005 and 2004, securities with a carrying value of US\$47,009,455 and US\$37,593,081 respectively, were pledged to secure borrowings and repurchase agreements.

At March 31, 2005, the Bank recognized a valuation allowance on retained interest on securitization of mortgages for an amount of US\$42,767.

For the three months ended March 31, 2005 and 2004, proceeds from sale of securities available for sale amounted to US\$28,686,040 and US\$132,235,729 respectively. Gross realized gains amounted to US\$272,030 and US\$2,483,188 for the three month periods ended March 31, 2005 and 2004, respectively. Gross realized losses amounted US\$45,728 and US\$783,145 for the three month periods ended March 31, 2005 and 2004, respectively.

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Gross unrealized losses on securities available for sale and their fair value, aggregated by category at March 31, 2005, are detailed below:

Description of securities	<u>Less Than 12 Months</u>		<u>12 Months or More</u>		<u>Total</u>	
	<u>Fair Value</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>	<u>Unrealized Losses</u>
Government bonds US\$	86,398,583	(1,297,403)	11,298,182	(199,449)	97,696,765	(1,496,852)
Corporate debentures	7,254,957	(409,043)	0	0	7,254,957	(409,043)
Mutual funds	<u>22,625,743</u>	<u>(431,338)</u>	<u>0</u>	<u>0</u>	<u>22,625,743</u>	<u>(431,338)</u>
Total	US\$ <u>116,279,283</u>	<u>(2,137,784)</u>	<u>11,298,182</u>	<u>(199,449)</u>	<u>127,577,465</u>	<u>(2,337,233)</u>

Most of the unrealized losses on investments are caused by interest rate increases. Because the decline in fair value is mainly attributable to changes in interest rates and not credit quality, and because the Bank has the intent and ability to hold those investments until a market price recovery or maturity, these investments are not considered other-than-temporarily impaired.

(7) Securities Held to Maturity

The amortized cost and fair value of securities held to maturity as of March 31, 2005 and 2004 is follows:

		<u>2005</u>		<u>2004</u>	
		<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Amortized Cost</u>	<u>Fair Value</u>
Government bonds:					
United States of America	US\$	644,030	648,150	4,055,051	4,135,810
Corporate debentures:					
United States of America		<u>4,973,017</u>	<u>4,485,300</u>	<u>0</u>	<u>0</u>
	US\$	<u>5,617,047</u>	<u>5,133,450</u>	<u>4,055,051</u>	<u>4,135,810</u>

As of March 31, 2005 and 2004 fair value approximates carrying value. The gross unrealized holding gains and losses are not considered to be material.

A summary of securities held to maturity as of March 31, 2005 and 2004, by contractual maturity, is presented below. Expected maturities will differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties.

		<u>2005</u>		<u>2004</u>	
		<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Amortized Cost</u>	<u>Fair Value</u>
Government bonds:					
Due after one year but within five years	US\$	644,030	648,150	4,055,051	4,135,810
Corporate debentures:					
Due after one year but within five years		2,973,017	2,698,500	0	0
Due after five year but within ten years		<u>2,000,000</u>	<u>1,786,800</u>	<u>0</u>	<u>0</u>
	US\$	<u>5,617,047</u>	<u>5,133,450</u>	<u>4,055,051</u>	<u>4,135,810</u>

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(8) Loans

The composition of loans as of March 31, 2005 and 2004, is as follows:

		<u>2005</u>	<u>2004</u>
Commercial, financial and industrial	US\$	553,546,284	496,553,892
Real estate – residential and for construction		282,624,445	196,513,008
Credit card		577,104,819	453,814,627
Vehicles financing		130,042,735	80,018,801
Other personal		55,349,106	58,509,211
Cash collateralized (back to back)		70,714,904	53,855,510
Leasing		18,131,937	11,045,252
Overdrafts		<u>12,017,466</u>	<u>8,521,861</u>
	US\$	<u>1,699,531,696</u>	<u>1,358,832,162</u>

At March 31, 2005 and 2004, the Bank had loans for US\$67,767,593 and US\$57,736,705 respectively, pledged to secure borrowings and other credit facilities.

At March 31, 2005 and 2004 the Bank's non-accruing loans amounted to US\$15,185,806 and US\$13,587,453, respectively. Interest, which would have been recorded, if the loans had not been classified as non accruing, amounted to US\$383,282 y US\$961,979 during the three month periods ended March 31, 2005 and 2004, respectively. At March 31, 2005 and 2004, the Bank had no commitments to lend additional funds to borrowers whose loans are classified as non-accruing.

Other real estate owned assets included in other assets amounted to US\$8,237,564 and US\$8,131,273 at March 31, 2005 and 2004, respectively.

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

		<u>2005</u>	<u>2004</u>
Impaired loans with a valuation allowance	US\$	<u>14,848,624</u>	<u>20,254,099</u>
Valuation allowance related to impaired loans	US\$	<u>4,039,189</u>	<u>6,577,967</u>
Average balance of impaired loans	US\$	<u>15,064,564</u>	<u>22,537,600</u>
Interest income recognized on a cash basis on impaired loans	US\$	<u>295,812</u>	<u>444,504</u>

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(9) Allowance for Loan Losses

The changes in the allowance for loan losses during the three month periods ended March 31, 2005 and 2004 are presented below:

		<u>2005</u>	<u>2004</u>
Balance, beginning of year	US\$	44,731,919	42,993,780
Provision for loan losses		8,135,312	5,223,876
Charge-offs		(8,089,081)	(4,385,005)
Recoveries		2,512,311	1,814,604
Foreign currency translation		<u>(32,558)</u>	<u>(263,585)</u>
Balance, end of period	US\$	<u>47,257,903</u>	<u>45,383,670</u>

(10) Property and Equipment

Property and equipment as of March 31, 2005 and 2004 are as follows:

		<u>2005</u>	<u>2004</u>
Land	US\$	7,384,009	8,540,809
Buildings and improvements		42,959,943	40,609,808
Equipment, furniture and vehicles		125,184,600	112,883,795
Construction in progress		<u>1,022,132</u>	<u>3,316,280</u>
		176,550,684	165,350,692
Less: accumulated depreciation and amortization		<u>(78,602,478)</u>	<u>(73,741,962)</u>
	US\$	<u>97,948,206</u>	<u>91,608,730</u>

(11) Deposits

As of March 31, 2005 and 2004, the Bank held US\$595,083,964 and US\$495,494,939 respectively, of time deposits with principal balances of US\$100,000 and over.

Scheduled maturities of time deposits at December 31, 2005 are as follows:

<u>Year ending December 31,</u>			
2005	US\$	696,606,735	
2006		116,824,959	
2007		8,926,050	
2008		11,472,269	
2009		12,658,635	
Thereafter		<u>496,097</u>	
	US\$	<u>846,984,745</u>	

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(12) Securities Sold under Agreements to Repurchase

The following table summarizes certain information on securities sold under agreements to repurchase at or for the three month periods ended March 31, 2005 and 2004:

		<u>2005</u>	<u>2004</u>
Carrying amount at March 31	US\$	<u>28,335,835</u>	<u>22,980,487</u>
Maximum amount outstanding at any month end	US\$	<u>26,736,885</u>	<u>37,095,779</u>
Average amount outstanding during the period	US\$	<u>26,546,707</u>	<u>30,924,767</u>
Weighted average interest rate for the period		<u>8.51%</u>	<u>9.54%</u>
Weighted average interest rate at end of period		<u>10.35%</u>	<u>12.70%</u>

(13) Borrowings

Borrowings at March 31, 2005 and 2004 consist of the following:

	2005		
	<u>Interest Rate</u>	<u>Maturity Various Through</u>	<u>Carrying Amount</u>
Payable in dollars (United States of America):			
Fixed rate	3.23% to 18.00%	2008	US\$ 15,351,070
Floating rate	2.75% to 18.00%	2014	296,535,218
Payable in Mexican Pesos (Mexico)			
Floating rate	9.20% to 10.50%	2006	1,306,400
Payable in Quetzals (Guatemala):			
Floating rate	7.25% to 10.00%	2006	19,080,544
Payable in Lempiras (Honduras):			
Floating rate	7.00% to 15.00%	2024	2,162,679
Payable in Cordobas (Nicaragua):			
Fixed rate	5.00% to 6.53%	2019	1,514,796
Floating rate	7.20%	2006	62,496
Payable in Colones (Costa Rica):			
Fixed rate	17.00%	2005	1,186,383
Floating rate	13.75% to 16.36%	2009	<u>6,772,284</u>
			US\$ <u>343,971,870</u>
	2004		
	<u>Interest Rate</u>	<u>Maturity Various Through</u>	<u>Carrying Amount</u>
Payable in dollars (United States of America):			
Fixed rate	1.25% to 18.00%	2014	US\$ 31,738,922

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Floating rate	1.80% to 5.80%	2011	224,765,056
Payable in Quetzals (Guatemala):			
Floating rate	8.00% to 23.00%	2004	7,507,777
Payable in Lempiras (Honduras):			
Fixed rate	7.00% to 16.00%	2023	1,727,483
Payable in Cordobas (Nicaragua):			
Fixed rate	5.00% to 6.53%	2012	3,500,184
Floating rate	5.55% to 5.83%	2006	245,004
Payable in Colones (Costa Rica):			
Fixed rate	5.00% to 17.60%	2004	11,326,085
Floating rate	14.25% to 17.25%	2009	<u>7,465,438</u>
			US\$ <u>288,275,949</u>

On December 16, 2002, the Company, through a consolidated special purpose entity, issued US\$50,000,000 under its US\$125 million CIC floating-rate trust certificates series 2002-A, due January 8, 2010. As of March 31, 2005 and 2004, the amount outstanding under this program aggregated US\$107,500,000 and US\$105,000,000, respectively. The certificates are issued and managed by CIC Receivables Master Trust for the benefit of the certificate holders. The Master Trust currently holds a 'AAA' rating from Standard & Poor's Rating Services. Such certificates are secured in first degree by future cash flows originating in Guatemala, Honduras, El Salvador, Nicaragua and Costa Rica from merchant vouchers and by a financial guarantee insurance policy provided by Ambac Assurance Corp. (an insurance company holding a 'AAA' financial strength rating from Standard & Poor's) which guarantees timely payment of certificate interest and principal when due. The merchant vouchers are those to be generated by holders of credit cards issued by third-party international financial institutions, under Visa and MasterCard Credit Card Programs, which are being serviced by the Company. The certificates pay interest quarterly the fifth day of each January, April, July and October at a rate of three-month U. S. dollar LIBOR plus a margin (5.06% and 3.51% at March 31, 2005 and 2004, respectively). Principal amortization amounts will be paid to certificate holders beginning on April 7, 2005. The certificates have original duration of 4.68 years. As of March 31, 2005, the remaining duration is 2.55 years.

At March 31, 2005 and 2004, secured borrowings amounted to US\$194,713,030 and US\$182,816,516, respectively, including the amount outstanding under the CIC Receivables Master Trust.

As of March, 31, 2005, secured borrowings include a lease financing arrangement for an aircraft. The lease, with an aggregate outstanding balance of US\$8,004,322 calls for monthly instalments of US\$76,269, to be paid in arrears through January 1, 2015.

At March 31, 2005, the Bank had approximately US\$229,458,917 available in unused lines of credit that expire through 2010, including the unfunded portion of the CIC Receivables Master Trust of US\$17,500,000.

Scheduled maturities of borrowings at March 31, 2005, are as follows:

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<u>Year ending December 31,</u>		
2005	US\$	95,047,046
2006		88,538,842
2007		43,725,842
2008		37,305,507
2009		34,339,027
Thereafter		<u>45,015,606</u>
	US\$	<u>343,971,870</u>