

Program Information

BANCO LATINOAMERICANO DE COMERCIO EXTERIOR, S.A.

PROGRAM INFORMATION

Type of Information:	Program Information
Date of Announcement	October 19, 2015
Issuer Name:	Banco Latinoamericano de Comercio Exterior, S.A.
Name and Title of Representative:	Rubens V. Amaral Jr. Chief Executive Officer
Address of Head Office:	Torre V, Business Park, Avenida La Rotonda Urb. Costa del Este, P.O. Box 0819-08730 Panama City, Republic of Panama
Telephone:	+507-210-8500
Contact Person:	Attorneys-in-Fact: Masaki Konishi, Attorney-at-law Motoki Saito, Attorney-at-law Nagashima Ohno & Tsunematsu Address: JP Tower, 2-7-2 Marunouchi, Chiyoda-ku, Tokyo 100-7036, Japan Telephone: +81-3-6889-7000
Type of Securities:	Notes
Scheduled Issuance Period:	October 20, 2015 to October 19, 2016
Maximum Outstanding Issuance Amount:	U.S.\$2,250,000,000
Address of Website for Announcement:	http://www.jpx.co.jp/english/equities/products/tpbm/announcement/index.html
Names of the Arrangers (for the purpose of this Program Information):	Mizuho International plc and Morgan Stanley & Co. International plc
Status of Submission of Annual Securities Reports or Issuer Filing Information:	None

Notes to Investors:

1. TOKYO PRO-BOND Market is a market for professional investors, etc. (*Tokutei Toushika tou*) as defined in Article 2, Paragraph 3, Item 2(b)(2) of the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "FIEA") (the "**Professional Investors, Etc.**"). Notes listed on the market ("**Listed Notes**") may involve high investment risk. Investors should be aware of the listing eligibility and timely disclosure requirements that apply to issuers of Listed Notes on the TOKYO PRO-BOND Market and associated risks such as the fluctuation of market prices and shall bear responsibility for their investments. Prospective investors should make investment decisions after having carefully considered the contents of this Program Information.
2. Where this Program Information contains (a) any false statement on important matters, or (b) lacks information on: (i) important matters that should be announced or (ii) a material fact that is necessary to avoid misleading content, a person who, at the time of announcement of this Program Information, is an officer (meaning an officer stipulated in Article 21, Paragraph 1 of the FIEA (meaning a director of the board (*torishimari-yaku*), accounting advisor (*kaikei-sanyo*), company auditor (*kansa-yaku*) or executive officer (*shikkou-yaku*), or a person equivalent to any of these) of the issuer that announced the Program Information shall be liable to

compensate persons who acquired the securities for any damage or loss arising from the false statement or lack of information in accordance with the provisions of Article 21, Paragraph 1, Item 1 of the FIEA applied mutatis mutandis in Article 27-33 of the FIEA and Article 22 of the FIEA applied mutatis mutandis in Article 27-34 of the FIEA. However, this shall not apply to cases where the person who acquired the securities was aware of the existence of the false statement or the lack of information at the time of subscription for acquisition of the securities. Additionally, the officer shall not be required to assume the liability prescribed above, where he/she proves that he/she was not aware of, and was unable to obtain knowledge of, even with reasonable care, the existence of the false statement or the lack of information.

3. The regulatory framework for TOKYO PRO-BOND Market is different in fundamental aspects from the regulatory framework applicable to other exchange markets in Japan. Investors should be aware of the rules and regulations of the TOKYO PRO-BOND Market, which are available on the Tokyo Stock Exchange website.
4. Tokyo Stock Exchange does not express opinions or issue guarantees, etc. regarding the content of the Program Information (including but not limited to, whether the Program Information contains (a) a false statement or (b) lacks information on: (i) important matters that should be announced or (ii) a material fact that is necessary to avoid misleading content) and shall not be liable for any damage or loss.
5. Where this Program Information (excluding Program Information concerning securities enumerated in each item of Article 3 of the FIEA) comes to include information regarding matters listed in this Form pursuant to Rule 206, Paragraph 2 of the Special Regulations of Securities Listing Regulations Concerning Specified Listed Securities (hereinafter referred to as the "**Special Regulations**") as information prescribed in Article 2, Paragraph 1, Item 1 of the Cabinet Office Ordinance on Provision and Publication of Information on Securities, etc., the Program Information shall constitute Specified Securities Information stipulated in Article 27-31, Paragraph 1 of the FIEA.
6. All prospective investors who purchase the Notes of Banco Latinoamericano de Comercio Exterior, S.A. (the "**Issuer**") to be issued under this Program Information (the "**Notes**") should be aware that when they offer to purchase the Notes, they shall be required to (i) enter into and agree the terms of a transfer restriction agreement with the Issuer and/or the person making a solicitation, or (ii) (in case of an offer to acquire the Notes to be newly issued) agree to comply with the terms of a transfer restriction that is described as constituting the terms of the Notes or the conditions of the transaction for the Notes in a document describing the information on the Notes and is explained by a financial instrument business operator, etc. (*kinyushohin torihikigyosha tou*) making a solicitation. The terms of such transfer restriction agreement or transfer restriction provide that prospective investors agree not to sell, transfer or otherwise dispose of the Notes to be held by them to any person other than the Professional Investors, Etc., except for the transfer of the Notes to the following:
 - (a) the Issuer, or the Officer (meaning directors, company auditors, executive officers or persons equivalent thereto) thereof who holds shares or equity pertaining to voting rights exceeding 50% of all the voting rights in the Issuer which is calculated by excluding treasury shares or any non-voting rights shares (the "**Voting Rights Held by All the Shareholders, Etc.**" (*SouKabunushi Tou no Giketsuken*)) (as prescribed in Article 29-4, Paragraph 2 of the FIEA; the same shall apply hereinafter) of the Issuer under his/her own name or another person's name (hereinafter such Officer shall be referred to as the "**Specified Officer**" (*Tokutei Yakuin*) in this Paragraph), or to a juridical person (excluding the Issuer) whose shares or equity pertaining to voting rights exceeding 50 % of the Voting Rights Held by All the Shareholders, Etc. are held by the Specified Officer (the "**Controlled Juridical Person, Etc.**") (*Hi-Shihai Houjin Tou*) including a juridical person (excluding the Issuer) whose shares or equity pertaining to voting rights exceeding 50% of the Voting Rights Held by All the Shareholders, Etc. are jointly held by the Specified Officer and the Controlled Juridical Person, Etc. (as prescribed in Article 11-2, Paragraph 1, Item 2 (c) of the Cabinet Office Ordinance on Definitions under Article 2 of the Financial Instruments and Exchange Act (MOF Ordinance No.14 of 1993, as amended)); or
 - (b) a company that holds shares or equity pertaining to voting rights exceeding 50 % of the Voting Rights Held by All the Shareholders, Etc. of the Issuer in its own name or another person's name.
7. When (i) a solicitation of an offer to acquire the Notes or (ii) an offer to sell or a solicitation of an offer to purchase the Notes (collectively, "**Solicitation of the Note Trade**") is made, the following matters shall be notified from the person who makes such Solicitation of the Note Trade to the person to whom such Solicitation of the Note Trade is made in accordance with the FIEA and regulations thereunder (as amended from time to time):
 - (a) no securities registration statement (pursuant to Article 4, Paragraphs 1 through 3 of the FIEA) has

been filed with respect to the Solicitation of the Note Trade;

- (b) the Notes fall, or will fall, under the Securities for Professional Investors (*Tokutei Tōshika Muke Yukashoken*) (as defined in Article 4, Paragraph 3 of the FIEA);
 - (c) any acquisition or purchase of the Notes by such person pursuant to any Solicitation of the Note Trade is conditional upon such person (i) (x) entering into an agreement providing for the restriction on transfer of the Notes as set forth in 6 (i) above with each of the Issuer and the person making such Solicitation of the Note Trade, or (y) agreeing to comply with the transfer restriction as set forth in 6 (ii) above (in the case of a solicitation of an offer to acquire the Notes to be newly issued), or (ii) entering into an agreement providing for the restriction on transfer of the Notes as set forth in 6 (i) above with the person making such Solicitation of the Note Trade (in the case of an offer to sell or a solicitation of an offer to purchase the Notes already issued) ;
 - (d) Article 4, Paragraphs 3, 5 and 6 of the FIEA will be applicable to such certain solicitation, offers and other activities with respect to the Notes as provided in Article 4, Paragraph 2 of the FIEA;
 - (e) the Specified Securities Information, Etc. (*Tokutei Shouken Tou Jouhou*) (as defined in Article 27-33 of the FIEA) with respect to the Notes and the Issuer Information, Etc. (*Hakkosha Tou Jouhou*) (as defined in Article 27-34 of the FIEA) with respect to the Issuer have been or will be made available for the Professional Investors, Etc. by way of such information being posted on the web-site maintained by the TOKYO PRO-BOND Market (<http://www.jpx.co.jp/english/equities/products/tpbm/announcement/index.html> or any successor website) in accordance with Articles 210 and 217 of the Special Regulations of Securities Listing Regulations Concerning Specified Listed Securities of Tokyo Stock Exchange, Inc.; and
 - (f) the Issuer Information, Etc. will be provided to the holders of the Notes or made public pursuant to Article 27-32 of the FIEA
8. In respect of the U.S. \$2,250,000,000 Euro Medium Term Note Program of the Issuer (the “**Euro MTN Program**”) under which the Notes may be issued in connection with this Program Information, ratings of (P)Baa2 (long-term foreign currency senior unsecured debt) and (P)Prime-2 (short-term foreign currency unsecured debt) were assigned from Moody's Investors Service, Inc. ("Moody's") on May 8, 2013. The credit rating firm has not been registered under Article 66-27 of the FIEA.

Unregistered credit rating firms are not subject to any supervision of the Financial Services Agency of Japan or regulations applicable to credit rating firms, including obligations to disclose information, nor obligated to publicize information regarding such matters as listed in Article 313, Paragraph 3, Item 3 of the Ordinance of the Cabinet Office Concerning Financial Instruments Business, Etc. (the “**Cabinet Office Ordinance**”).

Moody's has Moody's Japan K.K. (registration number: Commissioner of Financial Services Agency (kakuzuke) No. 2) within its group as registered credit rating firm under Article 66-27 of the FIEA, and Moody's is a specified affiliated corporation (as defined in Article 116-3, Paragraph 2 of the Cabinet Office Ordinance) of the registered credit rating firm above. The basis, meaning and limitations of the credit ratings given by Moody's are made available in the Japanese language on the website of Moody's Japan K.K., at "Basis, Meaning and Limits of Credit Ratings" posted under "Related to Explanations of Unregistered Credit Ratings" in the column titled "Use of Ratings by Unregistered Firm" on the page titled "Credit Rating Business" on its website (https://www.moody's.com/pages/default_ja.aspx), which is made available for the public on the Internet.

9. The selling restrictions set forth in notes 6 and 7 above shall prevail over those set forth in the section entitled "SUBSCRIPTION AND SALE – Japan" in the Base Prospectus dated June 16, 2015 prepared in connection with the Euro MTN Program (the “**Base Prospectus**”) incorporated in this Program Information.
10. The following documents shall be incorporated in, and to form a part of, the Program Information:
- (a) The Base Prospectus;
 - (b) The report on Form 6-K relating to the unaudited consolidated balance sheet as of June 30, 2015 and December 31, 2014 and related unaudited consolidated statements of income, comprehensive income, stockholders' equity and redeemable noncontrolling interest and cash flows for the three and six months ended June 30, 2015 and 2014 filed by the Issuer with the United States Securities and Exchange Commission (the “**U.S.SEC**”); and

- (c) All subsequent annual reports filed on Form 20-F and all subsequent reports on Form 6-K filed by the Issuer with the U.S.SEC.

The reports set forth in (b) and (c) above are available on the web site of the U.S.SEC at www.sec.gov.



Banco Latinoamericano de Comercio Exterior, S.A.

(incorporated under the laws of the Republic of Panama)

U.S.\$2,250,000,000

Euro Medium Term Note Program

Due from 7 days to 30 years from the Date of Issue

Arranger:

BofA Merrill Lynch

Dealers:

Banco Bilbao Vizcaya Argentaria, S.A.

BofA Merrill Lynch

Citigroup

Crédit Agricole CIB

Deutsche Bank Securities

J.P. Morgan

Mizuho Securities

Nomura

SMBC Nikko

UBS Investment Bank

Barclays

BNP PARIBAS

Commerzbank

Credit Suisse

HSBC

MUFG

Mizuho Securities

Santander

Standard Chartered Bank

The date of this Base Prospectus is June 16, 2015.

This Base Prospectus supersedes in its entirety the Base Prospectus dated June 12, 2014.

Banco Latinoamericano de Comercio Exterior, S.A. ("Bladex," the "Bank" or the "Issuer") may from time to time issue Euro Medium Term Notes (the "Notes") under the Program (the "Program") described in this Base Prospectus (as amended or supplemented, the "Base Prospectus"). The Notes will have maturities of not less than 7 days nor more than 30 years from the date on which such Notes will be issued (the "Issue Date") and will be denominated in such currencies as may be agreed with the Dealers (as defined below). The maximum principal amount of all Notes from time to time outstanding will not exceed U.S.\$2,250,000,000 (or the equivalent in other currencies, determined for this purpose as of the Issue Date of each Series of Notes (as defined in "Description of the Notes")). The Notes may be issued at their nominal amount or at a premium over or discount to their nominal amount and/or may bear interest at a fixed, floating or variable rate. The amount payable on the redemption of the Notes may be fixed or variable. Any terms and conditions that differ from those contained herein that are applicable to each Series of Notes, including the specified currency and the interest rate, if any, applicable to such Series, will be set forth in a final terms relating to such Series of Notes (each, a "Final Terms").

In this Base Prospectus, the term "Dealer" or "Dealers" shall refer collectively to the dealers and arranger listed on page 11 hereof.

The Notes may be issued in bearer form, registered form or a combination thereof. Notes of a Series will initially be represented by interests in a global Note in bearer or registered form, as the case may be, deposited with a common depository for Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking, *société anonyme* ("Clearstream, Luxembourg"), and/or any other clearing system as may be specified in the relevant Final Terms and/or accepted into the book entry settlement system of The Depository Trust Company ("DTC"). See "Description of the Notes" and "Exchange of Global Notes."

Application has been made to admit the Notes of any series issued under the Program to listing on the official list of the Luxembourg Stock Exchange (the "Official List") and to trading on the Euro MTF market (the "Euro MTF"). The Notes may also be listed, quoted and/or traded on or by such other or further stock exchange(s), listing authority(ies) and/or quotation system(s) as may be agreed between the Issuer and the relevant Dealers. This Base Prospectus is valid for a period of twelve months from the date hereof for purposes of listing any Series of Notes on the Official List and to trading on the Euro MTF.

See "Risk Factors" for a discussion of certain factors to be considered in connection with an investment in the Notes.

The Issuer accepts responsibility for the information contained in this Base Prospectus. The Issuer has confirmed to the Dealers in the Fourth Amended and Restated Dealer Agreement, dated as of May 16, 2013, as amended on May 13, 2014, by and among the Issuer, the Arranger and each Dealer (as amended from time to time, the "Dealer Agreement"), and will represent on the Issue Date of each Series of Notes, that this Base Prospectus does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, and the Issuer accepts responsibility accordingly. No representation or warranty is made or implied by the Dealers and neither the Dealers nor any of their respective affiliates make any such representation or warranty as to the accuracy or completeness of the information contained herein, and nothing contained in this Base Prospectus is or should be relied upon as a promise or representation as to future results or events.

This Base Prospectus should be read and construed in conjunction with any amendment or supplement hereto, with any Final Terms and with any documents incorporated by reference in this Base Prospectus. This Base Prospectus supersedes all previous Base Prospectuses or information memoranda prepared in connection with the Program. This Base Prospectus is only valid with respect to the issuance of the Notes, at any time, in an aggregate outstanding principal amount not to exceed U.S.\$2,250,000,000 (or the equivalent in other currencies, determined for this purpose as of the Issue Date of each Series of Notes).

This Base Prospectus does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. This Base Prospectus may be used only for the purposes for which it is published.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND INCLUDE NOTES IN BEARER FORM WHICH ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. THE NOTES ARE BEING OFFERED OUTSIDE THE UNITED STATES IN RELIANCE UPON REGULATION S UNDER THE SECURITIES ACT ("REGULATION S"). THE NOTES MAY BE OFFERED IN THE UNITED STATES ONLY TO QUALIFIED INSTITUTIONAL BUYERS (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("RULE 144A")) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT. FOR A DESCRIPTION OF CERTAIN RESTRICTIONS ON THE OFFER, RESALE, TRANSFER AND DELIVERY OF THE NOTES AND THE DISTRIBUTION OF THIS BASE PROSPECTUS, SEE "DESCRIPTION OF THE NOTES," "SUBSCRIPTION AND SALE" AND "TRANSFER RESTRICTIONS."

THE NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED WITH THE SUPERINTENDENCY OF CAPITAL MARKETS OF PANAMA. ACCORDINGLY, (I) THE NOTES CANNOT BE PUBLICLY OFFERED OR SOLD IN PANAMA, EXCEPT IN TRANSACTIONS EXEMPTED FROM REGISTRATION UNDER THE PANAMANIAN SECURITIES LAWS, (II) THE SUPERINTENDENCY OF CAPITAL MARKETS OF PANAMA HAS NOT REVIEWED THE INFORMATION CONTAINED IN THIS BASE PROSPECTUS, (III) THE NOTES AND ITS OFFER ARE NOT SUBJECT TO THE SUPERVISION OF THE SUPERINTENDENCY OF CAPITAL MARKETS OF PANAMA, AND (IV) THE NOTES DO NOT BENEFIT FROM THE TAX INCENTIVES PROVIDED BY THE PANAMANIAN SECURITIES LAWS AND REGULATIONS.

The distribution of this Base Prospectus and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus comes are required to inform themselves about, and to observe, any such restrictions. In particular, there are restrictions on the distribution of this Base Prospectus and the offer and sale of the Notes in, among other jurisdictions, the United States, the United Kingdom and the Republic of Panama ("Panama"). See "Subscription and Sale."

No person has been authorized to give any information or to make any representation, except as contained in this Base Prospectus, in connection with the offering of the Notes and, if given or made, such information or representation must not be relied upon as having been authorized by the Issuer or by any Dealer (or any of their respective affiliates). Neither the delivery of this Base Prospectus nor any offer made on the basis hereof shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof. Investors should review, among other things, the most recent financial statements of Bladex when evaluating an investment in the Notes.

The Dealers have advised the Issuer that, subject to applicable laws and regulations, they currently intend to make a market in the Notes. No Dealer is obligated, however, to make a market in the Notes and any such market making may be discontinued at any time at the sole discretion of the relevant Dealer. Accordingly, no assurance can be given as to the liquidity of or trading market for the Notes.

IN CONNECTION WITH THE ISSUE OF ANY SERIES OF NOTES, THE DEALER OR DEALERS (IF ANY) NAMED AS THE STABILIZING MANAGER(S) (OR PERSONS ACTING ON BEHALF OF ANY STABILIZING MANAGER(S)) IN THE APPLICABLE FINAL TERMS MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILIZING MANAGER(S) (OR PERSONS ACTING ON BEHALF OF A STABILIZING MANAGER) WILL UNDERTAKE STABILIZATION ACTION. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE FINAL TERMS OF THE OFFER OF THE RELEVANT SERIES OF NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE RELEVANT SERIES OF NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE RELEVANT SERIES OF NOTES.

IMPORTANT NOTICE

Because of the following restrictions, purchasers are advised to consult legal counsel prior to making any purchase, resale, pledge or transfer of Notes.

Each purchaser of Notes offered hereby that is a U.S. person or that purchases Notes in the United States (other than certain U.S. persons buying for the account of non U.S. persons) will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

- (i) It understands that the Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States or under any state securities laws, and that such Notes may be offered, resold, pledged or otherwise transferred only (A) to a person whom the seller reasonably believes is a qualified institutional buyer (as defined in Rule 144A) purchasing for its own account or for the account of a qualified institutional buyer whom the holder has informed, in each case, that the reoffer, resale, pledge or other transfer is being made in reliance on Rule 144A, (B) outside the United States in compliance with Rule 903 or Rule 904 of Regulation S, or (C) pursuant to an exemption from registration under the Securities Act, in each case in accordance with any applicable securities laws of any state of the United States and any other jurisdiction.
- (ii) It understands that Notes sold into the United States will bear a legend to the following effect, unless the Issuer determines otherwise consistent with applicable law:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES OR UNDER ANY STATE SECURITIES LAWS, AND MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT AS PERMITTED BY THE FOLLOWING SENTENCES. THE HOLDER HEREOF, BY ITS ACCEPTANCE OF THIS NOTE, REPRESENTS, ACKNOWLEDGES AND AGREES THAT IT WILL NOT REOFFER, RESELL, PLEDGE OR OTHERWISE TRANSFER THIS NOTE EXCEPT (A) IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A) PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT THE REOFFER, RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A; (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT; OR (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAW OF ANY STATE OF THE UNITED STATES AND ANY OTHER JURISDICTION. EXCEPT AS OTHERWISE SPECIFIED, TERMS USED IN THIS PARAGRAPH HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT.

In addition, each such purchaser of Notes will be deemed to have represented and agreed that it is a qualified institutional buyer as defined in Rule 144A, that it is aware that the sale to it is being made in reliance on Rule 144A and that it is acquiring the Notes for its own account or for the account of a qualified institutional buyer.

Notwithstanding any provision herein, any person (and each employee, representative, or other agent of such person) may disclose to any and all other persons, without limitation of any kind, the U.S. tax treatment and U.S. tax structure of the transaction and all materials of any kind (including opinions or other tax analyses) that are provided to such person relating to such U.S. tax treatment and U.S. tax structure.

NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR ANY APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ANNOTATED ("RSA") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT

A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA CHAPTER 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY, OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

To permit compliance with Rule 144A in connection with sales of the Notes, the Issuer will be required under the Trust Deed and the Agency Agreement (each as defined in "Description of the Notes") to furnish upon the request of a holder of the Notes to such holder or to a prospective purchaser designated by such holder, the information required to be delivered under Rule 144A(d)(4) under the Securities Act, if at the time of such request Bladex is not a reporting company under Section 13 or Section 15(d) of the United States Securities Exchange Act of 1934, as amended (the "Exchange Act"), or exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act.

FORWARD-LOOKING STATEMENTS

This Base Prospectus, together with the documents incorporated by reference, contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. Forward-looking statements include statements regarding:

- the growth of the Bank's credit portfolio, including its trade finance portfolio;
- the Bank's ability to increase its number of clients;
- the Bank's ability to maintain its investment-grade credit ratings and preferred creditor status;
- the effects of changing interest rates, inflation, exchange rates and the macroeconomic environment in Latin America and the Caribbean (the "Region") on the Bank's financial condition;
- the execution of the Bank's strategies and initiatives, including its revenue diversification strategy;
- anticipated operating income and return on equity in future periods;
- the Bank's level of capitalization and debt;
- the implied volatility of the Bank's Treasury revenues;
- borrowers' default levels and the adequacy of the Bank's allowance and provisions for credit losses;
- the availability and mix of future sources of funding for the Bank's lending operations;
- the adequacy of the Bank's sources of liquidity to cover large deposit withdrawals;
- management's expectations and estimates concerning the Bank's future financial performance, financing, plans and programs, and the effects of competition;
- existing and future governmental banking and tax regulations, including Basel II and Basel III capital and leverage requirements as well as Basel Committee on Banking Supervision liquidity requirements as adopted in the countries in which the Bank does business, and the impact of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") on the Bank's business, business practices,

and cost of operation as a foreign bank with offices in the United States of America ("United States" or "USA");

- credit and other risks of lending and investment activities; and
- the Bank's ability to sustain or improve its operating performance.

In addition, the statements included under the heading "Description of Business of Bladex—Overview—Our Strategies for 2015 and Subsequent Years" are forward-looking statements. Forward-looking statements involve risks and uncertainties, and actual results may differ materially from those discussed in any such statement. Factors that could cause actual results to differ materially from these forward-looking statements include the risks described in the section titled "Risk Factors." The Bank assumes no obligation to update any forward-looking statement.

AVAILABLE INFORMATION

Bladex is subject to the informational requirements of the Exchange Act applicable to a foreign private issuer and in accordance therewith files reports and other information with the United States Securities and Exchange Commission (the "Commission"). Such reports and other information filed by Bladex with the Commission may be inspected and copied at the Public Reference Room maintained by the Commission at Judiciary Plaza, 100 F Street, N.E., Washington, D.C. 20549. Copies of such materials can be obtained by writing to the Commission at the above address and paying a fee for the copying costs. Additional information regarding the operation of the public reference rooms of the Commission can be obtained by calling 1-800-SEC-0330. In addition, because Bladex also files reports with the Commission electronically, reports so filed are available on the web site of the Commission at www.sec.gov. Reports and other information concerning Bladex can also be inspected at the offices of the New York Stock Exchange LLC, 20 Broad Street, New York, New York 10005.

INCORPORATION BY REFERENCE

The Commission allows Bladex to "incorporate by reference" the information Bladex files with it, which means that Bladex can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this Base Prospectus, and later information that Bladex files with the Commission will automatically update and supersede earlier information filed with the Commission or included in this Base Prospectus or any supplement hereto.

All subsequent Annual Reports filed on Form 20-F and all subsequent Reports on Form 6-K filed by Bladex after the date of this Base Prospectus shall be deemed to be incorporated by reference in this Base Prospectus and to be a part hereof from the date of filing of such reports with the Commission.

Bladex will provide without charge to each person to whom this Base Prospectus is delivered, upon the written or oral request of such person, a copy of any or all of the documents referred to above which have been or may be incorporated in this Base Prospectus by reference. Requests for such copies should be directed to Corporate Secretary, Bladex, Torre V, Business Park, Avenida La Rotonda, Urb. Costa del Este, P.O. Box 0819-08730, Panama City, Republic of Panama, Telephone +507-210-8500, email: webmaster@bladex.com. In addition, copies of this Base Prospectus and any or all of the documents incorporated by reference herein will be available free of charge at the office of the Paying Agent, The Bank of New York Mellon (Luxembourg) S.A., Aerogolf Center, 1A Hoehenhof, L 1736 Senningerberg, Luxembourg.

Any statement contained in a document incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Base Prospectus to the extent that a statement contained herein or therein or in any other subsequently filed document that also is incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Base Prospectus.

The Issuer has given an undertaking in connection with the listing of the Notes on the Official List and to trading on the Euro MTF to the effect that, so long as any Note remains outstanding and is traded on the Euro MTF, in the event of any material adverse change in the financial condition of the Issuer that is not reflected in the Base Prospectus, the Issuer will prepare a supplement to the Base Prospectus or a new Base Prospectus. If the terms of

the Program are modified or amended in a manner that would make the Base Prospectus, as supplemented, inaccurate or misleading in any material respect, a new Base Prospectus or supplement thereto will be prepared.

FINANCIAL STATEMENTS

The audited consolidated balance sheets of Bladex at December 31, 2014 and 2013 and related consolidated statements of income, comprehensive income, changes in stockholders' equity and redeemable noncontrolling interest and cash flows for each of the years in the three-year period ended December 31, 2014, as well as the report of the Bank's independent registered public accounting firm (the "Independent Registered Public Accounting Firm") relating thereto (the "Audited Consolidated Financial Statements"), and the unaudited consolidated balance sheet of Bladex at March 31, 2015 and related consolidated statements of income, comprehensive income, stockholders' equity and redeemable noncontrolling interest and cash flows for the three months ended March 31, 2015 and 2014 (the "Unaudited Consolidated Financial Statements"), are attached hereto as Appendix B and form a part hereof.

ENFORCEABILITY OF CIVIL LIABILITIES

Bladex is a corporation (*sociedad anónima*) organized under the laws of Panama. A majority of the directors and officers of Bladex reside outside the United States and all or a significant portion of the assets of Bladex, its directors and officers and the experts named herein are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon such persons or to enforce against them or against Bladex in United States courts, judgments predicated upon the civil liability provisions of the federal securities laws of the United States. Bladex has been advised by its Panamanian counsel, Arias, Fábrega y Fábrega, that there is uncertainty as to whether Panamanian courts would (i) enforce in original actions liabilities predicated solely upon the United States federal securities laws or (ii) recognize or enforce judgments of the courts of the United States or any state thereof obtained in actions predicated upon the civil liability provisions of the United States federal securities laws.

Bladex, however, will irrevocably submit to the jurisdiction of the federal and state courts in the Borough of Manhattan, The City of New York, and will irrevocably waive any immunity from the jurisdiction of such courts, in connection with any action based upon the Notes brought by any holder of Notes.

Certain amounts stated in this Base Prospectus may not sum due to rounding adjustments.

In this Base Prospectus, unless the context otherwise requires, references to the "Bank," "Bladex," "we," "our," or "us" mean Bladex and its consolidated subsidiaries. All references to "Bladex Head Office" are to Banco Latinoamericano de Comercio Exterior, S.A. in its individual capacity.

In this Base Prospectus, references to "\$," "U.S.\$" and "U.S. dollars" are to United States dollars and references to "€," "euro" and "EUR" are to the lawful currency for the time being of the member states of the European Union that have adopted or may adopt the single currency in accordance with the treaty establishing the European Community (signed in Rome on March 25, 1957), as amended by the Treaty on European Union.

In the ordinary course of business, certain of the Dealers and their affiliates engage in banking transactions with Bladex. In addition, certain of the Dealers, the Trustee (as defined in "Description of Notes") and/or their respective affiliates are holders of Class B and Class E common stock of Bladex.

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SUMMARY

This summary highlights information contained elsewhere in this Base Prospectus. This summary may not contain all the information that may be important to you, and Bladex urges you to read the entire Base Prospectus carefully, including the information included under "Risk Factors," "Operating and Financial Review and Prospects", the Audited Consolidated Financial Statements and the Unaudited Consolidated Financial Statements and notes to those statements, in each case, included elsewhere in this Base Prospectus, before deciding to invest in any Series of Notes.

Overview

The Bank

The Bank, headquartered in Panama City, Panama, is a specialized multinational bank originally established by central banks of Latin American and Caribbean countries to promote trade finance in the Region.

The Bank operates locally from eight cities located in seven countries in the Region. The Bank has grown steadily over the recent years as a result of the increasing international trade in the Region. As of December 31, 2014, the Bank had, on a consolidated basis:

- \$8,025 million in total assets;
- \$6,686 million in gross loans;
- \$911 million in stockholders' equity;
- a return on average assets of 1.4%; and
- a total capital to risk-weighted assets ratio of 16.5%.

The Bank was established pursuant to a May 1975 proposal presented to the Assembly of Governors of Central Banks in the Region, which recommended the creation of a multinational organization to increase foreign trade financing capacity of the Region. The Bank was organized in 1977, incorporated in 1978 as a corporation pursuant to the laws of the Republic of Panama, and officially began operations on January 2, 1979. Panama was selected as the location of the Bank's headquarters because of the country's importance as a banking center in the Region, the benefits of a fully U.S. dollar-based economy, the absence of foreign exchange controls, its geographic location, and the quality of its communications facilities. Under a contract-law signed in 1978 between the Republic of Panama and Bladex, the Bank was granted certain privileges by the Republic of Panama, including an exemption from payment of income taxes in the Republic of Panama.

The Bank's mission is to provide financial solutions of excellence to financial institutions, companies and investors doing business in Latin America, supporting trade and regional integration across the Region. The Bank's lending and investing activities are funded by interbank deposits, primarily from central banks and financial institutions in the Region, by borrowings from international commercial banks, and by sales of the Bank's debt securities to financial institutions and investors in Asia, Europe, North America and the Region. The Bank does not provide retail banking services to the general public, such as retail savings accounts or checking accounts, and does not take retail deposits from the general public.

The Bank offers its services through its head office in Panama City, its agency in New York City (the "New York Agency"), its subsidiaries in Brazil, and Mexico, and its representative offices in Buenos Aires, Argentina, in Mexico City, D.F. and Monterrey, Mexico, in Sao Paulo, Brazil, Lima, Peru and in Bogotá, Colombia, as well as through a worldwide network of correspondent banks. The Bank's international administrative office located in Miami, Florida (the "Florida Administrative Office"), ceased operations during the first quarter of 2015.

Bladex's shares of Class E common stock are listed on the New York Stock Exchange Euronext ("NYSE"), under the symbol "BLX."

Our Strengths

Over the course of more than three decades, Bladex has developed competitive strengths that it believes set it apart from its competitors and will allow it to continue to grow and improve its return on capital:

Leader in the trade finance sector within Latin America

Bladex is a financial institution in the trade finance sector and has a presence in most countries in the Region, providing it with a competitive advantage in intra-regional trade. Intra-regional trade has been growing at a pace of approximately 11% per annum from 2004 through 2014 due to the expansion of Latin American corporations and multiplication of Free Trade Agreements ("FTAs") within the Region. Regional exports amounted to \$1,093 billion in 2014 and are expected to grow at a compound annual growth rate ("CAGR") of 4.0% per year in 2015 and 2016, according to estimates from the Economist Intelligence Unit. Since starting operations in 1979, the Bank has established a well-diversified commercial portfolio across a variety of industries and markets. Most of the Bank's exposure is in investment grade countries such as Brazil, Mexico, Colombia, Peru, and Panama, and in the more profitable and stable industries in the Region such as financial institutions, oil and gas, grains and oilseeds, food and beverages, sugar and metal manufacturing, among others.

Low-risk business profile and strong credit portfolio quality

The Bank operates primarily in the trade finance sector, which is generally short-term in nature and considered to be a limited risk sector. According to standards published by the Bank for International Settlements ("Basel standards"), trade finance has a lower risk weighting than long-term lending. Additionally, due to its extensive knowledge in trade finance, the Bank has a strong track record of recovery and repayment rates. Not only are Bladex's non-accruing loans very low by industry standards – 0.32% of its total loan portfolio as of March 31, 2015 – but the Bank has also demonstrated a strong ability to recover loans in financial distress situations. For example, the Bank recovered more than 84% of its past due loan portfolio in Argentina after the 2001 crisis in that country. Including the crisis in Argentina, the Bank has written off under 0.12% of total accumulated credits throughout its history.

Strong liquidity position and diversified funding sources

The Bank possesses a strong liquidity position accounting for 11.6% of total assets as of March 31, 2015 and a short-term Commercial Portfolio with an average maturity of only 113 days, reflecting the Bank's focus on trade finance. The Bank's "Commercial Portfolio" refers to the loan portfolio, selected deposits placed, customers' liabilities under acceptances, and contingencies (including confirmed and stand-by letters of credit, guarantees covering commercial risk, and credit commitments). The Bank has a strong capital position, which reflects among other factors significant short-term deposits made by central banks of the 23 Regional countries which comprise a portion of the Bank's shareholding base. The Bank's Tier 1 Ratio (calculated based on the capital adequacy guidelines set forth in the 1988 Basel Accord ("Basel I"), published by the Basel Committee on Banking Supervision (the "Basel Committee")) of 16.2% as of March 31, 2015, which is even more significant in light of the relatively short-term life of its portfolio. During the credit crisis, Bladex reduced its exposure levels and concentrations, and used the cash resources resulting from this course of action to strengthen its liquidity position. As a result, the Bank effectively offset the negative effect of a decline in client deposits and decreases in interbank funding lines that challenged the world's major international banks. The strong capitalization of the Bank has allowed it to successfully weather recent global financial conditions.

Diversified funding sources

Bladex has stable and well diversified sources of funding, consisting of deposits (37.3% of liabilities), medium- and long-term debt (18.4%), short-term debt (39.5%) and repurchase agreements (3.9%), in each case as of March 31, 2015. After the 2008 global financial crisis, the Bank implemented a funding diversification strategy including increasing deposits from central banks, accessing global capital markets through debt issuance programs in dollars and local currencies and obtaining syndicated term loan facilities placed in strategic markets, mainly in Asia and

Europe. The Bank's short-term borrowings consist of borrowings from banks that have maturities of up to 365 days. Approximately 12 European banks, seven North American banks, four Latin American, three Asian banks and one multilateral bank provide these short-term borrowings to the Bank. In addition, the Bank has a successful track record in the global syndicated loan markets, including the recent \$250 million three-and-a-half year global syndicated loan closed on May 7, 2014. Furthermore, the Bank has established an important new network of correspondent banks in Asia, which provide an additional source of interbank funding. Debt capital markets have also been a source of funding for the Bank's activities. In 2012, the Bank established a short- and long-term notes program in the Mexican local market in an authorized aggregate principal amount of 10 billion Mexican Pesos or its equivalent in other currencies. The Bank also has in place the Program, which is primarily targeted at non-bank institutional investors and includes multiple placements with short-, medium-, and long-term tenors.

Long-term client relationships

Due to the Bank's long history of specialized focus on trade finance in the Region, it has built strong relationships with some of the Region's largest companies and has gained significant expertise in local markets and industry sectors. Bladex's extensive coverage of the Region, with representative offices in strategic locations such as Panama, New York, Mexico City, Monterrey, São Paulo, Buenos Aires, Lima and Bogotá, puts it in an ideal position to serve every important client and gain access to new clients in the Region. The Bank's market leadership provides it with strong regional brand recognition and it uses its corporate name, "Bladex," in every country it operates.

Long track record of success

The Bank was the first Latin American bank listed on the NYSE (1992), the first such bank to be rated "Investment Grade" (1992) and the first such bank to place a non-guaranteed syndicated loan in Asia (2009), which was a \$100 million, two-year term loan. Since 1979, Bladex has provided seamless support to foreign trade business in the Region while creating value. Moreover, Bladex has demonstrated a consistent track record in the quality of its assets through several financial crises and economic cycles in the Region. Bladex's total write-offs, including write-offs resulting from the crisis in Argentina, amount to under 0.12% of the total accumulated credits in Bladex's history.

Experienced team with deep knowledge in the trade finance sector within Latin America

Bladex's executive officers have broad experience in trade finance and with financial institutions in Latin America. The Bank's well-defined strategy, which is executed by a highly skilled and experienced team, has positioned the Bank to take advantage of trends in Latin American trade finance and to grow the Bank's business in a sustainable manner.

Strong commitment from central banks in the Region

Currently the Bank is supported by central banks and other state-owned banks from 23 countries in the Region which hold Class A Common Stock of the Bank. At March 31, 2015, 16.3% of Bladex's common stock was held by Class A shareholders. The Bank believes that the participation of these central banks and other state-owned banks has been instrumental in the Bank's obtaining "preferred creditor" status in the past. In addition, the Bank regularly takes deposits from central banks and state owned banks in the Region. As of March 31, 2015, 67% of the deposits held by the Bank were deposits made by central and state owned banks of countries in the Region, many of which deposit a portion of their dollar reserves with the Bank, with an average term remaining to maturity of 54 days.

Our Strategies

Further extend the Bank's business in politically and economically stable, high-growth markets

The Bank's expertise in risk and capital management and extensive knowledge of the Region allows it to identify and strategically focus on stable and growth-oriented markets, including investment-grade countries in the Region. Bladex maintains strategically placed representative offices in order to provide focused products and services in markets that the Bank considers key to its continued growth.

Targeted growth in expanding and diversifying the Bank's client base

The Bank's strategy to participate in a broad range of activities and further diversify its client base includes targeting clients that offer the potential for longstanding relationships and a wider presence in the Region, such as financial institutions, corporations and middle-market companies. This may be achieved through the Bank's participation in bilateral and co-financed transactions. The Bank intends to continue enhancing existing client relationships and establishing new ones through its Region-wide expertise, product knowledge, the quality of the Bank's services and the Bank's agile decision-making processes.

Enhance current products and services by providing relevant sector-specific solutions in the Region

The Bank intends to continue its focus on the development of expertise in the sectors in which the Bank currently operates, while strategically targeting industries with significant growth potential by offering sector-specific products and solutions to clients in these industries. These sectors include some of the most profitable industries in the Region, such as oil and gas, food processing, manufacturing and agribusiness commodities, as well as growing commercial flows such as Latin American intra-regional trade. Bladex also intends to continue exploring key regional and local partnerships to bolster its range of services and increase its presence in key economic sectors throughout the Region.

Increase the range of products and services that the Bank offers

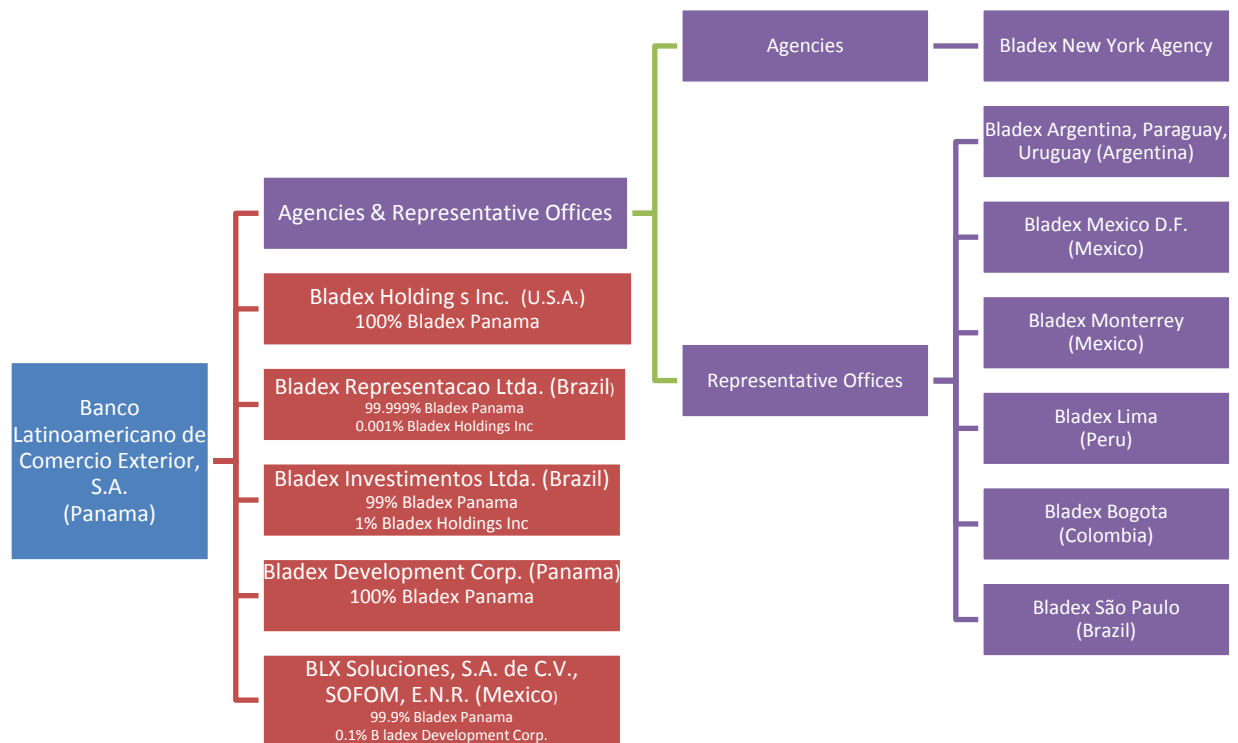
Due to the Bank's relationships throughout, and knowledge of, the Region, the Bank is strongly positioned to strategically identify key additional products and services to offer to clients. The Bank's Articles of Incorporation permit a broad scope of potential activities, encompassing all types of banking, investment, and financial and other businesses that support foreign trade flows and the development of the trade and integration in the Region. This supports the Bank's ongoing strategy to develop and expand products and services, such as factoring and vendor finance, leasing, debt intermediation in primary and secondary markets, and structured financing, including export insurance programs, that complement the Bank's expertise in foreign trade finance and risk management.

Focus on operational efficiency

The Bank is committed to the implementation of a culture of continuous improvement in our organization. The Bank's continuous improvement initiative, which is based on the LEAN methodology, focuses primarily on increased efficiency and productivity, from the perspective and requirements of the Bank's customers. This customer-focused culture has helped the Bank to manage its internal processes more efficiently, in order to offer clients agility and excellence in execution. Over the past year, the Bank has been successful in identifying and realizing significant cost savings, improving core efficiency levels while maintaining cost discipline. The efficiency ratio was 32% for the year ended December 31, 2014, down from 41% the year before, while the business efficiency ratio (consolidated operating expenses excluding expenses from the investment funds, as a percentage of net operating revenues excluding the net interest income from the investment funds and the net income (loss) from investment funds) stood at 32%, for 2014 compared to 37% for 2013, as operating revenues increased by 26% and operating expenses decreased by 1%. The Bank's operating expenses to average assets ratio improved to 71 basis points in 2014 from 77 basis points in 2013.

Our Corporate Structure

The following chart presents Bladex's corporate structure as of March 31, 2015. The percentages represent the total share capital owned by the parent company of each entity



Bladex Head Office's current subsidiaries are the following:

- Bladex Holdings Inc. ("Bladex Holdings") is a wholly owned subsidiary, incorporated under the laws of the State of Delaware, USA, on May 30, 2000. Bladex Holdings maintains ownership in two subsidiaries: Bladex Representação Ltda. and Bladex Investimentos Ltda.
 - Bladex Representação Ltda., incorporated under the laws of Brazil on January 7, 2000, acts as the Bank's representative office in Brazil. Bladex Head Office owns 99.999% of Bladex Representação Ltda. and Bladex Holdings owns the remaining 0.001%.
 - Bladex Investimentos Ltda. was incorporated under the laws of Brazil on May 3, 2011. Bladex Head Office owns 99% of Bladex Investimentos Ltda. and Bladex Holdings owns the remaining 1%. Bladex Investimentos Ltda. has invested substantially all of its assets in an investment fund incorporated in Brazil ("the Brazilian Fund"), which is registered with the Brazilian Securities Commission, (Comissão de Valores Mobiliários (the "CVM")). The Brazilian Fund is a non-consolidated variable interest entity ("VIE"). The objective of the Brazilian Fund is to achieve capital gains by dealing in the interest, currency, securities, commodities and debt markets, and by trading instruments available in the spot and derivative markets.
- Bladex Development Corp. ("Bladex Development") was incorporated under the laws of the Republic of Panama on June 5, 2014. Bladex Head Office owns 100% of Bladex Development.
- BLX Soluciones, S.A. de C.V., SOFOM, E.N.R. ("BLX Solutions") was incorporated under the laws of Mexico on June 13, 2014. Bladex Head Office owns 99.9% of BLX Solutions and Bladex Development owns the remaining 0.1%. BLX Solutions specializes in offering financial leasing and other products, such as loans and factoring.

Bladex Holdings had previously exercised control over Bladex Asset Management Inc. ("Bladex Asset Management"), incorporated on May 24, 2006 under the laws of the State of Delaware, USA, which, until its dissolution on September 18, 2013, provided investment management services to Bladex Offshore Feeder Fund and Bladex Capital Growth Fund, both incorporated under the laws of the Cayman Islands.

On April 2, 2013, Bladex reached a definitive agreement to sell its Asset Management Unit. The Asset Management Unit was sold to Alpha4X Asset Management, LLC ("Alpha4X"), a company majority-owned by former executives of the Asset Management Unit. The Bank has a commitment to remain an investor in these funds, net of annual contractual redemptions, until March 31, 2016. As part of the agreement, a subsidiary of XL Group plc will also become an anchor investor in the Bladex Capital Growth Fund under Alpha4X's management. In connection with the sale: (i) Bladex Offshore Feeder Fund became Alpha4X Feeder Fund (the "Feeder"), (ii) Bladex Capital Growth Fund became Alpha4X Capital Growth Fund (the "Fund"), and (iii) Bladex Latam Fundo de Investimento Multimercado became Alpha4X Latam Fundo de Investimento Multimercado.

The sale agreement included, among other terms:

- the transfer of the Bank's participation in BLX Brazil Ltd., incorporated under the laws of the Cayman Islands on October 5, 2010, and Bladex Asset Management Brazil – Gestora de Recursos Ltda. ("BAM Brazil"), incorporated under the laws of Brazil on January 6, 2011;
- the sale of "Class C" shares of the Fund owned by BCG PA LLC ("BCG"), a company incorporated under the laws of the State of Delaware, USA and dissolved on August 14, 2013; and
- the termination of the investment advisory contracts among Bladex Asset Management, the Feeder and the Fund.

Bladex Head Office has a remaining participation of 49.61% in the Feeder, that invests substantially all its assets in the Fund. The Feeder is a VIE that was included in the consolidated financial statements of the Bank until March 31, 2014. Due to its drop in participation to less than 50%, the Bank ceased to be the primary beneficiary of the Feeder, and therefore ceased to consolidate its investment in the Feeder in its consolidated financial statements.

Both the Feeder and the Fund are registered with the Cayman Island Monetary Authority ("CIMA"), under the Mutual Funds Law of the Cayman Islands. The objective of these Funds is to achieve capital appreciation by investing in Latin American debt securities, stock indexes, currencies, and trading derivative instruments.

The Bank has representative offices in Buenos Aires, Argentina; in Mexico City, D.F. and Monterrey, Mexico; in Sao Paulo, Brazil; in Lima, Peru; and in Bogotá, Colombia.

The Bank's headquarters office is located at Torre V, Business Park, Avenida La Rotonda, Urb. Costa del Este, Panama City, Panama, P.O. Box 0819-08730, and its telephone number is +507 210-8500. Bladex's New York Agency is located at 370 Lexington Avenue, Suite 500, New York, New York 10017, and its telephone number is (212) 754-9191.

Bladex commenced operations in 1979 with stockholders' equity of \$25 million paid by 186 stockholders and, as at December 31, 2014, had stockholders' equity of \$911 million. Bladex has four classes of common shares as follows:

- Class A shares: Central banks, state-owned entities or government agencies from 23 countries in the Region, own all of Bladex's Class A shares, which at December 31, 2014 comprised 16.4% of Bladex's common stock;
- Class B shares: 83 commercial banks or financial institutions, mostly from the Region, own Bladex's Class B shares, which at December 31, 2014 comprised 6.4% of Bladex's common stock;
- Class E shares: Bladex's Class E shares are listed on the NYSE and at December 31, 2014 comprised 77.2% of its common stock; and
- Class F shares: State entities and agencies of non-Latin American countries, including, among others, central banks and those banks with the related state agency as the majority shareholder, and multilateral financial institutions that are international or regional institutions may own Class F shares. At December 31, 2014, no Class F shares have been issued.

As at December 31, 2014, the Board was composed of three directors representing holders of the Class A common shares, five directors representing holders of the Class E common shares, and two directors representing all classes of common shares. The affirmative vote of three-quarters of the issued and outstanding Class A shares is required (i) to dissolve and liquidate the Bank, (ii) to amend certain material provisions of the Bank's Articles of Incorporation, (iii) to merge or consolidate the Bank with another entity and (iv) to authorize the Bank to engage in activities other than those described in its Articles of Incorporation.

This Base Prospectus contains certain of our trademarks, trade names and service marks, including our logo. Each trademark, trade name or service mark of any company appearing in this Base Prospectus belongs to its respective holder.

THE PROGRAM

The following summary should be read as an introduction to the Base Prospectus, is qualified in its entirety by, and is subject to, the detailed information and the Audited Consolidated Financial Statements, including the notes thereto, incorporated by reference in this Base Prospectus or contained elsewhere in this Base Prospectus and, in relation to any Series of Notes, the applicable Final Terms and to the extent applicable, the Terms and Conditions of the Notes set out herein. Any decision by an investor to invest in any Series of Notes should be based on consideration of this Base Prospectus as a whole, together with all information incorporated by reference and the applicable Final Terms.

Issuer	Banco Latinoamericano de Comercio Exterior, S.A.
Description	Continuously offered Medium Term Notes under the Euro Medium Term Note Program.
Status of the Notes	The Notes will constitute direct, general, unsecured, unsubordinated and unconditional obligations of the Issuer and will rank <i>pari passu</i> with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future (except for obligations preferred by mandatory provisions under Panamanian Law). See "Risk Factors—Risks Relating to the Notes."
Size of the Program	Up to U.S.\$2,250,000,000 (or the equivalent in other currencies, determined for this purpose as of the Issue Date of each Series of Notes) in aggregate principal amount of all Series of Notes at any time outstanding. The Issuer will have the option, at any time, to increase the size of the Program in accordance with the terms of the Dealer Agreement.
Term of the Program	The term of the Program is indefinite, meaning that Notes may be issued under the Program until the Program is terminated.
Maturities	Subject to compliance with all relevant laws and regulations, any maturity between seven days and thirty years. Where Notes have a maturity of less than one year and either (i) the issue proceeds are received by the Issuer in the United Kingdom or (ii) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, such Notes must: (a) have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses; or (b) be issued in other circumstances that do not constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the "FSMA") by the Issuer.
Issue Price	The Issue Price of the Notes will be agreed between the Issuer and the relevant Dealer, or Dealers, as specified in the relevant Final Terms.
Currencies	Notes may be denominated in any currency or currencies, including, without limitation, U.S. dollars, Canadian dollars, Euro, Japanese Yen and Swiss Francs, subject to compliance with all applicable legal and/or regulatory requirements and as specified in the relevant Final Terms.
Form of the Notes	The Notes may be issued in bearer form ("Bearer Notes"), registered form ("Registered Notes") or a combination thereof.

Bearer Notes:

Unless provided otherwise in the applicable Final Terms, the Notes of a Series that are offered and sold in bearer form will initially be represented by a temporary global Note in bearer form without interest coupons (a "Temporary Global Bearer Note"), which will be deposited on or prior to the Issue Date of such Notes with a common depositary for Euroclear, and Clearstream, Luxembourg. Account holders in Euroclear and Clearstream, Luxembourg must certify as to the beneficial ownership as required by U.S. Treasury regulations in order to receive payments in respect of their interest in a Temporary Global Bearer Note. Interests in a Temporary Global Bearer Note may be exchanged for (i) interests in a Global Registered Note or Definitive Registered Notes (each as defined below) in denominations as specified on the relevant Note and in the Final Terms related thereto, upon receipt of a certification that the beneficial owner has complied with any applicable restrictions on transfer, or (ii) interests in a permanent global bearer note (a "Permanent Global Bearer Note") following the Exchange Date (defined in "Exchange of Global Notes"), upon receipt of a certification as to non-U.S. beneficial ownership, as required under U.S. Treasury regulations.

Interests in a Permanent Global Bearer Note may be exchanged for (i) interests in a Note in registered form (the "Registered Notes") either as a permanent global Note, without coupons (a "Global Registered Note") or as definitive Notes, without coupons ("Definitive Registered Notes"), upon receipt of a certification that the beneficial owner has complied with any applicable restrictions on transfer, or (ii) definitive Notes in bearer form ("Definitive Bearer Notes") (as defined in "Description of the Notes") with interest coupons attached (except in the case of Zero Coupon Notes).

Registered Notes:

Notes of a Series that are offered and sold outside the United States in registered form in reliance on Regulation S will initially be represented by interests in an unrestricted global Note in registered form (an "Unrestricted Global Registered Note"), registered in the name of a nominee of DTC and deposited on or prior to the Issue Date of such Notes with a custodian for DTC.

Notes of a Series that are offered and sold within the United States to qualified institutional buyers in reliance on Rule 144A will initially be represented by interests in a restricted global Note in registered form (a "Restricted Global Registered Note" and together with the Unrestricted Global Registered Note, the "Global Registered Notes"), registered in the name of a nominee of DTC and deposited with a custodian for DTC. A Restricted Global Registered Note and any Notes issued in exchange therefor will be subject to certain restrictions on transfer set forth herein, in the Trust Deed and in the Notes and, unless determined otherwise by the Issuer in accordance with applicable law, will bear the legend regarding such restrictions set forth under "Transfer Restrictions."

Interests in an Unrestricted Global Registered Note or a Restricted Global Registered Note will be exchangeable for Registered Notes in definitive form ("Definitive Registered Notes") under the circumstances specified in the Notes and the Final Terms related thereto. Definitive Registered Notes will be ready for delivery at the offices of the Trustee and the Transfer Agent (as defined in "Description of the Notes") at the time and date specified in the relevant Final Terms. Registered Notes are not exchangeable for Bearer Notes.

Fixed Rate Notes.....	Interest on Fixed Rate Notes will be payable in arrears on such date or dates as may be agreed between the Issuer and the relevant Dealer or Dealers (as specified in the Final Terms) and on redemption.
Floating Rate Notes	<p>Floating Rate Notes will bear interest calculated by reference to a Base Rate, which shall be such variable rate as may be agreed between the Issuer and the relevant Dealer or Dealers (as specified, as well as the method of computing such variable rate, in the Final Terms).</p> <p>The spread(s) (if any) to the Base Rate, a maximum interest rate and a minimum interest rate will be agreed between the Issuer and the relevant Dealer or Dealers for such issue of Floating Rate Notes and will be specified in the Final Terms.</p>
Interest Periods	Such periods as the Issuer and the relevant Dealer or Dealers may agree (as specified in the applicable Final Terms).
Authorized Denominations	<p>Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer(s) and as specified in the applicable Final Terms provided that (i) the minimum denomination of each Note will be such as may be allowed or required from time to time by the relevant central bank or regulatory authority (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency (as defined below) and (ii) the minimum denomination of each Note which will be offered to the public within a Member State or which will be admitted to trading on a regulated market situated or operating within such Member State, in each case in circumstances which would require the approval of a prospectus under the Prospectus Directive, will be EUR100,000 (or its equivalent in any other currency at the date of issue of the Notes).</p> <p>No Notes may be issued which carry the right to acquire shares (or transferable securities equivalent to shares) issued by the Issuer or by any entity to whose group the Issuer belongs.</p>
Negative Pledge	The Issuer has given a negative pledge in connection with the Notes as described in "Description of the Notes—Negative Pledge."
Selling Restrictions	Those pertaining to the laws of the United States, the United Kingdom, Panama, Japan and the Netherlands and such other restrictions as may be required in connection with a particular Series of Notes. See "Subscription and Sale" and "Transfer Restrictions."
Listing	<p>Application may be made to admit the Notes of any series issued under the Program to listing on the Official List and to trading on the Euro MTF. The Notes may also be listed, quoted and/or traded on or by such other or further stock exchange(s), listing authority(ies) and/or quotation system(s) as may be agreed between the Issuer and the relevant Dealer or Dealers.</p> <p>If the listing of the Notes on the Luxembourg Stock Exchange would, in the future, require the Bank to publish financial information either more regularly than the Bank otherwise would be required to, or according to accounting principles that are materially different from the accounting principles that the Bank would otherwise use to prepare our published financial information, the Bank may (with the approval of the Arranger and the Trustee) seek an alternative admission to listing, trading and/or quotation for the notes by another listing authority, stock exchange and/or quotation system.</p>

Events of Default	The Notes contain events of default, including the failure by the Issuer to pay, when due, any principal of or interest on the Notes (which, in the case of a failure to pay any installment of interest, continues for a period of five days) and certain cross defaults. See "Description of the Notes—Events of Default."
Withholding Taxes; Additional Amounts.....	All payments in respect of any Note will be made in the currency specified on the face thereof unless otherwise specified in the applicable Final Terms (the "Specified Currency"). Subject to certain limited exceptions, the amount of any payment by the Issuer shall be increased as may be necessary so that after making all required withholdings for Panamanian taxes in accordance with applicable law, any foreign holder will receive an amount equivalent to the sum it would have received had no such withholdings been made. See "Taxation" and "Description of the Notes—Taxation."
Redemption.....	The Notes may be redeemed under certain circumstances. See "Description of the Notes—Redemption and Purchase."
Use of Proceeds	The use of net proceeds from any Series of Notes issued from time to time under the Program will be specified in the relevant Final Terms.
Governing Law	The Notes and each Coupon (if any) pertaining thereto will be governed by and construed in accordance with the laws of the State of New York, United States of America.
Investment Considerations.....	For a discussion of certain matters that should be considered in evaluating an investment in the Notes, see "Risk Factors." In addition, investment considerations with respect to any Series of Notes issued from time to time under the Program may be specified in relevant Final Terms.
Trustee, Registrar, Transfer Agent and Paying Agent.....	The Bank of New York Mellon
Principal Paying Agent and Transfer Agent	The Bank of New York Mellon, London Branch
Paying Agent and Transfer Agent.....	The Bank of New York Mellon (Luxembourg) S.A.
Additional Paying Agents and Transfer Agents	Additional Paying Agents and Transfer Agents, if any, with respect to each Series of Notes will be specified in the relevant Final Terms.
Listing Agent	KBL European Private Bankers S.A.
Arranger.....	Merrill Lynch, Pierce, Fenner & Smith Incorporated
Dealers	Banco Bilbao Vizcaya Argentaria, S.A., Barclays Bank PLC, BNP PARIBAS, Citigroup Global Markets Inc., Commerzbank Aktiengesellschaft, Crédit Agricole Corporate and Investment Bank, Credit Suisse Securities (Europe) Limited, Credit Suisse Securities (USA) LLC, Deutsche Bank Securities Inc., HSBC Securities (USA) Inc., J.P. Morgan Securities LLC, J.P. Morgan Securities plc, Merrill Lynch International, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Mitsubishi UFJ Securities International plc, Mizuho International plc, Mizuho Securities USA Inc., Nomura International plc, Santander Investment Securities Inc., SMBC Nikko Capital Markets Limited, Standard Chartered Bank, UBS Limited and any other dealer appointed from time to time by the Issuer in

Risk Factors

relation to the Program or in relation to a particular Series of Notes.

The following is a summary of some of the risks associated with an investment in the Notes:

- Bladex faces liquidity risk, and its failure to adequately manage this risk could result in a liquidity shortage, which could adversely affect its financial condition, results of operations and cash flows;
- the Bank's allowances for credit losses could be inadequate to cover credit losses related to its loans and contingencies;
- the Bank's businesses are subject to market risk;
- the Bank faces interest rate risk that may be caused by the mismatch in maturities of interest-earning assets and interest-bearing liabilities. If not properly managed, this mismatch can reduce net interest income as interest rates fluctuate;
- the Bank's credit portfolio may decrease or may not continue to grow at the present rate or at a similar rate. Additionally, growth in the Bank's credit portfolio may expose the Bank to an increase in allowance for loan losses;
- increased competition and banking industry consolidation could limit the Bank's ability to grow and may adversely affect results of operations;
- the Bank's businesses rely heavily on data collection, management and processing, and information systems, the failure of which could have a material adverse effect on the Bank, including the effectiveness of the Bank's risk management and internal control systems;
- operational problems or errors can have a material adverse impact on the Bank's business, financial condition and results of operations and cash flows;
- any delays or failure to implement business initiatives that the Bank may undertake could prevent the Bank from realizing the anticipated revenues and benefits of the initiatives;
- any failure to remain in compliance with applicable banking laws or other applicable regulations in the jurisdictions in which the Bank operates could harm its reputation and/or cause it to become subject to fines, sanctions or legal enforcement, which could have an adverse effect on the Bank's business, financial condition and results of operations;
- Panamanian laws and regulations, including future government restrictions on interest rates or changes in reserves and capitalization requirements, may have a material adverse effect on the Bank;
- legislation regarding the financial services industry may subject the Bank to significant and extensive regulation, which may have an impact on the Bank's operations;
- the Bank's credit portfolio is concentrated in the Region. The Bank also faces borrower concentration. Adverse economic changes in the Region or in the condition of the Bank's largest borrowers could

adversely affect the Bank's growth, asset quality, prospects, profitability, financial condition and financial results;

- local country foreign exchange controls or currency devaluation may harm the Bank's borrowers' ability to pay U.S. dollar-denominated obligations;
- increased risk perception in countries in the Region where the Bank has large credit exposure could have an adverse impact on the Bank's credit ratings, funding activities and funding costs;
- Bladex's obligations under the Notes will be subordinated to certain statutory liabilities;
- Bladex may issue further debt or other instruments which may rank *pari passu* with or senior to the Notes; and
- an active trading market for the Notes may not develop.

For a comprehensive discussion of such risks, see "Risk Factors" in this Base Prospectus.

SUMMARY FINANCIAL INFORMATION

The following tables set forth summary consolidated financial data for the Bank at and for each of the periods indicated. The summary balance sheet data at March 31, 2015, and the summary income statement data for the three-month period then ended should be read in conjunction with the Unaudited Consolidated Financial Statements and notes to those statements included in this Base Prospectus. The summary balance sheet data at December 31, 2014 and December 31, 2013, and the summary income statement data for each of the years then ended, respectively, are qualified in their entirety by, and should be read in conjunction with, the Audited Consolidated Financial Statements and notes to those statements included in this Base Prospectus. The financial data presented herein were prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and is stated in U.S. dollars.

Consolidated Balance Sheets

	At March 31, 2015	At December 31,		
		2014	2013	2012
	(Unaudited)		(Audited)	
	(In US\$ thousands, except percentages)			
Assets				
Cash and due from banks	\$27,796	\$ 4,985	\$ 2,161	\$ 6,718
Interest-bearing deposits in banks	917,351	775,530	837,557	700,312
Trading assets	0	0	0	5,265
Securities available-for-sale	331,829	338,973	334,368	183,017
Securities held-to-maturity	61,628	54,180	33,759	34,113
Investment funds	57,339	57,574	118,661	105,888
Loans	6,568,934	6,686,244	6,148,298	5,715,556
Less:				
Allowance for loan losses	77,692	79,675	72,751	72,976
Unearned income and deferred fees	7,839	8,509	6,668	7,100
Loans, net	6,483,403	6,598,060	6,068,879	5,635,480
Customers' liabilities under acceptances	659	114,018	1,128	1,157
Accrued interest receivable	40,488	47,938	40,727	37,819
Equipment and leasehold improvements, net	7,757	8,129	10,466	12,808
Derivative financial instruments used for hedging – receivable	13,682	12,324	15,217	19,239
Other assets	13,532	13,561	8,389	14,580
Total Assets	\$7,955,464	\$ 8,025,272	\$ 7,471,312	\$ 6,756,396
Liabilities and Stockholders' Equity				
Deposits	\$2,614,345	\$2,506,694	\$2,361,336	\$2,317,260
Trading liabilities	39	52	72	32,304
Securities sold under repurchase agreements	276,554	300,519	286,162	158,374
Short-term borrowings and debt	2,767,891	2,692,537	2,705,365	1,449,023
Acceptances outstanding	659	114,018	1,128	1,157
Accrued interest payable	17,753	14,855	13,786	17,943
Long-term borrowings and debt	1,288,304	1,405,519	1,153,871	1,905,540
Derivative financial instruments used for hedging – payable	27,220	40,287	8,572	11,747
Reserve for losses on off-balance sheet credit risk	9,870	6,849	5,222	4,841
Other liabilities	11,318	32,879	27,947	28,348
Total Liabilities	\$7,013,953	\$ 7,114,209	\$ 6,563,461	\$ 5,926,537
Redeemable noncontrolling interest	0	0	49,899	3,384
Stockholders' Equity				
Common stock, no par value	\$279,980	\$279,980	\$279,980	\$ 279,980
Additional paid-in capital in excess of assigned value of common stock	116,364	117,339	118,646	121,419
Capital reserves	95,210	95,210	95,210	95,210
Retained earnings	538,887	510,046	458,699	422,048
Accumulated other comprehensive loss	(14,235)	(13,885)	(12,575)	(730)
Treasury stock	(74,695)	(77,627)	(82,008)	(91,452)
Total Stockholders' Equity	\$941,511	\$ 911,063	\$ 857,952	\$ 826,475
Total Liabilities and Stockholders' Equity	\$7,955,464	\$ 8,025,272	\$ 7,471,312	\$ 6,756,396

Consolidated Statements of Income⁽¹⁾

	As of March 31,	
	2015	2014
	(in \$ thousands)	
Total interest income.....	53,598	49,615
Total interest expense.....	17,829	17,506
Net interest income.....	35,769	32,109
Reversal of provision for loan losses.....	2,695	16
Net interest income, after reversal of provision (provision) for loan losses.....	38,464	32,125
Other income (expense)		
Provision for losses on off-balance sheet credit risk.....	(3,021)	—
Fees and commissions, net.....	2,300	4,276
Derivatives financial instruments and hedging.....	912	(20)
Net gain (loss) from investment funds trading.....	2,562	(560)
Net loss from trading securities.....	(15)	(199)
Net gain on sale of securities available-for-sale.....	296	258
Net gain on sale of loans.....	207	120
Net gain (loss) on foreign currency exchange.....	(69)	190
Other income, net.....	248	331
Net other income.....	3,420	4,396
Total operating expenses.....	13,043	13,484
Net income from continuing operations.....	28,841	23,037
Net loss from discontinued operations.....	—	—
Net income	28,841	23,037
Net income (loss) attributable to the redeemable noncontrolling interest.....	—	(475)
Net income attributable to Bladex stockholders	28,841	23,512
Net income from continuing operations.....	28,841	23,512
Net loss from discontinued operations.....	—	—
Basic earnings per share.....	0.74	0.61
Diluted earnings per share.....	0.74	0.61
Return on average assets ⁽²⁾	1.47%	1.31%
Return on average stockholders' equity ⁽³⁾	12.56%	10.94%

(1) Various numbers and percentages set forth in this chart have been rounded and, accordingly, may not total exactly.

(2) Average assets calculated on the basis of unaudited daily average balances.

(3) Average stockholders' equity calculated on the basis of unaudited daily average balances.

Consolidated Statements of Income⁽¹⁾

	For the Year Ended December 31,		
	2014	2013	2012
	(in \$ thousands, except per share amounts and percentages)		
Total interest income.....	212,730	205,303	192,437
Total interest expense.....	71,599	82,211	87,460
Net interest income.....	141,131	123,092	104,977
Reversal of provision (provision) for loan losses.....	(6,895)	1,598	8,343
Net interest income, after reversal of provision (provision) for loan losses.....	134,236	124,690	113,320
Other income (expense):			
Reversal of provision (provision) for losses on off-balance sheet credit risk.....	(1,627)	(381)	4,046
Fees and commissions, net.....	17,502	13,669	10,021
Derivative financial instruments and hedging.....	106	353	71
Recoveries, net of impairment of assets.....	7	108	0
Net gain (loss) from investment funds trading.....	3,409	(6,702)	7,011
Net gain (loss) from trading securities.....	(393)	3,221	11,234
Net gain on sale of securities available-for-sale.....	1,871	1,522	6,030
Net gain on sale of loans.....	2,546	588	1,147
Net gain (loss) on foreign currency exchange.....	766	(3,834)	(10,525)
Gain on sale of premises and equipment.....	0	0	5,626
Other income, net.....	1,744	1,644	1,839
Net other income.....	25,931	10,188	36,500
Total operating expenses.....	(53,702)	(54,306)	(55,814)
Net income from continuing operations.....	106,465	80,572	94,006
Net income (loss) from discontinued operations ⁽²⁾	0	(4)	(681)

Net income	\$ 106,465	\$ 80,568	\$93,325
Net income (loss) attributable to the redeemable noncontrolling interest.....	(475)	(4,185)	293
Net income attributable to Bladex stockholders	\$ 106,940	\$ 84,753	\$ 93,032
Net income from continuing operations.....	106,940	84,757	93,713
Net loss from discontinued operations.....	0	(4)	(681)
Basic earnings per share.....	\$2.76	\$2.21	\$2.46
Diluted earnings per share.....	\$2.75	\$2.20	\$2.45
Book value per share (period end).....	\$23.49	\$22.24	\$21.67
Regular cash dividends declared per share.....	\$1.435	\$1.25	\$1.10
Weighted average basic shares.....	38,693	38,406	37,824
Weighted average diluted shares.....	38,839	38,533	37,938
Basic shares period end.....	38,777	38,573	38,145
Return on average assets ⁽³⁾	1.41%	1.20%	1.51%
Return on average stockholders' equity ⁽⁴⁾	11.95%	10.02%	11.57%

(1) Various numbers and percentages set forth in this chart have been rounded and, accordingly, may not total exactly.

(2) On April 2, 2013 the Bank reached a final agreement to sell its Asset Management Unit to Alpha4X Asset Management, LLC and its related companies ("Alpha4X"). The Bank applied discontinued operations accounting to the operations of the Asset Management Unit in accordance with ASC Topic 205-20 – Presentation of Financial Statements – Discontinued Operations. In April 2014, the Bank redeemed \$13.9 million of its investment in the Feeder (defined below), a variable interest entity, that had been consolidated until March 31, 2014, following the requirements of ASC 810-10- Consolidation, prior to the implementation of FAS 167 (FIN 46 (R) (ASU 2009-17 – Consolidation of Variable Interest Entities). After this redemption, the Bank ceased to be the primary beneficiary of that variable interest entity; and therefore ceased to consolidate its investment in the Feeder. See notes 3 and 6 to the Audited Consolidated Financial Statements.

(3) Average assets calculated on the basis of unaudited daily average balances.

(4) Average stockholders' equity calculated on the basis of unaudited daily average balances.

Other Financial Data and Selected Ratios

The following other financial data and selected ratios as of and for each of the three-month periods ended March 31, 2015 and 2014 and have been derived from the Unaudited Consolidated Financial Statements, except as described below. This information should be read in conjunction with the Unaudited Consolidated Financial Statements.

	As of March 31,	
	2015	2014
	(In \$ millions, except ratios and per share amount)	
OTHER FINANCIAL DATA:		
Average interest-earning assets.....	7,895	7,258
Average total assets.....	7,934	7,275
Average stockholders' equity	931	872
SELECTED FINANCIAL RATIOS:		
<i>Performance Ratios:</i>		
Return on average assets ⁽¹⁾	1.47%	1.31%
Return on average stockholders' equity ⁽²⁾	12.56%	10.94%
Net interest margin ⁽³⁾	1.84%	1.79%
Net interest spread ⁽³⁾	1.68%	1.62%
Total operating expenses to total average assets ⁽⁴⁾	0.67%	0.75%
Regular cash dividend payout ratio	51.8%	57.5%
<i>Liquidity Ratios:</i>		
Liquid assets ⁽⁵⁾ / total assets	11.6%	8.0%
Liquid assets ⁽⁵⁾ / total deposits	35.2%	22.8%
<i>Asset Quality Ratios:</i>		
Non-accrual loans to total loans ⁽⁶⁾	0.32%	0.05%
Impaired loans to total loans ⁽⁶⁾	0.32%	0.05%
Charged-off loans to total loans.....	0.00%	0.00%
Allowance for loan losses to total loans, net of unearned income and deferred commission.....	1.18%	1.19%
Allowance for losses on off-balance sheet credit risk to total contingencies	1.89%	1.02%
<i>Capital Ratios:</i>		
Stockholders' equity to total assets	11.8%	12.3%
Average stockholders' equity to total average assets ⁽⁷⁾	11.7%	12.0%
Leverage ratio ⁽⁸⁾	8.4x	8.1x
Tier 1 capital to risk-weighted assets ⁽⁹⁾	16.2%	16.4%
Total capital to risk-weighted assets ⁽¹⁰⁾	17.4%	17.6%
Risk-weighted assets.....	5,884	5,437

(1) Average assets calculated on the basis of unaudited daily average balances.

(2) Average stockholder's equity calculated on the basis of unaudited daily average balances.

(3) For information regarding calculation of the net interest margin and the net interest spread, see "Operating and Financial Review and Prospects — Operating Results — Net Interest Income and Margins". The Bank calculates the Net Interest Margin and Net Interest Spread on the basis of unaudited daily average balances, as applicable.

(4) Total average assets calculated on the basis of unaudited daily average balances.

(5) Liquid assets consist of investment-grade "A" securities, cash and due from banks, and interest-bearing deposits in banks, excluding margin calls and pledged regulatory deposits. See Note 3 to the Unaudited Consolidated Financial Statements attached hereto.

(6) As of March 31, 2015 and 2014 the Bank had \$21 million and \$3 million in non-accrual status, respectively, all of which corresponded to impaired loans. Impairment factors considered by the Bank's management include collection status, collateral value, the probability of collecting scheduled principal and interest payments when due, and economic conditions in the borrower's country of residence. Total loans is presented net of unearned income and deferred loan fees.

(7) Average stockholders' equity and total average assets calculated on the basis of unaudited daily average balances.

(8) Leverage ratio is the ratio of total assets to stockholders' equity.

(9) Tier 1 capital is calculated according to Basel I capital adequacy guidelines, and is equivalent to stockholders' equity, excluding the Other Comprehensive Income account effect of the available-for-sale portfolio. The Tier 1 capital ratio is calculated as a percentage of risk-weighted assets. Risk-weighted assets are, in turn, also calculated based on Basel I capital adequacy guidelines. The Bank's Tier 1 capital ratio according to Basel III, which updated in 2013 the original guidance on a number of regulatory reforms to the regulatory capital framework in order to strengthen minimum capital requirements, was 16.4% as of March 31, 2015.

(10) Total capital refers to Tier 1 capital plus Tier 2 capital, based on Basel I capital adequacy guidelines. Total capital refers to the total capital ratio as a percentage of risk-weighted assets.

The following other financial data and selected ratios as of and for each of the years ended December 31, 2014, 2013 and 2012 have been derived from the Audited Consolidated Financial Statements. This information should be read in conjunction with the Audited Consolidated Financial Statements and the notes thereto.

	As of and for the years ended December 31,		
	2014	2013	2012
	(In \$ millions, except ratios)		
OTHER FINANCIAL DATA:			
Average interest-earning assets.....	\$7,544	\$7,028	\$ 6,177
Average total assets.....	\$7,573	\$7,048	\$6,169
Average stockholders' equity	\$895	\$846	\$804
SELECTED FINANCIAL RATIOS:			
<i>Performance Ratios:</i>			
Return on average assets ⁽¹⁾	1.41%	1.20%	1.51%
Return on average stockholders' equity ⁽²⁾	11.95%	10.02%	11.57%
Net interest margin ⁽³⁾	1.87%	1.75%	1.70%
Net interest spread ⁽³⁾	1.71%	1.55%	1.44%
Total operating expenses to total average assets ⁽⁴⁾	0.71%	0.77%	0.90%
Regular cash dividend payout ratio	51.92%	56.64%	44.72%
<i>Liquidity Ratios:</i>			
Liquid assets ⁽⁵⁾ / total assets	9.24%	11.12%	10.21%
Liquid assets ⁽⁵⁾ / total deposits	29.57%	35.18%	29.78%
<i>Asset Quality Ratios:</i>			
Non-accrual loans to total loans ⁽⁶⁾	0.06%	0.05%	0.00%
Impaired loans to total loans ⁽⁶⁾	0.06%	0.05%	0.00%
Charged-off loans to total loans.....	0.00%	0.00%	0.13%
Allowance for loan losses to total loans, net of unearned income and deferred commission	1.19%	1.18%	1.28%
Allowance for losses on off-balance sheet credit risk to total contingencies	1.37%	1.08%	2.05%
<i>Capital Ratios:</i>			
Stockholders' equity to total assets	11.35%	11.48%	12.23%
Average stockholders' equity to total average assets ⁽⁷⁾	11.81%	12.01%	13.03%
Leverage ratio ⁽⁸⁾	8.8x	8.7x	8.2x
Tier 1 capital to risk-weighted assets ⁽⁹⁾	15.3%	15.9%	17.9%
Total capital to risk-weighted assets ⁽¹⁰⁾	16.5%	17.1%	19.2%
Risk-weighted assets	\$6,027	\$5,473	\$4,609

- (1) Average assets calculated on the basis of unaudited daily average balances.
- (2) Average stockholder's equity calculated on the basis of unaudited daily average balances.
- (3) For information regarding calculation of the net interest margin and the net interest spread, see "Operating and Financial Review and Prospects—Operating Results—Net Interest Income and Margins". The Bank calculates the Net Interest Margin and Net Interest Spread on the basis of unaudited daily average balances, as applicable.
- (4) Total average assets calculated on the basis of unaudited daily average balances.
- (5) Liquid assets consist of investment-grade "A" securities, cash and due from banks, and interest-bearing deposits in banks, excluding margin calls and pledged regulatory deposits. See Note 4 to the Audited Consolidated Financial Statements attached hereto.
- (6) As of December 31, 2014 and 2013 the Bank had \$4 million and \$3 million in non-accrual status, respectively, all of which corresponded to impaired loans. As of December 31, 2012, the Bank did not have any loans in non-accrual status. Impairment factors considered by the Bank's management include collection status, collateral value, the probability of collecting scheduled principal and interest payments when due, and economic conditions in the borrower's country of residence. Total loans is presented net of unearned income and deferred loan fees.
- (7) Average stockholders' equity and total average assets calculated on the basis of unaudited daily average balances.
- (8) Leverage ratio is the ratio of total assets to stockholders' equity.
- (9) Tier 1 capital is calculated according to Basel I capital adequacy guidelines, and is equivalent to stockholders' equity, excluding the Other Comprehensive Income account effect of the available-for-sale portfolio. The Tier 1 capital ratio is calculated as a percentage of risk-weighted assets. Risk-weighted assets are, in turn, also calculated based on Basel I capital adequacy guidelines. The Bank's Tier 1 capital ratio according to Basel III, which updated in 2013 the original guidance on a number of regulatory reforms to the regulatory capital framework in order to strengthen minimum capital requirements, was 15.6% as of December 31, 2014.
- (10) Total capital refers to Tier 1 capital plus Tier 2 capital, based on Basel I capital adequacy guidelines. Total capital refers to the total capital ratio as a percentage of risk-weighted assets.

RECENT DEVELOPMENTS

On April 16, 2015, the Bank released its financial results as of and for the three months ended March 31, 2015. The Bank sets out below an overview of those results which must be read together with the Unaudited Consolidated Financial Statements included elsewhere in this Base Prospectus.

The Bank's net income attributable to its stockholders for the three-month period ended March 31, 2015 totaled \$28.8 million, compared to \$23.5 million for the three-month period ended March 31, 2014. The \$5.3 million or 23% increase was mainly due to period-on-period improvements in business income and non-core results. Net interest income totaled \$35.8 million for the three-month period ended March 31, 2015, compared to \$32.1 million for the three-month period ended March 31, 2014, mainly due to higher period-on-period average loan portfolio balances and higher net margins resulting primarily from lower average funding costs.

Fees and other income totaled \$2.8 million for the three-month period ended March 31, 2015, compared to \$4.7 million for the three-month period ended March 31, 2014, mainly due to the absence of closed structured agreements in the loan structuring and syndication business, and from lower average letter of credit portfolio balances.

Key Performance Metrics

The Bank's annualized return on average equity ("ROAE") for the three-month period ended March 31, 2015 reached 12.56% versus 10.94% for the three-month period ended March 31, 2014. Net interest spread for the three-month period ended March 31, 2015 was 1.68%, compared to 1.62% for the three-month period ended March 31, 2014. Net interest margin was 1.84% for the three-month period ended March 31, 2015, compared to 1.79% for the three-month period ended March 31, 2014. The year-on-year improvement was mainly driven by higher average loan portfolio balances and investment securities balances, which increased by 9%, and lower average funding costs, which decreased by 7 basis points.

The Bank's business efficiency ratio, which excludes non-core revenues and expenses, was 33% for the three-month period ended March 31, 2015, a decrease of 200 basis points compared to the three-month period ended March 31, 2014. Business operating revenues increased 7% for the three-month period ended March 31, 2015 compared to the three-month period ended March 31, 2014, while business operating expenses decreased by 1% for the three-month period ended March 31, 2015 as compared to the three-month period ended March 31, 2014.

Credit Growth & Quality

The end-of-period Commercial Portfolio total interest-earning assets, other assets and contingencies balance stood at \$7.1 billion as of March 31, 2015, an increase of \$481 million or 7.3% compared to March 31, 2014. Average Commercial Portfolio balances amounted to \$7.1 billion for the three-month period ended March 31, 2015, an increase of \$0.5 billion or 7.8% compared to \$6.6 billion registered for the three-month period ended March 31, 2014.

Non-accrual loans to total loan portfolio balances amounted to 0.32% as of March 31, 2015, while the ratio of the allowance for credit losses to the Commercial Portfolio ending balances was 1.23%, an increase of 5 basis points compared to the three-month period ended March 31, 2014. The credit provision to non-performing loan balances ratio was 4.2 times as of March 31, 2015.

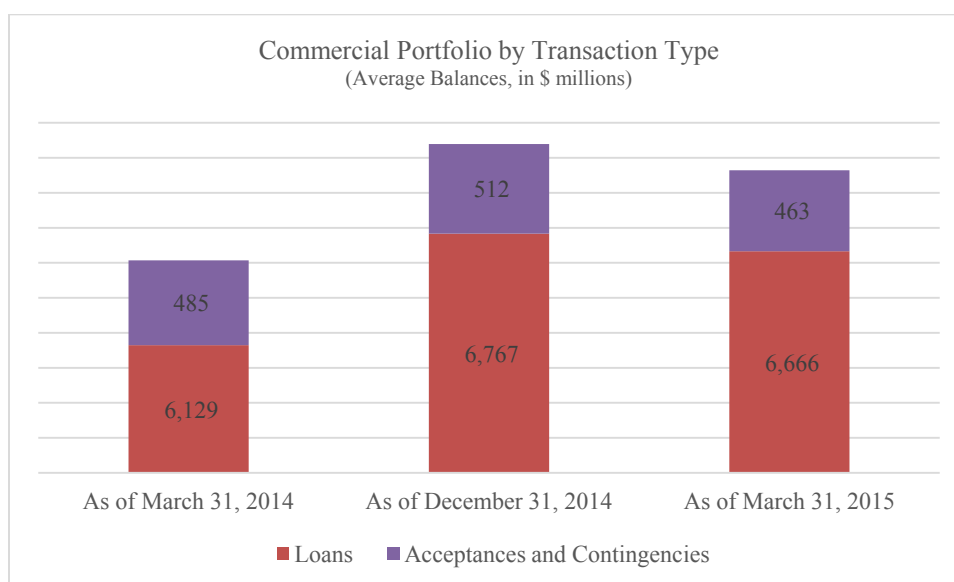
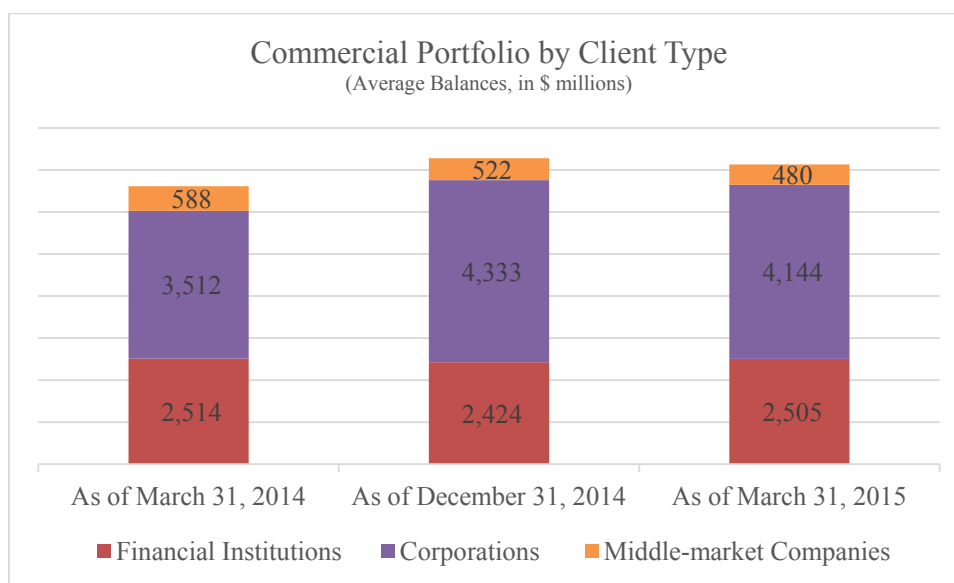
Results by Business Segment

Commercial Division

The Commercial Division incorporates the Bank's core business of financial intermediation and fee generation activities relating to the Bank's Commercial Portfolio. Net Income includes net interest income from loans, fees and other income, allocated operating expenses, reversals or provisions for loan and off-balance sheet credit losses, and any recoveries, net of impairment of assets.

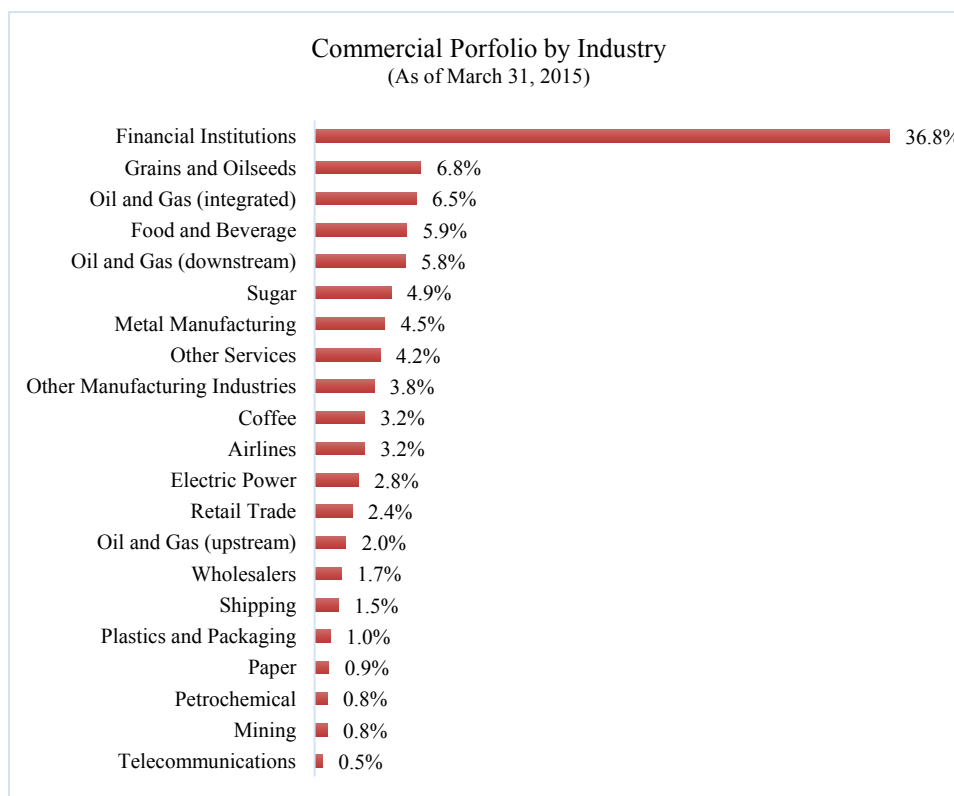
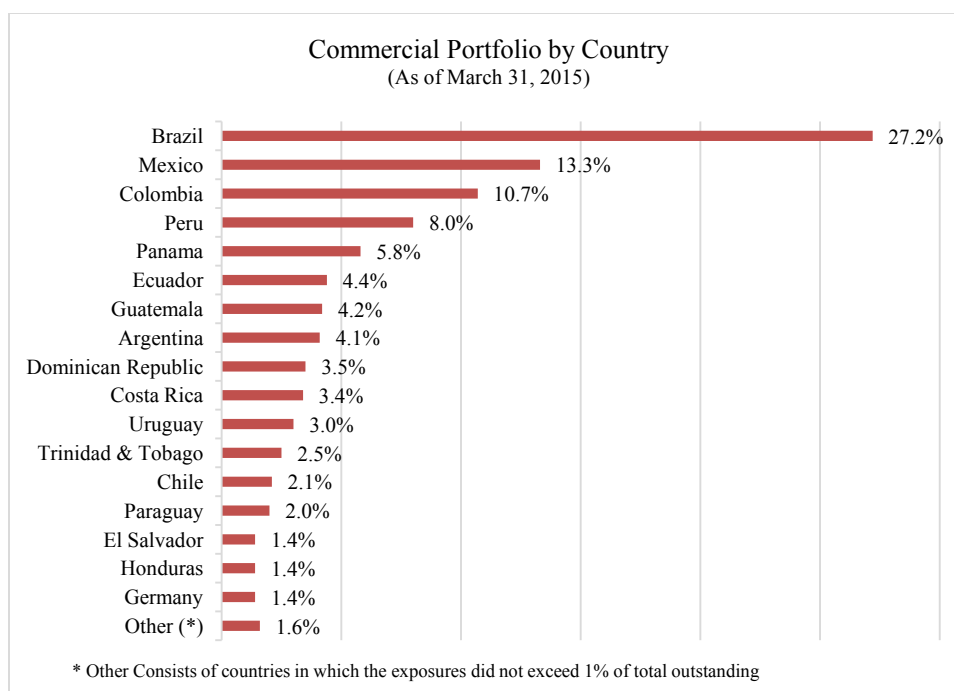
As of March 31, 2015, the Commercial Portfolio total interest-earning assets, other assets and contingencies balance stood at \$7.1 billion, a decrease of \$94 million or 1%, compared to \$7.2 billion as of December 31, 2014 and an increase of \$481 million or 7.3% compared to \$6.6 billion as of March 31, 2014. The average balance of the

Commercial Portfolio reached \$7.1 billion as of March 31, 2015, a \$0.1 billion, or 2%, decrease compared to \$7.3 billion as of December 31, 2014, and a \$0.5 billion, or 7.8%, increase compared to \$6.6 billion as of March 31, 2014, primarily attributable to growing business volumes in the Bank's client base of corporations, which increased by 18% year-on-year.



The Commercial Portfolio continued to be short-term and trade-related in nature. As of March 31, 2015, \$5.2 billion, or 73%, of the total Commercial Portfolio was scheduled to mature within one year. Trade financing operations represented 54% of the total Commercial Portfolio, while the remaining balance consisted primarily of lending to financial institutions and corporations engaged in foreign trade.

The following graphs illustrate the geographic distribution of the Bank's Commercial Portfolio, highlighting the portfolio's diversification by country of risk, and the diversification across industry segments:



The Commercial Division's net income attributable to Bladex stockholders for the three-month period ended March 31, 2015 totaled \$23.0 million, compared to \$22.4 million for the three-month period ended March 31, 2014, an increase of \$0.6 million, or 2.7%, mainly due to a \$3.0 million, or 10.7%, increase in net interest income mainly due to: (i) higher average loan portfolio balances, which in turn increased by \$0.5 billion, or 9%; (ii) nearly unchanged

lending rates, which decreased by 1 basis point; and (iii) \$0.1 million increase in operating expenses. Such increase was partially offset by the combined effects of (i) a \$2.0 million decrease in non-interest operating income from lower loan intermediation and syndication activities; (ii) lower fees from the letters of credit business and (iii) \$0.3 million provisions for credit losses recorded in the three-month period ended March 31, 2015 mainly on higher ending Commercial interest-earning assets, which increased by 7.7% in the period. See note 21 to the Unaudited Consolidated Financial Statements.

Treasury Division

The Treasury Division is responsible for the Bank's funding and liquidity management, along with the management of its activities in investment securities, which comprise securities available-for-sale, and securities held-to-maturity, as well as the management of the Bank's interest rate, liquidity, price, and currency risks. The Treasury Division also incorporates the Bank's net results from its remaining participation in investment funds, which are shown in the other income line item "net gain (loss) from investment funds." Following a redemption made during the quarter, Bladex's participation in the Feeder Fund stood at 48.68% as of March 31, 2015, compared to 49.61% as of December 31, 2014.

The Treasury Division's net income is presented net of allocated operating expenses, and includes net interest income from Treasury activities, as well as related net other income, including net results from derivative financial instruments and hedging, net gains (losses) from investment funds, net gains (losses) from trading securities, net gains (losses) on the sale of securities available-for-sale, and net gains (losses) on foreign currency exchange.

The Bank's liquid assets (consisting of cash and due from banks and interest-bearing deposits in banks, excluding margin calls and pledged regulatory deposits), totaled \$919 million as of March 31, 2015, compared to \$741 million as of December 31, 2014, in a market characterized by high liquidity levels. As of March 31, 2015, the Bank's liquid assets to total assets ratio was 11.6%, compared to 9.2% as of December 31, 2014, while the liquid assets to total deposits ratio as of March 31, 2015 was 35.2% compared to 29.6% as of December 31, 2014.

As of March 31, 2015, the securities available-for-sale portfolio totaled \$332 million, compared to \$339 million as of December 31, 2014. As of March 31, 2015, the available-for-sale portfolio consisted of readily-quoted Latin American securities, 75% of which represented multilateral, sovereign, or state-owned risk. The available-for-sale portfolio is marked-to-market, with the impact recorded in stockholders' equity through the Other Comprehensive Income (Loss) Account ("OCI").

Deposit balances stood at \$2.6 billion as of March 31, 2015, representing 37.3% of total liabilities, compared to \$2.5 billion, or 35.2% of total liabilities as of December 31, 2014. Short-term borrowings and debt, including securities sold under repurchase agreements, totaled \$3.0 billion as of March 31, 2015, nearly unchanged from the previous quarter, as the Bank deployed its funding sources with increased short-term issuances and bilateral financing, while long-term borrowings and debt totaled \$1.3 billion as of March 31, 2015, a decrease of \$117 million, or 8.3%, from \$1.4 billion as of December 31, 2014. Weighted average funding costs stood at 1.04% for the three-month period ended March 31, 2015, an increase of 3 basis points from 1.01% registered for the three-month period ended December 31, 2014, mainly due to lower average deposit balances, which decreased by 16%, that impacted the funding mix, and further represented a decrease of 7 basis points compared to the level registered for the three-month period ended March 31, 2014, mainly due to reduced non-deposit borrowing costs.

The Treasury Division's net income attributable to Bladex stockholders totaled \$5.9 million for the three-month period ended March 31, 2015, compared to \$1.2 million for the three-month period ended March 31, 2014. The \$4.7 million, or 406.7%, increase in net income was the result of (i) a \$4.1 million increase in net other income, mainly driven by improved performance from the Bank's remaining participation in investment funds, (ii) a \$0.7 million increase in net interest income mostly from lower average funding costs, and (iii) a \$0.5 million decrease in allocated operating expenses primarily associated with the deconsolidation of expenses related to the investment funds. See note 21 to the Unaudited Consolidated Financial Statements.

Net Interest Income and Margins

Net interest income increased \$3.7 million, or 11.4%, to \$35.8 million for the three-month period ended March 31, 2015, compared to \$32.1 million for the three-month period ended March 31, 2014. This was mainly the result of a

\$2.0 million overall increase in net interest income resulting from higher average interest-earning assets, primarily consisting of average loan portfolio balances and investment securities balances, each of which registered a 9% increase and were partially offset by the effects of higher average balances on the Bank's interest-bearing liabilities, which also registered a 9% increase. The increase in net interest income was also a result of lower average rates paid on interest-bearing liabilities, which decreased by 7 basis points, while average interest rates for the Bank's interest-earning assets remained nearly unchanged, registering a decrease of 1 basis point.

Fees and Other Income

Fees and other income include the fee income associated with letters of credit and other off-balance sheet assets, such as guarantees and credit commitments, as well as fee income derived from loan structuring and syndication, and loan intermediation and distribution activities.

Fees and other income totaled \$2.8 million for the three-month period ended March 31, 2015, compared to \$4.7 million for the three-month period ended March 31, 2014. The decrease of \$1.9 million, or 42%, was mainly attributable to the absence of closed structured agreements in the loan structuring and syndication business, and from lower average letters of credit portfolio balances.

Portfolio Quality and Provision for Credit Losses

The allowance for loan and off-balance sheet credit losses totaled \$87.6 million as of March 31, 2015, compared to \$86.5 million as of December 31, 2014, an increase of \$1.1 million, or 1.2%, which reflected the overall growth in Commercial Portfolio balances. The ratio of the allowance for credit losses to the Commercial Portfolio ending balances was 1.23% as of March 31, 2015, an increase of 3 basis points compared to 1.20% as of December 31, 2014.

As of March 31, 2015, the Bank had \$20.8 million in non-accrual loans or 0.32% of total loan portfolio balances, as the result of the inclusion of two counterparties totaling \$16.8 million in exposures, associated with a \$1.6 million overall increase in specific reserves, compared to \$4.0 million, or 0.06%, as of December 31, 2014. The credit provision to non-performing loan balances ratio level was 4.2 times as of March 31, 2015, compared to 21.4 times as of December 31, 2014.

Operating Expenses

Operating expenses totaled \$13.0 million for the three-month period ended March 31, 2015, a \$0.4 million, or 3.3% decrease compared to \$13.5 million for the three-month period ended March 31, 2014, primarily attributable to the deconsolidation of investment fund related expenses.

The Bank's business efficiency ratio (consolidated operating expenses excluding expenses from the investment funds, as a percentage of net operating revenues excluding the net interest income from the investment funds and the net income (loss) from investment funds) was 33% for the three-month period ended March 31, 2015, compared to a ratio of 35% registered for the three-month period ended March 31, 2014, mainly due to an increase of 7% in business operating revenues, while operating expenses decreased by 1%. The Bank's total efficiency ratio reached 31% for the three-month period ended March 31, 2015, compared to 37% for the three-month period ended March 31, 2014. The ratio of operating expenses to average assets was 67 basis points for the three-month period ended March 31, 2015, compared to 75 basis points for the three-month period ended March 31, 2014.

Capital Ratios and Capital Management

The Bank's equity consists entirely of issued and fully paid ordinary common stock. As of March 31, 2015, the Bank's Tier 1 Basel I Capital Ratio was 16.2%, compared to 15.3% as of December 31, 2014. The Bank's leverage as of March 31, 2015 was 8.4x, compared to 8.8x as of December 31, 2014. The Bank has adopted the Basel III framework to calculate its Tier 1 Capital Ratio, but will, on a temporary basis, continue to report quarterly Tier 1 Basel I Ratios for comparison purposes. The Bank's Tier 1 Basel III Capital Ratio stood at 16.4% as of March 31, 2015, compared to 15.6% as of December 31, 2014.

The Bank's common shares outstanding totaled 38.9 million as of March 31, 2015, compared to 38.7 million as of March 31, 2014.

Other Recent Events

Annual Shareholders' Meeting

At the Annual Shareholders' Meeting held on April 16, 2015, in Panama City, Panama, Mr. Miguel Heras was elected as Director representing Class E Common Stockholders, and Mr. Gonzalo Menéndez Duque and Mr. Rubens V. Amaral Jr., were re-elected as Directors of the Bank representing all Classes of shares of the Bank's common stock.

Quarterly dividend payment

At the board of directors meeting held on April 15, 2015, the Bank's Board of Directors approved a quarterly common dividend of \$0.385 per share corresponding to the first quarter 2015. The dividend was paid on May 5, 2015 to stockholders registered as of April 27, 2015.

May 2015 Issuance

On May 7, 2015, the Bank issued \$350 million in senior notes under this Program. These notes have a fixed interest coupon of 3.25% and mature in 2020.

RISK FACTORS

The following section describes some of the risks associated with an investment in the Notes. Prospective purchasers of the Notes should consider, among other things, all of the information set out in this prospectus and particularly the risk factors with respect to Bladex, the region in which Bladex operates and the Notes. In general, investing in the securities of issuers in emerging market countries such as Panama involves a higher degree of risk than investing in the securities of U.S. and European issuers.

Risks Relating to the Bank's Business

Bladex faces liquidity risk, and its failure to adequately manage this risk could result in a liquidity shortage, which could adversely affect its financial condition, results of operations and cash flows.

Bladex, like all financial institutions, faces liquidity risk, being able to maintain adequate cash flow to repay its deposits and borrowings and fund its credit portfolio on a timely basis. Failure to adequately manage its liquidity risk could produce an available funds shortage as a result of which the Bank would not be able to repay its obligations as they become due.

As of December 31, 2014, 36% of the Bank's funding represents short-term borrowings and debt from international private banks, which compete with the Bank in its credit extension activities. If these international banks cease to provide funding to the Bank, the Bank would have to seek funding from other sources, which may not be available, or if available, may be at a higher cost.

Financial turmoil in the international markets could negatively impact liquidity in the financial markets, reducing the Bank's access to credit or increasing its cost of funding, which could lead to tighter lending standards. An example of this situation is the liquidity constraint experienced in the second half of 2007 in the international financial markets, which intensified during the third quarter of 2008, driven first by the subprime mortgage crisis in the United States and then followed by the credit crisis, and in the ongoing European sovereign debt crisis. The reoccurrence of such unfavorable market conditions could have a material adverse effect on the Bank's liquidity.

As of December 31, 2014, 75% of the Bank's total deposits represented deposits from central and state-owned banks, and 16% of the Bank's deposits represented deposits from private sector commercial banks and financial institutions.

As a U.S. dollar-based economy, Panama does not have a central bank, and there is no lender of last resort to the banking system in the country.

The credit ratings of the Bank are an important factor in maintaining the Bank's liquidity. A reduction in the Bank's credit rating could reduce the Bank's access to debt markets or materially increase the cost of issuing debt, trigger additional collateral or funding requirements, and decrease the number of investors and counterparties willing or permitted, contractually or otherwise, to do business with or lend to the Bank. This, in turn, could reduce the Bank's liquidity and negatively impact its operating results and financial position.

The Bank's allowances for credit losses could be inadequate to cover credit losses related to its loans and contingencies.

The Bank determines the appropriate level of allowances for credit losses based on a process that estimates the probable loss inherent in its portfolio, which is the result of a statistical analysis supported by the Bank's historical portfolio performance, external sources and the judgment of the Bank's management. The latter reflects assumptions and estimates made in the context of changing political and economic conditions in the Region.

The Bank's allowances could be inadequate to cover losses in its Commercial Portfolio due to exposure concentration or deterioration in certain sectors or countries, which in turn could have a material adverse effect on the Bank's financial condition, results of operations and cash flows. As stated above, the Bank's "Commercial Portfolio" includes the loan portfolio, selected deposits placed, customers' liabilities under acceptances, and contingencies (including confirmed and stand-by letters of credit, guarantees covering commercial risk, and credit commitments).

The Bank's businesses are subject to market risk.

Market risk generally represents the risk that values of assets and liabilities or revenues will be adversely affected by changes in market conditions. Market risk is inherent in the financial instruments associated with many of the Bank's operations and activities, including loans, deposits, investment and trading securities, short-and long-term borrowings, and debt, derivatives and trading positions. Among many other market conditions that may shift from time to time are fluctuations in interest rates and currency exchange rates, changes in the implied volatility of interest rates and changes in securities prices, due to changes in either market perception or actual credit quality of either the issuer or its country of origin. Accordingly, depending on the instruments or activities impacted, market risks can have wide ranging, complex adverse effects on the Bank's financial condition, results of operations, cash flows and business.

The Bank faces interest rate risk that is caused by the mismatch in maturities of interest-earning assets and interest-bearing liabilities. If not properly managed, this mismatch can reduce net interest income as interest rates fluctuate.

As a bank, Bladex faces interest rate risk because interest-bearing liabilities generally re-price at a different pace than interest-earning assets. Bladex's exposure to instruments whose values vary with the level or volatility of interest rates contributes to its interest rate risk. Failure to adequately manage eventual mismatches may reduce the Bank's net interest income during periods of fluctuating interest rates.

The Bank's credit portfolio may decrease or may not continue to grow at the present rate or at a similar rate. Additionally, growth in the Bank's credit portfolio may expose the Bank to an increase in allowance for loan losses.

It is difficult to predict whether the Bank's credit portfolio, including the Bank's foreign trade portfolio, will continue to grow in the future at historical rates. A reversal in the growth rate of the Region's economy and trade volumes could adversely affect the growth rate of the Bank's credit portfolio. Additionally, the future expansion of Bladex's credit portfolio may expose the Bank to higher levels of potential or actual losses and require an increase in credit risk reserves, which could negatively impact the Bank's operating results and financial position. Non-performing or low credit quality loans can negatively impact the Bank's results of operations. The Bank may not be able to effectively control the level of the impaired loans in its total loan portfolio. In particular, the amount of its reported non-performing and/or non-accruing loans may increase in the future as a result of growth in its loan portfolio, including loan portfolios that the Bank may acquire in the future, or factors beyond the Bank's control, such as the impact of economic trends and political events affecting the Region, events affecting certain industries or events affecting financial markets and global economies.

Increased competition and banking industry consolidation could limit the Bank's ability to grow and may adversely affect results of operations.

Most of the competition the Bank faces in the trade finance business comes from domestic and international banks, the majority of which are European and North American institutions. Many of these banks have substantially greater resources than the Bank and enjoy access to less expensive funding than the Bank does. It is difficult to predict how increased competition will affect the Bank's growth prospects and results of operations.

Over time, there has been substantial consolidation among companies in the financial services industry, and this trend continued accelerating in recent years as the credit crisis led to numerous mergers and asset acquisitions among industry participants and, in certain cases, reorganizations, restructurings, or even bankruptcies. Merger activity in the financial services industry has produced companies that are capable of offering a wide array of financial products and services at competitive prices. In addition, whenever economic conditions and risk perception improve in the Region, competition from commercial banks, the securities markets and other new participants generally increases.

Globalization of the capital markets and financial services industries exposes the Bank to further competition. To the extent the Bank expands into new business areas and new geographic regions, the Bank may face competitors with more experience and more established relationships with clients, regulators and industry participants in the

relevant market, which could adversely affect the Bank's ability to compete. The Bank's ability to grow its business and therefore, its earnings, is affected by these competitive pressures.

The Bank's businesses rely heavily on data collection, management and processing, and information systems, the failure of which could have a material adverse effect on the Bank, including the effectiveness of the Bank's risk management and internal control systems.

All of the Bank's principal businesses are highly dependent on the ability to timely collect and process a large amount of financial and other information across numerous and diverse markets, at a time when transaction processes have become increasingly complex with increasing volume. The proper functioning of financial control, accounting, or other data collection and processing systems is critical to the Bank's businesses and to its ability to compete effectively. A partial or complete failure of any of these primary systems could materially and adversely affect the Bank's decision-making process, the Bank's risk management and internal control systems, as well as the Bank's ability to respond on a timely basis to changing market conditions. If the Bank cannot maintain an effective data collection, management and processing system, it may be materially and adversely affected.

The Bank is also dependent on information systems to operate its website, process transactions, respond to customer inquiries on a timely basis and maintain cost-efficient operations. The Bank may experience operational problems with its information systems as a result of system failures (including failure to update systems), viruses, computer "hackers" or other causes. The Bank's ability to remain competitive depends in part on its ability to upgrade its information technology on a timely and cost-effective basis. The Bank continually makes investments and improvements in its information technology infrastructure in order to remain competitive. In the future, the Bank may not be able to maintain the level of capital expenditures necessary to support the improvement or upgrading of its information technology infrastructure. Any failure to effectively improve or upgrade its information technology infrastructure and management information systems in a timely manner could have a material adverse effect on the Bank.

Operational problems or errors can have a material adverse impact on the Bank's business, financial condition, results of operations and cash flows.

Bladex, like all financial institutions, is exposed to operational risks, including the risk of fraud by employees and outsiders, failure to obtain proper internal authorizations, failure to properly document transactions, equipment failures, and errors by employees and any failure, interruption or breach in the security or operation of the Bank's information technology systems could result in interruptions in such activities. Operational problems or errors may occur, and their occurrence may have a material adverse impact on the Bank's business, financial condition, results of operations and cash flows.

Any delays or failure to implement business initiatives that the Bank may undertake could prevent the Bank from realizing the anticipated revenues and benefits of the initiatives.

Part of the Bank's strategy is to diversify income sources through business initiatives, including targeting new clients and developing new products and services. These initiatives may not be fully implemented within the time frame the Bank expects, or at all. In addition, even if such initiatives are fully implemented, they may not generate revenues as expected. Any delays in implementing these business initiatives could prevent the Bank from realizing the anticipated benefits of the initiatives, which could adversely affect the Bank's business, results of operations and growth prospects.

Any failure to remain in compliance with applicable banking laws or other applicable regulations in the jurisdictions in which the Bank operates could harm its reputation and/or cause it to become subject to fines, sanctions or legal enforcement, which could have an adverse effect on the Bank's business, financial condition and results of operations.

Bladex has adopted various policies and procedures to ensure compliance with applicable laws, including internal controls and "know-your-customer" procedures aimed at preventing money laundering and terrorism financing; however, participation of multiple parties in any given trade finance transaction can make the process of due diligence difficult. Further, because trade finance can be more document-based than other banking activities, it is susceptible to documentary fraud, which can be linked to money laundering, terrorism financing, illicit activities

and/or the circumvention of sanctions or other restrictions (such as export prohibitions, licensing requirements, or other trade controls). While the Bank is alert to high-risk transactions, it is also aware that efforts, such as forgery, double invoicing, partial shipments of goods and use of fictitious goods, may be used to evade applicable laws and regulations. If the Bank's policies and procedures are ineffective in preventing third parties from using it as a conduit for money laundering or terrorism financing without its knowledge, the Bank's reputation could suffer and/or it could become subject to fines, sanctions or legal action (including being added to any "blacklists" that would prohibit certain parties from engaging in transactions with the Bank), which could have an adverse effect on the Bank's business, financial condition and results of operations. In addition, amendments to applicable laws and regulations in Panama and other countries in which the Bank operates could impose additional compliance burdens on the Bank.

Panamanian laws and regulations, including future government restrictions on interest rates or changes in reserves and capitalization requirements, may have a material adverse effect on the Bank.

The Bank is subject to extensive laws and regulations regarding the Bank organization, operations, lending and funding activities, capitalization and other matters. In September 2010, the Basel Committee on Banking Regulations and Supervisory Practices (the "Basel Committee") proposed comprehensive changes to the liquidity coverage ratio and liquidity risk monitoring tools ("Basel III"). On December 16, 2010 and January 13, 2011, the Basel Committee issued its final guidance (which was updated in 2013) on a number of regulatory reforms to the regulatory capital framework in order to strengthen minimum capital requirements, including the phasing out of innovative Tier 1 and 2 Capital instruments with incentive-based redemption clauses and implementing a leverage ratio on institutions in addition to current risk-based regulatory requirements. The Superintendency of Banks of Panama (*Superintendencia de Bancos de Panamá*) (the "Superintendency"), is authorized to increase the minimum capital requirement in Panama at its sole discretion. Non-compliance with this capital requirement could result in the assessment of administrative sanctions by the Superintendency for such violations. Such an assessment may take into consideration the magnitude of the offense and any prior occurrences and the magnitude of damages and prejudice caused to third parties. The Bank has adopted Basel III criteria to determine capitalization levels, and determined the Bank's Tier 1 Basel III capital ratio to be 15.6% as of December 31, 2014.

Legislation regarding the financial services industry may subject the Bank to significant and extensive regulation, which may have an impact on the Bank's operations.

On July 21, 2010, the Dodd-Frank Act was signed into law in the United States. The Dodd-Frank Act is intended primarily to overhaul the financial regulatory framework in the United States following the global financial crisis and may impact substantially all financial institutions including the Bank. The Dodd-Frank Act, among other things, imposes higher prudential standards, including more stringent risk-based capital, leverage, liquidity and risk-management requirements, establishes a Bureau of Consumer Financial Protection, establishes a systemic risk regulator, consolidates certain federal bank regulators, imposes additional requirements related to corporate governance and executive compensation and requires various U.S. federal agencies to adopt a broad range of new implementing rules and regulations, for which they are given broad discretion. The Bank is closely monitoring this rulemaking process, and analyzing, the impact of new rules on the Bank's business.

On December 10, 2013, pursuant to the Dodd-Frank Act, federal banking and securities regulators issued final rules to implement Section 619 of the Dodd-Frank Act (the "Volcker Rule"). Generally, subject to a transition period and certain exceptions, the Volcker Rule restricts banks from: (i) short-term proprietary trading as principal in securities and other financial instruments, and (ii) sponsoring or acquiring or retaining an ownership interest in private equity and hedge funds. After the transition period, the Volcker Rule prohibitions and restrictions will apply to banking entities, including the Bank, unless an exception applies. Based on analysis of applicable regulations, the Bank has determined that its current investment activities are not subject to the Volcker Rule restrictions.

The Dodd-Frank Act also will have an impact on the Bladex's derivatives activities if it enters into swaps or security-based swaps with U.S. persons. In particular, Bladex may be subject to mandatory trade execution, mandatory clearing and mandatory posting of margin in connection with its swaps and security-based swaps with U.S. persons.

On March 18, 2010, the Hiring Incentives to Restore Employment Act of 2010, Pub. L. 111-147 (H.R. 2847), added sections 1471 through 1474 (collectively, FATCA) to Subtitle A of the Internal Revenue Code of 1986, as amended (the Code). FATCA requires withholding agents, including foreign financial institutions (FFIs), to withhold thirty percent (30%) of certain payments to a FFI unless the FFI has entered into an agreement with the Internal Revenue Service (IRS) to, among other things, report certain information with respect to U.S. accounts. FATCA also imposes on withholding agents certain withholding, documentation, and reporting requirements with respect to certain payments made to certain non-financial foreign entities.

As of May 1, 2014, Panama has been treated by the U.S. Department of the Treasury as having a Model 1 intergovernmental agreement ("Panama IGA") in effect with the U.S. for purposes of FATCA. Under the Panama IGA, most Panamanian financial institutions are required to register with the IRS and comply with the requirements of the Panama IGA, including with respect to due diligence, reporting, and withholding.

To this end, the Bank registered with the IRS on April 23, 2014 as a Registered Deemed-Compliant Financial Institution (including a Reporting Financial Institution under a Model 1 IGA) and is required under the Panama IGA to identify U.S. persons and report certain information required by the IRS, through the tax authorities in Panama.

Payments on certain Notes may be subject to U.S. withholding under FATCA.

The United States has enacted rules, commonly referred to as "FATCA," that generally impose a new reporting and withholding regime with respect to certain payments made after 31 December 2016 by entities that are classified as financial institutions under FATCA. The United States has entered into, in substance, an intergovernmental agreement regarding the implementation of FATCA with Panama (the "IGA"). Under the IGA, as currently drafted, the Issuer does not expect payments made on or with respect to the Notes to be subject to withholding under FATCA. However, significant aspects of when and how FATCA will apply remain unclear, and no assurance can be given that withholding under FATCA will not become relevant with respect to payments made on or with respect to the Notes in the future. Prospective investors should consult their own tax advisors regarding the potential impact of FATCA.

Risk Relating to the Region

The Bank's credit portfolio is concentrated in the Region. The Bank also faces borrower concentration. Adverse economic changes in the Region or in the condition of the Bank's largest borrowers could adversely affect the Bank's growth, asset quality, prospects, profitability, financial condition and financial results.

The Bank's credit activities are concentrated in the Region, which is a reflection of the Bank's mission and strategy. Historically, economies of countries in the Region have occasionally experienced significant volatility characterized, in some cases, by political uncertainty, slow growth or recessions, declining investments, government and private sector debt defaults and restructurings, and significant inflation and/or currency devaluation. Global economic changes, including fluctuations in oil prices, commodities prices, U.S. dollar interest rates and the U.S. dollar exchange rate, and slower economic growth in industrialized countries, could have a significant adverse effect on the economic condition of countries in the Region, including Panama and the other countries where the Bank operates. In turn, adverse changes affecting the economies of countries in the Region could have a significant adverse impact on the quality of the Bank's credit portfolio, including increased loan loss provisions, debt restructuring, and loan losses. As a result, this could also have an adverse impact on the Bank's asset growth, asset quality, prospects, profitability and financial condition.

The Bank's credit activities are concentrated in a number of countries. Adverse changes affecting the economies in one or more of those countries could have an adverse impact on the Bank's credit portfolio and, as a result, its financial condition, growth, prospects, results of operations and financial condition. As of December 31, 2014, 66% of the Bank's credit portfolio was outstanding to borrowers in the following five countries: Brazil (\$2,067 million, or 27%), Mexico (\$1,030 million, or 14%), Colombia (\$869 million, or 12%), Peru (\$632 million, or 8%), and Panama (\$387 million, or 5%).

In addition, as of December 31, 2014, of the Bank's total credit portfolio balances, 7% were to five borrowers in Brazil, 5% were to five borrowers in Colombia, 4% were to five borrowers in Mexico, 4% were to five borrowers in Peru, and 3% were to five borrowers in Panama. A significant deterioration of the financial or economic condition

of any of these countries or borrowers could have an adverse impact on the Bank's credit portfolio, requiring the Bank to create additional allowances for credit losses, or suffer credit losses with the effect being accentuated because of this concentration.

Local country foreign exchange controls or currency devaluation may harm the Bank's borrowers' ability to pay U.S. dollar-denominated obligations.

The Bank makes mostly U.S. dollar-denominated loans and investments. As a result, the Bank faces the risk that local country foreign exchange controls will restrict the ability of the Bank's borrowers, even if they are exporters, to acquire dollars to repay loans on a timely basis, and/or that significant currency devaluation might occur, which could increase the cost, in local currency terms, to the Bank's borrowers of acquiring dollars to repay loans.

Increased risk perception in countries in the Region where the Bank has large credit exposure could have an adverse impact on the Bank's credit ratings, funding activities and funding costs.

Increased risk perception in any country in the Region where the Bank has large exposures could trigger downgrades to the Bank's credit ratings. A credit rating downgrade would likely increase the Bank's funding costs, and reduce its deposit base and access to the debt capital markets. In that case, the Bank's ability to obtain the necessary funding to carry on its financing activities in the Region at meaningful levels could be affected in an important way.

Risks Relating to the Notes

Bladex's obligations under the Notes will be subordinated to certain statutory liabilities.

Under Panamanian law, the Bank's obligations under the Notes are subordinated to certain statutory preferences. If the Bank is liquidated, these statutory preferences, which would include, among others, certain deposits, liquidator's fees, claims for salaries, wages, secured debt (up to the value of the assets securing that debt), social security, taxes and court fees and expenses, would have preference over any other claim, including claims by any Noteholders.

Bladex may issue further debt or other instruments which may rank *pari passu* with or senior to the notes.

Bladex may issue further debt or other instruments which may rank *pari passu* with or senior to the Notes. The issuance of any such instruments may reduce the amount recoverable by holders of the Notes upon any bankruptcy or insolvency and would increase the likelihood that Bladex may suspend the payment of interest on the Notes. In case of an eventual subordination of the Notes, in the event of Bladex Head Office's winding up or dissolution, or similar events, Bladex's assets will be available to pay such amounts only after all of its senior debt and other obligations which are preferred by law have been paid in full.

An active trading market for the Notes may not develop.

There is currently no market for the Notes. Application may be made for the Notes of any series to be issued under the Program to be admitted for listing on the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF. Bladex cannot assure you that any such application will be accepted. Even if the Notes are listed on this stock exchange, Bladex may delist the Notes. A trading market for the Notes may not develop, or if a market for the Notes were to develop, the notes may trade at a discount from their initial offering price, depending on many factors including prevailing interest rates, the market for similar securities, general economic conditions and our financial condition. The dealers are not under any obligation to make a market with respect to the notes and Bladex cannot assure you that trading markets will develop or be maintained. Accordingly, Bladex cannot assure you as to the development or liquidity of any trading market for the Notes. If an active market for the Notes does not develop or is interrupted, the market price and liquidity of the Notes may be adversely affected.

CAPITALIZATION

The following table sets forth the short and long-term debt and capitalization of Bladex as of December 31, 2014, 2013 and 2012. The authorized capital of Bladex consists of 40 million shares of Class A common stock, 40 million shares of Class B common stock, 100 million shares of Class E common stock, 100 million shares of Class F common stock and 10 million preferred shares. At December 31, 2014, there were no Class F common shares or preferred shares outstanding.

	At December 31,		
	2014	2013	2012
	<i>(In US\$ thousands)</i>		
Debt			
Securities sold under repurchase agreements.....	\$300,519	\$286,162	\$158,374
Short-term borrowings and debt.....	2,692,537	2,705,365	1,449,023
Long-term borrowings and debt.....	1,405,519	1,153,871	1,905,540
Stockholders' equity⁽¹⁾			
Common stock, without par value.....	279,980	279,980	279,980
Additional paid-in capital in excess of assigned value of common stock.....	117,339	118,646	121,419
Capital reserves.....	95,210	95,210	95,210
Retained earnings.....	510,046	458,699	422,048
Accumulated other comprehensive loss.....	(13,885)	(12,575)	(730)
Treasury stock.....	(77,627)	(82,008)	(91,452)
Total Stockholders' Equity.....	911,063	857,952	826,475
Total Capitalization and Debt.....	\$5,309,638	\$5,003,350	\$4,339,412

- (1) As of December 31, 2014, the issued and outstanding common stock of Bladex consisted of 6,342,189 shares of Class A common stock, 2,479,050 shares of Class B common stock and 29,956,100 shares of Class E common stock, each with an assigned value of \$6.67 per share.

SELECTED FINANCIAL DATA

The following tables set forth selected consolidated financial data for the Bank at and for each of the periods indicated. The selected balance sheet data presented below at March 31, 2015, and the selected income statement data for the three-month period then ended should be read in conjunction with the Unaudited Consolidated Financial Statements and notes to those statements included in this Base Prospectus. The selected balance sheet data presented below December 31, 2014 and December 31, 2013, and the selected income statement data for each of the years then ended, respectively, are qualified in their entirety by, and should be read in conjunction with, the Audited Consolidated Financial Statements and notes to those statements included in this Base Prospectus. The financial data presented herein were prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and is stated in U.S. dollars. The information below is qualified in its entirety by the detailed information included and incorporated by reference herein and should be read in conjunction with "Description of Business of Bladex," the Audited Consolidated Financial Statements and the Unaudited Consolidated Financial Statements and notes to those statements, in each case, included in this Base Prospectus.

Consolidated Balance Sheets

	At March 31, 2015	At December 31,		
		2014	2013	2012
	(Unaudited)	(Audited)		
	(In US\$ thousands, except percentages)			
Assets				
Cash and due from banks	\$27,796	\$ 4,985	\$ 2,161	\$ 6,718
Interest-bearing deposits in banks	917,351	775,530	837,557	700,312
Trading assets	0	0	0	5,265
Securities available-for-sale	331,829	338,973	334,368	183,017
Securities held-to-maturity	61,628	54,180	33,759	34,113
Investment funds	57,339	57,574	118,661	105,888
Loans	6,568,934	6,686,244	6,148,298	5,715,556
Less:				
Allowance for loan losses	77,692	79,675	72,751	72,976
Unearned income and deferred fees	7,839	8,509	6,668	7,100
Loans, net	6,483,403	6,598,060	6,068,879	5,635,480
Customers' liabilities under acceptances	659	114,018	1,128	1,157
Accrued interest receivable	40,488	47,938	40,727	37,819
Equipment and leasehold improvements, net	7,757	8,129	10,466	12,808
Derivative financial instruments used for hedging – receivable	13,682	12,324	15,217	19,239
Other assets	13,532	13,561	8,389	14,580
Total Assets	\$7,955,464	\$ 8,025,272	\$ 7,471,312	\$ 6,756,396
Liabilities and Stockholders' Equity				
Deposits	\$2,614,345	\$2,506,694	\$2,361,336	\$2,317,260
Trading liabilities	39	52	72	32,304
Securities sold under repurchase agreements	276,554	300,519	286,162	158,374
Short-term borrowings and debt	2,767,891	2,692,537	2,705,365	1,449,023
Acceptances outstanding	659	114,018	1,128	1,157
Accrued interest payable	17,753	14,855	13,786	17,943
Long-term borrowings and debt	1,288,304	1,405,519	1,153,871	1,905,540
Derivative financial instruments used for hedging – payable	27,220	40,287	8,572	11,747
Reserve for losses on off-balance sheet credit risk	9,870	6,849	5,222	4,841
Other liabilities	11,318	32,879	27,947	28,348
Total Liabilities	\$7,013,953	\$ 7,114,209	\$ 6,563,461	\$ 5,926,537
Redeemable noncontrolling interest	0	0	49,899	3,384
Stockholders' Equity				
Common stock, no par value	\$279,980	\$279,980	\$279,980	\$ 279,980
Additional paid-in capital in excess of assigned value of common stock	116,364	117,339	118,646	121,419
Capital reserves	95,210	95,210	95,210	95,210
Retained earnings	538,887	510,046	458,699	422,048
Accumulated other comprehensive loss	(14,235)	(13,885)	(12,575)	(730)
Treasury stock	(74,695)	(77,627)	(82,008)	(91,452)
Total Stockholders' Equity	\$941,511	\$ 911,063	\$ 857,952	\$ 826,475
Total Liabilities and Stockholders' Equity	\$7,955,464	\$ 8,025,272	\$ 7,471,312	\$ 6,756,396

Consolidated Statements of Income⁽¹⁾

	As of March 31,	
	2015	2014
	(in \$ thousands)	
Total interest income.....	53,598	49,615
Total interest expense.....	17,829	17,506
Net interest income.....	35,769	32,109
Reversal of provision for loan losses.....	2,695	16
Net interest income, after reversal of provision (provision) for loan losses.....	38,464	32,125
Other income (expense)		
Provision for losses on off-balance sheet credit risk.....	(3,021)	—
Fees and commissions, net.....	2,300	4,276
Derivatives financial instruments and hedging.....	912	(20)
Net gain (loss) from investment funds trading.....	2,562	(560)
Net loss from trading securities.....	(15)	(199)
Net gain on sale of securities available-for-sale.....	296	258
Net gain on sale of loans.....	207	120
Net gain (loss) on foreign currency exchange.....	(69)	190
Other income, net.....	248	331
Net other income.....	3,420	4,396
Total operating expenses.....	13,043	13,484
Net income from continuing operations.....	28,841	23,037
Net loss from discontinued operations.....	—	—
Net income	28,841	23,037
Net income (loss) attributable to the redeemable noncontrolling interest.....	—	(475)
Net income attributable to Bladex stockholders	28,841	23,512
Net income from continuing operations.....	28,841	23,512
Net loss from discontinued operations.....	—	—
Basic earnings per share.....	0.74	0.61
Diluted earnings per share.....	0.74	0.61
Return on average assets ⁽²⁾	1.47%	1.31%
Return on average stockholders' equity ⁽³⁾	12.56%	10.94%

(1) Various numbers and percentages set forth in this chart have been rounded and, accordingly, may not total exactly.

(2) Average assets calculated on the basis of unaudited daily average balances.

(3) Average stockholders' equity calculated on the basis of unaudited daily average balances.

Consolidated Statements of Income⁽¹⁾

	For the Year Ended December 31,		
	2014	2013	2012
	(in \$ thousands, except per share amounts and percentages)		
Total interest income.....	212,730	205,303	192,437
Total interest expense.....	71,599	82,211	87,460
Net interest income.....	141,131	123,092	104,977
Reversal of provision (provision) for loan losses.....	(6,895)	1,598	8,343
Net interest income, after reversal of provision (provision) for loan losses.....	134,236	124,690	113,320
Other income (expense):			
Reversal of provision (provision) for losses on off-balance sheet credit risk.....	(1,627)	(381)	4,046
Fees and commissions, net.....	17,502	13,669	10,021
Derivative financial instruments and hedging.....	106	353	71
Recoveries, net of impairment of assets.....	7	108	0
Net gain (loss) from investment funds trading.....	3,409	(6,702)	7,011
Net gain (loss) from trading securities.....	(393)	3,221	11,234
Net gain on sale of securities available-for-sale.....	1,871	1,522	6,030
Net gain on sale of loans.....	2,546	588	1,147
Net gain (loss) on foreign currency exchange.....	766	(3,834)	(10,525)
Gain on sale of premises and equipment.....	0	0	5,626
Other income, net.....	1,744	1,644	1,839
Net other income.....	25,931	10,188	36,500
Total operating expenses.....	(53,702)	(54,306)	(55,814)
Net income from continuing operations.....	106,465	80,572	94,006

Net income (loss) from discontinued operations ⁽²⁾	0	(4)	(681)
Net income	\$ 106,465	\$ 80,568	\$93,325
Net income (loss) attributable to the redeemable noncontrolling interest	(475)	(4,185)	293
Net income attributable to Bladex stockholders	\$ 106,940	\$ 84,753	\$ 93,032
Net income from continuing operations	106,940	84,757	93,713
Net loss from discontinued operations	0	(4)	(681)
Basic earnings per share	\$2.76	\$2.21	\$2.46
Diluted earnings per share	\$2.75	\$2.20	\$2.45
Book value per share (period end)	\$23.49	\$22.24	\$21.67
Regular cash dividends declared per share	\$1.435	\$1.25	\$1.10
Weighted average basic shares	38,693	38,406	37,824
Weighted average diluted shares	38,839	38,533	37,938
Basic shares period end	38,777	38,573	38,145
Return on average assets ⁽³⁾	1.41%	1.20%	1.51%
Return on average stockholders' equity ⁽⁴⁾	11.95%	10.02%	11.57%

(1) Various numbers and percentages set forth in this chart have been rounded and, accordingly, may not total exactly.

(2) On April 2, 2013 the Bank reached a final agreement to sell its Asset Management Unit to Alpha4X Asset Management, LLC and its related companies ("Alpha4X"). The Bank applied discontinued operations accounting to the operations of the Asset Management Unit in accordance with ASC Topic 205-20 – Presentation of Financial Statements – Discontinued Operations. On April 2014, the Bank redeemed \$13.9 million of its investment in the Feeder (defined below), a variable interest entity, that had been consolidated until March 31, 2014, following the requirements of ASC 810-10- Consolidation, prior to the implementation of FAS 167 (FIN 46 (R)) (ASU 2009-17 – Consolidation of Variable Interest Entities). After this redemption, the Bank ceased to be the primary beneficiary of that variable interest entity; and therefore ceased to consolidate its investment in the Feeder. See notes 3 and 6 to the Audited Consolidated Financial Statements.

(3) Average assets calculated on the basis of unaudited daily average balances.

(4) Average stockholders' equity calculated on the basis of unaudited daily average balances.

Other Financial Data and Selected Ratios

The following other financial data and selected ratios as of and for each of the three-month periods ended March 31, 2015 and 2014 and have been derived from the Unaudited Consolidated Financial Statements, except as described below. This information should be read in conjunction with the Unaudited Consolidated Financial Statements.

	As of March 31,	
	2015	2014
	(In \$ millions, except ratios and per share amount)	
OTHER FINANCIAL DATA:		
Average interest-earning assets.....	7,895	7,258
Average total assets.....	7,934	7,275
Average stockholders' equity	931	872
SELECTED FINANCIAL RATIOS:		
<i>Performance Ratios:</i>		
Return on average assets ⁽¹⁾	1.47%	1.31%
Return on average stockholders' equity ⁽²⁾	12.56%	10.94%
Net interest margin ⁽³⁾	1.84%	1.79%
Net interest spread ⁽³⁾	1.68%	1.62%
Total operating expenses to total average assets ⁽⁴⁾	0.67%	0.75%
Regular cash dividend payout ratio	51.8%	57.5%
<i>Liquidity Ratios:</i>		
Liquid assets ⁽⁵⁾ / total assets	11.6%	8.0%
Liquid assets ⁽⁵⁾ / total deposits	35.2%	22.8%
<i>Asset Quality Ratios:</i>		
Non-accrual loans to total loans ⁽⁶⁾	0.32%	0.05%
Impaired loans to total loans ⁽⁶⁾	0.32%	0.05%
Charged-off loans to total loans.....	0.00%	0.00%
Allowance for loan losses to total loans, net of unearned income and deferred commission.....	1.18%	1.19%
Allowance for losses on off-balance sheet credit risk to total contingencies	1.89%	1.02%
<i>Capital Ratios:</i>		
Stockholders' equity to total assets	11.8%	12.3%
Average stockholders' equity to total average assets ⁽⁷⁾	11.7%	12.0%
Leverage ratio ⁽⁸⁾	8.4x	8.1x
Tier 1 capital to risk-weighted assets ⁽⁹⁾	16.2%	16.4%
Total capital to risk-weighted assets ⁽¹⁰⁾	17.4%	17.6%
Risk-weighted assets.....	5,884	5,437

⁽¹⁾ Average assets calculated on the basis of unaudited daily average balances.

⁽²⁾ Average stockholder's equity calculated on the basis of unaudited daily average balances.

⁽³⁾ For information regarding calculation of the net interest margin and the net interest spread, see "Operating and Financial Review and Prospects — Operating Results — Net Interest Income and Margins". The Bank calculates the Net Interest Margin and Net Interest Spread on the basis of unaudited daily average balances, as applicable.

⁽⁴⁾ Total average assets calculated on the basis of unaudited daily average balances.

⁽⁵⁾ Liquid assets consist of investment-grade "A" securities, cash and due from banks, and interest-bearing deposits in banks, excluding margin calls and pledged regulatory deposits. See Note 3 to the Unaudited Consolidated Financial Statements attached hereto.

⁽⁶⁾ As of March 31, 2015 and 2014 the Bank had \$21 million and \$3 million in non-accrual status, respectively, all of which corresponded to impaired loans. Impairment factors considered by the Bank's management include collection status, collateral value, the probability of collecting scheduled principal and interest payments when due, and economic conditions in the borrower's country of residence. Total loans is presented net of unearned income and deferred loan fees.

⁽⁷⁾ Average stockholders' equity and total average assets calculated on the basis of unaudited daily average balances.

⁽⁸⁾ Leverage ratio is the ratio of total assets to stockholders' equity.

⁽⁹⁾ Tier 1 capital is calculated according to Basel I capital adequacy guidelines, and is equivalent to stockholders' equity, excluding the Other Comprehensive Income account effect of the available-for-sale portfolio. The Tier 1 capital ratio is calculated as a percentage of risk-weighted assets. Risk-weighted assets are, in turn, also calculated based on Basel I capital adequacy guidelines. The Bank's Tier 1 capital ratio according to Basel III, which updated in 2013 the original guidance on a number of regulatory reforms to the regulatory capital framework in order to strengthen minimum capital requirements, was 16.4% as of March 31, 2015.

⁽¹⁰⁾ Total capital refers to Tier 1 capital plus Tier 2 capital, based on Basel I capital adequacy guidelines. Total capital refers to the total capital ratio as a percentage of risk-weighted assets.

The following other financial data and selected ratios as of and for each of the years ended December 31, 2014, 2013 and 2012 have been derived from the Audited Consolidated Financial Statements. This information should be read in conjunction with the Audited Consolidated Financial Statements and the notes thereto.

	As of and for the years ended December 31,		
	2014	2013	2012
	(In \$ millions, except ratios)		
OTHER FINANCIAL DATA:			
Average interest-earning assets.....	\$7,544	\$7,028	\$ 6,177
Average total assets.....	\$7,573	\$7,048	\$6,169
Average stockholders' equity.....	\$895	\$846	\$804
SELECTED FINANCIAL RATIOS:			
<i>Performance Ratios:</i>			
Return on average assets ⁽¹⁾	1.41%	1.20%	1.51%
Return on average stockholders' equity ⁽²⁾	11.95%	10.02%	11.57%
Net interest margin ⁽³⁾	1.87%	1.75%	1.70%
Net interest spread ⁽³⁾	1.71%	1.55%	1.44%
Total operating expenses to total average assets ⁽⁴⁾	0.71%	0.77%	0.90%
Regular cash dividend payout ratio.....	51.92%	56.64%	44.72%
<i>Liquidity Ratios:</i>			
Liquid assets ⁽⁵⁾ / total assets.....	9.24%	11.12%	10.21%
Liquid assets ⁽⁵⁾ / total deposits.....	29.57%	35.18%	29.78%
<i>Asset Quality Ratios:</i>			
Non-accrual loans to total loans ⁽⁶⁾	0.06%	0.05%	0.00%
Impaired loans to total loans ⁽⁶⁾	0.06%	0.05%	0.00%
Charged-off loans to total loans.....	0.00%	0.00%	0.13%
Allowance for loan losses to total loans, net of unearned income and deferred commission.....	1.19%	1.18%	1.28%
Allowance for losses on off-balance sheet credit risk to total contingencies.....	1.37%	1.08%	2.05%
<i>Capital Ratios:</i>			
Stockholders' equity to total assets.....	11.35%	11.48%	12.23%
Average stockholders' equity to total average assets ⁽⁷⁾	11.81%	12.01%	13.03%
Leverage ratio ⁽⁸⁾	8.8x	8.7x	8.2x
Tier 1 capital to risk-weighted assets ⁽⁹⁾	15.3%	15.9%	17.9%
Total capital to risk-weighted assets ⁽¹⁰⁾	16.5%	17.1%	19.2%
Risk-weighted assets.....	\$6,027	\$5,473	\$4,609

- (1) Average assets calculated on the basis of unaudited daily average balances.
- (2) Average stockholder's equity calculated on the basis of unaudited daily average balances.
- (3) For information regarding calculation of the net interest margin and the net interest spread, see "Operating and Financial Review and Prospects—Operating Results—Net Interest Income and Margins". The Bank calculates the Net Interest Margin and Net Interest Spread on the basis of unaudited daily average balances, as applicable.
- (4) Total average assets calculated on the basis of unaudited daily average balances.
- (5) Liquid assets consist of investment-grade "A" securities, cash and due from banks, and interest-bearing deposits in banks, excluding margin calls and pledged regulatory deposits. See Note 4 to the Audited Consolidated Financial Statements attached hereto.
- (6) As of December 31, 2014 and 2013 the Bank had \$4 million and \$3 million in non-accrual status, respectively, all of which corresponded to impaired loans. As of December 31, 2012, the Bank did not have any loans in non-accrual status. Impairment factors considered by the Bank's management include collection status, collateral value, the probability of collecting scheduled principal and interest payments when due, and economic conditions in the borrower's country of residence. Total loans is presented net of unearned income and deferred loan fees.
- (7) Average stockholders' equity and total average assets calculated on the basis of unaudited daily average balances.
- (8) Leverage ratio is the ratio of total assets to stockholders' equity.
- (9) Tier 1 capital is calculated according to Basel I capital adequacy guidelines, and is equivalent to stockholders' equity, excluding the Other Comprehensive Income account effect of the available-for-sale portfolio. The Tier 1 capital ratio is calculated as a percentage of risk-weighted assets. Risk-weighted assets are, in turn, also calculated based on Basel I capital adequacy guidelines. The Bank's Tier 1 capital ratio according to Basel III, which updated in 2013 the original guidance on a number of regulatory reforms to the regulatory capital framework in order to strengthen minimum capital requirements, was 15.6% as of December 31, 2014.
- (10) Total capital refers to Tier 1 capital plus Tier 2 capital, based on Basel I capital adequacy guidelines. Total capital refers to the total capital ratio as a percentage of risk-weighted assets.

OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion should be read in conjunction with the Audited Consolidated Financial Statements and the notes thereto included elsewhere in this Base Prospectus.

Critical Accounting Policies

General

The Bank prepares its consolidated financial statements in conformity with U.S. GAAP. As a result, the Bank is required to make estimates, judgments and assumptions in applying its accounting policies that have a significant impact on the results it reports in its consolidated financial statements. Some of the Bank's accounting policies require management to use subjective judgment, often as a result of the need to make estimates of matters that are inherently uncertain. The Bank's management bases its estimates on historical experience and on various other assumptions that it believes to be reasonable under the circumstances. Actual results may differ from the estimates.

The Bank's critical accounting estimates include assessments of allowances for fair value of certain financial instruments, credit losses, and impairment of securities available-for-sale and held-to-maturity. For information regarding the Bank's significant accounting policies, see note 2 to the Audited Consolidated Financial Statements.

Variable Interest Entities

VIEs are entities that have either a total equity investment that is insufficient to permit the entity to finance its activities without additional subordinated financial support, or whose equity investors lack the characteristics of a controlling financial interest.

Investors that finance the VIE through debt or equity interests or other counterparties that provide other forms of support, such as guarantees or certain types of derivative contracts, are variable interest holders in the entity.

The variable interest holder, if any, that has a controlling financial interest in a VIE is deemed to be the primary beneficiary and must consolidate the VIE. The Bank would be deemed to have a controlling financial interest and be the primary beneficiary if it has both of the following characteristics:

- power to direct the activities of a VIE that most significantly impact the entity's economic performance; and
- obligation to absorb losses or the right to receive benefits, as the case may be, of the entity that could potentially be significant to the VIE or right to receive benefits from the entity that could potentially be significant to the VIE.

See note 2(c) to the Audited Consolidated Financial Statements.

Fair Value of Financial Instruments

The Bank determines the fair value of its financial instruments using the fair value hierarchy established in ASC Topic 820 – Fair Value Measurements and Disclosure, which requires the Bank to maximize the use of observable inputs (those that reflect the assumptions that market participants would use in pricing the asset or liability developed based on market information obtained from sources independent of the reporting entity) and to minimize the use of unobservable inputs (those that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances) when measuring fair value. Fair value is used on a recurring basis to measure assets and liabilities in which fair value is the primary basis of accounting. Additionally, fair value is used on a non-recurring basis to evaluate assets and liabilities for impairment or for disclosure purposes. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Depending on the nature of the asset or liability, the Bank uses various valuation techniques and assumptions when estimating fair value.

The Bank applied the following fair value hierarchy:

- Level 1 – Assets or liabilities for which an identical instrument is traded in an active market, such as publicly-traded instruments or futures contracts.
- Level 2 – Assets or liabilities valued based on observable market data for similar instruments, quoted prices in markets that are not active, or other observable inputs that can be corroborated by observable market data for substantially the full term of the asset or liability.
- Level 3 – Assets or liabilities for which significant valuation assumptions are not readily observable in the market; instruments are measured based on the best available information, which might include some internally-developed data and considers risk premiums that a market participant would require.

When determining the fair value measurements for assets and liabilities that are required or permitted to be recorded at fair value, the Bank considers the principal or most advantageous market in which it would transact and considers the assumptions that market participants would use when pricing the asset or liability. When possible, the Bank uses active and observable markets to price identical assets or liabilities. When identical assets and liabilities are not traded in active markets, the Bank uses observable market information for similar assets and liabilities. However, certain assets and liabilities are not actively traded in observable markets and the Bank must use alternative valuation techniques to determine the fair value measurement. The frequency of transactions, the size of the bid-ask spread and the size of the investment are factors considered in determining the liquidity of markets and the relevance of observed prices in those markets.

When there has been a significant decrease in the volume or level of activity for a financial asset or liability, the Bank uses the present value technique which considers market information to determine a representative fair value in usual market conditions.

Additionally, as of December 31, 2014, 4.22% of the Bank's assets were accounted for at fair value using quoted market prices in an active market, and 0.87% of total assets were accounted for at fair value using internally developed models with significant observable market information.

The Bank's management uses its best judgment in estimating the fair value of the Bank's financial instruments; however, there are limitations in any estimation technique. The estimated fair value amounts have been measured as of their respective year-ends, and have not been re-expressed or updated subsequent to the dates of these consolidated financial statements. As a result, the estimated fair values of these financial instruments subsequent to the respective reporting dates may be different than the amounts reported at each year-end.

Fair value calculations are only provided for a limited portion of the Bank's financial assets and liabilities. Due to a wide range of valuation techniques and the degree of subjectivity used in making the estimates, comparison of fair value information of the Bank and other companies may not be meaningful for comparative analysis.

A description of the valuation methodologies used for assets and liabilities measured at fair value on a recurring basis, including the general classification of such assets and liabilities under the fair value hierarchy is presented below:

Trading assets and liabilities and securities available-for-sale

Trading assets and liabilities are carried at fair value, which is 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.

Securities available-for-sale are carried at fair value, based on quoted market prices when available, or if quoted market prices are not available, based on discounted expected cash flows using market rates commensurate with the credit quality and maturity of the security.

When quoted prices are available in an active market, available-for-sale securities and trading assets and liabilities are classified in level 1 of the fair value hierarchy. If quoted market prices are not available or they are available in markets that are not active, then fair values are estimated based upon quoted prices of similar instruments, or where

these are not available, by using internal valuation techniques, principally discounted cash flows models. Such securities are classified within level 2 of the fair value hierarchy.

Investment funds

The investment funds invest in trading assets and liabilities that are carried at fair value, which are based upon quoted market prices when available. For financial instruments for which quoted prices are not available, the investment funds use independent valuations from pricing providers that use their own proprietary valuation models that take into consideration discounted expected cash flows, using market rates commensurate with the credit quality and maturity of the security. These prices are compared to independent valuations from counterparties.

The investment funds are not traded in an active market and, therefore, representative market quotes are not readily available. Their fair value is adjusted on a monthly basis based on its financial results, its operating performance, its liquidity and the fair value of its long and short investment portfolio that are quoted and traded in active markets. Such investment is classified within level 2 of the fair value hierarchy.

Derivative financial instruments

Derivative instruments are recorded at their nominal amount, or notional amount in memorandum accounts. 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.

The valuation techniques and inputs depend on the type of derivative and the nature of the underlying instrument. Exchange-traded derivatives that are valued using quoted prices are classified within level 1 of the fair value hierarchy.

For those derivative contracts without quoted market prices, fair value is based on internal valuation techniques using inputs that are readily observable and that can be validated by information available in the market. The principal technique used to value these instruments is the discounted cash flows model and the key inputs considered in this technique include interest rate yield curves and foreign exchange rates. These derivatives are classified within level 2 of the fair value hierarchy.

The fair value adjustments applied by the Bank to its derivative carrying values include credit valuation adjustments ("CVA") which are applied to over-the-counter derivative instruments, in which the base valuation generally discounts expected cash flows using the London Interbank Offered Rate ("LIBOR") interest rate curves. Because not all counterparties have the same credit risk as that implied by the relevant LIBOR curve, a CVA is necessary to incorporate the market view of both counterparty credit risk and the company's own credit risk in the valuation.

Own-credit and counterparty CVA is determined using a fair value curve consistent with the Bank's or counterparty credit rating. The CVA is designed to incorporate a market view of the credit risk inherent in the derivative portfolio. However, most derivative instruments are negotiated bilateral contracts and are not commonly transferred to third parties. Derivative instruments are normally settled contractually, or if terminated early, are terminated at a value negotiated bilaterally between the counterparties. Therefore, the CVA (both counterparty and own-credit) may not be realized upon a settlement or termination in the normal course of business. In addition, all or a portion of the CVA may be reversed or otherwise adjusted in future periods in the event of changes in the credit risk of the Bank or its counterparties, or changes in credit mitigants (collateral and netting agreements) associated with the derivative instruments or due to the anticipated termination of the transactions.

Notwithstanding the level of subjectivity inherent in determining fair value, the Bank's management believes that its estimates of fair value are adequate. The use of different models or assumptions could lead to changes in the Bank's reported results. See notes 21 and 24 to the Audited Consolidated Financial Statements.

Allowance for Credit Losses

The classification of the Bank's credit portfolio for allowances for credit losses under U.S. GAAP is determined by risk management and approved by the Credit Policy and Risk Assessment Committee (the "CPR") of the Bank's board of directors (the "Board") through statistical modeling, internal risk ratings and estimates. Informed judgments must be made when identifying impaired loans, the probability of default, the expected loss, the value of collateral and current economic conditions. Even though the Bank's management considers its allowances for credit

losses to be adequate, the use of different estimates and assumptions could produce different allowances for credit losses, and amendments to the allowances may be required in the future due to changes in the value of collateral, the amount of cash expected to be received or other economic events. In addition, risk management has established and maintains reserves for the probable credit losses related to the Bank's off-balance sheet exposures. See note 2(n) to the Audited Consolidated Financial Statements.

The estimates of the inherent risks of the Bank's portfolio and overall recovery vary with changes in the economy, individual industries or sectors, and countries and individual borrowers' or counterparties' concentrations, ability, capacity and willingness to repay their obligations. The degree to which any particular assumption affects the allowance for credit losses depends on the severity of the change and its relationship to the other assumptions.

Impairment of Securities

The Bank conducts periodic reviews of all securities with unrealized losses to evaluate whether the impairment is other-than-temporary. Impairment of securities is evaluated considering numerous factors, and their relative significance varies case-by-case. Factors considered in determining whether unrealized losses are temporary include: (i) the length of time and extent to which the fair value has been less than cost, (ii) the severity of the impairment, (iii) the cause of the impairment and the financial condition of the issuer, (iv) activity in the market of the issuer which may indicate adverse credit conditions, (v) the intent and ability of the Bank to retain the security for a sufficient period of time to allow for an anticipated recovery in fair value (with respect to equity securities) and (vi) the intent and probability of the Bank to sell the security before the recovery of its amortized cost (with respect to debt securities). If, based on the analysis, it is determined that the impairment is other-than-temporary, the security is written down to its fair value, and a loss is recognized through earnings as impairment loss on assets.

In cases where the Bank does not intend to sell a debt security and estimates that it will not be required to sell the security before the recovery of its amortized cost basis, the Bank periodically estimates if it will recover the amortized cost of the security through the present value of expected cash flows. If the present value of expected cash flows is less than the amortized cost of the security, it is determined that an other-than-temporary impairment has occurred. The amount of this impairment representing credit loss is recognized through earnings and the residual of the other-than-temporary impairment related to non-credit factors is recognized in other comprehensive income (loss).

In periods subsequent to the recognition of the other-than-temporary impairment, the difference between the new amortized cost and the expected cash flows to be collected is accreted as interest income. The present value of the expected cash flows is estimated over the life of the investment security.

The other-than-temporary impairment of securities held-to maturity that has been recognized in other comprehensive income is accreted to the amortized cost of the debt security prospectively over its remaining life.

Interest accrual is suspended on securities that are in default, or on which it is likely that future interest payments will not be received as scheduled.

See note 2(i) to the Audited Consolidated Financial Statements.

Recently-Issued Accounting Standards

As of December 31, 2014, new accounting standards, modifications, interpretations, and updates to standards ("ASU"), applicable to the Bank, have been issued but are not in effect. These standards establish the following:

ASU 2014-08 – Presentation of Financial Statements (Topic 205) and Property, Plant and Equipment (Topic 360)

The amendments in this update change the requirements for reporting discontinued operations in Sub-Topic 205-20. A disposal of a component of an entity or a group of components of an entity is required to be reported in discontinued operations if the disposal represents a strategic shift that has, or will have, a major effect on an entity's operations and financial results when any of the following occurs:

1. The component of the entity or group of components of the entity meets the criteria to be classified as held for sale.

2. The component of the entity or group of components of the entity is disposed of by sale.
3. The component of the entity or group of components of the entity is disposed of other than by sale (spin-off).

The amendments are effective for all disposals (or classifications as held for sale) of components of the entity that occur within annual periods beginning on or after December 15, 2014, and interim periods within annual periods beginning on or after December 31, 2015. Early adoption is permitted, but only for disposals (or classifications as held for sale) that have not been reported in its consolidated financial statements previously issued. The Bank does not anticipate any material impact on its consolidated financial statements upon adoption of this update.

ASU 2014-11 – Transfers and Servicing (Topic 860)

The amendments in this update require two accounting changes. First, the change in the accounting for repurchase-to-maturity transactions to secured borrowings accounting. Second, for repurchase financing agreements, the amendments require separate accounting for a transfer of a financial asset executed contemporaneously with a repurchase agreement with the same counterparty, which will result in secured borrowing accounting for a repurchase agreement.

The accounting changes in this update are effective for public business entities for the first interim or annual period beginning after December 15, 2014. Entities are required to present changes in accounting for transactions outstanding on the effective date of this update as a cumulative-effect adjustment to retained earnings at the beginning of the period of adoption. Early application for public business entities is prohibited. The Bank is currently evaluating the potential impact of this update in its consolidated financial statements.

Nature of Earnings

The Bank derives income from net interest income, fees and commissions, derivative financial instruments and hedging, recoveries, net of impairment of assets, net gain (loss) from investment funds trading, net gain (loss) from trading securities, net gain on sale of securities available-for-sale, net gain on sale of loans, net gain (loss) on foreign currency exchange, and other income (net). Net interest income, or the difference between the interest income the Bank receives on its interest-earning assets and the interest it pays on interest-bearing liabilities, is generated principally by the Bank's lending activities. The Bank generates fees and commissions mainly through the issuance, confirmation and negotiation of letters of credit and guarantees and through loan intermediation, structuring and syndication activities, while other loan intermediation activities, such as sales in the secondary market and distribution in the primary market are registered as net gains on the sale of loans.

Operating Results

The following table summarizes changes in components of the Bank's net income and performance for the periods indicated:

	For the Year Ended December 31,		
	2014	2013	2012
	<i>(In US\$ thousands, except per share amounts and percentages)</i>		
Total interest income	\$212,730	\$205,303	\$192,437
Total interest expense	71,599	82,211	87,460
Net interest income	141,131	123,092	104,977
Reversal of provision (provision) for loan losses	(6,895)	1,598	8,343
Net interest income, after reversal of provision (provision) for loan losses	134,236	124,690	113,320
Other income (expense):			
Reversal of provision (provision) for losses on off-balance sheet credit risk	(1,627)	(381)	4,046
Fees and commissions, net	17,502	13,669	10,021
Derivative financial instruments and hedging	106	353	71
Recoveries, net of impairment of assets	7	108	0
Net gain (loss) from investment funds trading	3,409	(6,702)	7,011
Net gain (loss) from trading securities	(393)	3,221	11,234

	For the Year Ended December 31,		
	2014	2013	2012
	(In US\$ thousands, except per share amounts and percentages)		
Net gain on sale of securities available-for-sale	1,871	1,522	6,030
Net gain on sale of loans	2,546	588	1,147
Net gain (loss) on foreign currency exchange.....	766	(3,834)	(10,525)
Gain on sale of premises and equipment.....	0	0	5,626
Other income, net	1,744	1,644	1,839
Net other income	25,931	10,188	36,500
Total operating expenses	(53,702)	(54,306)	(55,814)
Net income from continuing operations.....	106,465	80,572	94,006
Net loss from discontinued operations ⁽¹⁾	0	(4)	(681)
Net income	106,465	80,568	93,325
Net income (loss) attributable to the redeemable noncontrolling interest ...	(475)	(4,185)	293
Net income attributable to Bladex stockholders	\$106,940	\$84,753	\$93,032
Net income from continuing operations.....	106,940	84,757	93,713
Net loss from discontinued operations ⁽¹⁾	0	(4)	(681)
Basic earnings per share	\$2.76	\$2.21	\$2.46
Diluted earnings per share	\$2.75	\$2.20	\$2.45
Return on average assets ⁽²⁾	1.41%	1.20%	1.51%
Return on average stockholders' equity ⁽²⁾	11.95%	10.02%	11.57%

(1) See "Description of Business of Bladex—History and Development of the Company" and notes 2(c), 2(d), 2(j), 3, 6, and 24 to the Audited Consolidated Financial Statements.

(2) Return on average assets is calculated by dividing net income attributable to Bladex stockholders by average assets, where average assets is calculated on the basis of unaudited daily average balances. Return on average stockholders' equity is calculated by dividing net income attributable to Bladex stockholders by average stockholders' equity, where average stockholders' equity is calculated on the basis of unaudited daily average balances.

Net Income Attributable to Bladex

During 2014, the Bank experienced increased demand for its lending products, as the Bank's core competencies allowed it to compete effectively within challenging market conditions, in which the prices of many commodities continued to decline, the growth rates of the Region's domestic markets was lower than in previous years, and the significant reduction in oil prices added to global market volatility.

The Bank's net income totaled \$106.9 million in 2014, an increase of \$22 million or 26% compared to \$84.8 million in 2013. This increase was driven by the positive performance of the Bank's core business activities, with growth in its Commercial Portfolio, net margins and revenue, and improved efficiency on lower expenses, all while maintaining strong asset quality. These factors were complemented by a positive trend in non-core results from its participation in investment funds.

The Bank's net income reached \$84.8 million in 2013, compared to \$93.0 million in 2012. The 2013 results were negatively impacted by the remaining participation in investment funds pertaining to the Asset Management unit sold in 2013, offsetting improved performance from business activities: higher net interest income from robust average portfolio growth, improving net interest margin and fee income, strong portfolio quality and lower operating expenses.

The Commercial Division

The Commercial Division is responsible for the Bank's core business of financial intermediation and fee generation activities relating to the Bank's Commercial Portfolio activities. These activities include the origination of bilateral and syndicated credits, short- and medium-term loans, acceptances and contingent credits.

The majority of the Bank's loans are extended in connection with specifically identified foreign trade transactions. Through its revenue diversification strategy, the Bank's Commercial Division has introduced a broader range of products, services and solutions associated with foreign trade, including co-financing arrangements, underwriting of syndicated credit facilities, structured trade financing (in the form of factoring and vendor financing), and financial leasing.

2014 vs. 2013

In 2014, the Commercial Division achieved a 13% increase in net operating income, driven primarily by (i) a \$7.1 million, or 6% increase in net interest income primarily due to increased average loan portfolio balances of 9%, and (ii) a \$5.8 million, or 38% increase in non-interest operating income primarily from higher fees from loan structuring and syndication activity (the Bank acted as mandated lead arranger and book-runner in 10 transactions out of a total of 14 structured transactions), along with an increase of \$2.0 million in loan intermediation and distribution income, and higher commissions from letters of credit and guarantees. After credit provision charges of \$8.5 million, mainly associated with an 8% end-of period Commercial Portfolio growth, while reaching a total portfolio credit provision coverage ratio of 1.20%, the Commercial Division's net income reached \$92.3 million in the year ended December 31, 2014, compared to \$90.8 million in 2013, a \$1.5 million or 2% year-on-year increase. The Commercial Division's asset quality and portfolio risk profile remained solid, as evidenced by a 0.06% ratio of non-performing loans to total Commercial Portfolio as of December 31, 2014, compared to 0.05% as of December 31, 2013.

As of December 31, 2014, the Commercial Portfolio amounted to \$7.2 billion, an increase of \$0.6 billion, or 8% year-on-year compared to \$6.6 billion as of December 31, 2013. Average Commercial Portfolio balances for 2014 and 2013 were \$6.9 billion and \$6.3 billion, respectively, resulting in a \$0.6 billion, or 10% year-on-year increase.

As of December 31, 2014, the Commercial Portfolio continued to be short-term and trade-related in nature, with \$5.2 billion, or 72% of the Commercial Portfolio scheduled to mature within one year. Trade financing operations represented 56% of the Commercial Portfolio, while the remaining balance consisted primarily of lending to financial institutions and corporations involved in foreign trade.

The loan portfolio represented 93% of the Commercial Portfolio as of December 31, 2014, totaling \$6.7 billion, compared to \$6.1 billion as of December 31, 2013, an increase of 9% year-on-year, or \$0.5 billion. As of December 31, 2014, 72% of the total loan portfolio had a remaining term of one year or less.

2013 vs. 2012

The Commercial Division's net income amounted to \$90.8 million for the year ended December 31, 2013, compared to \$96.3 million for the year ended December 31, 2012. The decrease for the year ended December 31, 2012 was mainly the result of reversals of provisions for credit losses during 2012, mostly related to the resolution of non-accruing loan exposure. Excluding the effect of reversals (provisions) for credit losses, the Commercial Division's net operating income improved by 7% during the year ended December 31, 2013 to \$89.5 million, compared to \$83.9 million for the year ended December 31, 2012, reflecting increased core revenues from higher average portfolio balances and fee generating activities. Higher average loan balances (and increase of 17%) resulted in a \$5.1 million, or 5%, increase in the Commercial Division's net interest income, while increased letters of credit activity along with the growth of the Bank's structuring and syndication platform resulted in a \$3.6 million, or 36% increase in fee income, partially offset by a \$2.6 million, or 7% increase in allocated operating expenses.

The Commercial Division's portfolio balances totaled \$6,630 million as of December 31, 2013, an 11% increase from \$5,953 million as of December 31, 2012. The year-on-year increase was mainly attributable to growing demand in the Bank's client base of corporations (an increase of 20%), and financial institutions (an increase of 9%). On an average annual basis in 2013, the Commercial Portfolio reached \$6,337 million for the year ended December 31, 2013, an increase of \$926 million, or 17% compared to average balances of \$5,411 million during 2012.

As of December 31, 2013, the Commercial Portfolio continued to be short-term and trade-related in nature during the year ended December 31, 2013, with \$4,846 million, or 73%, of the Commercial Portfolio maturing within one year. Trade financing operations represented 58% of the portfolio for the year ended December 31, 2013, while the remaining balance consisted primarily of lending to banks and corporations involved in foreign trade.

Credit disbursements in for the year ended December 31, 2013 increased by 26% to \$14,276 million, a record level for the Bank, compared to \$11,338 million disbursed in 2012, as overall demand strengthened. The non-accrual portfolio amounted to \$3.1 million representing 0.05% of the loan portfolio as of December 31, 2013, compared to a balance of zero as of December 31, 2012.

The Treasury Division

The Treasury Division is responsible for the Bank's funding and liquidity management, along with the management of its activities in investment securities, which comprise trading assets, securities available-for-sale and securities held-to-maturity, as well as the management of the Bank's interest rate, liquidity, price and currency risks. Following the 2013 sale of the former Bladex Asset Management unit, the Treasury Division also continues to incorporate the Bank's remaining participation in investment funds, which ceased to be consolidated in the Bank's financial statements as of April 2014, as the Bank exercised its right to redeem, bringing its participation in the Feeder to below 50%.

The Treasury Division's net income is presented net of allocated operating expenses, and includes net interest income from treasury activities, net of allocated cost of funds, as well as related net other income (expense), including net results from derivative financial instruments and hedging, net gain (loss) from investment funds, net gain (loss) from trading securities, net gain (loss) on sale of securities available-for-sale, and net gain (loss) on foreign currency exchange.

2014 vs. 2013

Treasury Division reported net income of \$14.6 million in 2014, compared to a net loss of \$6.0 million in 2013, due to the combined effects of: (i) an \$11.2 million increase in non-interest operating income, mainly driven by improved performance from its participation in investment funds, (ii) a \$10.9 million increase in net interest income primarily attributable to the decrease in average funding costs to 1.07% from 1.33%, and (iii) a \$2.2 million decrease in allocated operating expenses, mainly associated with expenses from the investment funds that ceased to be consolidated in the Bank's financial statements as of April 2014.

Liquid assets stood at \$0.7 billion as of December 31, 2014, compared to \$0.8 billion as of December 31, 2013, as the Bank maintained its proactive liquidity management as a preventive measure in the face of heightened market volatility. The liquidity ratio (liquid assets to total assets) was 9.2% as of December 31, 2014, compared to 11.1% as of December 31, 2013.

The securities available-for-sale portfolio totaled \$0.3 billion as of December 31, 2014. This was broadly unchanged from the same level as of December 31, 2013. The securities available-for-sale portfolio consisted of readily-quoted Latin American securities, 74% of which represented multilateral, sovereign or state-owned risk.

The Bank surpassed the \$3 billion mark in deposits several times during 2014, before ending the year at \$2,507 million in deposit balances as of December 31, 2014, an increase of 6% compared to \$2,361 million as of December 31, 2013. Total deposits represented 35% of total financial liabilities as of December 31, 2014, compared to 36% as of December 31, 2013. Short-term borrowings and debt, including securities sold under repurchase agreements, ("repos"), totaled \$3.0 billion as of December 31, 2014, nearly unchanged compared to \$3.0 billion as of December 31, 2013, while long-term borrowings and debt totaled \$1.4 billion as of December 31, 2014, an increase of 22% compared to \$1.2 billion as of December 31, 2013.

2013 vs. 2012

For the year ended December 31, 2013 the Treasury Division reported a net loss of \$6.0 million compared to a net loss of \$8.2 million during the year ended December 31, 2012. The Treasury Division's net loss during the year ended December 31, 2013 was attributable to a decrease of \$19.4 million in non-interest operating income, mainly related to net losses from the remaining participation in investment funds and lower gains on the sale of securities

available-for-sale, which was partially offset by the combined effects of: (i) a \$13.0 million increase in net interest income, which resulted from effective interest rate gap management, higher net interest income from increased average investment securities balances, and a lower average cost of funds; (ii) a \$4.1 million decrease in allocated operating expenses; and (iii) a \$4.5 million positive variation in net income attributable to the redeemable noncontrolling interest in the funds.

Liquid assets amounted to \$831 million as of December 31, 2013, compared to \$690 million as of December 31, 2012, as the Bank maintained its proactive approach to liquidity management, increasing its liquidity position as a response to heightened market volatility. Liquid assets as of December 31, 2013 represented 11.1% of total assets and 12.7% of total liabilities, compared to 10.2% and 11.6%, respectively, as of December 31, 2012.

Deposit balances increased \$44 million, or 2%, to \$2,361 million as of December 31, 2013, compared to \$2,317 million as of December 31, 2012. Deposits represented 36% of total liabilities as of December 31, 2013, compared to 39% as of December 31, 2012. Short-term borrowings and debt, including securities sold under repos, totaled \$2,991 million as of December 31, 2013, an 86% year-on-year increase, while long-term borrowings and debt totaled \$1,154 million, a 39% year-on-year decrease, as the Bank opted to pre-pay certain medium-term obligations with remaining tenors of less than a year, as part of its proactive funding and interest rate position management. Consequently, weighted average funding costs for the year ended December 31, 2013 reached 1.33%, a decrease of 30 basis points, or 18%, compared to 1.63% for the year ended December 31, 2012.

Net Operating Income

The Bank incorporates net operating income by business segment in order to disclose the revenue and expense items related to its normal course of business, segregating from net income the impact of provisions or reversals of provisions for loan losses and off-balance sheet credit risk and recoveries, net of impairment of assets. In addition, the Bank's net interest income represents the main driver of net operating income. The current interest expense allocation methodology reflects allocated funding on a matched-funded basis, net of risk adjusted capital allocated by business segment. The current operating expense allocation methodology assigns overhead expenses based on resource consumption by business segment. The following table summarizes net operating income of the Bank, both by business segment and on a consolidated basis for the periods indicated:

	For the Year Ended December 31,		
	2014	2013	2012
	(In US\$ millions, except percentages)		
COMMERCIAL DIVISION:			
Net interest income	\$122.2	\$115.1	\$110.0
Non-interest operating income	21.1	15.3	12.2
Operating expenses	(42.5)	(40.9)	(38.3)
Net operating income	100.8	89.5	83.9
Reversal of provision (provision) for loan and off-balance sheet credit losses, net.....	(8.5)	1.2	12.4
Recoveries, net of impairment of assets.....	0.0	0.1	0.0
NET INCOME ATTRIBUTABLE TO BLADEX STOCKHOLDERS	92.3	\$90.8	\$96.3
TREASURY DIVISION:			
Net interest income	\$18.9	\$8.0	(\$5.0)
Non-interest operating income (loss)	6.5	(4.8)	14.6
Operating expenses	(11.2)	(13.4)	(17.5)
Net operating income (loss)	14.2	(10.2)	(7.9)
Net income (loss).....	14.2	(10.2)	(7.9)
Net income (loss) attributable to the redeemable noncontrolling interest	(0.5)	(4.2)	0.3
NET INCOME (LOSS) ATTRIBUTABLE TO BLADEX STOCKHOLDERS	\$14.7	(\$6.0)	(\$8.2)
CONSOLIDATED:			
Net interest income	\$141.1	\$123.1	\$105.0
Non-interest operating income	27.6	10.5	26.8
Operating expenses	(53.7)	(54.3)	(55.8)
Net operating income	115.0	79.3	76.0

	For the Year Ended December 31,		
	2014	2013	2012
	<i>(In US\$ millions, except percentages)</i>		
Reversal of provision (provision) for loan and off-balance sheet credit losses, net.....	(8.5)	1.2	12.4
Recoveries, net of impairment of assets.....	0.0	0.1	0.0
Net income – business segment	106.5	80.6	88.4
Net income (loss) attributable to the redeemable non-controlling interest	0.5	(4.2)	0.3
NET INCOME ATTRIBUTABLE TO BLADEX STOCKHOLDERS – BUSINESS SEGMENT	106.9	84.8	88.1
Other income unallocated – Gain on sale of premises and equipment.....	0.0	0.0	5.6
Net loss from discontinued operations.....	0.0	0.0	(0.7)
NET INCOME ATTRIBUTABLE TO BLADEX STOCKHOLDERS	106.9	\$84.8	\$93.0

For further information on net income by business segment, see notes 3 and 27 to the Audited Consolidated Financial Statements.

Net Interest Income and Margins

The following table sets forth information regarding the Bank's net interest income, net interest margin (net interest income divided by the average balance of interest-earning assets), and net interest spread (the average yield earned on interest-earning assets, less the average yield paid on interest-bearing liabilities) for the periods indicated:

	For the Year Ended December 31,		
	2014	2013	2012
	<i>(In US\$ millions, except percentages)</i>		
Net interest income (loss)			
Commercial Division	\$122.2	\$115.1	\$110.0
Treasury Division	18.9	8.0	(5.0)
Total Net Interest Income	\$141.1	\$123.1	\$105.0
Net interest margin	1.87%	1.75%	1.70%
Net interest spread.....	1.71%	1.55%	1.44%

Net Interest Income and Net Interest Margin Variation

2014 vs. 2013

For the year ended December 31, 2014, the Bank's net interest income reached \$141.1 million, compared to \$123.1 million during the year ended December 31, 2013. The \$18.0 million, or 15%, increase in net interest income was mainly driven by:

- i. A \$12.2 million overall increase in net interest income due to higher average balances of the Bank's interest-earning assets, mainly from higher average loan portfolio balances (+9%) and investment securities balances (+12%), partially offset by higher average balances of the Bank's interest-bearing liabilities (+8%).
- ii. A \$5.8 million overall increase in net interest income on lower average funding costs (-26 basis points), which more than offset the 10 basis point decrease in average interest-earning rates.

Net interest margin increased 12 basis points to 1.87% in the year ended December 31, 2014, compared to 1.75% in the year ended December 31, 2013, mainly attributable to lower funding costs (-26 basis points) and higher average loan portfolio balances (+9%).

2013 vs. 2012

The Bank's net interest income for the year ended December 31, 2013 totaled \$123.1 million, compared to \$105.0 million for the year ended December 31, 2012. The \$18.1 million, or 17% increase in net interest income for the year ended December 31, 2013 was primarily driven by:

- i. A \$33.7 million overall increase in net interest income, mainly driven by higher average interest-earning assets, mostly from higher average balances in the loan portfolio (+17%) and in investment securities (+33%), along with lower average long-term debt and borrowings (-30%), partially offset by higher short-term interest-bearing liabilities (deposits +11%, borrowings and repo's +102%), as the Bank shifted its funding composition to shorter tenors.
- ii. A \$15.6 million overall decrease in net interest income as a result of lower average interest rates on the Bank's assets (-18 basis points), partly offset by lower rates paid on the Bank's liabilities (-30 basis points).

Net interest margin increased 5 basis points to 1.75% in 2013 compared to 1.70% in 2012, mainly as a result of lower cost of funds.

Distribution of Assets, Liabilities and Stockholders' Equity; Interest Rates and Differentials

The following table presents the distribution of consolidated average assets, liabilities and stockholders' equity, as well as the total dollar amounts of interest income from average interest-earning assets and the resulting yields, the dollar amounts of interest expense and average interest-bearing liabilities, and corresponding information regarding rates. Average balances have been computed on the basis of consolidated daily average balances:

	For the Year Ended December 31,								
	2014			2013			2012		
	Average Balance	Interest	Average Yield / Rate	Average Balance	Interest	Average Yield / Rate	Average Balance	Interest	Average Yield/Rate

Description	(In US\$ millions, except for percentages)								
Interest-Earning Assets									
Interest bearing deposits with banks.....	\$639	\$1.5	0.24%	\$635	\$1.5	0.24%	\$711	\$1.9	0.26%
Loans, net of unearned income & deferred loan fees	6,437	201.9	3.09%	5,934	193.0	3.21%	5,064	181.1	3.52%
Non-accrual loans ⁽¹⁾	4	0.0	0.16%	0	0.0	n.m. ^(*)	23	2.1	9.17%
Trading assets	0	0.0	0.00%	2	0.0	0.00%	7	0.1	0.94%
Investment securities ⁽²⁾	389	9.3	2.34%	346	8.5	2.43%	254	6.4	2.48%
Investment funds	75	0.0	0.03%	113	2.3	2.01%	117	0.9	0.74%
Total interest-earning assets.....	\$7,544	\$212.7	2.78%	\$7,028	\$205.3	2.88%	\$6,177	\$192.4	3.06%
Non-interest-earning assets	88			77			55		
Allowance for loan losses.....	(75)			(71)			(82)		
Other assets.....	16			13			20		
Total Assets	\$7,573			\$7,048			\$6,169		
Interest-Bearing Liabilities									
Demand Deposits ⁽³⁾ ...	\$89	\$0.1	0.07%	\$95	\$0.2	0.19%	\$137	\$0.4	0.29%
Time Deposits ⁽³⁾	2,634	11.1	0.42%	2,418	12.2	0.50%	2,121	12.5	0.58%
Deposits ⁽³⁾	2,723	11.2	0.41%	2,513	12.4	0.49%	2,258	12.9	0.56%
Trading liabilities	0	0.0	0.00%	7	0.0	0.00%	10	0.0	0.00%
Investment funds	0	0.0	n.m. ^(*)	0	1.8	n.m. ^(*)	0	0.1	n.m. ^(*)
Securities sold under repurchase agreements	280	2.1	0.75%	227	1.3	0.56%	153	1.6	1.05%
Short-term borrowings and debt.....	2,191	21.8	0.98%	2,048	25.7	1.24%	973	19.0	1.92%
Long-term borrowings and debt	1,389	36.4	2.59%	1,318	41.0	3.07%	1,892	53.7	2.79%
Total interest-bearing liabilities.....	\$6,583	\$71.6	1.07%	\$6,112	\$82.2	1.33%	\$5,285	\$87.5	1.63%
Non-interest bearing liabilities and other liabilities	\$79			\$61			\$76		
Total Liabilities.....	\$6,663			\$6,173			\$5,361		
Redeemable noncontrolling interest	16			29			4		
Stockholders' equity	895			846			804		
Total Liabilities and Stockholders' Equity	\$7,573			\$7,048			\$6,169		
Net interest spread			1.71%			1.55%			1.44%
Net interest income and net interest margin		\$141.1	1.87%		\$123.1	1.75%		\$105.0	1.70%

Note: Interest income and/or expense includes the effect of derivative financial instruments used for hedging.

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

(1) Interest received on non-accrual loans is only recorded as earned when collected.

(2) The average yield of the investment securities portfolio (including securities available-for-sale and securities held to maturity) using cost-based average balances, would have been 2.46%, 2.55%, and 2.64%, for 2014, 2013 and 2012, respectively.

(3) The Bank obtains deposits in the form of demand deposits and time deposits from its central bank shareholders, commercial banks and corporations.

Changes in Net Interest Income — Volume and Rate Analysis

Net interest income is affected by changes in volume and changes in interest rates. Volume changes are caused by differences in the level of interest-earning assets and interest-bearing liabilities. Rate changes result from differences in yields earned on interest-earning assets and rates accrued on interest-bearing liabilities. The following table sets forth a summary of the changes in net interest income of the Bank resulting from changes in average interest-earning asset and interest-bearing liability volume and changes in average interest rates for 2014 compared to 2013 and for 2013 compared to 2012. Volume and rate variances have been calculated based on daily movements

in average balances over the period and changes in interest rates on average interest-earning assets and average interest-bearing liabilities.

	2014 vs. 2013			2013 vs. 2012		
	Volume ^(*)	Rate ^(*)	Net Change	Volume ^(*)	Rate ^(*)	Net Change
	<i>(In US\$ thousands)</i>					
Increase (decrease) in interest income						
Interest bearing deposits with banks	\$10	\$10	\$20	\$(186)	\$(164)	\$(350)
Accruing loans, net	15,802	(6,879)	8,923	28,021	(16,109)	11,912
Non-accrual loans	6	0	6	(3)	(2,146)	(2,149)
Trading assets	0	0	0	0	(69)	(69)
Investment securities	1,044	(284)	760	2,247	(146)	2,101
Investment funds	(10)	(2,271)	(2,281)	(86)	1,507	1,421
Total increase (decrease)	\$16,852	\$(9,424)	\$7,428	\$29,993	\$(17,127)	\$12,866
Increase (decrease) in interest expense						
Deposits	(869)	2,004	1,135	(1,240)	1,803	563
Investment funds	16	1,791	1,807	630	(2,365)	(1,735)
Securities sold under repurchase agreement and Short-term borrowings and debt	(1,902)	4,953	3,051	(13,577)	7,306	(6,271)
Long-term borrowings and debt	(1,850)	6,468	4,618	17,943	(5,251)	12,692
Total increase (decrease)	\$(4,605)	\$15,216	\$10,611	\$3,756	\$1,493	\$5,249
Increase (decrease) in net interest income	\$12,247	\$5,792	\$18,039	\$33,749	\$(15,634)	\$18,115

(*) Volume variation effect in net interest income is calculated by multiplying the difference in average volumes by the current year's average yield. Rate variation effect in net interest income is calculated by multiplying the difference in average yield by the prior year's average volume.

Reversal (Provision) for Loan Losses

	For the Year Ended December 31,		
	2014	2013	2012
	<i>(In US\$ millions)</i>		
Net Brazil specific reserve reversals (provisions)	(1.2)	(1.0)	0.0
Net Mexico specific reserve reversals (provisions)	(0.2)	0.0	7.3
Total specific reserve reversals (provisions)	(1.4)	(1.0)	7.3
Generic reserve reversals (provisions) — due to changes in credit portfolio composition and risk levels and loan recoveries	(5.5)	2.6	1.0
Total generic reserve reversals (provisions)	(5.5)	2.6	1.0
Total reversals (provisions) of allowance for loan losses	\$(6.9)	\$1.6	\$8.3

As of December 31, 2014, the Bank had \$4.0 million in non-accrual loans, compared to \$3.1 million in non-accrual loans as of December 31, 2013, and compared to zero loans in non-accrual status as of December 31, 2012, all of which corresponded to impaired loans for which specific reserves of \$2.4 million and \$1.0 million were allocated in 2014 and 2013, respectively.

The \$6.9 million provision for loan losses during the year ended December 31, 2014 was the result of a \$5.5 million provision of generic reserves mainly attributable to the Bank's loan portfolio growth during the year (+\$538 million, or +9%), and an increase of \$1.4 million related to the specific loan loss reserve, totaling \$2.4 million at December 31, 2014, which was assigned to non-accruing loans for \$4.0 million at the same date.

The \$1.6 million reversal of provision for loan losses during the year ended December 31, 2013 was the result of a \$2.6 million reversal of generic reserves mainly associated with the improved risk profile of the Bank's loan portfolio (an increase of \$1.2 million), and recoveries from previous years charge-off loans (an increase of \$1.4 million), which was partially offset by a \$1.0 million specific loan loss reserve assigned to a \$3.1 million loan as of December 31, 2013.

During the year ended December 31, 2012, the Bank reversed \$8.3 million in provisions for loan losses, as a result of the release of specific reserves associated with the exit of a non-accruing loan exposure, along with a reversal of generic reserves associated with the improved risk profile of the Bank's loan portfolio.

The Bank's loan loss reserve coverage was 1.19% as of December 31, 2014, an increase from 1.18% as of December 31, 2013, and a decrease from 1.28% as of December 31, 2012. The annual increase in the loan loss reserve coverage compared to 2013 reflects the impact of changes in the composition of the Bank's loan portfolio as measured in the Bank's reserve model.

For more detailed information, see "Operating and Financial Review and Prospects - Operating Results - Asset Quality and Allowance for Credit Losses," and notes 2(n) and 8 to the Audited Consolidated Financial Statements.

For more detailed information about Non-Accrual Loans, see notes 2(l) and 7 to the Audited Consolidated Financial Statements.

Reversals (Provisions) for Losses on Off-Balance Sheet Credit Risk

The \$1.6 million of provisions for losses on off-balance sheet credit risk in 2014 was the result of portfolio growth in the off-balance sheet exposures and higher risk coverage associated with the Bank's portfolio composition.

During the year ended December 31, 2013, the Bank accrued \$0.4 million in provision for losses on off-balance sheet credit risk mainly due to higher balances in the off-balance sheet exposures in the Commercial Portfolio, partially mitigated by an improvement in the risk profile of the Region.

The \$4.0 million reversal of provision for losses on off-balance sheet credit risk for the year ended December 31, 2012 was primarily the result of lower balances in off-balance sheet exposures in the Commercial Portfolio and an improved risk profile for the Bank's portfolio composition.

The off-balance sheet reserve coverage was 1.37% as of December 31, 2014, compared to 1.08% as of December 31, 2013, and compared to 2.05% as of December 31, 2012.

For more detailed information, see notes 2(n) and 8 to the Audited Consolidated Financial Statements.

Fees and Commissions, net

The Bank generates fee and commission income primarily from letters of credit confirmations, the issuance of guarantees (including commercial risk coverage), and credit commitments, and loan origination, structuring and syndication activities. The following table shows the components of the Bank's fees and commissions, net, for the periods indicated:

	For the Year Ended December 31,		
	2014	2013	2012
	<i>(In US\$ thousands)</i>		
Letters of credit	\$9,372	\$9,244	\$7,617
Guarantees	1,065	142	184
Loan Fees	7,209	4,220	2,153
Other ⁽¹⁾	(144)	63	67
Fees and commissions, net.....	\$17,502	\$13,669	\$10,021

(1) Net of commission expense.

During the year ended December 31, 2014, fees and commissions amounted to \$17.5 million, compared to \$13.7 million in the year ended December 31, 2013. The \$3.8 million, or 28% increase was mostly driven by increased loan structuring and syndication activities, where the Bank acted as mandated lead arranger and book-runner in 10 transactions out of a total of 14 structured transactions, along with increased commissions from higher average letters of credit portfolio balances and guarantee issuances.

Fees and commissions totaled \$13.7 million for the year ended December 31, 2013, compared to \$10.0 million for the year ended December 31, 2012. The \$3.6 million, or 36% growth resulted from higher loan intermediation fees

mainly from mandated transactions, reflecting the Bank's progress in establishing a track record as lead arranger of syndications, and an increase in the activity of the letter of credit business.

For more information, see note 2(o) to the Audited Consolidated Financial Statements.

Derivative Financial Instruments and Hedging

The Bank recorded net gains of \$0.1 million, \$0.4 million, and \$0.1 million in 2014, 2013, and 2012, respectively, in derivative financial instruments and hedging.

For additional information, see notes 2(t) and 21 to the Audited Consolidated Financial Statements.

Net Gain (Loss) from Investment Funds Trading

Net gain from investment funds trading totaled \$3.4 million in the year ended December 31, 2014, compared to a net loss of \$6.7 million in the year ended December 31, 2013, and a net income of \$7.0 million in the year ended December 31, 2012, related to the performance of trading activities from the Bank's remaining participation in the investment funds.

For additional information, see notes 6 and 24 to the Audited Consolidated Financial Statements.

Net Gain (Loss) from Trading Securities

During the year ended December 31, 2014, the Bank recorded a net loss from trading securities of \$0.4 million, compared to net gains of \$3.2 million, and \$11.2 million, for the years ended December 31, 2013 and 2012, respectively.

The \$0.4 million loss for the year ended December 31, 2014 and the \$3.2 million gain for the year ended December 31, 2013 were mainly attributable to changes in valuations of derivative instruments used for risk management purposes that did not qualify for hedge accounting and/or in respect of which hedge accounting was discontinued.

The \$11.2 million gain for the year ended December 31, 2012 was mainly due to valuations of financial derivative instruments for which hedge accounting was discontinued during the year ended December 31, 2012.

Net Gain on Sale of Securities Available-for-Sale

The Bank purchases debt instruments with the intention of selling them prior to maturity. These debt instruments are classified as securities available-for-sale and are included as part of the Bank's credit portfolio.

The Bank's net gain on sale of securities available-for-sale for the year ended December 31, 2014 was \$1.9 million, compared to \$1.5 million for the year ended December 31, 2013, and compared to \$6.0 million for the year ended December 31, 2012. Details of the net gains are as follows:

	For the Year Ended December 31,		
	2014	2013	2012
	(In US\$ millions)		
Nominal amount	\$218.1	\$102.5	\$239.6
Amortized cost	\$(228.2)	\$(105.9)	\$(254.8)
Proceeds	230.1	109.8	262.2
Net effect of unwinding hedging derivatives of the available for-sale securities portfolio	0.0	(2.4)	(1.4)
Total net gain on sale of securities available-for-sale	\$1.9	\$1.5	\$6.0

For additional information, see note 5 to the Audited Consolidated Financial Statements.

Net Gain on Sale of Loans

The net gain on sale of loans corresponds to income derived from the Bank's business stream of loan intermediation and distribution activities in the primary and secondary markets.

During the years ended December 31, 2014, 2013 and 2012, the Bank sold loans on the secondary market with a book value of \$515.6 million, \$89.5 million and \$146.2 million, respectively, generating net gains on sale of loans of \$2.2 million, \$0.4 million and \$1.1 million, respectively.

During the year ended December 31, 2014, the Bank assigned \$246 million of originated loans to the International Finance Corporation ("IFC"), which generated a net gain of \$0.4 million, as part of a risk-sharing facility agreement with the IFC of up to \$350 million, established to expand access to trade finance for agribusiness in Latin America and to contribute to regional food security.

Gain (Loss) on Foreign Currency Exchange

The Bank recorded a net gain of \$0.8 million on foreign currency exchange during the year ended December 31, 2014, compared to net losses of \$3.8 million and \$10.5 million, in 2013 and 2012, respectively. The results reflect the effects of currency exchanges in assets and liabilities economically hedged with derivatives that do not qualify for hedge accounting, the impact of which is shown under Net Gain (Loss) from Trading Securities.

Operating Expenses

The following table shows a breakdown of the components of the Bank's total operating expenses for the periods indicated:

	For the Year Ended December 31,		
	2014	2013	2012
	(In US\$ thousands)		
Salaries and other employee expenses	\$31,339	\$31,702	\$33,171
Depreciation and amortization of equipment and leasehold improvements	2,487	2,747	2,269
Professional services	5,177	4,010	4,053
Maintenance and repairs	1,544	1,529	1,936
Expenses from investment funds	416	2,589	2,953
Other operating expenses	12,739	11,729	11,432
Total operating expenses	\$53,702	\$54,306	\$55,814

During the year ended December 31, 2014, the Bank's operating expenses totaled \$53.7 million, compared to \$54.3 million in 2013. The \$0.6 million, or 1% decrease in operating expenses over the year was primarily attributable to the deconsolidation of fund-related expenses, along with a reduction in salaries and other employee expenses related primarily to a decrease in the average number of full-time employees, which was partially offset by higher professional fees and other expenses mainly related to business projects.

During the year ended December 31, 2013, the Bank's operating expenses totaled \$54.3 million, compared to \$55.8 million during the year ended December 31, 2012. The \$1.5 million, or 3%, year-on-year decrease in operating expenses was mainly attributable to lower salary and other employee expenses.

Changes in Financial Condition

The following table presents components of the Bank's balance sheet at the dates indicated:

	At December 31,		
	2014	2013	2012
	(In US\$ thousands)		
ASSETS			
Cash and due from banks	\$ 4,985	\$ 2,161	\$ 6,718
Interest-bearing deposits in banks	775,530	837,557	700,312
Trading assets	0	0	5,265
Securities available-for-sale	338,973	334,368	183,017
Securities held-to-maturity	54,180	33,759	34,113
Investment funds	57,574	118,661	105,888
Loans	6,686,244	6,148,298	5,715,556
Less:			
Allowance for loan losses	79,675	72,751	72,976
Unearned income and deferred fees	8,509	6,668	7,100

	At December 31,		
	2014	2013	2012
	<i>(In US\$ thousands)</i>		
Loans, net	6,598,060	6,068,879	5,635,480
Customers' liabilities under acceptances	114,018	1,128	1,157
Accrued interest receivable	47,938	40,727	37,819
Equipment and leasehold improvements, net	8,129	10,466	12,808
Derivative financial instruments used for hedging – receivable	12,324	15,217	19,239
Other assets	13,561	8,389	14,580
TOTAL ASSETS	\$ 8,025,272	\$ 7,471,312	\$ 6,756,396
LIABILITIES AND STOCKHOLDERS' EQUITY			
Deposits	\$2,506,694	\$2,361,336	\$2,317,260
Trading liabilities	52	72	32,304
Securities sold under repurchase agreements	300,519	286,162	158,374
Short-term borrowings and debt	2,692,537	2,705,365	1,449,023
Acceptances outstanding	114,018	1,128	1,157
Accrued interest payable	14,855	13,786	17,943
Long-term borrowings and debt	1,405,519	1,153,871	1,905,540
Derivative financial instruments used for hedging – payable	40,287	8,572	11,747
Reserve for losses on off-balance sheet credit risk	6,849	5,222	4,841
Other liabilities	32,879	27,947	28,348
TOTAL LIABILITIES	\$ 7,114,209	\$ 6,563,461	\$ 5,926,537
Redeemable noncontrolling interest	0	49,899	3,384
STOCKHOLDERS' EQUITY			
Common stock, no par value	279,980	279,980	\$ 279,980
Additional paid-in capital in excess of assigned value of common stock	117,339	118,646	121,419
Capital reserves	95,210	95,210	95,210
Retained earnings	510,046	458,699	422,048
Accumulated other comprehensive loss	(13,885)	(12,575)	(730)
Treasury stock	(77,627)	(82,008)	(91,452)
TOTAL STOCKHOLDERS' EQUITY	\$ 911,063	\$ 857,952	\$ 826,475
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 8,025,272	\$ 7,471,312	\$ 6,756,396

2014 vs. 2013

The Bank's total assets amounted to \$8,025 million as of December 31, 2014, a \$554 million, or 7% increase from \$7,471 million as of December 31, 2013. This increase was primarily the result of a \$538 million, or 9% increase in the Bank's loan portfolio, and a \$113 million increase in customers' liabilities under acceptances, partially offset by lower interest-bearing deposits in banks (which decreased by \$62 million) and the deconsolidation of the investment funds (which decreased by \$61 million).

As of December 31, 2014, the Bank's loan portfolio amounted to \$6,686 million, with an average remaining maturity term of 317 days, as 72% of the loan portfolio was scheduled to mature within one year. Trade financing operations represented 56% of the loan portfolio, while the remaining balance consisted primarily of lending to financial institutions and corporations engaged in foreign trade.

As of December 31, 2014, the Bank's liquidity amounted to \$741 million, compared to \$831 million as of December 31, 2013, in line with the Bank's long-standing approach to prudent and proactive liquidity management, with requirements determined according to the Basel III Liquidity Coverage Ratio ("LCR") methodology. As of December 31, 2014, \$616 million, or 83%, of liquid assets were deposited at the Federal Reserve Bank of New York, while the remaining liquid assets consisted of short-term funds deposited with other banks.

The increase in assets during 2014 was accompanied by a \$551 million increase in liabilities, mainly as a result of a \$251 million, or 22%, increase in long-term borrowings and debt, a \$146 million, or 6%, increase in total deposits, and a \$113 million increase in acceptances outstanding.

2013 vs. 2012

The Bank's total assets amounted to \$7,471 million as of December 31, 2013, a \$715 million, or 11%, increase from \$6,756 million as of December 31, 2012, mainly as a result of increased balances related to the loan portfolio (an increase of \$432 million), securities available-for-sale (an increase of \$151 million) and cash and due from banks (an increase of \$133 million). As of December 31, 2013, the Bank's loan portfolio amounted to \$6,148 million, with

an average remaining maturity term of 289 days, with 73% of the portfolio scheduled to mature within one year. Trade financing operations represented 58% of the loan portfolio, while the remaining balance consisted primarily of lending to banks and corporations involved in foreign trade.

The Bank's liquidity amounted to \$831 million as of December 31, 2013, compared to \$690 million as of December 31, 2012, as the Bank maintained its proactive approach to liquidity management.

The increase in total assets during the year ended December 31, 2013 resulted in a \$637 million increase in liabilities, mainly in short-term borrowings and debt (which increased by \$1,256 million, or 87%), and repos (which increased by \$128 million, or 81%), which were partially offset by the decrease in long-term borrowings and debt (which decreased by \$752 million, or 39%), as the Bank opted to pre-pay certain medium-term obligations with remaining tenors of less than a year as part of its proactive funding and interest rate position management.

Stockholders' Equity

The following table presents information concerning the Bank's capital position at the dates indicated:

	As of December 31,		
	2014	2013	2012
	<i>(In US\$ thousands)</i>		
Common stock	\$279,980	\$279,980	\$279,980
Additional paid-in capital in excess of assigned value of common stock	117,339	118,646	121,419
Capital reserves	95,210	95,210	95,210
Retained earnings	510,046	458,699	422,048
Accumulated other comprehensive loss	(13,885)	(12,575)	(730)
Treasury stock	(77,627)	(82,008)	(91,452)
Total stockholders' equity	\$911,063	\$857,952	\$826,475

As of December 31, 2014, stockholders' equity amounted to \$911 million, compared to \$858 million as of December 31, 2013 and compared to \$826 million as of December 31, 2012.

During 2014, stockholders' equity increased \$53 million compared to 2013. This increase was primarily due to a \$51 million increase in retained earnings as a result of net income attributable to the Bank's stockholders of \$107 million for the year ended December 31, 2014, which was partially offset by \$56 million declared as cash dividends.

During 2013, stockholders' equity increased \$32 million compared to 2012, mainly as a result of: (i) a \$37 million increase in retained earnings due to the \$85 million net income attributable to the Bank's stockholders, which was partially offset by \$48 million declared as cash dividends and (ii) a \$9 million decrease in treasury stock. These increases were partially offset by a \$12 million decrease in accumulated other comprehensive losses from a decrease in the fair market value of securities and/or hedging instruments associated with such securities.

Capital reserves are established as an appropriation of retained earnings and, as such, are a form of retained earnings. Capital reserves are intended to strengthen the Bank's capital position. Reductions of these reserves, for purposes such as the payment of dividends, require the approval of the Board and Panamanian banking authorities.

As of December 31, 2014, the capital ratio of total stockholders' equity to total assets was 11.4% and the Bank's Tier 1 and total capital ratios calculated according to Basel I capital adequacy guidelines were 15.3% and 16.5%, respectively. As of December 31, 2014, the Bank's total capital to risk-weighted asset ratio, calculated according to the guidelines of the Banking Law, was 15.14%.

The Bank has adopted Basel III capital adequacy guidelines and determined the Bank's Tier 1 Basel III capital ratio to be 15.6% as of December 31, 2014.

See "Regulation — Panamanian Law", and notes 26 and 28 to the Audited Consolidated Financial Statements.

Off-Balance Sheet Arrangements

In the normal course of business, in order to meet the financing needs of its customers, the Bank is party to financial instruments with off-balance sheet credit risk. As of December 31, 2014, the Bank's off-balance sheet arrangements included confirmed letters of credit, stand-by letters of credit, guarantees (covering commercial risk), and credit

commitments (including unused commitments and other commitments). These arrangements are kept off-balance sheet as long as the Bank does not incur an obligation relating to them or itself become entitled to an asset. Such off-balance sheet arrangements are exposed to credit and market risk. Therefore, a reserve for losses on off-balance sheet credit risk is recognized on the balance sheet, with the resulting provision recorded in the income statement. As of December 31, 2014, total reserves for losses on off-balance sheet arrangements amounted to \$7 million, compared to \$5 million as of December 31, 2013 and 2012. See notes 8 and 19 to the Audited Consolidated Financial Statements.

As of December 31, 2014, the total off-balance sheet portfolio amounted to \$386 million, compared to \$480 million as of December 31, 2013, and \$235 million as of December 31, 2012.

Fees and commission income from off-balance sheet arrangements amounted to \$10 million for the years ended December 31, 2014 and 2013, respectively, compared to \$8 million for the year ended, December 31, 2012.

For additional information, see "Operating and Financial Review and Prospects—Operating Results—Fees and Commissions, net."

No obligations have arisen from variable interest entities as defined in U.S. GAAP, including indemnification agreements with the Bank's executive officers and directors. The Bank provides indemnity insurance pursuant to which directors and officers are indemnified or insured against liability or loss under certain circumstances, including liabilities or related losses arising under the Securities Act and the Exchange Act.

Other Operating Results

For a discussion of interest rate sensitivity, see "Description of Business of Bladex—Cost and Maturity Profile of Borrowed Funds and Floating-Rate and Fixed-Rate Placements—Interest Rate Sensitivity." For a discussion of contractual obligations and commercial commitments, see "Description of Business of Bladex—Contractual Obligations and Commercial Commitments." For a discussion of the Bank's liquidity, see "Description of Business of Bladex—Liquidity."

DESCRIPTION OF BUSINESS OF BLADEX

In the following section, as well as in "Risk Factors," all references to "Bladex Head Office" are to Banco Latinoamericano de Comercio Exterior, S.A. in its individual capacity and all references to "Bladex" or the "Bank" are to Banco Latinoamericano de Comercio Exterior, S.A. together with its subsidiaries.

History and Development of the Company

Banco Latinoamericano de Comercio Exterior, S. A., headquartered in Panama City, Republic of Panama, is a specialized multinational bank established to support the financing of trade and economic integration in the Region.

The Bank was established pursuant to a May 1975 proposal presented to the 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, incorporated in 1978 as a corporation pursuant to the laws of the Republic of Panama, and officially began operations on January 2, 1979. Under a contract-law signed in 1978 between the Republic of Panama and Bladex, the Bank was granted certain privileges by the Republic of Panama, including an exemption from payment of income taxes in Panama.

The Bank operates under a general banking license issued by the National Banking Commission of Panama, predecessor of the Superintendency of Banks of Panama (the "SBP").

In the Republic of Panama, banks are governed by Decree-Law 9 of February 26, 1998, as amended, and banking regulations issued by the Superintendency pursuant thereto. The main aspects of this law and its regulations include: the authorization of banking licenses, minimum capital and liquidity requirements, consolidated supervision, procedures for management of credit and market risks, measures to prevent money laundering, the financing of terrorism and related illicit activities, and procedures for banking intervention and liquidation, among others.

The Bank offers its services through its head office in Panama City, its agency in New York City ("the New York Agency"), its subsidiaries in Brazil and Mexico, and its representative offices in Buenos Aires, Argentina, Mexico City, D.F. and Monterrey, Mexico, Sao Paulo, Brazil, Lima, Peru and Bogotá, Colombia, as well as through a worldwide network of correspondent banks. The Bank's international administrative office located in Miami, Florida (the "Florida Administrative Office"), ceased operations during the first quarter of 2015.

Bladex's shares of Class E common stock are listed on the NYSE, under the symbol "BLX."

Bladex Head Office's current subsidiaries are the following:

- Bladex Holdings Inc. ("Bladex Holdings") is a wholly owned subsidiary, incorporated under the laws of the State of Delaware, USA, on May 30, 2000. Bladex Holdings maintains ownership in two subsidiaries: Bladex Representação Ltda. and Bladex Investimentos Ltda.
 - Bladex Representação Ltda., incorporated under the laws of Brazil on January 7, 2000, acts as the Bank's representative office in Brazil. Bladex Head Office owns 99.999% of Bladex Representação Ltda. and Bladex Holdings owns the remaining 0.001%.
 - Bladex Investimentos Ltda. was incorporated under the laws of Brazil on May 3, 2011. Bladex Head Office owns 99% of Bladex Investimentos Ltda. and Bladex Holdings owns the remaining 1%. Bladex Investimentos Ltda. has invested substantially all of its assets in an investment fund incorporated in Brazil ("the Brazilian Fund"), which is registered with the Brazilian Securities Commission, (Comissão de Valores Mobiliários (the "CVM")). The Brazilian Fund is a non-consolidated variable interest entity ("VIE"). The objective of the Brazilian Fund is to achieve capital gains by dealing in the interest, currency, securities, commodities and debt markets, and by trading instruments available in the spot and derivative markets.
- Bladex Development Corp. ("Bladex Development") was incorporated under the laws of the Republic of Panama on June 5, 2014. Bladex Head Office owns 100% of Bladex Development.
- BLX Soluciones, S.A. de C.V., SOFOM, E.N.R. ("BLX Solutions") was incorporated under the laws of Mexico on June 13, 2014. Bladex Head Office owns 99.9% of BLX Solutions and Bladex Development

owns the remaining 0.1%. BLX Solutions specializes in offering financial leasing and other products, such as loans and factoring.

Bladex Holdings had previously exercised control over Bladex Asset Management Inc. ("Bladex Asset Management"), incorporated on May 24, 2006 under the laws of the State of Delaware, USA, which, until its dissolution on September 18, 2013, provided investment management services to Bladex Offshore Feeder Fund and Bladex Capital Growth Fund, both incorporated under the laws of the Cayman Islands.

On April 2, 2013, Bladex reached a definitive agreement to sell its Asset Management Unit. The Asset Management Unit was sold to Alpha4X Asset Management, LLC ("Alpha4X"), a company majority-owned by former executives of the Asset Management Unit. The Bank has a commitment to remain an investor in these funds, net of annual contractual redemptions, until March 31, 2016. As part of the agreement, a subsidiary of XL Group plc will also become an anchor investor in the Bladex Capital Growth Fund under Alpha4X's management. In connection with the sale: (i) Bladex Offshore Feeder Fund became Alpha4X Feeder Fund (the "Feeder"), (ii) Bladex Capital Growth Fund became Alpha4X Capital Growth Fund (the "Fund"), and (iii) Bladex Latam Fundo de Investimento Multimercado became Alpha4X Latam Fundo de Investimento Multimercado.

The sale agreement included, among other terms:

- the transfer of the Bank's participation in BLX Brazil Ltd., incorporated under the laws of the Cayman Islands on October 5, 2010, and Bladex Asset Management Brazil – Gestora de Recursos Ltda. ("BAM Brazil"), incorporated under the laws of Brazil on January 6, 2011;
- the sale of "Class C" shares of the Fund owned by BCG PA LLC ("BCG"), a company incorporated under the laws of the State of Delaware, USA and dissolved on August 14, 2013; and
- the termination of the investment advisory contracts among Bladex Asset Management, the Feeder and the Fund.

Bladex Head Office has a remaining participation of 49.61% in the Feeder, that invests substantially all its assets in the Fund. The Feeder is a VIE that was included in the consolidated financial statements of the Bank until March 31, 2014. Due to its drop in participation to less than 50%, the Bank ceased to be the primary beneficiary of the Feeder, and therefore ceased to consolidate its investment in the Feeder in its consolidated financial statements. Both the Feeder and the Fund are registered with the Cayman Island Monetary Authority ("CIMA"), under the Mutual Funds Law of the Cayman Islands. The objective of these Funds is to achieve capital appreciation by investing in Latin American debt securities, stock indexes, currencies, and trading derivative instruments.

The Bank's headquarters office is located at Torre V, Business Park, Avenida La Rotonda, Urb. Costa del Este, Panama City, Panama, and its telephone number is +507-210-8500. Bladex's New York Agency is located at 370 Lexington Avenue, Suite 500, New York, New York 10017, and its telephone number is (212) 754-9191.

The Bank's financial statements are prepared in accordance with U.S. GAAP.

See notes 1, 2(a), 3 and 6 to the Audited Consolidated Financial Statements.

Overview

The Bank's mission is to provide financial solutions of excellence to financial institutions, companies and investors doing business in Latin America, supporting trade and regional integration across the Region. The Bank's lending and investing activities are funded by interbank deposits, primarily from central banks and financial institutions in the Region, by borrowings from international commercial banks, and by sales of the Bank's debt securities to financial institutions and investors in Asia, Europe, North America and the Region. The Bank does not provide retail banking services to the general public, such as retail savings accounts or checking accounts, and does not take retail deposits.

Bladex participates in the financial and capital markets throughout the Region, through two business segments.

First, the Commercial Division is responsible for the Bank's core business of financial intermediation and fee generation activities relating to the Commercial Portfolio. The Commercial Division's portfolio includes the loan

portfolio (bilateral and syndicated trade and non-trade finance lending, short and medium term loans), selected deposits placed, customers' liabilities under acceptances ("acceptances"), and contingencies (including confirmed and stand-by letters of credit, guarantees covering commercial risk and credit commitments). The majority of the Bank's loans are extended in connection with specifically identified foreign trade transactions. Through its revenue diversification strategy, the Bank's Commercial Division has introduced a broader range of products, services and solutions associated with foreign trade, including co-financing arrangements, underwriting of syndicated credit facilities, structured trade financing (in the form of factoring and vendor financing), and financial leasing.

Second, the Treasury Division is responsible for the Bank's funding and liquidity management, along with the management of its activities in investment securities, which comprise trading assets, securities available-for-sale, and securities held-to-maturity, as well as the management of the Bank's interest rate, liquidity, price and currency risks. Following the sale of the Bladex Asset Management unit in April 2013, the Treasury Division also comprises the Bank's remaining participation in the investment funds.

Historically, trade finance has been afforded favorable treatment under Latin American debt restructurings. This has been, in part, due to the perceived importance that governments and other borrowers in the Region have attributed to maintaining access to trade finance. The Bank believes that, in the past, the combination of its focus on trade finance and the composition of its Class A shareholders has been instrumental in obtaining some exceptions on U.S. dollar convertibility and transfer limitations imposed on the servicing of external obligations, or preferred creditor status. Although the Bank maintains its focus both on trade finance and its Class A shareholders, it cannot guarantee that such exceptions will be granted in all future debt restructurings.

As of December 31, 2014, the Bank had 64 employees, or 33% of its total employees, across its offices responsible for marketing the Bank's financial products and services to existing and potential customers.

Over the course of more than three decades, Bladex has developed competitive strengths that it believes set it apart from its competitors and will allow it to continue to grow and improve its return on capital:

Leader in the trade finance sector within Latin America

Bladex is a financial institution in the trade finance sector and has a presence in most countries in the Region, providing it with a competitive advantage in intra-regional trade. Intra-regional trade has been growing at a pace of approximately 11% per annum from 2004 through 2014 due to the expansion of Latin American corporations and multiplication of Free Trade Agreements ("FTAs") within the Region. Regional exports amounted to \$1,093 billion in 2014 and are expected to grow at a compound annual growth rate ("CAGR") of 4.0% per year in 2015 and 2016, according to estimates from the Economist Intelligence Unit. Since starting operations in 1979, the Bank has established a well-diversified commercial portfolio across a variety of industries and markets. Most of the Bank's exposure is in investment grade countries such as Brazil, Mexico, Colombia, Peru, and Panama, and in the more profitable and stable industries in the Region such as financial institutions, oil and gas, grains and oilseeds, food and beverages, sugar and metal manufacturing, among others.

Low-risk business profile and strong credit portfolio quality

The Bank operates primarily in the trade finance sector, which is generally short-term in nature and considered to be a limited risk sector. According to standards published by the Bank for International Settlements ("Basel standards"), trade finance has a lower risk weighting than long-term lending. Additionally, due to its extensive knowledge in trade finance, the Bank has a strong track record of recovery and repayment rates. Not only are Bladex's non-accruing loans very low by industry standards – 0.32% of its total loan portfolio as of March 31, 2015 – but the Bank has also demonstrated a strong ability to recover loans in financial distress situations. For example, the Bank recovered more than 84% of its past due loan portfolio in Argentina after the 2001 crisis in that country. Including the crisis in Argentina, the Bank has written off under 0.12% of total accumulated credits throughout its history.

Strong liquidity position and diversified funding sources

The Bank possesses a strong liquidity position accounting for 11.6% of total assets as of March 31, 2015 and a short-term Commercial Portfolio with an average maturity of only 113 days, reflecting the Bank's focus on trade finance. The Bank has a strong capital position, which reflects among other factors significant short-term deposits made by central banks of the 23 Regional countries which comprise a portion of the Bank's shareholding base. The Bank's Tier 1 Ratio (calculated based on the capital adequacy guidelines set forth in the 1988 Basel Accord ("Basel I"), published by the Basel Committee on Banking Supervision (the "Basel Committee")) was 16.2% as of March 31, 2015, which is even more significant in light of the relatively short-term life of its portfolio. During the credit crisis, Bladex reduced its exposure levels and concentrations, and used the cash resources resulting from this course of action to strengthen its liquidity position. As a result, the Bank effectively offset the negative effect of a decline in client deposits and decreases in interbank funding lines that challenged the world's major international banks. The strong capitalization of the Bank has allowed it to successfully weather recent global financial conditions.

Diversified funding sources

Bladex has stable and well diversified sources of funding, consisting of deposits (37.3% of liabilities), medium- and long-term debt (18.4%), short-term debt (39.5%) and repos (3.9%), in each case as of March 31, 2015. After the 2008 global financial crisis, the Bank implemented a funding diversification strategy including increasing deposits from central banks, accessing global capital markets through debt issuance programs in dollars and local currencies and obtaining syndicated term loan facilities placed in strategic markets, mainly in Asia and Europe. The Bank's short-term borrowings consist of borrowings from banks that have maturities of up to 365 days. Approximately 12 European banks, seven North American banks, four Latin American banks, three Asian banks and one multilateral bank provide these short-term borrowings to the Bank. In addition, the Bank has a successful track record in the global syndicated loan markets, including the recent \$250 million three-and-a-half year global syndicated loan closed on May 7, 2014. Furthermore, the Bank has established an important network of correspondent banks in Asia, which provide an additional source of interbank funding. Debt capital markets have also been a source of funding for the Bank's activities. In 2012, the Bank established a short- and long-term notes program in the Mexican local market in an authorized aggregate principal amount of 10 billion Mexican Pesos or its equivalent in other currencies. The Bank also has in place the Program, which is primarily targeted at non-bank institutional investors and includes multiple placements with short-, medium-, and long-term tenors.

Long-term client relationships

Due to the Bank's long history of specialized focus on trade finance in the Region, it has built strong relationships with some of the Region's largest companies and has gained significant expertise in local markets and industry sectors. Bladex's extensive coverage of the Region, with representative offices in strategic locations such as Panama, New York, Mexico City, Monterrey, São Paulo, Buenos Aires, Lima and Bogotá, puts it in an ideal position to serve every important client and gain access to new clients in the Region. The Bank's market leadership provides it with strong regional brand recognition and it uses its corporate name, "Bladex," in every country it operates.

Long track record of success

The Bank was the first Latin American bank listed on the NYSE (1992), the first such bank to be rated "Investment Grade" (1992) and the first such bank to place a non-guaranteed syndicated loan in Asia (2009), which was a \$100 million, two-year term loan. Since 1979, Bladex has provided seamless support to foreign trade business in the Region while creating value. Moreover, Bladex has demonstrated a consistent track record in the quality of its assets through several financial crises and economic cycles in the Region. Bladex's total write-offs, including write-offs resulting from the crisis in Argentina, amount to under 0.12% of the total accumulated credits in Bladex's history.

Experienced team with deep knowledge in the trade finance sector within Latin America

Bladex's executive officers have broad experience in trade finance and with financial institutions in Latin America. The Bank's well-defined strategy, which is executed by a highly skilled and experienced team, has positioned the Bank to take advantage of trends in Latin American trade finance and to grow the Bank's business in a sustainable manner.

Strong commitment from central banks in the Region

Currently the Bank is supported by central banks and other state-owned banks from 23 countries in the Region which hold Class A Common Stock of the Bank. At March 31, 2015, 16.3% of Bladex's common stock was held by Class A shareholders. The Bank believes that the participation of these central banks and other state-owned banks has been instrumental in the Bank's obtaining "preferred creditor" status in the past. In addition, the Bank regularly takes deposits from central banks and state owned banks in the Region. As of March 31, 2015, 67% of the deposits held by the Bank were deposits made by central and state owned banks of countries in the Region, many of which deposit a portion of their dollar reserves with the Bank, with an average term remaining to maturity of 54 days.

Developments During 2014

2014 was a challenging year for the global economy, which experienced overall heightened volatility resulting from a gradual decrease in the monetary stimulus of the U.S. Federal Reserve. World GDP growth in 2014 was similar to that of 2013, but growth performance differed among larger economies. The U.S. economy experienced an upturn, as did the euro zone. However, unlike the U.S. and parts of Europe, other larger global economies, such as Japan and China experienced a lower rate of growth in 2014.

The moderation of growth in the Chinese economy influenced other emerging economies, given the significance of Chinese demand in global commodity markets. The sustainability of growth in China continues to be of concern due to the negative impact lower growth rates could have on long-term trends in the raw materials markets and the negative impact that a general downturn in the Chinese economy could have on the global economy.

Similarly, the pace of growth of external aggregate demand for the principal products produced in Latin America and the Caribbean has decreased. The Region saw a significant slowdown in its 2014 average GDP growth rate, impacted by stagnating growth in its largest economy, Brazil, which had GDP growth in 2014 of 0.1%. Generally, the Region experienced a downward trend in prices for raw materials. In 2014, the Region's overall exports decreased year-on-year. However, the performance of countries in the Region was not uniform. Those economies more heavily engaged in trade with the U.S. benefitted more than those with a greater dependence on trade relations with other parts of the world.

Despite the challenging nature of the 2014 economic backdrop, the Bank's year-end 2014 financial results show improved earnings and operating performance. The Bank achieved a number of financial milestones in 2014, including: surpassing \$100 million in total net income; achieving deposits of over \$3 billion on several dates during the year, which increased average deposit levels by more than 8%; significantly improving core efficiency levels while maintaining cost discipline; more than doubling income derived from structuring and distribution activities; and achieving 12% return on average stockholders' equity, and 14% total shareholders return (dividends and annual stock price appreciation).

Net income attributable to Bladex amounted to \$106.9 million in 2014, an increase of \$22 million, or 26%, compared to \$84.8 million in 2013. This increase was driven by the positive performance of the Bank's core business activities, with growth in the Commercial Portfolio, net margins and revenue, and improved efficiency on lower expenses, while maintaining strong asset quality. These factors were complemented by a positive trend in non-core results from the Bank's participation in investment funds.

Net interest income rose by \$18.0 million, or 15%, to \$141.1 million in 2014 from \$123.1 million in 2013. This growth was driven by a \$12.2 million overall increase in net interest income due to the higher average balances of the Bank's interest-earning assets (+7%), which was partially offset by higher average balances on the Bank's interest-bearing liabilities (+8%), and a \$5.8 million overall increase in net interest income on lower average funding costs (-26 basis points) which more than offset the 10 basis point decrease in the average yield of interest-earning assets. Net interest margin stood at 1.87% for 2014, compared to 1.75% for 2013.

Fees and other income includes the fee income associated with letters of credit and other off-balance sheet assets, such as guarantees and credit commitments, as well as fee income derived from two business streams: loan structuring and syndication, and loan intermediation and distribution. Fees and other income amounted to \$21.8 million in 2014, compared to \$15.9 million in 2013. The \$5.9 million or 37% increase resulted from higher loan structuring and syndication fees, as well as fees and net gains associated with loan intermediation and distribution, along with higher fees and commissions from letters of credit and guarantees. The average balance of the Bank's

off-balance sheet portfolio (acceptances and contingencies) amounted to \$0.5 billion in 2014, compared to \$0.4 billion in 2013, an increase of 25%.

See "Operating and Financial Review and Prospects—Operating Results—Net Income Attributable to Bladex" and note 27 to the Audited Consolidated Financial Statements.

Strategies for 2015 and Subsequent Years

Further extend the Bank's business in politically and economically stable, high-growth markets

The Bank's expertise in risk and capital management and extensive knowledge of the Region allows it to identify and strategically focus on stable and growth-oriented markets, including investment-grade countries in the Region. Bladex maintains strategically placed representative offices in order to provide focused products and services in markets that the Bank considers key to its continued growth.

Targeted growth in expanding and diversifying the Bank's client base

The Bank's strategy to participate in a broad range of activities and further diversify its client base includes targeting clients that offer the potential for longstanding relationships and a wider presence in the Region, such as financial institutions, corporations and middle-market companies. This may be achieved through the Bank's participation in bilateral and co-financed transactions. The Bank intends to continue enhancing existing client relationships and establishing new ones through its Region-wide expertise, product knowledge, the quality of the Bank's services and the Bank's agile decision-making process.

Enhance current products and services by providing relevant sector-specific solutions in the Region

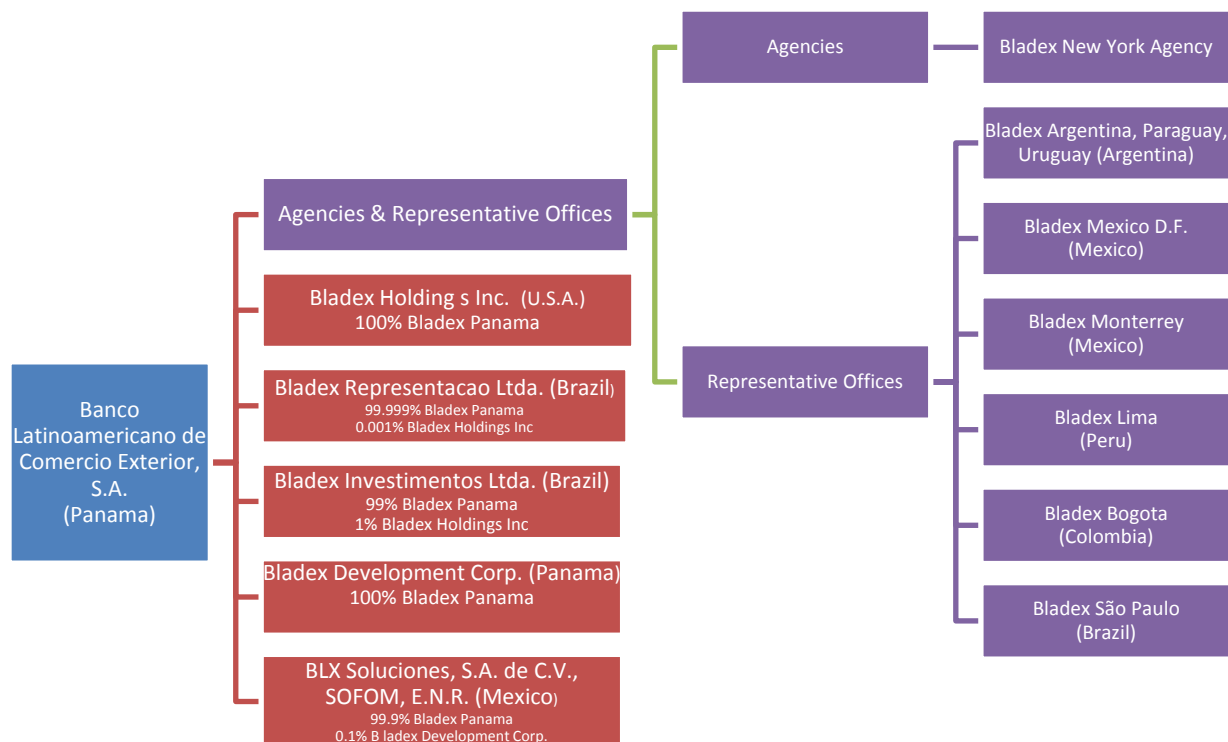
The Bank intends to continue its focus on the development of expertise in the sectors in which the Bank currently operates, while strategically targeting industries with significant growth potential by offering sector-specific products and solutions to clients in those industries. These sectors include some of the most profitable industries in the Region, such as oil and gas, food, processing, manufacturing and agribusiness commodities, as well as growth commercial flows such as Latin American intra-regional trade. Bladex also intends to continue exploring key regional and local partnerships to bolster its range of services and increase its presence in key economic sectors throughout the Region.

Increase the range of products and services that the Bank offers

Due to the Bank's relationships throughout, and knowledge of, the Region, the Bank is strongly positioned to strategically identify key additional products and services to offer to clients. The Bank's Articles of Incorporation permit a broad scope of potential activities, encompassing all types of banking, investment, and financial and other businesses that support foreign trade flows and the development of trade and integration in the Region. This supports the Bank's ongoing strategy to develop and expand products and services, such as factoring and vendor finance, leasing, debt intermediation in primary and secondary markets, and structured financing, including export insurance programs, that complement the Bank's expertise in foreign trade finance and risk management.

Our Corporate Structure

The following chart presents Bladex's corporate structure as of March 31, 2015. The percentages represent the total share capital owned by the parent company of each entity



Bladex Head Office's current subsidiaries are the following:

- Bladex Holdings Inc. ("Bladex Holdings") is a wholly owned subsidiary, incorporated under the laws of the State of Delaware, USA, on May 30, 2000. Bladex Holdings maintains ownership in two subsidiaries: Bladex Representação Ltda. and Bladex Investimentos Ltda.
 - Bladex Representação Ltda., incorporated under the laws of Brazil on January 7, 2000, acts as the Bank's representative office in Brazil. Bladex Head Office owns 99.999% of Bladex Representação Ltda. and Bladex Holdings owns the remaining 0.001%.
 - Bladex Investimentos Ltda. was incorporated under the laws of Brazil on May 3, 2011. Bladex Head Office owns 99% of Bladex Investimentos Ltda. and Bladex Holdings owns the remaining 1%. Bladex Investimentos Ltda. has invested substantially all of its assets in an investment fund incorporated in Brazil ("the Brazilian Fund"), which is registered with the Brazilian Securities Commission, (Comissão de Valores Mobiliários (the "CVM")). The Brazilian Fund is a non-consolidated variable interest entity ("VIE"). The objective of the Brazilian Fund is to achieve capital gains by dealing in the interest, currency, securities, commodities and debt markets, and by trading instruments available in the spot and derivative markets.
- Bladex Development Corp. ("Bladex Development") was incorporated under the laws of the Republic of Panama on June 5, 2014. Bladex Head Office owns 100% of Bladex Development.
- BLX Soluciones, S.A. de C.V., SOFOM, E.N.R. ("BLX Solutions") was incorporated under the laws of Mexico on June 13, 2014. Bladex Head Office owns 99.9% of BLX Solutions and Bladex Development owns the remaining 0.1%. BLX Solutions specializes in offering financial leasing and other products, such as loans and factoring.

Bladex Holdings had previously exercised control over Bladex Asset Management Inc. ("Bladex Asset Management"), incorporated on May 24, 2006 under the laws of the State of Delaware, USA, which, until its dissolution on September 18, 2013, provided investment management services to Bladex Offshore Feeder Fund and Bladex Capital Growth Fund, both incorporated under the laws of the Cayman Islands.

On April 2, 2013, Bladex reached a definitive agreement to sell its Asset Management Unit. The Asset Management Unit was sold to Alpha4X Asset Management, LLC ("Alpha4X"), a company majority-owned by former executives of the Asset Management Unit. The Bank has a commitment to remain an investor in these funds, net of annual contractual redemptions, until March 31, 2016. As part of the agreement, a subsidiary of XL Group plc will also become an anchor investor in the Bladex Capital Growth Fund under Alpha4X's management. In connection with the sale: (i) Bladex Offshore Feeder Fund became Alpha4X Feeder Fund (the "Feeder"), (ii) Bladex Capital Growth Fund became Alpha4X Capital Growth Fund (the "Fund"), and (iii) Bladex Latam Fundo de Investimento Multimercado became Alpha4X Latam Fundo de Investimento Multimercado.

The sale agreement included, among other terms:

- the transfer of the Bank's participation in BLX Brazil Ltd., incorporated under the laws of the Cayman Islands on October 5, 2010, and Bladex Asset Management Brazil – Gestora de Recursos Ltda. ("BAM Brazil"), incorporated under the laws of Brazil on January 6, 2011;
- the sale of "Class C" shares of the Fund owned by BCG PA LLC ("BCG"), a company incorporated under the laws of the State of Delaware, USA and dissolved on August 14, 2013; and
- the termination of the investment advisory contracts among Bladex Asset Management, the Feeder and the Fund.

Bladex Head Office has a remaining participation of 49.61% in the Feeder, that invests substantially all its assets in the Fund. The Feeder is a VIE that was included in the consolidated financial statements of the Bank until March 31, 2014. Due to its drop in participation to less than 50%, the Bank ceased to be the primary beneficiary of the Feeder, and therefore ceased to consolidate its investment in the Feeder in its consolidated financial statements. Both the Feeder and the Fund are registered with the Cayman Island Monetary Authority ("CIMA"), under the Mutual Funds Law of the Cayman Islands. The objective of these Funds is to achieve capital appreciation by investing in Latin American debt securities, stock indexes, currencies, and trading derivative instruments.

The Bank's financial statements are prepared in accordance with U.S. GAAP.

The Bank's headquarters office is located at Torre V, Business Park, Avenida La Rotonda, Urb. Costa del Este, Panama City, Panama, P.O. Box 0819-08730, and its telephone number is +507-210-8500. Bladex's New York Agency is located at 370 Lexington Avenue, Suite 500, New York, New York 10017, and its telephone number is (212) 754-9191.

Bladex commenced operations in 1979 with stockholders' equity of \$25 million paid by 186 stockholders and, as at December 31, 2014, had stockholders' equity of \$911 million. Bladex has four classes of common shares as follows:

- Class A shares: Central banks, state-owned entities or government agencies from 23 countries in the Region, own all of Bladex's Class A shares, which at December 31, 2014 comprised 16.4% of Bladex's common stock;
- Class B shares: 83 commercial banks or financial institutions, mostly from the Region, own Bladex's Class B shares, which at December 31, 2014 comprised 6.4% of Bladex's common stock;
- Class E shares: Bladex's Class E shares are listed on the NYSE and at December 31, 2014 comprised 77.2% of its common stock; and
- Class F shares: State entities and agencies of non-Latin American countries, including, among others, central banks and those banks with the related state agency as the majority shareholder, and multilateral financial institutions that are international or regional institutions may own Class F shares. At December 31, 2014, no Class F shares have been issued.

As at December 31, 2014, the Board was composed of three directors representing holders of the Class A common shares, five directors representing holders of the Class E common shares, and two directors representing all classes of common shares. The affirmative vote of three-quarters of the issued and outstanding Class A shares is required

(i) to dissolve and liquidate the Bank, (ii) to amend certain material provisions of the Bank's Articles of Incorporation, (iii) to merge or consolidate the Bank with another entity and (iv) to authorize the Bank to engage in activities other than those described in its Articles of Incorporation.

Business Activities

Lending Policies

The Bank extends credit directly to financial institutions, corporations and middle-market companies within the Region. The distinction between corporations and middle-market companies is based on the particular client's volumes of annual sales, as well as country risk, and certain other criteria. The Bank finances import and export transactions for all types of goods and products, excepting restricted items such as weapons, ammunition, military equipment, and hallucinogenic drugs or narcotics not utilized for medical purposes. Imports and exports financed by the Bank are destined for buyers/sellers in countries both inside and outside the Region. The Bank analyzes credit requests from eligible borrowers applying its credit risk criteria, including economic and market conditions. The Bank maintains a consistent lending policy and applies the same credit criteria to all types of potential borrowers in evaluating creditworthiness.

Due to the nature of trade finance, the Bank's loans are generally unsecured. However, in certain instances, based upon the Bank's credit review of the borrower and the economic and political situation and trends in the borrower's home country, the Bank may determine that the level of risk involved requires that a loan be secured by collateral.

Country Credit Limits

The Bank maintains a continual review of each country's risk profile evolution, supporting its analysis with various factors, both quantitative and qualitative, the main driving factors of which include: the evolution of macroeconomic policies (fiscal, monetary, and exchange rate policy), fiscal and external performance, price stability, level of liquidity in foreign currency, changes of legal and institutional framework, as well as material social and political events, among others, including industry analysis relevant to Bladex business activities.

Bladex has a methodology for capital allocation by country and its risk weights for assets. The Risk Policy and Assessment Committee (the "CPER") of the Bank's Board of Directors (the "Board") approves a level of "allocated capital" for each country in addition to nominal exposure limits. These country capital limits are reviewed at least once a year by the CPER and more often if necessary. The methodology helps to establish the capital equivalent of each transaction, based on the internal numeric rating assigned to each country, which is approved by the CPER.

The amount of capital allocated to a transaction is based on customer type (sovereign, state-owned or private, middle-market companies, corporate or financial institution), the type of transaction (trade or non-trade), and the average remaining term of the transaction (from one to 180 days, 181 days to a year, between one and three years, or longer than three years). Capital utilizations by the business units cannot exceed the Bank's reported stockholders' equity.

Borrower Lending Limits

The Bank generally establishes lines of credit for each borrower according to the results of its risk analysis and potential business prospects; however, the Bank is not obligated to lend under these lines of credit. Once a line of credit has been established, credit generally is extended after receipt of a request from the borrower for financing, usually related to foreign trade, which accounted for 56% of such credit as of December 31, 2014. Loan pricing is determined in accordance with prevailing market conditions and the borrower's creditworthiness.

For existing borrowers, the Bank's management has authority to approve credit lines up to the legal lending limit prescribed by Panamanian law, provided that the credit lines comply fully with the country credit limits and conditions for the borrower's country of domicile set by the Board. Approved borrower lending limits are reported to the CPER quarterly. Panamanian Law sets forth certain concentration limits, which are applicable and strictly adhered to by the Bank, including a 30% limit as a percentage of capital and reserves for any one borrower and borrower group, in the case of certain financial institutions, and a 25% limit as a percentage of capital and reserves for any one borrower and borrower group, in the case of corporate, sovereign and middle-market companies. As of December 31, 2014, the legal lending limit prescribed by Panamanian law for corporations, sovereign borrowers and

middle-market companies amounted to \$225.8 million, and for financial institutions and financial groups amounted to \$270.9 million. Non-compliance with this legal lending limit could result in the assessment of administrative sanctions by the Superintendency for such violations, taking into consideration the magnitude of the offense and any prior occurrences, and the magnitude of damages and prejudice caused to third parties. On a quarterly basis, the CPER reviews the impaired portfolio, if any, along with certain non-impaired credits. As of December 31, 2014, the Bank was in compliance with regulatory legal lending limits. See "Regulations—Panamanian Law."

Credit Portfolio

The Bank's credit portfolio, which consists of the Commercial Portfolio and investment securities portfolio, increased to \$7,580 million as of December 31, 2014, from \$6,998 million as of December 31, 2013, and from \$6,170 million as of December 31, 2012. The \$582 million, or 8%, credit portfolio increase during 2014 was largely attributable to increased business activity from the Bank's established client base of corporations (\$692 million, or 19%), along with stable credit balances from financial institutions, partially offset by decreased exposures to middle-market companies (\$125 million, or 20%).

Commercial Portfolio

The Commercial Portfolio includes the loan portfolio, selected deposits placed, customers' liabilities under acceptances, and contingencies (including confirmed and stand-by letters of credit, guarantees covering commercial risk, and credit commitments). The Bank's Commercial Portfolio increased to \$7,187 million as of December 31, 2014, an 8% increase from \$6,630 million as of December 31, 2013, and a 21% increase from \$5,953 million as of December 31, 2012. The increase in 2014 was largely attributable to growing demand from the Bank's established client base of corporations (which grew by \$607 million, or 17%) and financial institutions (by \$74 million, or 3%), which was partially offset by decreased activity in middle-market companies (\$125 million, or 20%).

As of December 31, 2014, 56% of the Bank's Commercial Portfolio consisted of trade-related credits, and the remaining balance consisted primarily of lending to financial institutions and corporations involved in foreign trade. 57% of the Bank's Commercial Portfolio is represented by corporations, of which 60% is trade financing.

The following table sets forth the distribution of the Bank's Commercial Portfolio, by product category, as of December 31 of each year:

	As of December 31,									
	2014 ⁽¹⁾	%	2013 ⁽²⁾	%	2012 ⁽³⁾	%	2011 ⁽⁴⁾	%	2010 ⁽⁵⁾	%
	<i>(In US\$ millions, except percentages)</i>									
Loans.....	\$6,686	93.0	\$6,148	92.7	\$5,716	96.0	\$4,960	92.6	\$4,064	91.4
Selected deposits placed.....	0	0.0	0	0.0	0	0.0	30	0.6	0	0.0
Contingencies and other assets.....	501	7.0	482	7.3	237	4.0	364	6.8	382	8.6
Total	\$7,187	100.0	\$6,630	100.0	\$5,953	100.0	\$5,354	100.0	\$4,446	100.0

(1) Includes non-accrual loans for \$4 million as of December 31, 2014.

(2) Includes non-accrual loans for \$3 million as of December 31, 2013.

(3) There were zero non-accrual loans as of December 31, 2012.

(4) Includes non-accrual loans for \$32 million as of December 31, 2011.

(5) Includes non-accrual loans for \$29 million as of December 31, 2010.

Loan Portfolio

As of December 31, 2014, the Bank's total loans amounted to \$6,686 million, compared to \$6,148 million as of December 31, 2013 and compared to \$5,716 million as of December 31, 2012. As of December 31, 2014, 72% of the Bank's loans were scheduled to mature within one year.

As of December 31, 2014, the Bank had non-accrual loans of \$4 million (or 0.06% of the loan portfolio), compared to \$3 million (or 0.05% of the loan portfolio) as of December 31, 2013, and compared to zero non-accrual loans as of December 31, 2012.

For more detailed information, see "Operating and Financial Review and Prospects—Operating Results—Changes in Financial Condition," and "Operating and Financial Review and Prospects—Operating Results—Asset Quality and Allowance for Credit Losses," and notes 2(n), 7, and 8 to the Audited Consolidated Financial Statements.

For more information about non-accrual loans, see notes 2(l) and 7 to the Audited Consolidated Financial Statements.

Loans by Country Risk

The following table sets forth the distribution of the Bank's loans by country risk at the dates indicated:

As of December 31,										
	2014	% of Total Loans	2013	% of Total Loans	2012	% of Total Loans	2011	% of Total Loans	2010	% of Total Loans
	(in \$ million, except percentages)									
Argentina	\$185	2.8	\$190	3.1	\$222	3.9	\$390	7.9	\$237	5.8
Belgium	0	0.0	0	0.0	31	0.5	0	0.0	0	0.0
Bolivia	10	0.1	0	0.0	0	0.0	0	0.0	0	0.0
Brazil ⁽¹⁾	1,972	29.5	1,709	27.8	1,773	31.0	1,852	37.3	1,583	38.9
Chile	157	2.4	491	8.0	310	5.4	376	7.6	328	8.1
Colombia	726	10.9	702	11.4	450	7.9	734	14.8	585	14.4
Costa Rica	321	4.8	410	6.7	197	3.4	109	2.2	88	2.2
Dominican Republic	243	3.6	191	3.1	111	1.9	118	2.4	135	3.3
Ecuador	120	1.8	126	2.0	174	3.0	22	0.4	18	0.4
El Salvador	116	1.7	123	2.0	66	1.2	21	0.4	39	1.0
France	6	0.1	101	1.6	60	1.0	0	0.0	0	0.0
Germany	100	1.5	0	0.0	0	0.0	5	0.1	0	0.0
Guatemala	263	3.9	200	3.3	273	4.8	161	3.2	92	2.3
Honduras	93	1.4	74	1.2	71	1.2	46	0.9	38	0.9
Jamaica	16	0.2	61	1.0	10	0.2	2	0.0	64	1.6
Mexico ⁽²⁾	868	13.0	517	8.4	496	8.7	416	8.4	404	9.9
Netherlands	10	0.2	15	0.2	77	1.4	20	0.4	0	0.0
Nicaragua	8	0.1	8	0.1	10	0.2	10	0.2	0	0.0
Panama	321	4.8	224	3.6	277	4.8	119	2.4	47	1.2
Paraguay	132	2.0	102	1.7	27	0.5	30	0.6	0	0.0
Peru	590	8.8	581	9.4	841	14.7	342	6.9	343	8.4
Spain	0	0.0	0	0.0	10	0.2	0	0.0	0	0.0
Switzerland	50	0.7	0	0.0	0	0.0	0	0.0	0	0.0
Trinidad & Tobago	165	2.5	143	2.3	119	2.1	76	1.5	63	1.6
United States of America	55	0.8	28	0.5	3	0.1	0	0.0	0	0.0
Uruguay	160	2.4	155	2.5	109	1.9	110	2.2	0	0.0
Total	\$6,686	100.0	\$6,148	100.0	\$5,716	100.0	\$4,960	100.0	\$4,064	100.0

(1) Includes non-accrual loans in Brazil of \$3 million in 2014 and 2013, respectively, and \$1 million in 2010.

(2) Includes non-accrual loans in Mexico of \$1 million in 2014, \$32 million in 2011, and \$28 million in 2010.

As of December 31, 2014, the Bank's loans extended in European countries represented \$166 million or 2.49% of the total loan portfolio, compared to \$116 million or 1.88% as of December 31, 2013. These loans consisted primarily of loans extended to subsidiaries of multinational corporations established in Latin America, and typically include head-office loan guarantees.

Loans by Type of Borrower

The following table sets forth the amounts of the Bank's loans by type of borrower at the dates indicated:

As of December 31,										
	2014	% of Total Loans	2013	% of Total Loans	2012	% of Total Loans	2011	% of Total Loans	2010	% of Total Loans
	(in \$ million, except percentages)									
Private sector commercial banks and financial institutions	\$1,891	28.3	\$1,786	29.0	\$1,776	31.1	\$1,716	34.6	\$1,381	34.0
State-owned commercial banks	445	6.7	449	7.3	416	7.3	448	9.0	320	7.9
Central banks	35	0.5	25	0.4	0	0.0	0	0.0	0	0.0
Sovereign debt	0	0.0	0	0.0	100	1.8	27	0.5	54	1.3
State-owned organizations	712	10.6	939	15.3	539	9.4	233	4.7	312	7.7
Private middle-market companies	483	7.2	574	9.3	682	11.9	446	9.0	225	5.5
Private corporations	3,120	46.7	2,375	38.6	2,203	38.5	2,090	42.1	1,772	43.6
Total ⁽¹⁾	\$6,686	100.0	\$6,148	100.0	\$5,716	100.0	\$4,960	100.0	\$4,064	100.0

(1) Includes \$4 million, \$3 million, \$32 million, and \$29 million in non-accrual loans in 2014, 2013, 2011 and 2010, respectively.

As of December 31, 2014, December 31, 2013, and December 31, 2012, the Bank did not have any exposure to European sovereign debt.

As of December 31, 2014, the Bank's loan portfolio amounted to \$6,686 million, an increase of \$538 million, or 9%, from \$6,148 million, as of December 31, 2013. The increase resulted from a higher demand for the Bank's lending products, as the Bank's core competencies allowed it to compete effectively, despite less significant growth seen in the Region's markets compared to previous years.

As of December 31, 2014, the Bank's loan portfolio industry exposure mainly included: (i) 35% in the financial institutions sector; (ii) 20% in the industrial sector, comprised mainly of metal manufacturing, food and beverage, and other manufacturing industries; (iii) 17% in the agricultural sector, comprising grains and oilseeds, coffee and sugar, among others; and (iv) 15% in the oil and gas sector, which in turn was divided into downstream (7%), integrated (6%), and upstream (2%). No other industry sector exceeded 10% exposure of the loan portfolio.

Maturities and Sensitivities of the Loan Portfolio to Changes in Interest Rates

The following table sets forth the remaining term of the maturity profile of the Bank's loan portfolio, as of December 31, 2014, by type of rate and type of borrower:

	As of December 31, 2014			
	(In US\$ millions)			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Total
FIXED RATE				
Private sector commercial banks and financial institutions.....	\$723	\$11	\$0	\$734
State-owned commercial banks	301	30	0	331
State-owned organizations	461	0	0	461
Private middle-market companies	255	19	0	274
Private corporations	1,455	67	0	1,522
Sub-total	\$3,195	\$127	\$0	\$3,323
FLOATING RATE				
Private sector commercial banks and financial institutions.....	\$617	\$538	\$2	\$1,157
State-owned commercial banks	32	82	0	114
Central banks.....	35	0	0	35
State-owned organizations	220	31	0	251
Private middle-market companies	100	109	0	209
Private corporations	596	973	29	1,598
Sub-total	\$1,599	\$1,733	\$31	\$3,363
Total	\$4,795	\$1,860	\$31	\$6,686

Investment Securities Portfolio

The Bank's investment securities portfolio consists of debt securities available-for-sale, securities held-to-maturity, and excludes the Bank's investments in the investment funds.

In the normal course of business, the Bank utilizes interest rate swaps for hedging purposes with respect to its asset (mainly its investment securities) and liability management activities.

The following table sets forth information regarding the carrying value of the Bank's investment securities portfolio at the dates indicated.

	As of December 31,		
	2014	2013	2012
	(In US\$ millions)		
Securities available-for-sale	\$339	\$334	\$183
Securities held-to-maturity	54	34	34
Total investment securities	\$393	\$368	\$217

As of December 31, 2014, 2013, and 2012, securities held by the Bank of no single issuer exceeded 10% of the Bank's stockholders equity.

Securities available-for-sale

As of December 31, 2014, the Bank's securities available-for-sale amounted to \$339 million and consisted of investments in securities of issuers in the Region, of which 74% corresponded to multilateral, sovereign and state-owned issuers, and 26% corresponded to private corporations and banks. During the year ended December 31, 2014, the Bank purchased \$322 million of investments and sold \$223 million (generating gains of \$1.9 million), and redeemed \$63 million of investment securities available-for-sale. As of December 31, 2014, securities available-for-sale with a carrying value of \$308 million were pledged to secure repurchase transactions accounted for as secured financings.

As of December 31, 2013, the Bank's securities available-for-sale amounted to \$334 million and consisted of investments with issuers in the Region, of which 61% corresponded to sovereign and state owned borrowers, and 39% corresponded to private corporations and banks. The \$151 million increase in the securities available-for-sale portfolio as of December 31, 2013, compared to December 31, 2012, reflects the net effect of: (i) \$313.0 million in investment securities acquired during 2013, (ii) the sale of securities with \$105.9 million in book value (\$102.5 million in nominal value), which generated gains of \$1.5 million during the year ended December 31, 2013, (iii) the redemption of \$34.3 million of investment securities, (iv) a negative \$16.7 million variance of the fair market value of the available-for-sale securities portfolio and (v) a \$5.3 million decrease in amortization of premiums and discounts.

As of December 31, 2012, the Bank's securities available-for-sale amounted to \$183 million and consisted of investments with issuers in the Region, of which 47% corresponded to sovereign borrowers, and 14% corresponded to private corporations and banks. The \$233 million decrease in the securities available-for-sale portfolio during the year ended December 31, 2012 compared to the year ended December 31, 2011 reflects the net effect of: (i) \$40.0 million in investment securities acquired during the year ended December 31, 2012, (ii) the sale of securities with \$254.8 million in book value (\$239.6 million in nominal value), which generated gains of \$6.0 million during the year ended December 31, 2012, (iii) redemption of \$15.3 million of investment securities, (iv) a \$0.3 million variance of fair value of the available for sale securities portfolio and (v) a \$3.0 million decrease in amortization of premiums and discounts.

See notes 2(i) and 5 to the Audited Consolidated Financial Statements.

Securities held-to-maturity

The held-to-maturity portfolio amounted to \$54 million as of December 31, 2014, compared to \$34 million as of December 31, 2013, and compared to \$34 million as of December 31, 2012. The \$20 million increase in the securities held-to-maturity portfolio reflects the net effect of: (i) \$22 million in investment securities acquired during 2014, (ii) the redemption of \$20 million of matured investment securities, and (iii) the \$18 million bond reclassification as held-to-maturity formerly held in the available-for-sale portfolio.

See notes 2(i) and 5 to the Audited Consolidated Financial Statements.

Investment Securities by Country Risk, Type of Borrower and Contractual Maturity

The following tables set forth the distribution of the Bank's investment securities portfolio (securities available-for-sale and securities held-to-maturity) by country risk, type of borrower and contractual maturity at the dates indicated:

	As of December 31,		
	2014	2013	2012

	Amount	%	Amount	%	Amount	%
<i>(In US\$ millions, except percentages)</i>						
Brazil.....	\$75	19.1	\$74	20.0	\$44	20.5
Chile.....	23	5.9	41	11.2	3	1.4
Colombia	89	22.8	98	26.6	29	13.5
Costa Rica.....	0	0.0	2	0.5	0	0.0
Mexico.....	97	24.6	33	9.0	22	10.3
Panama.....	45	11.5	34	9.2	54	25.0
Peru.....	26	6.6	40	11.0	1	0.3
Trinidad and Tobago	10	2.4	5	1.2	0	0.0
Multilateral Organizations.....	28	7.0	41	11.2	63	29.0
Total	\$393	100.0	\$368	100.0	\$217	100.0

As of December 31,						
	2014		2013		2012	
	Amount	%	Amount	%	Amount	%
<i>(In US\$ millions, except percentages)</i>						
Private sector commercial banks and financial institutions	\$93	23.7	\$139	37.7	\$26	12.2
State-owned commercial banks.....	18	4.6	18	4.9	4	1.9
Sovereign debt	157	40.0	105	28.4	102	46.9
State-owned organizations	105	26.6	99	27.0	81	37.4
Private corporations.....	20	5.0	7	1.9	4	1.7
Total	\$393	100.0	\$368	100.0	\$217	100.0

As of December 31,						
	2014		2013		2012	
	Amount	%	Amount	%	Amount	%
<i>(In US\$ millions, except percentages)</i>						
In one year	\$120	30.5	\$45	12.2	\$54	24.8
After one year through five years.....	156	39.6	192	52.1	155	71.3
After five years through ten years	118	29.9	131	35.7	9	3.9
Total	\$393	100.0	\$368	100.0	\$217	100.0

Investment Funds

The Bank's investment funds consist of its investment in the Feeder and the Brazilian Funds, which are managed by a third party, Alpha4x Asset Management LLC, following the sale of the Bladex Asset Management Unit which concluded in the second quarter of 2013. The funds' net assets are composed of cash, investments in equity, debt instruments, and derivative financial instruments, all of which are quoted and traded in active markets. The funds report trading gains and losses from negotiation of these instruments as realized and unrealized gains and losses on investments.

As of December 31, 2014, the investment funds' net asset value totaled \$58 million, compared to \$119 million as of December 31, 2013, and compared to \$106 million as of December 31, 2012, of which the redeemable noncontrolling interest in the investment funds amounted to zero, \$50 million, and \$3 million, respectively. The Bank's participation in the "Feeder" was 49.61% as of December 31, 2014, compared to 55.87% as of December 31, 2013, and 98.06% as of December 31, 2012, with the remaining balances owned by third party investors. The redemptions from the investment in the funds amounted to \$14 million in 2014, \$36 million in 2013, and \$15 million in 2012.

See notes 2(c), 2(d), 2(j), 3, 6, and 24 to the Audited Consolidated Financial Statements.

Total Outstandings by Country

The following table sets forth the aggregate amount of the Bank's cross-border outstandings, consisting of cash and due from banks, interest-bearing deposits in banks, investment securities, loans, and investment funds outstanding balances and accrued interest receivable, but not including contingencies as of December 31 of each year:

	As of December 31,					
	2014		2013		2012	
	Amount	% of Total Outstandings	Amount	% of Total Outstandings	Amount	% of Total Outstandings
	<i>(In US\$ millions, except percentages)</i>					
Argentina	\$189	2.4	\$192	2.6	\$225	3.3
Brazil.....	2,066	25.9	1,798	23.9	1,837	27.1
Chile.....	181	2.3	534	7.1	313	4.6
Colombia	820	10.3	804	10.7	482	7.1
Costa Rica.....	323	4.1	414	5.5	199	2.9
Dominican Republic.....	244	3.1	191	2.5	112	1.6
Ecuador	120	1.5	126	1.7	174	2.6
El Salvador	117	1.5	124	1.7	66	1.0
France	10	0.1	102	1.4	60	0.9
Germany	100	1.3	0	0.0	0	0.0
Guatemala.....	264	3.3	201	2.7	274	4.0
Honduras.....	94	1.2	74	1.0	71	1.0
Mexico	980	12.3	557	7.4	523	7.7
Netherlands.....	10	0.1	15	0.2	77	1.1
Panama.....	368	4.6	259	3.4	333	4.9
Paraguay	134	1.7	104	1.4	27	0.4
Peru	620	7.8	626	8.3	846	12.5
Trinidad & Tobago.....	176	2.2	148	2.0	120	1.8
United States of America	779	9.8	801	10.7	681	10.0
Uruguay	160	2.0	155	2.1	109	1.6
Other countries ⁽¹⁾	152	1.9	172	2.3	146	2.1
Sub-Total	\$7,908	99.3	\$7,397	98.4	\$6,678	98.4
Investment funds	58	0.7	119	1.6	111	1.6
Total ⁽²⁾	\$7,965	100.0	\$7,516	100.0	\$6,789	100.0

(1) "Other countries" consists of cross-border outstandings to countries in which cross-border outstandings did not exceed 1% for any of the periods indicated. "Other countries" in 2014 was comprised of \$54 million in Switzerland, \$48 million in Multilateral Organizations, \$16 million in Jamaica, \$12 million in the United Kingdom, \$10 million in Bolivia, \$8 million in Nicaragua and \$5 million in Spain. Other countries in 2013 was comprised of \$61 million in Jamaica, \$60 million in Japan, \$42 million in Multilateral Organizations, \$8 million in Nicaragua and \$2 million in United Kingdom. Other countries in 2012 was comprised of \$64 million in Multilateral Organizations, \$31 million in Belgium, \$20 million in Japan, \$10 million in Jamaica, \$10 million in Nicaragua, \$10 million in Spain and \$2 million in United Kingdom.

(2) The outstandings by country does not include contingencies. See "Contingencies and Other Assets."

In allocating country risk limits, the Bank applies a portfolio management approach that takes into consideration several factors, including the Bank's perception of country risk levels, business opportunities, and economic and political analysis.

The composition of the outstandings per country portfolio has increased over the last three years. Some exposures in certain countries have been adjusted in accordance with the Bank's risk perception.

Cross-border outstandings in countries outside the Region correspond principally to the Bank's liquidity placements, and credits extended to subsidiaries of multinational corporations established in the Region, with the respective head office guarantee. See "Liquidity."

The following table sets forth the amount of the Bank's cross-border outstandings by type of institution as of December 31 of each year:

	As of December 31,		
	2014	2013	2012
	<i>(In US\$ millions)</i>		
Private sector commercial banks and financial institutions.....	\$2,141	\$2,042	\$1,828
State-owned commercial banks and financial institutions.....	466	469	424
Central banks.....	651	761	653
Sovereign debt.....	159	106	203
State-owned organizations.....	845	1,043	623
Private middle-market companies.....	487	579	727
Private corporations.....	3,159	2,397	2,218
Sub-Total.....	\$7,908	\$7,397	\$6,678
Investment funds.....	58	119	111
Total.....	\$7,965	\$7,516	\$6,789

Contingencies and Other Assets

The Bank's contingencies and other assets included in the Commercial Portfolio consist of selected financial instruments with off-balance sheet credit risk, such as letters of credit, credit commitments and guarantees covering commercial risk, customers' liabilities under acceptances, and an equity investment.

The Bank, on behalf of its client base, advises and confirms letters of credit to facilitate foreign trade transactions. The Bank also provides stand-by letters of credit, guarantees, and commitments to extend credit, which are binding legal agreements to lend to a customer, subject to the customers compliance with customary conditions precedent.

The Bank applies the same credit policies used in its lending process to its evaluation of these instruments, and, once issued, the commitment is irrevocable and remains valid until its expiration.

As of December 31, 2014, total contingencies and other assets in the Commercial Portfolio amounted to \$501 million (7% of the total Commercial Portfolio), of which 61% corresponded to letters of credit.

As of December 31, 2013 and 2012, total contingencies and other assets in the Commercial Portfolio amounted to \$482 million and \$237 million, respectively (7% and 4%, respectively, of the total Commercial Portfolio), of which 64% and 56%, respectively, corresponded to letters of credit.

The following table presents the amount of contingencies and other assets, as of December 31 of each year:

	As of December 31,					
	2014		2013		2012	
	Amount	% of Total Contingencies and other assets	Amount	% of Total Contingencies and other assets	Amount	% of Total Contingencies and other assets
<i>(In US\$ millions, except percentages)</i>						
Customers' liabilities under acceptances	\$114	22.8	\$1	0.2	\$1	0.5
Contingencies						
Argentina	0	0.0	0	0.1	0	0.0
Bolivia	0	0.0	0	0.0	1	0.3
Brazil	20	3.9	23	4.7	24	10.0
Chile	28	5.6	0	0.0	6	2.6
Colombia	54	10.8	39	8.0	9	3.8
Costa Rica	0	0.0	1	0.2	1	0.4
Dominican Republic	15	3.0	0	0.0	2	0.6
Ecuador	87	17.3	153	31.8	80	33.6
El Salvador	0	0.0	0	0.0	1	0.3
Guatemala	38	7.6	44	9.0	0	0.1
Honduras	0	0.1	0	0.1	1	0.2
Jamaica	0	0.1	0	0.1	0	0.0
Mexico	65	13.0	21	4.5	28	11.9
Netherlands	0	0.0	18	3.7	0	0.0
Panama	21	4.1	97	20.1	58	24.6
Paraguay	0	0.1	0	0.0	0	0.0
Peru	16	3.2	41	8.5	3	1.2
Switzerland	1	0.2	1	0.2	0	0.0
Uruguay	41	8.2	41	8.5	0	0.0
Venezuela	1	0.2	2	0.4	23	9.8
Total Contingencies	\$387	77.2	\$481	99.8	\$236	99.5
Total Contingencies and Other Assets .	\$501	100.0	\$482	100.0	\$237	100.0

See note 19 to the Audited Consolidated Financial Statements.

Funding Sources

The Bank's principal sources of funds are deposits, borrowed funds and floating and fixed rate placements of securities. While these sources are expected to continue providing the majority of the funds required by the Bank in the future, the exact composition of the Bank's funding sources, as well as the possible use of other sources of funds, will depend upon future economic and market conditions. The following table shows the Bank's funding distribution as of December 31 of each year:

	As of December 31,		
	2014	2013	2012
	<i>(In percentages)</i>		
Interbank deposits	35.2	36.0	39.1
Securities sold under repurchase agreements	4.2	4.4	2.7
Borrowings and debts	57.6	58.8	56.6
Other liabilities	2.9	0.9	1.6
Total liabilities	100.0	100.0	100.0

Short- and long-term borrowings and debt are important funding sources for the Bank's loan portfolio because they allow the Bank to diversify its funding sources outside the Region, and because the Bank uses these borrowings and placements, which generally have longer maturities than deposits, to manage its asset and liability positions. See "Asset/Liability Management."

The Bank's short- and medium-term borrowings mainly come from international correspondent banks from the United States, Europe, and Asia. Among those European banks with credit lines in favor of Bladex, the largest country concentrations are from banks located in the United Kingdom and Germany.

Deposits

The Bank obtains deposits principally from central and commercial banks primarily located in the Region. As of December 31, 2014, 75% of the deposits held by the Bank were deposits made by central and state owned banks, and 16% of the Bank's deposits represented deposits from private sector commercial banks and financial institutions. Many of these banks deposit a portion of their dollar reserves with the Bank. The average term remaining to maturity of deposits from central and state owned banks as of December 31, 2014, 2013, and 2012, was 54 days, 45 days, and 58 days, respectively. As of December 31, 2014, deposits from the Bank's five largest depositors, all of which were central banks in the Region, represented 51% of the Bank's total deposits.

See note 11 to the Audited Consolidated Financial Statements.

The following table analyzes the Bank's deposits by country as of December 31 of each year:

	As of December 31,		
	2014	2013	2012
	(In US\$ millions)		
Argentina	\$68	\$60	\$68
Bahamas	2	2	2
Barbados	15	30	33
Bolivia	1	1	2
Brazil	254	371	386
Cayman Island	20	19	21
Colombia	19	23	49
Costa Rica	20	18	0
Dominican Republic	6	0	0
Ecuador	567	598	471
El Salvador	30	25	25
France	0	1	2
Germany	53	50	0
Guatemala	70	70	20
Haiti	44	44	181
Honduras	161	138	86
Jamaica	1	1	1
Mexico	100	50	50
Multilateral	57	32	0
Nicaragua	76	72	59
Panama	406	372	235
Paraguay	269	274	275
Peru	17	0	30
Trinidad and Tobago	19	19	29
United Kingdom	0	0	74
United States of America	38	1	28
Venezuela	193	91	191
Total	\$2,507	\$2,361	\$2,317

Securities Sold Under Repurchase Agreements and Short-Term Borrowings and Debt

The Bank enters into repos with international banks, utilizing its investment securities portfolio as collateral to secure cost-effective funding. Repos are accounted as secured financings in the financial statements. As of December 31, 2014, repos amounted to \$300 million, an increase of \$14 million from \$286 million as of December 31, 2013, and an increase of \$142 million from \$158 million as of December 31, 2012. See note 13 to the Audited Consolidated Financial Statements.

The Bank's short-term borrowings and debt consist of borrowings from banks that have maturities of up to 365 days, and debt instruments from notes issued under the Bank's Euro Medium-Term Note Program. Short-term borrowings are made available to the Bank on an uncommitted basis for the financing of trade-related loans. Approximately twelve European banks, seven North American banks, four Latin American banks, three Asian banks, and one multilateral bank provide these short-term borrowings to the Bank.

During 2014, the Bank issued short-term private placements through its Euro Medium-Term Note Program. As of December 31, 2014, short-term issuances under the program amounted to \$88 million, placed primarily in Asia, Europe, Japan, Middle East and Latin America.

As of December 31, 2014, short-term borrowings and debt amounted to \$2,693 million, a decrease of \$12 million compared to \$2,705 million as of December 31, 2013. The average term remaining to maturity of short-term borrowings and debt as of December 31, 2014 was 130 days. See notes 13 and 14 to the Audited Consolidated Financial Statements.

The following table presents information regarding the amounts outstanding under, and interest rates on, the Bank's short-term borrowings and repos at the dates and during the periods indicated.

	As of and for the Year Ended December 31,		
	2014	2013	2012
	(In US\$ millions, except percentages)		
Short-term borrowings, debt and securities sold under repurchase agreements			
Advances from banks and financial institutions	\$2,693	\$2,705	\$1,449
Securities sold under repurchase agreements	300	286	158
Total short-term borrowings, debt and securities sold under repurchase agreements	\$2,993	\$2,991	\$1,607
Maximum amount outstanding at any month-end	\$2,993	\$2,991	\$1,607
Amount outstanding at year-end	\$2,993	\$2,991	\$1,607
Average amount outstanding	\$2,471	\$2,275	\$1,126
Weighted average interest rate on average amount outstanding	0.95%	1.17%	1.81%
Weighted average interest rate on amount outstanding at year end	0.79%	0.89%	1.27%

Long-term borrowings and debt

Borrowings consist of long-term and syndicated loans obtained from international banks. Debt instruments consist of notes issued under the Bank's Euro Medium-Term Note Program, and local currency bond issuances in Latin America.

Interest rates on most long-term borrowings are adjusted quarterly or semi-annually based on short-term LIBOR rates plus a credit spread. The credit spread is defined according to several factors, including credit ratings, risk perception, and the original contractual term to maturity. The Bank uses these funds primarily to finance its medium-term and long-term loan portfolio. As of December 31, 2014, the average term remaining to maturity of the Bank's medium and long-term borrowing and debt was two years and four months (862 days).

The following table presents information regarding the amounts outstanding under, and interest rates on, the Bank's long-term borrowings and debt at the dates and during the periods indicated. See notes 15 and 21 to the Audited Consolidated Financial Statements and the Consolidated Balance Sheets as of December 31, 2014 and 2013.

	As of and for the Year Ended December 31,		
	2014	2013	2012
	(In US\$ millions, except percentages)		
Borrowings and long-term debt			
Amount outstanding at year-end	\$1,405	\$1,154	\$1,906
Maximum amount outstanding at any month-end	\$1,587	\$1,893	\$2,153
Average amount outstanding	\$1,389	\$1,318	\$1,894
Weighted average interest rate on average amount outstanding	2.86%	3.08%	2.79%
Weighted average interest rate on amount outstanding at year end	2.71%	3.06%	2.92%

As part of its interest rate and currency risk management, the Bank may from time to time enter into foreign exchange forwards, cross-currency contracts and interest rate swaps to hedge the risk associated with a portion of the notes issued under its various programs.

On May 7, 2014, the Bank successfully closed a \$250 million three-and-a-half year global syndicated loan. This transaction further enhanced the Bank's successful track record of global syndications in support of the Bank's medium-term lending activities.

On October 1, 2013, the Bank successfully closed a \$103 million three-year syndicated loan structured placed in the Asian financial markets. The transaction further enhanced the Bank's presence in Asian markets.

The Bank is a party to certain financing agreements which contain financial covenants and minimum required ratios related to capital adequacy, loan loss reserves to non-performing loans, non-performing loans to total loans, allowance for credit losses to Commercial Portfolio, and short-term assets to short-term assets to short-term liabilities, with which the Bank must comply. The Bank is, and has remained, in compliance with such financial covenants.

Debt Capital Markets

Program in Mexico

In 2012, the Bank established a short- and long-term notes program, ("Mexico Program"), in the Mexican local market, registered with "Mexican National Registry of Securities" (*Registro Nacional de Valores*) maintained by the "National Banking and Securities Commission" (*Comisión Nacional Bancaria y de Valores*), for an authorized aggregate principal amount of 10 billion Mexican Pesos or its equivalent in "Investment Unit" (*Unidades de Inversión*), U.S. dollars or Euros, and with maturities from one day to 30 years. As of December 31, 2014, the total amount outstanding under this program was Pesos 4.0 billion (four billion Mexican Pesos) or \$272 million U.S. dollar equivalent, consisting of two issuances of "certificados bursátiles" in the Mexican capital markets as follows: (i) Bladex12 in the principal amount of Pesos 2.0 billion (two billion Mexican pesos) or \$136 million U.S. dollar equivalent, issued in March 2012 and due in March 2015, and (ii) Bladex14 in the principal amount of Pesos 2.0 billion (two billion Mexican pesos) or \$136 million U.S. dollar equivalent, issued in July 2014, and due in January 2018.

Euro Medium Term Note Program

The Bank has established a Euro Medium-Term Note Program, which is primarily targeted at non-bank institutional investors and includes multiple placements with short-, medium-, and long-term tenors. As of December 31, 2014, total outstanding amount under this program was \$577 million, which included a Rule 144A/Regulation S offering with an aggregate principal amount of \$400 million due in 2017. During 2014, the Bank issued short-term private placements through its Euro Medium-Term Note Program. As of December 31, 2014, short-term issuances under the program amounted to \$88 million, placed primarily in Asia, Europe, Japan, Middle East and Latin America.

Cash Flows

Management believes that cash flows from operations, the Bank's adequate reserve coverage levels, and its ability to generate cash through its financing activities (such as deposits and short and long-term borrowings and debt) are sufficient to fund its investing activities (which are mainly comprised of the Bank's core lending activities), as well as the Bank's operating liquidity needs.

The following discussion highlights the major activities and transactions that affected the Bank's cash flows during 2014, 2013, and 2012.

Cash flows from operating activities

The Bank's operating activities mainly include cash generated by net income, adjustments converting the items reported on the income statement from the accrual basis of accounting to cash, net changes in non-interest-earning assets or operating assets, and net changes in non-interest-bearing liabilities or operating liabilities.

For the year ended December 31, 2014, net cash provided by operating activities was \$170.5 million. Net cash was mainly provided by net income of \$106.5 million during the year 2014, along with the net increase of \$116.5 million in other liabilities, mainly in acceptances outstanding, and the net variance of \$33.3 million in derivatives financial instruments, partially offset by the net increase of \$118.1 million in other assets, mainly in customers' liabilities under acceptances.

For the year ended December 31, 2013, net cash provided by operating activities was \$54.6 million. Net cash was mainly provided by net income of \$80.6 million during the period, partially offset by a net decrease of \$32.2 million in trading liabilities.

For the year ended December 31, 2012, net cash provided by operating activities was \$97.1 million, resulting primarily from net income of \$93.3 million, a net decrease in the portfolio of the Fund by \$14.5 million (mainly due to redemptions of a portion of the Bank's interest therein), and the net variance in derivatives financial instruments of \$47.7 million. This was partially offset by a net increase of \$26.7 million in trading liabilities, which were mainly composed of freestanding derivative financial instruments and a net decrease of \$14.3 million in trading assets.

Cash flows from investing activities

The Bank's investing activities predominantly include loans originated by the Bank, as well as the portfolio of securities available-for-sale and securities held-to-maturity. Investing activities can vary significantly in the normal course of business due to the amount and timing of cash flows, which are affected by client-driven activities and demand, market conditions, and business strategies.

For the year ended December 31, 2014, net cash of \$605 million was used in investing activities, mainly from a net increase in loans of \$1,052 million, and the purchase of \$344 million of investment securities, partially offset by inflows from the sale of loans and securities available-for-sale of \$516 million and \$223 million, respectively.

For the year ended December 31, 2013, net cash of \$602 million was used in investing activities, primarily as a result of a net increase in loans of \$521 million from increased commercial activity, and an increase of \$333 million in available-for-sale and held-to-maturity investment securities, which were partially offset by inflows from the net sale of loans and investment securities of \$89 million and \$106 million, respectively, and proceeds of \$20 million from securities held-to-maturity which matured during the year.

For the year ended December 31, 2012, net cash of \$504 million was used in investing activities, mostly in the form of a net increase in loans of \$909 million as a result of increased commercial activity, which was partially offset by inflows from the net sale of \$146 million of loans and the sale of investment securities of \$255 million.

Cash flows from financing activities

The Bank's financing activities primarily reflect cash flows related to raising deposits from central banks as well as state-owned and private banks and corporations in the Region, short-term borrowings and debt from international correspondent banks, secured financing from repos, and proceeds from, and repayments of, long-term borrowings and debt through bilateral or syndicated borrowing facilities, as well as issuances in the capital markets.

For the year ended December 31, 2014, net cash provided by financing activities was \$345 million, which was primarily the result of a net cash increase of \$641 million on proceeds from long-term borrowings and debt, and a net increase of \$145 million from depositors, which was partially offset by net repayments of \$389 million in long-term borrowings and debt and \$54 million paid as cash dividends.

For the year ended December 31, 2013, net cash provided by financing activities was \$685 million, as the net cash increase of \$1,384 million provided by short-term borrowings and debt and repos more than offset the net repayments of \$752 million in long-term borrowings and debt.

For the year ended December 31, 2012, net cash provided by financing activities was \$310 million. This was mainly due to a net increase in borrowings and long-term debt of \$418 million, offset by a decrease in short-term borrowings and repos of \$93 million.

Dividends

The Board's policy is to declare and distribute quarterly cash dividends on the Bank's common stock. Dividends are declared at the Board's discretion and, from time to time, the Bank has declared special dividends.

On December 8, 2014, the Bank's Board, approved an increase in quarterly dividends distributed to holders of common shares from \$0.35 to \$0.385 per share pertaining to the fourth quarter of 2014. This \$0.035 or 10%, increase in quarterly dividends underlined the Board's commitment to continue its established dividend approach that reflects the development and growth of the Bank's core business.

On December 10, 2013, the Bank's Board, approved an increase in quarterly dividends distributed to holders of common shares from \$0.30 to \$0.35 per share pertaining to the fourth quarter of 2013. This 17% increase in quarterly dividends reaffirmed the Bank's commitment to continuing its established dividend approach that reflects the development and growth of the Bank's core business.

On January 17, 2012 the Bank increased quarterly dividends from \$0.20 to \$0.25 per share of common stock, corresponding to the fourth quarter of 2011, and from \$0.25 to \$0.30 per share of common stock in the third quarter of 2012.

During 2014, Bladex declared \$55.6 million in quarterly dividends, compared to \$48.1 million in 2013, and \$43.6 million in 2012.

No special dividends were declared during 2014, 2013, and 2012.

The following table presents information about common dividends paid on the dates indicated:

Payment date	Record date	Dividend per share
January 13, 2015	January 5, 2015	\$0.385
November 7, 2014	October 27, 2014	\$0.35
August 5, 2014	July 28, 2014	\$0.35
May 6, 2014	April 28, 2014	\$0.35
January 14, 2014	January 6, 2014	\$0.35
November 6, 2013	October 28, 2013	\$0.30
August 6, 2013	July 29, 2013	\$0.30
May 7, 2013	April 29, 2013	\$0.30
February 8, 2013	February 1, 2013	\$0.30
November 1, 2012	October 26, 2012	\$0.30
August 7, 2012	July 30, 2012	\$0.25
May 10, 2012	April 30, 2012	\$0.25
February 9, 2012	January 31, 2012	\$0.25
November 8, 2011	October 31, 2011	\$0.20
August 9, 2011	August 1, 2011	\$0.20
May 9, 2011	May 2, 2011	\$0.20
February 11, 2011	February 3, 2011	\$0.20

The following table presents information about preferred dividends paid on the dates indicated:

Payment date	Record date	Dividend per share
May 15, 2006	April 28, 2006	\$2.22
November 15, 2005	October 31, 2005	\$2.18
May 16, 2005	April 29, 2005	\$2.15
November 15, 2004	November 8, 2004	\$1.90
May 17, 2004	April 30, 2004	\$0.40

The Bank had no preferred shares issued and outstanding as of December 31, 2014.

Cost and Maturity Profile of Borrowed Funds and Floating-Rate and Fixed-Rate Placements

The following table sets forth certain information regarding the weighted average cost and the remaining maturities of the Bank's borrowed funds and floating and fixed-rate placements (including repos) as of December 31, 2014:

	Amount	Weighted Average Cost
	<i>(In US\$ millions, except percentages)</i>	
Short-term borrowings and Securities sold under repurchase agreements at fixed interest rate		
Due in 0 to 30 days	\$255	0.82%
Due in 31 to 90 days	858	0.77%
Due in 91 to 180 days	212	0.82%
Due in 181 to 365 days	232	1.07%
Total	\$1,557	0.83%
Short-term borrowings at floating interest rate		
Due in 0 to 30 days	\$95	0.71%

	Amount	Weighted Average Cost
	<i>(In US\$ millions, except percentages)</i>	
Due in 31 to 90 days	363	0.73%
Due in 91 to 180 days	431	0.80%
Due in 181 to 365 days	459	0.83%
Total	\$1,348	0.78%
Short-term fixed-rate placements		
Due in 0 to 30 days	\$8	1.04%
Due in 31 to 90 days	9	0.90%
Due in 181 to 365 days	61	0.62%
Total	\$78	0.70%
Short-term floating-rate placements		
Due in 181 to 365 days	\$10	0.99%
Total	\$10	0.99%
Medium and long-term borrowings at fixed interest rate		
Due in 91 to 180 days	\$25	1.50%
Due in 1 through 6 years	40	1.52%
Total	\$65	1.51%
Medium and long-term borrowings at floating interest rate		
Due in 91 to 180 days	\$15	0.93%
Due in 181 to 365 days	60	1.18%
Due in 1 through 6 years	504	1.58%
Total	\$579	1.52%
Medium and long-term fixed-rate placements		
Due in 181 to 365 days	\$401	3.75%
Due in 1 through 6 years	64	3.75%
Total	\$465	3.75%
Medium and long-term floating-rate placements		
Due in 31 to 90 days	\$136	3.96%
Due in 1 through 6 years	161	3.37%
Total	\$297	3.64%
Grand Total	\$4,399	1.41%

Asset/Liability Management

The Bank seeks to manage its assets and liabilities to reduce the potential adverse impact on net interest income that could result from interest rate changes. The Bank controls interest rate risk through systematic monitoring of maturity and repricing mismatches. The Bank's investment decision-making takes into account not only the rates of return and the respective underlying degrees of risk, but also liquidity requirements, including minimum cash reserves, withdrawal and maturity of deposits and additional demand for funds. For any given period, a matched pricing structure exists when an equal amount of assets and liabilities are repriced. An excess of assets or liabilities over these matched items results in a "gap" or "mismatch," as shown in the table under "Interest Rate Sensitivity" below. A negative gap denotes liability sensitivity and normally means that a decline in interest rates would have a positive effect on net interest income, while an increase in interest rates would have a negative effect on net interest income. Most of the Bank's assets and most of its liabilities are denominated in U.S. dollars and, therefore, the Bank has no material foreign exchange risk. The foreign exchange risk is mitigated by the use of derivatives, which, though economically perfectly hedged, might give rise to some accounting volatility.

Interest Rate Sensitivity

The Bank actively uses interest rate swaps as part of its interest rate risk management. Interest rate swaps are contracted either in a single currency or cross-currency for a prescribed period in order to exchange a series of interest payment flows, which generally involve swapping fixed for floating-rate.

The following table presents the projected maturities and interest rate adjustment periods of the Bank's assets, liabilities and stockholders' equity based upon the contractual maturities and rate-adjustment (repricing) dates as of December 31, 2014. The Bank's interest-earning assets and interest-bearing liabilities and the related interest rate sensitivity gap shown in the following table may not reflect positions in subsequent periods.

	Total	0-30 Days	31-90 Days	91-180 Days	181-365 Days	More than 365 Days	Non- Interest Sensitive / without maturity
<i>(In US\$ millions, except percentages)</i>							
Interest-earning assets							
Cash, due from banks & interest-bearing deposits with banks	780	780	0	0	0	0	0
Securities available-for-sale	339	46	37	68	3	185	0
Securities held to maturity	54	22	3	9	8	12	0
Investment funds	58	0	0	0	0	0	58
Loans, net.....	6,686	1,860	2,608	1,834	315	69	0
Total interest-earning assets.....	7,917	2,708	2,648	1,912	325	266	58
Non-interest earning assets, allowance for loan losses and other asset.....	108	0	0	0	0	0	108
Total assets	8,025	2,708	2,648	1,912	325	266	166
Interest-bearing liabilities							
Deposits	2,507	1,603	455	277	147	25	0
Securities sold under repurchase agreements.....	300	46	249	5	0	0	0
Borrowings and debt	4,098	1,288	1,242	938	516	114	0
Total interest-bearing liabilities	6,905	2,937	1,946	1,220	663	139	0
Non-interest-bearing liabilities.....	209	0	0	0	0	0	209
Total liabilities	7,114	2,937	1,946	1,220	663	139	209
Stockholders' equity	911	0	0	0	0	0	911
Total liabilities and stockholders' equity	8,025	2,937	1,946	1,220	663	139	1,120
Interest rate sensitivity gap	0	(228)	702	692	(338)	127	(955)
Cumulative interest rate sensitivity gap		(228)	474	1,166	827	955	0
Cumulative gap as a % of total interest-earning assets		-3%	6%	15%	10%	12%	0%

The Bank's interest rate risk is the exposure of earnings (current and potential) and capital to adverse changes in interest rates and is managed by attempting to match the term and repricing characteristics of the Bank's interest rate sensitive assets and liabilities. The Bank's interest rate risk typically arises from the Bank's liability sensitive short-term position, which means that the Bank's interest-bearing liabilities tend to reprice more quickly than the Bank's interest-earning assets. This is offset by the short-term nature of the Bank's interest-earning assets, namely liquid assets and loan portfolio, and the fact that most of the assets and liabilities pricing is based on short-term market rates (LIBOR-based) with contractual re-pricing schedules for longer term transactions. As a result, there is a potential adverse impact on the Bank's net interest income from interest rate increases in the very short term (up to 30 days as of December 31, 2014), which reverts in the following 31-to-90-days period, when the cumulative interest rate gap becomes asset-sensitive, with a potential positive impact on net interest income from that period on. The Bank's policy with respect to interest rate risk provides that the Bank establishes limits with regards to: (1) changes in net interest income due to a potential impact, given certain movements in interest rates and (2) changes in the amount of available equity funds of the Bank, given a one basis point movement in interest rates.

Contractual Obligations and Commercial Commitments

The following tables set forth information regarding the Bank's contractual obligations and commercial commitments as of December 31, 2014.

Contractual Obligations	Payments Due by Period				
	Total	Less than 1 year	1 – 3 years	3 – 5 years	More than 5 years
<i>(In US\$ millions)</i>					
Deposits	\$2,507	\$2,482	\$25	\$0	\$0
Securities sold under repurchase agreement	300	300	0	0	0
Short-term borrowings and debt	2,693	2,693	0	0	0
Long-term borrowings and debt ⁽¹⁾	1,405	236	1,075	30	64
Accrued interest payable	15	15	0	0	0
Future contractual interest payable, not yet accrued ⁽²⁾	108	13	64	6	26
Leasehold obligations ⁽³⁾	23	2	5	3	12

Total contractual obligations	\$7,051	\$5,741	\$1,169	\$39	\$102
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- (1) Certain debt obligations are subject to covenants that could accelerate the payment of these obligations.
- (2) Consists of future interest payable on interest-bearing liabilities and their hedges, calculated on the basis of their respective interest rates as of December 31, 2014 for the days remaining to maturity. Some of these obligations have floating interest rates which could fluctuate in the future and hence change the value of interest payable accordingly.
- (3) Obligations under the agreement for the leasing of the Bank's new offices commenced in June of 2012. Minimum payments have not been reduced by minimum sublease rentals of \$2.1 million due in the future under non-cancelable subleases.

Other Commercial Commitments	Amount of Commitment Expiration by Period				
	Total	Less than 1	1 – 3 years		More than
		year	3 – 5 years	5 years	
<i>(In US\$ millions)</i>					
Letters of credit ⁽⁴⁾	\$252	\$252	\$0	\$0	\$0
Stand-by letters of credit	53	31	21	0	0
Guarantees	37	31	6	0	0
Other commercial commitments	159	93	53	12	1
Total Commercial Commitments	\$501	\$407	\$81	\$12	\$1

- (4) Includes customers' liabilities under acceptances outstanding (on-balance sheet assets) for a total amount of \$114 million as of December 31, 2014.

The covenants included in some of the Bank's liabilities contracts are standard market covenants. Bladex has been and expects to continue to be in compliance with regards to these covenants. See notes 19 and 20 to the Audited Consolidated Financial Statements.

Asset Quality

The Bank believes that its asset quality is a function of its strong client base, the importance that governments and borrowers alike attribute to maintaining continued access to trade financing, its preferred creditor status, and its strict adherence to commercial criteria in its credit activities. The Bank's management and the CPER periodically review a report of all loan delinquencies. The Bank's collection policies include rapid internal notification of any delinquency and prompt initiation of collection efforts, usually involving senior management.

The Bank maintains a system of internal credit quality indicators. These indicators are assigned depending on several factors which include: profitability, quality of assets, liquidity and cash flows, capitalization and indebtedness, economic environment and positioning, regulatory framework and/or industry, sensitivity scenarios and the quality of borrower's management and shareholders. A description of these indicators is as follows:

Rating	Classification	Description
1 to 6	Normal	Clients with payment ability to satisfy their financial commitments.
7	Special Mention	Clients exposed to systemic risks specific to the country or the industry in which they are located, facing adverse situations in their operation or financial condition. At this level, access to new funding is uncertain.
8	Substandard	Clients whose primary source of payment (operating cash flow) is inadequate and who show evidence of deterioration in their working capital that does not allow them to satisfy payments on the agreed terms, endangering recovery of unpaid balances.
9	Doubtful	Clients whose operating cash flow continuously shows inability to service the debt on the originally agreed terms. Due to the fact that the borrower presents an impaired financial and economic situation, the likelihood of recovery is low.
10	Unrecoverable	Clients with operating cash flow that does not cover their costs, are in suspension of payments, presumably will also have difficulties fulfilling possible restructuring agreements, are in a state of insolvency, or have filed for bankruptcy, among others.

Impaired Assets and Contingencies

The Bank's assets that are subject to impairment consist mainly of loans and securities. For more information on impaired loans, see notes 2(l) and 7 to the Audited Consolidated Financial Statements. For information on impaired securities, see notes 2(i) and 5 to the Audited Consolidated Financial Statements. For more information on

contingencies, see note 19 to the Audited Consolidated Financial Statements and "Reversal (Provision) for Loan Losses."

The Bank identifies loans as delinquent when no debt service and/or interest payment has been received for 30 days after such payments were due. The outstanding balance of a loan is considered past due when the total principal balance with one single balloon payment has not been received within 30 days after such payment was due, or when no agreed-upon periodic payment has been received for a period of 90 days after the agreed-upon date.

Loans are placed in a non-accrual status when interest or principal is overdue for 90 days or more, or before if the Bank's management believes there is an uncertainty with respect to the ultimate collection of principal or interest. Any interest receivable on non-accruing loans is reversed and charged-off against earnings. Interest on these loans is only recorded as earned when collected. Non-accruing loans are returned to an accrual status when (1) all contractual principal and interest amounts are current, (2) there is a sustained period of repayment performance in accordance with the contractual terms of at least six months and (3) if in the Bank management's opinion the loan is fully collectible.

A modified loan is considered a troubled debt restructuring when the borrower is experiencing financial difficulties and if the restructuring constitutes a concession to the borrower. A concession may include modification of terms such as an extension of maturity date, reduction in the stated interest rate, rescheduling of future cash flows, and reduction in the face amount of the debt or reduction of accrued interest, among others.

Marketable securities received in exchange for loans under troubled debt restructurings are initially recorded at fair value, with any gain or loss recorded as a recovery or charge to the allowance, and are subsequently accounted for as securities available-for-sale.

A loan is considered impaired, and also placed on a non-accrual basis, when based on current information and events, it is probable that the Bank will be unable to collect all amounts due according to original contractual terms of the loan agreement. Factors considered by the Bank's management in determining impairment include collection status, collateral value, and economic conditions in the borrower's country of residence. Impaired loans also include those modified loans considered troubled debt restructurings. When current events or available information confirm that specific impaired loans or portions thereof are uncollectible, such impaired loans are charged-off against the allowance for loan losses.

The reserve for losses on impaired loans is determined considering all available evidence, including the present value of expected future cash flows discounted at the loan's original contractual interest rate and/or the fair value of the collateral, if applicable. If the loan's repayment is dependent on the sale of the collateral, the fair value considers costs to sell.

The following table sets forth information regarding the Bank's impaired assets and contingencies at the dates indicated:

	As of December 31,				
	2014	2013	2012	2011	2010
	<i>(In US\$ millions, except percentages)</i>				
Impaired loans	\$4	\$3	\$0	\$32	\$29
Allocation from the allowance for loan losses	2	1	0	15	12
Impaired loans as a percentage of total loans, net of unearned income and deferred commission.....	0.1%	0.1%	0.0%	0.6%	0.7%
Impaired contingencies	\$0	\$0	\$0	\$0	\$0
Allocation from the reserve for losses on off balance-sheet credit risks ..	0	0	0	0	0
Impaired contingencies as a percentage of total contingencies.....	0.0%	0.0%	0.0%	0.0%	0.0%
Impaired securities (par value)	\$0	\$0	\$0	\$0	\$0
Estimated fair value adjustments on options and impaired securities ⁽¹⁾ ..	0	0	0	0	0
Estimated fair value of impaired securities	\$0	\$0	\$0	\$0	\$0
Impaired securities as a percentage of total securities ⁽²⁾	0.0%	0.0%	0.0%	0.0%	0.0%
Impaired assets and contingencies as a percentage of total credit portfolio ⁽³⁾	0.1%	0.0%	0.0%	0.6%	0.6%

(1) Includes impairment losses on securities, estimated unrealized gain (loss) on impaired securities, premiums and discounts.

- (2) Total securities consist of investment securities considered part of the Bank's credit portfolio.
- (3) The total credit portfolio includes loans net of unearned income and deferred loan fees, selected commercial deposits placed, fair value of investment securities (including securities available-for-sale and securities held-to-maturity), customers' liabilities under acceptances, and contingencies (including confirmed and stand-by letters of credit, guarantees covering commercial risk and credit commitments).

The Bank did not have impaired loans in its loan portfolio without related allowances as of December 31, 2014, 2013, or 2012.

As of December 31, 2014, the Bank had troubled debt restructuring loans of \$1 million reported as impaired loans in non-accrual status. The Bank had no troubled debt restructurings for the years ended December 31, 2013 and 2012.

The following table sets forth the distribution of the Bank's loans charged-off against the allowance for loan losses by country as of December 31 of each year:

	As of December 31,									
	2014	%	2013	%	2012	%	2011	%	2010	%
	<i>(In US\$ millions, except percentages)</i>									
Brazil.....	\$0	0.0	\$0	0.0	\$0	0.0	\$1	100.0	\$2	40.5
Mexico	0	0.0	0	0.0	7	100.0	0	0.0	3	59.5
Total	\$0	0.0	\$0	0.0	\$7	100.0	\$1	100.0	\$5	100.0

During the year ended December 31, 2014 and 2013, the Bank had no loans charged-off against the allowance for loan losses, compared to charge-offs totaling \$7 million in 2012, representing 0.13% of total loan portfolio as of December 31, 2012.

In the five-year period ended December 31, 2014, the Bank had disbursed \$57 billion in credits and had charged-off credits for \$13 million, which represents 0.02% of total credits disbursed.

The following table summarizes information regarding loans in non-accrual status, and interest amounts on non-accrual loans:

	For the Year Ended December 31,		
	2014	2013	2012
	<i>(In US\$ thousands)</i>		
Loans in non-accrual status:			
Private corporations	\$3,125	\$3,125	\$0
Private middle-market companies.....	909	0	0
Total loans in non-accrual status	\$4,034	\$3,125	\$0
Interest which would have been recorded if the loans had not been in a non-accrual status	191	67	0
Interest income collected on non-accruing loans	6	0	2,288

Allowance for Credit Losses

The allowance for credit losses, which includes the allowance for loan losses and the reserve for losses on off-balance sheet credit risk, covers the credit risk on loans and contingencies. The allowance for credit losses is provided for 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 debiting earnings. Credit losses are deducted from the allowance, and subsequent recoveries are added. The allowance is also decreased by reversals of the allowance back to earnings. The allowance 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 a liability.

The allowance for credit losses includes an asset-specific component and a formula-based component. The asset-specific component, or specific allowance, relates to the provision for losses on credits considered impaired and measured individually case-by-case. A specific allowance is established when the discounted cash flows (or observable fair value of collateral) of the credit is lower than the carrying value of that credit. The formula-based component, or generic allowance, covers the Bank's performing credit portfolio and is established based in a process

that estimates the probable loss inherent in the portfolio, based on statistical analysis and management's qualitative judgment.

The statistical calculation is a product of internal risk classifications, probabilities of default and loss given default. The probability of default is supported by Bladex's historical portfolio performance complemented by probabilities of default provided by external sources, in view of the greater robustness of this external data for some cases. The loss given default is based on Bladex's historical losses experience and best practices.

The reserve balances, for both on and off-balance sheet credit exposures, are calculated by applying the following formula:

Reserves = $\Sigma(E \times PD \times LGD)$; where:

- i. Exposure (E) = the total accounting balance (on- and off-balance sheet) at the end of the period under review.
- ii. Probabilities of Default (PD) = one-year probability of default applied to the portfolio. Default rates are based on the Bank's historical portfolio performance per rating category, complemented by an international rating agency's probabilities of default for categories 6, 7 and 8, in view of the greater robustness of data for such cases.
- iii. Loss Given Default (LGD) = a factor utilized, based on historical information, same as based on best practices in the banking industry. Management applies judgment and historical loss experience.

Management can also apply complementary judgment to capture elements of prospective nature or loss expectations based on risks identified in the environment that are not necessarily reflected in the historical data.

The allowance policy is applicable to all classes of loans and off-balance sheet financial instruments of the Bank.

For additional information regarding allowance for credit losses, see notes 2(n) and 8 to the Audited Consolidated Financial Statements.

The following table sets forth information regarding the Bank's allowance for credit losses with respect to the total Commercial Portfolio outstanding as of December 31 of each year:

	As of December 31,				
	2014	2013	2012	2011	2010
<i>(In US\$ millions, except percentages)</i>					
Components of the allowance for credit losses					
Allowance for loan losses:					
Balance at beginning of the year	\$72.8	\$73.0	\$88.5	\$78.6	\$73.8
Provision (reversal)	6.9	(1.6)	(8.3)	8.8	9.1
Recoveries	0.0	1.4	0.3	2.2	1.0
Loans charged-off	0.0	0.0	(7.5)	(1.1)	(5.3)
Balance at the end of the year	\$79.7	\$72.8	\$73.0	88.5	78.6
Reserve for losses on off-balance sheet credit risk:					
Balance at beginning of the year	\$5.2	\$4.8	\$8.9	\$13.3	\$27.3
Provision (reversal)	1.6	0.4	(4.0)	(4.4)	(13.9)
Balance at end of the year	\$6.8	\$5.2	\$4.8	\$8.9	\$13.3
Total allowance for credit losses	\$86.5	\$78.0	\$77.8	\$97.4	\$92.0
Allowance for credit losses to total Commercial Portfolio	1.20%	1.18%	1.31%	1.83%	2.07%
Net charge offs to average loans outstanding	0.00%	0.00%	0.15%	0.02%	0.16%

The following table sets forth information regarding the Bank's allowance for credit losses allocated by country of exposure as of December 31 of each year:

As of December 31,					
2014		2013		2012	
Total	%	Total	%	Total	%
<i>(In US\$ millions, except percentages)</i>					

	As of December 31,					
	2014		2013		2012	
	Total	%	Total	%	Total	%
<i>(In US\$ millions, except percentages)</i>						
Allowance for loan losses						
Argentina	\$14.7	18.4	\$5.8	8.0	\$9.2	12.7
Brazil	9.0	11.3	17.5	24.0	12.0	16.4
Chile	0.6	0.8	7.6	10.4	1.2	1.6
Colombia	6.4	8.0	4.7	6.5	5.2	7.2
Costa Rica	11.5	14.5	8.5	11.7	5.3	7.2
Dominican Republic	5.2	6.5	3.1	4.2	4.6	6.3
Ecuador	3.7	4.6	2.4	3.3	8.3	11.4
El Salvador	4.0	5.0	2.9	3.9	1.8	2.4
Germany	3.1	3.9	0.0	0.0	0.0	0.0
Guatemala	1.5	1.9	4.6	6.3	7.3	10.0
Honduras	3.2	4.0	2.5	3.5	2.9	4.0
Jamaica	0.2	0.3	1.0	1.3	0.3	0.5
Mexico	7.9	9.9	4.5	6.2	3.9	5.3
Nicaragua	0.3	0.3	0.3	0.4	1.3	1.7
Panama	2.7	3.4	0.7	1.0	1.4	1.9
Paraguay	2.3	2.9	2.4	3.3	0.7	1.0
Peru	2.4	3.0	3.4	4.6	4.3	5.9
Uruguay	0.5	0.6	0.6	0.8	2.9	4.0
Other ⁽¹⁾	0.5	0.7	0.3	0.5	0.4	0.5
Total Allowance for loan losses	\$79.7	100.0	\$72.8	100.0	\$73.0	100.0
Reserve for losses on off-balance sheet credit risk						
Colombia	\$1.0	14.0	\$0.3	6.2	\$0.0	1.0
Dominican Republic	1.7	25.0	0.0	0.1	0.1	1.3
Ecuador	2.6	38.3	2.1	39.7	2.8	57.2
Guatemala	0.1	1.9	1.0	19.1	0.0	0.2
Mexico	0.8	11.7	0.3	5.2	0.2	3.4
Panama	0.1	1.0	0.5	9.8	0.4	8.6
Venezuela	0.1	1.7	0.2	4.0	0.8	16.5
Other ⁽¹⁾	0.4	6.4	0.8	15.9	0.5	11.8
Total Reserve for losses on off-balance sheet credit risk	\$6.8	100.0	\$5.2	100.0	\$4.8	100.0
Allowance for credit losses						
Argentina	\$14.7	17.0	\$5.8	7.5	\$9.2	11.9
Brazil	9.1	10.6	17.9	22.9	12.3	15.9
Chile	0.7	0.8	7.6	9.7	1.2	1.6
Colombia	7.4	8.5	5.1	6.5	5.3	6.8
Costa Rica	11.5	13.4	8.6	11.0	5.3	6.8
Dominican Republic	6.9	8.0	3.1	3.9	4.6	6.0
Ecuador	6.3	7.3	4.5	5.7	11.1	14.3
El Salvador	4.0	4.6	2.9	3.7	1.8	2.3
Germany	3.1	3.6	0.0	0.0	0.0	0.0
Guatemala	1.6	1.9	5.6	7.2	7.3	9.4
Honduras	3.2	3.7	2.6	3.3	2.9	3.8
Jamaica	0.2	0.2	1.0	1.2	0.3	0.4
Mexico	8.7	10.0	4.8	6.2	4.1	5.2
Nicaragua	0.3	0.3	0.3	0.4	1.3	1.6
Panama	2.8	3.2	1.2	1.6	1.8	2.3
Paraguay	2.3	2.6	2.4	3.1	0.7	0.9
Peru	2.4	2.8	3.6	4.6	4.4	5.6

	As of December 31,					
	2014		2013		2012	
	Total	%	Total	%	Total	%
	<i>(In US\$ millions, except percentages)</i>					
Uruguay	0.6	0.7	0.8	1.0	2.9	3.7
Venezuela	0.1	0.1	0.2	0.3	0.8	1.0
Other ⁽¹⁾	0.6	0.7	0.3	0.4	0.4	0.5
Total Allowance for credit losses	\$86.5	100.0	\$78.0	100.0	\$77.8	100.0

(1) Other consists of allowances for credit losses allocated to countries in which allowances for credit losses outstanding did not exceed \$1 million for any of the periods.

The following table sets forth information regarding the Bank's allowance for loan losses by type of borrower as of December 31 of each year:

	As of December 31,					
	2014		2013		2012	
	Total	%	Total	%	Total	%
	<i>(In US\$ millions, except percentages)</i>					
Private sector commercial banks and Financial Institutions.....	\$24	29.8	\$25	34.4	\$20	26.9
State-owned commercial banks.....	7	8.2	5	7.2	9	12.6
Central banks	1	1.5	1	0.8	0	0.0
Sovereign debt.....	0	0.0	0	0.0	1	1.0
State-owned organization.....	10	12.9	5	6.2	2	3.3
Private middle - market companies.....	5	6.8	10	14.3	11	14.9
Private corporations.....	33	40.8	27	37.2	30	41.2
Total	\$80	100.0	\$73	100.0	\$73	100.0

The allowance for credit losses to total Commercial Portfolio amounted to 1.20% as of December 31, 2014, compared to 1.18% as of December 31, 2013, and 1.31% as of December 31, 2012. The year-on-year increase of 2 basis points in 2014 was mainly associated with the risk profile of the Bank's portfolio composition.

The decrease of 13 basis points in 2013 compared to 2012 was mainly associated with an improved risk profile of the Bank's portfolio composition in terms of client and country exposures.

The annual variation in 2012 compared to 2011 in the allowance for credit losses to total Commercial Portfolio was primarily due to the release of specific reserves associated with the reduction in exposure from non-accruing loans, the reversal of provisions for losses on off-balance sheet credit risk as total contingencies declined during the year, and an improved risk profile in the composition of the Bank's portfolio.

Net Revenues per Country

The following table sets forth information regarding the Bank's net revenues by country at the dates indicated, with net revenues calculated as the sum of net interest income, net fees and commissions, derivative financial instruments and hedging, net gain (loss) from investment funds trading, net gain (loss) from trading securities, net gain (loss) on sale of securities available-for-sale, net gain on sale of loans, net gain (loss) on foreign currency exchange, and other income (expense):

	For the Year Ended December 31,		
	2014	2013	2012
	<i>(In US\$ millions)</i>		
Argentina	\$10.7	\$11.4	\$10.3
Brazil.....	47.5	40.3	40.5
Chile.....	7.3	6.6	3.8
Colombia	15.9	9.4	9.3
Costa Rica.....	7.1	8.3	3.9
Dominican Republic	1.9	2.9	2.5
Ecuador.....	7.6	6.8	5.9
El Salvador	2.6	1.6	0.6
Guatemala	5.3	6.8	3.4
Honduras.....	2.5	2.2	1.7
Jamaica	1.6	1.1	1.3

	For the Year Ended December 31,		
	2014	2013	2012
	<i>(In US\$ millions)</i>		
Mexico	20.0	15.1	16.6
Panama	9.2	4.9	2.2
Paraguay	3.2	1.8	0.8
Peru	16.4	16.2	12.2
Trinidad and Tobago	1.0	0.8	1.6
Uruguay	3.8	2.5	1.7
Venezuela	0.6	0.4	1.5
Other countries ⁽¹⁾	1.1	1.0	3.8
Investment funds	3.4	(6.6)	8.3
Total net revenues.....	\$168.7	\$133.6	\$131.8
Reversal of provision (provision) for credit losses ..	(8.5)	1.2	12.4
Recoveries, net of impairment of assets	0.0	0.1	0.0
Operating expenses.....	(53.7)	(54.3)	(55.8)
Net income – business segment	\$106.5	\$80.6	\$88.4
Net income (loss) attributable to the redeemable non-controlling interest	(0.5)	(4.2)	0.3
Net income attributable to Bladex stockholders – business segment	\$106.9	\$84.8	\$88.1
Other income unallocated – Gain on sale of premises and equipment.....	0.0	0.0	5.6
Net loss from discontinued operations.....	0.0	0.0	(0.7)
Net income attributable to Bladex stockholders .	\$106.9	\$84.8	\$93.0

(1) Other countries consists of net revenues per country in which net revenues did not exceed \$1 million for any of the periods indicated above.

The above table provides a reconciliation of net revenues (as previously defined) to the Bank's net income. Net revenues do not include the effects of reversal of provision (provision) for credit losses, recoveries on assets, net of impairments, operating expenses, the income (loss) attributable to the redeemable non-controlling interest, other income not allocated to any business segment, a gain on sale of premises and equipment realized in 2012, and net income (loss) from discontinued operations. The purpose of the aforementioned table is to show net revenues before operating expenses generated from the Bank's Commercial and Treasury Division, on a by-country basis. Given that the Bank's business segments generate revenues not only from net interest income, but from other sources including fees and commissions, gains and losses on investments, gains on sales of loans, and derivative financial instruments, which form part of other income rather than net interest income, the Bank adds those corresponding items to net interest income to show net revenues earned before operating expenses. Reversal of provision (provision) for credit losses, and recoveries, net of impairment of assets, are not included as part of net revenues, as the Bank believes such items, which are based on management estimates, may distort trend analysis. Thus, the Bank believes excluding such items from net revenues provides a more accurate indicator of the Bank's performance within its two business segments for each country, and thus provides a better basis for analysis of the efficiency of the Bank. The Bank also believes the presentation of net revenues helps facilitate comparisons of performance between periods. However, net revenues should not be considered a substitute for, or superior to, financial measures calculated differently on a U.S. GAAP basis. Furthermore, net revenues may be calculated differently by other companies in the financial industry.

Liquidity

Liquidity refers to the Bank's ability to maintain adequate cash flows to fund operations and meet obligations and other commitments on a timely basis. The Bank maintains its liquid assets mainly in demand deposits, overnight funds and time deposits with well-known international banks. These liquid assets are adequate to cover 24-hour deposits from customers, which theoretically could be withdrawn on the same day. As of December 31, 2014, the Bank's 24-hour deposits from customers (demand deposit accounts and call deposits) amounted to \$84 million, representing 3% of the Bank's total deposits. The liquidity requirement resulting from these maturities is satisfied by the Bank's liquid assets, which as of December 31, 2014 were \$741 million (representing 30% of total deposits) of which \$20 million corresponds to time deposits.

As established by the Bank's liquidity policy, the Bank's liquid assets are held in the form of interbank deposits with reputable international banks that have A1, P1, or F1 ratings from two of the major internationally recognized rating agencies and are primarily located outside of the Region. These banks must have a correspondent relationship with

the Bank. In addition, the Bank's liquidity policy allows for investing in negotiable money market instruments, including Euro certificates of deposit, commercial paper, bankers' acceptances and other liquid instruments with maturities of up to three years. These instruments must be of investment grade quality A or better and must have a liquid secondary market.

The Bank performs daily reviews, controls and periodic stress tests on its liquidity position, including the application of a series of limits to restrict its overall liquidity risk and to monitor the liquidity level according to the macroeconomic environment. The Bank determines the level of liquid assets to be held on a daily basis, adopting a Liquidity Coverage Ratio methodology referencing the Basel Committee guidelines. Additionally, specific limits have been established to control (1) cumulative maturity "gaps" between assets and liabilities, for each maturity classification presented in the Bank's internal liquidity reports and (2) concentrations of deposits taken from any client or economic group maturing in one day and total maximum deposits maturing in one day.

The Bank follows a Contingent Liquidity Plan. The plan contemplates the regular monitoring of several quantified internal and external reference benchmarks (such as deposit level, quality of assets, Emerging Markets Bonds Index Plus, cost of funds, LIBOR-OIS spread and market interest rates), which in cases of high volatility would trigger implementation of a series of precautionary measures to reinforce the Bank's liquidity position. In the Bank's opinion, its liquidity position is adequate for the Bank's present requirements.

The following table shows the Bank's liquid assets, by principal geographic area as of December 31 of each year:

	As of December 31,		
	2014	2013	2012
	(In US\$ millions)		
Europe	\$0	\$0	\$0
United States of America	719	769	668
Other O.E.C.D.	1	62	21
Multilateral	20	0	0
Other	1	0	1
Total.....	\$741	\$831	\$690

As of December 31, 2014, liquidity amounted to \$741 million. \$616 million, or 83%, of liquid assets were deposited at the Federal Reserve Bank of New York. The remaining liquid assets consisted of short-term funds deposited with other banks.

While the Bank's liabilities generally mature over somewhat shorter periods than its assets, the associated liquidity risk is diminished by the short-term nature of the loan portfolio, as the Bank is engaged primarily in the financing of foreign trade. As of December 31, 2014, the Bank's short-term loan and investment securities portfolio (maturing within one year based on original contractual term) totaled \$3,638 million, (which comprised \$79 million of investment securities and the remaining \$3,559 million of loans) and had an average original term to maturity of 208 days and an average remaining term to maturity of 94 days.

Medium-term assets (loans and investment securities maturing beyond one year based on original contractual term) totaled \$3,442 million as of December 31, 2014. Of that amount, \$282 million corresponded to the Bank's securities available-for-sale portfolio and \$33 million corresponded to securities held to maturity. The remaining \$3,127 million in medium-term assets corresponded to the Bank's loan portfolio. As of December 31, 2014, the medium-term assets had an average original term to maturity of three years and ten months, and an average remaining term to maturity of one year and ten months (660 days).

Competition

The Bank operates in a highly competitive environment in most of its markets, and faces competition principally from international banks, the majority of which are European or North American, as well as Latin American regional banks, in making loans and providing fee-generating services. The Bank competes in its lending and deposit-taking activities with other banks and international financial institutions, many of which have greater financial resources, enjoy access to less expensive funding and offer sophisticated banking services. Whenever economic conditions and risk perception improve in the Region, competition from commercial banks, the securities markets and other new participants generally increases. Competition may have the effect of reducing the spreads of the Bank's lending rates over its funding costs and constraining the Bank's profitability.

Increased open account exports and new financing requirements from multinational corporations are changing the way banks intermediate foreign trade financing. Trade finance volumes are also dependent on global economic conditions.

The Bank also faces competition from investment banks and the local and international securities markets, which provide liquidity to the financial systems in certain countries in the Region, as well as non-bank specialized financial institutions. The Bank competes primarily on the basis of agility, pricing, and quality of service. See "Risk Factors."

Property, Plant and Equipment

The Bank leases its headquarters, with 4,990 square meters of office space located at Business Park - Tower V, Costa del Este, Panama City, Panama. The Bank leases 11 square meters of computer equipment hosting, located at Gavilan Street Balboa, Panama City, Panama and 21 square meters of office space and internet access, as a contingency, located at 75E Street San Francisco, in Panama City, Panama. The Bank also leases, as a contingency, 10 square meters of computer equipment hosting, located at Cable & Wireless Howard IDC, Brujas Street (Perimetral Oeste), behind the International Business Park, Arraijan, Panama.

In addition, the Bank leases office space for its representative offices in Mexico City and Monterrey, Mexico, Buenos Aires, Argentina, Lima, Peru, Bogotá, Colombia, São Paulo, Brazil, its New York Agency in New York City, New York, and in Miami, Florida in connection with the former Florida International Administrative Office.

See notes 2(p), 9 and 20 to the Audited Consolidated Financial Statements.

Legal Proceedings

At the date of this Base Prospectus, the Bank is not engaged in litigation that is material to the Bank's business, and to the best knowledge of the Bank's management there is no litigation or claim threatened against the Bank which is likely to have a material adverse effect on its business, financial condition or results of operations.

Recent Events

Annual Shareholders' Meeting

At the Annual Shareholders' Meeting held on April 16, 2015, in Panama City, Panama, Mr. Miguel Heras was elected as Director representing Class E Common Stockholders, and Mr. Gonzalo Menéndez Duque and Mr. Rubens V. Amaral Jr., were re-elected as Directors of the Bank representing all Classes of shares of the Bank's common stock.

Quarterly dividend payment

At the Board of Directors' meeting held on April 15, 2015, the Bank's Board of Directors approved a quarterly common dividend of \$0.385 per share corresponding to the first quarter 2015. The dividend was paid on May 5, 2015 to stockholders registered as of April 27, 2015.

Credit Ratings

The cost and availability of financing for the Bank are influenced by its credit ratings, among other factors. The credit ratings of the Bank as of December 31, 2014, were as follows:

	As of December 31, 2014		
	Fitch	Moody's	Standard & Poor's
Short-Term.....	F2	P-2	A-2
Long-Term.....	BBB+	Baa2	BBB
Rating Outlook.....	Stable	Stable	Stable

Credit Rating from Fitch Ratings Ltd.

On July 29, 2014, Fitch Ratings Ltd. ("Fitch"), confirmed the Bank's Issuer Default Rating ("IDR"), at "BBB+", which had been upgraded on July 31, 2012, with a stable outlook.

Credit Rating from Moody's Investor Service, Inc.

The credit ratings from Moody's Investor Service, Inc. ("Moody's"), have been unchanged since December 19, 2007, and on November 12, 2014, Moody's confirmed the Bank's credit ratings with a stable outlook.

Credit Rating from Standard & Poor's

The credit ratings from Standard & Poor's ("S&P"), have been unchanged since May 13, 2008, and on July 2, 2014, S&P confirmed the Bank's credit ratings with a stable outlook.

Critical factors supporting the Bank's investment-grade credit ratings include a substantial and continuous expansion in its core earnings, its historically solid asset quality, and strong tier one capitalization. Although the Bank closely monitors and manages factors influencing its credit ratings, there is no assurance that such ratings will not be lowered in the future.

REGULATION

General

The Superintendency regulates, supervises and examines the Bank on a consolidated basis. The New York Agency is regulated, supervised and examined by the New York State Department of Financial Services and the Board of Governors of the Federal Reserve System (the "U.S. Federal Reserve Board"). The Florida International Administrative Office was regulated, supervised and examined by the Florida Office of Financial Regulation and the U.S. Federal Reserve Board until the Bank's decision to close that office in early 2015. The Bank's direct and indirect nonbanking subsidiaries doing business in the United States are subject to regulation by the U.S. Federal Reserve Board. The Bank is subject to regulations in each jurisdiction in which the Bank has a physical presence. The regulation of the Bank by relevant Panamanian authorities differs from the regulation generally imposed on banks, including foreign banks, in the United States by U.S. federal and state regulatory authorities.

The Superintendency has signed and executed agreements or letters of understanding with 25 foreign supervisory authorities for the sharing of supervisory information under the principles of reciprocity, appropriateness, national agreement, and confidentiality. These 25 entities include the U.S. Federal Reserve Board, the Office of the Comptroller of Currency of the Treasury Department (the "OCC"), the Federal Deposit Insurance Corporation and the Office of Thrift Supervision. In addition, the Statement of Cooperation between the United States and Panama promotes cooperation between U.S. and Panamanian banking regulators and demonstrates the commitment of the U.S. regulators and the Superintendency to the principles of comprehensive and consolidated supervision.

Panamanian Law

The Bank operates in Panama under a General Banking License issued by the National Banking Commission, predecessor of the Superintendency. Banks operating under a General Banking License ("General License Banks") may engage in all aspects of the banking business in Panama, including taking local and foreign deposits, as well as making local and international loans.

All banking institutions in Panama are governed by Decree-Law 9 of February 26, 1998, as amended, and banking regulations issued by the Superintendency pursuant thereto (the "Banking Law").

Under the Banking Law, a bank's capital composition includes primary, secondary and tertiary capital. Primary capital is made up of ordinary capital and additional capital. Primary ordinary capital includes paid-in capital, paid-in capital surplus, declared reserves, retained earnings, accumulated other comprehensive income, minority interests in consolidating subsidiaries, and certain reserves and adjustments authorized by the Superintendency. Primary additional capital includes certain perpetual, subordinated instruments of debt and equity, paid-in surpluses on these instruments, certain instrument issued by consolidated subsidiaries, and certain adjustments authorized by the Superintendency. Secondary capital is made up of reserves to absorb future unforeseen losses, certain subordinated debt instruments, paid-in surpluses on these instruments, certain instruments issued by subsidiaries, and certain adjustments authorized by the Superintendency. Tertiary capital is made up of short-term subordinated debt incurred for the management of market risk. Under the Banking Law, the sum of secondary and tertiary capital cannot exceed primary capital.

General License Banks must have paid-in capital of not less than \$10 million. Additionally, they must maintain a minimum total capital of 8% of their total risk-weighted assets, and a primary ordinary capital equal to or greater than 4.5% of their risk-weighted assets. In addition, total primary capital may not be less than 6% of the bank's risk-weighted assets. Some of these capital requirements will enter into effect on January 1, 2016 and minimum requirements set forth before will be fully in place by 2019. The Superintendency is authorized to take into account market risks, operational risks and country risks, among others, to evaluate capital adequacy. In addition, the Superintendency is authorized to increase the minimum capital requirement percentage in Panama in the event that generally accepted international capitalization standards (such as the standards set by the Basel Committee on Banking Supervision) become more stringent.

General License Banks are required to maintain 30% of their global deposits in liquid assets (which include short-term loans to other banks and other liquid assets) of the type prescribed by the Superintendency. Under the Banking Law, deposits from central banks and other similar depositories of the international reserves of sovereign states are immune from attachment or seizure proceedings.

Pursuant to the Banking Law, banks cannot grant loans or issue guarantees or any other obligation ("Credit Facilities") to any one person or group of related persons in excess of 25% of the Bank's total capital. This limitation also extends to Credit Facilities granted to parties related to the ultimate parent of the banking group. However, the Banking Law establishes that, in the case of Credit Facilities granted by mixed-capital banks with headquarters in Panama whose principal business is the granting of loans to other banks, the limit is 30% of the bank's capital funds. As confirmed by the Superintendency, the Bank currently applies the limit of 30% of the Bank's total capital with respect to the Bank's Credit Facilities in favor of financial institutions and the limit of 25% of the Bank's total capital with respect to the Bank's Credit Facilities in favor of corporations, middle-market companies and sovereign borrowers.

Under the Banking Law, a bank and the ultimate parent of the banking group may not grant loans or issue guarantees or any other obligation to "related parties" that exceed (i) 5% of its total capital, in the case of unsecured transactions, and (ii) 10% of its total capital, in the case of collateralized transactions (other than loans secured by deposits in the bank). For these purposes, a "related party" is (a) any one or more of the bank's directors, (b) any stockholder of the bank who directly or indirectly owns 5% or more of the issued and outstanding capital stock of the bank, (c) any company of which one or more of the bank's directors is a director or officer or where one or more of the bank's directors is a guarantor of the loan or credit facility, (d) any company or entity in which the bank or any one of its directors or officers can exercise a controlling influence, (e) any company or entity in which the bank or any one of its directors or officers owns 20% or more of the issue and outstanding capital stock of the company or entity and (f) managers, officers and employees of the bank, or their respective spouses (other than home mortgage loans or guaranteed personal loans under general programs approved by the bank for employees). The Superintendency currently limits the total amount of secured and unsecured Credit Facilities (other than Credit Facilities secured by deposits in the bank) granted by a bank or the ultimate parent of a banking group to related parties to 25% of the total capital of the bank.

The Superintendency may authorize the total or partial exclusion of loans or credits from the computation of these limitations in cases of unsecured loans and other credits granted by mixed-capital banks with headquarters in Panama whose principal business is the granting of loans to other banks, which is the case of the Bank. This authorization is subject to the following conditions: (i) the ownership of shares in the debtor bank – directly or indirectly – by the shared director or shared officer, may not exceed 5% of the bank's capital, or may not amount to any sum that would ensure his or her majority control over the decisions of the bank; (ii) the ownership of shares in the creditor bank – directly or indirectly – by the debtor bank represented in any manner by the shared director or shared officer, may not exceed 5% of the shares outstanding of the creditor bank, or may not amount to any sum that would ensure his or her majority control over the decisions of the bank; (iii) the shared director or shared officer must abstain from participating in the deliberations and in the voting sessions held by the creditor bank regarding the loan or credit request; and (iv) the loan or credit must strictly comply with customary standards of discretion set by the grantor bank's credit policy. The Superintendency will determine the amount of the exclusion in the case of each loan or credit submitted for its consideration.

The Banking Law contains additional limitations and restrictions with respect to related party loans and Credit Facilities. For instance, under the Banking Law, banks may not grant Credit Facilities to any employee in an amount that exceeds the employee's annual compensation package, and all Credit Facilities to managers, officers, employees or stockholders who are owners of 5% or more of the issued and outstanding capital stock of the lending bank or the ultimate parent of the banking group, will be made on terms and conditions similar to those given by the bank to its clients in arm's-length transactions and which reflect market conditions for a similar type of operation. Shares of a bank cannot be pledged or offered as security for loans or Credit Facilities issued by the bank.

In addition to the foregoing requirements, there are certain other requirements applicable to General License Banks, including (i) a requirement that a bank must notify the Superintendency before opening or closing a branch or office in Panama and obtain approval from the Superintendency before opening or closing a branch or subsidiary outside Panama, (ii) a requirement that a bank obtain approval from the Superintendency before it liquidates its operations, merges or consolidates with another bank or sells all or substantially all of its assets, (iii) a requirement that a bank must designate the certified public accounting firm that it wishes to contract to carry out the duty of external

auditing for the new fiscal term, within the first three months of each fiscal term, and notify the Superintendency within 7 days of such designation, (iv) a requirement that a bank obtain prior approval from the Superintendency of the rating agency it wishes to hire to perform the risk rating of the bank, (v) a requirement that a bank must publish in a local newspaper the risk rating issued by the rating agency and any risk rating update, and (vi) a requirement that a bank must provide written affirmation of the Bank's audited financial statements signed by the Bank's Chairman of the Board, the Chief Executive Officer and Chief Financial Officer. The subsidiaries of Panamanian banks established in foreign jurisdictions must observe the legal and regulatory provisions applicable in Panama regarding the sufficiency of capital, as prescribed under the Banking Law.

The Banking Law regulates banks and the entire "banking group" to which each bank belongs. Banking groups are defined as the holding company and all direct and indirect subsidiaries of the holding company, including the bank in question. Banking groups must comply with audit standards and various limitations set forth in the Banking Law, in addition to all compliance required of the bank in question. The Banking Law provides that banks and banking groups in Panama are subject to inspection by the Superintendency, which must take place at least once every two years. The Superintendency is empowered to request from any bank or any company that belongs to the economic group of which a bank in Panama is a member, the documents and reports pertaining to its operations and activities. Banks are required to file with the Superintendency weekly, monthly, quarterly and annual information, including financial statements, an analysis of their Credit Facilities and any other information requested by the Superintendency. In addition, banks are required to make available for inspection any reports or documents that are necessary for the Superintendency to ensure compliance with Panamanian banking laws and regulations. Banks subject to supervision may be fined by the Superintendency for violations of Panamanian banking laws and regulations.

Panamanian Anti-Money Laundering laws and regulations

In Panama, all banks and trust corporations must take necessary measures to prevent their operations and/or transactions from being used to commit the felony of money laundering, terrorism financing or any other illicit activity contemplated in the laws and regulations addressing this matter.

United States Law

The Bank operates a New York state-licensed agency in New York, New York and maintains a direct wholly-owned non-banking subsidiary in Delaware, Bladex Holdings, which is not engaged in banking activities. On October 30, 2006, the Bank established the Florida International Administrative Office in Miami, Florida, which ceased operations during the first quarter of 2015.

See "Description of Business of Bladex—History and Development of the Company".

The U.S. banking industry is highly regulated under federal and state law. These regulations affect the operations of the Bank in the United States. Set forth below is a brief description of the bank regulatory framework that is or will be applicable to the New York Agency and was applicable to the Florida International Administrative Office prior to its closure in early 2015. This description is not intended to describe all laws and regulations applicable to the New York Agency and the Florida International Administrative Office. Banking statutes, regulations and policies are continually under review by Congress and state legislatures and federal and state regulatory agencies, including changes in how they are interpreted or implemented, could have a material adverse impact on the New York Agency and its operations. In addition to laws and regulations, state and federal bank regulatory agencies (including the Federal Reserve Board, the FDIC and the OCC) may issue policy statements, interpretive letters and similar written guidance applicable to the New York Agency (including the Bank). These issuances also may affect the conduct of the New York Agency's business or impose additional regulatory obligations. The brief description below is qualified in its entirety by reference to the full text of the statutes, regulations, policies, interpretive letters and other written guidance that are described.

Federal Law

In addition to being subject to New York and Florida state laws and regulations, the New York Agency is, and the Florida International Administrative Office was subject to federal regulations, primarily under the International Banking Act of 1978, as amended (the "IBA"), and are subject to examination and supervision by the U.S. Federal Reserve Board. The IBA generally extends federal banking supervision and regulation to the U.S. offices of foreign

banks and to the foreign bank itself. Under the IBA, the U.S. branches and agencies of foreign banks, including the New York Agency, are subject to reserve requirements on certain deposits. At present, the New York Agency has no deposits subject to such requirements. The New York Agency also is subject to reporting and examination requirements imposed by the U.S. Federal Reserve Board similar to those imposed on domestic banks that are members of the U.S. Federal Reserve System. The Foreign Bank Supervision Enhancement Act of 1991 (the "FBSEA") amended the IBA to enhance the authority of the U.S. Federal Reserve Board to supervise the operations of foreign banks in the United States. In particular, the FBSEA expanded the U.S. Federal Reserve Board's authority to regulate the entry of foreign banks into the United States, supervise their ongoing operations, conduct and coordinate examinations of their U.S. offices with state banking authorities, and terminate their activities in the United States for violations of law or for unsafe or unsound banking practices.

In addition, under the FBSEA, state-licensed branches and agencies of foreign banks may not engage in any activity that is not permissible for a "federal branch" (i.e., a branch of a foreign bank licensed by the federal government through the OCC, rather than by a state), unless the U.S. Federal Reserve Board has determined that such activity is consistent with sound banking practices.

The New York Agency does not engage in retail deposit-taking from persons in the United States. Under the FBSEA, the New York Agency may not obtain Federal Deposit Insurance Corporation ("FDIC") insurance and generally may not accept deposits from persons in the United States, but may accept credit balances incidental to its lawful powers, from persons in the United States, and accept deposits from non-U.S. citizens who are non-U.S. residents, but must inform each customer that the deposits are not insured by the FDIC.

The IBA also restricts the ability of a foreign bank with a branch or agency in the United States to engage in non-banking activities in the United States, to the same extent as a U.S. bank holding company. Bladex is subject to the provisions of the Federal Bank Holding Company Act of 1956 (the "BHCA") because it maintains an agency in the United States. Generally, any nonbanking activity engaged in by Bladex directly or through a subsidiary in the United States is subject to certain limitations under the BHCA. Among other limitations, the provisions of the BHCA include the so-called "Volcker Rule," which may restrict proprietary trading activities conducted by Bladex and its affiliates with U.S. clients or counterparties, as well as certain private funds-related activities with US nexus. Under the Gramm-Leach-Bliley Financial Modernization Act of 1999 (the "GLB Act"), a foreign bank with a branch or agency in the United States may engage in a broader range of non-banking financial activities, provided it is qualified and has filed a declaration with the U.S. Federal Reserve Board to be a "financial holding company". The application with the U.S. Federal Reserve Board to obtain financial holding company status, filed by the Bank on January 29, 2008, was withdrawn, effective March 2, 2012, as the Bank no longer considered the financial holding company status to be a necessary requirement in order to achieve its long-term strategic goals and objectives. At present, the Bank has subsidiaries in the United States, Bladex Holdings, a wholly-owned corporation incorporated under Delaware law that is not presently engaged in any activity, and that formerly owned Bladex Asset Management, a Delaware corporation, and BCG, a fifty percent (50%) owned subsidiary incorporated under the laws of Delaware. Bladex Asset Management and BCG were dissolved on September 18, 2013 and August 14, 2013, respectively.

In addition, pursuant to the Financial Services Regulatory Relief Act of 2006, the SEC and the U.S. Federal Reserve Board finalized Regulation R. Regulation R defines the scope of exceptions provided for in the GLB Act for securities brokerage activities which banks may conduct without registering with the SEC as securities brokers or moving such activities to a broker-dealer affiliate. The "push out" rules exceptions contained in Regulation R enable banks, subject to certain conditions, to continue to conduct securities transactions for customers as part of the bank's trust and fiduciary, custodial, and deposit "sweep" functions, and to refer customers to a securities broker-dealer pursuant to a networking arrangement with the broker-dealer. The New York Agency is subject to Regulation R with respect to its securities activities.

Finally, under the regulations of the Office of Foreign Asset Control ("OFAC"), the Bank is generally required to monitor and block or reject transactions with certain targeted foreign countries and "specially designated nationals" which OFAC has determined pose a risk to U.S. national security.

New York State Law

The New York Agency, established in 1989, is licensed by the Superintendent of Financial Services of the State of New York (the "Superintendent") under the New York Banking Law. The New York Agency maintains an

international banking facility that also is regulated by the Superintendent and the U.S. Federal Reserve Board. The New York Agency is examined by the Department of Financial Services and is subject to banking laws and regulations applicable to a foreign bank that operates a New York agency. New York agencies of foreign banks are regulated substantially the same as, and have similar powers to, New York state-chartered banks, except with respect to capital requirements and deposit-taking activities.

The Superintendent is empowered by law to require any branch or agency of a foreign bank to maintain in New York specified assets equal to a percentage of the branch's or agency's liabilities, as the Superintendent may designate. Under the current requirement, the New York Agency is required to maintain a pledge of a minimum of \$2 million with respect to its total third-party liabilities and such pledge may be up to 1% of the agency's third party liabilities, or upon meeting eligibility criteria, up to a maximum amount of \$100 million. As of December 31, 2014, the New York Agency maintained a pledge deposit with a carrying value of \$3.0 million with the New York State Department of Financial Services, complying with the minimum required amount.

In addition, the Superintendent retains the authority to impose specific asset maintenance requirements upon individual agencies of foreign banks on a case-by-case basis. No special requirement has been prescribed for the New York Agency.

The New York Banking Law generally limits the amount of loans to any one person to 15 percent of the capital, surplus fund and undivided profits of a bank. For foreign bank agencies, the lending limits are based on the capital of the foreign bank and not that of the agency.

The Superintendent is authorized to take possession of the business and property of a New York agency of a foreign bank whenever an event occurs that would permit the Superintendent to take possession of the business and property of a state-chartered bank. These events include the violation of any law, unsafe business practices, an impairment of capital, and the suspension of payments of obligations. In liquidating or dealing with an agency's business after taking possession of the agency, the New York Banking Law provides that the claims of creditors which arose out of transactions with the agency may be granted a priority with respect to the agency's assets over other creditors of the foreign bank.

Florida Law

The Florida International Administrative Office, established in October 2006, ceased operations during the first quarter of 2015. Prior to that, the Florida Administrative Office was licensed and supervised by the Florida Office of Financial Regulation under the Florida Financial Institutions Codes. The activities of the Florida International Administrative Office were subject to the restrictions described below as well as to Florida banking laws and regulations that were applicable generally to foreign banks that operate offices in Florida. The Florida International Administrative Office was also subject to regulation by the U.S. Federal Reserve Board under the IBA.

Pursuant to Florida law, the Florida International Administrative Office was authorized to conduct certain "back office" functions on behalf of the Bank, including administration of the Bank's personnel and operations, data processing and record keeping activities, and negotiating and servicing loans or extensions of credit and investments. Under the provisions of the Florida Financial Institutions Codes, as well as the IBA and the regulations of the U.S. Federal Reserve Board, the Florida International Administrative Office was also permitted to function as a representative office of the Bank.

Anti-Money Laundering Laws

U.S. anti-money laundering laws, as amended by the USA PATRIOT Act of 2001, impose significant compliance and due diligence obligations, on financial institutions doing business in the United States. Both the New York Agency is, and the Florida International Administrative Office were, "financial institutions" for these purposes. Failure of a financial institution to comply with the requirements of these laws and regulations could have serious legal and reputational consequences for an institution. The New York Agency and the Florida International Administrative Office have adopted comprehensive policies and procedures to address and comply with these requirements.

MANAGEMENT

Directors

The address of our Board of Directors is Torre V, Business Park, Avenida La Rotonda, Urb. Costa del Este, P.O. Box 0819-08730, Panamá City, Republic of Panamá. The following table sets forth certain information concerning the Directors of the Bank as of the date of this Base Prospectus.

Name	Country of Citizenship	Position Held with The Bank	Year Term Expires	Director Since	Age
CLASS A					
Esteban Alejandro Acerbo Second Vice President Banco de la Nación Argentina, Argentina	Argentina	Director	2017	2010	53
Roland Holst Director Banco Central de Paraguay, Paraguay	Paraguay	Director	2017	2014	45
João Carlos de Nóbrega Pecego Chief Executive Officer Banco Patagonia, Argentina.....	Brazil	Director	2016	2010	51
CLASSE					
Mario Covo Managing Partner DanaMar LLC, U.S.A.	U.S.A.	Director	2017	1999	57
Herminio A. Blanco Chief Executive Officer Soluciones Estratégicas Consultoría, Mexico.....	Mexico	Director	2016	2004	64
Maria da Graça França Brazil	Brazil	Director	2016	2004	66
William D. Hayes President Whaleco, Inc., U.S.A.	U.S.A.	Director	2016	2004	71
Miguel Heras Executive Director Inversiones Bahia Ltd., Panama	Panama	Director	2018	2015	46
ALL CLASSES OF COMMON STOCK ⁽¹⁾					
Gonzalo Menéndez Duque Director Banco de Chile, Chile	Chile	Chairman of the Board	2018	1990	66
Rubens V. Amaral Jr. Chief Executive Officer Bladex, Panama.....	Brazil	Director	2018	2012	55

(1) Denotes class(es) of common stock of the Bank that elect the directors listed.

Esteban Alejandro Acerbo has served as a Director of the Board since 2010. Mr. Acerbo has served as Second Vice President of Banco de la Nación Argentina since 2012, President of Nación Factoring S.A. and Vice President of the General Auditing, Legal and Operations Committee of Banco de la Nación Argentina since 2014, Director of Banco de la Nación Argentina from 2006 to 2012 and President of Nación Leasing from 2006 to 2014. Mr. Acerbo has also served as main advisor of the Administrative Council on behalf of the partners and members of Garantizar – Sociedad de Garantías Recíprocas, President of Nación Reaseguros S.A., Compañía de Reaseguros from 2011 to 2012. Mr. Acerbo is President of the following Commissions of Banco de la Nación Argentina: Commercial and Individual Banking since 2010 and from 2006 until 2008, Risk and Collection from 2008 to 2010 and Planning and Control from 2009 until 2010. He also has served as Vice President of the International Relations and Foreign Trade Commission of Banco de la Nación Argentina from 2008 to 2014 and was Vice President of the Finance and Credit Policy Commission from 2006 to 2008. Mr. Acerbo was an Associate of the Treasury Division of the Ministry of Economy of Argentina in 2005, Advisor and associate in accounting, taxes and finance to the Chamber of Commerce, Industry and Production, Daireaux, Argentina from 1991 to 2001. Prior to that, Mr. Acerbo was Principal of Estudio Acerbo y Asociados from 1989 to 2005, member of the Development Commission of the Production Office of the Daireaux Municipality, Argentina from 2001 to 2004 and associate in tax policy for the creation of industrial parks in different districts of the Buenos Aires Province in Argentina from 1991 to 2001. Mr. Acerbo holds a degree of Public Accountant from Universidad Nacional del Sur, Argentina, and a degree of

Chartered Accountant with honors from Colegio Nacional y Sección Comercial Anexa de Daireaux, Argentina. Mr. Acerbo's professional experience in the fields of tax, accounting and finance qualifies him to serve on the Board.

Roland Holst has served as Director of the Board since 2014. Dr. Holst has served as a Director of the Board of Banco Central del Paraguay since 2012. He was Head of Fixed Income Research at State Street Global Markets in Boston, MA from 2007 to 2011 and Quantitative Analyst at Starmine Corp. in San Francisco, CA from 2006 to 2007. He was Teaching Assistant of Econometrics, Public Finance, Finance, Program Evaluation, Macroeconomics and Labor Economics at the University of Chicago from 2003 to 2006. Dr. Holst worked at Garantia PFP, a pension fund, as Investment Manager, from 1997 to 2001 and as General Manager of Bolsa de Valores de Asunción, Paraguay from 1995 to 1997. He is the author of *Social Security and Policy Risk: Evidence of its Effects on Welfare Costs and Savings* published in 2007. Dr. Holst holds a Ph.D. in Public Policy and a Master's in Economics from the University of Chicago. He also holds a Master's in Economics from Universidad Católica de Asunción Paraguay, degrees in Economics and Agronomy from Universidad Nacional de Asunción, Paraguay and a Financial Risk Manager (FRM) certification. Mr. Holst's professional experience in the fields of finance and economics and his academic skills qualify him to serve on the Board.

João Carlos de Nóbrega Pecego has served as Director of the Board since 2010. Mr. Pecego has served as Chief Executive Officer of Banco Patagonia, Argentina since 2014, Director of Visa Argentina since 2012, Vice President of Banco Patagonia, Argentina from 2011 to 2014, President of GPAT Compañía Financiera from 2012 to 2014 and Regional General Manager – Head of Latin America of Banco do Brasil based in Argentina since 2009. He has been employed by Banco do Brasil in various capacities since 1978, holding the positions of Executive Regional Manager of the Southern Region of Brazil (Rio Grande do Sul, Santa Catarina and Parana) from 2006 to 2009, Executive Manager responsible for Corporate and Project Finance from 2003 to 2006, Executive Manager of the Corporate Area of Banco do Brasil in Sao Paulo from 2000 to 2003, Regional Superintendent of the Sao Paulo Unit from 1995 to 2000, General Manager of the main agencies of Banco do Brasil in Sao Paulo from 1990 to 1995, and in various other capacities from 1978 to 1990. Mr. Pecego holds a degree in Business Administration from Universidad Costa Braga, Sao Paulo, a postgraduate degree in Business Management from Instituto San Luiz, Sao Paulo and an MBA in International Business from Fundación Don Cabral, Minas Gerais and in Marketing from Pontificia Universidade Católica do Rio de Janeiro –PUC–, Rio de Janeiro. Mr. Pecego's professional experience relating to the banking industry qualifies him to serve on the Board.

Mario Covo has served as a Director of the Board since 1999 and Director of Bladex Asset Management since 2008. Dr. Covo is the Founding Partner of DanaMar LLC in New York, a financial consulting company established in 2013. In 2008, he was a Founding Partner of Helios Advisors in New York. He was a founding partner of Finaccess International, Inc. in 2000 and of Columbus Advisors in 1995. Dr. Covo worked at Merrill Lynch from 1989 to 1995, where he was the Head of Emerging Markets-Capital Markets. Prior to working for Merrill Lynch, Dr. Covo worked at Bankers Trust Company of New York from 1985 to 1989 as a Vice President in the Latin American Merchant Banking Group, focusing on corporate finance and debt-for-equity swaps. Prior to that, Dr. Covo was an International Economist for Chase Econometrics from 1984 to 1985, focusing primarily on Venezuela and Colombia. Dr. Covo holds a Ph.D. in Economics from Rice University and a B.A. with honors from Instituto Tecnológico Autónomo de Mexico. Dr. Covo's extensive background and experience in the financial services industry, and his exposure to the markets where the Bank operates qualify him to serve on the Board.

Herminio A. Blanco has served as a Director of the Board since 2004. Dr. Blanco is the founder and CEO of Soluciones Estratégicas Consultoría in Mexico City. Since October 2014, he has been the Chairman of the Board of IBERDROLA Mexico. Dr. Blanco is a founder of IQOM, a consulting corporation and a daily analytical electronic newspaper specializing in international trade in Latin America. Dr. Blanco has served on the boards of Banorte and CYDSA since 2006 and Arcelor Mittal Steel U.S. since 2004. He has been a member of the International Advisory Committee of Mitsubishi Corporation and the Trilateral Commission since 2000. He was the Secretary of Trade and Industry of Mexico from 1994 to 2000, the Undersecretary for International Negotiations from 1993 to 1994 and Mexico's Chief Negotiator of the North American Free Trade Agreement (NAFTA) from 1990 to 1993. Dr. Blanco was a member of the Council of Economic Advisors to the President of Mexico from 1985 to 1988. He was also responsible for the negotiation of a free trade agreement with the European Union and the European Free Trade Area and various other free trade agreements with Latin American countries and with Israel. Dr. Blanco also contributed to the launching of negotiations for the free trade agreement with Japan. He was Assistant Professor of Economics at Rice University, in Houston, Texas from 1980 to 1985. Dr. Blanco served as senior advisor to the Finance Minister of Mexico from 1978 to 1980. Dr. Blanco holds a B.A. in Economics from Instituto Tecnológico de Estudios Superiores de Monterrey, and a M.A. and a Ph.D. in Economics from University of Chicago. Dr.

Blanco's extensive experience and background in foreign trade along with his academic and consulting skills qualify him to serve on the Board.

Maria da Graça França has served as a Director of the Board since 2004. Ms. França served as Director of Internal Control of Banco do Brasil from 2006 to 2007. She also served in various other capacities during her tenure with Banco do Brasil, since 1971, as Head of North America and General Manager of Banco do Brasil, New York Branch from 2004 to 2005, Executive General Manager of the International Division in Brasilia, Brazil from 2002 to 2003, Regional Manager for the operations of the Bank in South America based in Argentina in 2002, General Manager of Banco do Brasil, Paris Branch from 1999 to 2002, Deputy General Manager of Banco do Brasil, Miami Branch from 1993 to 1999, General Manager of the department responsible for Banco do Brasil's foreign network from 1992 to 1993, Deputy General Manager for foreign exchange from 1989 to 1992, Assistant Manager within the Risk Management Area from 1988 to 1989, Assistant Manager for foreign exchange internal controls from 1984 to 1987 and employee in the Foreign Exchange Department from 1971 to 1984. Ms. França holds a degree in Economics and Accounting from Universidad Federal de Uberlandia-Minais Gerais, Brazil. Ms. França's experience managing operations and internal controls in international banking as well as her extensive tenure with Banco do Brasil, provide her unique insight, and qualify her to serve on the Board.

William Dick Hayes has served as a Director of the Board since 2004 and served as a Director of Bladex Asset Management from 2008 to 2013. Mr. Hayes has served as President of Whaleco, Inc., New York since 1994, as Managing Director of MacGregor Design Development, LLC, Connecticut since 2006 and as Chairman and charter member of the Board of Directors and the Investment Committee of Tricon Forfeiting Fund Limited, Bermuda since 2000. He served as Managing Director-Emerging Markets and Global Head of Emerging Market Fixed Income Sales and in other Latin American regional capacities, based in London and New York, for West Merchant Bank, Chartered WestLB and Standard Chartered Merchant Bank from 1987 to 2000. Mr. Hayes served as Senior Vice President- Trading for Libra Bank Limited, New York Agency from 1986 to 1987, Principal of W.D. Hayes and Associates, California from 1984 to 1986, and in numerous administrative, lending and Latin American investment banking functions for Wells Fargo Bank, N.A., San Francisco, California from 1969 to 1984. Mr. Hayes holds a B.A. and MBA from Stanford University and he pursued additional graduate studies at Instituto Tecnológico y de Estudios Superiores de Monterrey. Mr. Hayes' diversified financial services industry experience, including his experience in emerging markets and exposure to international capital markets qualify him to serve on the Board.

Miguel Heras has served as a Director of the Board since April 16, 2015. Since 1999, Mr. Heras has served as Executive Director and a member board of Inversiones Bahia, Ltd. in Panama, the largest investment group in Central America, focusing on the financial, infrastructure, real estate, and communications areas. He leads the private equity and venture capital efforts of the group. He also serves on various other boards throughout Latin America, including Cable Onda since 2009, Sistemas de Generación S.A. (SIGSA) and the Biodiversity Museum since 2008, Televisora Nacional and Bahia Motors since 2007, and Industrias Panama Boston since 1999. Mr. Heras has served as Director of Banco Continental de Panama from 2002 to 2007 and was also a member of its ALCO Committee. In addition, Mr. Heras was the negotiator for the acquisition of several banking institutions and in 2007 he led the negotiation for the merger of Banco Continental with Banco General to create one of the largest banks in Central America. He was also a member of the board of directors of Amnet Telecommunications Holdings, the leading provider of pay TV and triple play services in Central America from 2005 to 2008, Tricom from 2009 to 2014, Vice Chairman of the board of Cable and Wireless (Panama) Inc. from 1997 to 1999 and a member of the board of the Panamanian Stock Exchange from 1999 to 2005. Mr. Heras was Minister of the Treasury of the Republic of Panama from 1996 to 1998 and President of the Council on Foreign Trade. He also served as Vice Minister of the Treasury from 1994 to 1996. Mr. Heras holds a Bachelor Degree in Economics from the Wharton School of Commerce and Finance at the University of Pennsylvania. Mr. Heras' professional expertise in economics, finance and private equity and his experience as a board member in different companies, qualify him to serve on the Board.

Gonzalo Menéndez Duque has served as a Director of the Board since 1990 and Chairman of the Board since 2002. Mr. Menéndez Duque is a senior director of the Luksic companies in Chile and serves as Director of the following Luksic group holding companies: Banco de Chile since 2001, Aguas de Antofagasta S.A. since 2004, Andsberg Investment Ltd. since 2007, Andsberg Ltd. since 2007, Antofagasta Group since 1997, Antofagasta PLC since 1985, Holdings Quiñenco since 1996, Socofin S.A. since 2010, Compañía Sudamericana de Vapores S.A. and SAAM since 2011, Sociedad Matriz SAAM S.A., since 2012 and Empresa Nacional de Energía Enx S.A. since 2013. In addition, he has served as President of Inversiones Vita S.A. and Director of Inversiones Vita Bis since 2000, all

Luksic group companies. He also serves as Vice Chairman of Fundación Andrónico Luksic A. and Fundación Educacional Luksic since 2005, and Director of Inmobiliaria e Inversiones Rio Claro S.A. since 2013. Previously, Mr. Menéndez Duque served as Director and President of several companies related to Grupo Luksic since 1985, including the following: Banco de A. Edwards and related companies, Banco Santiago, Empresas Lucchetti, S.A., Banco O'Higgins, Banchile Corredores de Bolsa S.A. and Banchile Administradora General de Fondos. Mr. Menéndez Duque was previously the Chairman of the Board of Bladex from 1995 to 1997. Mr. Menéndez holds a degree in Business Administration and Accounting with honors from Universidad de Chile. Mr. Menéndez Duque's skills, leadership and managerial experience in large complex organizations in various extensively regulated industries, and his experience as a board member in different companies, qualify him to serve on the Board.

Rubens V. Amaral Jr. has served as a Director of the Board and Chief Executive Officer of the Bank since August 2012. Prior to his appointment as the Chief Executive Officer, Mr. Amaral was Executive Vice President, Chief Commercial Officer of the Bank, and the alternate to the Chief Executive Officer since April 2004. He previously served as General Manager and Managing Director for North America at Banco do Brasil, New York Branch, and a Director of the Board of Bladex from 2000 to 2004. Mr. Amaral served in various capacities with Banco do Brasil since 1975, holding the positions of Managing Director of the International Division and alternate member of the board of directors in 1998, among others. Mr. Amaral also served as a representative in banking supervision for the Central Bank of Brazil from 1982 to 1988, and in various roles at institutions in the banking industry, including Honorary President of the Global Network of Exim Banks and Development Finance Institutions (G-Nexid) since 2013, Trustee of the Board of Trustees of the Institute of International Bankers - IIB, a member of the Advisory Board of the Center for Latin America Studies at the George Washington University, a member of the International Advisory Council at the Bankers Association for Finance and Trade - BAFT, and a Director of the Brazilian American Chamber of Commerce, in New York. He is a graduate in Economics, and he holds a special certification from the Association of Alumni of the Brazilian Superior School of War in Political and Economic Affairs. Mr. Amaral's extensive knowledge of Bladex in different capacities, his expertise in the financial services industry, as well as his managerial experience and strong leadership skills qualify him to serve on the Board.

Executive Officers

The address of our executive officers is Torre V, Business Park, Avenida La Rotonda, Urb. Costa del Este, P.O. Box 0819-08730, Panama City, Republic of Panama.

The following table and information below sets forth the names of the executive officers of the Bank, their respective positions at the date hereof and positions held by them with the Bank and other entities in prior years:

Name	Position Held with The Bank	Country of Citizenship	Age
Rubens V. Amaral Jr.	Chief Executive Officer	Brazil	55
Ulysses Marciano.	Executive Vice President, Chief Commercial Officer	Brazil	47
Daniel Otero	Executive Vice President, Chief Risk Officer	Argentina	45
Miguel Moreno.....	Executive Vice President, Chief Operating Officer	Colombia	61
Christopher Schech	Executive Vice President, Chief Financial Officer	Germany	50
Gustavo Díaz.....	Executive Vice President, Chief Audit Officer	Colombia	52

Presented below is a brief biographical description of each executive officer that is not a member of our board of directors:

Rubens V. Amaral Jr. Please see the information provided under "Directors" discussed above.

Ulysses Marciano Jr. has served as Executive Vice President, Chief Commercial Officer of the Bank since May 2012. Mr. Marciano previously served as Director of Corporate Banking & Governments of the Bank from 2008 to 2011. Prior to his reincorporation to Bladex, he was Executive Director of Corporate Banking of BBVA Representative Office, São Paulo, Brazil. He has served in various capacities with Banco Santander Brasil S/A since 2003, holding the positions of Senior Banker—Corporate & Investment Banking from 2006 to 2008 and Senior Relationship Manager—Corporate & Investment Banking Group from 2004 to 2006. Mr. Marciano has an MBA degree from Instituto Brasileiro de Mercado de Capitais—IBMEC, a Post Graduate in Business Administration from Escola de Administração de Empresas da Fundação Getulio Vargas—FGV, and a B.S. degree in Economics degree from Oswaldo Cruz – São Paulo.

Daniel Otero has served as Executive Vice President, Chief Risk Officer of the Bank since August 2012. Mr. Otero has over 23 years of international financial experience. Prior to joining the Bank, he was Chief Risk Officer of Centro Financiero BHD, Santo Domingo, Dominican Republic from 2006 to 2012. Prior to that, since 1990, he served in various capacities with PricewaterhouseCoopers Buenos Aires, PricewaterhouseCoopers Santiago de Chile, and PricewaterhouseCoopers London. Mr. Otero is founder director of the Global Association of Risk Professionals and the Professional Risk Managers International Association, both in Argentina. He is a Certified Public Accountant from Universidad de Buenos Aires, Argentina.

Miguel Moreno has served as Executive Vice President, Chief Operating Officer of the Bank since July 2007. He previously served as Senior Vice President and Controller of the Bank since September 2001. He was a Management Consulting Partner for PricewaterhouseCoopers LLP, Bogotá, Colombia, from 1988 to 2001, and served as Vice President of Information Technology and Operations for Banco de Crédito, Bogotá, Colombia, from 1987 to 1988. Mr. Moreno served as Chief Executive Officer of TM Ingeniería, Bogotá, Colombia, from 1983 to 1987, and as Head of Industrial Engineering Department, Universidad de Los Andes, Colombia, from 1982 to 1984. Mr. Moreno was employed by SENA, Colombia, as Chief of the Organization and Systems Office, from 1977 to 1981, and served as Advisor to the Minister for the Finance and Public Credit Ministry of Colombia, from 1976 to 1977. Mr. Moreno holds a B.S. degree and a M.S. degree in Industrial Engineering, both from Universidad de Los Andes, in Colombia.

Christopher Schech has served as Executive Vice President, Chief Financial Officer of the Bank since 2012 and as Senior Vice President and Chief Financial Officer of the Bank since September 2009. Previously, Mr. Schech served as Chief Financial Officer in the Region International division at Volvo Financial Services, part of AB Volvo Group based in Gothenburg, Sweden, covering operations in Latin America, Eastern Europe, Asia and Australia. Prior to that, Mr. Schech served in various capacities in Audit, Finance, and Business Development at General Electric Company (GE), from 1996 to 2008. Mr. Schech's background also includes serving in various positions in the Financial Services Audit Division at Coopers & Lybrand Deutsche Revision in Frankfurt, Germany, from 1990 to 1996. Mr. Schech is a certified Public Tax Advisor, and holds a M.S. degree in Economic Studies from the University of Konstanz, Germany.

Gustavo Díaz has served as Executive Vice President, Chief Audit Officer of the Bank since February 2014. He previously served as Senior Vice President and Controller of the Bank since September 2009. Prior to joining the Bank, he served as Chief Audit Executive for Central American Bank for Economic Integration (CABEI) in Honduras covering operations in Central America, from 2000 to 2009. Prior to that, he served as Director of Internal Audit and Chief Compliance Officer for Corporación Financiera del Valle (Corfivalle) in Colombia, from 1994 to 2000. Mr. Díaz served in various capacities with KPMG Colombia and KPMG Chile, from 1985 to 1994 specializing in the financial industry. Mr. Díaz has an MBA and a M.S. degree in Professional Management, both from the University of Miami, a Postgraduate in Finance with a specialization in International Business from Universidad ICESI, Colombia, and B.S. degree in Accounting from Universidad Jorge Tadeo Lozano, Colombia. Mr. Díaz has CIA, CFSA, and CCSA certifications, granted by The Institute of Internal Auditors (IIA) and AML/CA certification granted by Florida International Bankers Association (FIBA) and Florida International University (FIU).

DESCRIPTION OF THE NOTES

The following are the Terms and Conditions (the "Conditions") of the Notes (as defined below), which (subject to completion and amendment) will be attached to or incorporated by reference into each Global Bearer Note and Global Registered Note and which will be attached to or endorsed upon each definitive Bearer and Registered Note, provided that the relevant Final Terms in relation to any Series of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with such Conditions, replace or modify the following Conditions for the purpose of such Series of Notes.

The Euro Medium Term Notes of Banco Latinoamericano de Comercio Exterior, S.A. ("Bladex" or the "Issuer") are issued and will be issued in one or more Series in accordance with an amended and restated trust deed, dated as of April 23, 2010 (as amended, supplemented or otherwise modified from time to time, the "Trust Deed"), between the Issuer and The Bank of New York Mellon, as trustee (the "Trustee" which term includes any successor trustee under the Trust Deed), and an amended and restated agency agreement, dated as of April 23, 2010 (as amended, supplemented or otherwise modified from time to time, the "Agency Agreement"), by and among the Issuer, The Bank of New York Mellon, London Branch, as principal paying agent (the "Principal Paying Agent") (such Principal Paying Agent, together with the other paying agents named in the Agency Agreement, the "Paying Agents") and transfer agent (the "Transfer Agent") (such Transfer Agent, together with the other transfer agents named in the Agency Agreement, the "Transfer Agents"), The Bank of New York Mellon, as Paying Agent, Transfer Agent and registrar (the "Registrar"), and the other agents named therein. All of the Notes from time to time issued by the Issuer pursuant to the Trust Deed and for the time being outstanding are hereinafter referred to as the "Notes" and the term "Note" is to be construed accordingly. Notes having the same Issue Date, Specified Currency, Interest Payment Dates, Issue Price and Maturity Date, bearing interest at the same rate or according to the same interest rate basis and the terms of which are otherwise identical, including whether or not the Notes are listed on a stock exchange, listing authority or quotation system (a "Stock Exchange"), are hereinafter together referred to as a "Series" of Notes, and this Note, together with the other Notes of the same Series, are hereinafter together referred to as "this Series" or the "Notes of this Series."

The Final Terms applicable to this Series of Notes may specify other Conditions, which shall, to the extent so specified or to the extent inconsistent with these Conditions, replace or modify these Conditions for the purposes of this Series of Notes.

Copies of the Trust Deed and the Final Terms applicable to this Series of Notes are on file and available for inspection at the offices of the Trustee and the Principal Paying Agent, and if this Series of Notes is admitted to the official list of the Luxembourg Stock Exchange (the "Official List") and to trading on the Euro MTF market ("Euro MTF"), copies of the Base Prospectus, the Final Terms and any supplement to the Base Prospectus are available free of charge at the office of the Paying Agent in Luxembourg specified in the Final Terms applicable to this Series of Notes. The holders of the Notes and the holders of any Coupons (which term shall, where the context so requires, include Talons exchangeable for further Coupons) appertaining to the Notes (the "Noteholders") are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Trust Deed, which are binding on them.

Words and expressions defined in the Trust Deed or used in the applicable Final Terms shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated.

1. Form and Title

The Notes are issuable (i) in registered form (the "Registered Notes") either as a permanent global note, without coupons (a "Global Registered Note"), or as definitive notes, without coupons ("Definitive Registered Notes"), or (ii) in bearer form ("Bearer Notes") either as a temporary global note, without coupons (a "Temporary Global Bearer Note"), as a permanent global note, without coupons (a "Permanent Global Bearer Note"), or as definitive notes ("Definitive Bearer Notes"), with coupons (the "Coupons") at the time of issue attached thereto (except in the case of Zero Coupon Notes), in each case in the Authorized Denominations (as defined below).

"Authorized Denominations" means such denominations as may be agreed between the Issuer and the relevant Dealer(s) and as specified in the applicable Final Terms provided that (i) the minimum denomination of each Note will be such as may be allowed or required from time to time by the relevant central bank or regulatory authority (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency (as defined below) and (ii) the minimum denomination of each Note which will be offered to the public within a Member State or which will be

admitted to trading on a regulated market situated or operating within such Member State, in each case in circumstances which would require the approval of a prospectus under the Prospectus Directive, will be EUR100,000 (or its equivalent in any other currency at the date of issue of the Notes).

The Authorized Denominations for Notes denominated in non-U.S. currencies shall be the equivalent of the denomination specified above, expressed in the currency or composite currency specified on the face of such Notes and in the applicable Final Terms (the "Specified Currency"). The Definitive Bearer Notes and Definitive Registered Notes will be serially numbered.

Any minimum Authorized Denomination of a Note required by any law or directive or regulatory authority in respect of the Specified Currency of such Note shall be such as applied on or prior to the Issue Date of such Note. Unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 of the Financial Services and Markets Act 2000 will have a minimum denomination of £100,000 (or its equivalent in other currencies).

No Notes may be issued which carry the right to acquire shares (or transferable securities equivalent to shares) issued by the Issuer or by any entity to which the Issuer belongs.

The Notes may be issued (a) to bear interest on a fixed rate basis ("Fixed Rate Notes"), (b) to bear interest on a floating rate basis ("Floating Rate Notes"), (c) to bear interest on a variable coupon basis ("Variable Coupon Amount Notes") or (d) on a non interest bearing basis ("Zero Coupon Notes"), or any combination thereof, in each case as specified in the applicable Final Terms. The amount payable on the redemption of the Notes may be fixed or variable ("Variable Redemption Amount Notes"), as specified in the applicable Final Terms.

Each Definitive Bearer Note will be issued with Coupons attached unless it is a Zero Coupon Note, in which case references to interest (other than in relation to interest due after the Maturity Date) and Coupons in these Conditions are not applicable. Definitive Registered Notes shall be issued without Coupons attached.

Each Note will be denominated in a Specified Currency as set forth in the applicable Final Terms. Unless otherwise specified in the applicable Final Terms, all payments in respect of a Note will be made in the Specified Currency thereof.

The Issuer shall maintain in The City of New York, an office or agency where Notes may be surrendered for registration of transfer or exchange. The Issuer has initially appointed the principal corporate trust office of the Trustee as its agent in The City of New York, for such purpose and the Issuer has agreed to cause to be kept at such office a register (the "Register") in which, subject to such reasonable regulations as the Registrar may prescribe, the Issuer will provide for the registration and transfer of interests in a Global Registered Note and of Definitive Registered Notes, as the case may be. In addition, the Issuer has appointed the main offices of The Bank of New York Mellon in London, the offices of The Bank of New York Mellon (Luxembourg) S.A. in Luxembourg and such additional agents as may be specified in the relevant Final Terms (each a "Transfer Agent") where Notes may be surrendered for registration of transfer or exchange. The Issuer reserves the right, in accordance with the Trust Deed, to vary or terminate the appointment of the Trustee as Registrar or of any Transfer Agent or to appoint additional or other Registrars or Transfer Agents or to approve any change in the office through which any Registrar or any Transfer Agent acts, provided that there will at all times be a Registrar in The City of New York (in the event Notes are issued in registered form), and a Transfer Agent in a European city, provided that so long as the Notes of any Series are traded on the Euro MTF, that European city shall be in Luxembourg.

For so long as any of the Notes are represented by a Temporary Global Bearer Note or a Permanent Global Bearer Note, each person who is for the time being shown in the records of Euroclear Bank S.A./N.V. ("Euroclear") or of Clearstream Banking, société anonyme ("Clearstream, Luxembourg") and/or any other clearing system as may be specified in the relevant Final Terms as the holder of a particular nominal amount of Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg and/or any other clearing system as may be specified in the relevant Final Terms as to the nominal amount of such Notes outstanding to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Trustee and any other Paying Agent as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on the Notes, the right to which shall be vested, as

against the Issuer, the Trustee and any other Paying Agent solely in the bearer(s) of each of the relevant Temporary Global Bearer Note or Permanent Global Bearer Note in accordance with and subject to its terms. Notes which are represented by a Temporary Global Bearer Note or a Permanent Global Bearer Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear or of Clearstream, Luxembourg, and/or any other clearing system as may be specified in the relevant Final Terms, as the case may be. Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearance system approved by the Issuer, the Trustee and the Luxembourg Stock Exchange, so long as the Notes of any Series are listed on that exchange.

Title to Definitive Bearer Notes and Coupons shall pass by delivery. The Issuer, the Trustee and any agent of the Issuer or the Trustee may deem and treat the bearer of a Definitive Bearer Note or Coupon, and the person in whose name a Definitive Registered Note or an interest in a Global Registered Note is registered as the owner thereof for all purposes, whether or not such Note or, in the case of a Definitive Bearer Note, such Coupon, be overdue, and neither the Issuer nor the Trustee nor any such agent shall be affected by notice to the contrary.

Upon request of the holder thereof confirmed in writing, (i) Definitive Registered Notes, (ii) Definitive Bearer Notes, (iii) interests in a Global Registered Note or (iv) interests in a Permanent Global Bearer Note may be exchanged for Definitive Registered Notes or an interest in a Global Registered Note, of any Authorized Denomination and of a like aggregate principal amount, upon surrender of the Notes to be exchanged, together, in the case of Definitive Bearer Notes, with all unmatured Coupons appertaining thereto (except in the case of Zero Coupon Notes), at the office of any Transfer Agent or at the principal corporate trust office of the Trustee. If the holder of a Definitive Bearer Note is unable to produce any such unmatured Coupon or Coupons, such exchange may be effected if the Definitive Bearer Notes are accompanied by payment in funds acceptable to the Issuer in an amount equal to the face amount of such missing Coupon or Coupons, or the surrender of such missing Coupon or Coupons may be waived by the Issuer and the Trustee if there be furnished to them such security or indemnity as they may require to hold each of them and each other agent of the Issuer hereunder harmless. Notwithstanding the foregoing, if a Definitive Bearer Note is surrendered in exchange for a Definitive Registered Note (i) after the close of business at the office or agency where such exchange occurs on any Record Date and before the opening of business at such office or agency on the relevant Fixed Interest Payment Date or Floating Interest Payment Date, or (ii) after the close of business at the office or agency where such exchange occurs on any special record date for the payment of defaulted interest and before the opening of business at such office or agency on the relevant proposed date of payment of such defaulted interest, such Definitive Bearer Note shall be surrendered without the Coupon relating to such Fixed Interest Payment Date, Floating Interest Payment Date or proposed date of payment, as the case may be, and the interest payable on such Fixed Interest Payment Date, Floating Interest Payment Date or proposed date of payment shall not be payable in respect of the Definitive Registered Note issued in exchange for such Definitive Bearer Note, but will be payable only to the holder of such Coupon upon presentation and surrender thereof when due. Bearer Notes may not be issued in exchange for Definitive Registered Notes or interests in a Global Registered Note.

All Notes issued upon any registration of transfer or exchange of Notes shall be the valid obligations of the Issuer, evidencing the same debt, and entitled to the same benefits, as the Notes surrendered upon such registration of transfer or exchange. No service charge shall be made for any registration of transfer or exchange, but the Trustee or any Transfer Agent may require payment of a sum sufficient to cover any stamp or other tax or other governmental charge or insurance charges payable solely by reason of such exchange.

2. Status

The Notes and Coupons are direct, unconditional and (subject to the provisions below) unsecured obligations of Bladex and shall rank *pari passu* with all other outstanding unsecured and unsubordinated indebtedness of Bladex, present and future, except for obligations preferred by mandatory provisions of law, such as obligations to pay taxes and compensation to employees.

3. Interest

(a) Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest from and including the Issue Date, at the Fixed Interest Rate(s) per annum specified in the applicable Final Terms payable in arrears on the interest payment date(s), as

specified in the applicable Final Terms (each, a "Fixed Interest Payment Date") in each year and on the Maturity Date so specified in the applicable Final Terms, if such Maturity Date does not fall on a Fixed Interest Payment Date. The first payment of interest will be made on the Interest Payment Date next following the Issue Date.

Interest will be paid, in respect of Fixed Rate Notes in definitive bearer form, against surrender of the appropriate Coupons and subject to and in accordance with the provisions of Condition 5.

If interest is required to be computed for a period of other than a full year, such interest shall be computed on the basis of a 360 day year consisting of 12 months of 30 days each (or such other basis as may be specified in the applicable Final Terms) and, in the case of an incomplete month, the actual number of days elapsed.

Interest will be paid subject to and in accordance with the provisions of Condition 5. Interest will cease to accrue on each Fixed Rate Note on the due date for payment thereof unless, upon due presentation thereof, payment of principal is improperly withheld or refused, in which event interest will continue to accrue (as well after as before any judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Fixed Rate Note up to that day are received by or on behalf of the holder of such Fixed Rate Note, or (b) the day on which the Trustee has notified the holder thereof (either in accordance with the provisions of Condition 12 or individually) of receipt of all sums due in respect thereof up to that date.

(b) Interest on Floating Rate Notes

Interest on each Floating Rate Note will be determined by reference to a "Base Rate," which shall be (a) the "CD Rate" ("CD Rate Notes"), (b) the "Commercial Paper Rate" ("Commercial Paper Rate Notes"), (c) the "Federal Funds Rate" ("Federal Funds Rate Notes"), (d) "LIBOR" ("LIBOR Notes"), (e) the "Prime Rate" ("Prime Rate Notes"), (f) the "Treasury Rate" ("Treasury Rate Notes") or (g) such other interest rate formula as may be agreed to by the purchaser and the Issuer and specified in the applicable Note. The Base Rate for any Floating Rate Note will in turn be determined, if applicable, by reference to the Index Maturity specified in such Note. The interest rate on each Floating Rate Note will be calculated by reference to such Base Rate, plus or minus the Spread, if any, and/or multiplied by the Spread Multiplier or a Spread Adjustment Formula, if any, in each case as agreed to by the purchaser and the Issuer and specified in the applicable Note. The "Index Maturity" is the period to maturity of the instrument or obligation from which the Base Rate is calculated. The "Spread" is the number of basis points to be added to or subtracted from the Base Rate for such Floating Rate Note, and the "Spread Multiplier" is the percentage of the Base Rate applicable to such Floating Rate Note and the "Spread Adjustment Formula" sets forth the calculations to be applied to such Base Rate.

A Floating Rate Note may also have either or both of the following: (a) a maximum numerical limit, or ceiling (the "Maximum Interest Rate"), on the per annum interest rate in effect with respect to such Note from time to time; and (b) a minimum numerical limit, or floor (the "Minimum Interest Rate"), on the per annum interest rate in effect with respect to such Note from time to time. In addition to any Maximum Interest Rate which may apply to any Floating Rate Note pursuant to the above provisions, the interest rate on Floating Rate Notes will in no event be higher than the maximum rate permitted by New York law, as the same may be modified by United States law of general application.

Unless otherwise specified in the applicable Note or Final Terms, the rate of interest on each Floating Rate Note will be reset daily, weekly, monthly, quarterly, semiannually or annually, as agreed to by the purchaser and the Issuer and as specified in the applicable Note or Final Terms. The dates on which such rate of interest will be reset (each, an "Interest Reset Date") will be (a) in the case of Floating Rate Notes which reset daily, each Business Day (unless otherwise specified in the applicable Note or Final Terms), and (b) in the case of Floating Rate Notes which reset weekly, monthly, quarterly, semiannually or annually, as agreed to by the purchaser and the Issuer and specified in the applicable Note or Final Terms. If any Interest Reset Date for any Floating Rate Note would otherwise be a day that is not a Business Day, such Interest Reset Date shall be postponed to the next succeeding day that is a Business Day, except that, in the case of a LIBOR Note, if such Business Day is in the next succeeding calendar month, such Interest Reset Date shall be the immediately preceding Business Day.

The interest rate that will take effect with respect to a Floating Rate Note on an Interest Reset Date will be the rate determined on the applicable "Interest Determination Date." Unless otherwise specified in the applicable Note, the Interest Determination Date with respect to an Interest Reset Date for CD Rate Notes, Commercial Paper Rate Notes, Federal Funds Rate Notes and Prime Rate Notes will be the second Business Day preceding such Interest Reset Date. Unless otherwise specified in the applicable Note, the Interest Determination Date with respect to an Interest Reset Date for LIBOR Notes will be the second Business Day in London preceding such Interest Reset Date. Unless otherwise specified in the applicable Note, the Interest Determination Date with respect to an Interest Reset Date for Treasury Rate Notes will be the day of the week in which the Interest Reset Date falls on which Treasury bills normally would be auctioned (Treasury bills are normally sold at auction on Monday of each week, unless that day is a legal holiday, in which case the auction is normally held on the following Tuesday, except that such auction may be held on the preceding Friday); provided, however, that if as a result of a legal holiday an auction is held on the Friday of the week preceding an Interest Reset Date, the related Interest Determination Date shall be such preceding Friday; and provided, further, that if an auction shall fall on any Interest Reset Date, then the Interest Reset Date shall instead be the first Business Day following such auction.

The interest rate in effect with respect to a Floating Rate Note on each day that is not an Interest Reset Date will be the interest rate determined as of the Interest Determination Date pertaining to the immediately preceding Interest Reset Date, and the interest rate in effect on any day that is an Interest Reset Date will be the interest rate determined as of the Interest Determination Date pertaining to such Interest Reset Date, subject in either case to adjustment by any Spread and/or Spread Multiplier and to any Maximum Interest Rate and/or Minimum Interest Rate referred to above; provided, however, that the interest rate in effect with respect to a Floating Rate Note for the period from the original Issue Date (the "Original Issue Date") to the first Interest Reset Date (the "Initial Interest Rate") will be as agreed upon by the purchaser and Issuer and as specified in the applicable Note, and the interest rate in effect for the ten calendar days immediately prior to a Maturity Date will (as to the principal amount due on such Maturity Date) be the interest rate in effect on the tenth calendar day preceding such Maturity Date.

Unless otherwise specified in the applicable Note, each Floating Rate Note will bear interest from the Original Issue Date to the first Interest Reset Date at the Initial Interest Rate and thereafter upon the basis of the applicable rate determined as described below until the principal thereof is paid. Interest on Floating Rate Notes will be payable as agreed upon by the purchaser and the Issuer and specified in the applicable Note or Final Terms (each, a "Floating Interest Payment Date") and, in each case, at any Maturity Date (as to the principal amount due at such Maturity Date). A Floating Interest Payment Date or a Fixed Interest Payment Date is sometimes referred to herein as, an "Interest Payment Date."

If any Floating Interest Payment Date falls on a day that is not a Business Day, then such Floating Interest Payment Date shall be the next succeeding day that is a Business Day, except that in the case of a LIBOR Note, if such Business Day falls in the next succeeding calendar month, such Floating Interest Payment Date shall be the immediately preceding Business Day. If the Maturity Date of any Floating Rate Note falls on a day that is not a Business Day, the related payment of principal, premium, if any, and interest shall be made on the next succeeding Business Day (unless otherwise set forth in the relevant Final Terms) as if it were made on the date such payment was due, and no interest shall accrue on the amounts so payable for the period from and after such Maturity Date.

The "Regular Record Date" for Floating Rate Notes with respect to any Interest Payment Date shall be the fifteenth calendar day, whether or not such date shall be a Business Day, prior to such Interest Payment Date.

Unless otherwise specified in the applicable Note, interest payable on any Floating Interest Payment Date or Maturity Date with respect to a Floating Rate Note shall be the amount of interest accrued from and including the next preceding Floating Interest Payment Date in respect of which interest has been paid (or from and including the Original Issue Date if no interest has been paid) with respect to such Floating Rate Note to but excluding such Floating Interest Payment Date or such Maturity Date (as to the principal amount due at such Maturity Date). However, unless otherwise specified in the applicable Note, in the case of Floating Rate Notes on which the interest rate is reset daily or weekly, the interest payments shall include interest accrued only through and including the Regular Record Date next preceding the applicable Floating Interest Payment Date, except that the interest payable on a Maturity Date will (as to the principal

amount due at such Maturity Date) include interest accrued to but excluding such Maturity Date. Accordingly, unless otherwise specified in the applicable Note, interest payable on any Floating Interest Payment Date or Maturity Date with respect to a Floating Rate Note on which the interest rate is reset daily or weekly shall be the amount of interest accrued from but excluding the next preceding Regular Record Date in respect of which interest has been paid (or from and including the Original Issue Date if no interest has been paid) with respect to such Floating Rate Note through and including the Regular Record Date for such Floating Interest Payment Date or, in the case of interest payable on the principal amount due at a Maturity Date, to but excluding such Maturity Date.

Unless otherwise specified in the applicable Note, accrued interest on a Floating Rate Note will be calculated by multiplying the principal amount of such Floating Rate Note by an accrued interest factor. Unless otherwise specified in the applicable Note, such accrued interest factor will be computed by adding the interest factor calculated for each day in the period for which interest is being calculated. The interest factor for each such day will be computed by dividing the interest rate applicable to such Note for such day by 360 (or, in the case of Treasury Rate Notes, by the actual number of days in the year).

Unless otherwise specified in the applicable Note, the Principal Paying Agent will be the calculation agent (together with any successor in such capacity, the "Calculation Agent"). The Calculation Agent will calculate the interest rate and amount on or before any applicable Calculation Date pursuant to an Interest Calculation Agreement (the "Calculation Agreement") with the Issuer. Upon the request of the registered holder of any Floating Rate Note, the Calculation Agent will provide the interest rate then in effect and, if determined, the interest rate that will become effective as a result of a determination made for the then most recent Interest Reset Date with respect to such Floating Rate Note. Unless otherwise specified in the applicable Note, the "Calculation Date," where applicable, pertaining to any Interest Determination Date will be either (i) the tenth calendar day after such Interest Determination Date or, if such day is not a Business Day, the next succeeding Business Day or (ii) the Business Day preceding the applicable Floating Interest Payment Date or Maturity Date, as the case may be. The Euro MTF and the holders of the Notes shall be notified by the Calculation Agent of the interest rate, amount and period as soon as practicable. Holders of Bearer Notes may obtain from the Calculation Agent the new interest rate and period.

All percentages resulting from any calculation on Floating Rate Notes will be rounded, if necessary, to the nearest one hundred thousandth of a percentage point, with five one millionths of a percentage point rounded upward, (e.g., 9.876545% (or 09876545) will be rounded upward to 9.87655% (or 0987655)), and all dollar amounts used in or resulting from such calculation on Floating Rate Notes will be rounded to the nearest cent (with one half cent being rounded upward).

As provided above, the Initial Interest Rate in effect with respect to a Floating Rate Note from the Original Issue Date to the first Interest Reset Date will be specified in the applicable Note. Unless otherwise specified in the applicable Note, the interest rate for each subsequent Interest Reset Date will be determined by the Calculation Agent as set forth below, plus or minus any Spread and/or multiplied by any Spread Multiplier and subject to any Maximum Interest Rate and/or Minimum Interest Rate, as specified in the applicable Note.

The applicable Base Rate to be used in the determination of the interest on each Floating Rate Note shall be defined as follows:

CD Rate: Unless otherwise indicated in the applicable Note, "CD Rate" means, with respect to any Interest Determination Date relating to a CD Rate Note (a "CD Rate Interest Determination Date"), the rate on such day for negotiable certificates of deposit having the Index Maturity specified in the applicable Note as published by the Board of Governors of the Federal Reserve System in "Statistical Release H.15(519), Selected Interest Rates," or any successor publication ("H.15(519)"), under the heading "CDs (Secondary Market)," or, if not so published by 3:00 P.M., New York City time, on the Calculation Date pertaining to such CD Rate Interest Determination Date, the CD Rate will be the rate on such CD Rate Interest Determination Date for negotiable certificates of deposit of the specified Index Maturity as published by the Federal Reserve Bank of New York in its daily statistical release "Composite 3:30 P.M. quotations for U.S. Government Securities" ("Composite Quotations") under the heading "Certificates of Deposit." If such rate is not published in either H.15(519) or the Composite Quotations by 3:00 P.M., New York City time, on such Calculation Date, then the CD Rate on such CD Rate Interest Determination Date will be

calculated by the Calculation Agent and will be the arithmetic mean of the secondary market offered rates as of 10:00 A.M., New York City time, on such CD Rate Interest Determination Date, of three leading nonbank dealers in negotiable U.S. dollar certificates of deposit in The City of New York (which may include Dealers or any of their affiliates) selected by the Calculation Agent for negotiable certificates of deposit of major United States money center banks of the highest credit standing (in the market for negotiable certificates of deposit) with a remaining maturity closest to the Index Maturity specified in the applicable Note in denominations of \$5,000,000; provided, however, that if the dealers selected as aforesaid by the Calculation Agent are not quoting as set forth above, the CD Rate with respect to such CD Rate Interest Determination Date will be the CD Rate then in effect on such CD Rate Interest Determination Date.

Commercial Paper Rate: Unless otherwise indicated in the applicable Note, "Commercial Paper Rate" means, with respect to any Interest Determination Date relating to a Commercial Paper Rate Note (a "Commercial Paper Rate Interest Determination Date"), the Money Market Yield (as defined below) on such date of the rate for commercial paper having the Index Maturity specified in the applicable Note as published in H.15(519) under the heading "Commercial Paper — Nonfinancial." In the event such rate is not published by 9:00 A.M., New York City time, on the Calculation Date pertaining to such Commercial Paper Rate Interest Determination Date, then the Commercial Paper Rate shall be the Money Market Yield on such Commercial Paper Rate Interest Determination Date of the rate for commercial paper of the specified Index Maturity as published in the daily update of H.15(519), available through the worldwide website of the Board of Governors of the Federal Reserve System at <http://www.bog.frb.fed.us/releases/hl5/update>, or such other recognized electronic source used for the purpose of displaying such rate, or any successor site or publication, which is commonly referred to as the "H.15 Daily Update." under the heading "Commercial Paper— Nonfinancial." If the rate for a Commercial Paper Rate Interest Determination Date is not published in either H.15(519) or the H.15 Daily Update by 3:00 P.M., New York City time, on such Calculation Date, the Commercial Paper Rate for such Commercial Paper Rate Interest Determination Date shall be calculated by the Calculation Agent and shall be the Money Market Yield of the arithmetic mean of the offered rates, as of 11:00 A.M., New York City time, on such Commercial Paper Rate Interest Determination Date, of three leading dealers of commercial paper in The City of New York (which may include Dealers or any of their affiliates) selected by the Calculation Agent on such Commercial Paper Rate Interest Determination Date, for commercial paper of the specified Index Maturity placed for an industrial issuer whose bond rating is "AA," or the equivalent, from a nationally recognized statistical rating agency; provided, however, that if the dealers selected as aforesaid by the Calculation Agent are not quoting as mentioned in this sentence, the Commercial Paper Rate with respect to such Commercial Paper Rate Interest Determination Date will be the Commercial Paper Rate in effect on the Commercial Paper Rate Interest Determination Date immediately preceding such Commercial Paper Rate Interest Determination Date.

"Money Market Yield" shall be the yield (expressed as a percentage) calculated in accordance with the following formula:

$$\text{Money Market Yield} = \frac{D \times 360}{360 - (D \times M)} \times 100$$

where "D" refers to the per annum rate for commercial paper quoted on a bank discount basis and expressed as a decimal, and "M" refers to the actual number of days in the period for which interest is being calculated.

Federal Funds Rate: Unless otherwise indicated in the applicable Note, "Federal Funds Rate" means, with respect to any Interest Determination Date relating to a Federal Funds Rate Note (a "Federal Funds Rate Interest Determination Date"), the rate on that date for Federal Funds as published in H.15(519) under the heading "Federal Funds (Effective)" as displayed on Bloomberg BTMM or any successor service, or any other page as may replace the applicable page on that service or, if not so published by 9:00 A.M., New York City time, on the Calculation Date pertaining to such Federal Funds Rate Interest Determination Date, the Federal Funds Rate will be the rate on such Federal Funds Rate Interest Determination Date as published in the H.15 Daily Update under the heading "Federal Funds/Effective Rate." If such rate is not published in either H.15(519) or the H.15 Daily Update by 3:00 P.M., New York City time, on the

Calculation Date pertaining to such Federal Funds Rate Interest Determination Date, the Federal Funds Rate for such Federal Funds Rate Interest Determination Date will be calculated by the Calculation Agent and will be the arithmetic mean of the rates for the last transaction in overnight Federal Funds arranged by three leading brokers of Federal Funds transactions in The City of New York (which may include Dealers or any of their affiliates) selected by the Calculation Agent prior to 9:00 A.M., New York City time, on such Federal Funds Rate Interest Determination Date; provided, however, that if the brokers selected as aforesaid by the Calculation Agent are not quoting as described above, the Federal Funds Rate with respect to such Federal Funds Rate Interest Determination Date will be the Federal Funds Rate in effect on the Federal Funds Rate Interest Determination Date immediately preceding such Federal Funds Rate Interest Determination Date.

LIBOR: Unless otherwise indicated in the applicable Note, "LIBOR" means, with respect to any Interest Determination Date relating to a LIBOR Note (a "LIBOR Interest Determination Date"), the rate on that date determined by the Calculation Agent in accordance with the following provisions:

- (a) On each LIBOR Interest Determination Date, LIBOR will be the arithmetic mean of the offered rates for deposits in U.S. dollars having the specified Index Maturity which appear on Bloomberg BTMM (as defined below) as of 11:00 a.m., London time, on such LIBOR Interest Determination Date.
- (b) If on any LIBOR Interest Determination Date the offered rate for deposits in U.S. dollars having the specified Index Maturity does not appear on Bloomberg BTMM as specified in clause (a) above, LIBOR will be the offered rate for deposits in U.S. dollars having the specified Index Maturity which appears on the Reuters Screen LIBOR01 Page (as defined below) as of 11:00 a.m., London time, on such LIBOR Interest Determination Date.
- (c) If on any LIBOR Interest Determination Date the offered rate for deposits in U.S. dollars having the specified Index Maturity does not appear on either Bloomberg BTMM or the Reuters Screen LIBOR01 Page as specified in clauses (a) and (b) above, LIBOR shall be determined on the basis of the rates at which deposits in U.S. dollars having the specified Index Maturity are offered by four major banks in the London interbank market (which may include the Calculation Agent) selected by the Calculation Agent (the "Reference Banks"), at approximately 11:00 a.m., London time, on such LIBOR Interest Determination Date to prime banks in the London interbank market in a principal amount equal to not less than U.S.\$1,000,000. The Calculation Agent will request the principal London office of each of the Reference Banks to provide a quotation of its rate. If at least two such quotations are provided, LIBOR will be the arithmetic mean of the quotations rounded to four decimal places, as determined by the Calculation Agent. If fewer than two quotations are provided, LIBOR will be the arithmetic mean of the rates quoted by at least two major banks in New York City (which may include the Calculation Agent), selected by the Calculation Agent, at approximately 11:00 a.m., New York City time, on such LIBOR Interest Determination Date for loans in U.S. dollars having the specified Index Maturity to leading European banks in a principal amount equal to not less than U.S.\$1,000,000; provided that if fewer than two banks selected as aforesaid by the Calculation Agent are quoting rates as mentioned above, the interest rate shall be the rate in effect on such LIBOR Interest Determination Date.

"Reuters Screen LIBOR01 Page" means the display page designated as page "LIBOR01" on the Reuters Monitor Money Rates Service (or such other page as may replace the LIBOR01 page on that service for the purpose of displaying interbank offered rates).

Prime Rate: Unless otherwise indicated in the applicable Note, "Prime Rate" means, with respect to any Interest Determination Date relating to a Prime Rate Note (a "Prime Rate Interest Determination Date"), the rate on that day set forth in H.15(519) under the caption "Bank Prime Loan." If such rate is not yet published in H.15(519) by 3:00 P.M., New York City time, on the Calculation Date, the Prime Rate will be the arithmetic mean of the rates of interest publicly announced by each bank that appears on the Reuters Screen NYMF Page (as defined below) as such bank's prime rate or base lending rate as in effect for that Prime Rate Interest Determination Date. If fewer than four such rates appear on the Reuters Screen NYMF Page for the Prime Rate Interest Determination Date, the Prime Rate will be determined by the Calculation

Agent and will be the arithmetic mean of the prime rates quoted on the basis of the actual number of days in the year divided by a 360 day year as of the close of business on such Prime Rate Interest Determination Date by three, or two if only two such rates are quoted, major money center banks in New York City selected by the Calculation Agent (after consultation with the Issuer). If fewer than two such rates are quoted as aforesaid, the Prime Rate will be determined by the Calculation Agent on the basis of the prime rate quotations furnished in New York City by three substitute banks or trust companies organized and doing business under the laws of the United States, or any State thereof, having total equity capital of at least \$500 million and being subject to supervision or examination by a Federal or State authority, selected by the Calculation Agent (after consultation with the Issuer) to provide such rate or rates; provided, however, that if fewer than two of such substitute banks or trust companies selected as aforesaid by the Calculation Agent are quoting as mentioned in this sentence, the Prime Rate for such Prime Rate Interest Determination Date will be the Prime Rate determined as of the immediately preceding Prime Rate Interest Determination Date, if any, or the Initial Interest Rate. "Reuters Screen NYMF Page" means the display designated as page "NYMF" on the Reuters Monitor Money Rates Service (or such other page as may replace the NYMF page on that service for the purpose of displaying prime rates or base lending rates of major United States banks).

Treasury Rate: Unless otherwise indicated in the applicable Note, "Treasury Rate" means, with respect to any Interest Determination Date relating to a Treasury Rate Note (a "Treasury Rate Interest Determination Date"), the rate applicable to the most recent auction of direct obligations of the United States ("Treasury Bills") having the Index Maturity specified in the applicable Note as such rate appears under the caption "Investment Rate" on the display on Bloomberg BTMM or any successor service, or any other page as may replace such page on that service or, if not so published by 3:00 P.M., New York City time, on the Calculation Date pertaining to such Treasury Rate Interest Determination Date, the Bond Equivalent Yield of the rate for applicable Treasury Bills as published in the H.15 Daily Update, or other recognized electronic source used for the purpose of displaying the applicable rate, under the caption "U.S. Government Securities/Treasury Bills/Auction High" or, if not so published by 3:00 P.M., New York City time, on the Calculation Date pertaining to such Treasury Rate Interest Determination Date, the Bond Equivalent Yield of the auction rate for applicable Treasury Bills as announced by the United States Department of the Treasury. Treasury Bills are usually sold at auction on Monday of each week unless that day is a legal holiday, in which case the auction is usually held on the following Tuesday, except that such auction may be held on the preceding Friday. In the event that the results of the auction of Treasury Bills having the specified Index Maturity are not reported as provided by 3:00 P.M., New York City time, on such Calculation Date, or if no such auction is held in a particular week, then the Treasury Rate shall be the Bond Equivalent Yield of the rate on such Treasury Rate Interest Determination Date having the Index Maturity specified in the applicable Note published in H.15(519) under the caption "U.S. Government Securities/Treasury Bills/Secondary Market" or, if not so published by 3:00 P.M., New York City time, the rate on such Treasury Rate Interest Determination Date of the applicable Treasury Bills as published in the H.15 Daily Update, or other recognized electronic source used for the purpose of displaying the applicable rate under the caption of "U.S. Government Securities/Treasury Bills/Secondary Market" or, if not so published by 3:00 P.M., New York City time, then the Treasury rate shall be calculated by the Calculation Agent and shall be the Bond Equivalent Yield of the arithmetic mean of the secondary market bid rates, as of approximately 3:30 P.M., New York City time, on such Treasury Rate Interest Determination Date, of three leading primary United States government securities dealers (which may include Dealers or any of their affiliates) selected by the Calculation Agent, for the issue of Treasury Bills with a remaining maturity closest to the applicable Index Maturity; provided, however, that if the dealers selected as aforesaid by the Calculation Agent are not quoting as mentioned in this sentence, the Treasury Rate with respect to such Treasury Rate Interest Determination Date will be the Treasury Rate in effect on the Treasury Rate Interest Determination Date immediately preceding such Treasury Rate Interest Determination Date.

"Bond Equivalent Yield" means a yield (expressed as a percentage) calculated in accordance with the following formula:

$$\text{Bond Equivalent Yield} = \frac{D \times N}{360 - (D \times M)} \times 100$$

Where "D" refers to the applicable per annum rate for Treasury Bills quoted on a bank discount basis, "N" refers to 365 or 366, as the case may be, and "M" refers to the actual number of days in the period for which interest is being calculated.

So long as the Notes are listed on the Luxembourg Stock Exchange and/or on any other Stock Exchange and the rules of such exchange shall so require, the applicable interest rate, interest amount and the applicable interest period on any Series of Floating Rate Notes will be communicated to the Luxembourg Stock Exchange by the first day of the applicable interest period or to such other Stock Exchange by the time required (if any) by such other Stock Exchange.

(c) **Zero Coupon Notes**

Where a Zero Coupon Note is repayable prior to its Maturity Date and is not paid when due, the amount due and payable shall be the Amortized Face Amount of such Note as determined in accordance with Condition 4(c). Where a Zero Coupon Note is to be redeemed on its Maturity Date and is not paid when due, any overdue principal of such Note shall bear interest at a rate per annum (expressed as a percentage) equal to the Amortization Yield specified on the face of the Note. Such interest shall continue to accrue (on the same basis as that referred to in Condition 3(a)) (after as well as before judgment) to the relevant date.

(d) **Step up and Step down Notes**

The face of the Notes issued in respect of a Series of Notes bearing interest on a step up or step down basis ("Step up Notes" or "Step down Notes," respectively) shall specify the dates on which interest shall be payable on such Notes, the rate at which the interest payable on each such date shall accrue and/or the basis for calculation thereof and the rate (or the basis of calculation of such rate) at which interest will accrue in respect of any overdue principal. Unless otherwise provided on the face of such Notes, such interest shall in all other respects accrue and shall be payable in accordance with Condition 3(a).

(e) **Variable Coupon Amount Notes**

The face of the Notes issued in respect of a Series of Variable Coupon Amount Notes shall specify the dates on which interest shall be payable on such Notes and the basis for calculation of each amount of interest payable in respect of each such Note on each such date and on any other date on which interest becomes payable in respect of such Note (the "Coupon Amounts") and the rate (on the basis of calculation of such rate) at which interest will accrue in respect of any overdue principal.

4. **Redemption And Purchase**

The Notes shall not be subject to redemption prior to the Maturity Date by the Issuer or the holder of a Note except as specified in the Final Terms and as provided in this Condition 4:

(a) **At Maturity**

Unless otherwise specified in the applicable Final Terms and unless previously redeemed or purchased and cancelled, each Note will be redeemed by the Issuer at its final redemption amount, or, if it is a Variable Redemption Amount Note, its Redemption Amount (as defined in Condition 4(f)) specified in the applicable Final Terms on the Maturity Date specified in the applicable Final Terms.

(b) **Redemption for Tax Reasons**

The Notes of any Series may be redeemed, at the option of the Issuer, as a whole but not in part, on any Floating Interest Payment Date (in the case of Floating Rate Notes), on any date on which interest is payable (in the case of Variable Coupon Amount Notes) or at any time (in the case of any other Notes), upon giving not less than 30 nor more than 60 days' notice to the holders of such Notes (the "Noteholders") (which notice shall be irrevocable), at a redemption price equal to the Principal Amount thereof, together with accrued interest to (or, in the case of Variable Coupon Amount Notes, the Coupon Amount payable on) the date fixed for redemption (or, in the case of Zero Coupon Notes, at the Amortized Face Amount of such Notes as determined in accordance with Condition 4(c) or, in the case of Variable Redemption

Amount Notes, at the Redemption Amount of such Notes) and Additional Amounts, if any, if (i) the Issuer determines and certifies to the Trustee immediately prior to the giving of such notice that, as a result of any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of Panama or any political subdivision or taxing authority thereof or therein affecting taxation, or any change in official position regarding the application or interpretation of such laws, regulations or rulings (including a holding by a court of competent jurisdiction), which change, amendment, application or interpretation becomes effective on or after the Issue Date of such Notes, the Issuer pays or would become obligated to pay Additional Amounts in respect of such Notes pursuant to these Conditions and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, **provided, that** no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obligated to pay such Additional Amounts if a payment in respect of such Notes was due on such date. Prior to the publication or mailing of any notice of redemption of Notes pursuant to the foregoing, the Issuer shall deliver to the Trustee a certificate signed by two Authorized Officers to the effect that such Issuer's obligation to pay Additional Amounts cannot be avoided by such Issuer taking reasonable measures available to it. The Issuer shall also deliver an opinion of an independent legal counsel (of recognized standing) of such Issuer stating that such Issuer would be obligated to pay Additional Amounts due to changes in tax laws. The Trustee shall accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set forth in clauses (i) and (ii) above, in which event it shall be conclusive and binding on the Noteholders.

(c) Early Redemption of Zero Coupon Notes

The amount payable in respect of any Zero Coupon Note upon redemption of such Note pursuant to Condition 4(b) or, if applicable, Condition 4(d) or 4(e) or upon it becoming due and payable as provided in Condition 7, shall be the Amortized Face Amount (calculated as provided below) of such Note.

The Amortized Face Amount of any Zero Coupon Note shall be the sum of (A) the Issue Price specified on the face of such Note and (B) the aggregate amortization of the difference between the Issue Price and the Principal Amount of such Note from the Issue Date to the date on which such Note becomes due.

(d) Redemption at the Option of the Issuer

If so provided on the face of any Notes, the Issuer may, subject to compliance with all relevant laws, regulations and directives and any minimum or maximum amounts to be redeemed as specified on the face of such Notes, on giving not more than 60 nor less than 30 days' irrevocable notice to the holders of those Notes redeem all or, if so specified on the face of such Notes, some of such Notes in the Principal Amount specified on the face of such Notes or integral multiples thereof, on the date or dates specified on the face of such Notes (which shall, in the case of a Floating Rate Note, be an Interest Payment Date and in the case of a Variable Coupon Amount Note, a date on which interest is payable thereon) at their Principal Amount or, if applicable, at the premium or premia specified on the face of such Notes or at their Amortized Face Amount (in the case of Zero Coupon Notes) or Redemption Amount (in the case of Variable Redemption Amount Notes) together with interest accrued to (or, in the case of Variable Coupon Amount Notes, the Coupon Amount payable on) the date fixed for redemption; provided, however, that interest due on or prior to the redemption date on Definitive Bearer Notes shall be payable only upon the presentment and surrender of Coupons for such interest.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 4.

In the case of a partial redemption, the notice to Noteholders shall also contain the serial numbers of the Notes to be redeemed, subject to compliance with any applicable laws and stock exchange requirements.

(e) Redemption at the Option of Noteholders

If so provided on the face of any Notes, the Issuer shall, subject to compliance with all relevant laws, regulations and directives, at the option of the holder of any such Note, redeem such Note on the date or dates specified on the face of such Notes (which shall, in the case of a Floating Rate Note, be an Interest Payment Date and in the case of a Variable Coupon Amount Note, a date on which interest is payable

thereon) at their Principal Amount or, if applicable, at the premium or premia specified on the face of such Notes (or, in the case of Variable Redemption Amount Notes, at their Redemption Amount or, in the case of Zero Coupon Notes, at their Amortized Face Amount) together with interest accrued to (or, in the case of Variable Coupon Amount Notes, the Coupon Amount payable on) the date fixed for redemption; provided, however, that interest due on or prior to the redemption date on Definitive Bearer Notes shall be payable only upon the presentment and surrender of Coupons for such interest.

To exercise such option the holder must deposit such Note with any Paying Agent (in the case of Bearer Notes) or the Registrar or any Transfer Agent (in the case of Registered Notes) at their respective specified offices, together with a duly completed notice of redemption ("Redemption Notice") in the form obtainable from any Agent not more than 60 nor less than 30 days prior to the relevant date for redemption. No Note (or Redemption Notice) so deposited may be withdrawn (except as provided in the Agency Agreement).

(f) **Redemption of Variable Redemption Amount Notes**

The face of any Variable Redemption Amount Notes shall specify the basis for calculation of the amount payable upon redemption of the relevant Notes under Condition 4(a) or (b) or, if applicable, Condition 4(d) or (e) or upon their becoming due and payable as provided in Condition 7 (the "Redemption Amount").

(g) **Purchase of Notes by the Issuer**

The Issuer and its Subsidiaries (as defined in Condition 9(a) hereof) may, directly or indirectly, to the extent permitted by applicable law, purchase Notes in the open market or by tender at any price and at any time. Any Note purchased by either Issuer or any of their respective subsidiaries, directly or indirectly, shall be surrendered to the Trustee for cancellation. Any Notes surrendered as aforesaid may not be reissued or resold and will be cancelled promptly.

(h) **Cancellation**

All Notes redeemed under this Condition 3 will be cancelled and may not be reissued or resold.

5. **Payments**

(a) **Method of Payment**

Unless otherwise specified in the applicable Final Terms, payments of principal of (and premium, if any) and interest on the Notes will be made (i) in respect of payments denominated in a Specified Currency other than Euro, by a check in such Specified Currency drawn on or, at the option of the holder, by transfer to, an account in such Specified Currency with, a bank in the principal financial center of the country of such Specified Currency, or (ii) in respect of Notes denominated in Euro, by credit or transfer to such account specified by the holders with a bank in the principal financial center of a member state of the European Community, subject to the limitations set forth below on payments in the United States in respect of Bearer Notes. Additionally, subject to limitations set forth below with respect to payment of principal and interest in respect of Global Registered Notes, payments in respect of Global Registered Notes registered in the name of, or the name of a nominee for, DTC will be made in accordance with the procedures established by DTC and in accordance with provisions set forth under the Trust Deed.

(b) **Presentation of Notes**

Payments of principal and interest (if any) in respect of the Definitive Bearer Notes (if issued) will (subject as provided below) be made against presentation or surrender of such Notes or Coupons, as the case may be, at any specified office of any Paying Agent outside the United States. If any Definitive Bearer Notes are redeemed or become repayable prior to the Maturity Date in respect thereof, principal will be payable on surrender of each such Note together with all unmaturing Coupons appertaining thereto. All payments of interest and principal with respect to Definitive Bearer Notes will be made to accounts located outside the United States except as otherwise provided below.

Payments of principal and interest (if any) in respect of Notes represented by any Temporary Global Bearer Note or Permanent Global Bearer Note, will (subject as provided below and, in the case of any Temporary

Global Bearer Note subject to the receipt of the certification of non U.S. beneficial ownership as provided in the Trust Deed) be made in the manner specified above and otherwise in the manner specified in the relevant Temporary Global Bearer Note or Permanent Global Bearer Note, as the case may be, against presentation or surrender, as the case may be, of such Temporary Global Bearer Note or Permanent Global Bearer Note, as the case may be, at the specified office of any Paying Agent outside the United States. A record of each payment made on such Temporary Global Bearer Note or Permanent Global Bearer Note, as the case may be, distinguishing between any payment of principal and any payment of interest, will be made, or caused to be made, on such Temporary Global Bearer Note or Permanent Global Bearer Note, as the case may be, by the Paying Agent to which such Temporary Global Bearer Note or Permanent Global Bearer Note, as the case may be, is presented for the purpose of making such payment, and such record shall be *prima facie* evidence that payment in question has been made.

No payment of principal or interest in respect of Temporary Global Bearer Notes, Permanent Global Bearer Notes and Definitive Bearer Notes shall be made at an office or agency of Bladex in the United States and no check in payment thereof which is mailed shall be mailed to an address in the United States, nor shall any transfer made in lieu of payment by check be made to an account maintained by the payee with a bank in the United States. Notwithstanding the foregoing, such payments may be made at an office or agency located in the United States (a) if such payments are to be made in U.S. dollars and if payment of the full amount is payable at the office of each Paying Agent outside the United States appointed and maintained pursuant to the Trust Deed is illegal or effectively precluded because of the imposition of exchange controls or other similar restrictions on the full payment or receipt of such amount in U.S. dollars, and (b) at the option of the relevant holder, if such payments are then permitted under United States law without involving, in the opinion of the Issuer, any adverse tax consequences to such Issuer.

The bearer of the relevant Temporary Global Bearer Note or Permanent Global Bearer Note shall be the only person entitled to receive payments in respect of Notes represented by such Temporary Global Bearer Note or Permanent Global Bearer Note, as the case may be, and the Issuer will be discharged by payment to, or to the order of, the bearer of such Temporary Global Bearer Note or Permanent Global Bearer Note, as the case may be, in respect of each amount so paid. Each of the persons shown in the records of Euroclear or of Clearstream, Luxembourg and/or any other clearing system as may be specified in the relevant Final Terms as the bearer of a particular nominal amount of Notes, must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the bearer of the relevant Temporary Global Bearer Note or Permanent Global Bearer Note. No person, other than the bearer of the relevant Temporary Global Bearer Note or Permanent Global Bearer Note, shall have any claim against the Issuer in respect of any payments due on that Temporary Global Bearer Note or Permanent Global Bearer Note, as the case may be.

If any Definitive Bearer Note surrendered for redemption shall not be accompanied by all appurtenant Coupons maturing after the redemption date, such Note may be paid after deducting from the amount otherwise payable an amount equal to the face amount of all such missing Coupons, or the surrender of such missing Coupon or Coupons may be waived by the Issuer and the Trustee if they are furnished with security or indemnity as they may require to save each of them and each other Paying Agent of such Issuer harmless. From and after the redemption date, if monies for the redemption of Notes called for redemption shall have been made available to holders at the principal corporate trust office of the Trustee for redemption on the redemption date, the Notes called for redemption shall cease to bear interest, the Coupons appertaining to the Definitive Bearer Notes maturing subsequent to the redemption date shall be void, and the only right of the holders of such Notes shall be to receive payment of principal and accrued interest on the Notes determined in accordance with these Conditions. If monies for the redemption of the Notes are not made available to holders for payment until after the redemption date, the Notes called for redemption shall not cease to bear interest until such monies have been so made available.

Upon the due date for redemption of any Floating Rate Note in definitive bearer form, all unmatured Coupons (if any) relating to such Note (whether or not attached) shall become void and no payment shall be made in respect to them.

Payments of principal in respect of Definitive Registered Notes and interests in Global Registered Notes will be made against presentation and surrender (or, in the case of part payment of any sum due only,

endorsement) of such Notes at the specified office of the Registrar in New York City or at the specified office of any of the Paying Agents.

Payments of interest (other than interest due at maturity or on a date of redemption) in respect of Definitive Registered Notes or interests in Global Registered Notes will be made to the person in whose name such Definitive Registered Note or interest in a Global Registered Note is registered at the close of business on the Record Date prior to the applicable Interest Payment Date. Payments of interest in respect of Registered Global Notes and Definitive Registered Notes due at maturity or on a date of redemption will be payable in the manner in which, and to the person to whom, principal is payable.

(c) **Payment Business Day**

Unless otherwise specified in the applicable Final Terms, any Payment on any Note due on any day which is not a Payment Business Day need not be made on such day, but may be made on the next succeeding Payment Business Day with the same force and effect as if made on the due date, and no interest shall accrue for the period from and after such day. For the purposes of these Conditions, the term "Payment Business Day" means (unless otherwise specified in the applicable Final Terms) a day (a) which is a Business Day and (b) on which commercial banks are open and foreign exchange markets settle payments in the place of presentation and payment of Notes.

For the purposes of these Conditions, the term "Business Day" means (unless otherwise specified in the applicable Final Terms) a day (a) in relation to Notes denominated in a Specified Currency other than Euro, a day on which (i) commercial banks and foreign exchange markets are open for business and carrying out transactions in the relevant financial center of the relevant Specified Currency, and (ii) commercial banks and foreign exchange markets are open for business in London and in the place of business of any other relevant Paying Agent, and (b) in relation to Notes denominated in Euro, a day on which the Trans European Automated Real Time Gross Settlement Express Transfer System (the "TARGET System") is operating.

(d) **Paying Agent**

- (i) So long as any Notes are traded on the Euro MTF, the Issuer shall maintain a Paying Agent in Luxembourg, such Paying Agent being specified in the applicable Final Terms.
- (ii) The Issuer shall at all times maintain a paying agent in a member state of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments or any law implementing or complying with, or introduced in order to conform to such Directive.

6. **Taxation**

- (a) All payments by the Issuer in respect of the Notes and the Coupons shall be made free and clear of and without withholding or deduction for or on account of any present or future taxes, duties, assessments or other governmental charges of whatsoever nature imposed or levied by or on behalf of Panama or any political subdivision or authority thereof or therein having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In the event any withholding or deduction is required by law, the Issuer shall pay such additional amounts ("Additional Amounts") as may be necessary to ensure that the amounts received by the Noteholders or Couponholders after such withholding or deduction shall equal the respective amounts of principal and interest which would have been receivable in respect of the Notes or the Coupons in the absence of such withholding or deduction, except that no such Additional Amounts shall be payable in respect of any Note or Coupon (i) presented for payment more than 30 days after the later of (A) the date on which such payment first became due and (B) if the full amount payable has not been received in New York City by the Trustee on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Noteholders or Couponholders by the Trustee, except to the extent that the Noteholder or Couponholder would have been entitled to such Additional Amounts on presenting such Note or Coupon for payment on the last day of the applicable 30 day period; (ii) held by or on behalf of a Noteholder or Couponholder who is liable for taxes, duties, assessments or governmental charges in respect

of such Note or Coupon or any interest therein or rights in respect thereof either (x) by reason of having some connection with Panama (or any political subdivision or authority thereof) other than the mere holding of such Note or Coupon or the receipt of principal or interest in respect thereof or (y) by reason of the failure of such Noteholder or Couponholder (or if such Noteholder or Couponholder is not the beneficial owner of such Note or Coupon, the beneficial owner of such Note or Coupon) to comply with any certification requirement concerning the nationality, residence, identity or connection with Panama, or any political subdivision or taxing authority thereof or therein, of such Noteholder or Couponholder (or if such Noteholder or Couponholder is not the beneficial owner of such Note or Coupon, the beneficial owner of such Note or Coupon) (A) if compliance is required by a statute, treaty or regulation of Panama, or any political subdivision of or taxing authority thereof or therein, or an official interpretation thereof, as a precondition to exemption from, or the reduction in the rate of, such deduction or withholding; (B) such Noteholder or Couponholder, as the case may be, is legally entitled to comply with such certification requirements; and (C) the Issuer has provided the Noteholder or Couponholder, as the case may be, with prior notice of such certification requirements, provided that the foregoing notice requirement shall not apply with respect to any Series of Notes that are Bearer Notes (iii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments or any law implementing or complying with, or introduced in order to conform to such Directive; (iv) (except in the case of Registered Notes) in respect of any Note, Receipt or Coupon presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a member state of the European Union; or (v) any combination of (i), (ii), (iii) and (iv).

- (b) Any reference in the Notes to principal and/or interest shall be deemed also to refer to any Additional Amounts which may be payable under the undertakings referred to in this Condition 6.
- (c) The Issuer shall pay all stamp and other duties, if any, which may be imposed by Panama, the United States, the United Kingdom, Belgium, Luxembourg or any political subdivision thereof or taxing authority of or in the foregoing with respect to the execution and delivery of the Trust Deed or the issuance of this Note.
- (d) Notwithstanding any other provisions contained herein, the relevant Issuer shall be permitted to withhold or deduct any amounts required by the rules of Sections 1471 through 1474 of the U.S. Internal Revenue Code (or any amended or successor provisions) ("FATCA" and FATCA withholding"), any treaty, law, regulation or other official guidance enacted by Panama implementing FATCA, or any agreement between the Issuer and the United States or any authority thereof implementing FATCA. The relevant Issuer (or, if applicable, the Guarantor) will have no obligation to pay Additional Amounts or otherwise indemnify an investor for any such FATCA withholding deducted or withheld by the Issuer, the paying agent or any other party.

7. **Events of Default**

If one or more of the following events (each an "Event of Default") shall have occurred (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

- (a) default shall be made in the due and punctual payment of all or any part of the principal of, or premium (if any) on, any Note, including sums payable as Additional Amounts, when and as the same shall become due and payable, whether at stated maturity, by acceleration, by prepayment or otherwise;
- (b) default shall be made in the due and punctual payment of any interest on any Note, when and as the same shall become due and payable, and such default shall have continued for a period of at least five days;
- (c) the Issuer shall fail to observe or perform any covenant contained in the Agency Agreement, the Trust Deed or the Notes, and such failure shall continue for 30 days, except in cases where the Issuer cannot remedy such failure to perform for reasons including, but not limited to, a discontinuation of its corporate existence, in which instance such failure to perform will immediately constitute an Event of Default;

- (d) any event shall occur or conditions shall exist in respect of any Indebtedness of the Issuer (other than the Notes) or any of its Subsidiaries, or under any evidence of any such Indebtedness or under any mortgage, indenture or other agreement relating thereto, the effect of which is to cause, or permit any holder of such Indebtedness or a trustee to cause, the acceleration of the maturity of such Indebtedness or to require the repayment or repurchase of such Indebtedness, or any such Indebtedness shall not have been paid at the stated maturity thereof and any applicable grace period shall have expired, provided that any such event or conditions or nonpayment in respect of any such Indebtedness of the Issuer or any of its Subsidiaries shall be disregarded for purposes of this Subsection (d) unless the principal amount of such Indebtedness affected by such event, conditions and/or nonpayment shall be at least \$10,000,000;
- (e) the Issuer or any of its Subsidiaries shall (1) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee, liquidator or administrator of itself or of all or a substantial part of its property, (2) admit in writing its inability to, or be generally unable to, pay its debts as such debts become due, (3) make a general assignment for the benefit of its creditors, (4) commence a voluntary case under the United States Bankruptcy Code (as now or hereafter in effect), (5) file a petition seeking to take advantage of any other law providing for the relief of debtors or relating to bankruptcy, insolvency, reorganization, liquidation, dissolution, arrangement or winding up, or composition or readjustment of debts, (6) fail to controvert in a timely or appropriate manner, or acquiesce in writing to, any petition filed against it in an involuntary case under such Bankruptcy Code, (7) take any action under the laws of its jurisdiction of incorporation (or any other jurisdiction) analogous to any of the foregoing, or (8) take any corporate action for the purpose of effecting any of the foregoing;
- (f) a proceeding or case shall be commenced, without the application or consent of the Issuer or any of its Subsidiaries in any court of competent jurisdiction, seeking (1) the liquidation, reorganization, dissolution, arrangement, winding up, or composition or readjustment of its debts, (2) the appointment of a trustee, receiver, custodian, examiner, liquidator, administrator or the like of it or of all or any substantial part of its properties, or (3) similar relief in respect of it, under any law providing for the relief of debtors or relating to bankruptcy, insolvency, reorganization, liquidation, dissolution, arrangement or winding up, or composition or readjustment of debts, and such proceeding or case shall continue undismissed, or unstayed and in effect, for a period of 60 days; or an order for relief shall be entered in an involuntary case under the United States Bankruptcy Code against the Issuer or any of its Subsidiaries; or action under the laws of the jurisdiction of incorporation of the Issuer or any of its Subsidiaries (or any other jurisdiction) analogous to any of the foregoing shall be taken with respect to the Issuer or any of its Subsidiaries and shall continue unstayed and in effect for any period of 60 consecutive days;
- (g) there shall occur with respect to the Issuer or any of its Subsidiaries, any event which is grounds for the required submission of the capital restoration plan under 12 U.S.C. § 1831(e)(2) or for seeking the appointment of a receiver or conservator under 12 U.S.C. § 1821(c)(5) or § 1821(c)(9), as amended, or any conservator or receiver shall be appointed under such provisions or any other law applicable to the Issuer or any of its Subsidiaries;
- (h) any Bank Regulatory Authority (as defined below) shall issue a cease and desist order to or in respect of the Issuer or any of its Subsidiaries;
- (i) the Issuer or any of its Subsidiaries shall cease accepting deposits or making commercial loans on the Instruction of any Bank Regulatory Authority or any other national, Federal, state or other regulatory body with authority to give such instruction other than pursuant to any instruction generally applicable to banks organized under the jurisdiction or organization of such entity;
- (j) any event with respect to the Issuer or any of its subsidiaries occurs which, under the laws of any jurisdiction or any political subdivision of any jurisdiction, has an effect similar to any of the foregoing events referred to in Subsections (e) through (k), inclusive; or
- (k) any final judgment or judgments of a court or courts of competent jurisdiction shall be rendered against the Issuer or any of its Subsidiaries for the payment of money in excess of \$10,000,000 in the aggregate (or the equivalent thereof, as of any date of determination, in any other currency) and any one or more of such judgments exceeding such amount in the aggregate shall not be discharged or execution thereof stayed

pending appeal, within 60 days after entry thereof, or, in the event of such a stay, such judgment or judgments shall not be discharged within 60 days after such stay expires;

then (1) upon the occurrence of any Event of Default described in Subsections (e) through (j) above, inclusive, with respect to the Issuer, the unpaid principal amount of all Notes, together with the interest accrued thereon and all other amounts payable by the Issuer hereunder and, to the extent permitted by law, an amount equal to the Additional Amounts, if any, in respect of each such Note shall automatically become immediately due and payable, (2) upon the occurrence of any Event of Default described in Subsection (a) or (b) above with respect to any Note, the holder of such Note may, by written notice to the Issuer, declare the unpaid principal amount of such Note to be, and the same shall forthwith become, due and payable, together with the interest accrued thereon and all other amounts payable by the Issuer hereunder and, to the extent permitted by law, an amount equal to the Additional Amounts, if any, in respect of each such Note or (3) upon the occurrence of any Event of Default other than an Event of Default described in Subsections (e) through (j) above, inclusive, the holder or holders of at least 66 2/3% of the aggregate unpaid principal amount of the Notes may, by written notice to the Issuer, declare the unpaid principal amount of all Notes to be, and the same shall forthwith become, due and payable, together with the interest accrued thereon and all other amounts payable by the Issuer hereunder and, to the extent permitted by law, an amount equal to the Additional Amounts, if any, in respect of each such Note, in each case under the foregoing clauses (1), (2) and (3) without presentment, demand, protest or other requirements of any kind, all of which are hereby expressly waived by the Issuer. If any holder of any Note shall exercise the option specified in clause (2) above, the Issuer will forthwith give written notice thereof to the holders of all other outstanding Notes and each such holder may (whether or not such notice is given or received), by written notice to the Issuer, declare the principal of all Notes held by it to be, and the same shall forthwith become, due and payable, together with the interest accrued thereon and all other amounts payable by the Issuer hereunder and, to the extent permitted by law, an amount equal to the Additional Amounts in respect of each such Note, all without presentment, demand, protest or other requirements of any kind, all of which are hereby expressly waived by the Issuer.

As used herein, "Bank Regulatory Authority" means (i) with respect to Bladex (and any Subsidiary other than the Subsidiary referred to in the following clause (ii)), the Superintendency authorized or provided for by the laws of Panama and all other relevant bank regulatory authorities of any jurisdiction, (ii) with respect to Bladex Cayman, the Governor in Council in the Cayman Islands and the Managing Director of the Cayman Islands Monetary Authority under the Banks and Trust Companies Law (2003 Revision) of the Cayman Islands and all other relevant bank regulatory authorities and (iii) with respect to Bladex's New York Agency, the Board of Governors of the Federal Reserve System, the Superintendent of Banks of the State of New York under the New York Banking Law and all other relevant bank regulatory authorities.

The provisions of this Condition are subject, however, to the condition that if, at any time after any Note shall have become due and payable pursuant to the foregoing clause (3), the Issuer shall pay all arrears of interest on the Notes and all payments on account of the principal of and premium (if any) on the Notes which shall have become due otherwise than by acceleration (with interest on such principal, premium (if any) and, to the extent permitted by law, on overdue payments of interest, at the rate specified in the Notes with respect to overdue payments) and all Events of Default (other than nonpayment of principal of and accrued interest on Notes and amounts equal to the Additional Amounts, due and payable solely by virtue of acceleration) shall be remedied or waived pursuant to Condition 7 herein, then, and in every such case, the holders of at least 75% of the aggregate unpaid principal amount of the Notes by written notice to the Issuer, may rescind and annul any such acceleration and its consequences; but no such action shall affect any subsequent default or Event of Default or impair any right consequent thereon.

8. Meetings of Noteholders

The Trust Deed contains provisions for convening meetings of the Noteholders to consider matters affecting their interest. The Trust Deed further provides that, with certain exceptions as therein provided, with the consent of the holders of at least a majority of the principal amount of the Notes outstanding of a Series present at a meeting duly called pursuant thereto or by written consent of such percentage of the principal amount of all Notes outstanding of such Series (disregarding any Notes owned, directly or indirectly, by the Issuer or its Affiliates (as defined below)), the Issuer and the Trustee may modify, amend or supplement the Trust Deed (insofar as respects the Notes of such Series) or the terms of the Notes of such Series or may give consents or waivers or take other actions with respect thereto. No such action may, without the consent of the holder of each Note of such Series affected thereby, (A) change the due date for the payment of the principal of or any installment of interest on any Note of such Series, (B) reduce the principal amount of any Note of such Series, the portion of such principal amount which is payable

upon acceleration of the maturity of such Note of such Series or the interest rate thereon, (C) change the designated currency in which or the required places at which payment with respect to interest or principal in respect of the Notes of such Series is payable, (D) change the Issuer's obligation to pay any Additional Amounts pursuant to Condition 6 hereof, (E) shorten the period during which the Issuer is not permitted to redeem the Notes of such Series, or permit the Issuer to redeem the Notes of such Series if, prior to such action, such Issuer is not permitted so to do, (F) reduce the proportion of the principal amount of Notes of such Series, the vote or consent of the holders of which is necessary to modify, amend or supplement the Trust Deed or the terms and conditions of the Notes of such Series or to make, take or give any request, demand, authorization, direction, notice, consent, waiver or other action provided hereby or thereby to be made, taken or given, (G) reduce the percentage of aggregate principal amount of outstanding Notes of such Series required for a quorum at any meeting of the holders of Notes of such Series or (H) change any provision in the Notes of such Series with respect to redemption at the holders' option in any manner adverse to the interests of any holder of Notes of such Series.

Any such modification, amendment, supplement, consent, waiver or other action shall be conclusive and binding on the holder of this Note of this Series and on all future holders of this Note of this Series and of any Note issued in exchange heretofore or in lieu hereof, whether or not notation thereof is made upon this Note. The Trust Deed and the terms of this Note may be modified or amended by the Issuer and the Trustee without the consent of the holder of this Note, for the purpose of (i) adding to the covenants of either Issuer for the benefit of the holder of this Note, or (ii) surrendering any right or power conferred upon either Issuer, or (iii) securing this Note pursuant to the requirements of this Note or otherwise, or (iv) relaxing or eliminating the restrictions on payment of principal or interest in respect of Bearer Notes in the United States to the extent then permitted under applicable regulations of the United States Department of the Treasury, and provided no adverse tax consequences would result to the Noteholders, or (v) evidencing the succession of another corporation with respect to either Issuer and the assumption by any such successor of the covenants and obligations of such Issuer in the Notes or Coupons appertaining thereto or in the Trust Deed or (vi) curing any ambiguity or correcting or supplementing any defective provision contained in this Note or in the Trust Deed, to all of which the holder of this Note, by acceptance thereof, consents.

9. Negative Pledge

The Issuer acknowledges and agrees that for so long as any Note remains outstanding, except for a Permitted Lien (as defined below), such Issuer will not create and will not permit any Subsidiary (as defined below) to create any Lien (as defined below) upon the whole or any part of its property or assets without, at the same time or prior thereto, securing the Notes equally and ratably therewith or providing such other security for the Notes as shall be approved by holders of 51% in principal amount of the then outstanding Notes.

For the purposes of this Condition 9:

- (i) "Permitted Lien" means
 - (A) Liens existing on December 29, 1994;
 - (B) Liens upon real and/or tangible personal property acquired after the date hereof (by purchase, construction or otherwise) by the Issuer or any of its Subsidiaries, each of which Liens either (1) existed on such property before the time of its acquisition and was not incurred in anticipation thereof) or (2) was created solely for the purpose of securing Indebtedness representing, or incurred to finance, refinance or refund, the cost (including the cost of construction) of the respective property; provided that no such Lien shall extend to or cover any property of the Issuer or such Subsidiary other than the respective property so acquired and improvements thereon; and provided further that the principal amount of the Indebtedness secured by any such Lien shall at no time exceed 80% of the fair market value (as determined in good faith by the chief executive officer, the chief financial officer or any senior vice president of the Issuer) of the respective property at the time it was acquired (by purchase, construction or otherwise);
 - (C) Liens or deposits which are required by, and arise under, workers' compensation laws, unemployment insurance laws, old age pensions and other similar social security laws;
 - (D) Liens imposed by law, such as carriers', warehousemen', mechanics', materialmen' and vendors' Liens, each of which was incurred in good faith in the ordinary course of business of the Issuer or

its Subsidiaries with respect to obligations not overdue for a period of more than 30 days or which obligations are being contested in good faith by appropriate proceedings for which adequate reserves shall have been established;

- (E) Liens for taxes or assessments or governmental charges or levies;
 - (F) Liens incidental to the normal conduct of the business of the Issuer or any Subsidiary or the ownership of its property (including zoning restrictions, easements, licenses, reservations, restrictions on the use of real property or minor irregularities incident thereto and with respect to leasehold interests, Liens that are incurred, created, assumed or permitted to exist and arise by, through or under or are asserted by a landlord or owner of the leased property, with or without consent of the lessee) that are not incurred in connection with the incurrence of Indebtedness and which do not in the aggregate materially impair the value or use of property used in the business of the Issuer and its Subsidiaries taken as a whole, or the use of such property for the purpose for which it is held;
 - (G) Liens in respect of litigation, or other similar proceedings (1) which are required by any Order, statute, rule or regulation of any court, arbitrator or Governmental Body (as defined below), (2) the validity of which are being currently contested on a timely basis in good faith by appropriate proceedings (provided that the enforcement of any Liens arising out of such proceedings shall be stayed during such proceedings) and (3) for which adequate reserves shall have been established; and
 - (H) Liens hereafter granted upon or in respect of any asset of the Issuer or any Subsidiary (other than a Permitted Lien referred to in Clauses (A) through (G) above), provided that the aggregate amount of Indebtedness secured pursuant to this Clause (H) shall not exceed 10% of Bladex's Interest Earning Assets.
- (ii) As used herein, "Interest Earning Assets" shall mean the sum of (A) cash and due from banks, (B) interest bearing deposits with banks less allowance for possible loss, (C) investment securities and (D) loans less allowance for possible loan losses and unearned discount, in each case as such amounts appear on the Issuer's most recently available consolidated balance sheet, prepared in accordance with generally accepted accounting principles, as of the date of determination.
 - (iii) As used herein, "Governmental Body" shall mean any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign.
 - (iv) As used herein, "Indebtedness" of a Person means, without duplication, (A) all obligations for borrowed money of such Person, (B) all obligations for the deferred purchase price of property acquired by such Person (excluding accounts payable arising in the ordinary course of business but including all obligations of such Person created or arising under any conditional sale or other title retention agreement with respect to any property acquired by such Person), (C) all capital lease obligations of such Person, (D) all obligations for borrowed money secured by any Lien upon or in any property owned by such Person whether or not such Person has assumed or become liable for the payment of such obligations for borrowed money and (E) all obligations of the type described in any of clauses (A) through (D) above which are guaranteed, directly or indirectly, or endorsed (otherwise than for collection or deposit in the ordinary course of business) or discounted with recourse by such Person.
 - (v) As used herein, "Lien" means, with respect to any Person, any mortgage, lien, pledge, adverse claim, charge, security interest or other encumbrance, or any interest or title of any vendor; lessor, lender or other secured party to or of such Person under any conditional sale or other title retention agreement or capital lease, upon or with respect to any property or asset of such Person, or the signing or filing by or with the consent of such Person of a financing statement that names such Person as debtor, or the signing of any security agreement authorizing any other Person as the secured party to file any financing statement.
 - (vi) As used herein, "Order" shall mean any order, writ, injunction, decree, judgment, award, determination, direction, demand.

- (vii) As used herein, "Person" shall include an individual, a corporation, an association, a partnership, a trust or estate, a government, United States or foreign, and any agency or political subdivision thereof, or any other entity.
- (viii) As used herein, "Subsidiary" means with respect to any corporation, partnership or other entity of which or in which such Person and/or its Subsidiaries own directly or indirectly more than 50% of the combined voting power of all classes of voting stock.

Notwithstanding the foregoing, this provision shall not prohibit Bladex and its Subsidiaries from complying with U.S. and state capital equivalency and other similar regulatory requirements.

10. Replacement of Notes, Exchange and Transfer

If any mutilated Note or Coupon is surrendered to the Principal Paying Agent (in the case of Bearer Notes and Coupons) or the Registrar (in the case of Registered Notes), the Issuer shall execute, and the Trustee shall authenticate and deliver in exchange therefor, a new Note or Coupon of like tenor and principal amount, bearing a number not contemporaneously outstanding.

If there be delivered to the Issuer and the Principal Paying Agent (in the case of Bearer Notes and Coupons) or the Registrar (in the case of Registered Notes) (i) evidence to their satisfaction of the destruction, loss or theft of any Note or Coupon, and (ii) such security or indemnity as may be required by them to save each of them and any agent of each of them harmless, then, in the absence of notice to the Issuer or the Trustee that such Note or Coupon has been acquired by a protected purchaser, the Issuer shall execute, and upon its request the Trustee shall authenticate and deliver in lieu of any such destroyed, lost or stolen Note or Coupon, a new Note or Coupon of like tenor and principal amount, bearing a number not contemporaneously outstanding.

Upon the issuance of any new Note or Coupon under this Condition 10, the Issuer may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and the expenses of the Trustee) connected therewith.

Upon the terms and subject to the conditions set forth in the Trust Deed, and subject to Condition 1 of these Conditions, a Registered Note may be transferred in whole or in part (in an Authorized Denomination) by the holder or holders surrendering the Note for registration of transfer at the office of the Registrar or through a Transfer Agent, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Registrar, duly executed by the holder or holders thereof or his or their attorney in fact or attorneys in fact duly authorized in writing and accompanied by any certification required under the Trust Deed.

Transfer, registration and exchange of any Note or Notes shall be permitted and executed as provided in the Trust Deed without any charge to the holder of any such Note or Notes other than any taxes or other governmental charges payable on transfers or any expenses of delivery by other than regular mail, but subject to such reasonable regulations as the Issuer, the Registrar and any transfer agent may prescribe.

The Registrar shall not register the transfer of or exchange of any Notes for a period of 15 days preceding (i) the due date for any payment of principal of or interest on the Notes or (ii) the date notice is given for redemption of the Notes.

Every new Note issued pursuant to this Condition 10 in lieu of any destroyed, lost or stolen Note shall constitute an original contractual obligation of the Issuer, whether or not the destroyed, lost or stolen Note shall be at any time enforceable by anyone. Any new Note delivered pursuant to the provisions of this Condition 10 shall be so dated that neither gain nor loss of interest shall result from such exchange. The provisions of this Condition 10 are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes.

11. Prescription

All claims against the Issuer for payment of principal of or interest (including Additional Amounts) on, or in respect of, the Notes and the Coupons shall be prescribed unless made within ten years (in the case of principal) and five years (in the case of interest (including Additional Amounts)) from the later of (i) the date on which such payment first became due and (ii) if the full amount payable has not been received by the Trustee in New York City on or

prior to such due date, the date on which, the full amount having been so received, notice shall have been given to the holders of Notes and Coupons by the Trustee that the full amount has been received.

Any monies deposited with or paid to the Trustee or to a Paying Agent by or on behalf of either Issuer for the payment of the principal of or interest (including Additional Amounts) on any Note or Coupon and not applied but remaining unclaimed for two years after the date upon which such principal or interest (including Additional Amounts) shall have become due and payable shall be repaid upon the written request of the Issuer to or for the account of the Issuer by the Trustee or such Paying Agent and, to the extent permitted by law, the holder of such Note or Coupon shall thereafter look only to the Issuer for any payment which such holder may be entitled to collect, and all liability of the Trustee or such Paying Agent with respect to such monies shall thereupon cease.

12. Notices

All notices regarding the Notes shall be given (i) to holders of Definitive Bearer Notes and interests in a Temporary Global Bearer Note or a Permanent Global Bearer Note by publication at least once in a leading daily newspaper in the English language of general circulation in London and, so long as the Notes are traded on the Euro MTF and the rules of the Luxembourg Stock Exchange shall so require, in a daily newspaper of general circulation in Luxembourg (usually the Luxemburger Wort), on the Luxembourg Stock Exchange website (www.bourse.lu), or, if such Luxembourg publication is not practicable, in one other leading English language daily newspaper with general circulation in Europe, and (ii) to holders of Definitive Registered Notes and Global Registered Notes in writing mailed, first class postage prepaid, to each holder of Registered Notes, or portions thereof, or Global Registered Notes so to be redeemed, at its address as it appears in the Register, and, in addition, so long as the Notes are traded on the Euro MTF and the rules of the Luxembourg Stock Exchange shall so require, in a daily newspaper of general circulation in Luxembourg (usually the Luxemburger Wort), provided that the rules of the Luxembourg Stock Exchange have been complied with, for as long as the Notes are traded on the Euro MTF. The term "daily paper" as used herein shall be deemed to mean a newspaper customarily published on each business day, whether or not it shall be published in Saturday, Sunday or holiday editions. If by reason of the suspension of publication of any newspaper or of regular mail service, or by reason of any other cause, it shall be impracticable to give notice to the Noteholders in the manner prescribed herein, then such notification in lieu thereof as shall be made by the Issuer or by the Trustee on behalf of and at the instruction of the Issuer shall constitute sufficient provision of such notice, if such notification shall, so far as may be practicable, approximate the terms and conditions of the publication or mailed notice in lieu of which it is given. Neither the failure to give notice nor any defect in any notice to any particular Noteholder shall affect the sufficiency of any notice with respect to other Notes. Such notices will be deemed to have been given on the date of such publication or mailing or, if published in such newspapers on different dates, on the date of the first such publication.

Notice to be given by any Noteholder shall be in writing and given by forwarding the same, together with the relative Note or Notes, to the Trustee. While any Notes are represented by a Permanent Global Bearer Note, such notice may be given by any holder of an interest in such Permanent Global Bearer Note to the Trustee via Euroclear and/or Clearstream, Luxembourg, and/or any other clearing system as may be specified in the relevant Final Terms, as the case may be, in such manner as the Trustee and Euroclear and/or Clearstream, Luxembourg, and/or any other clearing system as may be specified in the relevant Final Terms, as the case may be, may approve for this purpose.

13. Currency Indemnity

All sums payable by the Issuer under or in connection with the Notes and the Coupons, including damages, will be payable in the applicable Specified Currency. Any amount received or recovered in a currency other than the applicable Specified Currency (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding up or dissolution of the Issuer or otherwise) by any Noteholder or Couponholder in respect of any sum expressed to be due to it from either Issuer shall only constitute a discharge of the Issuer to the extent of the amount of the applicable Specified Currency which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that amount of the applicable Specified Currency is less than the amount of the applicable Specified Currency expressed to be due to the recipient under any Note or Coupon, the Issuer shall indemnify it against any loss sustained by it as a result. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition 13, it will be sufficient for the Noteholder or Couponholder to demonstrate that it would have suffered a loss had an actual purchase been made on the date established by this Condition 13. These indemnities constitute a

separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder or Couponholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or Coupon or any other judgment or order.

14. Governing Law

THE NOTES SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, UNITED STATES OF AMERICA.

15. Jurisdiction

The Issuer hereby submits to the jurisdiction of any court of the State of New York or federal court sitting in the Borough of Manhattan, The City of New York (the "New York Courts"), with respect to any legal suit, action or proceeding arising out of or relating to this Note. The Issuer waives to the fullest extent permitted by law any immunity from jurisdiction to which it might otherwise be entitled in any suit or proceeding arising out of or relating to this Note and any such suit or proceeding may (at the sole election of the party bringing such suit or proceeding) be instituted by the holder of this Note in any such court.

The Issuer agrees that the process by which any proceedings in the State of New York are begun may be served on it by being delivered to the New York Agency of Bladex, 708 Third Avenue, 16th Floor, New York, New York 10017 (or its other address in New York from time to time). If the appointment of the person mentioned in this Clause ceases to be effective, the Issuer shall forthwith appoint a further person in the State of New York to accept service of process on its behalf in the State of New York and notify the name and address of such person to each Dealer, and failing such appointment within fifteen days, any Dealer shall be entitled to appoint such a person by notice to the Issuer. Nothing contained herein shall affect the right to serve process in any other manner permitted by law.

The submission to the jurisdiction of the New York Courts shall not (and shall not be construed so as to) limit the right of the Issuer, the Dealers or any of them to take proceedings in any other court of competent jurisdiction, nor shall the taking of proceedings in any one or more jurisdictions preclude the taking of proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by applicable law.

16. Descriptive Headings

The descriptive headings appearing in these Terms and Conditions are for convenience of reference only and shall not alter, limit or define the provisions hereof.

17. Further Issues of Notes

The Issuer may from time to time without the consent of the Noteholders create and issue further notes, bonds or debentures having the same terms and conditions as the Notes in all respect (or in all respects except for the payment of interest on the Notes (i) scheduled and paid prior to the date of issuance of such notes, bonds or debentures or (ii) payable on the first Interest Payment Date following such date of issuance) so that such further issue shall be consolidated and form a single series with the outstanding notes, bonds and debentures of any series (including the Notes); provided that nothing in this paragraph shall prevent the Issuer from creating and issuing further notes, bonds or debentures that do not have the same terms and conditions as the Notes and which are not consolidated with the Notes to form a single series. Any further notes, bonds or debentures forming a single series with the outstanding notes, bonds or debentures of any series (including the Notes) constituted by the Trust Deed or any trust deed supplemental to it shall, and any other notes, bonds or debentures may, be constituted by a trust deed supplemental to the Trust Deed.

EXCHANGE OF GLOBAL NOTES

Unless provided otherwise in the applicable Final Terms, all Notes of a Series in bearer form that are offered and sold outside of the United States will be represented initially by a Temporary Global Bearer Note to be deposited with a common depositary on behalf of Clearstream, Luxembourg and Euroclear and/or any other clearing system as may be specified in the relevant Final Terms for credit to the accounts designated for or on behalf of the purchasers of the Notes on the date of payment for and delivery of the Notes. Upon deposit of the Temporary Global Bearer Note, Euroclear or Clearstream, Luxembourg, and/or any other clearing system as may be specified in the relevant Final Terms, as the case may be, will credit each purchaser with a principal amount of Notes equal to the principal amount thereof for which it has paid. If an Interest Payment Date occurs while a holder has an interest in a Temporary Global Bearer Note, such interest payment will be made on the Temporary Global Bearer Note only to the extent that certification as to beneficial ownership as required by United States Treasury regulations (in the form set out in the Trust Deed and described in the following paragraph) has been received.

The beneficial owner of an interest in a Temporary Global Bearer Note shall, on or after the Exchange Date, exchange all or any portion of such interest for an equal aggregate principal amount of Registered Notes, in Authorized Denominations, or interests in a Permanent Global Bearer Note; provided, however, that such exchange for interests in a Permanent Global Bearer Note will be made only upon the receipt by the Issuer of certification that (i) the owner of such interest in a Permanent Global Bearer Note is not a United States person, (ii) the interest in a Permanent Global Bearer Note is owned by a financial institution for purposes of resale during the restricted period (as defined in United States Treasury Regulations Section 1.163-5(c)(2)(i)(D)(7)) and such financial institution certifies in addition that it has not acquired such interest for purposes of resale directly or indirectly to a United States person or to a person within the United States or (iii) the obligation is owned by a United States person which is either (x) the foreign branch of a United States financial institution (as defined in Section 1.165-12(c)(1)(iv)) purchasing for its own account or for resale or (y) a United States person who acquired the obligation through the foreign branch of a United States financial institution and who holds the obligation through such financial institution on the date of certification (and in the case of either clause (x) or (y), the financial institution has agreed to comply with the requirements of Section 165(j)(3)(A), (B) or (C) of the United States Internal Revenue Code of 1986, as amended (the "Code"), and the United States Treasury regulations thereunder). Interests in a Permanent Global Bearer Note may be exchanged for Bearer Notes in definitive form and Registered Notes. For purposes hereof, (i) "Exchange Date" means, for any Series of Notes, a date which is not earlier than the 40th day after the later of the Issue Date or the completion of the resale of the Notes, as determined by Issuer, (ii) "United States person" means any citizen or resident of the United States, any corporation created or organized in or under the laws of the United States or of any state or political subdivision thereof (including the District of Columbia), any estate the income of which is subject to United States federal income taxation regardless of its source and a trust, if both a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust and (iii) "United States" means the United States of America (including the States thereof and the District of Columbia) and its possessions.

The following legend shall appear on all Bearer Notes and Coupons as required: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Code." The sections referred to in such legend provide that a United States taxpayer, with certain exceptions, will not be entitled to deduct any loss on sales of an interest in a Permanent Global Bearer Note or a Definitive Bearer Note and will not be entitled to any capital gains treatment which might otherwise be applicable to any gain or any sale, exchange, redemption or other disposition of such interests in a Permanent Global Bearer Note or Definitive Bearer Note.

In compliance with United States federal tax laws and regulations, Bearer Notes (including interests in a Temporary Global Bearer Note and a Permanent Global Bearer Note) may not be offered or sold during the restricted period (as defined in United States Treasury Regulations Section 1.163-5(c)(2)(i)(D)(7)) within the United States or to United States persons other than to an office located outside the United States of a United States financial institution (as defined in Section 1.165-12(c)(1)(iv) of the United States Treasury Regulations), purchasing for its own account or for resale or for the account of certain customers, that provides a certificate stating that it agrees to comply with the requirements of Section 165(j)(3)(A), (B) or (C) of the Code and the United States Treasury Regulations thereunder, or to certain other persons described in Section 1.163-5(c)(2)(i)(D)(1)(iii)(B) of the United States Treasury Regulations. Moreover, such Bearer Notes may not be delivered by any distributor in connection with their sale within the United States. Any distributor (as defined in Section 1.163-5(c)(2)(i)(D)(4) of the United States Treasury Regulations) participating in the offering or sale of Bearer Notes must covenant that it will not offer or sell during

the restricted period any Bearer Notes within the United States or to United States persons (other than to the persons described above), it will not deliver in connection with the sale of Bearer Notes during the restricted period any Bearer Notes within the United States and it has in effect procedures reasonably designed to ensure that its employees and agents who are directly engaged in selling the Bearer Notes are aware of the restrictions on offers and sales described above.

Notes of a Series initially sold in the United States or to U.S. Persons will initially be issued in the form of a Global Registered Note and held in book entry form at DTC. Except as expressly provided for in the Trust Deed, the owner of beneficial interests in the Global Registered Notes may not obtain Registered Notes in definitive form. Such Registered Notes, whether in global or definitive form, will be "restricted" securities as defined in Rule 144 under the Securities Act.

For so long as a Series of Notes (or any part of it) is represented by a Temporary Global Bearer Note or a Permanent Global Bearer Note, each person who has for the time being a particular principal amount of the Notes of such Series so represented credited to its securities account in the records of Euroclear or Clearstream, Luxembourg and/or any other clearing system as may be specified in the relevant Final Terms shall be treated as the Noteholder in respect of that principal amount of the relevant Series of Notes for all purposes under the Trust Deed, other than for the purpose of payments.

TAXATION

The following is a general description of certain tax laws relating to the Notes and does not purport to be a comprehensive discussion of the tax treatment of every Series of Notes. Prospective purchasers of any Series of Notes are advised to consult their own tax advisers as to the consequences of the purchase, ownership and disposition of any Series of Notes in light of their particular circumstances, including, but not limited to, the consequences of the receipt of interest and the sale or redemption of any Series of Notes.

Certain U.S. Federal Income Tax Considerations

Generally

The following is a summary of the principal U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes by a U.S. Holder (as defined below). Except as otherwise indicated, this summary deals only with purchasers of Notes that purchase Notes at original issuance at their initial issue price and that will hold the Notes as capital assets and whose functional currency is the U.S. dollar. The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Notes by particular investors, and does not address state, local, foreign or other tax laws. In particular, this summary does not discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as financial institutions, insurance companies, partners in a partnership that invests in Notes and such partnership, investors liable for the alternative minimum tax, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, dealers or traders in securities or currencies, investors that will hold the Notes as part of straddles, hedging transactions or conversion transactions for U.S. federal income tax purposes). Moreover, the summary deals only with Notes with a term of 30 years or less.

As used herein, the term "U.S. Holder" means a beneficial owner of Notes that is, for U.S. federal income tax purposes, a citizen or resident of the United States, or a domestic corporation, or an estate, or trust the income of which is subject to U.S. federal income tax regardless of source.

If a partnership (or any other entity treated as a partnership for U.S. federal income tax purposes) holds the Notes, the tax treatment of the partnership and a partner in such partnership generally will depend on the status of the partner and the activities of the partnership. Such partner or partnership should consult its own tax adviser as to its consequences.

Bearer Notes are not being offered to U.S. Holders. A U.S. Holder who owns a Bearer Note may be subject to limitations under United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the Code.

The summary is based on the tax laws of the United States, including the Code, its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, all as currently in effect and available and all subject to change at any time, possibly with retroactive effect.

The summary of U.S. federal income tax consequences set out below is for general information only. Prospective purchasers should consult their tax advisers as to the particular tax consequences to them of owning the Notes, including the applicability and effect of state, local, foreign and other tax laws and possible changes in tax law.

Characterisation of the Notes

There are no regulations, published rulings or judicial decisions addressing the characterisation for U.S. federal income tax purposes of securities issued under the same circumstances and with substantially the same terms as the Notes. Bladex believes and intends to take the position that the Notes constitute debt for U.S. federal income tax purposes. However, no ruling will be obtained from the IRS with respect to the characterisation of the Notes as debt, and there can be no assurance that the IRS or the courts would agree with this characterisation of the Notes. If, due to the capital structure of Bladex or otherwise, the Notes were treated as equity interests in Bladex, U.S. Holders would be treated as owning interests in a "passive foreign investment company" (a "PFIC"). Prospective investors should consult their tax advisers regarding the characterisation of the Notes and the consequences of owning an

equity interest in a PFIC. The discussion below assumes that the Notes will be treated as debt for U.S. federal income tax purposes.

Interest

The gross amount of interest (other than OID, as defined and discussed under "—Original Issue Discount") and Additional Amounts (if any) on a Note (without reduction for withholding taxes, if any) will be taxable to a U.S. Holder as ordinary income at the time it is received or accrued, depending on the U.S. Holder's method of accounting for tax purposes. Interest paid by Bladex on the Notes and OID, if any, accrued with respect to the Notes (as described below under "*Original Issue Discount*") generally will constitute income from sources outside the United States. For U.S. foreign tax credit limitation purposes, interest on the Notes generally will constitute "passive category income," or, in the case of certain U.S. Holders, "general category income" which are treated separately from other types of income in computing the foreign tax credit allowable to U.S. Holders under U.S. federal income tax laws.

Original Issue Discount

General

The following is a summary of the principal U.S. federal income tax consequences of the ownership of Notes issued with original issue discount ("OID"). The following summary does not discuss Notes that are characterised as contingent payment debt instruments for U.S. federal income tax purposes. In the event Bladex issues contingent payment debt instruments, the applicable Final Terms will describe the principal U.S. federal income tax consequences thereof, as appropriate.

A Note, other than a Note with a term of one year or less (a "Short-Term Note"), will be treated as issued with OID (a "Discount Note") if the excess of the Note's "stated redemption price at maturity" over its "issue price" is equal to or more than a *de minimis* amount (0.25 per cent. of the Note's stated redemption price at maturity multiplied by the number of complete years to its maturity (or the weighted average maturity in the case of installment notes)). Generally, the issue price of a Note will be the first price at which a substantial amount of Notes included in the issue of which the Note is a part is sold to persons other than bond houses, brokers, or similar persons or organisations acting in the capacity of underwriters, placement agents, or wholesalers. The stated redemption price at maturity of a Note is the total of all payments provided by the Note that are not payments of "qualified stated interest." The term "qualified stated interest" generally means stated interest that is unconditionally payable at least annually at a single fixed rate (with certain exceptions for lower rates paid during some periods), or, subject to certain conditions, at a variable rate based on one or more interest indices.

U.S. Holders of Discount Notes must include OID in income calculated on a constant yield method before the receipt of cash attributable to the income, and generally will have to include in income increasingly greater amounts of OID over the life of the Discount Notes. The amount of OID includible in income is the sum of the daily portions of OID with respect to the Discount Note for each day during the taxable year or portion of the taxable year on which the U.S. Holder holds the Discount Note ("accrued OID"). The daily portion is determined by allocating to each day in any "accrual period" a *pro rata* portion of the OID allocable to that accrual period. Accrual periods with respect to a Note may be of any length selected by the U.S. Holder and may vary in length over the term of the Note as long as (i) no accrual period is longer than one year and (ii) each scheduled payment of interest or principal on the Note occurs on either the final or first day of an accrual period. The amount of OID allocable to an accrual period equals the excess of (i) the product of the Discount Note's adjusted issue price at the beginning of the accrual period and the Discount Note's yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (ii) the sum of the payments of qualified stated interest on the Note allocable to the accrual period. In the case of a Note that pays a variable rate of interest (a "Variable Interest Rate Note") and that is a Discount Note, both the "yield to maturity" and "qualified stated interest" generally will be determined for these purposes as though the Discount Note will bear interest in all periods at a fixed rate generally equal to the rate that would be applicable to the interest payments on the Note on its date of issue or in the case of certain Variable Interest Rate Notes, the rate that reflects the yield that is reasonably expected for the Note. (Additional rules may apply if interest on a Variable Interest Rate Note is based on more than one interest index.) The "adjusted issue price of a Discount Note at the beginning of any accrual period is the issue price of the Note increased by (x) the amount of accrued OID for each prior accrual period and decreased by (y) the amount of any payments previously made on the Note that were not qualified stated interest payments.

Acquisition Premium

A U.S. Holder that purchases a Discount Note for an amount less than or equal to the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, but in excess of its adjusted issue price (any such excess being "acquisition premium") and that does not make the election described below under "*Election to Treat All Interest as Original Issue Discount*," is permitted to reduce the daily portions of OID by a fraction, the numerator of which is the excess of the U.S. Holder's adjusted basis in the Note immediately after its purchase over the Note's adjusted issue price, and the denominator of which is the excess of the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, over the Note's adjusted issue price.

Market Discount

A Note, other than a Short-Term Note, purchased in the secondary market or upon a further issuance that is a qualified reopening for U.S. federal income tax purposes generally will be treated as purchased at a market discount (a "Market Discount Note") if the Note's stated redemption price at maturity or, in the case of a Discount Note, the Note's adjusted issue price, exceeds the amount for which the U.S. Holder purchased the Note by at least 0.25 per cent. of the Note's stated redemption price at maturity or adjusted issue price, respectively, multiplied by the number of complete years to the Note's maturity (or, in the case of a Note that is an installment obligation, the Note's weighted average maturity). If this excess is not sufficient to cause the Note to be a Market Discount Note, then the excess constitutes "*de minimis* market discount."

Upon disposition or maturity of a Market Discount Note, or upon receipt of a partial principal payment on a Market Discount Note that is an installment obligation, any gain will be treated as ordinary income to the extent that the gain does not exceed the market discount which has not been previously included in gross income and which accrued on the Note while held by such U.S. Holder. In general terms, market discount is accrued on a rateable basis, or, at the U.S. Holder's election, on a constant yield basis. A constant yield election is irrevocable unless the IRS consents to a revocation. Alternatively, a U.S. Holder of a Market Discount Note may elect to include market discount in income currently (on either a rateable or constant yield basis) over the life of the Note. This election shall apply to all debt instruments with market discount acquired by the electing U.S. Holder on or after the first day of the first taxable year to which the election applies. This election may not be revoked without the consent of the IRS. A U.S. Holder of a Market Discount Note that does not elect to include market discount in income currently will generally be required to defer deductions for interest on borrowings incurred to purchase or carry a Market Discount Note that is in excess of the interest and OID on the Note includible in the U.S. Holder's income, to the extent that this excess interest expense does not exceed the portion of the market discount allocable to the days on which the Market Discount Note was held by the U.S. Holder.

Election to Treat All Interest as Original Issue Discount

A U.S. Holder may elect to include in gross income all interest that accrues on a Note using the constant yield method described above under "*General*," with certain modifications. For purposes of this election, interest includes stated interest, acquisition discount, OID, *de minimis* OID, market discount, *de minimis* market discount and unstated interest, as adjusted by any amortisable bond premium (described below under "*Notes Purchased at a Premium*") or acquisition premium. This election generally will apply only to the Note with respect to which it is made and may not be revoked without the consent of the IRS. If the election to apply the constant yield method to all interest on a Note is made with respect to a Market Discount Note, the electing U.S. Holder will be treated as having made the election discussed above under "*Market Discount*" to include market discount in income currently over the life of all debt instruments with market discount held or thereafter acquired by the U.S. Holder. U.S. Holders should consult their tax advisers concerning the propriety and consequences of this election.

Short-Term Notes

In general, an individual or other cash basis U.S. Holder of a Short-Term Note is not required to accrue OID (as specially defined below for the purposes of this paragraph) for U.S. federal income tax purposes unless it elects to do so (but may be required to include any stated interest in income as the interest is received). Accrual basis U.S. Holders and certain other U.S. Holders are required to accrue OID on Short-Term Notes on a straight-line basis or, if the U.S. Holder so elects, under the constant-yield method (based on daily compounding). In the case of a U.S. Holder not required and not electing to include OID in income currently, any gain realised on the sale or retirement

of the Short-Term Note will be ordinary income to the extent of the OID accrued on a straight-line basis (unless an election is made to accrue the OID under the constant yield method) through the date of sale or retirement. U.S. Holders who are not required and do not elect to accrue OID on Short-Term Notes will be required to defer deductions for interest on borrowings allocable to Short-Term Notes in an amount not exceeding the deferred income until the deferred income is realised.

For purposes of determining the amount of OID subject to these rules, all interest payments on a Short-Term Note are included in the Short-Term Note's stated redemption price at maturity. A U.S. Holder may elect to determine OID on a Short-Term Note as if the Short-Term Note had been originally issued to the U.S. Holder at the U.S. Holder's purchase price for the Short-Term Note. This election shall apply to all obligations with a maturity of one year or less acquired by the U.S. Holder on or after the first day of the first taxable year to which the election applies, and may not be revoked without the consent of the IRS.

Notes Purchased at a Premium

A U.S. Holder that purchases a Note for an amount in excess of its principal amount, or for a Discount Note, its stated redemption price at maturity, may elect to treat the excess as "amortisable bond premium," in which case the amount required to be included in the U.S. Holder's income each year with respect to interest on the Note will be reduced by the amount of amortisable bond premium allocable (based on the Note's yield to maturity) to that year. Any election to amortise bond premium shall apply to all bonds (other than bonds the interest on which is excludable from gross income for U.S. federal income tax purposes) held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and is irrevocable without the consent of the IRS. See also "*Original Issue Discount—Election to Treat All Interest as Original Issue Discount*" above.

Purchase, Sale, Exchange and Retirement of Notes

A U.S. Holder generally will recognise gain or loss on the sale, exchange or retirement of a Note equal to the difference between the amount realised on the sale, exchange or retirement (other than accrued but unpaid qualified stated interest which will be taxable as such) and the tax basis of the Note. A U.S. Holder's tax basis in a Note generally will be its cost to the Holder increased by the amount of any OID or market discount included in the U.S. Holder's income with respect to the Notes (whether or not *de minimis*) and reduced by (i) the amount of any payments that are not qualified stated interest payments, and (ii) the amount of any amortisable bond premium applied to reduce interest on the Notes. Except to the extent described above under "*Original Issue Discount—Market Discount*" or "*Original Issue Discount—Short-Term Notes*" or attributable to accrued but unpaid interest or changes in exchange rates (as discussed below), gain or loss recognised on the sale or retirement of a Note will be capital gain or loss and will be long-term capital gain or loss if the U.S. Holder's holding period in the Notes exceeds one year. Gain or loss realised by a U.S. Holder on the sale or retirement of a Note generally will be U.S. source gain or loss. The deductibility of capital losses is subject to limitations.

Foreign Currency Notes

Interest

If an interest payment is denominated in, or determined by reference to, a foreign currency, the amount of income recognised by a cash basis U.S. Holder will be the U.S. dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars.

An accrual basis U.S. Holder may determine the amount of income recognised with respect to an interest payment denominated in, or determined by reference to, a foreign currency in accordance with either of two methods. Under the first method, the amount of income accrued will be based on the average exchange rate in effect during the interest accrual period (or, in the case of an accrual period that spans two taxable years of a U.S. Holder, the part of the period within the taxable year).

Under the second method, the U.S. Holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year). Additionally, if a payment of interest is actually received within five business days of the last day of the accrual

period, an electing accrual basis U.S. Holder may instead translate the accrued interest into U.S. dollars at the exchange rate in effect on the day of actual receipt. Any such election will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and will be irrevocable without the consent of the IRS.

Upon receipt of an interest payment (including a payment attributable to accrued but unpaid interest upon the sale, exchange or retirement of a Note) denominated in, or determined by reference to, a foreign currency, the U.S. Holder may recognise exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars. If a payment received in a foreign currency is not immediately converted into U.S. dollars, the later disposition of the foreign currency may give rise to further exchange gain or loss.

OID

OID for each accrual period on a Discount Note denominated in, or determined by reference to, a foreign currency, will be determined in the foreign currency and then translated into U.S. dollars in the same manner as stated interest accrued by an accrual basis U.S. Holder, as described above. Upon receipt of an amount attributable to OID (whether in connection with a payment on the Note or a sale of the Note), a U.S. Holder may recognise exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

Bond Premium

Bond premium (which for this purpose includes both amortizable bond premium and acquisition premium) on a Note that is denominated in, or determined by reference to, a foreign currency, will be computed in units of the foreign currency, and any such bond premium that is taken into account currently will reduce interest income in units of the foreign currency. On the date bond premium offsets interest income, a U.S. Holder may recognise exchange gain or loss (taxable as ordinary income or loss) measured by the difference between the spot rate in effect on that date, and on the date the Notes were acquired by the U.S. Holder. A U.S. Holder that does not elect to take bond premium (other than acquisition premium) into account currently will recognise a market loss when the Note matures.

Market Discount

Market Discount on a Note that is denominated in, or determined by reference to, a foreign currency, will be accrued in the foreign currency. If the U.S. Holder elects to include market discount in income currently, the accrued market discount will be translated into U.S. dollars at the average exchange rate for the accrual period (or portion thereof within the U.S. Holder's taxable year). Upon the receipt of an amount attributable to accrued market discount, the U.S. Holder may recognise exchange gain or loss (which will be taxable as ordinary income or loss) determined in the same manner as for accrued interest or OID. A U.S. Holder that does not elect to include market discount in income currently will recognise, upon the disposition or maturity of the Note, the U.S. dollar value of the amount accrued, calculated at the spot rate on that date, and no part of this accrued market discount will be treated as exchange gain or loss.

Sale, Exchange or Retirement

As discussed above under "*Purchase, Sale, Exchange and Retirement of Notes*," a U.S. Holder generally will recognise gain or loss on the sale, exchange or retirement of a Note equal to the difference between the amount realised on the sale, exchange or retirement and its tax basis in the Note. A U.S. Holder's tax basis in a Note that is denominated in a foreign currency will be determined by reference to the U.S. dollar cost of the Note. The U.S. dollar cost of a Note purchased with foreign currency will generally be the U.S. dollar value of the purchase price on the date of purchase or, in the case of Notes traded on an established securities market, as defined in the applicable Treasury Regulations, that are purchased by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the purchase.

The amount realised on a sale, exchange or retirement for an amount in foreign currency will be the U.S. dollar value of this amount on the date of sale, exchange or retirement or, in the case of Notes traded on an established securities market, as defined in the applicable Treasury Regulations, sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the sale. Such an election by an accrual basis U.S. Holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS.

A U.S. Holder will recognise exchange rate gain or loss (taxable as ordinary income or loss) on the sale, exchange or retirement of a Note equal to the difference, if any, between the U.S. dollar values of the U.S. Holder's purchase price for the Note (or, if less, the principal amount of the Note) (i) on the date of sale or retirement and (ii) the date on which the U.S. Holder acquired the Note. Any such exchange rate gain or loss will be realised only to the extent of total gain or loss realised on the sale, exchange or retirement.

Disposition of Foreign Currency

Foreign currency received as interest on a Note or on the sale, exchange or retirement of a Note will have a tax basis equal to the U.S. dollar amount taken into account as interest or proceeds from sale, exchange or retirement of a Note. Foreign currency that is purchased will generally have a tax basis equal to the U.S. dollar value of the foreign currency on the date of purchase. Any gain or loss recognised on a sale or other disposition of a foreign currency (including its use to purchase Notes or upon exchange for U.S. dollars) will be ordinary income or loss.

U.S. Information Reporting and Backup Withholding Tax

A U.S. Holder may be subject to information reporting unless it establishes that payments to it made within the United States or by a U.S. payor or U.S. middleman are exempt from these rules (e.g., payments to corporations generally are exempt from these rules). Payments that are subject to information reporting may be subject to backup withholding if a U.S. Holder does not provide its taxpayer identification number and otherwise comply with the backup withholding rules. Amounts withheld under the backup withholding rules are available to be credited against a U.S. Holder's U.S. federal income tax liability and may be refunded to the extent they exceed such liability, provided the required information is timely provided to the IRS.

Reportable Transactions

U.S. Treasury regulations require a U.S. taxpayer that participates in a "reportable transaction" to disclose such participation to the IRS. The scope and application of these rules is not entirely clear. In the event the acquisition, holding or disposition of Notes constitutes participation in a "reportable transaction" for purposes of these rules, a U.S. Holder will be required to disclose its investment by filing Form 8886 with the IRS and Bladex and its advisers may also be required to disclose the transaction to the IRS. In addition, Bladex and its advisers may be required to maintain a list of U.S. Holders, and to furnish this list and certain other information to the IRS upon written request. Prospective purchasers are urged to consult their tax advisers regarding the application of these rules to the acquisition, holding or disposition of Notes.

3.8% Medicare Tax On "Net Investment Income"

Certain U.S. Holders who are individuals, estates or trusts are required to pay a 3.8% tax on, among other things, interest income and capital gains from the sale or other disposition of Notes.

Foreign Asset Reporting

U.S. Holders who are individuals are required to report information relating to an interest in the Notes, subject to certain exceptions (including an exception for Notes held in accounts maintained by certain financial institutions, such as a U.S. brokerage account). U.S. Holders are urged to consult their tax advisers regarding the effect, if any, of new U.S. federal income tax legislation on their ownership and disposition of the Notes.

Prospective purchasers of Notes are advised to consult their own tax advisers as to the consequences of a purchase, ownership and disposition of Notes, including, without limitation, the applicability and effect of any state, local or non U.S. tax laws to which they may be subject, and of any legislative or administrative changes in law.

Panama

Panama's income tax is essentially territorial. Only income deemed to arise from Panamanian sources is subject to income taxation in Panama. Income derived by Panama or foreign corporations or individuals which is not deemed to be Panamanian source income is not subject to income tax in Panama.

Payments of interest on the Notes to any holder thereof will not be subject to income tax or withholding requirements in Panama, provided that the proceeds received by Bladex upon the original issuance and sale of the Notes are not placed, invested or economically utilized in Panama, and further provided that payments on the Notes are made through a bank paying agent as contemplated in the Third Amended and Restated Agency Agreement. A holder of a Note will not be subject to income tax in Panama on any gain realized on the sale, exchange or retirement of a Note, provided that the proceeds received by Bladex upon the original issuance and sale of the Notes are not placed, invested or economically utilized in Panama. Bladex has represented and agreed that it will not place, invest or economically utilize in Panama the proceeds that it will receive upon the original issuance and sale of the Notes.

The above summary is based upon statutes, regulations, rulings and court decisions as in effect on the date hereof.

European Union Directive on the Taxation of Savings

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland) with effect from the same date.

The European Commission has proposed certain amendments to the Directive which may, if implemented, amend or broaden the scope of the requirements described above.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying and Transfer Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. If a withholding tax is imposed on a payment made by a Paying and Transfer Agent, the Issuer will be required to maintain a Paying and Transfer Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Directive.

SUBSCRIPTION AND SALE

The Dealers have entered into the Dealer Agreement with the Issuer pursuant to which they established with the Issuer a basis upon which they may from time to time agree to purchase the Notes for an indefinite period of time under the Program. Certain additional Dealers may from time to time execute a Dealer Accession Letter with the Issuer in order to purchase Notes from time to time in accordance with the provisions of the Dealer Agreement. In the Dealer Agreement, the Issuer has agreed to reimburse the Dealers for certain expenses in connection with the establishment of the Program and the issue of each Series of Notes under the Program. The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes, including liabilities under the Securities Act.

Some of the Dealers and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. If any of the Dealers or their affiliates have a lending relationship with us, certain of those Dealers or their affiliates routinely hedge, and certain other of those Dealers may hedge, their credit exposure to us consistent with their customary risk management policies. Typically, these Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the notes offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the notes offered hereby. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Notes may be offered and sold in the United States pursuant to Rule 144A. The Dealers have represented and agreed and each further Dealer appointed under the Program will be required to represent and agree, that neither they, nor any of their affiliates nor any person acting on their behalf, has engaged or will engage in any directed selling efforts (as defined in Regulation S) with respect to the Notes or any form of general solicitation or general advertising (as defined in Regulation D under the Securities Act) in connection with any offer or sale of the Notes in the United States. The Bearer Notes are also subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to United States persons, except in certain transactions permitted by U.S. tax regulations.

Until 40 days after the commencement of the offering of each Series of Notes, an offer or sale of Notes of such Series within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date"), the Notes which are the subject of the offering contemplated by this Base Prospectus will not be offered to the public in that Relevant Member State other than any offers in any Relevant Member State where from the time a prospectus has been approved by the competent authority in that Relevant Member State and published and, if applicable, notified to the relevant competent authority or authorities in accordance with the Prospectus Directive as implemented in such Relevant Member State, and provided that the issuer has consented in writing to use of a prospectus for any such offers,

except that the Notes may, with effect from and including the Relevant Implementation Date, be offered to the public in that Relevant Member State:

- (i) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (ii) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Manager or Managers nominated by the issuer for any such offer; or
- (iii) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of notes referred to in (i) to (iii) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression "an offer of notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, and the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

United Kingdom

Each Dealer has represented and agreed and each further Dealer appointed under the Program will be required to represent and agree, that:

No deposit-taking: in relation to any Notes having a maturity of less than one year:

- (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and
- (ii) it has not offered or sold and will not offer or sell the Notes other than to persons:
 - (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
 - (B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,

where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer.

Financial promotion: it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

General compliance: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

The Netherlands

The Notes which are the subject of the offering contemplated by this Base Prospectus have not been and may not be offered, sold, delivered or transferred to the public in the Netherlands (i) in reliance on Article 3(2) of the Prospectus Directive if and to the extent article 5:20(5) of the Netherlands Financial Supervision Act (*Wet op het financieel toezicht*) applies, or (ii) in reliance on Article 1(2)(h) of the Prospectus Directive, in each case unless such offer is

made exclusively to qualified investors in the Netherlands as defined in the Prospectus Directive provided that no such offer of Notes shall require the Issuer or any manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive. For the purposes of this provision, the expressions (i) an "offer of Notes to the public" in relation to any Notes in the Netherlands, and (ii) "Prospectus Directive", have the meaning given to them above in the paragraph headed with "Notice to Prospective Investors in the European Economic Area."

Switzerland

This Base Prospectus does not constitute an issue prospectus pursuant to Article 652a or Article 1156 of the Swiss Code of Obligations and the Notes will not be listed on the SIX Swiss Exchange. Therefore, this Base Prospectus may not comply with the disclosure standards of the listing rules (including any additional listing rules or prospectus schemes) of the SIX Swiss Exchange. Accordingly, the Notes may not be offered to the public in or from Switzerland, but only to a selected and limited circle of investors who do not subscribe to the Notes with a view to distribution. Any such investors will be individually approached by the Dealers from time to time.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) and, accordingly, will not be offered or sold, directly or indirectly, in Japan, or for the benefit of any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person, except in compliance with all applicable laws, regulations and ministerial guidelines promulgated by relevant Japanese governmental or regulatory authorities in effect at the relevant time. For the purposes of this paragraph, "Japanese Person" shall mean any person resident in Japan, including any corporation or other entity organized under the laws of Japan.

Hong Kong

The Notes may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the Notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder.

Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the Notes under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or

any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; or (3) by operation of law.

Thailand

The Notes have not been and will not be offered or sold, whether directly or indirectly, in the Kingdom of Thailand. Any invitation in the Kingdom of Thailand to subscribe for the Notes has not been and will not be made, whether directly or indirectly, and this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Notes has not been and will not be circulated or distributed, whether directly or indirectly, to any persons in Thailand.

If the Notes are resold into Thailand, such Notes will only be resold to qualified "Institutional Investors", as defined under the Bank of Thailand regulations, in accordance with and subject to the applicable regulations of the Bank of Thailand, in accordance with and subject to the applicable regulations of the Bank of Thailand, and to the extent permitted by the Bank of Thailand to invest in foreign currency denominated debt securities. Such qualified Institutional Investors currently include: (i) The Government Pension Fund, (ii) The Social Security Fund, (iii) provident funds, (iv) mutual funds (excluding private funds), (v) securities companies purchasing Notes for their own account or other investors' accounts, (vi) insurance companies, (vii) financial institutions established under specific acts, (viii) legal entities whose principal business is manufacturing, trading or services and having assets on their balance sheets of at least Baht 5 Billion, and (ix) companies listed on the Stock Exchange of Thailand.

Taiwan

The Notes have not been and will not be registered with the Financial Supervisory Commission ("FSC") pursuant to relevant securities laws and regulations and may not be sold, issued or offered within Taiwan through a public offering or in circumstances which constitute an offer within the meaning of the Securities and Exchange Act of Taiwan that requires a registration or approval of the FSC. No person or entity in Taiwan has been authorized to offer, sell, give advice regarding or otherwise intermediate the offering and sale of the Notes in Taiwan.

Brazil

The Notes have not been and will not be issued, nor placed, distributed, offered or negotiated in the Brazilian capital markets. The issuance of the Notes has not been nor will be registered with the Brazilian Securities Commission (*Comissão de Valores Mobiliários* or "CVM"). Any public offering or distribution, as defined under Brazilian laws and regulations, of the Notes in Brazil is not legal without prior registration under Law No. 6,385, as amended, and Instruction No. 400, issued by the CVM on December 29, 2003, as amended. Documents relating to the securities offered by this Base Prospectus, as well as information contained therein, may not be supplied to the public in Brazil (as the securities offered by this Base Prospectus is not a public offering of the Notes in Brazil), nor be used in connection with any offer for subscription or sale of the Notes to the public in Brazil. Therefore, each of the Dealers has represented, warranted and agreed that it has not offered or sold, and will not offer or sell, the Notes in Brazil, except in circumstances which do not constitute a public offering, placement, distribution or negotiation of securities in the Brazilian capital markets regulated by Brazilian legislation.

Persons wishing to offer or acquire the Notes within Brazil should consult with their own counsel as to the applicability of registration requirements or any exemption therefrom.

Chile

Neither the Issuer nor the Notes are registered in the Securities Registry (*Registro de Valores*) or the Foreign Securities Registry (*Registro de Valores Extranjeros*) of the Chilean Securities and Insurance Commission (*Superintendencia de Valores y Seguros de Chile* or "SVS"), or subject to the control and supervision of the SVS. This Base Prospectus does not constitute a public offer of, or an invitation to subscribe for or purchase, the Notes in the Republic of Chile, other than to individually identified purchasers pursuant to a private offering within the meaning of Article 4 of the Chilean Securities Market Act (*Ley de Mercado de Valores*) (an offer that is not "addressed to the public at large or to a certain sector or specific group of the public").

Colombia

The Notes have not been offered or sold, and will not be offered or sold, in Colombia other than in compliance with applicable laws.

Mexico

The Notes have not been, and will not be, registered with the National Securities Registry maintained by the Mexican National Banking and Securities Commission (*Comisión Nacional Bancaria y de Valores*, or the "CNBV") and, therefore the Notes may not be publicly offered or sold nor be the subject of intermediation in Mexico, publicly or otherwise, except that Notes may be offered in Mexico to institutional and qualified investors pursuant to the private placement exception set forth in Article 8 of the Mexican Securities Market Law.

Panama

The Notes have not been, and will not be, registered with the Superintendency of Capital Markets of Panama. Accordingly, (i) the Notes cannot be offered or sold in Panama, except in transactions exempted from registration under the securities laws, (ii) the Superintendency of Capital Markets of Panama has not reviewed the information contained in this Base Prospectus, (iii) the Notes and their offer are not subject to the supervision of the Superintendency of Capital Markets of Panama, and (iv) the Notes do not benefit from the tax incentives provided by the Panamanian securities laws and regulations.

Peru

The Notes and the information contained in this Base Prospectus are not being publicly marketed or offered in Peru and will not be distributed or caused to be distributed to the general public in Peru. Peruvian securities laws and regulations on public offerings will not be applicable to the offering of the Notes and therefore, the disclosure obligations set forth therein will not be applicable to the Issuer or the Dealers of the Notes before or after their acquisition by prospective investors. The Notes and the information contained in this Base Prospectus have not been and will not be reviewed, confirmed, approved or in any way submitted to the Peruvian National Supervisory Commission of Companies and Securities (*Comisión Nacional Supervisora de Empresas y Valores*) nor have they been registered under the Securities Market Law (*Ley del Mercado de Valores*) or any other Peruvian regulations. Accordingly, the Notes cannot be offered or sold within Peruvian territory except to the extent any such offering or sale qualifies as a private offering under Peruvian regulations and complies with the provisions on private offerings set forth therein.

General

Other than with respect to the admission to listing, trading and/or quotation by such one or more listing authorities, stock exchanges and/or quotation systems as may be specified in the Final Terms, no action has been or will be taken in any country or jurisdiction that would permit a public offering of the Notes or the possession, circulation or distribution of this Base Prospectus or any other material relating to the Issuer or the Notes in any country or jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Base Prospectus nor any other offering material or advertisements in connection with the Notes may be distributed or published, in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification will be set out in the relevant Final Terms in the case of a supplement or modification relevant only to a particular Series of Notes) or (in any other case) in a supplement to this document.

Purchasers of the Notes may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase in addition to the purchase price.

TRANSFER RESTRICTIONS

Notes of a Series may be offered, sold and resold in the United States to qualified institutional buyers in reliance on Rule 144A. Each purchaser of such Notes will be deemed by its acceptance thereof to have represented and agreed as follows (except as otherwise indicated, terms used in the following paragraphs have the meanings given to them by Regulation S or Rule 144A, as applicable):

- (1) The purchaser is purchasing such Notes for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a qualified institutional buyer and such Notes are being sold to it in reliance on Rule 144A.
- (2) Such Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States or under any state securities laws and may not be reoffered, resold, pledged or otherwise transferred except (A) in compliance with Rule 144A to a person whom the seller reasonably believes is a qualified institutional buyer (as defined in Rule 144A) purchasing for its own account or for the account of a qualified institutional buyer whom the holder has informed, in each case, that the reoffer, resale, pledge or other transfer is being made in reliance on Rule 144A, (B) outside the United States in compliance with Rule 903 or Rule 904 of Regulation S or (C) pursuant to an exemption from registration under the Securities Act, in each case in accordance with any applicable securities laws of any state of the United States and any other jurisdiction.
- (3) The Notes have not been, and will not be, registered with the Superintendency of Capital Markets of Panama. Accordingly, (i) the Notes cannot be publicly offered or sold in Panama, except in transactions exempted from registration under the securities laws, (ii) the Superintendency of Capital Markets of Panama has not reviewed the information contained in this Base Prospectus, (iii) the Notes and its offer are not subject to the supervision of the Superintendency of Capital Markets of Panama, and (iv) the Notes do not benefit from the tax incentives provided by the Panamanian securities laws and regulations. The Dealers acknowledge and each future Dealer appointed under the Program will be required to acknowledge that the Notes have not been, and will not be, registered with the Superintendency of Capital Markets of Panama, and therefore will not offer or sell the Notes in Panama, except in transactions exempted from the registration requirements of the securities laws of Panama.
- (4) Such Notes will bear a legend to the following effect unless the Issuer determines otherwise in compliance with applicable law:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES OR UNDER ANY STATE SECURITIES LAWS, AND MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT AS PERMITTED BY THE FOLLOWING SENTENCES. THE HOLDER HEREOF, BY ITS ACCEPTANCE OF THIS NOTE, REPRESENTS, ACKNOWLEDGES AND AGREES THAT IT WILL NOT REOFFER, RESELL, PLEDGE OR OTHERWISE TRANSFER THIS NOTE EXCEPT (A) IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A) PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT THE REOFFER, RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A; (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT; OR (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAW OF ANY STATE OF THE UNITED STATES AND ANY OTHER JURISDICTION. UNLESS OTHERWISE INDICATED, TERMS USED IN THIS PARAGRAPH HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT.

The Issuer recognizes that none of DTC, Euroclear or Clearstream, Luxembourg and/or any other clearing system as may be specified in the relevant Final Terms in any way undertakes to, and none of DTC, Euroclear or Clearstream, Luxembourg and/or any other clearing system as may be specified in the relevant Final Terms shall have any

responsibility to, monitor or ascertain the compliance of any transactions in the Notes with any exemptions from registration under the Securities Act or of any other state or federal securities law.

FINAL TERMS

The Final Terms for each Series of Notes will be in substantially the form set forth in Appendix A to this Base Prospectus and will contain the following information in respect of the Notes of that Series:

- (i) the Issuer;
- (ii) whether the Notes are to be offered on a syndicated basis and the names of the Dealers;
- (iii) the Series number;
- (iv) whether the Notes are in bearer or registered form;
- (v) the Specified Currency and the Authorized Denomination(s) of the Notes;
- (vi) the aggregate principal amount of the Notes to be issued (the "Principal Amount") and the price (expressed as a percentage of the Principal Amount) at which such Notes will be issued (the "Issue Price");
- (vii) the date on which such Notes will be issued (the "Issue Date");
- (viii) the date on which such Notes (unless previously redeemed or purchased and cancelled) will be redeemed (the "Maturity Date");
- (ix) in the case of Variable Redemption Amount Notes, the amount at which the Notes will be redeemed (the "Redemption Amount");
- (x) the interest and/or payment basis (the "Interest Basis") of the Notes, which may be one or more of the following:
 - (a) Notes bearing interest on a fixed rate basis ("Fixed Rate Notes"); or
 - (b) Notes bearing interest on a floating rate basis ("Floating Rate Notes"); or
 - (c) Notes bearing interest on a step up or step down basis ("Step up Notes" or "Step down Notes," respectively); or
 - (d) Notes issued on a non interest bearing basis ("Zero Coupon Notes"); or
 - (e) Notes bearing interest on a variable rate basis ("Variable Coupon Amount Notes");
- (xi) in the case of interest bearing Notes, the date from which such Notes bear interest (which may or may not be the Issue Date) (the "Interest Commencement Date");
- (xii) in the case of Fixed Rate Notes:
 - (a) the rate or rates at which the Notes bear interest (which may remain the same throughout the life of the Notes or increase and/or decrease) (each an "Interest Rate"); and
 - (b) the date or dates on which interest is payable (which may occur once or more than once in each year and which date or dates may or may not be the same throughout the life of the Notes (each a "Fixed Interest Payment Date");
- (xiii) in the case of Floating Rate Notes:
 - (a) the period to maturity of the instrument or obligation from which the Base Rate is calculated (the "Index Maturity");
 - (b) the manner in which the rate of interest (the "Rate of Interest") is to be determined, including:

- (1) the relevant base rate (the "Base Rate") by which the Rate of Interest is to be determined and the relevant financial center applicable to such Base Rate; and
- (2) the spread (the "Spread") (expressed as a percentage rate per annum) specified on the face of such Note as being applicable to the relevant Base Rate (the "Relevant Rate") for such Note and the spread multiplier (the "Spread Multiplier") (expressed as a percentage) specified on the face of such Note as being applicable to the Relevant Rate for such Note;
- (c) the minimum interest rate, if any, at which such Notes will bear interest (the "Minimum Interest Rate");
- (d) the maximum interest rate, if any, at which such Notes will bear interest (the "Maximum Interest Rate");
- (e) the date or dates on which the Rate of Interest will be reset (each, an "Interest Reset Date");
- (f) the date on which the Rate of Interest will be determined (each, an "Interest Determination Date") (if different from that set forth in Condition 3);
- (g) the applicable definition of "Business Day" (if different from that set forth in Condition 5(c));
- (h) any other terms relating to the particular method of calculating interest for such Notes;
- (xiv) in the case of Zero Coupon Notes:
 - (a) the amortization yield (if any) in respect of such Notes (the "Amortization Yield") expressed as a percentage rate per annum; and
 - (b) any other formula or basis for determining the Amortized Face Amount (as described in Condition 4(c));
- (xv) whether such Notes are to be redeemable at the option of the Issuer and/or the Noteholders and, if so, the applicable terms (including each date upon which redemption may occur, the premium (if any) for the Notes, in the case of Notes redeemable by the Issuer in part, the minimum principal amount (if any) of the Notes permitted to be so redeemed at any time and such greater principal amount (if any) of the Notes permitted to be so redeemed at any time);
- (xvi) whether or not entitlements to payments of principal and interest are postponed until the following Business Day if the date for payment does not fall on a Business Day;
- (xvii) details of any additions or variations to the Conditions;
- (xviii) details of any additional selling restrictions which are required;
- (xix) additional investment considerations (if any);
- (xx) whether or not such Notes are to be traded on the Euro MTF or any other agreed stock exchange;
- (xxi) details of any additional or alternative clearance system approved by the Issuer, the Principal Paying Agent and, if applicable, the Registrar and, for listed Notes, the Luxembourg Stock Exchange;
- (xxii) details of any other relevant terms of such Notes or special conditions not inconsistent with the provisions of the Trust Deed;
- (xxiii) details of the Calculation Agent (if any);
- (xxiv) details of the stabilizing Dealer (if any);
- (xxv) the Common Code for Euroclear and Clearstream, Luxembourg and/or any other clearing system as may be specified in the relevant Final Terms and the relevant ISIN number, and/or the relevant CUSIP and CINS numbers;

- (xxvi) the relevant Exchange Date upon which the Temporary Global Bearer Note will be exchangeable for (1) interests in a Permanent Global Bearer Note or (2) Registered Notes;
- (xxvii) whether a DTC Restricted or Unrestricted Global Note and/or a Restricted or Unrestricted Global Note will be available; and
- (xxviii) commissions and concessions for syndicated issues.

LEGAL MATTERS

Certain legal matters in connection with the offering of the Notes will be passed upon with respect to New York and United States law by Clifford Chance US LLP and with respect to Panamanian law by Arias, Fábrega y Fábrega.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The consolidated financial statements of Banco Latinoamericano de Comercio Exterior, S.A. as of December 31, 2014 and 2013 and for the years ended December 31, 2014, 2013 and 2012, included in this Base Prospectus, have been audited by Deloitte, Inc., an independent registered public accounting firm, as stated in their report appearing herein.

GENERAL INFORMATION

1. Application has been made to have the Notes accepted for clearance through the Euroclear and Clearstream, Luxembourg clearance systems. The Common Code for each Series of Notes, together with the relevant ISIN number and the CUSIP number for Notes sold in the United States, will be contained in the Final Terms relating thereto. This Base Prospectus, any supplement to this Base Prospectus and the Final Terms for each Series of Notes will be available for inspection and may be obtained at the office of the Paying Agent, The Bank of New York (Luxembourg) S.A., Aerogolf Center, 1A Hoehenhof, L 1736 Senningerberg, Luxembourg.
2. The Luxembourg Stock Exchange has assigned the Program the number 9654 for listing purposes.
3. Bladex has obtained all necessary consents, approvals and authorizations in Panama in connection with the issue of, and the performance of its obligations under, the Notes. The update of the Program and the issue of the Notes thereunder have been authorized and ratified by resolutions of the Board of Directors of Bladex passed at a meeting held on April 15, 2015.
4. Except as disclosed herein, there has been no material adverse change in the financial position or prospects of the Issuer since December 31, 2014.
5. The Issuer is not involved in any governmental, litigation or arbitration proceedings relating to claims or amounts which are material in the context of the issue of the Notes, nor so far as it is aware is any such litigation or arbitration proceedings pending or threatened.
6. Copies in English of (i) the latest and future consolidated audited annual and unaudited quarterly financial statements of Bladex, (ii) the Trust Deed, (iii) the Agency Agreement (including the forms of Notes) and (iv) any other agreement executed in connection with the Program and any issuance of Notes thereunder will be available for collection and may be obtained at the offices of each of the Paying Agents, including The Bank of New York (Luxembourg) S.A., Vertigo Building – Polaris, 2-4 rue Eugène Ruppert, L-2453 Luxembourg, and at the Issuer's registered office. Bladex does not publish unconsolidated financial statements. Copies of Bladex's by-laws will be available for collection and may be obtained at the Issuer's registered office and at the office of the Luxembourg listing agent, KBL European Private Bankers S.A.

APPENDIX A

FORM OF FINAL TERMS

The Final Terms in respect of each Series of Notes will be substantially in the following form, duly supplemented (if necessary), amended (if necessary) and completed to reflect the particular terms of the relevant Notes and their issue. Text in this section appearing in italics does not form part of the form of the Final Terms but denotes directions for completing the Final Terms.

Final Terms dated [●]

BANCO LATINOAMERICANO DE COMERCIO EXTERIOR, S.A.
Issue of [Principal Amount of Series] [Title of Notes]
under the US\$2,250,000,000
Euro Medium Term Note Programme

CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated [●], 2015 [and the supplemental Base Prospectus dated [●]]. This document constitutes the Final Terms relating to the issue of Notes described herein. These Final Terms contain the final terms of the Notes and must be read in conjunction with the Base Prospectus [(as so supplemented)].

Full information on the Issuer and the Notes described herein is only available on the basis of a combination of these Final Terms and the Base Prospectus [(as so supplemented)]. The Base Prospectus [and the supplemental Base Prospectus] [is/are] available for viewing at [[address] [and] [website]] and copies may be obtained from [address].

[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.]

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Base Prospectus dated [●], 2015 [and the supplemental Base Prospectus dated [●]]. These Final Terms contain the final terms of the Notes described herein and must be read in conjunction with the Base Prospectus dated [●], 2015 [and the supplemental Base Prospectus dated [●]], which [together] constitute[s] a Base Prospectus, save in respect of the Conditions which are extracted from the Base Prospectus dated [●] [and the supplemental Base Prospectus dated [●]] and are attached hereto. Full information on the Issuer and the offer of the Notes described herein is only available on the basis of a combination of these Final Terms and the Base Prospectuses dated [●] and [●] and the [supplemental Base Prospectuses dated [●] and [●]]. The Base Prospectuses [and the supplemental Base Prospectuses] are available for viewing at [address] [and] [website]] and copies may be obtained from [address].

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Final Terms.]

1. Issuer: Banco Latinoamericano de Comercio Exterior, S.A.
2. (i) Series Number: []
(ii) Series Number: (If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible). []
3. Specified Currency or Currencies: []

4. Principal Amount:
- [(i)] [Series:] []
- [(11)] [Tranche:] []
5. Issue Price: [] per cent. of the Principal Amount [plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)]
6. Authorized Denominations []
- (N.B. The minimum denomination of each Note admitted to trading on a regulated exchange in the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which would otherwise require the publication of a prospectus under the Prospectus Directive is EUR100,000 (or if the Notes are denominated in a currency other than euro, the equivalent amount in such currency) or such higher amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to Specified Currency)*
- (No Notes may be issued which have a minimum denomination of less than EUR1,000 (or nearly equivalent in another currency)).*
7. (i) Issue Date: []
- (ii) Interest Commencement Date: []
8. Maturity Date: [specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]
- [If the Maturity Date is less than one year from the Issue Date and either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, (i) the Notes must have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be sold only to "professional investors" or (ii) another applicable exemption from section 19 of the FSMA must be available.]*
9. Interest Basis:
- [● % Fixed Rate Notes]
 [[specify reference rate] +/- ● % Floating Rate Notes]
 [Zero Coupon Notes]
 [Index-Linked Interest]
 [Step Up Notes or Step Down Notes]
 [Variable Coupon Amount Notes]
 [Dual Currency]
 [Other (specify)]
 (further particulars specified below)
10. Redemption/Payment Basis:
- [Redemption at par]
 [Index-Linked Redemption]
 [Dual Currency]
 [Partly Paid]
 [Instalment]

- [Other (*specify*)]
11. Change of Interest or Redemption/
Payment Basis: [*Specify details of any provision for convertibility of Notes into another interest or redemption/ payment basis*]
12. Put/Call Options: [Investor Put]
[Issuer Call]
[(further particulars specified below)]
13. (i) Status of the Notes: [Senior/[Dated/Perpetual]/Subordinated]
(ii) Status of the Guarantee: [Senior/[Dated/Perpetual]/Subordinated]
[(iii)] Date [Board] approval for issuance of Notes obtained: []
- (*N.B Only relevant where Board (or similar) authorisation is required for the particular Series of Notes*)
14. Method of distribution: [Syndicated/Non-syndicated]
15. Listing
- (i) Listing: [Luxembourg/other (*specify*)/None]
- (ii) Admission to trading: [Application has been made for the Notes to be admitted to trading on the Euro MTF market of the Luxembourg Stock Exchange]/[other] with effect from [].] [Not Applicable.]
- (*Where documenting a fungible issue need to indicate that original securities are already admitted to trading.*)

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16. **Fixed Rate Note Provisions** [Applicable/Not Applicable]
- (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (i) Interest Rate(s): [] per cent. per annum [payable annually/semi- annually/quarterly/ monthly] in arrears]
- (ii) Fixed Interest Payment Date(s): [] in each year [adjusted in accordance with [*specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"*]/not adjusted]
- (iii) Fixed Coupon Amount[(s)]: [] [per Note of [] Authorized Denomination and per Note of [] Authorized Denomination]
- (iv) Broken Amount(s): [*Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount[(s)]*]
- (v) Day Count Fraction: [30/360 / Actual/Actual (ICMA/ISDA) / other]
- (vi) Determination Dates: [] in each year (*insert regular interest payment dates, ignoring Issue Date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count*

Fraction is Actual/Actual ([ICMA]))

- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/give details]
- (consider if day count fraction, particularly for euro denominated issues should be on an Actual/ Actual or other basis. Also consider what should happen to unmatured coupons in the event of early redemption of the Notes.)*
17. **Floating Rate Note Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph.)*
- (i) Interest Period(s)
- (ii) Specified Interest Payment Dates: []
- (Specified Period and Specified Interest Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention, insert "Not Applicable")*
- (iii) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ other (give details)]
- (iv) Additional Business Centre(s): [Not Applicable/give details]
- (v) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/other (give details)]
- (vi) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Principal Paying Agent): [[Name] shall be the Calculation Agent (no need to specify if the Principal Paying Agent is to perform this function)]
- (vii) Screen Rate Determination:
- Base Rate: [For example, LIBOR or EURIBOR]
 - Relevant Screen Page: [For example, Reuters LIBOR 01/EURIBOR 01]
 - Relevant Time [For example, 11.00 a.m. London time/Brussels time]
 - Relevant Financial Centre [For example, London/Euro-zone (where Euro-zone means the region composed of the countries whose lawful currency is the euro)]

- (viii) ISDA Determination:
- Floating Rate Option: []
 - Designated Maturity: []
- (ix) Margin(s): [+/-] [] per cent. per annum
- (x) Minimum Interest Rate: [] per cent. per annum
- (xi) Maximum Interest Rate: [] per cent. per annum
- (xii) Day Count Fraction: []
- (xiii) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: []
- (xiv) Index Maturity: []
- (xv) Spread: []
- (xvi) Spread Multiplier: []
- (xvii) Interest Reset Date: []
- (xviii) Interest Determination Date: [] *(if different from that set forth in Condition 3)*
- (xix) Business Day: [] *(if different from that set forth in Condition 5(c))*
18. **Zero Coupon Note Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) [Amortisation/Accrual] Yield: [] per cent. per annum
- (ii) Reference Price: []
- (iii) Any other formula/basis of determining amount payable: *[Consider whether it is necessary to specify a Day Count Fraction for the purposes of Condition 4(c)]*
19. **Index-Linked Interest Note Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this*

paragraph)

(i) Index/Formula: [Give or annex details]

(ii) Calculation Agent responsible for calculating the interest due: []

(iii) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable: []

(iv) Specified Interest Payment Dates: []

(Specified Period and Specified Interest Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention, insert "Not Applicable.")

(v) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]

(vi) Additional Business Centre(s): []

(vii) Minimum Rate of Interest: [] per cent. per annum

(viii) Maximum Rate of Interest: [] per cent. per annum

(ix) Day Count Fraction: []

20. **Dual Currency Note Provisions** [Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(i) Rate of Exchange/method of calculating Rate of Exchange: [Give details]

(ii) Calculation Agent, if any, responsible for calculating the principal and/or interest due: []

(iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: []

- (iv) Person at whose option []
Specified Currency(ies)
is/are payable:

PROVISIONS RELATING TO REDEMPTION

21. **Early Redemption for Tax Reasons** [Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Early Redemption Amount (Tax): []
- (ii) Date after which changes in law, etc. entitle Issuer to redeem: [Specify if not the Issue Date]

22. **Call Option** [Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [] per Note of [] Authorized Denomination
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: []
- (b) Maximum Redemption Amount: []
- (iv) Notice period: []

23. **Put Option** [Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s):
- (iii) Notice period: []

24. **Early Redemption Amount**

- Early Redemption Amount(s) of each Note payable on redemption on event of default and/or the method of calculating the same (if required or if different from that set out in the Conditions): [Not Applicable (if the Early Termination Amount is the principal amount of the Notes/specify the Early Termination Amount if different from the principal amount of the Notes)]
25. **Redemption Amount:** [] per note of authorized denomination
- GENERAL PROVISIONS APPLICABLE TO THE NOTES**
26. **Form of Notes:** **Bearer Notes:**
- [Temporary Global Bearer Note exchangeable for a Permanent Global Bearer Note which is exchangeable for Definitive Bearer Notes on
- [] days' notice/at any time/in the limited circumstances specified in the Permanent Global Bearer Note.]
- [Temporary Global Bearer Note exchangeable for Definitive Bearer Notes on [] days' notice.]
- [Permanent Global Bearer Note exchangeable for Definitive Bearer Notes on [] days' notice/at any time/in the limited circumstances specified in the Permanent Global Bearer Note].
- [Exchange Date: []]
- Registered Notes:**
- [Global Registered Note]
 [Definitive Registered Notes]
 [DTC Restricted Global Note]
 [DTC Unrestricted Global Note]
 [Restricted Global Note]
 [Unrestricted Global Note]
27. Additional Financial Centre(s) or other special provisions relating to Payment Dates: [Not Applicable/give details. Note that this item relates to the date and place of payment, and not interest period end dates, to which items 16(ii), 17(iv) and 19(vii) relate]
28. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. If yes, give details]
29. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/give details]
30. Details relating to Instalment Notes: amount of each instalment, [Not Applicable/give details]

date on which each payment is to be made:

31. [Consolidation provisions: [Not Applicable/The provisions [in Condition 18 (*Further Issues*)] [annexed to this Final Terms] apply]]

32. Other terms or special conditions: [Not Applicable/*give details*]

(When adding any other final terms consideration should be given as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)

DISTRIBUTION

33. (i) If syndicated, names and addresses and underwriting commitments of Dealers: [Not Applicable/*give names*]

(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.)

(ii) Date of Subscription Agreement: [•]

(iii) Stabilizing Dealer (if any): [Not Applicable/*give name*]

34. If non-syndicated, name and address of Dealer: [Not Applicable/*give name and address*]

35. TEFRA: [Not Applicable/The [C/D] Rules are applicable]

36. Additional selling restrictions: [Not Applicable/*give details*]

37. Additional investment considerations: [Not Applicable/*give details*]

OPERATIONAL INFORMATION

38. ISIN Code: []

39. Common Code: []

40. [CUSIP or CINS codes) []

41. Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking Societe Anonyme and the relevant identification number(s): [Not Applicable/*give name(s) and number(s)*]

42. Delivery: Delivery [against/free of] payment. [If delivery is against

payment, provide wire transfer instructions.]

43. Names and addresses of additional Paying Agent(s) (if any): []
44. Calculation Agent: [] (if any)

ADMISSION TO TRADING

These Final Terms comprise the final terms required for the Notes described herein to be admitted to trading on the Euro MTF market of the Luxembourg Stock Exchange pursuant to the U.S.\$2,250,000,000 Euro Medium Term Note Program of Banco Latinoamericano de Comercio Exterior, S.A.

[STABILISING

In connection with the issue of the Notes, [insert name of Stabilising Manager] (the "**Stabilising Manager**") (or persons acting on behalf of the Stabilising Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) will undertake such action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must be no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment shall be conducted in accordance with applicable law. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.]

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Final Terms. [[•] has been extracted from [•].] The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [•], no facts have been omitted which would render the reproduced inaccurate or misleading.

Signed on behalf of the Issuer:

By: _____
Duly authorized

APPENDIX B

CONSOLIDATED BALANCE SHEETS AS OF MARCH 31, 2015 (UNAUDITED) AND DECEMBER 31, 2014, AND RELATED CONSOLIDATED STATEMENTS OF INCOME, COMPREHENSIVE INCOME, STOCKHOLDERS' EQUITY AND REDEEMABLE NON CONTROLLING INTEREST AND CASH FLOWS (UNAUDITED) FOR THE THREE MONTHS ENDED MARCH 31, 2015 AND 2014, AND CONSOLIDATED BALANCE SHEETS OF BANCO LATINOAMERICANO DE COMERCIO EXTERIOR, S.A. AS OF DECEMBER 31, 2014 AND 2013, AND RELATED CONSOLIDATED STATEMENTS OF INCOME, COMPREHENSIVE INCOME, CHANGES IN STOCKHOLDERS' EQUITY AND REDEEMABLE NONCONTROLLING INTEREST AND CASH FLOWS FOR EACH OF THE THREE YEARS IN THE PERIOD ENDED DECEMBER 31, 2014

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Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Consolidated Balance Sheets as of March 31, 2015 (Unaudited) and December 31, 2014, and Related Consolidated Statements of Income, Comprehensive Income, Stockholders' Equity and Redeemable Non Controlling Interest and Cash Flows (Unaudited) for the Three Months Ended March 31, 2015 and 2014.

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Consolidated Financial Statements

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Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Consolidated balance sheets

March 31, 2015 and December 31, 2014

(In US\$ thousand, except share amounts)

	Notes	<u>March 31,</u> <u>2015</u> <u>(Unaudited)</u>	<u>December 31,</u> <u>2014</u> <u>(Audited)</u>
Assets			
Cash and due from banks	3,18	27,796	4,985
Interest-bearing deposits in banks (including pledged deposits of \$26,201 in 2015 and \$39,210 in 2014)	3,18	917,351	775,530
Securities available-for-sale (including pledged securities to creditors of \$284,073 in 2015 and \$307,530 in 2014)	4,18	331,829	338,973
Securities held-to-maturity (fair value of \$60,255 in 2015 and \$53,295 in 2014) (including pledged securities to creditors of \$25,802 in 2015 and \$13,004 in 2014)	4,18	61,628	54,180
Investment funds	5,18	57,339	57,574
Loans	6,18	6,568,934	6,686,244
Less:			
Allowance for loan losses	7,18	77,692	79,675
Unearned income and deferred fees		7,839	8,509
Loans, net		<u>6,483,403</u>	<u>6,598,060</u>
Customers' liabilities under acceptances	18	659	114,018
Accrued interest receivable	18	40,488	47,938
Equipment and leasehold improvements (net of accumulated depreciation and amortization of \$16,477 in 2015 and \$16,203 in 2014)		7,757	8,129
Derivative financial instruments used for hedging - receivable	15,17,18	13,682	12,324
Other assets		13,532	13,561
Total assets		<u><u>7,955,464</u></u>	<u><u>8,025,272</u></u>
Liabilities and stockholders' equity			
Deposits:	8,18		
Noninterest-bearing - Demand		1,987	394
Interest-bearing - Demand		107,166	83,781
Time		2,505,192	2,422,519
Total deposits		<u>2,614,345</u>	<u>2,506,694</u>
Trading liabilities	9,17,18	39	52
Securities sold under repurchase agreement	3,4,10,17,18	276,554	300,519
Short-term borrowings and debt	11,18	2,767,891	2,692,537
Acceptances outstanding	18	659	114,018
Accrued interest payable	18	17,753	14,855
Long-term borrowings and debt	12,18	1,288,304	1,405,519
Derivative financial instruments used for hedging - payable	15,17,18	27,220	40,287
Reserve for losses on off-balance sheet credit risk	7	9,870	6,849
Other liabilities		11,318	32,879
Total liabilities		<u>7,013,953</u>	<u>7,114,209</u>
Commitments and contingencies	14,18,19		
Stockholders' equity:	13,16,20		
Class A common stock, no par value, assigned value of \$6.67 (Authorized 40,000,000; outstanding 6,342,189)		44,407	44,407
Class B common stock, no par value, assigned value of \$6.67 (Authorized 40,000,000; outstanding 2,479,050)		20,683	20,683
Class E common stock, no par value, assigned value of \$6.67 (Authorized 100,000,000; outstanding 30,088,879 in 2015 and 29,956,100 in 2014)		214,890	214,890
Additional paid-in capital in excess of assigned value of common stock		116,364	117,339
Capital reserves		95,210	95,210
Retained earnings		538,887	510,046
Accumulated other comprehensive loss	4,16	(14,235)	(13,885)
Treasury stock		(74,695)	(77,627)
Total stockholders' equity		<u>941,511</u>	<u>911,063</u>
Total liabilities and stockholders' equity		<u><u>7,955,464</u></u>	<u><u>8,025,272</u></u>

The accompanying notes are an integral part of these consolidated financial statements (Unaudited).

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Consolidated statements of income (Unaudited)
For the three months ended March 31, 2015 and 2014
(in US\$ thousand, except per share amounts)

	Notes	2015	2014
Interest income:	15		
Deposits		431	374
Investment securities:			
Available-for-sale		1,861	1,991
Held-to-maturity		405	223
Investment funds		-	20
Loans		50,901	47,007
Total interest income		53,598	49,615
Interest expense:	15		
Deposits		2,453	2,630
Investment funds		-	37
Short-term borrowings and debt		6,643	6,927
Long-term borrowings and debt		8,733	7,912
Total interest expense		17,829	17,506
Net interest income		35,769	32,109
Reversal of provision for loan losses	7	2,695	16
Net interest income, after reversal of provision for loan losses		38,464	32,125
Other income (expense):			
Provision for losses on off-balance sheet credit risk	7	(3,021)	-
Fees and commissions, net		2,300	4,276
Derivative financial instruments and hedging	15	912	(20)
Net gain (loss) from investment funds		2,562	(560)
Net (loss) from trading securities	9	(15)	(199)
Net gain on sale of securities available-for-sale	4	296	258
Net gain on sale of loans		207	120
Net (loss) gain on foreign currency exchange		(69)	190
Other income, net		248	331
Net other income		3,420	4,396
Operating expenses:			
Salaries and other employee expenses		8,305	8,084
Depreciation and amortization of equipment and leasehold improvements		529	660
Professional services		753	815
Maintenance and repairs		395	395
Expenses from investment funds		-	416
Other operating expenses		3,061	3,114
Total operating expenses		13,043	13,484
Net income from continuing operations		28,841	23,037
Net loss from discontinued operations		-	-
Net income		28,841	23,037
Net income (loss) attributable to the redeemable noncontrolling interest		-	(475)
Net income attributable to Bladex stockholders		28,841	23,512
Amounts attributable to Bladex stockholders:			
Net income from continuing operations		28,841	23,512
Net loss from discontinued operations		-	-
		28,841	23,512
Earning per share from continuing operations:			
Basic	13	0.74	0.61
Diluted	13	0.74	0.61
Loss per share from discontinued operations:			
Basic	13	-	-
Diluted	13	-	-
Earning per share:			
Basic	13	0.74	0.61
Diluted	13	0.74	0.61
Weighted average basic shares	13	38,805	38,600
Weighted average diluted shares	13	38,858	38,679

The accompanying notes are an integral part of these consolidated financial statements (Unaudited).

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Consolidated statements of comprehensive income (Unaudited) For the three months ended March 31, 2015 and 2014 (in US\$ thousand)

	Notes	<u>2015</u>	<u>2014</u>
Net income		28,841	23,037
Other comprehensive income (loss):			
Unrealized gains (losses) on securities available-for-sale:			
Unrealized gains (losses) arising from the period	16	990	4,593
Less: reclassification adjustments for net gains included in net income	16	<u>(24)</u>	<u>(252)</u>
Net change in unrealized gains (losses) on securities available for sale		<u>966</u>	<u>4,341</u>
Unrealized gains (losses) on derivative financial instruments:			
Unrealized gains (losses) arising from the period	16	(2,736)	(680)
Less: reclassification adjustments for net (gains) losses included in net income	16	<u>1,462</u>	<u>121</u>
Net change in unrealized gains (losses) on derivative financial instruments		<u>(1,274)</u>	<u>(559)</u>
Foreign currency translation adjustment, net of hedges:			
Current year change		<u>(42)</u>	<u>(244)</u>
Net change in foreign currency translation adjustment		<u>(42)</u>	<u>(244)</u>
Other comprehensive income (loss)		<u>(350)</u>	<u>3,538</u>
Comprehensive income		28,491	26,575
Comprehensive income (loss) attributable to the redeemable noncontrolling interest		<u>-</u>	<u>(475)</u>
Comprehensive income attributable to Bladex stockholders		<u><u>28,491</u></u>	<u><u>27,050</u></u>

The accompanying notes are an integral part of these consolidated financial statements (Unaudited).

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Consolidated statements of changes in stockholders' equity and redeemable noncontrolling interest (Unaudited)

For the three months ended March 31, 2015 and 2014

(in US\$ thousand)

	Stockholders' equity							Redeemable noncontrolling interest
	Common stock	Additional paid-in capital in excess of assigned value of common stock	Capital reserves	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Total stockholders' equity	
Balances at January 1, 2014	279,980	118,646	95,210	458,699	(12,575)	(82,008)	857,952	49,899
Net income (loss)	-	-	-	23,512	-	-	23,512	(475)
Redeemable noncontrolling interest - subscriptions	-	-	-	-	-	-	-	-
Redeemable noncontrolling interest - redemptions	-	-	-	-	-	-	-	-
Other comprehensive income (loss)	-	-	-	-	3,538	-	3,538	-
Compensation cost - stock options and stock units plans	-	480	-	-	-	-	480	-
Issuance of restricted shares	-	-	-	-	-	-	-	-
Exercised options and stock units vested	-	(1,943)	-	-	-	2,292	349	-
Repurchase of "Class E" common stock	-	-	-	-	-	(391)	(391)	-
Dividends declared	-	-	-	(11)	-	-	(11)	-
Balances at March 31, 2014	<u>279,980</u>	<u>117,183</u>	<u>95,210</u>	<u>482,200</u>	<u>(9,037)</u>	<u>(80,107)</u>	<u>885,429</u>	<u>49,424</u>
	-	-	-	-	-	-	-	-
Balances at January 1, 2015	279,980	117,339	95,210	510,046	(13,885)	(77,627)	911,063	-
Net income (loss)	-	-	-	28,841	-	-	28,841	-
Redeemable noncontrolling interest - subscriptions	-	-	-	-	-	-	-	-
Redeemable noncontrolling interest - redemptions	-	-	-	-	-	-	-	-
Other comprehensive income (loss)	-	-	-	-	(350)	-	(350)	-
Compensation cost - stock options and stock units plans	-	512	-	-	-	-	512	-
Issuance of restricted shares	-	-	-	-	-	-	-	-
Exercised options and stock units vested	-	(1,487)	-	-	-	2,932	1,445	-
Repurchase of "Class E" common stock	-	-	-	-	-	-	-	-
Dividends declared	-	-	-	-	-	-	-	-
Balances at March 31, 2015	<u>279,980</u>	<u>116,364</u>	<u>95,210</u>	<u>538,887</u>	<u>(14,235)</u>	<u>(74,695)</u>	<u>941,511</u>	<u>-</u>

The accompanying notes are an integral part of these consolidated financial statements (Unaudited).

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Consolidated statements of cash flows (Unaudited) For the three months ended March 31, 2015 and 2014 (in US\$ thousand)

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Net income	28,841	23,037
Adjustments to reconcile net income to net cash provided by operating activities:		
Activities of derivative financial instruments and hedging	(14,901)	1,298
Depreciation and amortization of equipment and leasehold improvements	529	660
Reversal of provision for loan losses	(2,695)	(16)
Provision for losses on off-balance sheet credit risk	3,021	-
Net gain on sale of securities available-for-sale	(295)	(258)
Compensation cost - compensation plans	512	480
Amortization of premium and discounts on investments	3,561	1,607
Net decrease (increase) in operating assets:		
Investment funds	(560)	994
Accrued interest receivable	7,450	3,101
Other assets	113,368	(33,268)
Net increase (decrease) in operating liabilities:		
Trading liabilities	(13)	4
Accrued interest payable	2,898	3,702
Other liabilities	(119,879)	31,556
Net cash provided by operating activities	<u>21,837</u>	<u>32,897</u>
Cash flows from investing activities:		
Net decrease (increase) in pledged deposits	13,009	(2,211)
Net increase in loans	117,229	(4,286)
Proceeds from the sale of loans	122	54,250
Acquisition of equipment and leasehold improvements	(157)	(15)
Proceeds from the redemption of securities available-for-sale	31,358	-
Proceeds from the sale of securities available-for-sale	31,505	20,916
Proceeds from maturities of securities held-to-maturity	4,500	-
Purchases of investments available-for-sale	(58,123)	-
Purchases of investments held-to-maturity	(11,929)	(2,900)
Net cash provided by investing activities	<u>127,514</u>	<u>65,754</u>
Cash flows from financing activities:		
Net increase in due to depositors	107,651	149,331
Net increase (decrease) in short-term borrowings and debt and securities sold under repurchase agreements	51,389	(569,291)
Proceeds from long-term borrowings and debt	59,076	107,448
Repayments of long-term borrowings and debt	(176,291)	(30,449)
Dividends paid	(14,980)	(13,464)
Exercised stock options	1,445	349
Repurchase of common stock	-	(391)
Net cash provided by (used in) financing activities	<u>28,290</u>	<u>(356,467)</u>
Effect of exchange rate fluctuations on cash and cash equivalents	<u>0</u>	<u>1</u>
Net decrease in cash and cash equivalents	177,641	(257,815)
Cash and cash equivalents at beginning of the period	741,305	830,686
Cash and cash equivalents at end of the period	<u><u>918,946</u></u>	<u><u>572,871</u></u>
Supplemental disclosures of cash flow information:		
Cash paid during the period for interest	<u>14,931</u>	<u>13,804</u>

The accompanying notes are an integral part of these consolidated financial statements (Unaudited).

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (Unaudited) (In thousands of US dollars)

1. Organization

Banco Latinoamericano de Comercio Exterior, S. A. (“Bladex Head Office” and together with its subsidiaries “Bladex” or the “Bank”), headquartered in Panama City, Republic of Panama, is a specialized multinational bank established to support the financing of trade and economic integration in Latin America and the Caribbean (the “Region”). The Bank was established pursuant to a May 1975 proposal presented to the 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, incorporated in 1978 as a corporation pursuant to the laws of the Republic of Panama, and officially initiated operations on January 2, 1979. Under a contract law signed in 1978 between the Republic of Panama and Bladex, the Bank was granted certain privileges by the Republic of Panama, including an exemption from payment of income taxes in Panama.

The Bank operates under a general banking license issued by the National Banking Commission of Panama, predecessor of the Superintendency of Banks of Panama (the “SBP”).

In the Republic of Panama, banks are regulated by the SBP through Executive Decree No. 52 of April 30, 2008, which adopts the unique text of the Law Decree No. 9 of February 26, 1998, modified by the Law Decree No. 2 of February 22, 2008. Banks are also regulated by resolutions and agreements issued by this entity. The main aspects of this law and its regulations include: the authorization of banking licenses, minimum capital and liquidity requirements, consolidated supervision, procedures for management of credit and market risks, measures to prevent money laundering, the financing of terrorism and related illicit activities, and procedures for banking intervention and liquidation, among others.

Bladex Head Office’s subsidiaries are the following:

- Bladex Holdings Inc. a wholly owned subsidiary, incorporated under the laws of the State of Delaware, United States of America (USA), on May 30, 2000. Bladex Holdings Inc. has ownership in two subsidiaries: Bladex Representacao Ltda. and Bladex Investimentos Ltda.
- Bladex Representacao Ltda., incorporated under the laws of Brazil on January 7, 2000, acts as the Bank’s representative office in Brazil. Bladex Representacao Ltda. is 99.999% owned by Bladex Head Office and the remaining 0.001% owned by Bladex Holdings Inc.
- Bladex Investimentos Ltda. was incorporated under the laws of Brazil on May 3, 2011. Bladex Head Office owns 99% of Bladex Investimentos Ltda. and Bladex Holdings Inc. owns the remaining 1%. This company has invested substantially all its assets in an investment fund incorporated in Brazil (“the Brazilian Fund”), registered with the Brazilian Securities Commission (“CVM”, for its acronym in Portuguese). The Brazilian Fund is a non-consolidated variable interest entity.
- Bladex Development Corp. was incorporated under the laws of Panama on June 5, 2014. Bladex Development Corp. is 100% owned by Bladex Head Office.

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (Unaudited) (In thousands of US dollars)

1. Organization (continued)

- BLX Soluciones, S.A. de C.V., SOFOM, E.N.R. was incorporated under the laws of Mexico on June 13, 2014. BLX Soluciones is 99.9% owned by Bladex Head Office, and Bladex Development Corp. owns the remaining 0.1%. The company specializes in offering financial leasing and other products such as loans and factoring.

Bladex Head Office has an agency in New York City, USA (the “New York Agency”), which began operations on March 27, 1989. The New York Agency is principally engaged in financing transactions related to international trade, mostly the confirmation and financing of letters of credit for customers of the Region. The New York Agency has also established an International Banking Facility (“IBF”).

The Bank has representative offices in Buenos Aires, Argentina; in Mexico City, D.F. and Monterrey, Mexico; in Lima, Peru; and in Bogota, Colombia.

2. Summary of significant accounting policies

a) Basis of presentation

These consolidated financial statements have been prepared under accounting principles generally accepted in the United States of America (“U.S. GAAP”). All amounts presented in the consolidated financial statements and notes are expressed in dollars of the United States of America (“US\$”), which is the Bank’s functional currency. The accompanying consolidated financial statements have been translated from Spanish to English for users outside of the Republic of Panama.

The Accounting Standards Codification (the “ASC”) issued by the Financial Accounting Standards Board (the “FASB”) constitute the single official source of authoritative, non-governmental GAAP, other than guidance issued by the Securities and Exchange Commission (“SEC”). All other literature is considered non-authoritative.

These unaudited consolidated financial statements should be read together with the consolidated financial statements and related notes for the fiscal year ended December 31, 2014. Certain financial information that is normally included in annual financial statements prepared in accordance with U.S. GAAP, but not required for interim reporting purposes, has been condensed or omitted.

As noted above, the notes to the consolidated financial statements are unaudited.

b) Principles of consolidation

The consolidated financial statements include the accounts of Bladex Head Office and its subsidiaries. Bladex Head Office consolidates its subsidiaries in which it holds a controlling financial interest. The usual condition for a controlling financial interest is ownership of a majority voting interest. All intercompany balances and transactions have been eliminated for consolidation purposes.

Notes to consolidated financial statements (Unaudited)
(In thousands of US dollars)

2. Summary of significant accounting policies (continued)

c) Variable interest entities

Variable interest entities (“VIE”) are entities that have either a total equity investment at risk that is insufficient to permit the entity to finance its activities without additional subordinated financial support, or whose equity investors at risk lack the characteristics of a controlling financial interest.

Investors that finance the VIE through debt or equity interests or other counterparties that provide other forms of support, such as guarantees, or certain types of derivative contracts, are variable interest holders in the entity.

The variable interest holder, if any, that has a controlling financial interest in a VIE is deemed to be the primary beneficiary and must consolidate the VIE. The Bank would be deemed to have a controlling financial interest and be the primary beneficiary if it has both of the following characteristics:

- power to direct the activities of a VIE that most significantly impact the entity’s economic performance; and
- obligation to absorb losses of the entity that could potentially be significant to the VIE or right to receive benefits from the entity that could potentially be significant to the VIE.

c) Specialized accounting for investment companies

The Bank maintains an investment in an investment fund (“Feeder”) which is organized under a “Feeder-Master” structure. Under this structure, the Feeder invests all its assets in the Master which in turn invests in various assets on behalf of its investor. Specialized accounting for investment companies requires the Feeder to reflect its investment in the Master in a single line item equal to its proportionate share of the net assets of the Master, regardless of the level of Feeder’s interest in the Master. The Feeder records the Master’s results by accounting for its participation in the net interest income and expenses of the Master, as well as its participation in the realized and unrealized gains or losses of the Master (see Note 5).

d) Use of estimates

The preparation of the consolidated financial statements requires Management to make estimates and use 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 period. Material estimates that are particularly susceptible to significant changes relate to the determination of the allowances for credit losses, impairment of securities available-for-sale and held-to-maturity, and the fair value of financial instruments. Actual results could differ from those estimates. Management believes these estimates are adequate.

e) Cash equivalents

Cash equivalents include demand deposits in banks and interest-bearing deposits in banks with original maturities of three months or less, excluding pledged deposits.

Notes to consolidated financial statements (Unaudited)
(In thousands of US dollars)

2. Summary of significant accounting policies (continued)

f) Repurchase agreements

Repurchase agreements are generally treated as collateralized financing transactions. When the criteria set forth in the following paragraph are met to account for the transaction as secured financing, the transaction is recorded at the amounts at which the securities will be subsequently reacquired including interest paid, as specified in the respective agreements. Interest is recognized in the consolidated statement of income over the life of the transaction. The fair value of securities to be repurchased is continuously monitored, and additional collateral is obtained or provided where appropriate, to protect against credit exposure.

The Bank's policy is to relinquish possession of the securities sold under agreements to repurchase. Despite such relinquishment of possession, repurchase agreements qualify as secured financings if and only if all of the following conditions are met: the repurchase agreement must grant the transferor the right and obligation to repurchase or redeem the transferred financial assets; the assets to be repurchased are the same or substantially the same as those transferred; the agreement is to repurchase or redeem them before maturity, at a fixed and determinable price; and the agreement is entered into concurrently at the transfer date.

When repurchase agreements do not meet the above-noted conditions, they qualify as sales of securities, for which the related security is removed from the balance sheet and a forward purchase agreement is recognized for the obligation to repurchase the security. Changes in fair value of the forward purchase agreement as well as any gain or loss resulting from the sale of securities under repurchase agreements are reported in earnings of the period within net gain (loss) from trading securities.

g) Trading assets and liabilities

Trading assets and liabilities include bonds acquired for trading purposes, and receivables (unrealized gains) and payables (unrealized losses) related to derivative financial instruments which are not designated as hedges or which do not qualify for hedge accounting.

Trading assets and liabilities are carried at fair value. Unrealized and realized gains and losses on trading assets and liabilities are recorded in earnings as net gain (loss) from trading securities.

h) 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, bonds and floating rate notes.

Interest on securities is recognized based on the effective interest method. Amortization of premiums and discounts are included in interest income as an adjustment to the yield.

Notes to consolidated financial statements (Unaudited)
(In thousands of US dollars)

2. Summary of significant accounting policies (continued)

i) Investment securities (continued)

Securities available-for-sale

These securities consist of debt instruments not classified as either trading securities or as held-to-maturity securities, and are subject to the same approval criteria as the rest of the credit portfolio. These securities are carried at fair value. Unrealized gains and losses are reported as net increases or decreases to other comprehensive income (loss) ("OCI") in stockholders' equity until they are realized. Realized gains and losses from the sale of securities which are included in net gain on sale of securities are determined using the specific identification method.

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. These securities are carried at amortized cost and are subject to the same approval criteria as the rest of the credit portfolio.

Impairment of securities

The Bank conducts periodic reviews of all securities with unrealized losses to evaluate whether the impairment is other-than-temporary. Impairment of securities is evaluated considering numerous factors, and their relative significance varies case by case. Factors considered in determining whether unrealized losses are temporary include: the length of time and extent to which the fair value has been less than cost, the severity of the impairment, the cause of the impairment and the financial condition of the issuer, activity in the market of the issuer which may indicate adverse credit conditions, the intent and ability of the Bank to retain the security for a sufficient period of time to allow of an anticipated recovery in the fair value (with respect to equity securities) and the intent and probability of the Bank to sell the security before the recovery of its amortized cost (with respect to debt securities). If, based on the analysis, it is determined that the impairment is other-than-temporary, the security is written down to its fair value, and a loss is recognized through earnings as impairment loss on assets.

In cases where the Bank does not intend to sell a debt security and estimates that it will not be required to sell the security before the recovery of its amortized cost basis, the Bank periodically estimates if it will recover the amortized cost of the security through the present value of expected cash flows. If the present value of expected cash flows is less than the amortized cost of the security, it is determined that an other-than-temporary impairment has occurred. The amount of this impairment representing credit loss is recognized through earnings and the residual of the other-than-temporary impairment related to non-credit factors is recognized in other comprehensive income (loss).

In periods subsequent to the recognition of the other-than-temporary impairment, the difference between the new amortized cost and the expected cash flows to be collected is accreted as interest income. The present value of the expected cash flows is estimated over the life of the investment security.

Notes to consolidated financial statements (Unaudited)
(In thousands of US dollars)

2. Summary of significant accounting policies (continued)

i) Investment securities (continued)

Impairment of securities (continued)

The other-than-temporary impairment of securities held-to-maturity that has been recognized in other comprehensive income (loss) is accreted to the amortized cost of the debt security prospectively over its remaining life.

Interest accrual is suspended on securities that are in default, or on which it is likely that future interest payments will not be received as scheduled.

j) Investment Funds

The investment funds line includes the net asset value of Bladex investment in the Feeder and in the Brazilian Fund. (see Note 5)

k) Other investments

Other investments that consist of unlisted stock are recorded at cost and are included in other assets. The Bank determined that it is not practicable to obtain the fair value of these investments, as these shares are not traded in a secondary market. Performance of these investments is evaluated periodically and any impairment that is determined to be other-than-temporary is charged to earnings as impairment on assets.

l) Loans

Loans are reported at their amortized cost considering the principal outstanding amounts net of unearned income, deferred fees and allowance for loan losses. Interest income is recognized using the interest method. The amortization of net unearned income and deferred fees are recognized as an adjustment to the related loan yield using the effective interest method.

Purchased loans are recorded at acquisition cost. The difference between the principal and the acquisition cost of loans, the premiums and discounts, is amortized over the life of the loan as an adjustment to the yield. All other costs related to acquisition of loans are expensed when incurred.

The Bank identifies loans as delinquent when no debt service and/or interest payment has been received for 30 days after such payments were due. The outstanding balance of a loan is considered past due when the total principal balance with one single balloon payment has not been received within 30 days after such payment was due, or when no agreed-upon periodical payment has been received for a period of 90 days after the agreed-upon date.

Loans are placed in a non-accrual status when interest or principal is overdue for 90 days or more, or prior to such date, if the Bank's Management believes there is an uncertainty with respect to the ultimate collection of principal or interest. Any interest receivable on non-accruing loans is reversed and charged-off against earnings. Interest on these loans is only recorded as earned when collected.

Notes to consolidated financial statements (Unaudited)
(In thousands of US dollars)

2. Summary of significant accounting policies (continued)

l) Loans (continued)

Non-accruing loans are returned to an accrual status when (1) all contractual principal and interest amounts are current; (2) there is a sustained period of repayment performance in accordance with the contractual terms of at least six months; and (3) if in the Bank Management's opinion the loan is fully collectible.

A modified loan is considered a troubled debt restructuring when the borrower is experiencing financial difficulties and if the restructuring constitutes a concession to the borrower. A concession may include modification of terms such as an extension of maturity date, reduction in the stated interest rate, rescheduling of future cash flows, and reduction in the face amount of the loan or reduction of accrued interest, among others.

Marketable securities received in exchange for loans under troubled debt restructurings are initially recorded at fair value, with any gain or loss recorded as a recovery or charge to the allowance, and are subsequently accounted for as securities available-for-sale.

A loan is considered impaired, and also placed on a non-accrual basis, when based on current information and events, it is probable that the Bank will be unable to collect all amounts due according to original contractual terms of the loan agreement. Factors considered by the Bank's Management in determining impairment include collection status, collateral value, and economic conditions in the borrower's country of residence. Impaired loans also include those modified loans considered troubled debt restructurings. When current events or available information confirm that specific impaired loans or portions thereof are uncollectible, such impaired loans are charged-off against the allowance for loan losses.

The reserve for losses on impaired loans is determined considering all available evidence, including the present value of expected future cash flows discounted at the loan's original contractual interest rate and/or the fair value of the collateral, if applicable. If the loan's repayment is dependent on the sale of the collateral, the fair value considers costs to sell.

The Bank maintains a system of internal credit quality indicators. These indicators are assigned depending on several factors which include: profitability, quality of assets, liquidity and cash flows, capitalization and indebtedness, economic environment and positioning, regulatory framework and/or industry, sensitivity scenarios and the quality of borrower's management and shareholders.

Notes to consolidated financial statements (Unaudited)
(In thousands of US dollars)

2. Summary of significant accounting policies (continued)

l) Loans (continued)

A description of these indicators is as follows:

<u>Rating</u>	<u>Classification</u>	<u>Description</u>
1 to 6	Normal	Clients with payment ability to satisfy their financial commitments.
7	Special Mention	Clients exposed to systemic risks specific to the country or the industry in which they are located, facing adverse situations in their operation or financial condition. At this level, access to new funding is uncertain.
8	Substandard	Clients whose primary source of payment (operating cash flow) is inadequate and who show evidence of deterioration in their working capital that does not allow them to satisfy payments on the agreed terms, endangering recovery of unpaid balances.
9	Doubtful	Clients whose operating cash flow continuously shows insufficiency to service the debt on the originally agreed terms. Due to the fact that the borrower presents an impaired financial and economic situation, the likelihood of recovery is low.
10	Unrecoverable	Clients with operating cash flow that does not cover their costs, are in suspension of payments, presumably they will also have difficulties to fulfill possible restructuring agreements, are in a state of insolvency, or have filed for bankruptcy, among others.

In order to maintain a periodical monitoring of the quality of the portfolio, clients are reviewed within a frequency of time between 3 and 12 months, depending on the risk rating.

The Bank's lending portfolio is summarized in the following segments: corporations, sovereign, middle-market companies and banking and financial institutions. The distinction between corporations and middle-market companies depends on the client's level of annual sales in relation to the country risk, among other criteria. Except for the sovereign segment, segments are broken down into state-owned and private.

The Bank's lending policy is applicable to all classes of loans.

m) Transfer of financial assets

Transfers of financial assets, primarily loans, are accounted for as sales when control over the financial assets has been surrendered. Control over transferred financial assets is deemed to be surrendered when: (1) the financial assets have been isolated from the Bank even in bankruptcy or other receivership; (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred financial assets; and (3) the Bank does not maintain effective control over the transferred financial assets through an agreement to repurchase them before their maturity or does not have the right to cause the financial assets to be returned. Upon completion of a transfer of financial assets that satisfies the conditions described above to be accounted for as a sale, the Bank recognizes the financial assets as sold and records in earnings any gain or loss on the sale. The Bank may retain interest in financial assets in the form of servicing rights. Gains or losses on sale of financial assets depend in part on the carrying amount of the financial instrument involved in the transfer, and its fair value at the date of transfer.

Notes to consolidated financial statements (Unaudited)
(In thousands of US dollars)

2. Summary of significant accounting policies (continued)

n) Allowance for credit losses

The allowance for credit losses is provided for 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 debiting earnings. Credit losses are deducted from the allowance, and subsequent recoveries are added. The allowance is also decreased by reversals of the allowance back to earnings. The allowance 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 a liability.

The allowance for possible credit losses includes an asset-specific component and a formula-based component. The asset-specific component, or specific allowance, relates to the provision for losses on credits considered impaired and measured individually case-by-case. A specific allowance is established when the discounted cash flows (or observable fair value of collateral) of the credit is lower than the carrying value of that credit. The formula-based component, or generic allowance, covers the Bank's performing credit portfolio and is established based in a process that estimates the probable loss inherent in the portfolio, based on statistical analysis and management's qualitative judgment.

The statistical calculation is a product of internal risk classifications, probabilities of default and loss given default. The probability of default is supported by Bladex's historical portfolio performance, complemented by probabilities of default provided by external sources, in view of the greater robustness of this external data for some cases. The loss given default is based on Bladex's historical losses experience and best practices.

The reserve balances, for both on and off-balance sheet credit exposures, are calculated applying the following formula:

Reserves = $\sum (E \times PD \times LGD)$; where:

- Exposure (E) = the total accounting balance (on and off-balance sheet) at the end of the period under review.
- Probabilities of Default (PD) = one-year probability of default applied to the portfolio. Default rates are based on Bladex's historical portfolio performance per rating category, complemented by International Rating Agency's probabilities of default for categories 6, 7 and 8, in view of the greater robustness of data for such cases.
- Loss Given Default (LGD) = a factor is utilized, based on historical information, same as based on best practices in the banking industry. Management applies judgment and historical loss experience.

Management can also apply complementary judgment to capture elements of prospective nature or loss expectations based on risks identified in the environment that are not necessarily reflected in the historical data. The allowance policy is applicable to all classes of loans and off-balance sheet financial instruments of the Bank.

Notes to consolidated financial statements (Unaudited)
(In thousands of US dollars)

2. Summary of significant accounting policies (continued)

o) Fees and commissions

Loan origination fees, net of direct loan origination costs, are deferred, and the net amount is recognized as revenue over the contractual term of the loans as an adjustment to the yield. These net fees are not recognized as revenue during periods in which interest income on loans is suspended because of concerns about the realization of loan principal or interest. Underwriting fees are recognized as revenue when the Bank has rendered all services to the issuer and is entitled to collect the fee from the issuer, when there are no contingencies related to the fee. Underwriting fees are recognized net of syndicate expenses. In addition, the Bank recognizes credit arrangement and syndication fees as revenue after satisfying certain retention, timing and yield criteria. 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. Fees earned on letters of credit, guarantees and other commitments are amortized using the straight-line method over the life of such instruments.

p) Equipment and leasehold improvements

Equipment and leasehold improvements, including the electronic data processing equipment, are carried at cost less accumulated depreciation and amortization. Depreciation and amortization are charged to operations using the straight-line method, over the estimated useful life of the related asset. The estimated original useful life for furniture and equipment is 3 to 5 years and for improvements is 3 to 15 years.

The Bank defers the cost of internal-use software that has a useful life in excess of one year in accordance with ASC Topic 350-40 - Intangibles – Goodwill and Other – Internal-Use Software. These costs consist of payments made to third parties related to the use of licenses and installation of both, software and hardware. 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 are amortized using the straight-line method over their estimated useful lives, generally consisting of 5 years.

q) Borrowings and debt

Short and long-term borrowings and debt are accounted for at amortized cost.

r) Capital reserves

Capital reserves are established as an appropriation of retained earnings and are, as such, a form of retained earnings. Reductions of capital reserves require the approval of the Bank's Board of Directors and the SBP.

Notes to consolidated financial statements (Unaudited)
(In thousands of US dollars)

2. Summary of significant accounting policies (continued)

s) Stock-based compensation and stock options plans

The Bank applies ASC Topic 718 – Compensation - Stock Compensation to account for compensation costs on restricted stock, restricted stock units and stock option plans. Compensation cost is based on the grant date fair value of both stock and options and is recognized over the requisite service period of the employee, using the straight-line method. The fair value of each option is estimated at the grant date using a binomial option-pricing model.

When options and stock are exercised, the Bank's policy is to reissue shares from treasury stock.

t) Derivative financial instruments and hedge accounting

The Bank uses derivative financial instruments for its management of interest rate and foreign exchange risks. Interest rate swap contracts, cross-currency swap contracts and forward foreign exchange contracts have been used to manage interest rate and foreign exchange risks associated with debt securities and borrowings with fixed and floating rates, and loans and borrowings in foreign currency. These contracts can be classified as fair value and cash flow hedges. In addition, forward foreign exchange contracts are used to hedge exposures to changes in foreign currency in subsidiary companies with functional currencies other than US\$ dollar. These contracts are classified as net investment hedges.

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.

Derivatives held for trading purposes include interest rate swap, cross-currency swap, forward foreign exchange and future contracts used for risk management purposes that do not qualify for hedge accounting. The fair value of trading derivatives is reported as trading assets or trading liabilities, as applicable.

Changes in realized and unrealized gains and losses and interest from these trading instruments are included in net gain (loss) from trading securities.

Derivatives for hedging purposes primarily include forward foreign exchange contracts and interest rate swap contracts in US dollars and cross-currency swaps. Derivative contracts designated and qualifying for hedge accounting are reported in the consolidated balance sheet as derivative financial instruments used for hedging - receivable and payable, as applicable, and hedge accounting is applied. 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.

Notes to consolidated financial statements (Unaudited)
(In thousands of US dollars)

2. Summary of significant accounting policies (continued)

t) Derivative financial instruments and hedge accounting (continued)

The Bank discontinues hedge accounting prospectively in the following situations:

1. It is determined that the derivative is no longer effective in offsetting changes in the fair value or cash flows of a hedged item.
2. The derivative expires or is sold, terminated or exercised.
3. The Bank otherwise determines that designation of the derivative as a hedging instrument is no longer appropriate.

The Bank carries all derivative financial instruments in the consolidated balance sheet 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 hedged item continues to be reported as part of the basis of the item and is amortized to earnings as a yield adjustment. The Bank applies the shortcut method of hedge accounting that does not recognize ineffectiveness in hedges of interest rate swap that meet the requirements of ASC Topic 815-20-25-104. For qualifying cash flow hedges and net investment hedges, the effective portion of the change in the fair value of the derivative is recorded in OCI and recognized in the consolidated statement of income when the hedged cash flows affect earnings. The ineffective portion is recognized in the consolidated statement of income as activities of derivative financial instruments and hedging. If the cash flow hedge relationship is terminated, related amounts in OCI are reclassified into earnings when hedged cash flows occur.

u) Foreign currency translation

Assets and liabilities of foreign subsidiaries whose local currency is considered their functional currency, are translated into the reporting currency, US\$ dollar using period-end spot foreign exchange rates. The Bank uses monthly-averaged exchange rates to translate revenues and expenses from local functional currency into US\$ dollar. The effects of those translations adjustments are reported as a component of the accumulated other comprehensive loss in the stockholders' equity.

Transactions whose terms are denominated in a currency other than the functional currency, including transactions denominated in local currency of the foreign entity with the US\$ dollar as their functional currency, are recorded at the exchange rate prevailing at the date of the transaction. Assets and liabilities in foreign currency are translated into US\$ dollar using period-end spot foreign exchange rates. The effects of translation of monetary assets and liabilities into US\$ dollar are included in current year's earnings in the Gain (loss) on foreign currency exchange line item.

v) Income taxes

- Bladex Head Office is exempted from payment of income taxes in Panama in accordance with the contract signed between the Republic of Panama and Bladex.
- The Feeder and the Master are not subject to income taxes in accordance with the laws of the Cayman Islands. These companies received an undertaking exempting them from taxation of all future profits until March 7, 2026.

Notes to consolidated financial statements (Unaudited)
(In thousands of US dollars)

2. Summary of significant accounting policies (continued)

v) *Income taxes (continued)*

- Bladex Representacao Ltda. and Bladex Investimentos Ltda., are subject to income taxes in Brazil.
- Bladex Development Corp., is subject to income taxes in Panama.
- BLX Soluciones, S.A. de C.V., SOFOM, is subject to income taxes in Mexico.
- The New York Agency and Bladex's subsidiaries incorporated in USA are subject to federal and local taxation in USA based on the portion of income that is effectively connected with its operations in that country.

Such amounts of income taxes have been immaterial to date.

w) *Redeemable noncontrolling interest*

ASC Topic 810 - Consolidation requires that a noncontrolling interest, previously referred to as a minority interest, in a consolidated subsidiary be reported as a separate component of equity and the amount of consolidated net income specifically attributable to the noncontrolling interest be presented separately, below net income in the consolidated statement of income.

Furthermore, in accordance with ASC 480-10-S99, equity securities that are redeemable at the option of the holder and not solely within the control of the issuer must be classified outside of equity. The terms of third party investments in the consolidated funds contain a redemption clause which allows the holders the option to redeem their investment at fair value. Accordingly, the Bank presents the noncontrolling interest between liabilities and stockholders' equity in the consolidated balance sheets.

Net assets of the Feeder and the Brazilian Fund are measured and presented at fair value, given the nature of their net assets (i.e. represented mainly by cash and investments in securities). Therefore, when calculating the value of the redeemable noncontrolling interest of the Feeder under ASC Topic 810, such amount was already recorded at its fair value and no further adjustments under ASC 480-10-S99 were necessary.

x) *Earnings per share*

Basic earnings per share is computed by dividing the net income attributable to Bladex stockholders (the numerator) by the weighted average number of common shares outstanding (the denominator) during the period. Diluted earnings per share measure performance incorporating the effect that potential common shares, such as stock options and restricted stock units outstanding during the same period, would have on net earnings per share. The computation of diluted earnings per share is similar to the computation of basic earnings per share, except for the denominator, which is increased to include the number of additional common shares that would have been issued if the beneficiaries of stock purchase options and other stock plans could exercise their options. The number of potential common shares that would be issued is determined using the treasury stock method.

Notes to consolidated financial statements (Unaudited)
(In thousands of US dollars)

2. Summary of significant accounting policies (continued)

y) Applicable accounting standards recently issued

At the consolidated balance sheet date, new accounting standards, modifications, interpretations, and updates to standards (“ASU”), applicable to the Bank, have been issued and are not in effect. These standards establish the following:

ASU 2015-01 - Statements of Income - Extraordinary and Unusual Items (Subtopic 225-20)

This update eliminates the concept of extraordinary items in the Income Statement according to Subtopic 225-20. Eliminating the concept of extraordinary items will save time and reduce costs because they will not have to assess whether a particular event or transaction is an extraordinary, unusual and/or infrequent item.

For an entity that prospectively applies the guidance, the only required transition disclosure will be to disclose, if applicable, both the nature and the amount of an item included in income from continuing operations after adoption that adjusts an extraordinary item previously classified and presented before the date of adoption. An entity retrospectively applying the guidance should provide the disclosures as set out in Subtopic 250-10-50-1 through 50-2 (Accounting Changes and Errors - Disclosure).

The amendments in this Update are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. Early adoption is permitted provided that the guidance is applied from the beginning of the fiscal year of adoption.

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (Unaudited) (In thousands of US dollars)

3. Cash and cash equivalents

Cash and cash equivalents are as follows:

	March 31, 2015	December 31, 2014
Cash and due from banks	27,796	4,985
Interest-bearing deposits in banks	917,351	775,530
Total	945,147	780,515
Less:		
Pledged deposits	26,201	39,210
	<u>918,946</u>	<u>741,305</u>

On March 31, 2015 and December 31, 2014 the New York Agency had a pledged deposit with a carrying value of \$3.0 million with the New York State Banking Department, as required by law since March 1994. As of March 31, 2015 and December 31, 2014, the Bank had pledged deposits with a carrying value of \$23.2 million and \$10.9 million, respectively, to secure derivative financial instruments transactions and repurchase agreements.

4. Investment securities

Securities available-for-sale

The amortized cost, related unrealized gross gain (loss) and fair value of securities available-for-sale by country risk and type of debt, are as follows:

	March 31, 2015			
	Amortized Cost	Unrealized Gross Gain	Unrealized Gross Loss	Fair Value
Corporate debt:				
Brazil	36,398	3	835	35,566
Colombia	25,896	-	3,028	22,868
Chile	10,237	8	115	10,130
Honduras	7,292	-	7	7,285
Panama	4,688	-	16	4,672
Peru	9,439	105	-	9,544
Venezuela	18,513	275	-	18,788
	<u>112,463</u>	<u>392</u>	<u>4,001</u>	<u>108,853</u>
Sovereign debt:				
Brazil	11,806	-	457	11,349
Colombia	63,196	-	800	62,396
Chile	11,646	21	85	11,582
Mexico	117,957	-	866	117,085
Panama	9,028	-	106	8,922
Peru	2,014	15	-	2,029
Trinidad and Tobago	10,011	-	399	9,612
	<u>225,652</u>	<u>36</u>	<u>2,712</u>	<u>222,976</u>
Total	<u>338,115</u>	<u>427</u>	<u>6,713</u>	<u>331,829</u>

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (Unaudited) (In thousands of US dollars)

4. Investment securities (continued)

Securities available-for-sale (continued)

	December 31, 2014			
	Amortized Cost	Unrealized Gross Gain	Unrealized Gross Loss	Fair Value
Corporate debt:				
Brazil	36,575	-	848	35,727
Colombia	24,139	-	1,828	22,311
Chile	12,215	-	201	12,014
Honduras	7,325	-	33	7,292
Panama	4,701	-	56	4,645
Peru	16,911	-	129	16,782
Venezuela	20,299	34	9	20,324
	<u>122,165</u>	<u>34</u>	<u>3,104</u>	<u>119,095</u>
Sovereign debt:				
Brazil	21,899	94	444	21,549
Colombia	55,415	1	1,239	54,177
Chile	11,669	-	398	11,271
Mexico	98,430	4	1,587	96,847
Panama	17,692	10	306	17,396
Peru	9,052	2	14	9,040
Trinidad and Tobago	10,113	-	515	9,598
	<u>224,270</u>	<u>111</u>	<u>4,503</u>	<u>219,878</u>
Total	<u>346,435</u>	<u>145</u>	<u>7,607</u>	<u>338,973</u>

As of March 31, 2015 and December 31, 2014, securities available-for-sale with a carrying value of \$284.1 million and \$307.5 million, respectively, were pledged to secure repurchase transactions accounted for as secured financings.

The following table discloses those securities that have had unrealized losses for a period less than 12 months and for 12 months or longer:

	March 31, 2015					
	Less than 12 months		12 months or longer		Total	
	Fair Value	Unrealized Gross Losses	Fair Value	Unrealized Gross Losses	Fair Value	Unrealized Gross Losses
Corporate debt	65,934	3,486	8,449	515	74,383	4,001
Sovereign debt	110,275	824	72,577	1,888	182,852	2,712
	<u>176,209</u>	<u>4,310</u>	<u>81,026</u>	<u>2,403</u>	<u>257,235</u>	<u>6,713</u>

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (Unaudited) (In thousands of US dollars)

4. Investment securities (continued)

Securities available-for-sale (continued)

	December 31, 2014					
	<u>Less than 12 months</u>		<u>12 months or longer</u>		<u>Total</u>	
	Unrealized		Unrealized		Unrealized	
	<u>Fair Value</u>	<u>Gross Losses</u>	<u>Fair Value</u>	<u>Gross Losses</u>	<u>Fair Value</u>	<u>Gross Losses</u>
Corporate debt	87,077	2,513	13,334	561	100,411	3,074
Sovereign debt	101,789	1,601	77,199	2,932	178,988	4,533
	<u>188,866</u>	<u>4,114</u>	<u>90,533</u>	<u>3,493</u>	<u>279,399</u>	<u>7,607</u>

Gross unrealized losses are related mainly to changes in market interest rates and other market factors, and not due to underlying credit concerns by the Bank about the issuers.

The following table presents the realized gains and losses on sale of securities available-for-sale:

	<u>Three months ended</u>	
	<u>March 31</u>	
	<u>2015</u>	<u>2014</u>
Gains	296	258
Losses	-	-
Net	<u>296</u>	<u>258</u>

The amortized cost and fair value of securities available-for-sale by contractual maturity as of March 31, 2015, are shown in the following table:

	<u>Amortized Cost</u>	<u>Fair Value</u>
Due within 1 year	106,434	106,286
After 1 year but within 5 years	130,678	126,244
After 5 years but within 10 years	<u>101,003</u>	<u>99,299</u>
	<u>338,115</u>	<u>331,829</u>

Securities held-to-maturity

The amortized cost, related unrealized gross gain (loss) and fair value of securities held-to-maturity by country risk and type of debt are as follows:

	<u>March 31, 2015</u>			
	<u>Amortized Cost</u>	<u>Unrealized Gross Gain</u>	<u>Unrealized Gross Loss</u>	<u>Fair Value</u>
Corporate debt:				
Brazil	21,178	-	1,403	19,775
Panama	<u>27,448</u>	<u>38</u>	<u>-</u>	<u>27,486</u>
	<u>48,626</u>	<u>38</u>	<u>1,403</u>	<u>47,261</u>
Sovereign debt:				
Colombia	<u>13,002</u>	<u>-</u>	<u>8</u>	<u>12,994</u>
Total	<u>61,628</u>	<u>38</u>	<u>1,411</u>	<u>60,255</u>

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (Unaudited) (In thousands of US dollars)

4. Investment securities (continued)

Securities held-to-maturity (continued)

	December 31, 2014			
	Amortized Cost	Unrealized Gross Gain	Unrealized Gross Loss	Fair Value
Corporate debt:				
Brazil	17,824	-	958	16,866
Panama	23,353	33	-	23,386
	<u>41,177</u>	<u>33</u>	<u>958</u>	<u>40,252</u>
Sovereign debt:				
Colombia	13,003	40	-	13,043
Total	<u>54,180</u>	<u>73</u>	<u>958</u>	<u>53,295</u>

Securities that show gross unrealized losses have had losses for less than 12 months. These losses are related mainly to changes in market interest rates and other market factors and not due to underlying credit concerns by the Bank about the issuers; therefore, such losses are considered temporary.

The amortized cost and fair value of securities held-to-maturity by contractual maturity as of March 31, 2015, are shown in the following table:

	Amortized Cost	Fair Value
Due within 1 year	38,425	38,427
After 1 year but within 5 years	23,203	21,828
	<u>61,628</u>	<u>60,255</u>

As of March 31, 2015 and December 31, 2014, securities held-to-maturity with a carrying value of \$25.8 million and \$13.0 million, respectively, were pledged to secure repurchase transactions accounted for as secured financings.

5. Investment funds

Until March 31, 2014, the Bank applied ASC Topic 810-10-25-15 – Consolidation, to consolidate its investment in Alpha4X Feeder Fund (the “Feeder”), and retained the specialized accounting for investment companies described in Note 2 (d). Until March 31, 2014, the Bank reported the net assets value of the Feeder within the “Investment funds” line item in the consolidated balance sheet, presenting the third party investments in the Feeder in the “Redeemable noncontrolling interest” line item between liabilities and stockholder’s equity. Up to the first quarter of 2014, the Bank reported the Feeder’s proportionate participation in the interest income and expense from the Master in the “Investment funds” line item within interest income and expense, realized and unrealized gains and losses in the “Net gain (loss) from investment funds” line item, and expenses from the Feeder and its proportionate share of expenses from the Master were reported in the “Expenses from investment funds” line item in the consolidated statement of income.

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (Unaudited) (In thousands of US dollars)

5. Investment funds (continued)

On April 2014, the Bank redeemed \$13.9 million of its investment in the “Feeder”, VIE that was consolidated until March 31, 2014, following the requirements of ASC 810-10- Consolidation, prior to the implementation of FAS 167 (FIN 46 (R) (ASU 2009-17 – Consolidation of Variable Interest Entities). After this redemption, the Bank ceased to be the primary beneficiary of that VIE; and therefore deconsolidated its investment in Alpha4X Feeder Fund. The deconsolidation of this fund affected the balance of redeemable noncontrolling interest by \$49.4 million.

Since April 2014, the Bank’s investment in Alpha4X Feeder Fund is adjusted to record the Bank’s participation in the profits and losses of that fund in the “Net gain (loss) from investment funds” line item. At March 31, 2015, the Bank has a participation of 48.68% in that fund (49.61% at December 31, 2014).

In 2013, the Bank deconsolidated its investment in Alpha4X Latam Fundo de Investimento Multimercado (previously Bladex Latam Fundo de Investimento Multimercado), because it ceased to be the primary beneficiary of that VIE. The deconsolidation of this fund affected the balance of the redeemable noncontrolling interest by \$565 thousand. The Bank's investment in Alpha4X Latam Fundo de Investimento Multimercado is analyzed following the consolidation accounting policy of VIEs described in Note 2 (c). As of March 31, 2015 and December 31, 2014, the Bank is not the primary beneficiary of that VIE. This investment is adjusted to record the Bank's participation in the profits and losses of that fund in the “Net gain (loss) from investment funds” line item in the consolidated statement of income.

The following table summarizes the balances of investments in investment funds:

	March 31, 2015	December 31, 2014
Alpha4X Feeder Fund	52,761	52,472
Alpha4X Latam Fundo de Investimento Multimercado	4,578	5,102
	<u>57,339</u>	<u>57,574</u>

In February 2015, the Bank redeemed \$2.0 million of his investment in the Alpha4x Feeder Fund. The Bank has a commitment to remain an investor in these funds, net of annual contractual redemptions, up to March 31, 2016.

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (Unaudited) (In thousands of US dollars)

6. Loans

The following table set forth details of the Bank's loan portfolio:

	March 31, 2015	December 31, 2014
Corporations:		
Private	3,052,078	3,120,005
State-owned	694,212	711,955
Banking and financial institutions:		
Private	1,783,101	1,890,605
State-owned	563,585	480,331
Middle-market companies:		
Private	475,958	483,348
Total	<u>6,568,934</u>	<u>6,686,244</u>

The composition of the loan portfolio by industry is as follows:

	March 31, 2015	December 31, 2014
Banking and financial institutions	2,346,686	2,370,936
Industrial	1,688,484	1,325,091
Oil and petroleum derived products	553,649	1,013,324
Agricultural	1,068,997	1,132,330
Services	605,907	617,366
Mining	31,635	38,572
Others	273,576	188,625
Total	<u>6,568,934</u>	<u>6,686,244</u>

Loans classified by borrower's credit quality indicators are as follows:

March 31, 2015							
Rating ⁽¹⁾	Corporations		Banking and financial institutions		Middle-market companies		Total
	Private	State-owned	Private	State-owned	Private	Sovereign	
1-6	3,044,152	694,212	1,783,100	563,586	463,054	-	6,548,104
7	-	-	-	-	11,997	-	11,997
8	4,801	-	-	-	-	-	4,801
9	-	-	-	-	907	-	907
10	3,125	-	-	-	-	-	3,125
Total	<u>3,052,078</u>	<u>694,212</u>	<u>1,783,100</u>	<u>563,585</u>	<u>475,958</u>	<u>-</u>	<u>6,568,934</u>

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (Unaudited) (In thousands of US dollars)

6. Loans (continued)

	December 31, 2014						
	Corporations		Banking and financial institutions		Middle-market companies		
Rating ⁽¹⁾	Private	State-owned	Private	State-owned	Private	Sovereign	Total
1-6	3,112,079	711,955	1,890,605	480,331	482,439	-	6,677,409
7	4,801	-	-	-	-	-	4,801
8	-	-	-	-	909	-	909
9	-	-	-	-	-	-	-
10	3,125	-	-	-	-	-	3,125
Total	3,120,005	711,955	1,890,605	480,331	483,348	-	6,686,244

⁽¹⁾ Current ratings as of March 31, 2015 and December 31, 2014, respectively.

The remaining loan maturities are summarized as follows:

	March 31, 2015	December 31, 2014
Current		
Up to 1 month	998,693	947,624
From 1 month to 3 months	1,439,633	1,502,905
From 3 months to 6 months	1,245,279	1,268,478
From 6 months to 1 year	1,039,859	1,067,073
From 1 year to 2 years	1,012,237	989,805
From 2 years to 5 years	780,052	870,163
From 5 years to 7 years	<u>32,351</u>	<u>31,361</u>
	6,548,104	6,677,409
 Delinquent	 <u>-</u>	 <u>4,801</u>
Impaired:		
Delinquent with impairment	3,517	-
Past due with impairment	<u>17,313</u>	<u>4,034</u>
	20,830	8,835
Total	<u>6,568,934</u>	<u>6,148,244</u>

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries**Notes to consolidated financial statements (Unaudited)**
(In thousands of US dollars)**6. Loans (continued)**

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

	March 31, 2015	December 31, 2014
Country:		
Argentina	163,339	184,882
Bolivia	24,729	10,000
Brazil	1,892,812	1,971,776
Chile	138,191	157,309
Colombia	741,816	726,085
Costa Rica	242,805	320,832
Dominican Republic	233,358	243,038
Ecuador	187,072	120,010
El Salvador	100,700	115,830
France	6,000	6,000
Germany	97,000	100,000
Guatemala	262,545	262,733
Honduras	99,176	93,008
Jamaica	99,176	15,512
Mexico	872,238	868,045
Netherlands	6,316	10,455
Nicaragua	4,857	7,856
Panama	383,388	320,758
Paraguay	145,305	132,479
Peru	537,298	589,724
Switzerland	-	50,000
Trinidad and Tobago	177,420	165,042
United States of America	63,675	55,370
Uruguay	176,500	159,500
	<u>6,568,934</u>	<u>6,686,244</u>

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

	March 31, 2015	December 31, 2014
Fixed interest rates	3,269,839	3,322,817
Floating interest rates	3,299,095	3,363,427
	<u>6,568,934</u>	<u>6,686,244</u>

As of March 31, 2015 and December 31, 2014, 88% and 89%, respectively, of the loan portfolio at fixed interest rates has remaining maturities of less than 180 days.

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (Unaudited) (In thousands of US dollars)

6. Loans (continued)

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

	<u>March 31, 2015</u>	<u>December 31, 2014</u>
Loans in non-accrual status		
Corporation - Private	7,926	3,125
Middle-market companies - Private	<u>12,904</u>	<u>909</u>
Total loans in non-accrual status	<u><u>20,830</u></u>	<u><u>4,034</u></u>
Interest which would have been recorded if the loans had not been in a non-accrual status	<u>257</u>	<u>191</u>
Interest income collected on non-accruing loans	<u><u>7</u></u>	<u><u>6</u></u>

An analysis of non-accruing loans with impaired balances as of March 31, 2015 and December 31, 2014 is detailed as follows:

	<u>March 31, 2015</u>			<u>Three months ended March 31, 2015</u>	
	<u>Recorded investment</u>	<u>Unpaid principal balance</u>	<u>Related allowance</u>	<u>Average principal loan balance</u>	<u>Interest income recognized</u>
With an allowance recorded					
Corporation - Private	7,926	4,084	1,378	6,432	-
Middle-market companies					
- Private	<u>12,904</u>	<u>68</u>	<u>2,685</u>	<u>907</u>	<u>-</u>
Total	<u><u>20,830</u></u>	<u><u>4,152</u></u>	<u><u>4,063</u></u>	<u><u>7,339</u></u>	<u><u>-</u></u>
	<u>December 31, 2014</u>			<u>Three months ended March 31, 2014</u>	
	<u>Recorded investment</u>	<u>Unpaid principal balance</u>	<u>Related allowance</u>	<u>Average principal loan balance</u>	<u>Interest income recognized</u>
With an allowance recorded					
Corporation - Private	3,125	2,813	2,284	3,125	-
Middle-market companies					
- Private	<u>909</u>	<u>40</u>	<u>131</u>	<u>-</u>	<u>-</u>
Total	<u><u>4,034</u></u>	<u><u>2,853</u></u>	<u><u>2,415</u></u>	<u><u>3,125</u></u>	<u><u>-</u></u>

As of March 31, 2015 and December 31, 2014, there were no impaired loans without related allowance.

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (Unaudited) (In thousands of US dollars)

6. Loans (continued)

As of March 31, 2015 and December 31, 2014, the Bank have troubled debt restructuring loans. An analysis of the trouble debt restructuring loans is as follows:

	<u>Number of contracts</u>	<u>Balance recorded before restructuring</u>	<u>Balance recorded after restructuring</u>
Corporations:			
Private	-	-	-
State-owned	-	-	-
Banking and financial institutions:			
Private	-	-	-
State-owned	-	-	-
Middle-market companies:			
Privates	2	890	919
Sovereign	-	-	-
Total	<u>2</u>	<u>890</u>	<u>919</u>

As of March 31, 2015, the quantitative information regarding past-due trouble debt restructuring loans is the following:

	<u>Number of contracts</u>	<u>Balance recorded</u>
Corporations:		
Privates	-	-
State-owned	-	-
Banking and financial institutions:		
Privates	-	-
State-owned	-	-
Middle-market companies:		
Privates	2	907
Sovereign	-	-
Total	<u>2</u>	<u>907</u>

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (Unaudited) (In thousands of US dollars)

6. Loans (continued)

The following table presents an aging analysis of the loan portfolio:

March 31, 2015								
	91-120 days	121-150 days	151-180 days	Greater than 180 days	Total Past due	Delinquent	Current	Total loans
Corporations	-	-	4,801	3,125	7,926	11,997	3,738,364	3,758,287
Banking and financial institutions	-	-	-	-	-	-	2,346,686	2,346,686
Middle-market companies	-	-	198	709	907	-	463,054	463,961
Sovereign	-	-	-	-	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>4,999</u>	<u>3,834</u>	<u>8,833</u>	<u>11,997</u>	<u>6,548,104</u>	<u>6,568,934</u>

December 31, 2014								
	91-120 days	121-150 days	151-180 days	Greater than 180 days	Total Past due	Delinquent	Current	Total loans
Corporations	-	-	-	3,125	3,125	4,801	3,824,034	3,831,960
Banking and financial institutions	-	-	-	-	-	-	2,370,936	2,370,936
Middle-market companies	909	-	-	-	909	-	482,439	483,348
Sovereign	-	-	-	-	-	-	-	-
Total	<u>909</u>	<u>-</u>	<u>-</u>	<u>3,125</u>	<u>4,034</u>	<u>4,801</u>	<u>6,677,409</u>	<u>6,686,244</u>

As of March 31, 2015 and December 31, 2014, the Bank has credit transactions in the normal course of business with 15%, respectively, of its Class “A” and “B” stockholders. 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. As of As of March 31, 2015 and December 31, 2014, approximately 12% and 8%, respectively, of the outstanding loan portfolio is placed with the Bank’s Class “A” and “B” stockholders and their related parties. As of March 31, 2015, 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.

During the three months ended March 31, 2015 and 2014, the Bank sold loans on the secondary market with a book value of \$21.3 million and \$54.2 millon, respectively, with a net gain of \$122 thousand and \$120 thousand, respectively.

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (Unaudited) (In thousands of US dollars)

7. Allowance for credit losses

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

a) Allowance for loan losses:

Three months ended March 31, 2015					
	<u>Corporations</u>	<u>Banking and financial institutions</u>	<u>Middle market companies</u>	<u>Sovereign</u>	<u>Total</u>
Balance at beginning of the period	42,766	31,512	5,397	-	79,675
Provision (reversal of provision) for loan losses	(1,279)	(1,076)	(340)	-	(2,695)
Loan recoveries and other	-	712	-	-	712
Loans written-off	-	-	-	-	-
Balance at end of the period	<u>41,487</u>	<u>31,148</u>	<u>5,057</u>	<u>-</u>	<u>77,692</u>
<u>Components:</u>					
Generic allowance	38,802	31,148	3,679	-	73,629
Specific allowance	<u>2,685</u>	<u>-</u>	<u>1,378</u>	<u>-</u>	<u>4,063</u>
Total allowance for loan losses	<u>41,487</u>	<u>31,148</u>	<u>5,057</u>	<u>-</u>	<u>77,692</u>

Three months ended March 31, 2014					
	<u>Corporations</u>	<u>Banking and financial institutions</u>	<u>Middle market companies</u>	<u>Sovereign</u>	<u>Total</u>
Balance at beginning of the period	31,516	30,865	10,369	1	72,751
Provision (reversal of provision) for loan losses	(16)	-	1	(1)	(16)
Loan recoveries and other	-	-	-	-	-
Loans written-off	-	-	-	-	-
Balance at end of the period	<u>31,500</u>	<u>30,865</u>	<u>10,370</u>	<u>-</u>	<u>72,735</u>
<u>Components:</u>					
Generic allowance	30,562	30,865	10,370	-	71,797
Specific allowance	<u>938</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>938</u>
Total allowance for loan losses	<u>31,500</u>	<u>30,865</u>	<u>10,370</u>	<u>-</u>	<u>72,735</u>

Provision (reversal of provision) of generic allowance for credit losses are mostly related to changes in volume and composition of the credit portfolio. The net decrease in the generic allowance for loan losses in the first quarter 2015 is primarily due to increased exposure in countries, customers and type of transactions with best calification and a decrease in those with lower calification.

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (Unaudited) (In thousands of US dollars)

7. Allowance for credit losses (continued)

a) Allowance for loan losses (continued):

Following is a summary of loan balances and reserves for loan losses:

March 31, 2015					
	Corporations	Banking and financial institutions	Middle market companies	Sovereign	Total
<u>Allowance for loan losses</u>					
Generic allowance	38,802	31,148	3,679	-	73,629
Specific allowance	2,685	-	1,378	-	4,063
Total of allowance for loan losses	<u>41,487</u>	<u>-</u>	<u>5,057</u>	<u>-</u>	<u>77,692</u>
<u>Loans</u>					
Loans with generic allowance	3,738,364	2,346,686	463,054	-	6,548,104
Loans with specific allowance	7,926	-	12,904	-	20,830
Total loans	<u>3,746,290</u>	<u>2,346,686</u>	<u>475,958</u>	<u>-</u>	<u>6,568,934</u>
December 31, 2014					
	Corporations	Banking and financial institutions	Middle market companies	Sovereign	Total
<u>Allowance for loan losses</u>					
Generic allowance	40,482	31,512	5,266	-	77,260
Specific allowance	2,284	-	131	-	2,415
Total of allowance for loan losses	<u>42,766</u>	<u>31,512</u>	<u>5,397</u>	<u>-</u>	<u>79,675</u>
<u>Loans</u>					
Loans with generic allowance	3,828,835	2,370,936	482,439	-	6,682,210
Loans with specific allowance	3,125	-	909	-	4,034
Total loans	<u>3,831,960</u>	<u>2,370,936</u>	<u>483,348</u>	<u>-</u>	<u>6,686,244</u>

b) Reserve for losses on off-balance sheet credit risk:

		Three months ended March 31,	
		2015	2014
Balance at beginning of the period		6,849	5,222
Provision for losses on off-balance sheet credit risk		<u>3,021</u>	<u>-</u>
Balance at end of the period		<u>9,870</u>	<u>5,222</u>

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 14). The net increase in the reserve for losses on off-balance sheet credit risk in the first quarter 2015 was primarily due to changes in volume, composition, and risk profile of the portfolio.

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (Unaudited) (In thousands of US dollars)

8. Deposits

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

	March 31, 2015	December 31, 2014
Demand	109,153	84,175
Up to 1 month	1,441,562	1,512,868
From 1 month to 3 months	643,068	460,681
From 3 months to 6 months	243,562	276,970
From 6 months to 1 year	172,000	147,000
From 1 year to 2 years	5,000	25,000
	<u>2,614,345</u>	<u>2,506,694</u>

The following table presents additional information about deposits:

	March 31, 2015	December 31, 2014
Aggregate amounts of time deposits of \$100,000 or more	<u>2,614,345</u>	<u>2,506,244</u>
Aggregate amounts of deposits in offices outside Panama	<u>240,327</u>	<u>230,305</u>

	Three months ended March 31,	
	2015	2014
Interest expense paid to deposits in offices outside Panama	<u>292</u>	<u>290</u>

9. Trading liabilities

The fair value of trading liabilities is as follows:

	March 31, 2015	December 31, 2014
Trading liabilities:		
Interest rate swaps	39	52
Cross-currency interest rate swaps	-	-
Forward foreign exchange	-	-
Total	<u>39</u>	<u>52</u>

For the three months ended as of March 31, 2015 and 2014, the Bank recognized the following gains and losses related to trading derivative financial instruments:

	Three months ended March 31,	
	2015	2014
Interest rate swaps	(15)	(16)
Cross-currency swaps	-	-
Cross-currency interest rate swaps	-	(3)
Forward foreign exchange	-	(180)
Future contracts	-	-
Total	<u>(15)</u>	<u>(199)</u>

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (Unaudited) (In thousands of US dollars)

9. Trading liabilities (continued)

These amounts are reported in the Net gain (loss) from trading securities and Net gain (loss) from investment funds trading lines in the consolidated statements of income. In addition to the trading derivative financial instruments, the Bank has hedging derivative financial instruments that are disclosed in Note 15.

As of March 31, 2015 and December 31, 2014, trading derivative liabilities include or have included interest rate swap and cross-currency interest rate swap contracts that were previously designated as fair value and cash flow hedges. Adjustments to the carrying value of the hedged underlying transactions are amortized in the interest income and expense lines over the remaining term of these transactions. Changes in the fair value of these derivative instruments after discontinuation of hedge accounting are recorded in Net gain (loss) from trading securities.

As of March 31, 2015 and December 31, 2014, information on the nominal amounts of derivative financial instruments held for trading purposes is as follows:

	March 31, 2015			December 31, 2014		
	Nominal	Fair Value		Nominal	Fair Value	
	Amount	Asset	Liability	Amount	Asset	Liability
Interest rate swaps	14,000	-	39	14,000	-	52
Cross-currency interest rate swaps	-	-	-	-	-	-
Total	<u>14,000</u>	<u>-</u>	<u>39</u>	<u>14,600</u>	<u>-</u>	<u>52</u>

10. Securities sold under repurchase agreements

The Bank's financing transactions under repurchase agreements amounted to \$276.6 million and \$300.5 million as of March 31, 2015 and December 31, 2014, respectively.

During the three months ended March 31, 2015 and 2014, interest expense related to financing transactions under repurchase agreements totaled \$0.7 million and \$0.4 million, respectively, corresponding to interest expense generated by the financing contracts under repurchase agreements. These expenses are included in the interest expense – short-term borrowings and debt line in the consolidated statements of income.

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (Unaudited) (In thousands of US dollars)

11. Short-term borrowings and debt

The breakdown of short-term borrowings and debt, together with contractual interest rates, is as follows:

	Three months ended March 31, 2015	Year ended December 31, 2014
Borrowings:		
At fixed interest rates	1,201,712	1,256,411
At floating interest rates	1,300,365	1,348,431
Total borrowings	2,502,077	2,604,842
Debt:		
At fixed interest rates	185,814	77,695
At floating interest rates	80,000	10,000
Total debt	265,814	87,695
Total short-term borrowings and debt	2,767,891	2,692,537
Average outstanding balance during the period	2,772,801	2,191,253
Maximum balance at any month-end	2,856,507	2,692,537
Range of fixed interest rates on borrowing and debt in U.S. dollars	0.65% to 1.20%	0.64% to 1.20%
Range of floating interest rates on borrowing and debt in U.S. dollars	0.70% to 1.19%	0.46% to 1.16%
Range of fixed interest rates on borrowing and debt in Mexican peso	3.76%	3.58% to 3.60%
Floating interest rate on borrowing in Mexican pesos	3.71%	3.69%
Fixed interest rate on debt in Japanese yens	N/A	0.75%
Fixed interest rate on debt in Swiss francs	0.55%	0.55%
Weighted average interest rate at end of the period	0.86%	0.81%
Weighted average interest rate during the period	0.82%	0.93%

The balances of short-term borrowings and debt by currency, is as follows:

Currency	March 31, 2015	December 31, 2014
US dollar	2,712,201	2,626,800
Mexican peso	4,273	11,042
Japanese yen	-	4,185
Swiss franc	51,414	50,510
Others	3	-
Total	2,767,891	2,692,537

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (Unaudited) (In thousands of US dollars)

12. Long-term borrowings and debt

Borrowings consist of long-term and syndicated loans obtained from international banks. Debt instruments consist of Euro-Notes and issuances in Latin America. The breakdown of borrowings and long-term debt (original maturity of more than one year), together with contractual interest rates, is as follows:

	March 31, 2015	December 31, 2014
Borrowings:		
At fixed interest rates with due dates from june 2015 to march 2018	67,409	65,000
At floating interest rates with due dates from may 2015 to October 2017	578,956	578,956
Total borrowings	<u>646,365</u>	<u>643,956</u>
Debt:		
At fixed interest rates with due dates from march 2016 to march 2024	485,874	464,729
At floating interest rates with due dates from july 2016 to january 2018	156,065	296,834
Total debt	<u>641,939</u>	<u>761,563</u>
Total long-term borrowings and debt	<u>1,288,304</u>	<u>1,405,519</u>
 Total long-term borrowings and debt outstanding	<u>1,386,601</u>	<u>1,388,708</u>
Maximum outstanding balance at any month - end	<u>1,386,139</u>	<u>1,587,009</u>
Range of fixed interest rates on borrowing and debt in U.S. dollars	<u>1.16% to 3.75%</u>	<u>1.50% to 3.75%</u>
Range of floating interest rates on borrowing and debt in U.S. dollars	<u>0.72% to 1.81%</u>	<u>0.72% to 1.76%</u>
Range of fixed interest rates on borrowing and debt in Mexican peso	<u>4.30% to 5.20%</u>	<u>-</u>
Range of floating interest rates on borrowing and debt in Mexican peso	<u>3.96%</u>	<u>3.67% to 3.96%</u>
Fixed interest rate on debt in Japanese yens	<u>81%</u>	<u>-</u>
Fixed interest rate on debt in Euros	<u>3.75%</u>	<u>-</u>
Weighted average interest rate at the end of the period	<u>2.54%</u>	<u>2.71%</u>
Weighted average interest rate during the period	<u>2.68%</u>	<u>2.86%</u>

The balances of long-term borrowings and debt by currency, is as follows:

<u>Currency</u>	March 31, 2015	December 31, 2014
U.S. dollar	1,080,824	1,069,421
Mexican peso	133,475	271,833
Peruvian nuevo sol	16,667	-
Euro	57,339	-
Total	<u>1,288,304</u>	<u>1,405,519</u>

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (Unaudited) (In thousands of US dollars)

12. Long-term borrowings and debt (continued)

The Bank's funding activities include: (i) Euro Medium Term Note Program (“EMTN”), which may be used to issue notes for up to \$2.3 billion, with maturities from 7 days up to a maximum of 30 years, at fixed or floating interest rates, or at discount, and in various currencies. The notes are generally issued in bearer or registered form through one or more authorized financial institutions; (ii) Short-and Long-Term Notes “Certificados Bursátiles” Program (the “Mexico Program”) in the Mexican local market, registered with the Mexican National Registry of Securities maintained by the National Banking and Securities Commission in Mexico (“CNBV”, for its acronym in Spanish), for an authorized aggregate principal amount of 10 billion Mexican pesos with maturities from one day to 30 years; (iii) a Program in Peru to issue corporate bonds under a private offer in Peruvian nuevos soles (“PEN”), offered exclusively to institutional investors domiciled in the Republic of Peru, for an maximum aggregate limit of the equivalent of \$300 million, with different maturities and interest rate structures.

Some borrowing agreements include various events of default and covenants related to minimum capital adequacy ratios, incurrence of additional liens, and asset sales, as well as other customary covenants, representations and warranties. As of March 31, 2015, the Bank was in compliance with all covenants.

The future remaining maturities of long-term borrowings and debt outstanding as of March 31, 2015, are as follows:

<u>Due in</u>	<u>Outstanding</u>
2015	71,315
2016	329,418
2017	652,332
2018	147,900
2019	30,000
2024	57,339
	<u>1,288,304</u>

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (Unaudited) (In thousands of US dollars)

13. Earnings per share

The following table presents a reconciliation of the income and share data used in the basic and diluted earnings per share ("EPS") computations for the dates indicated:

	Three months ended March 31,	
	2015	2014
Net income from continuing operations attributable to Bladex stockholders for both basic and diluted EPS	28,841	23,512
Net loss from discontinued operations	-	-
Net income attributable to Bladex stockholders for both basic and diluted EPS	28,841	23,512
Basic earnings per share from continuing operations	0.74	0.61
Diluted earnings per share from continuing operations	0.74	0.61
Basic earnings per share	0.74	0.61
Diluted earnings per share	0.74	0.61
Weighted average common shares outstanding - applicable to basic	38,805	38,600
Weighted average common shares outstanding - applicable to basic	38,805	38,600
Effect of dilutive securities:		
Stock options and restricted stock units plans	53	79
Adjusted weighted average common shares outstanding applicable to diluted EPS	38,858	38,679

14. 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 sheet. 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:

	March 31, 2015	December 31, 2014
Confirmed letters of credit	174,056	89,752
Stand-by letters of credit and guaranteed – Commercial risk	93,576	137,817
Credit commitments	254,663	158,549
	<u>522,295</u>	<u>386,118</u>

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Notes to consolidated financial statements (Unaudited) (In thousands of US dollars)

14. Financial instruments with off-balance sheet credit risk (continued)

As of March 31, 2015, the remaining maturity profile of the Bank's outstanding financial instruments with off-balance sheet credit risk is as follows:

<u>Maturities</u>	<u>Amount</u>
Within 1 year	455,460
From 1 to 2 years	29,983
From 2 to 5 years	32,467
More than 5 years	4,385
	<u>522,295</u>

As of March 31, 2015 and December 31, 2014, the breakdown of the Bank's off-balance sheet exposure by country risk is as follows:

	<u>March 31, 2015</u>	<u>December 31, 2014</u>
Country:		
Argentina	126,000	-
Brazil	33,007	19,698
Chile	8,756	27,802
Colombia	20,531	53,874
Dominican Republic	14,133	14,806
Ecuador	125,084	86,436
El Salvador	25	25
Guatemala	33,569	37,988
Honduras	412	412
Jamaica	181	415
Mexico	71,965	64,324
Panama	25,812	20,675
Paraguay	80	418
Peru	26,052	16,225
Switzerland	1,000	1,000
Uruguay	35,688	40,946
Venezuela	-	1,074
	<u>522,295</u>	<u>386,118</u>

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (Unaudited) (In thousands of US dollars)

14. Financial instruments with off-balance sheet credit risk (continued)

Letters of credit and guarantees

The Bank, on behalf of its clients 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 letter of credit, the Bank will. The Bank provides stand-by letters of credit and guarantees, which are issued on behalf of institutional clients in connection with financing between its clients 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 client's contractual default to a third party. Risks associated with stand-by letters of credit and guarantees are included in the evaluation of the Bank's overall credit risk.

Credit commitments

Commitments to extend credit are binding legal agreements to lend to clients. Commitments generally have fixed expiration dates or other termination clauses and 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.

15. Derivative financial instruments for hedging purposes

As of March 31, 2015 and December 31, 2014, quantitative information on derivative financial instruments held for hedging purposes is as follows:

	March 31, 2015			December 31, 2014		
	Nominal Amount	Fair value ⁽¹⁾		Nominal Amount	Fair value ⁽¹⁾	
		Asset	Liability		Asset	Liability
Fair value hedges:						
Interest rate swaps	153,831	3	1,924	167,865	17	1,285
Cross-currency interest rate swaps	298,472	1,349	17,460	282,490	1,062	31,556
Cash flow hedges:						
Interest rate swaps	943,500	4,889	2,939	891,500	2,691	1,805
Cross-currency interest rate swaps	56,000	-	4,667	56,000	-	5,547
Forward foreign exchange	201,974	6,987	230	126,058	8,554	-
Net investment hedges:						
Forward foreign exchange	4,885	454	-	5,145	-	94
Total	<u>1,658,662</u>	<u>13,682</u>	<u>27,220</u>	<u>1,529,059</u>	<u>12,324</u>	<u>40,287</u>
Net gain on the ineffective portion of hedging activities ⁽²⁾		<u>912</u>			<u>106</u>	

⁽¹⁾ The fair value of assets and liabilities is reported within the derivative financial instruments used for hedging - receivable and payable lines in the consolidated balance sheets, respectively.

⁽²⁾ Gains and losses resulting from ineffectiveness and credit risk in hedging activities are reported within the derivative financial instruments and hedging line in the consolidated statements of income as derivatives financial instruments and hedging.

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (Unaudited) (In thousands of US dollars)

15. Derivative financial instruments for hedging purposes (continued)

The gains and losses resulting from activities of derivative financial instruments and hedging recognized in the consolidated statements of income are presented below:

Three months ended March 31, 2015				
	Gain (loss) recognized in OCI (effective portion)	Classification of gain (loss)	Gain (loss) reclassified from accumulated OCI to the consolidated statements of income (effective portion)	Gain (loss) recognized on derivatives (ineffective portion)
<u>Derivatives – cash flow</u>				
<u>hedge</u>				
Interest rate swaps	(1,139)			
Cross-currency interest rate swaps	949	Gain (loss) on foreign currency exchange	-	-
		Interest income – loans	-	-
Forward foreign exchange	1,413	Interest income – securities available-for-sale	(197)	-
		Interest income – loans	(246)	-
		Interest expense – borrowings and debt	-	-
		Gain (loss) on foreign currency exchange	3,028	-
Total	<u>1,233</u>		<u>2,585</u>	<u>-</u>
<u>Derivatives – net investment hedge</u>				
Forward foreign exchange	840	Gain (loss) on foreign currency exchange	-	-
Total	<u>840</u>		<u>-</u>	<u>-</u>
Three months ended March 31, 2014				
	Gain (loss) recognized in OCI (effective portion)	Classification of gain (loss)	Gain (loss) reclassified from accumulated OCI to the consolidated statements of income (effective portion)	Gain (loss) recognized on derivatives (ineffective portion)
<u>Derivatives – cash flow</u>				
<u>hedge</u>				
Interest rate swaps	(687)			
Cross-currency interest rate swaps	721	Gain (loss) on foreign currency exchange	-	-
		Interest income – loans	(3)	-
Forward foreign exchange	(1,059)	Interest income – securities available-for-sale	(489)	-
		Interest expense – borrowings and debt	-	-
		Gain (loss) on foreign currency exchange	1,417	-
Total	<u>(1,025)</u>		<u>925</u>	<u>-</u>
<u>Derivatives – net investment hedge</u>				
Forward foreign exchange	(330)	Gain (loss) on foreign currency exchange	-	-
Total	<u>(330)</u>		<u>-</u>	<u>-</u>

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (Unaudited) (In thousands of US dollars)

15. Derivative financial instruments for hedging purposes (continued)

The Bank recognized in earnings the gain (loss) on derivative financial instruments and the gain (loss) of the hedged asset or liability related to qualifying fair value hedges, as follows:

Three months ended March 31, 2015				
	Classification in consolidated statement of income	Gain (loss) on derivatives	Gain (loss) on hedge item	Net gain (loss)
Derivatives - fair value hedge				
Interest rate swaps	Interest income – securities available-for-sale	(356)	428	72
	Interest income – loans	(113)	1,053	940
	Interest expense – borrowings and debt	986	(4,047)	(3,061)
	Derivative financial instruments and hedging	1,014	(1,129)	(115)
Cross-currency interest rate swaps	Interest income – loans	(67)	590	523
	Interest expense – borrowings and debt	676	(1,788)	(1,112)
	Derivative financial instruments and hedging	(12,286)	13,314	1,028
	Gain (loss) on foreign currency exchange	-	-	-
		<u>(10,146)</u>	<u>8,421</u>	<u>(1,725)</u>
Three months ended March 31, 2014				
	Classification in consolidated statement of income	Gain (loss) on derivatives	Gain (loss) on hedge item	Net gain (loss)
Derivatives - fair value hedge				
Interest rate swaps	Interest income – securities available-for-sale	(503)	829	326
	Interest income – loans	(14)	136	122
	Interest expense – borrowings and debt	943	(4,047)	(3,104)
	Derivative financial instruments and hedging	(420)	367	(53)
Cross-currency interest rate swaps	Interest income – loans	(294)	590	296
	Interest expense – borrowings and debt	1,387	(2,855)	(1,468)
	Derivative financial instruments and hedging	8	25	33
	Gain (loss) on foreign currency exchange	-	-	-
		<u>1,107</u>	<u>(4,955)</u>	<u>(3,848)</u>

Notes to consolidated financial statements (Unaudited)
(In thousands of US dollars)

15. Derivative financial instruments for hedging purposes (continued)

For control purposes, derivative instruments are recorded at their nominal amount (“notional amount”) in memorandum accounts. 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 payments, and vice versa. The Bank also engages in certain foreign exchange trades to serve customers’ transaction needs and to manage the foreign currency risk. All such 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 counterparty credit limits by customer and by adopting policies that do not allow for open positions in the credit and investment portfolio. The Bank also uses foreign currency exchange contracts to hedge the foreign exchange risk associated with the Bank’s equity investment in a non-U.S. dollar functional currency foreign subsidiary. Derivative and foreign exchange instruments negotiated by the Bank are executed mainly over-the-counter (OTC). These contracts are executed between two counterparties that negotiate specific agreement terms, including notional amount, exercise price and maturity.

The maximum length of time over which the Bank has hedged its exposure to the variability in future cash flows on forecasted transactions is 5.24 years.

The Bank estimates that approximately \$256 thousand of losses reported in OCI as of March 31, 2015 related to forward foreign exchange contracts are expected to be reclassified into interest income as an adjustment to yield of hedged loans during the twelve-month period ending December 31, 2015.

The Bank estimates that approximately \$435 thousand of losses reported in OCI as of March 31, 2015 related to forward foreign exchange contracts are expected to be reclassified into interest income as an adjustment to yield of hedged available-for-sale securities during the twelve-month period ending December 31, 2015.

Types of Derivatives and Foreign Exchange 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 a portion of these derivative instruments as fair value hedges and a portion as cash flow hedges. Cross currency swaps are contracts that generally involve the exchange of both interest and principal amounts in two different currencies. The Bank has designated a portion of these derivative instruments as fair value hedges and a portion as cash flow hedges. Forward foreign exchange contracts represent an agreement to purchase or sell foreign currency at a future date at agreed-upon terms. The Bank has designated these derivative instruments as cash flow hedges and net investment hedges.

In addition to hedging derivative financial instruments, the Bank has derivative financial instruments held for trading purposes that have been disclosed in Note 9.

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (Unaudited) (In thousands of US dollars)

16. Accumulated other comprehensive income (loss)

As of March 31, 2015 and 2014, the breakdown of accumulated other comprehensive income (loss) related to investment securities available-for-sale and derivative financial instruments, and foreign currency translation is as follows:

	Securities available for sale	Derivative financial instruments	Foreign currency translation adjustment, net of hedges	Total
Balance as of January 1, 2015	(10,300)	(1,234)	(2,351)	(13,885)
Net unrealized gains arising from the period	990	(2,736)	-	(1,745)
Reclassification adjustment for gains included in net income ⁽¹⁾	(24)	1,462	-	1,438
Foreign currency translation adjustment, net	-	-	(42)	(42)
Other comprehensive income (loss) from the period	966	(1,274)	(42)	(350)
Balance as of March 31, 2015	<u>(9,334)</u>	<u>(2,508)</u>	<u>(2,393)</u>	<u>(14,235)</u>
Balance as of January 1, 2014	(10,194)	(685)	(1,696)	(12,575)
Net unrealized gain (loss) arising from the period	4,593	(680)	-	3,913
Reclassification adjustment for (gains) loss included in net income ⁽¹⁾	(252)	121	-	(131)
Foreign currency translation adjustment, net	-	-	(244)	(244)
Other comprehensive income (loss) from the period	4,341	(559)	(244)	(3,538)
Balance as of March 31, 2014	<u>(5,853)</u>	<u>(1,244)</u>	<u>(1,940)</u>	<u>(9,037)</u>

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

The following table presents amounts reclassified from other comprehensive income to the net income of the period:

Three months ended March 31, 2015		
<u>Details about accumulated other comprehensive income components</u>	<u>Amount reclassified from accumulated other comprehensive income</u>	<u>Affected line item in the consolidated statement of income where net income is presented</u>
Realized gains (losses) on securities available-for-sale:	(197)	Interest income – securities available-for-sale
	(417)	Net gain on sale of securities available-for-sale
	<u>(104)</u>	Derivative financial instruments and hedging
	<u>(718)</u>	
Gains (losses) on derivative financial instruments:		
Forward foreign exchange	(491)	Interest income - loans
	-	Interest expense - borrowings
	<u>370</u>	Net gain (loss) on foreign currency exchange
	<u>(121)</u>	

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (Unaudited) (In thousands of US dollars)

16. Accumulated other comprehensive income (loss) (continued)

Three months ended March 31, 2014		
Details about accumulated other comprehensive income components	Amount reclassified from accumulated other comprehensive income	Affected line item in the consolidated statement of income where net income is presented
Realized gains (losses) on securities available-for-sale:	1	Interest income – securities available-for-sale
	251	Net gain on sale of securities available-for-sale
	-	Derivative financial instruments and hedging
	<u>252</u>	
Gains (losses) on derivative financial instruments:		
Forward foreign exchange	(491)	Interest income - loans
	-	Interest expense - borrowings
	<u>370</u>	Net gain (loss) on foreign currency exchange
	<u>(121)</u>	

17. Offsetting of financial assets and liabilities

In the ordinary course of business, the Bank enters into derivative financial instrument transactions and securities sold under repurchase agreements under industry standards agreements. Depending on the collateral requirements stated in the contracts, the Bank and counterparties can receive or deliver collateral based on the fair value of the financial instruments transacted between parties. Collateral typically consists of cash deposits and securities. The master netting agreements include clauses that, in the event of default, provide for close-out netting, which allows all positions with the defaulting counterparty to be terminated and net settled with a single payment amount.

The following tables summarize financial assets and liabilities that have been offset in the consolidated balance sheet or are subject to master netting agreements:

a) Derivative financial instruments - assets

March 31, 2015						
Description	Gross amounts of assets	Gross amounts offset in the consolidated balance sheet	Net amount of assets presented in the consolidated balance sheet	Gross amounts not offset in the consolidated balance sheet		
				Financial instruments	Cash collateral received	Net amount
Derivatives financial instruments	<u>13,682</u>	<u>-</u>	<u>13,682</u>	<u>-</u>	<u>-</u>	<u>13,682</u>

December 31, 2014						
Description	Gross amounts of assets	Gross amounts offset in the consolidated balance sheet	Net amount of assets presented in the consolidated balance sheet	Gross amounts not offset in the consolidated balance sheet		
				Financial instruments	Cash collateral received	Net amount
Derivatives financial instruments	<u>12,324</u>	<u>-</u>	<u>12,324</u>	<u>-</u>	<u>-</u>	<u>12,324</u>

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (Unaudited) (In thousands of US dollars)

17. Offsetting of financial assets and liabilities (continued)

a) Derivative financial instruments – assets (continued)

The following table presents the reconciliation of assets that have been offset or are subject to master netting agreements to individual line items in the consolidated balance sheet as of March 31, 2015 and December 31, 2014:

<u>Description</u>	<u>March 31, 2015</u>			<u>December 31, 2014</u>		
	<u>Gross amounts of assets</u>	<u>Gross amounts offset in the consolidated balance sheet</u>	<u>Net amount of assets presented in the consolidated balance sheet</u>	<u>Gross amounts of assets</u>	<u>Gross amounts offset in the consolidated balance sheet</u>	<u>Net amount of assets presented in the consolidated balance sheet</u>
Derivatives financial instruments:						
Derivative financial instruments used for hedging – receivable	13,682	-	13,682	12,324	-	12,324
Total derivative financial instruments	13,682	-	13,682	12,324	-	12,324

b) Financial liabilities and derivative financial instruments - liabilities

<u>Description</u>	<u>March 31, 2015</u>			<u>Gross amounts not offset in the consolidated balance sheet</u>		
	<u>Gross amounts of liabilities</u>	<u>Gross amounts offset in the consolidated balance sheet</u>	<u>Net amount of liabilities presented in the consolidated balance sheet</u>	<u>Financial instruments</u>	<u>Cash collateral received</u>	<u>Net amount</u>
Securities sold under repurchase agreements	276,554	-	276,554	(274,932)	(2,162)	-
Derivatives financial instruments	27,259	-	27,259	-	(21,037)	6,222
Total	303,813	-	303,813	(274,392)	(23,199)	6,222

<u>Description</u>	<u>December 31, 2014</u>			<u>Gross amounts not offset in the consolidated balance sheet</u>		
	<u>Gross amounts of liabilities</u>	<u>Gross amounts offset in the consolidated balance sheet</u>	<u>Net amount of liabilities presented in the consolidated balance sheet</u>	<u>Financial instruments</u>	<u>Cash collateral received</u>	<u>Net amount</u>
Securities sold under repurchase agreements	300,519	-	300,519	(294,054)	(6,465)	-
Derivatives financial instruments	40,339	-	40,339	-	(29,183)	11,156
Total	340,858	-	340,858	(294,054)	(35,648)	11,156

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (Unaudited) (In thousands of US dollars)

17. Offsetting of financial assets and liabilities (continued)

b) Financial liabilities and derivative financial instruments – liabilities (continued)

The following table presents the reconciliation of liabilities that have been offset or are subject to master netting agreements to individual line items in the consolidated balance sheet as of March 31, 2015 and December 31, 2014:

Description	March 31, 2015			December 31, 2014		
	Gross amounts of liabilities	Gross amounts offset in the consolidated balance sheet	Net amount of liabilities presented in the consolidated balance sheet	Gross amounts of assets	Gross amounts offset in the consolidated balance sheet	Net amount of liabilities presented in the consolidated balance sheet
Securities sold under repurchase agreements	276,554	-	276,554	300,519	-	300,519
Derivatives financial instruments:						
Trading liabilities	39	-	39	52	-	52
Derivative financial instruments used for hedging – payable	27,220	-	27,220	40,287	-	40,287
Total derivative financial instruments	27,259	-	27,259	40,339	-	40,339

18. Fair value of financial instruments

The Bank determines the fair value of its financial instruments using the fair value hierarchy established in ASC Topic 820 - Fair Value Measurements and Disclosure, which requires the Bank to maximize the use of observable inputs (those that reflect the assumptions that market participants would use in pricing the asset or liability developed based on market information obtained from sources independent of the reporting entity) and to minimize the use of unobservable inputs (those that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances) when measuring fair value. Fair value is used on a recurring basis to measure assets and liabilities in which fair value is the primary basis of accounting. Additionally, fair value is used on a non-recurring basis to evaluate assets and liabilities for impairment or for disclosure purposes. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Depending on the nature of the asset or liability, the Bank uses some valuation techniques and assumptions when estimating fair value. The Bank applied the following fair value hierarchy:

Level 1 – Assets or liabilities for which an identical instrument is traded in an active market, such as publicly-traded instruments or futures contracts.

Level 2 – Assets or liabilities valued based on observable market data for similar instruments, quoted prices in markets that are not active; or other observable inputs that can be corroborated by observable market data for substantially the full term of the asset or liability.

Notes to consolidated financial statements (Unaudited)
(In thousands of US dollars)

18. Fair value of financial instruments (continued)

Level 3 – Assets or liabilities for which significant valuation assumptions are not readily observable in the market; instruments measured based on the best available information, which might include some internally-developed data, and considers risk premiums that a market participant would require.

When determining the fair value measurements for assets and liabilities that are required or permitted to be recorded at fair value, the Bank considers the principal or most advantageous market in which it would transact and considers the assumptions that market participants would use when pricing the asset or liability. When possible, the Bank uses active and observable markets to price identical assets or liabilities. When identical assets and liabilities are not traded in active markets, the Bank uses observable market information for similar assets and liabilities. However, certain assets and liabilities are not actively traded in observable markets and the Bank must use alternative valuation techniques to determine the fair value measurement. The frequency of transactions, the size of the bid-ask spread and the size of the investment are factors considered in determining the liquidity of markets and the relevance of observed prices in those markets.

When there has been a significant decrease in the volume or level of activity for a financial asset or liability, the Bank uses the present value technique which considers market information to determine a representative fair value in usual market conditions.

A description of the valuation methodologies used for assets and liabilities measured at fair value on a recurring basis, including the general classification of such assets and liabilities under the fair value hierarchy is presented below:

Trading assets and liabilities and securities available-for-sale

Trading assets and liabilities are carried at fair value, which is 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.

Securities available-for-sale are carried at fair value, based on quoted market prices when available, or if quoted market prices are not available, based on discounted expected cash flows using market rates commensurate with the credit quality and maturity of the security.

When quoted prices are available in an active market, available-for-sale securities and trading assets and liabilities are classified in level 1 of the fair value hierarchy. If quoted market prices are not available or they are available in markets that are not active, then fair values are estimated based upon quoted prices of similar instruments, or where these are not available, by using internal valuation techniques, principally discounted cash flows models. Such securities are classified within level 2 of the fair value hierarchy.

Investment funds

The investment funds invest in trading assets and liabilities that are carried at fair value, which is based upon quoted market prices when available. For financial instruments for which quoted prices are not available, the investment funds use independent valuations from pricing providers that use their own proprietary valuation models that take into consideration discounted expected cash flows, using market

Notes to consolidated financial statements (Unaudited)
(In thousands of US dollars)

18. Fair value of financial instruments (continued)

rates commensurate with the credit quality and maturity of the security. These prices are compared to independent valuations from counterparties.

The investment funds are not traded in an active market and, therefore, representative market quotes are not readily available. Their fair value is adjusted on a monthly basis based on its financial results, its operating performance, its liquidity and the fair value of its long and short investment portfolio that are quoted and traded in active markets. Such investments are classified within level 2 of the fair value hierarchy.

Derivative financial instruments

The valuation techniques and inputs depend on the type of derivative and the nature of the underlying instrument. Exchange-traded derivatives that are valued using quoted prices are classified within level 1 of the fair value hierarchy.

For those derivative contracts without quoted market prices, fair value is based on internal valuation techniques using inputs that are readily observable and that can be validated by information available in the market. The principal technique used to value these instruments is the discounted cash flows model and the key inputs considered in this technique include interest rate yield curves and foreign exchange rates. These derivatives are classified within level 2 of the fair value hierarchy.

The fair value adjustments applied by the Bank to its derivative carrying values include credit valuation adjustments (“CVA”), which are applied to OTC derivative instruments, in which the base valuation generally discounts expected cash flows using the London Interbank Offered Rate (“LIBOR”) interest rate curves. Because not all counterparties have the same credit risk as that implied by the relevant LIBOR curve, a CVA is necessary to incorporate the market view of both, counterparty credit risk and the Bank’s own credit risk, in the valuation.

Own-credit and counterparty CVA is determined using a fair value curve consistent with the Bank’s or counterparty credit rating. The CVA is designed to incorporate a market view of the credit risk inherent in the derivative portfolio. However, most of the Bank’s derivative instruments are negotiated bilateral contracts and are not commonly transferred to third parties. Derivative instruments are normally settled contractually, or if terminated early, are terminated at a value negotiated bilaterally between the counterparties. Therefore, the CVA (both counterparty and own-credit) may not be realized upon a settlement or termination in the normal course of business. In addition, all or a portion of the CVA may be reversed or otherwise adjusted in future periods in the event of changes in the credit risk of the Bank or its counterparties or due to the anticipated termination of the transactions.

Transfer of financial assets

Gains or losses on sale of loans depend in part on the carrying amount of the financial assets involved in the transfer, and its fair value at the date of transfer. The fair value of instruments is determined based upon quoted market prices when available, or are based on the present value of future expected cash flows using information related to credit losses, prepayment speeds, forward yield curves, and discounted rates commensurate with the risk involved.

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (Unaudited) (In thousands of US dollars)

18. Fair value of financial instruments (continued)

Financial instruments measured at fair value on a recurring basis by caption on the consolidated balance sheets using the fair value hierarchy are described below:

	March 31, 2015			
	Quoted market prices in an active market (Level 1)	Internally developed models with significant observable market information (Level 2)	Internally developed models with significant unobservable market information (Level 3)	Total carrying value in the consolidated balance sheets
<u>Assets</u>				
Securities available-for-sale				
Corporate debt	108,853	-	-	108,853
Sovereign debt	<u>222,976</u>	<u>-</u>	<u>-</u>	<u>222,976</u>
Total securities available-for-sale	<u>331,829</u>	<u>-</u>	<u>-</u>	<u>331,829</u>
Investment funds	-	57,339	-	57,339
Derivative financial instruments used for hedging - receivable				
Interest rate swaps	-	4,892	-	4,892
Cross-currency interest rate swaps	-	1,349	-	1,349
Forward foreign exchange	<u>-</u>	<u>7,441</u>	<u>-</u>	<u>7,441</u>
Total derivative financial instruments used for hedging - receivable	<u>-</u>	<u>13,682</u>	<u>-</u>	<u>13,682</u>
Total assets at fair value	<u><u>331,829</u></u>	<u><u>71,021</u></u>	<u><u>-</u></u>	<u><u>402,850</u></u>
<u>Liabilities</u>				
Trading liabilities				
Cross-currency interest rate swaps	-	39	-	39
Forward foreign exchange	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total trading liabilities	<u>-</u>	<u>39</u>	<u>-</u>	<u>39</u>
Derivative financial instruments used for hedging – payable				
Interest rate swaps	-	4,864	-	4,864
Cross-currency interest rate swaps	-	221,126	-	22,126
Forward foreign exchange	<u>-</u>	<u>231</u>	<u>-</u>	<u>231</u>
Total derivative financial instruments used for hedging - payable	<u>-</u>	<u>27,220</u>	<u>-</u>	<u>27,220</u>
Total liabilities at fair value	<u><u>-</u></u>	<u><u>27,259</u></u>	<u><u>-</u></u>	<u><u>27,259</u></u>

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (Unaudited) (In thousands of US dollars)

18. Fair value of financial instruments (continued)

	December 31, 2014			
	Quoted market prices in an active market (Level 1)	Internally developed models with significant observable market information (Level 2)	Internally developed models with significant unobservable market information (Level 3)	Total carrying value in the consolidated balance sheets
Assets				
Securities available-for-sale				
Corporate debt	119,095	-	-	119,095
Sovereign debt	219,878	-	-	219,878
Total securities available-for-sale	338,973	-	-	338,973
Investment funds	-	57,574	-	57,574
Derivative financial instruments used for hedging - receivable				
Interest rate swaps	-	2,708	-	2,708
Cross-currency interest rate swaps	-	1,062	-	1,062
Forward foreign exchange	-	8,554	-	8,554
Total derivative financial instruments used for hedging - receivable	-	12,324	-	12,324
Total assets at fair value	338,973	69,898	-	408,871
Liabilities				
Trading liabilities				
Cross-currency interest rate swaps	-	52	-	52
Forward foreign exchange	-	-	-	-
Total trading liabilities	-	52	-	52
Derivative financial instruments used for hedging - payable				
Interest rate swaps	-	3,090	-	3,090
Cross-currency interest rate swaps	-	37,107	-	37,107
Forward foreign exchange	-	90	-	90
Total derivative financial instruments used for hedging - payable	-	40,287	-	40,287
Total liabilities at fair value	-	40,339	-	40,339

ASC Topic 825 - Financial Instruments requires disclosure of fair value of financial instruments including those assets and liabilities for which the Bank did not elect the fair value option. Bank's management uses its best judgment in estimating the fair value of the Bank's financial instruments; however, there are limitations in any estimation technique. The estimated fair value amounts have been measured as of their respective period-end. As such, the estimated fair values of these financial instruments subsequent to the respective reporting dates may be different than the amounts reported at each period-end.

The following information should not be interpreted as an estimate of the fair value of the Bank. Fair value calculations are only provided for a limited portion of the Bank's financial assets and liabilities. Due to a wide range of valuation techniques and the degree of subjectivity used in making the estimates, comparison of fair value information of the Bank and other companies may not be meaningful for comparative analysis.

Notes to consolidated financial statements (Unaudited)
(In thousands of US dollars)

18. Fair value of financial instruments (continued)

The following methods and assumptions were used by the Bank's management in estimating the fair values of financial instruments whose fair value is not measured on a recurring basis:

Financial instruments with carrying value that approximates fair value

The carrying value of certain financial assets, including cash and due from banks, interest-bearing deposits in banks, customers' liabilities under acceptances, accrued interest receivable and certain financial liabilities including customer's demand and time deposits, securities sold under repurchase agreements, accrued interest payable, and acceptances outstanding, as a result of their short-term nature, are considered to approximate fair value. These instruments are classified in Level 2.

Securities held-to-maturity

The fair value 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, or where these are not available, on discounted expected cash flows using market rates commensurate with the credit quality and maturity of the security. These securities are classified in Levels 1 and 2.

Loans

The fair value of the loan portfolio, including impaired loans, is estimated by discounting future cash flows using the current rates at which loans would be made to borrowers with similar credit ratings and for the same remaining maturities, considering the contractual terms in effect as of December 31 of the relevant period. These assets are classified in Level 2.

Short and long-term borrowings and debt

The fair value of short and long-term borrowings and debt is estimated using discounted cash flow analysis based on the current incremental borrowing rates for similar types of borrowing arrangements, taking into account the changes in the Bank's credit margin. These liabilities are classified in Level 2.

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 counterparties. For 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 which consider the counterparty risks; which fair value is calculated based on the present value of the premium to be received or a specific allowance for off-balance sheet credit contingencies, whichever is greater. These commitments are classified in Level 3. Fair value of these instruments is provided for disclosure purposes only.

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (Unaudited) (In thousands of US dollars)

18. Fair value of financial instruments (continued)

The following table provides information on the carrying value and estimated fair value of the Bank's financial instruments that are not measured on a recurring basis:

March 31, 2015					
	Carrying Value	Fair Value	Quoted market prices in an active market (Level 1)	Internally developed models with significant observable market information (Level 2)	Internally developed models with significant unobservable market information (Level 3)
Financial assets					
Instruments with carrying value that approximates fair value	945,147	945,147	-	945,147	-
Securities held-to-maturity	61,628	60,255	27,486	32,769	-
Loans, net ⁽¹⁾	6,483,403	6,603,522	-	6,603,523	-
Financial liabilities					
Instruments with carrying value that approximates fair value	2,909,311	2,909,318	-	2,909,318	-
Short-term borrowings and debt	2,767,891	2,768,322	-	2,768,322	-
Long-term borrowings and debt	1,288,304	1,308,582	-	1,308,582	-
Commitments to extend credit, standby letters of credit, and financial guarantees written	10,747	10,219	-	-	10,219

⁽¹⁾ The carrying value of loans is net of the Allowance for loan losses of \$77.7 million and unearned income and deferred fees of \$7.8 million for March 31, 2015.

December 31, 2014					
	Carrying Value	Fair Value	Quoted market prices in an active market (Level 1)	Internally developed models with significant observable market information (Level 2)	Internally developed models with significant unobservable market information (Level 3)
Financial assets					
Instruments with carrying value that approximates fair value	942,471	942,471	-	942,471	-
Securities held-to-maturity	54,180	53,295	29,909	23,386	-
Loans, net ⁽¹⁾	6,598,060	6,820,731	-	6,820,731	-
Financial liabilities					
Instruments with carrying value that approximates fair value	2,936,086	2,936,166	-	2,936,166	-
Short-term borrowings and debt	2,692,537	2,692,344	-	2,692,344	-
Long-term borrowings and debt	1,405,519	1,424,579	-	1,424,579	-
Commitments to extend credit, standby letters of credit, and financial guarantees written	7,637	7,337	-	-	7,337

⁽¹⁾ The carrying value of loans is net of the Allowance for loan losses of \$79.7 million and unearned income and deferred fees of \$8.5 million for December 31, 2014.

Notes to consolidated financial statements (Unaudited)
(In thousands of US dollars)

19. Litigation

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

20. Capital adequacy

The Banking Law in the Republic of Panama requires banks with general banking license to maintain a total capital adequacy index that shall not be lower than 8% of total assets and off-balance sheet irrevocable contingency transactions, weighted according to their risk; and primary capital equivalent that shall not be less than 4% of its assets and off-balance sheet irrevocable contingency transactions, weighted according to their risk. As of March 31, 2015, the Bank's capital adequacy ratio is 16.16% which is in compliance with the capital adequacy ratios required by the Banking Law in the Republic of Panama.

21. Business segment information

The Bank's activities are operated and managed in two business segments, Commercial and Treasury. The business segment information reflects this operational and management structure, in a manner consistent with the requirements outlined in ASC Topic 280 - Segment Reporting. The business segment results are determined based on the Bank's managerial accounting process, which assigns consolidated balance sheets, revenue and expense items to each business segment on a systematic basis.

The Bank incorporates net operating income⁽³⁾ by business segment in order to disclose the revenue and expense items related to its normal course of business, segregating from the net income, the impact of reversals of reserves for loan losses and off-balance sheet credit risk, and recoveries on assets. In addition, the Bank's net interest income represents the main driver of net operating income; therefore, the Bank presents its interest-earning assets by business segment, to give an indication of the size of business generating net interest income. Interest-earning assets also generate gains and losses on sales, such as for securities available-for-sale and trading assets and liabilities, which are included in net other income, in the Treasury Segment. The Bank also discloses its other assets and contingencies by business segment, to give an indication of the size of business that generates net fees and commissions, also included in net other income, in the Commercial Segment.

The Bank believes that the presentation of net operating income provides important supplementary information to investors regarding financial and business trends relating to the Bank's financial condition and results of operations. These measures exclude the impact of reversals (provisions) for loan losses and reversals (provisions) for losses on off-balance sheet credit risk (together referred to as "Reversal of provision (provision) for credit losses") which Bank's management considers distort trend analysis.

Net operating income disclosed by the Bank should not be considered a substitute for, or superior to, financial measures calculated differently from similar measures used by other companies. These measures, therefore, may not be comparable to similar measurements used by other companies.

The Commercial Business Segment incorporates all of the Bank's financial intermediation and fees generated by the commercial portfolio. The commercial portfolio includes book value of loans, selected deposits placed, acceptances and contingencies. Operating income from the Commercial Business Segment includes net interest income from loans, fee income and allocated operating expenses.

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (Unaudited) (In thousands of US dollars)

21. Business segment information (continued)

The Treasury Business Segment incorporates deposits in banks and all of the Bank's trading assets, securities available-for-sale and held-to-maturity, and the balance of the investment funds. Operating income from the Treasury Business Segment includes net interest income from deposits with banks, securities available-for-sale and held-to-maturity, net interest margin related to investment funds, derivative and hedging activities, net gain (loss) from investment funds trading, net gain (loss) from trading securities, net gain on sale of securities available-for-sale, net gain (loss) on foreign currency exchange, and allocated income and operating expenses.

The following table provides certain information regarding the Bank's continuing operations by segment:

Business Segment Analysis ⁽¹⁾

	Three months ended March 31	
	2015	2014
Commercial		
Interest income	50,901	47,007
Interest expense	(19,908)	(19,023)
Net interest income	30,993	27,984
Net other income ⁽²⁾	2,672	4,676
Operating expenses	(10,386)	(10,327)
Net operating income ⁽³⁾	23,280	22,333
Reversal of provision (provision) for loan and off-balance sheet credit losses	(327)	16
Recoveries, net of impairment of assets	-	-
Net income attributable to Bladex stockholders	22,953	22,349
Commercial assets and contingencies (end of period balances):		
Interest-earning assets ^(4 and 6)	6,561,096	6,091,666
Other assets and contingencies ⁽⁵⁾	523,521	511,623
Total interest-earning assets, other assets and contingencies	7,084,617	6,603,289
Treasury		
Interest income	2,697	2,608
Interest expense	2,079	1,516
Net interest income	4,776	4,124
Net other income (expense) ⁽²⁾	3,769	(280)
Operating expenses	(2,657)	(3,157)
Net operating income ⁽³⁾	5,888	687
Net income (loss)	5,888	687
Net income attributable to the redeemable noncontrolling interest	-	(475)
Net income (loss) attributable to Bladex stockholders	5,888	1,162
Treasury assets and contingencies (end of period balances):		
Interest-earning assets ⁽⁶⁾	1,395,942	1,055,134
Redeemable noncontrolling interest	-	(49,424)
Total interest-earning assets, other assets and contingencies	1,395,942	1,005,710

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (Unaudited) (In thousands of US dollars)

21. Business segment information (continued)

	Three months ended March 31	
	2015	2014
Total		
Interest income	53,598	49,615
Interest expense	(17,829)	(17,507)
Net interest income	35,769	32,108
Net other income ⁽²⁾	6,441	4,396
Operating expenses	(13,043)	(13,484)
Net operating income ⁽³⁾	29,167	23,020
Reversal of provision (provision) for loans and off-balance sheet credit losses	(326)	16
Recoveries, net of impairment of assets	-	-
Net income – business segment	28,841	23,036
Net income (loss) attributable to the redeemable noncontrolling interest	-	(475)
Net income attributable to Bladex stockholders – business segment	28,841	23,511
Other income unallocated - gain on sale of premises and equipment	-	-
Discontinued operations (Note 3)	-	-
Net income attributable to Bladex stockholders	28,841	23,511
Total assets and contingencies (end of period balances):		
Interest-earning assets ^(4 y 6)	7,957,038	7,146,800
Other assets and contingencies ⁽⁵⁾	523,521	511,623
Redeemable noncontrolling interest	-	(49,424)
Total interest-earning assets, other assets and contingencies	8,480,559	7,608,999

⁽¹⁾ The numbers set out in these tables have been rounded and accordingly may not total exactly.

⁽²⁾ Net other income excludes reversals (provisions) for loans and off-balance sheet credit losses, recoveries on assets, and gain on sale of premises and equipment.

⁽³⁾ Net operating income refers to net income excluding reversals (provisions) for loans and off-balance sheet credit losses and recoveries on assets.

⁽⁴⁾ Includes selected deposits placed, and loans, net of unearned income and deferred loan fees.

⁽⁵⁾ Includes customers' liabilities under acceptances, letters of credit and guarantees covering commercial and country risk, and credit commitments.

⁽⁶⁾ Includes cash and due from banks, interest-bearing deposits with banks, securities available-for-sale and held-to-maturity, trading securities and the balance of investment funds.

	Three months ended March 31	
	2015	2014
Reconciliation of Net other income:		
Net other income – business segment	6,441	4,096
Reversal of provision (provision) for losses on off-balance sheet credit risk	(3,021)	-
Recoveries, net of impairment of assets	-	-
Gain on sale of premises and equipment	-	-
Net other income – consolidated financial statements	3,420	4,396

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (Unaudited) (In thousands of US dollars)

21. Business segment information (continued)

	Three months ended March 31	
	2014	2015
<u>Reconciliation of total assets:</u>		
Interest-earning assets – business segment	7,957,038	7,146,800
Allowance for loan losses	(77,692)	(72,735)
Customers' liabilities under acceptances	659	34,348
Accrued interest receivable	40,488	37,626
Equipment and leasehold improvements, net	7,757	9,821
Derivative financial instruments used for hedging - receivable	13,682	14,670
Other assets	13,532	8,291
Total assets – consolidated financial statements	<u>7,955,464</u>	<u>7,178,821</u>

Geographic information is as follows:

	March 31, 2015				
	Panama	Brazil	United States of America	Cayman Islands	Total
Interest income	49,104	-	4,494	-	53,598
Interest expense	(17,487)	-	(342)	-	(17,829)
Net interest income	<u>31,617</u>	<u>-</u>	<u>4,152</u>	<u>-</u>	<u>35,769</u>
Long-lived assets:					
Equipment and leasehold improvements, net	<u>7,645</u>	<u>-</u>	<u>112</u>	<u>-</u>	<u>7,757</u>
	March 31, 2014				
	Panama	Brazil	United States of America	Cayman Islands	Total
Interest income	45,648	-	3,947	20	49,615
Interest expense	(17,179)	-	(291)	(37)	(17,507)
Net interest income	<u>28,469</u>	<u>-</u>	<u>3,656</u>	<u>(17)</u>	<u>32,108</u>
Long-lived assets:					
Equipment and leasehold improvements, net	<u>9,619</u>	<u>-</u>	<u>202</u>	<u>-</u>	<u>9,821</u>

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (Unaudited) (In thousands of US dollars)

22. Restriction on retained earnings

As of December 31, 2014, \$7.9 million of retained earnings are restricted from dividend distribution for purposes of complying with local regulatory requirements. As of March 31, 2015, the amount stands at \$8.3 million.

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Consolidated Balance Sheets as of December 31, 2014
and December 31, 2013, and Related Consolidated
Statements of Income, Comprehensive Income,
Stockholders' Equity and redeemable noncontrolling
interest and Cash Flows for the Three Years in the
Period Ended December 31, 2014

**Banco Latinoamericano de Comercio Exterior, S. A.
and Subsidiaries**

Consolidated Financial Statements 2014, 2013 and 2012

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Banco Latinoamericano de Comercio Exterior, S.A. and Subsidiaries
Panama, Republic of Panama

We have audited the accompanying consolidated balance sheets of *Banco Latinoamericano de Comercio Exterior, S.A.* and subsidiaries (the "Bank") as of December 31, 2014 and 2013, and the related consolidated statements of income, comprehensive income, changes in stockholders' equity and redeemable noncontrolling interest, and cash flows for each of the three years in the period ended December 31, 2014. These consolidated financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of *Banco Latinoamericano de Comercio Exterior, S.A.* and subsidiaries as of December 31, 2014 and 2013, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2014, in conformity with accounting principles generally accepted in the United States of America.

/S/ *Deloitte, Inc.*

April 22, 2015
Panama, Republic of Panama

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Consolidated balance sheets

December 31, 2014 and 2013

(in US\$ thousand, except share amounts)

	Notes	2014	2013
Assets			
Cash and due from banks	4,24	4,985	2,161
Interest-bearing deposits in banks (including pledged deposits of \$39,210 in 2014 and \$9,032 in 2013)	4,24	775,530	837,557
Securities available-for-sale (including pledged securities to creditors of \$307,530 in 2014 and \$296,811 in 2013)	5,24	338,973	334,368
Securities held-to-maturity (fair value of \$53,295 in 2014 and \$33,634 in 2013) (including pledged securities to creditors of \$13,004 in 2014 and \$13,007 in 2013)	5,24	54,180	33,759
Investment funds	6,24	57,574	118,661
Loans	7	6,686,244	6,148,298
Less:			
Allowance for loan losses	8	79,675	72,751
Unearned income and deferred fees		8,509	6,668
Loans, net	24	6,598,060	6,068,879
Customers' liabilities under acceptances	24	114,018	1,128
Accrued interest receivable	24	47,938	40,727
Equipment and leasehold improvements (net of accumulated depreciation and amortization of \$16,203 in 2014 and \$13,881 in 2013)	9	8,129	10,466
Derivative financial instruments used for hedging - receivable	21,23,24	12,324	15,217
Other assets	10	13,561	8,389
Total assets		8,025,272	7,471,312
Liabilities and stockholders' equity			
Deposits:	11,24		
Noninterest-bearing - Demand		394	663
Interest-bearing - Demand		83,781	62,384
Time		2,422,519	2,298,289
Total deposits		2,506,694	2,361,336
Trading liabilities	12,23,24	52	72
Securities sold under repurchase agreement	4,6,13,23,24	300,519	286,162
Short-term borrowings and debt	14,24	2,692,537	2,705,365
Acceptances outstanding	24	114,018	1,128
Accrued interest payable	24	14,855	13,786
Long-term borrowings and debt	15,24	1,405,519	1,153,871
Derivative financial instruments used for hedging - payable	12,21,23,24	40,287	8,572
Reserve for losses on off-balance sheet credit risk	8	6,849	5,222
Other liabilities	10	32,879	27,947
Total liabilities		7,114,209	6,563,461
Commitments and contingencies	19,20,21,24,25		
Redeemable noncontrolling interest		-	49,899
Stockholders' equity:	16,17,18,22,26		
Class A common stock, no par value, assigned value of \$6.67 (Authorized 40,000,000; outstanding 6,342,189)		44,407	44,407
Class B common stock, no par value, assigned value of \$6.67 (Authorized 40,000,000; outstanding 2,479,050 in 2014 and 2,520,422 in 2013)		20,683	20,683
Class E common stock, no par value, assigned value of \$6.67 (Authorized 100,000,000; outstanding 29,956,100 in 2014 and 29,710,556 in 2013)		214,890	214,890
Additional paid-in capital in excess of assigned value of common stock		117,339	118,646
Capital reserves		95,210	95,210
Retained earnings		510,046	458,699
Accumulated other comprehensive loss	5,21,22	(13,885)	(12,575)
Treasury stock	16	(77,627)	(82,008)
Total stockholders' equity		911,063	857,952
Total liabilities and stockholders' equity		8,025,272	7,471,312

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

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Consolidated statements of income

Years ended December 31, 2014, 2013 and 2012

(in US\$ thousand, except per share amounts)

	Notes	2014	2013	2012
Interest income:	21			
Deposits		1,545	1,526	1,876
Trading assets		-	-	69
Investment securities:				
Available-for-sale		8,115	7,655	5,675
Held-to-maturity		1,142	842	721
Investment funds		20	2,301	880
Loans		201,908	192,979	183,216
Total interest income		212,730	205,303	192,437
Interest expense:	21			
Deposits		11,245	12,381	12,944
Investment funds		37	1,844	109
Short-term borrowings and debt		23,893	26,944	20,673
Long-term borrowings and debt		36,424	41,042	53,734
Total interest expense		71,599	82,211	87,460
Net interest income		141,131	123,092	104,977
Reversal of provision (provision) for loan losses	8	(6,895)	1,598	8,343
Net interest income, after reversal of provision (provision) for loan losses		134,236	124,690	113,320
Other income (expense):				
Reversal of provision (provision) for losses on off-balance sheet credit risk	8	(1,627)	(381)	4,046
Fees and commissions, net		17,502	13,669	10,021
Derivative financial instruments and hedging	21	106	353	71
Recoveries, net of impairment of assets		7	108	-
Net gain (loss) from investment funds trading		3,409	(6,702)	7,011
Net gain (loss) from trading securities		(393)	3,221	11,234
Net gain on sale of securities available-for-sale	5	1,871	1,522	6,030
Net gain on sale of loans		2,546	588	1,147
Net gain (loss) on foreign currency exchange		766	(3,834)	(10,525)
Gain on sale of premises and equipment	9	-	-	5,626
Other income, net		1,744	1,644	1,839
Net other income		25,931	10,188	36,500
Operating expenses:				
Salaries and other employee expenses		31,339	31,702	33,171
Depreciation and amortization of equipment and leasehold improvements		2,487	2,747	2,269
Professional services		5,177	4,010	4,053
Maintenance and repairs		1,544	1,529	1,936
Expenses from investment funds		416	2,589	2,953
Other operating expenses		12,739	11,729	11,432
Total operating expenses		53,702	54,306	55,814
Net income from continuing operations		106,465	80,572	94,006
Net loss from discontinued operations	3	-	(4)	(681)
Net income		106,465	80,568	93,325
Net income (loss) attributable to the redeemable noncontrolling interest		(475)	(4,185)	293
Net income attributable to Bladex stockholders		106,940	84,753	93,032
Amounts attributable to Bladex stockholders:				
Net income from continuing operations		106,940	84,757	93,713
Net loss from discontinued operations		-	(4)	(681)
		106,940	84,753	93,032
Earning per share from continuing operations:				
Basic	18	2.76	2.21	2.48
Diluted	18	2.75	2.20	2.47
Loss per share from discontinued operations:				
Basic	18	-	(0.00)	(0.02)
Diluted	18	-	(0.00)	(0.02)
Earning per share:				
Basic	18	2.76	2.21	2.46
Diluted	18	2.75	2.20	2.45
Weighted average basic shares	18	38,693	38,406	37,824
Weighted average diluted shares	18	38,839	38,533	37,938

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

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Consolidated statements of comprehensive income

Years ended December 31, 2014, 2013 and 2012

(in US\$ thousand)

	Notes	<u>2014</u>	<u>2013</u>	<u>2012</u>
Net income		106,465	80,568	93,325
Other comprehensive income (loss):				
Unrealized gains (losses) on securities available-for-sale:				
Unrealized gains (losses) arising from the year	22	2,224	(9,640)	8,436
Less: reclassification adjustments for net gains included in net income	22	<u>(2,330)</u>	<u>(1,487)</u>	<u>(5,775)</u>
Net change in unrealized gains (losses) on securities available for sale		<u>(106)</u>	<u>(11,127)</u>	<u>2,661</u>
Unrealized gains (losses) on derivative financial instruments:				
Unrealized gains (losses) arising from the year	22	(1,813)	(2,302)	5,699
Less: reclassification adjustments for net (gains) losses included in net income	22	<u>1,264</u>	<u>1,985</u>	<u>(5,427)</u>
Net change in unrealized gains (losses) on derivative financial instruments		<u>(549)</u>	<u>(317)</u>	<u>272</u>
Foreign currency translation adjustment, net of hedges:				
Current year change		(655)	(330)	(735)
Reclassification adjustments for net losses included in net income		<u>-</u>	<u>24</u>	<u>-</u>
Net change in foreign currency translation adjustment		<u>(655)</u>	<u>(306)</u>	<u>(735)</u>
Other comprehensive income (loss)		<u>(1,310)</u>	<u>(11,750)</u>	<u>2,198</u>
Comprehensive income		105,155	68,818	95,523
Comprehensive income (loss) attributable to the redeemable noncontrolling interest		<u>(475)</u>	<u>(4,090)</u>	<u>109</u>
Comprehensive income attributable to Bladex stockholders		<u><u>105,630</u></u>	<u><u>72,908</u></u>	<u><u>95,414</u></u>

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

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Consolidated statements of changes in stockholders' equity and redeemable noncontrolling interest
Years ended December 31, 2014, 2013 and 2012
(in US\$ thousand)

	Stockholders' equity							
	Common stock	Additional paid-in capital in excess of assigned value of common stock	Capital reserves	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Total stockholders' equity	Redeemable noncontrolling interest
Balances at January 1, 2012	279,980	130,177	95,210	372,644	(3,112)	(115,617)	759,282	5,547
Net income	-	-	-	93,032	-	-	93,032	293
Redeemable noncontrolling interest - subscriptions	-	-	-	-	-	-	-	1,773
Redeemable noncontrolling interest - redemptions	-	-	-	-	-	-	-	(4,045)
Other comprehensive income	-	-	-	-	2,382	-	2,382	(184)
Compensation cost - stock options and stock units plans	-	2,271	-	-	-	-	2,271	-
Issuance of restricted shares	-	(771)	-	-	-	771	-	-
Exercised options and stock units vested	-	(10,258)	-	-	-	23,394	13,136	-
Dividends declared (1)	-	-	-	(43,628)	-	-	(43,628)	-
Balances at December 31, 2012	279,980	121,419	95,210	422,048	(730)	(91,452)	826,475	3,384
Effect of deconsolidating a variable interest entity ("VIE")	-	-	-	-	-	-	-	(565)
Net income	-	-	-	84,753	-	-	84,753	(4,185)
Redeemable noncontrolling interest - subscriptions	-	-	-	-	-	-	-	53,000
Redeemable noncontrolling interest - redemptions	-	-	-	-	-	-	-	(1,830)
Other comprehensive income (loss)	-	-	-	-	(11,845)	-	(11,845)	95
Compensation cost - stock options and stock units plans	-	2,996	-	-	-	-	2,996	-
Issuance of restricted shares	-	(629)	-	-	-	629	-	-
Exercised options and stock units vested	-	(5,140)	-	-	-	8,842	3,702	-
Repurchase of "Class E" common stock	-	-	-	-	-	(27)	(27)	-
Dividends declared (1)	-	-	-	(48,102)	-	-	(48,102)	-
Balances at December 31, 2013	279,980	118,646	95,210	458,699	(12,575)	(82,008)	857,952	49,899
Effect of deconsolidating a variable interest entity ("VIE") (Note 6)	-	-	-	-	-	-	-	(49,424)
Net income (loss)	-	-	-	106,940	-	-	106,940	(475)
Other comprehensive income (loss)	-	-	-	-	(1,310)	-	(1,310)	-
Compensation cost - stock options and stock units plans	-	2,246	-	-	-	-	2,246	-
Issuance of restricted shares	-	(629)	-	-	-	629	-	-
Exercised options and stock units vested	-	(2,924)	-	-	-	4,392	1,468	-
Repurchase of "Class B" and "Class E" common stock	-	-	-	-	-	(640)	(640)	-
Dividends declared (1)	-	-	-	(55,593)	-	-	(55,593)	-
Balances at December 31, 2014	279,980	117,339	95,210	510,046	(13,885)	(77,627)	911,063	-

(1) Dividends declared were \$0.35 per share in the first, second and third quarter of 2014. In the fourth quarter of 2014, dividends declared were \$0.39 per share.

In 2013, dividends declared were \$0.30 per share in the first, second and third quarter of 2013. In the fourth quarter of 2013, dividends declared were \$0.35 per share.

In 2012, dividends declared were \$0.25 per share in the first and second quarter. In the third and fourth quarter of 2012, dividends declared were \$0.30 per share.

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

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Consolidated statements of cash flows Years ended December 31, 2014, 2013 and 2012 (in US\$ thousand)

	2014	2013	2012
Cash flows from operating activities:			
Net income	106,465	80,568	93,325
Adjustments to reconcile net income to net cash provided by operating activities:			
Activities of derivative financial instruments and hedging	33,338	8,126	(47,678)
Depreciation and amortization of equipment and leasehold improvements	2,487	2,747	2,269
Provision (reversal of provision) for loan losses	6,895	(1,598)	(8,343)
Provision (reversal of provision) for losses on off-balance sheet credit risk	1,627	381	(4,046)
Net gain on sale of securities available-for-sale	(1,871)	(1,522)	(6,030)
Gain on sale of premises and equipment	-	-	(5,626)
Compensation cost - compensation plans	2,246	2,996	2,271
Amortization of premium and discounts on investments	16,094	5,015	3,075
Net decrease (increase) in operating assets:			
Trading assets	-	281	14,338
Investment funds	10,877	(7,174)	14,537
Accrued interest receivable	(7,211)	(2,908)	349
Other assets	(118,081)	6,169	3,786
Net increase (decrease) in operating liabilities:			
Trading liabilities	(20)	(32,232)	26,720
Accrued interest payable	1,069	(4,157)	6,153
Other liabilities	116,536	(2,230)	2,250
Net change from discontinued operating activities	-	92	(256)
Net cash provided by operating activities	170,451	54,554	97,094
Cash flows from investing activities:			
Effect on cash of desconsolidating a VIE	-	(2,135)	-
Net decrease (increase) in pledged deposits	(30,178)	5,487	9,475
Net decrease in deposits with original maturities greater than three months	-	-	30,000
Net increase in loans	(1,051,627)	(521,333)	(909,019)
Proceeds from the sale of loans	515,552	89,532	146,211
Acquisition of equipment and leasehold improvements	(150)	(476)	(10,823)
Proceeds from the sale of premises and equipment	-	-	8,023
Proceeds from the redemption of securities available-for-sale	62,535	34,277	15,277
Proceeds from the sale of securities available-for-sale	223,219	105,942	254,772
Proceeds from maturities of securities held-to-maturity	19,883	19,910	7,050
Purchases of investments available-for-sale	(321,545)	(313,036)	(39,982)
Purchases of investments held-to-maturity	(22,624)	(19,843)	(14,811)
Net change from discontinued investing activities	-	63	(3)
Net cash used in investing activities	(604,935)	(601,612)	(503,830)
Cash flows from financing activities:			
Net increase in due to depositors	145,358	43,845	13,754
Net increase (decrease) in short-term borrowings and debt and securities sold under repurchase agreements	1,529	1,384,130	(93,071)
Proceeds from long-term borrowings and debt	641,138	273,270	817,827
Repayments of long-term borrowings and debt	(389,490)	(1,024,939)	(399,835)
Dividends paid	(54,262)	(46,025)	(39,714)
Subscriptions of redeemable noncontrolling interest	-	53,000	1,773
Redemptions of redeemable noncontrolling interest	-	(1,830)	(4,045)
Exercised stock options	1,469	3,702	13,136
Repurchase of common stock	(640)	(27)	-
Net change from discontinued financing activities	-	27	-
Net cash provided by financing activities	345,102	685,153	309,825
Effect of exchange rate fluctuations on cash and cash equivalents	1	80	(68)
Net Increase (decrease) in cash and cash equivalents	(89,381)	138,175	(96,979)
Cash and cash equivalents at beginning of the year	830,686	692,511	789,490
Cash and cash equivalents at end of the year	741,305	830,686	692,511
Supplemental disclosures of cash flow information:			
Cash paid during the year for interest	70,530	86,368	81,307

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

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (In thousands of US dollars)

1. Organization

Banco Latinoamericano de Comercio Exterior, S. A. (“Bladex Head Office” and together with its subsidiaries “Bladex” or the “Bank”), headquartered in Panama City, Republic of Panama, is a specialized multinational bank established to support the financing of trade and economic integration in Latin America and the Caribbean (the “Region”). The Bank was established pursuant to a May 1975 proposal presented to the 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, incorporated in 1978 as a corporation pursuant to the laws of the Republic of Panama, and officially initiated operations on January 2, 1979. Under a contract law signed in 1978 between the Republic of Panama and Bladex, the Bank was granted certain privileges by the Republic of Panama, including an exemption from payment of income taxes in Panama.

The Bank operates under a general banking license issued by the National Banking Commission of Panama, predecessor of the Superintendency of Banks of Panama (the “SBP”).

In the Republic of Panama, banks are regulated by the SBP through Executive Decree No. 52 of April 30, 2008, which adopts the unique text of the Law Decree No. 9 of February 26, 1998, modified by the Law Decree No. 2 of February 22, 2008. Banks are also regulated by resolutions and agreements issued by this entity. The main aspects of this law and its regulations include: the authorization of banking licenses, minimum capital and liquidity requirements, consolidated supervision, procedures for management of credit and market risks, measures to prevent money laundering, the financing of terrorism and related illicit activities, and procedures for banking intervention and liquidation, among others.

Bladex Head Office’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 (USA), on May 30, 2000. Bladex Holdings Inc. has ownership in two subsidiaries: Bladex Representacao Ltda. and Bladex Investimentos Ltda.
- Bladex Representacao Ltda., incorporated under the laws of Brazil on January 7, 2000, acts as the Bank’s representative office in Brazil. Bladex Representacao Ltda. is 99.999% owned by Bladex Head Office and the remaining 0.001% owned by Bladex Holdings Inc.
- Bladex Investimentos Ltda. was incorporated under the laws of Brazil on May 3, 2011. Bladex Head Office owns 99% of Bladex Investimentos Ltda. and Bladex Holdings Inc. owns the remaining 1%. This company has invested substantially all its assets in an investment fund incorporated in Brazil (“the Brazilian Fund”), registered with the Brazilian Securities Commission (“CVM”, for its acronym in Portuguese). The Brazilian Fund is a non-consolidated variable interest entity.
- Bladex Development Corp. was incorporated under the laws of Panama on June 5, 2014. Bladex Development Corp. is 100% owned by Bladex Head Office.

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (In thousands of US dollars)

1. Organization (continued)

- BLX Soluciones, S.A. de C.V., SOFOM, E.N.R. was incorporated under the laws of Mexico on June 13, 2014. BLX Soluciones is 99.9% owned by Bladex Head Office, and Bladex Development Corp. owns the remaining 0.1%. The company specializes in offering financial leasing and other products such as loans and factoring.

Bladex Head Office has an agency in New York City, USA (the “New York Agency”), which began operations on March 27, 1989. The New York Agency is principally engaged in financing transactions related to international trade, mostly the confirmation and financing of letters of credit for customers of the Region. The New York Agency has also established an International Banking Facility (“IBF”).

The Bank has representative offices in Buenos Aires, Argentina; in Mexico City, D.F. and Monterrey, Mexico; in Lima, Peru; in Bogota, Colombia; and an international administrative office in Miami, Florida, USA.

2. Summary of significant accounting policies

a) Basis of presentation

These consolidated financial statements have been prepared under accounting principles generally accepted in the United States of America (“U.S. GAAP”). All amounts presented in the consolidated financial statements and notes are expressed in dollars of the United States of America (“US\$”), which is the Bank’s functional currency. The accompanying consolidated financial statements have been translated from Spanish to English for users outside of the Republic of Panama.

The Accounting Standards Codification (the “ASC”) issued by the Financial Accounting Standards Board (the “FASB”) constitute the single official source of authoritative, non-governmental GAAP, other than guidance issued by the Securities and Exchange Commission (“SEC”). All other literature is considered non-authoritative.

b) Principles of consolidation

The consolidated financial statements include the accounts of Bladex Head Office and its subsidiaries. Bladex Head Office consolidates its subsidiaries in which it holds a controlling financial interest. The usual condition for a controlling financial interest is ownership of a majority voting interest. All intercompany balances and transactions have been eliminated for consolidation purposes.

c) Variable interest entities

Variable interest entities (“VIE”) are entities that have either a total equity investment that is insufficient to permit the entity to finance its activities without additional subordinated financial support, or whose equity investors lack the characteristics of a controlling financial interest.

Investors that finance the VIE through debt or equity interests or other counterparties that provide other forms of support, such as guarantees, or certain types of derivative contracts, are variable interest holders in the entity.

Notes to consolidated financial statements
(In thousands of US dollars)

2. Summary of significant accounting policies (continued)

c) Variable interest entities (continued)

The variable interest holder, if any, that has a controlling financial interest in a VIE is deemed to be the primary beneficiary and must consolidate the VIE. The Bank would be deemed to have a controlling financial interest and be the primary beneficiary if it has both of the following characteristics:

- power to direct the activities of a VIE that most significantly impact the entity's economic performance; and
- obligation to absorb losses of the entity that could potentially be significant to the VIE or right to receive benefits from the entity that could potentially be significant to the VIE.

d) Specialized accounting for investment companies

The Bank maintains an investment in an investment fund ("Feeder") which is organized under a "Feeder-Master" structure. Under this structure, the Feeder invests all its assets in the Master which in turn invests in various assets on behalf of its investor. Specialized accounting for investment companies requires the Feeder to reflect its investment in the Master in a single line item equal to its proportionate share of the net assets of the Master, regardless of the level of Feeder's interest in the Master. The Feeder records the Master's results by accounting for its participation in the net interest income and expenses of the Master, as well as its participation in the realized and unrealized gains or losses of the Master (see Note 6).

e) Use of estimates

The preparation of the consolidated financial statements requires Management to make estimates and use 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 period. Material estimates that are particularly susceptible to significant changes relate to the determination of the allowances for credit losses, impairment of securities available-for-sale and held-to-maturity, and the fair value of financial instruments. Actual results could differ from those estimates. Management believes these estimates are adequate.

f) Cash equivalents

Cash equivalents include demand deposits in banks and interest-bearing deposits in banks with original maturities of three months or less, excluding pledged deposits.

Notes to consolidated financial statements
(In thousands of US dollars)

2. Summary of significant accounting policies (continued)

g) Repurchase agreements

Repurchase agreements are generally treated as collateralized financing transactions. When the criteria set forth in the following paragraph are met to account for the transaction as secured financing, the transaction is recorded at the amounts at which the securities will be subsequently reacquired including interest paid, as specified in the respective agreements. Interest is recognized in the consolidated statement of income over the life of the transaction. The fair value of securities to be repurchased is continuously monitored, and additional collateral is obtained or provided where appropriate, to protect against credit exposure.

The Bank's policy is to relinquish possession of the securities sold under agreements to repurchase. Despite such relinquishment of possession, repurchase agreements qualify as secured financings if and only if all of the following conditions are met: the repurchase agreement must grant the transferor the right and obligation to repurchase or redeem the transferred financial assets; the assets to be repurchased are the same or substantially the same as those transferred; the agreement is to repurchase or redeem them before maturity, at a fixed and determinable price; and the agreement is entered into concurrently at the transfer date.

When repurchase agreements do not meet the above-noted conditions, they qualify as sales of securities, for which the related security is removed from the balance sheet and a forward purchase agreement is recognized for the obligation to repurchase the security. Changes in fair value of the forward purchase agreement as well as any gain or loss resulting from the sale of securities under repurchase agreements are reported in earnings of the period within net gain (loss) from trading securities.

h) Trading assets and liabilities

Trading assets and liabilities include bonds acquired for trading purposes, and receivables (unrealized gains) and payables (unrealized losses) related to derivative financial instruments which are not designated as hedges or which do not qualify for hedge accounting.

Trading assets and liabilities are carried at fair value. Unrealized and realized gains and losses on trading assets and liabilities are recorded in earnings as net gain (loss) from trading securities.

i) 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, bonds and floating rate notes.

Interest on securities is recognized based on the effective interest method. Amortization of premiums and discounts are included in interest income as an adjustment to the yield.

Notes to consolidated financial statements
(In thousands of US dollars)

2. Summary of significant accounting policies (continued)

i) Investment securities (continued)

Securities available-for-sale

These securities consist of debt instruments not classified as either trading securities or as held-to-maturity securities, and are subject to the same approval criteria as the rest of the credit portfolio. These securities are carried at fair value. Unrealized gains and losses are reported as net increases or decreases to other comprehensive income (loss) ("OCI") in stockholders' equity until they are realized. Realized gains and losses from the sale of securities which are included in net gain on sale of securities are determined using the specific identification method.

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. These securities are carried at amortized cost and are subject to the same approval criteria as the rest of the credit portfolio.

Impairment of securities

The Bank conducts periodic reviews of all securities with unrealized losses to evaluate whether the impairment is other-than-temporary. Impairment of securities is evaluated considering numerous factors, and their relative significance varies case by case. Factors considered in determining whether unrealized losses are temporary include: the length of time and extent to which the fair value has been less than cost, the severity of the impairment, the cause of the impairment and the financial condition of the issuer, activity in the market of the issuer which may indicate adverse credit conditions, the intent and ability of the Bank to retain the security for a sufficient period of time to allow of an anticipated recovery in the fair value (with respect to equity securities) and the intent and probability of the Bank to sell the security before the recovery of its amortized cost (with respect to debt securities). If, based on the analysis, it is determined that the impairment is other-than-temporary, the security is written down to its fair value, and a loss is recognized through earnings as impairment loss on assets.

In cases where the Bank does not intend to sell a debt security and estimates that it will not be required to sell the security before the recovery of its amortized cost basis, the Bank periodically estimates if it will recover the amortized cost of the security through the present value of expected cash flows. If the present value of expected cash flows is less than the amortized cost of the security, it is determined that an other-than-temporary impairment has occurred. The amount of this impairment representing credit loss is recognized through earnings and the residual of the other-than-temporary impairment related to non-credit factors is recognized in other comprehensive income (loss).

In periods subsequent to the recognition of the other-than-temporary impairment, the difference between the new amortized cost and the expected cash flows to be collected is accreted as interest income. The present value of the expected cash flows is estimated over the life of the investment security.

Notes to consolidated financial statements
(In thousands of US dollars)

2. Summary of significant accounting policies (continued)

i) Investment securities (continued)

Impairment of securities (continued)

The other-than-temporary impairment of securities held-to-maturity that has been recognized in other comprehensive income (loss) is accreted to the amortized cost of the debt security prospectively over its remaining life.

Interest accrual is suspended on securities that are in default, or on which it is likely that future interest payments will not be received as scheduled.

j) Investment Funds

The investment funds line includes the net asset value of Bladex investment in the Feeder and in the Brazilian Fund. (see Note 6)

k) Other investments

Other investments that consist of unlisted stock are recorded at cost and are included in other assets. The Bank determined that it is not practicable to obtain the fair value of these investments, as these shares are not traded in a secondary market. Performance of these investments is evaluated periodically and any impairment that is determined to be other-than-temporary is charged to earnings as impairment on assets. (see Note 10)

l) Loans

Loans are reported at their amortized cost considering the principal outstanding amounts net of unearned income, deferred fees and allowance for loan losses. Interest income is recognized using the interest method. The amortization of net unearned income and deferred fees are recognized as an adjustment to the related loan yield using the effective interest method.

Purchased loans are recorded at acquisition cost. The difference between the principal and the acquisition cost of loans, the premiums and discounts, is amortized over the life of the loan as an adjustment to the yield. All other costs related to acquisition of loans are expensed when incurred.

The Bank identifies loans as delinquent when no debt service and/or interest payment has been received for 30 days after such payments were due. The outstanding balance of a loan is considered past due when the total principal balance with one single balloon payment has not been received within 30 days after such payment was due, or when no agreed-upon periodical payment has been received for a period of 90 days after the agreed-upon date.

Loans are placed in a non-accrual status when interest or principal is overdue for 90 days or more, or prior to such date, if the Bank's Management believes there is an uncertainty with respect to the ultimate collection of principal or interest. Any interest receivable on non-accruing loans is reversed and charged-off against earnings. Interest on these loans is only recorded as earned when collected.

Notes to consolidated financial statements
(In thousands of US dollars)

2. Summary of significant accounting policies (continued)

l) Loans (continued)

Non-accruing loans are returned to an accrual status when (1) all contractual principal and interest amounts are current; (2) there is a sustained period of repayment performance in accordance with the contractual terms of at least six months; and (3) if in the Bank Management's opinion the loan is fully collectible.

A modified loan is considered a troubled debt restructuring when the borrower is experiencing financial difficulties and if the restructuring constitutes a concession to the borrower. A concession may include modification of terms such as an extension of maturity date, reduction in the stated interest rate, rescheduling of future cash flows, and reduction in the face amount of the debt or reduction of accrued interest, among others.

Marketable securities received in exchange for loans under troubled debt restructurings are initially recorded at fair value, with any gain or loss recorded as a recovery or charge to the allowance, and are subsequently accounted for as securities available-for-sale.

A loan is considered impaired, and also placed on a non-accrual basis, when based on current information and events, it is probable that the Bank will be unable to collect all amounts due according to original contractual terms of the loan agreement. Factors considered by the Bank's Management in determining impairment include collection status, collateral value, and economic conditions in the borrower's country of residence. Impaired loans also include those modified loans considered troubled debt restructurings. When current events or available information confirm that specific impaired loans or portions thereof are uncollectible, such impaired loans are charged-off against the allowance for loan losses.

The reserve for losses on impaired loans is determined considering all available evidence, including the present value of expected future cash flows discounted at the loan's original contractual interest rate and/or the fair value of the collateral, if applicable. If the loan's repayment is dependent on the sale of the collateral, the fair value considers costs to sell.

The Bank maintains a system of internal credit quality indicators. These indicators are assigned depending on several factors which include: profitability, quality of assets, liquidity and cash flows, capitalization and indebtedness, economic environment and positioning, regulatory framework and/or industry, sensitivity scenarios and the quality of borrower's management and shareholders.

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (In thousands of US dollars)

2. Summary of significant accounting policies (continued)

l) Loans (continued)

A description of these indicators is as follows:

<u>Rating</u>	<u>Classification</u>	<u>Description</u>
1 to 6	Normal	Clients with payment ability to satisfy their financial commitments.
7	Special Mention	Clients exposed to systemic risks specific to the country or the industry in which they are located, facing adverse situations in their operation or financial condition. At this level, access to new funding is uncertain.
8	Substandard	Clients whose primary source of payment (operating cash flow) is inadequate and who show evidence of deterioration in their working capital that does not allow them to satisfy payments on the agreed terms, endangering recovery of unpaid balances.
9	Doubtful	Clients whose operating cash flow continuously shows insufficiency to service the debt on the originally agreed terms. Due to the fact that the borrower presents an impaired financial and economic situation, the likelihood of recovery is low.
10	Unrecoverable	Clients with operating cash flow that does not cover their costs, are in suspension of payments, presumably they will also have difficulties to fulfill possible restructuring agreements, are in a state of insolvency, or have filed for bankruptcy, among others.

In order to maintain a periodical monitoring of the quality of the portfolio, clients are reviewed within a frequency of time between 3 and 18 months, depending on the risk rating.

The Bank's lending portfolio is summarized in the following segments: corporations, sovereign, middle-market companies and banking and financial institutions. The distinction between corporations and middle-market companies depends on the client's level of annual sales in relation to the country risk, among other criteria. Except for the sovereign segment, segments are broken down into state-owned and private.

The Bank's lending policy is applicable to all classes of loans.

m) Transfer of financial assets

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 even in bankruptcy or other receivership; (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 or does not have the right to cause the assets to be returned. 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. The Bank may retain interest in loans sold in the form of servicing rights. Gains or losses on sale of loans depend in part on the carrying amount of the financial instrument involved in the transfer, and its fair value at the date of transfer.

Notes to consolidated financial statements
(In thousands of US dollars)

2. Summary of significant accounting policies (continued)

n) Allowance for credit losses

The allowance for credit losses is provided for 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 debiting earnings. Credit losses are deducted from the allowance, and subsequent recoveries are added. The allowance is also decreased by reversals of the allowance back to earnings. The allowance 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 a liability.

The allowance for possible credit losses includes an asset-specific component and a formula-based component. The asset-specific component, or specific allowance, relates to the provision for losses on credits considered impaired and measured individually case-by-case. A specific allowance is established when the discounted cash flows (or observable fair value of collateral) of the credit is lower than the carrying value of that credit. The formula-based component, or generic allowance, covers the Bank's performing credit portfolio and is established based in a process that estimates the probable loss inherent in the portfolio, based on statistical analysis and management's qualitative judgment.

The statistical calculation is a product of internal risk classifications, probabilities of default and loss given default. The probability of default is supported by Bladex's historical portfolio performance, complemented by probabilities of default provided by external sources, in view of the greater robustness of this external data for some cases. The loss given default is based on Bladex's historical losses experience and best practices.

The reserve balances, for both on and off-balance sheet credit exposures, are calculated applying the following formula:

Reserves = $\sum (E \times PD \times LGD)$; where:

- Exposure (E) = the total accounting balance (on and off-balance sheet) at the end of the period under review.
- Probabilities of Default (PD) = one-year probability of default applied to the portfolio. Default rates are based on Bladex's historical portfolio performance per rating category, complemented by International Rating Agency's probabilities of default for categories 6, 7 and 8, in view of the greater robustness of data for such cases.
- Loss Given Default (LGD) = a factor is utilized, based on historical information, same as based on best practices in the banking industry. Management applies judgment and historical loss experience.

Management can also apply complementary judgment to capture elements of prospective nature or loss expectations based on risks identified in the environment that are not necessarily reflected in the historical data.

The allowance policy is applicable to all classes of loans and off-balance sheet financial instruments of the Bank.

Notes to consolidated financial statements
(In thousands of US dollars)

2. Summary of significant accounting policies (continued)

o) Fees and commissions

Loan origination fees, net of direct loan origination costs, are deferred, and the net amount is recognized as revenue over the contractual term of the loans as an adjustment to the yield. These net fees are not recognized as revenue during periods in which interest income on loans is suspended because of concerns about the realization of loan principal or interest. Underwriting fees are recognized as revenue when the Bank has rendered all services to the issuer and is entitled to collect the fee from the issuer, when there are no contingencies related to the fee. Underwriting fees are recognized net of syndicate expenses. In addition, the Bank recognizes credit arrangement and syndication fees as revenue after satisfying certain retention, timing and yield criteria. 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. Fees earned on letters of credit, guarantees and other commitments are amortized using the straight-line method over the life of such instruments.

p) Equipment and leasehold improvements

Equipment and leasehold improvements, including the electronic data processing equipment, are carried at cost less accumulated depreciation and amortization. Depreciation and amortization are charged to operations using the straight-line method, over the estimated useful life of the related asset. The estimated original useful life for furniture and equipment is 3 to 5 years and for improvements is 3 to 15 years.

The Bank defers the cost of internal-use software that has a useful life in excess of one year in accordance with ASC Topic 350-40 - Intangibles – Goodwill and Other – Internal-Use Software. These costs consist of payments made to third parties related to the use of licenses and installation of both, software and hardware. 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 are amortized using the straight-line method over their estimated useful lives, generally consisting of 5 years.

q) Borrowings and debt

Short and long-term borrowings and debt are accounted for at amortized cost.

r) Capital reserves

Capital reserves are established as an appropriation of retained earnings and are, as such, a form of retained earnings. Even though the constitution of capital reserves is not required by the SBP, their reductions require the approval of the Bank's Board of Directors and the SBP.

Notes to consolidated financial statements
(In thousands of US dollars)

2. Summary of significant accounting policies (continued)

s) Stock-based compensation and stock options plans

The Bank applies ASC Topic 718 – Compensation - Stock Compensation to account for compensation costs on restricted stock, restricted stock units and stock option plans. Compensation cost is based on the grant date fair value of both stock and options and is recognized over the requisite service period of the employee, using the straight-line method. The fair value of each option is estimated at the grant date using a binomial option-pricing model.

When options and stock are exercised, the Bank's policy is to reissue shares from treasury stock.

t) Derivative financial instruments and hedge accounting

The Bank uses derivative financial instruments for its management of interest rate and foreign exchange risks. Interest rate swap contracts, cross-currency swap contracts and forward foreign exchange contracts have been used to manage interest rate and foreign exchange risks associated with debt securities and borrowings with fixed and floating rates, and loans and borrowings in foreign currency. These contracts can be classified as fair value and cash flow hedges. In addition, forward foreign exchange contracts are used to hedge exposures to changes in foreign currency in subsidiary companies with functional currencies other than US\$. These contracts are classified as net investment hedges.

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.

Derivatives held for trading purposes include interest rate swap, cross-currency swap, forward foreign exchange and future contracts used for risk management purposes that do not qualify for hedge accounting. The fair value of trading derivatives is reported as trading assets or trading liabilities, as applicable.

Changes in realized and unrealized gains and losses and interest from these trading instruments are included in net gain (loss) from trading securities.

Derivatives for hedging purposes primarily include forward foreign exchange contracts and interest rate swap contracts in US dollars and cross-currency swaps. Derivative contracts designated and qualifying for hedge accounting are reported in the consolidated balance sheet as derivative financial instruments used for hedging - receivable and payable, as applicable, and hedge accounting is applied. 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.

Notes to consolidated financial statements
(In thousands of US dollars)

2. Summary of significant accounting policies (continued)

t) Derivative financial instruments and hedge accounting (continued)

The Bank discontinues hedge accounting prospectively in the following situations:

1. It is determined that the derivative is no longer effective in offsetting changes in the fair value or cash flows of a hedged item.
2. The derivative expires or is sold, terminated or exercised.
3. The Bank otherwise determines that designation of the derivative as a hedging instrument is no longer appropriate.

The Bank carries all derivative financial instruments in the consolidated balance sheet 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 hedged item continues to be reported as part of the basis of the item and is amortized to earnings as a yield adjustment. The Bank applies the shortcut method of hedge accounting that does not recognize ineffectiveness in hedges of interest rate swap that meet the requirements of ASC Topic 815-20-25-104. For qualifying cash flow hedges and net investment hedges, the effective portion of the change in the fair value of the derivative is recorded in OCI and recognized in the consolidated statement of income when the hedged cash flows affect earnings. The ineffective portion is recognized in the consolidated statement of income as activities of derivative financial instruments and hedging. If the cash flow hedge relationship is terminated, related amounts in OCI are reclassified into earnings when hedged cash flows occur.

u) Foreign currency translation

Assets and liabilities of foreign subsidiaries whose local currency is considered their functional currency, are translated into the reporting currency, US\$ using period-end spot foreign exchange rates. The Bank uses monthly-averaged exchange rates to translate revenues and expenses from local functional currency into US\$. The effects of those translations adjustments are reported as a component of the Accumulated other comprehensive loss in the stockholders' equity.

Transactions whose terms are denominated in a currency other than the functional currency, including transactions denominated in local currency of the foreign entity with the US\$ as their functional currency, are recorded at the exchange rate prevailing at the date of the transaction. Assets and liabilities in foreign currency are translated into US\$ using period-end spot foreign exchange rates. The effects of translation of monetary assets and liabilities into US\$ are included in current year's earnings in the Gain (loss) on foreign currency exchange line item.

v) Income taxes

- Bladex Head Office is exempted from payment of income taxes in Panama in accordance with the contract signed between the Republic of Panama and Bladex.
- The Feeder and the Master are not subject to income taxes in accordance with the laws of the Cayman Islands. These companies received an undertaking exempting them from taxation of all future profits until March 7, 2026.
- Bladex Representacao Ltda. and Bladex Investimentos Ltda., are subject to income taxes in Brazil.

Notes to consolidated financial statements
(In thousands of US dollars)

2. Summary of significant accounting policies (continued)

v) *Income taxes (continued)*

- Bladex Development Corp., is subject to income taxes in Panama.
- BLX Soluciones, S.A. de C.V., SOFOM, is subject to income taxes in Mexico.
- The New York Agency and Bladex's subsidiaries incorporated in USA are subject to federal and local taxation in USA based on the portion of income that is effectively connected with its operations in that country.

Such amounts of income taxes have been immaterial to date.

w) *Redeemable noncontrolling interest*

ASC Topic 810 - Consolidation requires that a noncontrolling interest, previously referred to as a minority interest, in a consolidated subsidiary be reported as a separate component of equity and the amount of consolidated net income specifically attributable to the noncontrolling interest be presented separately, below net income in the consolidated statement of income.

Furthermore, in accordance with ASC 480-10-S99, equity securities that are redeemable at the option of the holder and not solely within the control of the issuer must be classified outside of equity. The terms of third party investments in the consolidated funds contain a redemption clause which allows the holders the option to redeem their investment at fair value. Accordingly, the Bank presents the noncontrolling interest between liabilities and stockholders' equity in the consolidated balance sheets.

Net assets of the Feeder and the Brazilian Fund are measured and presented at fair value, given the nature of their net assets (i.e. represented mainly by cash and investments in securities). Therefore, when calculating the value of the redeemable noncontrolling interest of the Feeder under ASC Topic 810, such amount was already recorded at its fair value and no further adjustments under ASC 480-10-S99 were necessary.

x) *Earnings per share*

Basic earnings per share is computed by dividing the net income attributable to Bladex stockholders (the numerator) by the weighted average number of common shares outstanding (the denominator) during the year. Diluted earnings per share measure performance incorporating the effect that potential common shares, such as stock options and restricted stock units outstanding during the same period, would have on net earnings per share. The computation of diluted earnings per share is similar to the computation of basic earnings per share, except for the denominator, which is increased to include the number of additional common shares that would have been issued if the beneficiaries of stock purchase options and other stock plans could exercise their options. The number of potential common shares that would be issued is determined using the treasury stock method.

Notes to consolidated financial statements
(In thousands of US dollars)

2. Summary of significant accounting policies (continued)

y) Applicable accounting standards recently issued

At the consolidated balance sheet date, new accounting standards, modifications, interpretations, and updates to standards (“ASU”), applicable to the Bank, have been issued and are not in effect. These standards establish the following:

ASU 2014-08 – Presentation of Financial Statements (Topic 205) and Property, Plant and Equipment (Topic 360)

The amendments in this update change the requirements for reporting discontinued operations in Sub-Topic 205-20. A disposal of a component of an entity or a group of components of an entity is required to be reported in discontinued operations if the disposal represents a strategic shift that has, or will have, a major effect on an entity’s operations and financial results when any of the following occurs:

1. The component of the entity or group of components of the entity meets the criteria to be classified as held for sale.
2. The component of the entity or group of components of the entity is disposed of by sale.
3. The component of the entity or group of components of the entity is disposed of other than by sale (spin-off).

The amendments are effective for all disposals (or classifications as held for sale) of components of the entity that occur within annual periods beginning on or after December 15, 2014, and interim periods within annual periods beginning on or after December 31, 2015. Early adoption is permitted, but only for disposals (or classifications as held for sale) that have not been reported in its consolidated financial statements previously issued. The Bank does not anticipate any material impact in its consolidated financial statements upon adoption of this update.

ASU 2014-11 – Transfers and Servicing (Topic 860)

The amendments in this update require two accounting changes. First, the change in the accounting for repurchase-to-maturity transactions to secured borrowings accounting. Second, for repurchase financing agreements, the amendments require separate accounting for a transfer of a financial asset executed contemporaneously with a repurchase agreement with the same counterparty, which will result in secured borrowing accounting for as repurchase agreement.

The accounting changes in this update are effective for public business entities for the first interim or annual period beginning after December 15, 2014. Entities are required to present changes in accounting for transactions outstanding on the effective date of this update as a cumulative-effect adjustment to retained earnings at the beginning of the period of adoption. Early application for public business entities is prohibited. The Bank is currently evaluating the potential impact of this update in its consolidated financial statements.

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (In thousands of US dollars)

3. Sale of the asset management unit and discontinued operations

On April 2, 2013, the Bank reached a definitive agreement to sale its asset management unit (the “Management Unit”) to Alpha4X Asset Management, LLC and related companies (“Alpha4X”). Alpha 4X Asset Management, LLC is a company majority-owned by former executives of the Management Unit. The sale closed in the second quarter of 2013.

The sale resulted in a gain of \$455 thousand, which was reported in net loss from discontinued operations in the consolidated statements of income in the second quarter of 2013. The Bank applied discontinued operations accounting to the operations of the Management Unit in accordance with ASC Topic 205-20 – Presentation of Financial Statements – Discontinued Operations.

The following table summarizes the operating results of the discontinued operations:

	Year ended December 31		
	2014	2013	2012
Other income:			
Fees and commissions ⁽¹⁾	-	610	2,683
Other income	-	468	20
	-	1,078	2,703
Operating expenses:			
Salaries and other employee expenses	-	373	1,535
Depreciation and amortization	-	8	21
Professional services	-	462	699
Maintenance and repairs	-	1	7
Other operating expenses	-	238	1,122
Total operating expenses	-	1,082	3,384
Net gain (loss) from discontinued operations	-	(4)	(681)

⁽¹⁾ Includes management fees from investment funds for \$567 thousand and 2,588 thousand in 2013 and 2012, respectively

4. Cash and cash equivalents

Cash and cash equivalents are as follows:

	December 31, 2014	
	2014	2013
Cash and due from banks	4,985	2,161
Interest-bearing deposits in banks	775,530	837,557
Total	780,515	839,718
Less:		
Pledged deposits	39,210	9,032
	741,305	830,686

On December 31, 2014 and 2013 the New York Agency had a pledged deposit with a carrying value of \$3.0 million with the New York State Banking Department, as required by law since March 1994. As of December 31, 2014 and 2013, the Bank had pledged deposits with a carrying value of \$10.9 million and \$6.0 million, respectively, to secure derivative financial instruments transactions and repurchase agreements.

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (In thousands of US dollars)

5. Investment securities

Securities available-for-sale

The amortized cost, related unrealized gross gain (loss) and fair value of securities available-for-sale by country risk and type of debt, are as follows:

	December 31, 2014			
	Amortized Cost	Unrealized Gross Gain	Unrealized Gross Loss	Fair Value
Corporate debt:				
Brazil	36,575	-	848	35,727
Colombia	24,139	-	1,828	22,311
Chile	12,215	-	201	12,014
Honduras	7,325	-	33	7,292
Panama	4,701	-	56	4,645
Peru	16,911	-	129	16,782
Venezuela	<u>20,299</u>	<u>34</u>	<u>9</u>	<u>20,324</u>
	<u>122,165</u>	<u>34</u>	<u>3,104</u>	<u>119,095</u>
Sovereign debt:				
Brazil	21,899	94	444	21,549
Colombia	55,415	1	1,239	54,177
Chile	11,669	-	398	11,271
Mexico	98,430	4	1,587	96,847
Panama	17,692	10	306	17,396
Peru	9,052	2	14	9,040
Trinidad and Tobago	<u>10,113</u>	<u>-</u>	<u>515</u>	<u>9,598</u>
	<u>224,270</u>	<u>111</u>	<u>4,503</u>	<u>219,878</u>
Total	<u>346,435</u>	<u>145</u>	<u>7,607</u>	<u>338,973</u>

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (In thousands of US dollars)

5. Investment securities (continued)

Securities available-for-sale (continued)

	December 31, 2013			
	Amortized Cost	Unrealized Gross Gain	Unrealized Gross Loss	Fair Value
Corporate debt:				
Brazil	41,439	11	778	40,672
Colombia	44,536	65	1,351	43,250
Chile	21,807	15	751	21,071
Honduras	9,400	-	136	9,264
Panama	7,159	-	78	7,081
Peru	29,439	42	674	28,807
Venezuela	29,871	-	1,848	28,023
	<u>183,651</u>	<u>133</u>	<u>5,616</u>	<u>178,168</u>
Sovereign debt:				
Brazil	32,751	936	645	33,042
Colombia	42,776	-	1,125	41,651
Chile	20,772	12	610	20,174
Mexico	35,730	-	2,445	33,285
Panama	12,485	71	553	12,003
Peru	11,589	-	65	11,524
Trinidad and Tobago	4,665	-	144	4,521
	<u>160,768</u>	<u>1,019</u>	<u>5,587</u>	<u>156,200</u>
Total	<u>344,419</u>	<u>1,152</u>	<u>11,203</u>	<u>334,368</u>

As of December 31, 2014 and 2013, securities available-for-sale with a carrying value of \$307.5 million and \$296.8 million, respectively, were pledged to secure repurchase transactions accounted for as secured financings.

The following table discloses those securities that have had unrealized losses for a period less than 12 months and for 12 months or longer:

	December 31, 2014					
	Less than 12 months		12 months or longer		Total	
	Fair Value	Unrealized Gross Losses	Fair Value	Unrealized Gross Losses	Fair Value	Unrealized Gross Losses
Corporate debt	87,077	2,513	13,334	561	100,411	3,074
Sovereign debt	101,789	1,601	77,199	2,932	178,988	4,533
	<u>188,866</u>	<u>4,114</u>	<u>90,533</u>	<u>3,493</u>	<u>279,399</u>	<u>7,607</u>

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (In thousands of US dollars)

5. Investment securities (continued)

Securities available-for-sale (continued)

	December 31, 2013					
	Less than 12 months		12 months or longer		Total	
	Unrealized		Unrealized		Unrealized	
	Fair Value	Gross Losses	Fair Value	Gross Losses	Fair Value	Gross Losses
Corporate debt	136,895	5,113	6,866	503	143,761	5,616
Sovereign debt	107,239	5,210	18,557	377	125,796	5,587
	<u>244,134</u>	<u>10,323</u>	<u>25,423</u>	<u>880</u>	<u>269,557</u>	<u>11,203</u>

Gross unrealized losses are related mainly to changes in market interest rates and other market factors, and not due to underlying credit concerns by the Bank about the issuers.

The following table presents the realized gains and losses on sale of securities available-for-sale:

	Year ended December 31		
	2014	2013	2012
Gains	1,891	1,523	6,141
Losses	(20)	(1)	(111)
Net	<u>1,871</u>	<u>1,522</u>	<u>6,030</u>

The amortized cost and fair value of securities available-for-sale by contractual maturity as of December 31, 2014, are shown in the following table:

	Amortized Cost	Fair Value
Due within 1 year	85,496	85,579
After 1 year but within 5 years	139,547	135,662
After 5 years but within 10 years	<u>121,392</u>	<u>117,732</u>
	<u>346,435</u>	<u>338,973</u>

Securities held-to-maturity

The amortized cost, related unrealized gross gain (loss) and fair value of securities held-to-maturity by country risk and type of debt are as follows:

	December 31, 2014			
	Amortized Cost	Unrealized Gross Gain	Unrealized Gross Loss	Fair Value
Corporate debt:				
Brazil	17,824	-	958	16,866
Panama	<u>23,353</u>	<u>33</u>	<u>-</u>	<u>23,386</u>
	<u>41,177</u>	<u>33</u>	<u>958</u>	<u>40,252</u>
Sovereign debt:				
Colombia	<u>13,003</u>	<u>40</u>	<u>-</u>	<u>13,043</u>
Total	<u>54,180</u>	<u>73</u>	<u>958</u>	<u>53,295</u>

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (In thousands of US dollars)

5. Investment securities (continued)

Securities held-to-maturity (continued)

	December 31, 2013			
	Amortized Cost	Unrealized Gross Gain	Unrealized Gross Loss	Fair Value
Corporate debt:				
Costa Rica	2,000	-	-	2,000
Honduras	4,118	-	-	4,118
Panama	14,634	8	18	14,624
	<u>20,752</u>	<u>8</u>	<u>18</u>	<u>20,742</u>
Sovereign debt:				
Colombia	13,007	-	115	12,892
Total	<u>33,759</u>	<u>8</u>	<u>133</u>	<u>33,634</u>

Securities that show gross unrealized losses have had losses for less than 12 months. These losses are related mainly to changes in market interest rates and other market factors and not due to underlying credit concerns by the Bank about the issuers; therefore, such losses are considered temporary.

The amortized cost and fair value of securities held-to-maturity by contractual maturity as of December 31, 2014, are shown in the following table:

	Amortized Cost	Fair Value
Due within 1 year	34,326	34,376
After 1 year but within 5 years	19,854	18,919
	<u>54,180</u>	<u>53,295</u>

As of December 31, 2014 and, 2013, securities held-to-maturity with a carrying value of \$13.0 million, for both periods, were pledged to secure repurchase transactions accounted for as secured financings.

6. Investment funds

Until March 31, 2014, the Bank applied ASC Topic 810-10-25-15 – Consolidation, to consolidate its investment in Alpha4X Feeder Fund (the “Feeder”), and retained the specialized accounting for investment companies described in Note 2 (d). Until March 31, 2014, the Bank reported the net assets value of the Feeder within the “Investment funds” line item in the consolidated balance sheet, presenting the third party investments in the Feeder in the “Redeemable noncontrolling interest” line item between liabilities and stockholder’s equity. Up to the first quarter of 2014, the Bank reported the Feeder’s proportionate participation in the interest income and expense from the Master in the “Investment funds” line item within interest income and expense, realized and unrealized gains and losses in the “Net gain (loss) from investment funds” line item, and expenses from the Feeder and its proportionate share of expenses from the Master were reported in the “Expenses from investment funds” line item in the consolidated statement of income.

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (In thousands of US dollars)

6. Investment funds (continued)

On April 2014, the Bank redeemed \$13.9 million of its investment in the “Feeder”, VIE that was consolidated until March 31, 2014, following the requirements of ASC 810-10- Consolidation, prior to the implementation of FAS 167 (FIN 46 (R) (ASU 2009-17 – Consolidation of Variable Interest Entities). After this redemption, the Bank ceased to be the primary beneficiary of that VIE; and therefore deconsolidated its investment in Alpha4X Feeder Fund. The deconsolidation of this fund affected the balance of redeemable noncontrolling interest by \$49.4 million.

Since April 2014, the Bank’s investment in Alpha4X Feeder Fund is adjusted to record the Bank’s participation in the profits and losses of that fund in the “Net gain (loss) from investment funds” line item. At December 31, 2014, the Bank has a participation of 49.61% in that fund (55.87% at December 31, 2013).

With the sale of the Management Unit described in Note 3, in 2013 the Bank deconsolidated its investment in Alpha4X Latam Fundo de Investimento Multimercado (previously Bladex Latam Fundo de Investimento Multimercado), because it ceased to be the primary beneficiary of that VIE. The deconsolidation of this fund affected the balance of the redeemable noncontrolling interest by \$565 thousand. The Bank's investment in Alpha4X Latam Fundo de Investimento Multimercado is analyzed following the consolidation accounting policy of VIEs described in Note 2 (c). As of December 31, 2014 and December 31, 2013, the Bank is not the primary beneficiary of that VIE. This investment is adjusted to record the Bank's participation in the profits and losses of that fund in the “Net gain (loss) from investment funds” line item in the consolidated statement of income.

The following table summarizes the balances of investments in investment funds:

	December 31,	
	2014	2013
Alpha4X Feeder Fund	52,472	113,069
Alpha4X Latam Fundo de Investimento Multimercado	5,102	5,592
	<u>57,574</u>	<u>118,661</u>

The Bank has a commitment to remain an investor in these funds, net of annual contractual redemptions, up to March 31, 2016.

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (In thousands of US dollars)

7. Loans

The following table set forth details of the Bank's loan portfolio:

	December 31,	
	2014	2013
Corporations:		
Private	3,120,005	2,375,178
State-owned	711,955	938,878
Banking and financial institutions:		
Private	1,890,605	1,785,798
State-owned	480,331	474,193
Middle-market companies:		
Private	483,348	574,107
Sovereign	-	144
Total	<u>6,686,244</u>	<u>6,148,298</u>

The composition of the loan portfolio by industry is as follows:

	December 31,	
	2014	2013
Banking and financial institutions	2,370,936	2,259,991
Industrial	1,325,091	936,290
Oil and petroleum derived products	1,013,324	1,170,684
Agricultural	1,132,330	924,251
Services	617,366	398,736
Mining	38,572	10,000
Sovereign	-	144
Others	188,625	448,202
Total	<u>6,686,244</u>	<u>6,148,298</u>

Loans classified by borrower's credit quality indicators are as follows:

Rating ⁽¹⁾	December 31, 2014						
	Corporations		Banking and financial institutions		Middle-market companies		Total
	Private	State-owned	Private	State-owned	Private	Sovereign	
1-6	3,112,079	711,955	1,890,605	480,331	482,439	-	6,677,409
7	4,801	-	-	-	-	-	4,801
8	-	-	-	-	909	-	909
9	-	-	-	-	-	-	-
10	3,125	-	-	-	-	-	3,125
Total	<u>3,120,005</u>	<u>711,955</u>	<u>1,890,605</u>	<u>480,331</u>	<u>483,348</u>	<u>-</u>	<u>6,686,244</u>

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (In thousands of US dollars)

7. Loans (continued)

	December 31, 2013						
	Corporations		Banking and financial institutions		Middle-market companies		
Rating ⁽¹⁾	Private	State-owned	Private	State-owned	Private	Sovereign	Total
1-6	2,372,053	938,878	1,785,798	474,193	574,107	144	6,145,173
7	-	-	-	-	-	-	-
8	3,125	-	-	-	-	-	3,125
9	-	-	-	-	-	-	-
10	-	-	-	-	-	-	-
Total	2,375,178	938,878	1,785,798	474,193	574,107	144	6,148,298

⁽¹⁾ Current ratings as of December 31, 2014 and 2013, respectively.

The remaining loan maturities are summarized as follows:

	December 31,	
	2014	2013
Current		
Up to 1 month	947,624	1,017,794
From 1 month to 3 months	1,502,905	1,749,348
From 3 months to 6 months	1,268,478	949,364
From 6 months to 1 year	1,067,073	774,803
From 1 year to 2 years	989,805	942,327
From 2 years to 5 years	870,163	711,537
From 5 years to 7 years	<u>31,361</u>	<u>-</u>
	6,677,409	6,145,173
 Delinquent	 4,801	 -
Impaired:		
Delinquent with impairment	-	3,125
Past due with impairment	<u>4,034</u>	<u>-</u>
	8,835	3,125
Total	<u>6,686,244</u>	<u>6,148,298</u>

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (In thousands of US dollars)

7. Loans (continued)

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

Country:	December 31,	
	2014	2013
Argentina	184,882	189,828
Bolivia	10,000	-
Brazil	1,971,776	1,708,592
Chile	157,309	490,869
Colombia	726,085	701,577
Costa Rica	320,832	410,295
Dominican Republic	243,038	190,589
Ecuador	120,010	126,001
El Salvador	115,830	123,076
France	6,000	101,006
Germany	100,000	-
Guatemala	262,733	199,873
Honduras	93,008	73,524
Jamaica	15,512	60,784
Mexico	868,045	517,278
Netherlands	10,455	14,867
Nicaragua	7,856	7,823
Panama	320,758	223,505
Paraguay	132,479	102,244
Peru	589,724	580,881
Switzerland	50,000	-
Trinidad and Tobago	165,042	142,642
United States of America	55,370	28,283
Uruguay	159,500	154,761
	<u>6,686,244</u>	<u>6,148,298</u>

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

	December 31,	
	2014	2013
Fixed interest rates	3,322,817	3,252,331
Floating interest rates	3,363,427	2,895,967
	<u>6,686,244</u>	<u>6,148,298</u>

As of December 31, 2014 and 2013, 89% and 92%, respectively, of the loan portfolio at fixed interest rates has remaining maturities of less than 180 days.

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (In thousands of US dollars)

7. Loans (continued)

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

	December 31,		
	2014	2013	2012
Loans in non-accrual status			
Private corporations	3,125	3,125	-
Middle-market companies	909	-	-
Total loans in non-accrual status	<u>4,034</u>	<u>3,125</u>	<u>-</u>
Interest which would have been recorded if the loans had not been in a non-accrual status	<u>191</u>	<u>67</u>	<u>-</u>
Interest income collected on non-accruing loans	<u>6</u>	<u>-</u>	<u>2,288</u>

An analysis of non-accruing loans with impaired balances as of December 31, 2014 and, 2013 is detailed as follows:

	December 31, 2014			2014	
	Recorded investment	Unpaid principal balance	Related allowance	Average principal loan balance	Interest income recognized
With an allowance recorded					
Private corporations	3,125	2,813	2,284	3,125	-
Middle-market companies	909	40	131	339	6
Total	<u>4,034</u>	<u>2,853</u>	<u>2,415</u>	<u>3,464</u>	<u>6</u>
	December 31, 2013			2013	
	Recorded investment	Unpaid principal balance	Related allowance	Average principal loan balance	Interest income recognized
With an allowance recorded					
Private corporations	3,125	3,125	954	9	-
Total	<u>3,125</u>	<u>3,125</u>	<u>954</u>	<u>9</u>	<u>-</u>

As of December 31, 2014 and, 2013, there were no impaired loans without related allowance.

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (In thousands of US dollars)

7. Loans (continued)

As of December 31, 2014, the Bank have troubled debt restructuring loans. An analysis of the trouble debt restructuring loans is as follows:

	<u>Number of contracts</u>	<u>Balance recorded before restructuring</u>	<u>Balance recorded after restructuring</u>
Corporations:			
Private	-	-	-
State-owned	-	-	-
Banking and financial institutions:			
Private	-	-	-
State-owned	-	-	-
Middle-market companies:			
Privates	2	890	919
Sovereign	-	-	-
Total	<u>2</u>	<u>890</u>	<u>919</u>

As of December 31, 2014, the quantitative information regarding past-due trouble debt restructuring loans is the following:

	<u>Number of contracts</u>	<u>Balance recorded</u>
Corporations:		
Privates	-	-
State-owned	-	-
Banking and financial institutions:		
Privates	-	-
State-owned	-	-
Middle-market companies:		
Privates	2	909
Sovereign	-	-
Total	<u>2</u>	<u>909</u>

As of December 31, 2013, the Bank did not have any troubled debt restructurings.

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (In thousands of US dollars)

7. Loans (continued)

The following table presents an aging analysis of the loan portfolio:

December 31, 2014								
	91-120 days	121-150 days	151-180 days	Greater than 180 days	Total Past due	Delinquent	Current	Total loans
Corporations	-	-	-	3,125	3,125	4,801	3,824,034	3,831,960
Banking and financial institutions	-	-	-	-	-	-	2,370,936	2,370,936
Middle-market companies	909	-	-	-	909	-	482,439	483,348
Sovereign	-	-	-	-	-	-	-	-
Total	<u>909</u>	<u>-</u>	<u>-</u>	<u>3,125</u>	<u>4,034</u>	<u>4,801</u>	<u>6,677,409</u>	<u>6,686,244</u>

December 31, 2013								
	91-120 days	121-150 days	151-180 days	Greater than 180 days	Total Past due	Delinquent	Current	Total loans
Corporations	-	-	-	-	-	3,125	3,310,931	3,314,056
Banking and financial institutions	-	-	-	-	-	-	2,259,991	2,259,991
Middle-market companies	-	-	-	-	-	-	574,107	574,107
Sovereign	-	-	-	-	-	-	144	144
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,125</u>	<u>6,145,173</u>	<u>6,148,298</u>

As of December 31, 2014 and 2013, the Bank has credit transactions in the normal course of business with 15% and 20%, respectively, of its Class “A” and “B” stockholders. 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. As of December 31, 2014 and 2013, approximately 8% and 12%, respectively, of the outstanding loan portfolio is placed with the Bank’s Class “A” and “B” stockholders and their related parties. As of December 31, 2014, 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.

During 2014, 2013 and 2012, the Bank sold loans on the secondary market with a book value of \$515.6 million and \$89.5 million and \$146.2 million, respectively, with a net gain of \$2.2 million and \$0.4 million and \$1.1 million, in 2014, 2013 and 2012, respectively.

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (In thousands of US dollars)

8. Allowance for credit losses

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

a) Allowance for loan losses:

December 31, 2014					
	<u>Corporations</u>	<u>Banking and financial institutions</u>	<u>Middle market companies</u>	<u>Sovereign</u>	<u>Total</u>
Balance at beginning of the period	31,516	30,865	10,369	1	72,751
Provision (reversal of provision)					
for loan losses	11,250	647	(5,001)	(1)	6,895
Loan recoveries and other	-	-	29	-	29
Loans written-off	-	-	-	-	-
Balance at end of the period	<u>42,766</u>	<u>31,512</u>	<u>5,397</u>	<u>-</u>	<u>79,675</u>
<u>Components:</u>					
Generic allowance	40,482	31,512	5,266	-	77,260
Specific allowance	<u>2,284</u>	<u>-</u>	<u>131</u>	<u>-</u>	<u>2,415</u>
Total allowance for loan losses	<u>42,766</u>	<u>31,512</u>	<u>5,397</u>	<u>-</u>	<u>79,675</u>
December 31, 2013					
	<u>Corporations</u>	<u>Banking and financial institutions</u>	<u>Middle market companies</u>	<u>Sovereign</u>	<u>Total</u>
Balance at beginning of the period	32,488	28,836	10,887	765	72,976
Provision (reversal of provision)					
for loan losses	(972)	656	(518)	(764)	(1,598)
Loan recoveries and other	-	1,373	-	-	1,373
Loans written-off	-	-	-	-	-
Balance at end of the period	<u>31,516</u>	<u>30,865</u>	<u>10,369</u>	<u>1</u>	<u>72,751</u>
<u>Components:</u>					
Generic allowance	30,562	30,865	10,369	1	71,797
Specific allowance	<u>954</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>954</u>
Total allowance for loan losses	<u>31,516</u>	<u>30,865</u>	<u>10,369</u>	<u>1</u>	<u>72,751</u>
December 31, 2012					
	<u>Corporations</u>	<u>Banking and financial institutions</u>	<u>Middle market companies</u>	<u>Sovereign</u>	<u>Total</u>
Balance at beginning of the period	48,865	30,523	8,952	207	88,547
Provision (reversal of provision)					
for loan losses	(8,887)	(1,704)	1,690	558	(8,343)
Loan recoveries and other	-	17	245	-	262
Loans written-off	<u>(7,490)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,490)</u>
Balance at end of the period	<u>32,488</u>	<u>28,836</u>	<u>10,887</u>	<u>765</u>	<u>72,976</u>
<u>Components:</u>					
Generic allowance	32,488	28,836	10,887	765	72,976
Specific allowance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total allowance for loan losses	<u>32,488</u>	<u>28,836</u>	<u>10,887</u>	<u>765</u>	<u>72,976</u>

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (In thousands of US dollars)

8. Allowance for credit losses (continued)

a) Allowance for loan losses (continued):

Provision of generic allowance for credit losses are mostly related to changes in volume and composition of the credit portfolio. The net increase in the generic allowance for loan losses is primarily due to changes in volume, composition and risk profiles of the portfolio.

Following is a summary of loan balances and reserves for loan losses:

December 31, 2014					
	Corporations	Banking and financial institutions	Middle market companies	Sovereign	Total
<u>Allowance for loan losses</u>					
Generic allowance	40,482	31,512	5,266	-	77,260
Specific allowance	2,284	-	131	-	2,415
Total of allowance for loan losses	<u>42,766</u>	<u>31,512</u>	<u>5,397</u>	<u>-</u>	<u>79,675</u>
<u>Loans</u>					
Loans with generic allowance	3,828,835	2,370,936	482,439	-	6,682,210
Loans with specific allowance	3,125	-	909	-	4,034
Total loans	<u>3,831,960</u>	<u>2,370,936</u>	<u>483,348</u>	<u>-</u>	<u>6,686,244</u>

December 31, 2013					
	Corporations	Banking and financial institutions	Middle market companies	Sovereign	Total
<u>Allowance for loan losses</u>					
Generic allowance	30,562	30,865	10,369	1	71,797
Specific allowance	954	-	-	-	954
Total of allowance for loan losses	<u>31,516</u>	<u>30,865</u>	<u>10,369</u>	<u>1</u>	<u>72,751</u>
<u>Loans</u>					
Loans with generic allowance	3,310,931	2,259,991	574,107	144	6,145,173
Loans with specific allowance	3,125	-	-	-	3,125
Total loans	<u>3,314,056</u>	<u>2,259,991</u>	<u>574,107</u>	<u>144</u>	<u>6,148,298</u>

b) Reserve for losses on off-balance sheet credit risk:

December 31,			
	2014	2013	2012
Balance at beginning of the period	5,222	4,841	8,887
Provision for losses on off-balance sheet credit risk	1,627	381	(4,046)
Balance at end of the period	<u>6,849</u>	<u>5,222</u>	<u>4,841</u>

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 19). The net increase in the reserve for losses on off-balance sheet credit risk was primarily due to changes in volume, composition, and risk profile of the portfolio.

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (In thousands of US dollars)

9. Equipment and leasehold improvements

A breakdown of cost and accumulated depreciation and amortization for equipment and leasehold improvements as of December 31, 2014 and 2013 is as follows:

	December 31,	
	2014	2013
Leasehold improvements	7,462	7,414
Furniture and equipment	16,870	16,933
	24,332	24,347
Less: accumulated depreciation and amortization	16,203	13,881
	<u>8,129</u>	<u>10,466</u>

On June 2012, the Bank recorded a gain on sale of premises and equipment of \$5.6 million from the sale of its former head office's premises.

10. Other assets and other liabilities

Followings is a summary of other assets and other liabilities as of December 31, 2014 and 2013:

	December 31,	
	2014	2013
<u>Other assets</u>		
Prepaid commissions	5,649	5,042
Accounts receivable	4,281	1,514
Equity investment in a private fund (at cost)	530	530
Other	3,101	1,303
	<u>13,561</u>	<u>8,389</u>

	December 31,	
	2014	2013
<u>Other liabilities</u>		
Accruals and provisions	25,572	22,516
Accounts payable	4,260	2,471
Others	3,047	2,960
	<u>32,879</u>	<u>27,947</u>

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (In thousands of US dollars)

11. Deposits

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

	December 31,	
	2014	2013
Demand	84,175	63,047
Up to 1 month	1,512,868	1,617,059
From 1 month to 3 months	460,681	311,048
From 3 months to 6 months	276,970	207,182
From 6 months to 1 year	147,000	157,000
From 1 year to 2 years	25,000	6,000
	<u>2,506,694</u>	<u>2,361,336</u>

The following table presents additional information about deposits:

	December 31,	
	2014	2013
Aggregate amounts of time deposits of \$100,000 or more	<u>2,506,244</u>	<u>2,298,289</u>
Aggregate amounts of deposits in offices outside Panama	<u>230,305</u>	<u>227,559</u>
Interest expense paid to deposits in offices outside Panama	<u>961</u>	<u>1,235</u>

12. Trading liabilities

The fair value of trading liabilities is as follows:

	December 31,	
	2014	2013
Trading liabilities:		
Interest rate swaps	52	65
Cross-currency interest rate swaps	-	7
Forward foreign exchange	-	-
Total	<u>52</u>	<u>72</u>

During 2014, 2013 and 2012, the Bank recognized the following gains and losses related to trading derivative financial instruments:

	Year ended December 31,		
	2014	2013	2012
Interest rate swaps	(60)	(9)	(310)
Cross-currency swaps	-	67	-
Cross-currency interest rate swaps	-	3,236	11,537
Forward foreign exchange	(333)	(6)	27
Future contracts	-	191	207
Total	<u>(393)</u>	<u>3,479</u>	<u>11,461</u>

These amounts are reported in the Net gain (loss) from trading securities and Net gain (loss) from investment funds trading lines in the consolidated statements of income. In addition to the trading derivative financial instruments, the Bank has hedging derivative financial instruments that are disclosed in Note 21.

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (In thousands of US dollars)

12. Trading liabilities (continued)

As of December 31, 2014 and 2013, trading derivative liabilities include or have included interest rate swap and cross-currency interest rate swap contracts that were previously designated as fair value and cash flow hedges. Adjustments to the carrying value of the hedged underlying transactions are amortized in the interest income and expense lines over the remaining term of these transactions. Changes in the fair value of these derivative instruments after discontinuation of hedge accounting are recorded in Net gain (loss) from trading securities.

As of December 31, 2014 and 2013, information on the nominal amounts of derivative financial instruments held for trading purposes is as follows:

	2014			2013		
	Nominal Amount	Fair Value		Nominal Amount	Fair Value	
		Asset	Liability		Asset	Liability
Interest rate swaps	14,000	-	52	14,000	-	65
Cross-currency interest rate swaps	-	-	-	600	-	7
Total	<u>14,000</u>	<u>-</u>	<u>52</u>	<u>14,600</u>	<u>-</u>	<u>72</u>

13. Securities sold under repurchase agreements

The Bank's financing transactions under repurchase agreements amounted to \$300.5 million and \$286.2 million as of December 31, 2014 and, 2013, respectively.

During 2014, 2103, 2012, interest expense related to financing transactions under repurchase agreements totaled \$2.1 million and \$1.3 and 1.7 million, respectively, corresponding to interest expense generated by the financing contracts under repurchase agreements. These expenses are included in the interest expense – short-term borrowings and debt line in the consolidated statements of income.

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (In thousands of US dollars)

14. Short-term borrowings and debt

The breakdown of short-term borrowings and debt, together with contractual interest rates, is as follows:

	December 31,	
	2014	2013
Borrowings:		
At fixed interest rates	1,256,411	1,289,851
At floating interest rates	1,348,431	1,017,527
Total borrowings	2,604,842	2,307,378
Debt:		
At fixed interest rates	77,695	287,987
At floating interest rates	10,000	110,000
Total debt	87,695	397,987
Total short-term borrowings and debt	2,692,537	2,705,365
Average outstanding balance during the year	2,191,253	2,048,110
Maximum balance at any month-end	2,692,537	2,705,365
Range of fixed interest rates on borrowing and debt in U.S. dollars	0.64% to 1.20%	0.67% to 1.43%
Range of floating interest rates on borrowing and debt in U.S. dollars	0.46% to 1.16%	0.79% to 1.47%
Range of fixed interest rates on borrowing and debt in Mexican peso	3.58% to 3.60%	4.13% to 4.58%
Floating interest rate on borrowing in Mexican pesos	0% to 3.69%	4.03% to 4.24%
Fixed interest rate on debt in Japanese yens	0.75%	0.75%
Fixed interest rate on debt in Swiss francs	0.55%	0.80%
Weighted average interest rate at end of the period	0.81%	1.09%
Weighted average interest rate during the period	0.93%	1.21%

The balances of short-term borrowings and debt by currency, is as follows:

	December 31,	
<u>Currency</u>	2014	2013
US dollar	2,626,800	2,536,815
Mexican peso	11,042	73,964
Japanese yen	4,185	4,749
Swiss franc	50,510	89,837
Total	2,692,537	2,705,365

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Notes to consolidated financial statements (In thousands of US dollars)

15. Long-term borrowings and debt

Borrowings consist of long-term and syndicated loans obtained from international banks. Debt instruments consist of Euro-Notes and issuances in Latin America. The breakdown of borrowings and long-term debt (original maturity of more than one year), together with contractual interest rates, is as follows:

	December 31,	
	2014	2013
Borrowings:		
At fixed interest rates with due dates from june 2015 to november 2016	65,000	25,000
At floating interest rates with due dates from may 2015 to november 2019	578,956	506,346
Total borrowings	643,956	531,346
Debt:		
At fixed interest rates with due dates from april 2017 to march 2024	464,729	444,719
At floating interest rates with due dates from march 2015 to january 2018	296,834	177,806
Total debt	761,563	622,525
Total long-term borrowings and debt	1,405,519	1,153,871
Total long-term borrowings and debt outstanding	1,388,708	1,317,983
Maximum outstanding balance at any month - end	1,587,009	1,893,149
Range of fixed interest rates on borrowing and debt in U.S. dollars	1.50% to 3.75%	1.50% to 3.75%
Range of floating interest rates on borrowing and debt in U.S. dollars	0.72% to 1.76%	0.52% to 1.77%
Range of floating interest rates on borrowing and debt in Mexican peso	3.67% to 3.96%	4.44% to 5.29%
Fixed interest rate on debt in Peruvian nuevos soles	-	6.50%
Weighted average interest rate at the end of the period	2.71%	3.06%
Weighted average interest rate during the period	2.86%	3.08%

The balances of long-term borrowings and debt by currency, is as follows:

	December 31,	
<u>Currency</u>	2014	2013
U.S. dollar	1,069,421	866,975
Mexican peso	271,833	242,916
Peruvian nuevo sol	-	43,980
Euro	64,265	-
Total	1,405,519	1,153,871

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Notes to consolidated financial statements (In thousands of US dollars)

15. Long-term borrowings and debt (continued)

The Bank's funding activities include: (i) Euro Medium Term Note Program ("EMTN"), which may be used to issue notes for up to \$2.3 billion, with maturities from 7 days up to a maximum of 30 years, at fixed or floating interest rates, or at discount, and in various currencies. The notes are generally issued in bearer or registered form through one or more authorized financial institutions; (ii) Short-and Long-Term Notes "Certificados Bursatiles" Program (the "Mexico Program") in the Mexican local market, registered with the Mexican National Registry of Securities maintained by the National Banking and Securities Commission in Mexico ("CNBV", for its acronym in Spanish), for an authorized aggregate principal amount of 10 billion Mexican pesos with maturities from one day to 30 years; (iii) a Program in Peru to issue corporate bonds under a private offer in Peruvian nuevos soles ("PEN"), offered exclusively to institutional investors domiciled in the Republic of Peru, for an maximum aggregate limit of the equivalent of \$300 million, with different maturities and interest rate structures.

Some borrowing agreements include various events of default and covenants related to minimum capital adequacy ratios, incurrence of additional liens, and asset sales, as well as other customary covenants, representations and warranties. As of December 31, 2014, the Bank was in compliance with all covenants.

The future remaining maturities of long-term borrowings and debt outstanding as of December 31, 2014, are as follows:

<u>Due in</u>	<u>Oustanding</u>
2015	236,372
2016	288,455
2017	650,510
2018	135,917
2019	30,000
2024	64,265
	<u>1,405,519</u>

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (In thousands of US dollars)

16. Common stock

The Bank's common stock is divided into four 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.
- 4) "Class F"; can only be issued to state entities and agencies of non-Latin American countries, including, among others, central banks and majority state-owned banks in those countries, and multilateral financial institutions either international or regional institutions.

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, 2014:

<i>(Share units)</i>	<u>"Class A"</u>	<u>"Class B"</u>	<u>"Class E"</u>	<u>"Class F"</u>	<u>Total</u>
Authorized	<u>40,000,000</u>	<u>40,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>	<u>280,000,000</u>
Outstanding at January 1, 2012	6,342,189	2,531,926	28,257,827	-	37,131,942
Conversions	-	-	-	-	-
Restricted stock issued - directors	-	-	32,317	-	32,317
Exercised stock options - compensation plans	-	-	895,674	-	895,674
Restricted stock units - vested	-	-	<u>85,249</u>	-	<u>85,249</u>
Outstanding at December 31, 2012	6,342,189	2,531,926	29,271,067	-	38,145,182
Conversions	-	(11,504)	11,503	-	(1)
Repurchase of common stock	-	-	(1,083)	-	(1,083)
Restricted stock issued - directors	-	-	28,500	-	28,500
Exercised stock options - compensation plans	-	-	276,079	-	276,079
Restricted stock units - vested	-	-	<u>124,490</u>	-	<u>124,490</u>
Outstanding at December 31, 2013	6,342,189	2,520,422	29,710,556	-	38,573,167
Conversions	-	(20,208)	20,208	-	-
Repurchase of common stock	-	(21,164)	(2,110)	-	(23,274)
Restricted stock issued - directors	-	-	28,500	-	28,500
Exercised stock options - compensation plans	-	-	111,427	-	111,427
Restricted stock units - vested	-	-	<u>87,519</u>	-	<u>87,519</u>
Outstanding at December 31, 2014	<u>6,342,189</u>	<u>2,479,050</u>	<u>29,956,100</u>	<u>-</u>	<u>38,777,339</u>

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Notes to consolidated financial statements (In thousands of US dollars)

16. Common stock (continued)

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

	"Class A"		"Class B"		"Class E"		Total	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
Outstanding at January 1, 2012	318,140	10,708	568,010	15,655	3,961,748	89,254	4,847,898	115,617
Restricted stock issued - directors	-	-	-	-	(32,317)	(771)	(32,317)	(771)
Exercised stock options - compensation plans	-	-	-	-	(895,674)	(21,361)	(895,674)	(21,361)
Restricted stock units - vested	-	-	-	-	(85,249)	(2,033)	(85,249)	(2,033)
Outstanding at December 31, 2012	318,140	10,708	568,010	15,655	2,948,508	65,089	3,834,658	91,452
Repurchase of common stock	-	-	-	-	1,083	27	1,083	27
Restricted stock issued - directors	-	-	-	-	(28,500)	(629)	(28,500)	(629)
Exercised stock options - compensation plans	-	-	-	-	(276,079)	(6,094)	(276,079)	(6,094)
Restricted stock units - vested	-	-	-	-	(124,490)	(2,748)	(124,490)	(2,748)
Outstanding at December 31, 2013	318,140	10,708	568,010	15,655	2,520,522	55,645	3,406,672	82,008
Repurchase of common stock	-	-	21,164	587	2,110	53	23,274	640
Restricted stock issued - directors	-	-	-	-	(28,500)	(629)	(28,500)	(629)
Exercised stock options - compensation plans	-	-	-	-	(111,427)	(2,460)	(111,427)	(2,460)
Restricted stock units - vested	-	-	-	-	(87,519)	(1,932)	(87,519)	(1,932)
Outstanding at December 31, 2014	318,140	10,708	589,174	16,242	2,295,186	50,677	3,202,500	77,627

17. Cash and stock-based compensation plans

The Bank have established equity compensation plans under which it manages restricted stock, restricted stock units and stock purchase option plans to attract, retain and motivate Directors and top employees and compensate them for their contributions to the growth and profitability of the Bank. Vesting conditions for each of the Bank's plans are only comprised of specified requisite service periods.

A. 2008 Stock Incentive Plan – Directors and Executives

In February 2008, the Board of Directors of the Bank approved an incentive plan for Directors and Executives allowing the Bank to grant restricted stock, restricted stock units, stock purchase options, and/or other similar compensation instruments. The maximum aggregate number of shares which may be granted under this plan is three million "Class E" common shares. The 2008 Stock Incentive Plan is administered by the Board of Directors which has the authority in its discretion to select the Directors and Executives to whom the Award may be granted; to determine whether and to what extent awards are granted, and to amend the terms of any outstanding award under this plan.

Restricted stocks are issued at the grant date, but are withheld by the Bank until the vesting date. Restricted stocks are entitled to receive dividends. A restricted stock unit is a grant valued in terms of the Bank's stock, but no stock is issued at the grant date. Restricted stock units are not entitled to dividends. The Bank issues and delivers common stock at the vesting date of the restricted stock units.

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (In thousands of US dollars)

17. Cash and stock-based compensation plans (continued)

A. 2008 Stock Incentive Plan – Directors and Executives (continued)

During 2014, 2013 and 2012, the Board of Directors approved the grant of restricted stock to Directors and stock options and restricted stock units to certain Executives of the Bank, as follows:

Restricted stock – Directors

In the years 2014, 2013 and 2012, the Board of Directors granted 28,500, 28,500 and 32,317 “Class E” common shares. The fair value of restricted stock granted was based on the stock closing price in the New York Stock Exchange of the “Class E” shares on July 15, 2014, July 16, 2013, October 16, 2012, and July 17, 2012. The fair value of restricted stock granted totalled \$862 thousand in 2014, \$713 thousand in 2013 and \$714 thousand in 2012, of which \$846 thousand, \$637 thousand and \$428 thousand were charged against income during 2014, 2013 and 2012, respectively. The remaining cost pending amortization of \$1,417 thousand at December 31, 2014 will be amortized over 2.02 years.

Restricted stock vest on the grant’s date anniversary, as follows:

<u>Year of Grant</u>	
2014	35% in the first and second year, and 30% in the third year
2013	35% in the first and second year, and 30% in the third year
2012	25% each year

A summary of the restricted stock granted to Directors is presented below:

	<u>Shares</u>	<u>Weighted average grant date fair value</u>
Outstanding at January 1, 2012	82,005	\$ 14.59
Granted	32,317	22.09
Vested	(23,493)	14.35
Outstanding at December 31, 2012	90,829	17.32
Granted	28,500	25.00
Vested	(34,467)	16.84
Outstanding at December 31, 2013	84,862	20.10
Granted	28,500	30.25
Vested	(35,026)	18.80
Outstanding at December 31, 2014	<u>78,336</u>	<u>\$ 24.37</u>
Expected to vest	<u>78,336</u>	<u>\$ 24.37</u>

The fair value of vested stock during the years 2014, 2013 and 2012 was \$659 thousand, \$581 thousand and \$337 thousand, respectively.

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (In thousands of US dollars)

17. Cash and stock-based compensation plans (continued)

Restricted Stock Units and Stock Purchase Options granted to certain Executives

The Board of Directors approved the grant of stock purchase options and restricted stock units to certain Executives of the Bank with a grant date fair value of \$1.6 million in 2014, \$2.1 million in 2013 and \$3.7 million in 2012. In 2014, the distribution of the fair value in restricted stock units and stock purchase options was \$0.9 million and \$0.7 million, respectively. The 2013 grant was in restricted stock units only.

In 2012, the distribution of the fair value in restricted stock units and stock purchase options was \$3.2 million and \$0.5 million, respectively. The Bank grants one "Class E" share per each exercised option or vested restricted stock unit.

Restricted stock units:

The fair value of the stock units was based on the "Class E" stock closing price in the New York Stock Exchange on the grants date. These stock units vest 25% each year on the grant date's anniversary.

Compensation costs of the restricted stock units are amortized during the period of restriction. Costs charged against income during 2014, 2013 and 2012 due to the amortization of these grants totaled \$1,158 thousand, \$2,077 thousand and \$1,317 thousand, respectively. The remaining compensation cost pending amortization of \$1,966 thousand in 2014 will be amortized over 2.16 years.

A summary of the status of the restricted stock units granted to certain Executives is presented below:

	<u>Stock units</u>	<u>Weighted average grant date fair value</u>	<u>Weighted average remaining contractual term</u>	<u>Aggregate intrinsic value (thousands)</u>
Outstanding at January 1, 2012	226,410	\$ 12.80		
Granted	181,598	17.52		
Forfeited	(54,367)	13.88		
Vested	<u>(85,249)</u>	12.31		
Outstanding at December 31, 2012	268,392	15.93		
Granted	114,070	18.76		
Forfeited	(15,223)	16.81		
Vested	<u>(124,490)</u>	16.08		
Outstanding at December 31, 2013	242,749	17.13		
Granted	47,737	19.24		
Forfeited	(39,255)	17.25		
Vested	<u>(87,519)</u>	16.27		\$ 813
Outstanding at December 31, 2014	<u>163,712</u>	<u>\$ 18.18</u>	2.04 years	<u>\$ 1,952</u>
Expected to vest	<u>163,712</u>	<u>\$ 18.18</u>		<u>\$ 1,952</u>

The fair value of vested stock during the years 2014, 2013 and 2012 was \$1,424 thousand, \$2,002 thousand and \$1,050 thousand, respectively.

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (In thousands of US dollars)

17. Cash and stock-based compensation plans (continued)

Stock purchase options:

The fair value of stock purchase options granted to certain Executives during 2014 and 2012 was estimated using a binomial option-pricing model, based on the following factors:

	Measuring unit	2014	2013	2012
Weighted average fair value per option	\$	2.16	-	3.01
Weighted average expected term, in years	years	5.50	-	5.50
Expected volatility	%	22.74	-	33.35
Risk-free rate	%	0.12 to 2.19	-	0.18 to 1.34
Expected dividend	%	5.00	-	5.30

These options expire seven years after the grant date and are exercisable at a rate of 25% each year on the grant date's anniversary.

Related cost charged against income during 2014, 2013 and 2012 as a result of the amortization of these plans amounted to \$242 thousand, \$282 thousand and \$485 thousand, respectively. The remaining compensation cost pending amortization of \$601 thousand in 2014 will be amortized over a period of 3.12 years.

A summary of stock options granted is presented below:

	Options	Weighted average exercise price	Weighted average remaining contractual term	Aggregate intrinsic value (thousands)
Outstanding at January 1, 2012	915,566	\$ 12.87		
Granted	182,420	18.93		
Forfeited	(231,639)	15.82		
Exercised	(442,675)	12.90		
Outstanding at December 31, 2012	423,672	13.83		
Granted	-	-		
Forfeited	(9,780)	18.18		
Exercised	(226,147)	12.76		
Outstanding at December 31, 2013	187,745	14.90		
Granted	315,971	25.15		
Forfeited	(671)	18.57		
Exercised	(111,349)	13.18		
Outstanding at December 31, 2014	391,696	\$ 23.65	5.62 years	\$ 2,526
Exercisable	33,803	\$ 15.53	2.11 years	\$ 493
Expected to vest	357,893	\$ 24.42	5.88 years	\$ 2,033

The intrinsic value of exercised options during the years 2014, 2013 and 2012 was \$1,911 thousand, \$2,673 thousand and \$3,375 thousand, respectively. During the years 2014, 2013 and 2012 the Bank received \$1,470 thousand, \$2,886 thousand and \$5,709 thousand, respectively, from exercised options.

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (In thousands of US dollars)

17. Cash and stock-based compensation plans (continued)

B. Restricted Stock – Directors (Discontinued)

During 2003, the Board of Directors approved a restricted stock award plan for Directors of the Bank that was amended in 2007 and subsequently terminated in 2008. No grants were made after the 2007's grant. The restricted stock vested at a rate of 20% each year on the grant date's anniversary.

Related costs charged against income related to these grants amounted to \$41 thousand in 2012. Since December 31, 2012, the Bank has neither unrecognized compensation costs nor restricted stock related to this plan.

A summary of restricted stock granted to Directors is presented below:

	<u>Shares</u>	<u>Weighted average grant date fair value</u>
Non vested at January 1, 2012	3,518	\$ 21.35
Granted	-	-
Vested	<u>(3,518)</u>	21.35
Non vested at December 31, 2012	<u><u>-</u></u>	

The total fair value of vested stock during the year ended December 31, 2012 was \$75 thousand.

C. Stock Option Plan 2006 – Directors and Executives (Discontinued)

The 2006 Stock Option Plan was terminated in 2008. The options granted under this plan had an expiration term of seven years after the grant date. No grants were made after the 2007's grant. There were no compensation costs pending amortization or outstanding options related to this plan.

Since December 31, 2011, there are neither compensation costs pending to be amortized, nor outstanding options related to this plan.

A summary of the share options granted to Directors and certain Executives is presented below:

	<u>Options</u>	<u>Weighted average exercise price</u>	<u>Weighted average remaining contractual term</u>	<u>Aggregate intrinsic value (thousands)</u>
Outstanding at January 1, 2013	49,804	\$ 16.34		
Forfeited	-	-		
Exercised	<u>(49,804)</u>	16.34		
Outstanding at December 31, 2013	<u><u>-</u></u>			

The intrinsic value of exercised options during the year ended December 31, 2013 and 2012 was \$442 thousand and \$570 thousand, respectively. During the year ended December 31, 2013 and 2012, the Bank received \$814 thousand and \$2,130 thousand from exercised options, respectively.

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (In thousands of US dollars)

17. Cash and stock-based compensation plans (continued)

D. Indexed Stock Option Plan (Discontinued)

During 2004, the Board of Directors approved an indexed stock purchase option plan for Directors and certain executives of the Bank, which was subsequently terminated in 2006. The indexed stock options had an expiration term of ten years after the grant date. The exercise price is adjusted based on the change in a customized Latin American general market index. There is no compensation cost pending amortization, or outstanding options related to this plan.

A summary of the indexed stock purchase options is presented below:

	<u>Options</u>	<u>Weighted average exercise price</u>	<u>Average remaining contractual term</u>	<u>Weighted Aggregate intrinsic value (thousands)</u>
Outstanding at January 1, 2012	325,936	\$ 12.86		
Forfeited	-	-		
Expired	(3,542)	14.48		
Exercised	<u>(322,394)</u>	16.41		
Outstanding at December 31, 2012	<u>-</u>			

The intrinsic value of options exercised during the year ended December 31, 2012 was \$1,213 thousand. During the year ended December 31, 2012, the Bank received \$5,292 thousand, from exercised options.

E. Deferred Compensation Plan (the “DC Plan”)

In 1999, the Board of Directors approved the DC Plan, which was subsequently terminated in 2003. The Bank could grant a number of deferred equity units (“DEU”). Eligible employees would vest the DEU after three years of service, and distributions were made on the later of (i) the date the vested DEU were credited to the employee’s account, and (ii) ten years the employee was first credited with DEU. Participating employees received dividends with respect to their unvested deferred equity units. A summary on changes is presented below:

	<u>2013</u>	<u>2012</u>
Outstanding at beginning of year	534	1,812
Exercised	<u>(534)</u>	<u>(1,278)</u>
Outstanding at end of year	<u>-</u>	<u>534</u>

Related cost charged against income related to this plan amounted to \$1 thousand in 2012. There is no compensation cost related to this plan in 2013.

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (In thousands of US dollars)

17. Cash and stock-based compensation plans (continued)

F. Other plans - Expatriate Top Executives Plan

The Bank sponsors a defined contribution plan for its expatriate top executives based in Panama, which are not eligible to participate in the Panamanian social security system. The Bank's contributions are determined as a percentage of the annual salaries of top executives eligible for the plan, each contributing an additional amount withheld from their salary. Contributions to this plan are managed by a fund manager through a trust. The executives are entitled to the Bank's contributions after completing at least three years of service in the Bank. During the years 2014, 2013 and 2012, the Bank charged to salaries expense \$133 thousand, \$120 thousand and \$131 thousand, respectively, that correspond to the Bank's contributions to this plan. As of December 31, 2014 and 2013, the accumulated liability payable amounted to \$222 thousand and \$176 thousand, respectively.

18. Earnings per share

The following table presents a reconciliation of the income and share data used in the basic and diluted earnings per share ("EPS") computations for the dates indicated:

	Years ended December 31,		
	2014	2013	2012
Net income from continuing operations attributable to Bladex stockholders for both basic and diluted EPS	106,940	84,757	93,713
Net loss from discontinued operations	-	(4)	(681)
Net income attributable to Bladex stockholders for both basic and diluted EPS	106,940	84,753	93,032
Basic earnings per share from continuing operations	<u>2.76</u>	<u>2.21</u>	<u>2.48</u>
Diluted earnings per share from continuing operations	<u>2.75</u>	<u>2.20</u>	<u>2.47</u>
Basic loss per share from discontinued operations	<u>-</u>	<u>(0.00)</u>	<u>(0.02)</u>
Diluted loss per share from discontinued operations	<u>-</u>	<u>(0.00)</u>	<u>(0.02)</u>
Basic earnings per share	<u>2.76</u>	<u>2.21</u>	<u>2.46</u>
Diluted earnings per share	<u>2.75</u>	<u>2.20</u>	<u>2.45</u>
Weighted average common shares outstanding - applicable to basic	<u>38,693</u>	<u>38,406</u>	<u>37,824</u>
Weighted average common shares outstanding - applicable to basic	38,693	38,406	37,824
Effect of dilutive securities:			
Stock options and restricted stock units plans	<u>146</u>	<u>127</u>	<u>114</u>
Adjusted weighted average common shares outstanding applicable to diluted EPS	<u>38,839</u>	<u>38,533</u>	<u>37,938</u>

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (In thousands of US dollars)

19. 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 sheet. 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:

	December 31,	
	2014	2013
Confirmed letters of credit	89,752	221,963
Stand-by letters of credit and guaranteed – Commercial risk	137,817	137,285
Credit commitments	158,549	121,175
	<u>386,118</u>	<u>480,423</u>

As of December 31, 2014, the remaining maturity profile of the Bank's outstanding financial instruments with off-balance sheet credit risk is as follows:

Maturities	Amount
Within 1 year	292,720
From 1 to 2 years	41,269
From 2 to 5 years	51,551
More than 5 years	578
	<u>386,118</u>

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (In thousands of US dollars)

19. Financial instruments with off-balance sheet credit risk (continued)

As of December 31, 2014 and 2013 the breakdown of the Bank's off-balance sheet exposure by country risk is as follows:

Country:	December 31,	
	2014	2013
Argentina	-	295
Bolivia	-	80
Brazil	19,698	22,567
Chile	27,802	-
Colombia	53,874	38,545
Costa Rica	-	897
Dominican Republic	14,806	108
Ecuador	86,436	153,072
El Salvador	25	25
Guatemala	37,988	43,548
Honduras	412	412
Jamaica	415	338
Mexico	64,324	20,969
Netherlands	-	17,833
Panama	20,675	96,943
Paraguay	418	2
Peru	16,225	41,063
Switzerland	1,000	1,000
United Kingdom	-	70
Uruguay	40,946	40,946
Venezuela	1,074	1,710
	<u>386,118</u>	<u>480,423</u>

Letters of credit and guarantees

The Bank, on behalf of its 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, which are issued on behalf of institutional customers in connection with financing between its 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 the Bank's overall credit risk.

Credit commitments

Commitments to extend credit are binding legal agreements to lend to customers. Commitments generally have fixed expiration dates or other termination clauses and 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.

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (In thousands of US dollars)

20. Leasehold commitments

As of December 31, 2014, the future minimum leasehold commitments payments are as follows:

<u>Expiration year</u>	<u>Amount</u>
2015	2,305
2016	1,714
2017	1,585
2018	1,621
2019	1,669
Thereafter	14,128
Total minimum payments ⁽¹⁾	<u>23,022</u>

⁽¹⁾ Minimum payments have not been reduced by minimum sublease rentals of \$2,063 thousand due in the future under non-cancelable subleases.

The following table presents an analysis of all operating leases:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Rent expense	3,019	2,925	2,468
Less: Sublease rentals	(661)	(559)	(386)
	<u>2,358</u>	<u>2,366</u>	<u>2,082</u>

21. Derivative financial instruments for hedging purposes

As of December 31, 2014 and 2013, quantitative information on derivative financial instruments held for hedging purposes is as follows:

	<u>2014</u>			<u>2013</u>		
	<u>Nominal</u>	<u>Fair value⁽¹⁾</u>		<u>Nominal</u>	<u>Fair value⁽¹⁾</u>	
	<u>Amount</u>	<u>Asset</u>	<u>Liability</u>	<u>Amount</u>	<u>Asset</u>	<u>Liability</u>
Fair value hedges:						
Interest rate swaps	167,865	17	1,285	494,558	4,625	1,403
Cross-currency interest rate swaps	282,490	1,062	31,556	269,488	2,783	6,834
Cash flow hedges:						
Interest rate swaps	891,500	2,691	1,805	453,000	393	243
Cross-currency interest rate swaps	56,000	-	5,547	126,308	6,392	-
Forward foreign exchange	126,058	8,554	-	88,130	684	92
Net investment hedges:						
Forward foreign exchange	5,146	-	94	5,810	340	-
Total	<u>1,529,059</u>	<u>12,324</u>	<u>40,287</u>	<u>1,437,294</u>	<u>15,217</u>	<u>8,572</u>

Net gain on the ineffective
portion of hedging activities ⁽²⁾

	<u>106</u>	<u>353</u>
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⁽¹⁾ The fair value of assets and liabilities is reported within the derivative financial instruments used for hedging - receivable and payable lines in the consolidated balance sheets, respectively.

⁽²⁾ Gains and losses resulting from ineffectiveness and credit risk in hedging activities are reported within the derivative financial instruments and hedging line in the consolidated statements of income as derivatives financial instruments and hedging.

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (In thousands of US dollars)

21. Derivative financial instruments for hedging purposes (continued)

The gains and losses resulting from activities of derivative financial instruments and hedging recognized in the consolidated statements of income are presented below:

2014				
Gain (loss)	Gain (loss) recognized in OCI (effective portion)	OCI to the consolidated Classification of gain (loss)	Gain (loss) reclassified from accumulated recognized on statements of income (effective portion)	Gain (loss) recognized on derivatives (ineffective portion)
<u>Derivatives – cash flow hedge</u>				
Interest rate swaps	(1,947)			
Cross-currency interest rate swaps	(11,904)	Gain (loss) on foreign currency exchange	-	-
		Interest income – loans	(4)	-
Forward foreign exchange	8,633	Interest income – securities available-for-sale	(238)	-
		Interest income – loans	(2,011)	-
		Interest expense – borrowings and debt	-	-
		Gain (loss) on foreign currency exchange	3,011	-
Total	(5,218)		768	-
<u>Derivatives – net investment hedge</u>				
Forward foreign exchange	38	Gain (loss) on foreign currency exchange	-	-
Total	38		-	-
2013				
Gain (loss)	Gain (loss) recognized in OCI (effective portion)	OCI to the consolidated Classification of gain (loss)	Gain (loss) reclassified from accumulated recognized on statements of income (effective portion)	Gain (loss) recognized on derivatives (ineffective portion)
<u>Derivatives – cash flow hedge</u>				
Interest rate swaps	226			
Cross-currency interest rate swaps	(734)	Gain (loss) on foreign currency exchange	-	-
		Interest income – loans	(11)	-
Forward foreign exchange	1,544	Interest income – securities available-for-sale	(1,461)	-
		Interest expense – borrowings and debt	31	-
		Gain (loss) on foreign currency exchange	1,562	-
Total	1,036		121	-
<u>Derivatives – net investment hedge</u>				
Forward foreign exchange	464	Gain (loss) on foreign currency exchange	-	-
Total	464		-	-

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (In thousands of US dollars)

21. Derivative financial instruments for hedging purposes (continued)

2012				
	Gain (loss) recognized in OCI (effective portion)	Classification of gain (loss)	Gain (loss) reclassified from accumulated OCI to the consolidated statements of income (effective portion)	Gain (loss) recognized on derivatives (ineffective portion)
<u>Derivatives – cash flow hedge</u>				
Interest rate swaps	217			
Cross-currency interest rate swaps	3,740	Gain (loss) on foreign currency exchange	2,481	-
		Interest income – loans	(564)	-
Forward foreign exchange	1,742	Interest expense – borrowings and debt	(169)	-
		Gain (loss) on foreign currency exchange	3,679	-
Total	5,699		5,427	-
<u>Derivatives – net investment hedge</u>				
Forward foreign exchange	109	Gain (loss) on foreign currency exchange	-	-
Total	109		-	-

The Bank recognized in earnings the gain (loss) on derivative financial instruments and the gain (loss) of the hedged asset or liability related to qualifying fair value hedges, as follows:

2014				
	Classification in consolidated statement of income	Gain (loss) on derivatives	Gain (loss) on hedge item	Net gain (loss)
<u>Derivatives – fair value hedge</u>				
Interest rate swaps	Interest income – securities available-for-sale	(1,800)	2,345	545
	Interest income – loans	(361)	3,112	2,751
	Interest expense – borrowings and debt	3,737	(16,204)	(12,467)
	Derivative financial instruments and hedging	(994)	1,021	27
Cross-currency interest rate swaps	Interest income – loans	(853)	1,695	842
	Interest expense – borrowings and debt	4,538	(10,031)	(5,493)
	Derivative financial instruments and hedging	(24,335)	24,434	99
	Gain (loss) on foreign currency exchange	-	-	-
		(20,068)	6,372	(13,696)

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (In thousands of US dollars)

21. Derivative financial instruments for hedging purposes (continued)

2013				
	Classification in consolidated statement of income	Gain (loss) on derivatives	Gain (loss) on hedge item	Net gain (loss)
<u>Derivatives - fair value hedge</u>				
Interest rate swaps	Interest income – securities available-for-sale	(3,088)	4,649	1,561
	Interest income – loans	(39)	350	311
	Interest expense – borrowings and debt	3,192	(16,204)	(13,012)
Cross-currency interest rate swaps	Derivative financial instruments and hedging	(3,622)	3,942	320
	Interest income – loans	(795)	1,548	753
	Interest expense – borrowings and debt	6,905	(12,452)	(5,547)
	Derivative financial instruments and hedging	(6,117)	6,150	33
	Gain (loss) on foreign currency exchange	(430)	458	28
		<u>(3,994)</u>	<u>(11,559)</u>	<u>(15,553)</u>
2012				
	Classification in consolidated statement of income	Gain (loss) on derivatives	Gain (loss) on hedge item	Net gain (loss)
<u>Derivatives - fair value hedge</u>				
Interest rate swaps	Interest income – securities available-for-sale	(2,982)	4,776	1,794
	Interest expense – borrowings and debt	1,564	(12,022)	(10,458)
	Derivative financial instruments and hedging	59	-	59
Cross-currency interest rate swaps	Interest income – loans	(239)	522	283
	Interest expense – borrowings and debt	8,024	(11,187)	(3,163)
	Derivative financial instruments and hedging	12	-	12
	Gain (loss) on foreign currency exchange	<u>5,873</u>	<u>(6,469)</u>	<u>(596)</u>
		<u>12,311</u>	<u>(24,380)</u>	<u>(12,069)</u>

For control purposes, derivative instruments are recorded at their nominal amount (“notional amount”) in memorandum accounts. 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 payments, and viceversa. The Bank also engages in certain foreign exchange trades to serve customers’ transaction needs and to manage the foreign currency risk. All such 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 counterparty credit limits by customer and by adopting policies that do not allow for open positions in the credit and investment portfolio. The Bank also uses foreign currency exchange contracts to hedge the foreign exchange risk associated with the Bank’s equity investment in a non-U.S. dollar functional currency foreign subsidiary. Derivative and foreign exchange instruments negotiated by the Bank are executed mainly over-the-counter (OTC). These contracts are executed

Notes to consolidated financial statements
(In thousands of US dollars)

21. Derivative financial instruments for hedging purposes (continued)

between two counterparties that negotiate specific agreement terms, including notional amount, exercise price and maturity.

The maximum length of time over which the Bank has hedged its exposure to the variability in future cash flows on forecasted transactions is 6.48 years.

The Bank estimates that approximately \$222 thousand of losses reported in OCI as of December 31, 2014 related to forward foreign exchange contracts are expected to be reclassified into interest income as an adjustment to yield of hedged loans during the twelve-month period ending December 31, 2015.

The Bank estimates that approximately \$220 thousand of losses reported in OCI as of December 31, 2014 related to forward foreign exchange contracts are expected to be reclassified into interest income as an adjustment to yield of hedged available-for-sale securities during the twelve-month period ending December 31, 2015.

Types of Derivatives and Foreign Exchange 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 a portion of these derivative instruments as fair value hedges and a portion as cash flow hedges. Cross currency swaps are contracts that generally involve the exchange of both interest and principal amounts in two different currencies. The Bank has designated a portion of these derivative instruments as fair value hedges and a portion as cash flow hedges. Forward foreign exchange contracts represent an agreement to purchase or sell foreign currency at a future date at agreed-upon terms. The Bank has designated these derivative instruments as cash flow hedges and net investment hedges.

In addition to hedging derivative financial instruments, the Bank has derivative financial instruments held for trading purposes that have been disclosed in Note 12.

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (In thousands of US dollars)

22. Accumulated other comprehensive income (loss)

As of December 31, 2014, 2013 and 2012 the breakdown of accumulated other comprehensive income (loss) related to investment securities available-for-sale and derivative financial instruments, and foreign currency translation is as follows:

	Securities available for sale	Derivative financial instruments	Foreign currency translation adjustment, net of hedges	Total
Balance as of January 1, 2012	(1,728)	(640)	(744)	(3,112)
Net unrealized gains arising from the year	8,436	5,699	-	14,135
Reclassification adjustment for gains included in net income ⁽¹⁾	(5,775)	(5,427)	-	(11,202)
Foreign currency translation adjustment, net	-	-	(551)	(551)
Other comprehensive income (loss) from the year	<u>2,661</u>	<u>272</u>	<u>(551)</u>	<u>2,382</u>
Balance as of December 31, 2012	933	(368)	(1,295)	(730)
Net unrealized loss arising from the year	(9,640)	(2,302)	-	(11,942)
Reclassification adjustment for (gains) loss included in net income ⁽¹⁾	(1,487)	1,985	24	522
Foreign currency translation adjustment, net	-	-	(425)	(425)
Other comprehensive income (loss) from the year	<u>(11,127)</u>	<u>(317)</u>	<u>(401)</u>	<u>(11,845)</u>
Balance as of December 31, 2013	(10,194)	(685)	(1,696)	(12,575)
Net unrealized gain (loss) arising from the year	2,224	(1,813)	-	411
Reclassification adjustment for (gains) loss included in net income ⁽¹⁾	(2,330)	1,264	-	(1,066)
Foreign currency translation adjustment, net	-	-	(655)	(655)
Other comprehensive income (loss) from the year	<u>(106)</u>	<u>(549)</u>	<u>(655)</u>	<u>(1,310)</u>
Balance as of December 31, 2014	<u>(10,300)</u>	<u>(1,234)</u>	<u>(2,351)</u>	<u>(13,885)</u>

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

The following table presents amounts reclassified from other comprehensive income to the net income of the period:

	2014	
<u>Details about accumulated other comprehensive income components</u>	<u>Amount reclassified from accumulated other comprehensive income</u>	<u>Affected line item in the consolidated statement of income where net income is presented</u>
Realized gains (losses) on securities available-for-sale:	2	Interest income – securities available-for-sale
	1,796	Net gain on sale of securities available-for-sale
	<u>532</u>	Derivative financial instruments and hedging
	<u>2,330</u>	
Gains (losses) on derivative financial instruments:		
Forward foreign exchange	(2,245)	Interest income - loans
	-	Interest expense - borrowings
	<u>981</u>	Net gain (loss) on foreign currency exchange
	<u>(1,264)</u>	

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (In thousands of US dollars)

22. Accumulated other comprehensive income (loss) (continued)

2013		
<u>Details about accumulated other comprehensive income components</u>	<u>Amount reclassified from accumulated other comprehensive income</u>	<u>Affected line item in the consolidated statement of income where net income is presented</u>
Realized gains (losses) on securities available-for-sale:	2	Interest income – securities available-for-sale
	1,152	Net gain on sale of securities available-for-sale
	333	Derivative financial instruments and hedging
	<u>1,487</u>	
Gains (losses) on derivative financial instruments:		
Forward foreign exchange	(1,472)	Interest income - loans
	31	Interest expense - borrowings
	<u>(544)</u>	Net gain (loss) on foreign currency exchange
	<u>(1,985)</u>	
Loss in foreign currency translation adjustment:	<u>(24)</u>	Net gain (loss) from discontinued operations
2012		
<u>Details about accumulated other comprehensive income components</u>	<u>Amount reclassified from accumulated other comprehensive income</u>	<u>Affected line item in the consolidated statement of income where net income is presented</u>
Realized gains (losses) on securities available-for-sale:	-	Interest income – securities available-for-sale
	5,775	Net gain on sale of securities available-for-sale
	-	Derivative financial instruments and hedging
	<u>5,775</u>	
Gains (losses) on derivative financial instruments:		
Forward foreign exchange	(564)	Interest income - loans
	(169)	Interest expense - borrowings
	<u>6,160</u>	Net gain (loss) on foreign currency exchange
	<u>(5,427)</u>	
Loss in foreign currency translation adjustment:	<u>-</u>	Net gain (loss) from discontinued operations

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (In thousands of US dollars)

23. Offsetting of financial assets and liabilities

In the ordinary course of business, the Bank enters into derivative financial instrument transactions and securities sold under repurchase agreements under industry standards agreements. Depending on the collateral requirements stated in the contracts, the Bank and counterparties can receive or deliver collateral based on the fair value of the financial instruments transacted between parties. Collateral typically consists of cash deposits and securities. The master netting agreements include clauses that, in the event of default, provide for close-out netting, which allows all positions with the defaulting counterparty to be terminated and net settled with a single payment amount.

The following tables summarize financial assets and liabilities that have been offset in the consolidated balance sheet or are subject to master netting agreements:

a) Derivative financial instruments - assets

December 31, 2014						
Description	Gross amounts of assets	Gross amounts offset in the consolidated balance sheet	Net amount of assets presented in the consolidated balance sheet	Gross amounts not offset in the consolidated balance sheet		
				Financial instruments	Cash collateral received	Net amount
Derivatives financial instruments	12,324	-	12,324	-	-	12,324

December 31, 2013						
Description	Gross amounts of assets	Gross amounts offset in the consolidated balance sheet	Net amount of assets presented in the consolidated balance sheet	Gross amounts not offset in the consolidated balance sheet		
				Financial instruments	Cash collateral received	Net amount
Derivatives financial instruments	15,217	-	15,217	-	(1,050)	14,167

The following table presents the reconciliation of assets that have been offset or are subject to master netting agreements to individual line items in the consolidated balance sheet as of December 31, 2014 and 2013:

Description	2014			2013		
	Gross amounts of assets	Gross amounts offset in the consolidated balance sheet	Net amount of assets presented in the consolidated balance sheet	Gross amounts of assets	Gross amounts offset in the consolidated balance sheet	Net amount of assets presented in the consolidated balance sheet
Derivatives financial instruments:						
Derivative financial instruments used for hedging – receivable	12,324	-	12,324	15,217	-	15,217
Total derivative financial instruments	12,324	-	12,324	15,217	-	15,217

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (In thousands of US dollars)

23. Offsetting of financial assets and liabilities (continued)

b) Financial liabilities and derivative financial instruments - liabilities

December 31, 2014						
Description	Gross amounts of liabilities	Gross amounts offset in the consolidated balance sheet	Net amount of liabilities presented in the consolidated balance sheet	Gross amounts not offset in the consolidated balance sheet		
				Financial instruments	Cash collateral received	Net amount
Securities sold under repurchase agreements	300,519	-	300,519	(294,054)	(6,465)	-
Derivatives financial instruments	40,339	-	40,339	-	(29,183)	11,156
Total	<u>340,858</u>	<u>-</u>	<u>340,858</u>	<u>(294,054)</u>	<u>(35,648)</u>	<u>11,156</u>

December 31, 2013						
Description	Gross amounts of liabilities	Gross amounts offset in the consolidated balance sheet	Net amount of liabilities presented in the consolidated balance sheet	Gross amounts not offset in the consolidated balance sheet		
				Financial instruments	Cash collateral received	Net amount
Securities sold under repurchase agreements	286,162	-	286,162	(285,471)	(691)	-
Derivatives financial instruments	8,644	-	8,644	-	(5,340)	3,304
Total	<u>294,806</u>	<u>-</u>	<u>294,806</u>	<u>(285,471)</u>	<u>(6,031)</u>	<u>3,304</u>

The following table presents the reconciliation of liabilities that have been offset or are subject to master netting agreements to individual line items in the consolidated balance sheet as of December 31, 2014 and 2013:

Description	2014			2013		
	Gross amounts of liabilities	Gross amounts offset in the consolidated balance sheet	Net amount of liabilities presented in the consolidated balance sheet	Gross amounts of assets	Gross amounts offset in the consolidated balance sheet	Net amount of liabilities presented in the consolidated balance sheet
Securities sold under repurchase agreements	<u>300,519</u>	<u>-</u>	<u>300,519</u>	<u>286,162</u>	<u>-</u>	<u>286,162</u>
Derivatives financial instruments:						
Trading liabilities	52	-	52	72	-	72
Derivative financial instruments used for hedging – payable	<u>40,287</u>	<u>-</u>	<u>40,287</u>	<u>8,572</u>	<u>-</u>	<u>8,572</u>
Total derivative financial instruments	<u>40,339</u>	<u>-</u>	<u>40,339</u>	<u>8,644</u>	<u>-</u>	<u>8,644</u>

Notes to consolidated financial statements
(In thousands of US dollars)

24. Fair value of financial instruments

The Bank determines the fair value of its financial instruments using the fair value hierarchy established in ASC Topic 820 - Fair Value Measurements and Disclosure, which requires the Bank to maximize the use of observable inputs (those that reflect the assumptions that market participants would use in pricing the asset or liability developed based on market information obtained from sources independent of the reporting entity) and to minimize the use of unobservable inputs (those that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances) when measuring fair value. Fair value is used on a recurring basis to measure assets and liabilities in which fair value is the primary basis of accounting. Additionally, fair value is used on a non-recurring basis to evaluate assets and liabilities for impairment or for disclosure purposes. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Depending on the nature of the asset or liability, the Bank uses some valuation techniques and assumptions when estimating fair value. The Bank applied the following fair value hierarchy:

Level 1 – Assets or liabilities for which an identical instrument is traded in an active market, such as publicly-traded instruments or futures contracts.

Level 2 – Assets or liabilities valued based on observable market data for similar instruments, quoted prices in markets that are not active; or other observable inputs that can be corroborated by observable market data for substantially the full term of the asset or liability.

Level 3 – Assets or liabilities for which significant valuation assumptions are not readily observable in the market; instruments measured based on the best available information, which might include some internally-developed data, and considers risk premiums that a market participant would require.

When determining the fair value measurements for assets and liabilities that are required or permitted to be recorded at fair value, the Bank considers the principal or most advantageous market in which it would transact and considers the assumptions that market participants would use when pricing the asset or liability. When possible, the Bank uses active and observable markets to price identical assets or liabilities. When identical assets and liabilities are not traded in active markets, the Bank uses observable market information for similar assets and liabilities. However, certain assets and liabilities are not actively traded in observable markets and the Bank must use alternative valuation techniques to determine the fair value measurement. The frequency of transactions, the size of the bid-ask spread and the size of the investment are factors considered in determining the liquidity of markets and the relevance of observed prices in those markets.

When there has been a significant decrease in the volume or level of activity for a financial asset or liability, the Bank uses the present value technique which considers market information to determine a representative fair value in usual market conditions.

Notes to consolidated financial statements
(In thousands of US dollars)

24. Fair value of financial instruments (continued)

A description of the valuation methodologies used for assets and liabilities measured at fair value on a recurring basis, including the general classification of such assets and liabilities under the fair value hierarchy is presented below:

Trading assets and liabilities and securities available-for-sale

Trading assets and liabilities are carried at fair value, which is 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.

Securities available-for-sale are carried at fair value, based on quoted market prices when available, or if quoted market prices are not available, based on discounted expected cash flows using market rates commensurate with the credit quality and maturity of the security.

When quoted prices are available in an active market, available-for-sale securities and trading assets and liabilities are classified in level 1 of the fair value hierarchy. If quoted market prices are not available or they are available in markets that are not active, then fair values are estimated based upon quoted prices of similar instruments, or where these are not available, by using internal valuation techniques, principally discounted cash flows models. Such securities are classified within level 2 of the fair value hierarchy.

Investment funds

The investment funds invest in trading assets and liabilities that are carried at fair value, which is based upon quoted market prices when available. For financial instruments for which quoted prices are not available, the investment funds use independent valuations from pricing providers that use their own proprietary valuation models that take into consideration discounted expected cash flows, using market rates commensurate with the credit quality and maturity of the security. These prices are compared to independent valuations from counterparties.

The investment funds are not traded in an active market and, therefore, representative market quotes are not readily available. Their fair value is adjusted on a monthly basis based on its financial results, its operating performance, its liquidity and the fair value of its long and short investment portfolio that are quoted and traded in active markets. Such investments are classified within level 2 of the fair value hierarchy.

Derivative financial instruments

The valuation techniques and inputs depend on the type of derivative and the nature of the underlying instrument. Exchange-traded derivatives that are valued using quoted prices are classified within level 1 of the fair value hierarchy.

For those derivative contracts without quoted market prices, fair value is based on internal valuation techniques using inputs that are readily observable and that can be validated by information available in the market. The principal technique used to value these instruments is the discounted cash flows model and the key inputs considered in this technique include interest rate yield curves and foreign exchange rates. These derivatives are classified within level 2 of the fair value hierarchy.

Notes to consolidated financial statements
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24. Fair value of financial instruments (continued)

Derivative financial instruments (continued)

The fair value adjustments applied by the Bank to its derivative carrying values include credit valuation adjustments (“CVA”), which are applied to OTC derivative instruments, in which the base valuation generally discounts expected cash flows using the London Interbank Offered Rate (“LIBOR”) interest rate curves. Because not all counterparties have the same credit risk as that implied by the relevant LIBOR curve, a CVA is necessary to incorporate the market view of both, counterparty credit risk and the Bank’s own credit risk, in the valuation.

Own-credit and counterparty CVA is determined using a fair value curve consistent with the Bank’s or counterparty credit rating. The CVA is designed to incorporate a market view of the credit risk inherent in the derivative portfolio. However, most of the Bank’s derivative instruments are negotiated bilateral contracts and are not commonly transferred to third parties. Derivative instruments are normally settled contractually, or if terminated early, are terminated at a value negotiated bilaterally between the counterparties. Therefore, the CVA (both counterparty and own-credit) may not be realized upon a settlement or termination in the normal course of business. In addition, all or a portion of the CVA may be reversed or otherwise adjusted in future periods in the event of changes in the credit risk of the Bank or its counterparties or due to the anticipated termination of the transactions.

Transfer of financial assets

Gains or losses on sale of loans depend in part on the carrying amount of the financial assets involved in the transfer, and its fair value at the date of transfer. The fair value of instruments is determined based upon quoted market prices when available, or are based on the present value of future expected cash flows using information related to credit losses, prepayment speeds, forward yield curves, and discounted rates commensurate with the risk involved.

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Notes to consolidated financial statements (In thousands of US dollars)

24. Fair value of financial instruments (continued)

Financial instruments measured at fair value on a recurring basis by caption on the consolidated balance sheets using the fair value hierarchy are described below:

	December 31, 2014			
	Quoted market prices in an active market (Level 1)	Internally developed models with significant observable market information (Level 2)	Internally developed models with significant unobservable market information (Level 3)	Total carrying value in the consolidated balance sheets
Assets				
Securities available-for-sale				
Corporate debt	119,095	-	-	119,095
Sovereign debt	219,878	-	-	219,878
Total securities available-for-sale	338,973	-	-	338,973
Investment funds	-	57,574	-	57,574
Derivative financial instruments used for hedging - receivable				
Interest rate swaps	-	2,708	-	2,708
Cross-currency interest rate swaps	-	1,062	-	1,062
Forward foreign exchange	-	8,554	-	8,554
Total derivative financial instruments used for hedging - receivable	-	12,324	-	12,324
Total assets at fair value	338,973	69,898	-	408,871
Liabilities				
Trading liabilities				
Cross-currency interest rate swaps	-	52	-	52
Forward foreign exchange	-	-	-	-
Total trading liabilities	-	52	-	52
Derivative financial instruments used for hedging - payable				
Interest rate swaps	-	3,090	-	3,090
Cross-currency interest rate swaps	-	37,107	-	37,107
Forward foreign exchange	-	90	-	90
Total derivative financial instruments used for hedging - payable	-	40,287	-	40,287
Total liabilities at fair value	-	40,339	-	40,339

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (In thousands of US dollars)

24. Fair value of financial instruments (continued)

	December 31, 2013			
	Quoted market prices in an active market (Level 1)	Internally developed models with significant observable market information (Level 2)	Internally developed models with significant unobservable market information (Level 3)	Total carrying value in the consolidated balance sheets
Assets				
Securities available-for-sale				
Corporate debt	178,168	-	-	178,168
Sovereign debt	156,200	-	-	156,200
Total securities available-for-sale	334,368	-	-	334,368
Investment funds	-	118,661	-	118,661
Derivative financial instruments used for hedging - receivable				
Interest rate swaps	-	5,018	-	5,018
Cross-currency interest rate swaps	-	9,175	-	9,175
Forward foreign exchange	-	1,024	-	1,024
Total derivative financial instruments used for hedging - receivable	-	15,217	-	15,217
Total assets at fair value	334,368	133,878	-	468,246
Liabilities				
Trading liabilities				
Interest rate swaps	-	65	-	65
Cross-currency interest rate swaps	-	7	-	7
Total trading liabilities	-	72	-	72
Derivative financial instruments used for hedging - payable				
Interest rate swaps	-	1,646	-	1,646
Cross-currency interest rate swaps	-	6,834	-	6,834
Forward foreign exchange	-	92	-	92
Total derivative financial instruments used for hedging - payable	-	8,572	-	8,572
Total liabilities at fair value	-	8,644	-	8,644

Securities available-for-sale with fair value of \$4,116 thousand as of December 31, 2013 were transferred during 2013 from level 2 to level 1 of the fair value hierarchy, because quoted prices of those securities are now available in an active market.

ASC Topic 825 - Financial Instruments requires disclosure of fair value of financial instruments including those assets and liabilities for which the Bank did not elect the fair value option. Bank's management uses its best judgment in estimating the fair value of the Bank's financial instruments; however, there are limitations in any estimation technique. The estimated fair value amounts have been measured as of their respective period-end. As such, the estimated fair values of these financial instruments subsequent to the respective reporting dates may be different than the amounts reported at each period-end.

Notes to consolidated financial statements
(In thousands of US dollars)

24. Fair value of financial instruments (continued)

The following information should not be interpreted as an estimate of the fair value of the Bank. Fair value calculations are only provided for a limited portion of the Bank's financial assets and liabilities. Due to a wide range of valuation techniques and the degree of subjectivity used in making the estimates, comparison of fair value information of the Bank and other companies may not be meaningful for comparative analysis.

The following methods and assumptions were used by the Bank's management in estimating the fair values of financial instruments whose fair value is not measured on a recurring basis:

Financial instruments with carrying value that approximates fair value

The carrying value of certain financial assets, including cash and due from banks, interest-bearing deposits in banks, customers' liabilities under acceptances, accrued interest receivable and certain financial liabilities including customer's demand and time deposits, securities sold under repurchase agreements, accrued interest payable, and acceptances outstanding, as a result of their short-term nature, are considered to approximate fair value. These instruments are classified in Level 2.

Securities held-to-maturity

The fair value 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, or where these are not available, on discounted expected cash flows using market rates commensurate with the credit quality and maturity of the security. These securities are classified in Levels 1 and 2.

Loans

The fair value of the loan portfolio, including impaired loans, is estimated by discounting future cash flows using the current rates at which loans would be made to borrowers with similar credit ratings and for the same remaining maturities, considering the contractual terms in effect as of December 31 of the relevant period. These assets are classified in Level 2.

Short and long-term borrowings and debt

The fair value of short and long-term borrowings and debt is estimated using discounted cash flow analysis based on the current incremental borrowing rates for similar types of borrowing arrangements, taking into account the changes in the Bank's credit margin. These liabilities are classified in Level 2.

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (In thousands of US dollars)

24. Fair value of financial instruments (continued)

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 counterparties. For 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 which consider the counterparty risks; which fair value is calculated based on the present value of the premium to be received or a specific allowance for off-balance sheet credit contingencies, whichever is greater. These commitments are classified in Level 3. Fair value of these instruments is provided for disclosure purposes only.

The following table provides information on the carrying value and estimated fair value of the Bank's financial instruments that are not measured on a recurring basis:

December 31, 2014					
	Carrying Value	Fair Value	Quoted market prices in an active market (Level 1)	Internally developed models with significant observable market information (Level 2)	Internally developed models with significant unobservable market information (Level 3)
<u>Financial assets</u>					
Instruments with carrying value that approximates fair value	942,471	942,471	-	942,471	-
Securities held-to-maturity	54,180	53,295	29,909	23,386	-
Loans, net ⁽¹⁾	6,598,060	6,820,731	-	6,820,731	-
<u>Financial liabilities</u>					
Instruments with carrying value that approximates fair value	2,936,086	2,936,166	-	2,936,166	-
Short-term borrowings and debt	2,692,537	2,692,344	-	2,692,344	-
Long-term borrowings and debt	1,405,519	1,424,579	-	1,424,579	-
Commitments to extend credit, standby letters of credit, and financial guarantees written	7,637	7,337	-	-	7,337

⁽¹⁾ The carrying value of loans is net of the Allowance for loan losses of \$79.7 million and unearned income and deferred fees of \$8.5 million for December 31, 2014.

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (In thousands of US dollars)

24. Fair value of financial instruments (continued)

	December 31, 2013				
	Carrying Value	Fair Value	Quoted market prices in an active market (Level 1)	Internally developed models with significant observable market information (Level 2)	Internally developed models with significant unobservable market information (Level 3)
Financial assets					
Instruments with carrying value that approximates fair value	881,573	881,573	-	881,573	-
Securities held-to-maturity	33,759	33,634	17,010	16,624	-
Loans, net ⁽¹⁾	6,068,879	6,264,624	-	6,264,624	-
Financial liabilities					
Instruments with carrying value that approximates fair value	2,662,412	2,662,609	-	2,662,609	-
Short-term borrowings and debt	2,705,365	2,711,936	-	2,711,936	-
Long-term borrowings and debt	1,153,871	1,180,877	-	1,180,877	-
Commitments to extend credit, standby letters of credit, and financial guarantees written	6,827	5,365	-	-	5,365

⁽¹⁾ The carrying value of loans is net of the Allowance for loan losses of \$72.7 million and unearned income and deferred fees of \$6.7 million for December 31, 2013.

25. Litigation

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

26. Capital adequacy

The Banking Law in the Republic of Panama requires banks with general banking license to maintain a total capital adequacy index that shall not be lower than 8% of total assets and off-balance sheet irrevocable contingency transactions, weighted according to their risk; and primary capital equivalent that shall not be less than 4% of its assets and off-balance sheet irrevocable contingency transactions, weighted according to their risk. As of December 31, 2014, the Bank's capital adequacy ratio is 15.14% which is in compliance with the capital adequacy ratios required by the Banking Law in the Republic of Panama.

27. Business segment information

The Bank's activities are operated and managed in two segments, Commercial and Treasury. The segment information reflects this operational and management structure, in a manner consistent with the requirements outlined in ASC Topic 280 - Segment Reporting. The segment results are determined based on the Bank's managerial accounting process, which assigns consolidated balance sheets, revenue and expense items to each reportable division on a systematic basis.

Notes to consolidated financial statements
(In thousands of US dollars)

27. Business segment information (continued)

The Bank incorporates net operating income⁽³⁾ by business segment in order to disclose the revenue and expense items related to its normal course of business, segregating from the net income, the impact of reversals of reserves for loan losses and off-balance sheet credit risk, and recoveries on assets. In addition, the Bank's net interest income represents the main driver of net operating income; therefore, the Bank presents its interest-earning assets by business segment, to give an indication of the size of business generating net interest income. Interest-earning assets also generate gains and losses on sales, such as for securities available-for-sale and trading assets and liabilities, which are included in net other income, in the Treasury Segment. The Bank also discloses its other assets and contingencies by business segment, to give an indication of the size of business that generates net fees and commissions, also included in net other income, in the Commercial Segment.

The Bank believes that the presentation of net operating income provides important supplementary information to investors regarding financial and business trends relating to the Bank's financial condition and results of operations. These measures exclude the impact of reversals (provisions) for loan losses and reversals (provisions) for losses on off-balance sheet credit risk (together referred to as "Reversal of provision (provision) for credit losses") which Bank's management considers distort trend analysis.

Net operating income disclosed by the Bank should not be considered a substitute for, or superior to, financial measures calculated differently from similar measures used by other companies. These measures, therefore, may not be comparable to similar measurements used by other companies.

The Commercial Segment incorporates all of the Bank's financial intermediation and fees generated by the commercial portfolio. The commercial portfolio includes book value of loans, selected deposits placed, acceptances and contingencies. Operating income from the Commercial Segment includes net interest income from loans, fee income and allocated operating expenses.

The Treasury Segment incorporates deposits in banks and all of the Bank's trading assets, securities available-for-sale and held-to-maturity, and the balance of the investment funds. Operating income from the Treasury Segment includes net interest income from deposits with banks, securities available-for-sale and held-to-maturity, net interest margin related to investment funds, derivative and hedging activities, net gain (loss) from investment funds trading, net gain (loss) from trading securities, net gain on sale of securities available-for-sale, net gain (loss) on foreign currency exchange, and allocated income and operating expenses.

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (In thousands of US dollars)

27. Business segment information (continued)

The following table provides certain information regarding the Bank's continuing operations by segment:

Business Segment Analysis ⁽¹⁾

	Year ended December 31		
	2014	2013	2012
COMMERCIAL			
Interest income	201,908	192,979	183,365
Interest expense	(79,674)	(77,931)	(73,398)
Net interest income	122,234	115,048	109,967
Net other income ⁽²⁾	21,068	15,338	12,216
Operating expenses	(42,508)	(40,945)	(38,322)
Net operating income ⁽³⁾	100,794	89,441	83,861
Reversal of provision (provision) for loan and off-balance sheet credit losses	(8,522)	1,217	12,389
Recoveries, net of impairment of assets	7	108	-
Net income attributable to Bladex stockholders	92,279	90,766	96,250
Commercial assets and contingencies (end of period balances):			
Interest-earning assets ^(4 and 6)	6,677,734	6,141,630	5,708,456
Other assets and contingencies ⁽⁵⁾	500,665	482,117	237,077
Total interest-earning assets, other assets and contingencies	7,178,399	6,623,747	5,945,533
TREASURY			
Interest income	10,822	12,324	9,072
Interest expense	8,075	(4,280)	(14,062)
Net interest income	18,897	8,044	(4,990)
Net other income (expense) ⁽²⁾	6,483	(4,877)	14,612
Operating expenses	(11,194)	(13,361)	(17,492)
Net operating income ⁽³⁾	14,186	(10,194)	(7,870)
Net income (loss)	14,186	(10,194)	(7,870)
Net income attributable to the redeemable noncontrolling interest	(475)	(4,185)	293
Net income (loss) attributable to Bladex stockholders	14,661	(6,009)	(8,163)
Treasury assets and contingencies (end of period balances):			
Interest-earning assets ⁽⁶⁾	1,231,243	1,326,506	1,035,313
Redeemable noncontrolling interest	-	(49,898)	(3,384)
Total interest-earning assets, other assets and contingencies	1,231,243	1,276,608	1,031,929
TOTAL			
Interest income	212,730	205,303	192,437
Interest expense	(71,599)	(82,211)	(87,460)
Net interest income	141,131	123,092	104,977
Net other income ⁽²⁾	27,551	10,461	26,828
Operating expenses	(53,702)	(54,306)	(55,814)
Net operating income ⁽³⁾	114,980	79,247	75,991

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (In thousands of US dollars)

27. Business segment information (continued)

	Year ended December 31		
	2014	2013	2012
Net operating income ⁽³⁾	114,980	79,247	75,991
Reversal of provision (provision) for loans and off-balance sheet credit losses	(8,522)	1,217	12,389
Recoveries, net of impairment of assets	<u>7</u>	<u>108</u>	<u>-</u>
Net income – business segment	106,465	80,572	88,380
Net income (loss) attributable to the redeemable noncontrolling interest	(475)	(4,185)	293
Net income attributable to Bladex stockholders – business segment	106,940	84,757	88,087
Other income unallocated - gain on sale of premises and equipment	-	-	5,626
Discontinued operations (Note 3)	<u>-</u>	<u>(4)</u>	<u>(681)</u>
Net income attributable to Bladex stockholders	106,940	84,753	93,032
Total assets and contingencies (end of period balances):			
Interest-earning assets ^(4 y 6)	7,908,977	7,468,136	6,743,769
Other assets and contingencies ⁽⁵⁾	500,665	482,117	237,077
Redeemable noncontrolling interest	<u>-</u>	<u>(49,898)</u>	<u>(3,384)</u>
Total interest-earning assets, other assets and contingencies	<u>8,409,642</u>	<u>7,900,355</u>	<u>6,977,462</u>

⁽¹⁾ The numbers set out in these tables have been rounded and accordingly may not total exactly.

⁽²⁾ Net other income excludes reversals (provisions) for loans and off-balance sheet credit losses, recoveries on assets, and gain on sale of premises and equipment.

⁽³⁾ Net operating income refers to net income excluding reversals (provisions) for loans and off-balance sheet credit losses and recoveries on assets.

⁽⁴⁾ Includes selected deposits placed, and loans, net of unearned income and deferred loan fees.

⁽⁵⁾ Includes customers' liabilities under acceptances, letters of credit and guarantees covering commercial and country risk, and credit commitments.

⁽⁶⁾ Includes cash and due from banks, interest-bearing deposits with banks, securities available-for-sale and held-to-maturity, trading securities and the balance of investment funds.

	Year ended December 31		
	2014	2013	2012
Reconciliation of Net other income:			
Net other income – business segment	27,551	10,461	26,828
Reversal of provision (provision) for losses on off-balance sheet credit risk	(1,627)	(381)	4,046
Recoveries, net of impairment of assets	<u>7</u>	<u>108</u>	<u>-</u>
Gain on sale of premises and equipment	<u>-</u>	<u>-</u>	<u>5,626</u>
Net other income – consolidated financial statements	<u>25,931</u>	<u>10,188</u>	<u>36,500</u>

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (In thousands of US dollars)

27. Business segment information (continued)

	Year ended December 31		
	2014	2013	2012
Reconciliation of total assets:			
Interest-earning assets – business segment	7,908,977	7,468,136	6,743,769
Allowance for loan losses	(79,675)	(72,751)	(72,976)
Customers' liabilities under acceptances	114,018	1,128	1,157
Accrued interest receivable	47,938	40,727	37,819
Equipment and leasehold improvements, net	8,129	10,466	12,808
Derivative financial instruments used for hedging - receivable	12,324	15,217	19,239
Other assets	13,561	8,389	14,580
Total assets – consolidated financial statements	<u>8,025,272</u>	<u>7,471,312</u>	<u>6,756,396</u>

Geographic information is as follows:

	2014				
	Panama	Brazil	United States of America	Cayman Islands	Total
Interest income	195,575	-	17,135	20	212,730
Interest expense	(70,539)	-	(1,023)	(37)	(71,599)
Net interest income	<u>125,036</u>	<u>-</u>	<u>16,112</u>	<u>(17)</u>	<u>141,131</u>
Long-lived assets:					
Equipment and leasehold improvements, net	<u>7,994</u>	<u>-</u>	<u>135</u>	<u>-</u>	<u>8,129</u>
	2013				
	Panama	Brazil	United States of America	Cayman Islands	Total
Interest income	184,501	33	18,501	2,268	205,303
Interest expense	(79,132)	-	(1,235)	(1,844)	(82,211)
Net interest income	<u>105,369</u>	<u>33</u>	<u>17,266</u>	<u>424</u>	<u>123,092</u>
Long-lived assets:					
Equipment and leasehold improvements, net	<u>10,237</u>	<u>-</u>	<u>229</u>	<u>-</u>	<u>10,466</u>

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to consolidated financial statements (In thousands of US dollars)

27. Business segment information (continued)

	2012				
	<u>Panama</u>	<u>Brazil</u>	<u>United States of America</u>	<u>Cayman Islands</u>	<u>Total</u>
Interest income	173,663	155	17,894	725	192,437
Interest expense	(86,019)	-	(1,332)	(109)	(87,460)
Net interest income	<u>87,644</u>	<u>155</u>	<u>16,562</u>	<u>616</u>	<u>104,977</u>
Long-lived assets:					
Equipment and leasehold improvements, net	<u>12,397</u>	<u>8</u>	<u>403</u>	<u>-</u>	<u>12,808</u>

28. Restriction on retained earnings

As of December 31, 2014, \$7.9 million of retained earnings are restricted from dividend distribution for purposes of complying with local regulatory requirements.

29. Subsequent event

The international administrative office in Miami, Florida, USA ceased operations during the first quarter of 2015.

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