

May 13, 2009

Research Update:

**Banco Latinoamericano de
Exportaciones S.A. 'BBB/A-2'
Ratings Affirmed; Outlook Stable**

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Overview

- We expect the bank's superb asset quality to be sustained during 2009 thanks to strict credit process and its preferred creditor status, despite its still-concentrated deposit base and loan portfolio.
- We have affirmed our 'BBB/A-2' ratings on Bladex.
- The outlook remains stable based on our expectation that Bladex's financial strength will be maintained over the medium term, even in a less-benign operating environment.

Rating Action

On May 13, 2009, Standard & Poor's Ratings Services affirmed its counterparty credit rating on Panama-based Banco Latinoamericano de Exportaciones S.A. (Bladex) to 'BBB/A-2'. The outlook is stable.

Rationale

Our ratings on Bladex are based on the bank's outstanding asset quality, good management team, sustained good financial profile, adequate capital levels, and liquidity. These strengths are offset by its exposure to countries that cyclically suffer from financial distress, its concentrated deposit base, and the absence of a "lender of last resort" in Panama.

Bladex's asset quality has been of superb quality during the past three years, thanks to sound underwriting standards, and the strong monitoring and management of its loan portfolio despite more stressed operating conditions. Since 2006, the bank has maintained an enviable credit-loss record with no nonperforming assets (NPAs). As of March 2009, the bank's ratio of nonperforming loans to gross loans was still at a good zero level in accordance with international standards. Most Bladex's loans remain within the trade finance sector, and the bank enjoys a preferred status within the region. We expect some delinquency during 2009, especially given the more-adverse economic conditions, nonetheless, we believe NPAs will maintain below 1% even if the company expands into new business and market segments.

In the face of increasing margin pressure and more expensive funding conditions, Bladex has been able to reprice loans and reduce its exposure to higher-risk clients. For March 2009, net income was sound at \$17 million, and total adjusted assets came in at \$4,173 million, with a return on assets of 1.60%, despite market volatility. Bladex's capitalization is adequate considering its loan concentration and the current global economic crisis—adjusted total equity reached 14.78% by March 2009. We believe that Bladex will be able to maintain its good financial profile throughout 2009 thanks to its knowledge of the region and experience in the banking business.

Bladex manages its liquidity proactively and conservatively. During fourth-quarter 2008, liquid assets reached 70% of total deposits, despite their 20% drop in the quarter. However, deposit concentration could put further pressure on Bladex's capital levels should one large deposit be withdrawn. Bladex's privileged relationship with several central banks and the support demonstrated by these banks when Bladex suffered problems in the past somewhat mitigate the concentration risk.

Notwithstanding Bladex's good credit risk management, its focus on emerging countries presents certain challenges. As so often in the past, financial crises in countries where the bank has more extensive operations have put quite a bit of pressure on Bladex's performance. Its capital levels work as an ultimate cushion to alleviate the concentration in the bank's portfolio and the effects of the region's economic cycles.

Outlook

The rating outlook is stable, reflecting our expectation that Bladex's financial strength will be maintained over the next few years, even in a less-benign operating environment. Any ratings upgrade within the next year or two is unlikely, because of the region's deteriorating economic prospects. The rating may be lowered if any combination of the following factors were to occur: funding capacity issues, weak earnings, or significant asset quality deterioration. Materially adverse changes to its capital adequacy will also likely pressure the ratings.

Related Research

- "Summary: Banco Latinoamericano de Exportaciones S.A.," Dec. 15, 2008

Ratings List

Ratings Affirmed

Banco Latinoamericano de Exportaciones S.A.

Counterparty Credit Rating	BBB/Stable/A-2
Certificate Of Deposit	
Foreign Currency	BBB/A-2
Commercial Paper	A-2

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