

FITCH RATES BANCO LATINOAMERICANO DE EXPORTACIONES (BLADEx) 'BBB/F2'

Fitch Ratings-New York-07 July 2008: Fitch Ratings has assigned Banco Latinoamericano de Exportaciones (Bladex) the following ratings:

- Foreign Currency long-term Issuer Default Rating (IDR) 'BBB';
- Foreign currency short-term IDR:'F2';
- Individual rating 'C';
- Support rating'5';
- Support floor 'NF';

The Outlook is Stable.

Bladex's ratings reflect the bank's expertise, competitive position, high asset quality, sound risk management policies, strong capitalization, lean operational structure and ample liquidity. They also factor in the loan and funding concentration, narrow product offering, and relatively low but improving returns.

Upside potential for Bladex's ratings is dependent upon lower asset concentration, sustained performance through the cycle and improved profitability. Severe asset quality deterioration and/or profitability erosion could create downward pressure on the ratings.

Bladex may expect some support from its main shareholders (Central and commercial banks from Latin America and some OECD countries) should it be required. However, given the dilution of ownership, support may be difficult to coordinate and cannot - in Fitch's opinion - be relied upon.

Bladex has come a long way since the Argentinean crisis (2001-2002) caused a sharp decrease in its equity and assets while it severely weakened its liquidity. Benefiting from the support of its shareholders and the confidence of investors, the bank restored its capital, improved asset quality and rebuilt its business based on an improved business model. Also, the operational environment has seen a significant improvement in the past few years with booming trade fueling economic growth while regional banking systems appear better able to face potential downturns. As competition from global players has somewhat receded, Bladex is well placed to exploit business opportunities in the region.

During 2007 and into 2008, operating revenue improved thanks to higher volumes and steady, yet somewhat narrow, margins, while revenue from investment and trading activities increased its contribution. Costs remained under control and efficiency improved while credit cost is still moderate in spite of lower recoveries. Profitability is improving although still below historical highs while asset quality is at an all-time high. Reserves are adequate to the low risk the bank bears and capital, which stands at 20% of risk weighted assets, is unencumbered and comfortably high.

Performance prospects are good as potential for growth remains high and the bank has developed a sound risk management process. Portfolio quality could see some deterioration but credit cost should remain at a very low level; increased volumes and well-controlled costs should sustain profitability and allow for capital to underpin growth.

Bladex is a specialized supranational bank established in 1975 to support Latin America's foreign trade. Headquartered in Panama, it operates under a General Banking License, offering trade services/finance, vendor financing, syndications/structured loans, leasing and factoring to regional public and private financial institutions and corporations.

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