Banco de Credito e Inversiones, S.A.,
Miami Branch
Financial Statements
December 31, 2007 and 2006

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Report of Independent Certified Public Accountants

To the Board of Directors of
Banco de Credito e Inversiones, S.A.

In our opinion, the accompanying statements of assets, liabilities and Head Office equity and the related statements of operations and of cash flows present fairly, in all material respects, the financial position of Banco de Credito e Inversiones, S.A., Miami Branch (the "Branch") at December 31, 2007 and 2006, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles which, as described in Note 1, are generally accepted in Chile. These financial statements are the responsibility of the Branch's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

January 15, 2008

Banco de Credito e Inversiones, S.A., Miami Branch
Statements of Assets, Liabilities and Head Office Equity
(Expressed in U.S. Dollars)
December 31, 2007 and 2006

	2007	2006
Assets		
Cash and due from banks	$ 4,722,146	$ 4,394,774
Federal funds sold and overnight	153,452,314	48,492,952
Cash and due from banks	158,174,459	52,887,726
Loans:		
Commercial and industrial	232,601,352	194,281,535
Trade related	42,023,573	39,936,007
Consumer	1,844,494	10,050,910
Contingencies	24,608,549	15,777,938
Other debtors	4,868	590
	301,082,836	260,046,980
Allowance for loan losses	(1,929,000)	(1,899,000)
Loans, net	299,153,836	258,147,980
Investment securities:		
Trading	20,278,108	50,844,690
Available for sale	50,504,777	40,150,152
	70,782,885	90,994,842
Premises and equipment, net	352,298	351,309
Derivative financial instruments	343,731	588,945
Other assets	444,021,036	279,541,279
Total assets	$ 972,828,245	$ 682,512,081
Liabilities and Head Office Equity		
Deposits and other commitments:		
Demand deposits	$ 45,123,826	$ 38,439,868
Time deposits	641,052,487	374,150,448
Obligations under repurchase agreements	9,180,000	13,749,000
Other sight and term obligations	126,365	119,071
Other unfunded commitments	25,999,739	16,848,139
Other payables	2,435	4,796
Total deposits and other commitments	721,484,852	443,311,322
Borrowings from financial institutions	228,970,935	221,024,332
Derivative financial instruments	-	42,320
Other liabilities	1,305,190	877,446
Total liabilities	951,760,978	665,255,420
Head Office equity:		
Assigned capital	19,413,389	19,413,389
Retained Earnings (Accumulated deficit)	1,544,590	(2,138,627)
Other equity accounts	109,288	(18,101)
Total Head Office equity	21,067,267	17,256,661
	$ 972,828,245	$ 682,512,081

The accompanying notes are an integral part of these financial statements.

Banco de Credito e Inversiones, S.A., Miami Branch
Statements of Operations
(Expressed in U.S. dollars)
Years Ended December 31, 2007 and 2006

	2007	2006
Interest income		
Loans	$ 16,225,999	$ 11,318,386
Other	8,663,573	9,867,987
Total interest income	24,889,572	21,186,373
Commission and other income	24,724,850	15,286,977
Gain on sale of investment securities	-	9,779
Gain on sale of hedged investment securities	-	3,677,033
Gain on sale of foreign exchange contract	-	450,629
Loss on market value adjustment of trading securities	(247,635)	237,316
Gain on market value adjustment of derivatives	1,825,485	2,121,036
Total operating income	51,192,272	42,969,143
Interest expense	40,393,551	29,652,198
Commission expense	907,994	402,555
Loss on sale of hedged securities available for sale	-	447,335
Loss on sale of foreign exchange contract	-	3,677,033
Loss on market value adjustment of derivatives	1,780,147	2,121,036
Total operating expenses	43,081,693	36,300,157
Gross margin	8,110,580	6,668,986
Salaries and employee benefits	2,709,530	2,199,357
Depreciation and amortization	136,299	149,875
Other general and administrative	1,545,452	1,592,426
Net margin	3,719,299	2,727,328
Provision for loan losses	36,082	523,959
Net income	$ 3,683,217	$ 2,203,369

The accompanying notes are an integral part of these financial statements.

Banco de Credito e Inversiones, S.A., Miami Branch
Statements of Cash Flows
(Expressed in U.S. Dollars)
Years Ended December 31, 2007 and 2006

	2007	2006
Cash flows from operating activities		
Net income	$ 3,683,217	$ 2,203,369
Adjustments to reconcile net income to net cash (used in) provided by operating activities		
Depreciation and amortization	136,299	149,875
Provision for loan losses	36,082	523,959
Net unrealized loss (gain) on investment securities	247,635	(237,316)
Net premium amortization on investment securities	166,944	363,558
Net unrealized gain on derivatives	(45,338)	-
Gain on sale of investment securities	-	(3,686,812)
Loss on sale of investment securities	-	447,335
Changes in assets and liabilities		
Net change in interest on assets and liabilities	(2,582,365)	(445,026)
Other assets	(163,899,141)	12,446,140
Other unfunded commitments, net of contingencies	9,151,600	(704,101)
Other liabilities	427,744	(2,232,248)
Other payables	(2,361)	(8,648)
Net cash (used in) provided by operating activities	(152,679,684)	8,820,085
Cash flows from investing activities		
Net decrease in investment securities	19,918,280	38,555,457
Net increase in loans	(40,434,461)	(87,647,159)
Capital expenditures, net	(137,288)	(133,357)
Net cash used in investing activities	(20,653,469)	(49,225,059)
Cash flows from financing activities		
Increase (decrease) in demand deposits	6,677,883	(7,884,348)
(Decrease) Increase in time deposits	268,138,506	(23,168,775)
Increase in other sight and term obligations	504,705	33,222
(Decrease) increase in obligations under repurchase agreements	(4,569,000)	4,913,000
Increase in borrowings from financial institutions	7,867,792	30,050,934
Net cash provided by financing activities	278,619,886	3,944,033
Net increase (decrease) in cash and due from banks	105,286,733	(36,460,941)
Cash and due from banks, beginning of the year	52,887,726	89,348,667
Cash and due from banks, end of the year	$ 158,174,459	$ 52,887,726

The accompanying notes are an integral part of these financial statements.

1. Nature of Business and Summary of Significant Accounting Policies

Banco de Credito e Inversiones, S.A., Miami Branch (the "Branch"), is a branch of Banco de Credito e Inversiones, S.A. (the "Head Office"), a commercial bank incorporated in Santiago, Chile on April 20, 1937. The Branch was originally licensed as an international banking agency by the Department of Banking and Finance of the State of Florida (the "Department") on May 10, 1999 and began operations on May 17, 1999. On December 3, 2001, the Department approved the conversion of the existing international banking agency license to an international banking branch license. An international bank branch has the flexibility in terms of its ability to receive deposits from citizens and residents of the United States of America. The Branch is not a separately incorporated legal entity and conducts general banking business providing a full range of banking services to domestic and foreign individual and corporate customers principally from Latin America.

The following is a description of the significant accounting policies and practices followed by the Branch, which conform with accounting principles generally accepted in Chile and rules and regulations issued by the Superintendency of Banks and Financial Institutions of Chile (the "Banking Superintendency").

Basis of Presentation

The financial statements have been prepared from the records of the Branch, which contain evidence that transactions have been entered into and recorded locally. Because the Branch is part of the Head Office, its financial statements do not necessarily reflect all allocations to or from Head Office or other financial matters that may be applicable to the Branch. Further, because of the relationship with the Head Office, it is possible that the transactions recorded locally may not be the same as transactions among wholly unrelated parties.

Income Recognition

Interest income is recognized on the accrual basis.

Loans, investments and deposit liabilities include their respective accrued interest receivable and payable at year-end.

Investments

The Branch classifies its securities as available for sale or trading with distinct accounting treatment for each classification. Securities available for sale are carried at fair value with unrealized gains and losses included in other comprehensive income in Head Office equity. Trading securities are also carried at fair value with realized and unrealized gains and losses included in the results of operations as trading gains or losses.

Premium or discount on investment securities is amortized or accrued, respectively, over the life of the security using the straight line method as an adjustment to the yield.

Loans and Allowance for Loan Losses

Loans are stated at the amount of unpaid principal plus accrued interest, reduced by an allowance for loan losses in accordance with regulations established by the Banking Superintendency. Interest on loans is calculated using the interest method on the daily balances of the outstanding principal amount. Accrual of interest is discontinued on a loan when management believes, after considering economic and business conditions and the results of collection efforts, that the borrower's financial condition is such that collection of interest or principal is doubtful or when a loan becomes contractually past due 90 days or more with respect to interest or principal.

The provision for loan losses is the amount which is required to bring the allowance for loan losses to a level which, in management's judgment, will be adequate to absorb losses on existing loans. If future events result in deterioration of the loan portfolio, additional provisions will be made as the facts become evident.

Disclosure of Significant Concentrations of Credit Risk
Concentrations of credit risk arise when assets are concentrated in similar instruments, business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The Branch has investments and loans in the U.S. and Latin America (see Note 5).

The Branch provides a full range of banking services to foreign individuals, foreign and domestic financial institutions and corporations within the public, private and financial sectors. Generally, Latin American and Caribbean deposits provide most of the Branch's liquidity. Accordingly, the Branch's funding is susceptible to changes in certain Latin American countries' economies.

Premises and Equipment
Premises and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation is computed by the straight-line method over the estimated useful lives of the related assets.

Foreign Currency Transactions
Substantially all operational financial instruments of the Branch are denominated in US dollars. Foreign currencies are translated into US dollars using year-end rates of exchange. Income and expense amounts are translated based on the rate in effect at the end of the month in which the individual transactions are recorded.

Income Taxes
The Branch is subject to United States of America and Florida income taxes. The Branch applies the accounting criteria set out in Technical Bulletins No. 60 and 69 of the Chilean Institute of Accountants which requires that the effects of deferred taxes are shown on the accrual basis of accounting.

Derivative Financial Instruments
The Branch uses derivative financial instruments for the purpose of managing its exposure to adverse fluctuations in interest rates and foreign exchange rates. Fair value hedges are used to limit the Branch's exposure to total changes in the fair value of its fixed interest-earning assets or interest-bearing liabilities that are due to interest rate or foreign exchange volatility. Cash flow hedges are used to minimize the variability in cash flows of interest-earning assets or interest-bearing liabilities or forecasted transactions caused by interest rate or foreign exchange fluctuation. Changes in the fair value of derivatives designated for hedging activities are recorded in earnings or equity, depending on whether the hedging relationship satisfies the criteria for a fair value or cash flow hedge, respectively. All financial derivatives are recognized on the balance sheet at fair value.

The Branch designates at inception whether the derivative contract is considered hedging or non-hedging for accounting purposes. Non-hedging derivatives held for trading purposes are included in the Branch's trading portfolio with changes in fair value reflected in earnings. As of December 31, 2006 and 2007, the Branch did not have any non-hedging derivatives.

Borrowings from Financial Institutions
Borrowings from financial institutions are stated at the amount of unpaid principal plus accrued interest.

Interest Rate Risk
The Branch's performance is dependent to a large extent on its net interest income, which is the difference between interest income on interest-earning assets and interest expense on interest-bearing liabilities. The Branch, like most financial institutions, is affected by changes in general interest rate levels and by other economic factors beyond its control. Interest rate risk arises from mismatches between the dollar amount of repricing or maturing assets and liabilities, and is measured in terms of the ratio of the interest rate sensitivity gap to total assets. More assets repricing or maturing than liabilities over a given time frame is considered asset-sensitive, or a positive gap, and more liabilities repricing or maturing than assets over a given time frame is considered liability-sensitive, or a negative gap. An asset-sensitive position will generally enhance earnings in a rising interest rate environment and will negatively impact earnings in a falling interest rate environment, while a liability-sensitive position will generally enhance earnings in a falling interest rate environment and negatively impact earnings in a rising interest rate environment. Fluctuations in interest rates are not predictable or controllable. The Branch has attempted to structure its asset and liability management strategies to mitigate the impact on net interest income of changes in market interest rates.

Reclassifications
Certain reclassifications have been made to the December 31, 2006 financial statements to conform with current presentation.

2. Transactions with Head Office, Branches and Affiliates

In accordance with the General Banking Law and Banking Superintendency instructions, related parties are those persons or entities directly or indirectly connected with the Branch's management or ownership.

(Expressed in U.S. Dollars)

Balances with Head Office, branches and affiliates as of December 31, 2007 and 2006 are as follows:

	Entity	2007	2006
Assets:			
Loans	Head Office	$ 11,128,362	$ 2,562,118
	Bci Factoring, S.A.	21,746	57,464
Other assets	Head Office	438,833,899	276,400,061
	Bci Corredora de Bolsa, S.A.	197,652	353,259
Total related party assets		450,181,658	279,372,902
Liabilities and Head Office Equity:			
Demand deposits	Head Office	8,835,915	7,329,746
	Bci Administradora de Fondos Mutuos, S.A.	7,846	7,886
	Bci Corredora de Bolsa, S.A.	16,520	26,565
Time deposits	Bci Corredora de Bolsa, S.A.	110,000	-
Other unfunded commitments	Head Office	11,126,813	2,543,841
Other Payable	Bci Factoring, S.A.	6,825	3,530
Other liabilities	Head Office	263,015	22,947
Total related party liabilities		20,366,934	9,934,515
Head Office equity	Head Office	21,067,267	17,256,661
Total liabilities and Head Office equity		41,434,201	27,191,176
Net related party asset position		$ 408,747,457	$ 252,181,726
Interest income		$ 23,147,656	$ 14,151,245
Interest expense		$ 761,492	$ 476,394
Non-interest income		$ 13,260	$ 37,756
Non-interest expense		$ 146,392	$ 15,781

In prior years, the Branch entered into a repurchase agreement with Head Office and one of its subsidiaries, which states that certain loans amounting to $451,000 and $1,351,000 at December 31, 2007 and 2006, respectively, would be sold to Head Office if they became uncollectible.

The Branch has entered into a series of interest rate swaps with Head Office. The Branch uses these derivative financial instruments to manage its exposure to adverse fluctuations in interest rates. Under the terms of these interest rate swaps, the Branch agrees to exchange, at specified intervals, the difference between the fixed-rate of the hedged financial instrument and floating-rate interest amounts calculated by reference to an agreed notional amount. The terms of the interest rate swaps provide for the Branch to receive a floating rate of interest based on the London Interbank Offered Rate ("LIBOR") and to pay a fixed interest rate. See Note 12 for commission income and expense related to these swaps.

Time deposits due from Head Office amounted to approximately $438,000,000 as of December 31, 2007. These time deposits are short term and earn interest at the weighted average of 5.56% for the year ended December 31, 2007

(Expressed in U.S. Dollars)

The Branch is exposed to credit loss if: (i) the counterparty to the interest rate swaps does not performed or (ii) the floating interest rate received by the Branch is less than the fixed interest rate paid by it.

The terms of the outstanding interest rate swaps at December 31, 2007 are as follows:

Contract Number	Maturity	Notional	Pay Fixed Rate	Receive Floating Rate	Estimated Fair Value
1	October-10	$ 2,164,999	4.530%	30-day Libor	$ 2,146,859
2	December-10	956,204	4.770%	30-day Libor	940,320
3	December-10	1,240,626	4.795%	30-day Libor	1,228,728
4	January-11	346,620	4.840%	30-day Libor	341,814
5	June-13	282,049	6.270%	30-day Libor	269,185
6	December-13	189,826	6.300%	30-day Libor	180,529
7	June-14	1,062,209	6.330%	30-day Libor	1,006,671
8	July-14	14,000,000	4.965%	180-day Libor	13,622,481
	Sub-total	20,242,534			19,736,587
Contract Number	**Maturity**	**Notional**	**Receive Fixed Rate**	**Pay Floating Rate**	**Estimated Fair Value**
9	July-14	$ 14,000,000	5.050%	180-day Libor	$ 14,422,857
	Total	$ 34,242,534			$ 34,159,445

Interest rate swaps outstanding during the year had the effect of decreasing net interest income by approximately $37,000 and $25,000 for the year ended December 31, 2007 and 2006 respectively.

(Expressed in U.S. Dollars)

3. Allowance for Loan Losses

At December 31, 2007 and 2006, the Branch held provisions for doubtful assets amounting to $1,929,000 and $1,899,000, respectively, corresponding to the minimum requirements of the Banking Superintendency for covering potential losses. Changes in these provisions during 2007 and 2006 were as follows:

	Allowance for		
	Loans	Other Assets	Total
Balance, January 1, 2006	$ 1,470,000	$ -	$ 1,470,000
Provision charged to operations	523,959	-	523,959
Loan charge offs	(94,959)	-	(94,959)
Balance, December 31, 2006	1,899,000	-	1,899,000
Provision charged to operations	36,082	-	36,082
Loan charge offs	(6,082)	-	(6,082)
Balance, December 31, 2007	$ 1,929,000	$ -	$ 1,929,000

Based on the evaluation of available information, it is the opinion of the Branch's management that the above provisions are sufficient to cover inherent losses currently existing in the loan portfolio.

(Expressed in U.S. Dollars)

4. Head Office Equity

The following summarizes the activity in Head Office equity during the years ended December 31, 2007 and 2006:

	Assigned Capital	Accumulated Losses	Other Equity Accounts	Total Head Office Equity
Balance, January 1, 2006	$ 19,413,389	$ (4,341,996)	$ (143,697)	$ 14,927,696
Net gain	-	2,203,369		2,203,369
Change in fair value of investment securities available for sale	-	-	125,596	125,596
Balance, December 31, 2006	19,413,389	(2,138,627)	(18,101)	17,256,661
Net gain	-	3,683,217		3,683,217
Change in fair value of investment securities available for sale	-	-	127,389	127,389
Balance, December 31, 2007	$ 19,413,389	$ 1,544,590	$ 109,288	$ 21,067,267

5. Investment Securities

The amortized cost and estimated fair value of investment securities at December 31, 2007 and 2006 are summarized as follows:

Trading

	Amortized	Gross Unrealized		Carrying
December 31, 2007	Cost	Gains	Losses	Value
Foreign debt securities from private sector	20,374,062	8,011	(103,965)	20,278,108
	$ 20,374,062	$ 8,011	$ (103,965)	$ 20,278,108
December 31, 2006				
U.S. Government agency debt securities	$ 30,193,765	$ -	$ (59,719)	$ 30,134,046
Foreign debt securities from private sector	20,499,244	211,400	-	20,710,644
	$ 50,693,009	$ 211,400	$ (59,719)	$ 50,844,690

(Expressed in U.S. Dollars)

Available for Sale

December 31, 2007	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Carrying Value
U.S. Government agency debt securities	$ 30,334,957	$ 109,288	$ -	$ 30,444,245
Student loan asset backed securities	20,060,532	-	-	20,060,532
	$ 50,395,489	$ 109,288	$ -	$ 50,504,777

December 31, 2006	Cost	Gains	Losses	Value
U.S. Government agency debt securities	$ 15,024,636	$ -	$ (10,268)	$ 15,014,368
Student loan asset backed securities	19,994,194	-	-	19,994,194
Foreign debt securities from private sector	5,149,423	-	(7,833)	5,141,590
	$ 40,168,253	$ -	$ (18,101)	$ 40,150,152

At December 31, 2007 and 2006, investment securities totaling $9,180,000 and $13,749,000 are pledged as collateral for securities sold under agreements to repurchase.

6. Structured Certificates of Deposit

In November 2004, the Branch issued to its customers a three-year 100% Principal Guaranteed Indexed Linked Nonnegotiable Certificate of deposit in an amount of $8,234,000 included in Time deposits. These certificates pay principal and interest at maturity and payment of interest is directly contingent upon the performance of the Dow Jones Global Titan 50 index, with a guaranteed minimum of 5% flat total interest payable. At the same time, the Branch entered into an option contract with Societe Generale Americas Securities, LLC with a notional amount equal to the amount of structured deposits issued to the customers that entitled the Branch to receive payments based on identical terms and conditions included in the structured deposits. During 2007, these certificates of deposit matured and their related options were liquidated at market value reducing the balance outstanding as of December 31, 2007.

During 2006, the Branch issued to its customers a thirty-month 100% Principal Guaranteed Indexed Linked Non-negotiable Certificate of deposit in an amount of $18,502,024 included in Time deposits. These certificates pay principal and interest at maturity and payment of interest is calculated based on 90% of the performance of the best performing strategy, with no guaranteed minimum interest payable. There are three strategies (aggressive, balanced, and conservative) which are linked to the Standard and Poor 500 Composite Return Price Index, the AGG Bond Exchange Traded Fund, the Dow Jones – AIG Commodity Index, and the HFRX Global Hedge Fund Index. At the same time, the Branch entered into an option contract with Bear, Stearns & Co. Inc. with a notional amount equal to the amount of structured deposits issued to the customers that entitled the Branch to receive payments based on identical terms and conditions included in the structured deposits.

During 2007, the Branch issued to its customers two additional Structured Certificates of Deposit. The first issued during June 2007, is a twenty-three month 100% Principal Guaranteed major Equity Indices Basket Non-negotiable Certificate of Deposit in an amount of $26,000,000 included in Time Deposits. These certificates pay principal and interest at maturity and payment of interest is calculated based on a percentage equal to the sum of one fourth (1/4th) times the performance of each Index during the Term of the Certificate of Deposit. The Certificates of Deposit are linked to the performance of the Standard and Poors 500 Composite Return Price Index; the NIKKEI-225 Stock Average, the Dow Jones Euro Stoxx 50 Price Index and the Swiss Market Index. At the same time, the Branch entered into an option contract with Bear, Stearns & Co. Inc. with a notional amount equal to the amount of structured deposits issued to the customers that entitled the Branch to receive payments based on identical terms and conditions included in the structured deposits.

(Expressed in U.S. Dollars)

The second Structured Certificate of Deposit, issued by the Branch to its customers in September 2007, is a thirty month 100% principal guaranteed Non-negotiable Certificate of Deposit in an amount of $14,900,000 included in Time Deposits. The Certificates of Deposit are linked to the performance of the Standard and Poors 500 Composite Return Price Index; the NIKKEI-225 Stock Average, the Dow Jones Euro Stoxx 50 Price Index, the Swiss Market Index, the iShares S&P Latin American 40 Index Fund; the S&P CNX Nify Index, the CECEEUR-CECE Traded Index and the Hang Seng China Enterprises Index. The return percentage will be a percentage equal to the sum of one eight (1/8th) times the performance of each Index during the Term times sixty eight percent (68%). At the same time, the Branch entered into an option contract with J.P. Morgan Chase Bank, N.A. whereby the option's notional amount ($9,996,000) is equal to sixty eight percent (68%) of the principal balance of the Certificate of Deposits. The return on investment is calculated based on a percentage equal to the sum of one eight (1/8th) times the performance of each Index determined at the exercise date.

7. Borrowings from Financial Institutions

On November 4, 2005, Head Office acting through the Branch entered into a credit agreement with a group of financial institutions to borrow $190,000,000. The facility matures on November 4, 2010 and bears an interest rate equal to six-month LIBOR plus 25 basis points. This rate at December 31, 2007 equals 5.11%.

8. Maturities of Assets and Liabilities

Maturities of Loans and Investments

The following is a summary of loans and investments at December 31, 2007 classified by the remaining term to maturity. The amounts include accrued interest to the year-end.

	Up to one year	1-3 years	3-6 years	Over 6 years	Total
Loans					
Commercial and industrial	$ 55,403,282	$ 87,340,382	$ 74,351,229	$ 15,506,459	$ 232,601,352
Trade related	41,817,711	205,862	-	-	42,023,573
Consumer	682,067	13,908	1,148,519	-	1,844,494
Contingencies	23,256,277	1,352,273	-	-	24,608,549
Other debtors	4,868	-	-	-	4,868
Investments					
Trading securities	-	20,278,108	-	-	20,278,108
Available for sale securities	20,060,532	-	30,444,245	-	50,504,777
	$ 141,224,736	$ 109,190,533	$ 105,943,993	$ 15,506,459	$ 371,865,721

At December 31, 2007, foreign corporate debt held in trading securities with a fair value of approximately $20,000,000 and loans of approximately $187,000,000 are floating instruments, which bear interest at rates that are adjusted primarily on a quarterly basis based on LIBOR.

The above schedule includes assets with maturities falling within the periods indicated and consequently does not include cash, contingent assets and other assets.

(Expressed in U.S. Dollars)

Maturities of Deposits and Other Obligations
The following is a summary of deposits and other obligations at December 31, 2007, classified by the remaining term to maturity. The amounts include accrued interest to the year-end.

	Up to one year	1-3 years	3-6 years	Over 6 years	Total
Deposits and Other Obligations					
Time deposits	$ 580,029,695	$ 58,816,022	$ 2,036,804	$ -	$ 640,882,522
Obligations under repurchase agreements	9,180,000	-	-	-	9,180,000
Other term obligations	126,365	-	-	-	126,365
Borrowings from financial institutions	36,928,558	192,042,377	-	-	228,970,935
	$ 626,264,618	$ 250,858,399	$ 2,036,804	$ -	$ 879,159,821

The above schedule excludes all demand deposits, unfunded commitments, sight obligations, contingent liabilities and other liabilities.

9. Foreign Currency Balances

Balances denominated in foreign exchange currencies translated into US dollars using exchange rates at December 31, 2007 are as follows:

Assets	
Cash and due from banks	$ 475,282
Loans:	
Trade related	635,007
Investments:	
Time deposits due from banks	41,052,336
Total assets	$ 42,162,624
Liabilities and Head Office Equity	
Deposits and other commitments:	
Demand deposits	$ 236,346
Time deposits	4,219,070
Borrowings from financial institution	37,514,585
Total liabilities and commitments	41,970,002
Net asset position	$ 192,623

(Expressed in U.S. Dollars)

10. Derivative Instruments

At December 31, 2007 and 2006, the Branch has the following derivative instruments:

	Flow hedge (FH) or Fair Value (FV)	Notional amount		Gross Unrealized	
		Up to 3 Months	Over 3 Months	Gain	Loss
December 31, 2007					
(1) Structured CD Options	FV	$ -	$ 53,748,024	$ 707,966	$ (538,000)
(2) Interest Rate Swaps	FV		34,242,534	422,857	(505,946)
		$ -	$ 87,990,558	$ 1,130,823	$ (1,043,947)
December 31, 2006					
(1) Structured CD Options	FV	$ -	$ 24,786,024	$ 680,306	$ (91,362)
(2) Interest Rate Swaps	FV	-	6,317,258	42,320	-
		$ -	$ 31,103,282	$ 722,626	$ (91,362)

(1) See note 6
(2) See note 2

11. Memorandum Accounts

The Branch has recorded in its memorandum accounts the following commitments or obligations in the ordinary course of business.

	2007	2006
Securities in custody	$ 11,004,565	$ 9,531,034
Unconfirmed letters of credit	$ 2,553,231	$ 526,146
Interest rate swaps (notional value)	$ 34,242,534	$ 6,317,258
Options (notional value)	$ 53,748,024	$ 24,786,024

The above includes only the most significant balances. Contingent assets and liabilities are shown in the Statement of Assets, Liabilities and Head Office Equity.

(Expressed in U.S. Dollars)

The Branch leases its office space and other property under various operating leases. The total future minimum annual lease payments under operating lease agreements are as follows:

Years ending December 31,	Minimum Rental Payments
2008	$ 289,488
2009	294,563
2010	290,589
2011	299,316
2012 and thereafter	414,159
	$ 1,588,116

Rent expense was approximately $272,000 for the year ended December 31, 2007 and $282,000 for the year ended December 31, 2006.

12. Commissions and Other Income, and Commission Expense

The amounts of commission and other income and commission expense as shown in the Statement of Operations, relate to the following:

	2007		2006	
	Commissions and Other Income	Commissions Expense	Commissions and Other Income	Commissions Expense
Income on placement with Head Office	$ 22,542,390	$ -	$ 13,789,370	$ -
Derivative instruments	846,825	809,484	362,413	336,461
Letters of credit, guarantees and other contingent operations	449,201	-	283,105	-
Checks and funds transfers	142,493	-	115,895	-
Loan processing fees and commissions	354,995	-	247,724	-
Account service charges	301,598	-	85,448	-
Securities held for customers	7,039	-	3,988	-
Foreign exchange gain or loss	24,552	-	18,464	-
Other	55,758	98,511	380,570	66,094
Total	$ 24,724,850	$ 907,994	$ 15,286,977	$ 402,555

(Expressed in U.S. Dollars)

13. Directors' Expenses

There were no Director expenses paid by the Branch in 2007 and 2006.

14. Income Taxes

The major permanent differences between the results in operations and U.S. taxable income are non-effectively connected income and interest expense disallowance. At December 31, 2007, the Branch had federal tax loss carryforwards available to reduce future taxable income of approximately $7,300,000. The net operating loss carryforwards will expire as follows:

Year of Expiration	
2020	$ 2,793,000
2021	1,212,000
2022	1,076,000
2023	232,000
2024	1,257,000
2025	449,000
2026	281,000
	$ 7,300,000

Management has determined that based on the weight of available evidence, that it is more likely than not that some portion or all of the deferred tax asset will not be realized, therefore, a valuation allowance has been established to offset the deferred tax asset amounting to $2,600,000.

15. Regulatory Matters

The State of Florida's Department of Banking and Finance requires international banking branches to maintain assets, excluding accrued income and amounts due from affiliates, equal to 107% of liabilities, as defined by the Department ("Asset Maintenance Requirements"). As an alternative, the Department may, by rule, permit an international banking Branch to maintain dollar deposits or investment securities ("Capital Equivalency"), in an amount specified by the Department, in a state bank. The amount of such dollar deposits or investment securities shall equal, at a minimum, the greater of $4,000,000 or 7% of the international banking Branch's total liabilities, as defined by the Department. At December 31, 2007 and 2006, the Branch was in compliance with the Asset Maintenance Requirements.

16. Employee Benefit Plan

The Branch has implemented a 401(k) profit sharing and retirement plan. Employees who are 21 years of age and who have completed three months of service are eligible to participate as of the entry date (January 1 and July 1 of each calendar year). The Branch made total contributions of approximately $32,000 during 2007 and 2006, respectively.

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