

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 UNDER THE
SECURITIES EXCHANGE ACT OF 1934

For the month of August, 2022

Commission File Number 1-11414

BANCO LATINOAMERICANO DE COMERCIO EXTERIOR, S.A.
(Exact name of Registrant as specified in its Charter)

FOREIGN TRADE BANK OF LATIN AMERICA, INC.
(Translation of Registrant's name into English)

Business Park Torre V, Ave. La Rotonda, Costa del Este
P.O. Box 0819-08730
Panama City, Republic of Panama
(Address of Registrant's Principal Executive Offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes No

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes No

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: August 11, 2022

FOREIGN TRADE BANK OF LATIN AMERICA, INC.
(Registrant)

By: /s/ Ana Graciela de Méndez

Name: Ana Graciela de Méndez
Title: CFO

**Banco Latinoamericano
de Comercio Exterior, S.A.
and Subsidiaries**

Unaudited condensed consolidated interim financial statements as of June 30, 2022, and for
the three and six months ended June 30, 2022 and 2021

Banco Latinoamericano de Comercio Exterior, S.A. and Subsidiaries

Contents

Unaudited condensed consolidated interim statement of financial position
Unaudited condensed consolidated interim statement of profit or loss
Unaudited condensed consolidated interim statement of comprehensive income
Unaudited condensed consolidated interim statement of changes in equity
Unaudited condensed consolidated interim statement of cash flows
Notes to the unaudited condensed consolidated interim financial statements

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Unaudited condensed consolidated interim statements of financial position

June 30, 2022 and December 31, 2021

(In thousands of US dollars)

		June 30, 2022	December 31, 2021
	Notes	(Unaudited)	(Audit)
Assets			
Cash and due from banks	3,4,5	867,262	1,253,052
Securities, net	3,4,6	1,111,070	831,913
Loans, net	3,4,7	6,749,033	5,713,022
Customers' liabilities under acceptances	3,4	149,299	201,515
Derivative financial instruments - assets	3,4,10	20,002	10,805
Equipment and leasehold improvements, net		17,176	17,779
Intangibles, net		1,605	1,595
Other assets	11	9,058	8,430
Total assets		8,924,505	8,038,111
Liabilities and Equity			
Liabilities:			
Demand deposits		324,237	362,356
Time deposits		2,785,442	2,673,872
Interest payable	3,4,12	3,109,679	3,036,228
Total deposits		3,114,642	3,037,457
Securities sold under repurchase agreements	3,4,13	687,039	427,497
Borrowings and debt, net	3,4,14	3,861,960	3,321,911
Interest payable		17,319	11,322
Acceptances outstanding	3,4	149,299	201,515
Derivative financial instruments - liabilities	3,4,10	41,164	28,455
Allowance for loan commitments and financial guarantee contract losses	3,4	2,530	3,803
Other liabilities	15	32,015	14,361
Total liabilities		7,905,968	7,046,321
Equity:			
Common stock		279,980	279,980
Treasury stock		(113,988)	(115,799)
Additional paid-in capital in excess of value assigned to common stock		119,446	120,043
Capital reserves	21	95,210	95,210
Regulatory reserves	21	136,019	136,019
Retained earnings		503,876	487,885
Other comprehensive income (loss)		(2,006)	(11,548)
Total equity		1,018,537	991,790
Total liabilities and equity		8,924,505	8,038,111

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

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Unaudited condensed consolidated interim statement of profit or loss
For the three and six months ended June 30, 2022 and 2021

(In thousands of US dollars, except per share data and number of shares)

	Notes	Three months ended June 30,		Six months ended June 30,	
		2022	2021	2022	2021
Interest income:					
Deposits		1,756	257	2,259	617
Securities		6,338	1,925	10,631	3,562
Loans		55,959	31,982	96,167	62,903
Total interest income	18	64,053	34,164	109,057	67,082
Interest expense:					
Deposits		(8,774)	(3,469)	(12,314)	(6,941)
Borrowings and debt		(22,580)	(9,697)	(38,323)	(20,248)
Total interest expense	18	(31,354)	(13,166)	(50,637)	(27,189)
Net interest income		32,699	20,998	58,420	39,893
Other income (expense):					
Fees and commissions, net	17	4,269	4,271	8,218	7,311
Gain (loss) on financial instruments, net	9	(74)	234	492	163
Other income, net		24	87	40	184
Total other income, net	18	4,219	4,592	8,750	7,658
Total revenues		36,918	25,590	67,170	47,551
Provision for credit losses	3,18	(833)	(1,384)	(8,944)	(1,384)
Operating expenses:					
Salaries and other employee expenses		(8,246)	(5,363)	(15,691)	(10,811)
Depreciation of investment property, equipment and improvements		(515)	(691)	(1,048)	(1,510)
Amortization of intangible assets		(126)	(253)	(250)	(524)
Other expenses		(4,176)	(3,815)	(7,096)	(6,422)
Total operating expenses	18	(13,063)	(10,122)	(24,085)	(19,267)
Profit for the period		23,022	14,084	34,141	26,900
Per share data:					
Basic earnings per share (in US dollars)	16	0.63	0.36	0.94	0.68
Diluted earnings per share (in US dollars)	16	0.63	0.36	0.94	0.68
Weighted average basic shares (in thousands of shares)	16	36,313	39,659	36,281	39,676
Weighted average diluted shares (in thousands of shares)	16	36,313	39,659	36,281	39,676

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

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Unaudited condensed consolidated interim statement of comprehensive income

For the three and six months ended June 30, 2022 and 2021

(In thousands of US dollars)

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Profit for the period	23,022	14,084	34,141	26,900
Other comprehensive income (loss):				
Items that will not be reclassified subsequently to profit or loss:				
Change in fair value on equity instruments at FVOCI, net of hedging	—	111	—	—
Items that are or may be reclassified subsequently to profit or loss:				
Change in fair value on financial debt, net of hedging	(538)	(4,933)	9,447	(9,350)
Reclassification of gains (losses) on financial instruments to profit or loss	(217)	457	95	(36)
Exchange difference in conversion of foreign currency operation	—	—	—	448
Other comprehensive income (loss)	(755)	(4,365)	9,542	(8,938)
Total comprehensive income for the period	<u>22,267</u>	<u>9,719</u>	<u>43,683</u>	<u>17,962</u>

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

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Unaudited condensed consolidated interim statement of changes in equity
For the six months ended June 30, 2022 and 2021
(In thousands of US dollars)

	Common stock	Treasury stock	Additional paid-in capital in excess of value assigned to common stock	Capital reserves	Regulatory reserves	Retained earnings	Other comprehensive income	Total equity
Balances at January 1, 2021	279,980	(57,999)	120,414	95,210	136,019	464,088	208	1,037,920
Profit for the period	—	—	—	—	—	26,900	—	26,900
Other comprehensive income (loss)	—	—	—	—	—	—	(8,938)	(8,938)
Issuance of restricted stock	—	1,392	(1,392)	—	—	—	—	—
Compensation cost - stock options and stock units plans	—	—	890	—	—	—	—	890
Exercised options and stock units vested	—	546	(546)	—	—	—	—	—
Repurchase of "Class E" common stock	—	(6,203)	—	—	—	—	—	(6,203)
Dividends declared	—	—	—	—	—	(19,867)	—	(19,867)
Balances at June 30, 2021	<u>279,980</u>	<u>(62,264)</u>	<u>119,366</u>	<u>95,210</u>	<u>136,019</u>	<u>471,121</u>	<u>(8,730)</u>	<u>1,030,702</u>
Balances at January 1, 2022	279,980	(115,799)	120,043	95,210	136,019	487,885	(11,548)	991,790
Profit for the period	—	—	—	—	—	34,141	—	34,141
Other comprehensive income (loss)	—	—	—	—	—	—	9,542	9,542
Issuance of restricted stock	—	1,148	(1,148)	—	—	—	—	—
Compensation cost - stock options and stock units plans	—	—	1,214	—	—	—	—	1,214
Exercised options and stock units vested	—	663	(663)	—	—	—	—	—
Dividends declared	—	—	—	—	—	(18,150)	—	(18,150)
Balances at June 30, 2022	<u>279,980</u>	<u>(113,988)</u>	<u>119,446</u>	<u>95,210</u>	<u>136,019</u>	<u>503,876</u>	<u>(2,006)</u>	<u>1,018,537</u>

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

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Unaudited condensed consolidated interim statement of cash flows
For the six months ended June 30, 2022 and 2021
(In thousands of US dollars)

	Notes	2022	2021
Cash flows from operating activities			
Profit for the period		34,141	26,900
Adjustments to reconcile profit for the year to net cash used in operating activities:			
Depreciation of investment property, equipment and leasehold improvements		1,048	1,510
Amortization of intangible assets		250	524
Provision for credit losses	3	8,944	1,384
Unrealized loss (gain) on financial instruments at FVTPL	9	101	(113)
Net gain on sale of financial assets at FVOCI		—	(14)
Compensation cost - share-based payment		1,214	890
Net changes in hedging position and foreign currency		(6,299)	(2,446)
Loss on disposal of equipment and leasehold improvements		—	256
Interest income		(109,057)	(67,082)
Interest expense		50,637	27,189
Changes in operating assets and liabilities:			
Restricted deposits		(25,400)	(7,098)
Loans		(1,029,219)	(310,398)
Other assets		(614)	284
Due to depositors		73,451	207,289
Other liabilities		17,636	(4,662)
Cash flows used in operating activities		(983,167)	(125,587)
Interest received		103,561	78,347
Interest paid		(40,689)	(28,550)
Net cash used in operating activities		(920,295)	(75,790)
Cash flows from investing activities:			
Acquisition of equipment and leasehold improvements		(443)	(252)
Acquisition of intangible assets		(260)	(96)
Proceeds from the sale of securities at FVOCI		—	23,506
Proceeds from the redemption of securities at FVOCI		45,600	—
Proceeds from the redemption of securities at amortized cost		71,397	65,831
Purchases of securities at amortized cost		(406,161)	(221,986)
Net cash used in investing activities		(289,867)	(132,997)
Cash flows from financing activities:			
Increase in securities sold under repurchase agreements		259,541	101,825
Net increase in short-term borrowings and debt	14	228,057	169,127
Proceeds from long-term borrowings and debt	14	511,321	86,498
Payments of long-term borrowings and debt	14	(181,329)	(169,511)
Payments of lease liabilities	14	(494)	(599)
Dividends paid		(18,125)	(19,767)
Repurchase of common stock		—	(6,203)
Net cash provided by financing activities		798,971	161,370
Decrease net in cash and cash equivalents		(411,191)	(47,417)
Cash and cash equivalents at beginning of the period		1,211,001	846,008
Cash and cash equivalents at end of the period	5	799,810	798,591

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

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to the condensed consolidated interim financial statements

(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)

1. Corporate information

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 foreign 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 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 Superintendence 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 Law Decree No. 9 of February 26, 1998, modified by 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, liquidity 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 Bladex Representação Ltda.
- Bladex Representação Ltda, incorporated under the laws of Brazil on January 7, 2000, acts as the Bank’s representative office in Brazil. Bladex Representação Ltda. is 99.999% owned by Bladex Head Office and the remaining 0.001% is owned by Bladex Holdings Inc.
- Bladex Development Corp. was incorporated under the laws of the Republic of Panama on June 5, 2014. Bladex Development Corp. is 100% owned by Bladex Head Office.
- BLX Soluciones, S.A. de C.V., SOFOM, E.N.R. (“BLX Soluciones”) 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 financial 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 in the Region. The New York Agency also has authorization to book transactions through an International Banking Facility (“IBF”).

The Bank has representative offices in Buenos Aires, Argentina; in Mexico City, Mexico; and in Bogota, Colombia, and has a representative license in Lima, Peru.

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on July 26, 2022.

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to the condensed consolidated interim financial statements

(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)

2. Basis of preparation of the consolidated financial statements

These condensed consolidated interim financial statements of Banco Latinoamericano de Comercio Exterior, S. A. and its subsidiaries have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (IAS 34) issued by the International Accounting Standards Board ("IASB").

As all the disclosures required by IFRS for annual period consolidated financial statements are not included herein, these condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements and the notes thereto as of and for the year ended December 31, 2021, contained in the Bank's annual audited consolidated financial statements. The condensed consolidated interim statements of profit or loss, other comprehensive income, changes in equity and cash flows for the periods presented are not necessarily indicative of results expected for any future period.

3. Financial risk review

This note presents information about the Bank's exposure to financial risks and the Bank's management of capital.

A. Credit risk

i. Credit quality analysis

The following tables set out information about the credit quality of financial assets measured at amortized cost, and debt instruments at FVOCI. Unless specifically indicated, for financial assets the amounts in the table represent the outstanding balances. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

Loans at amortized cost, outstanding balance

June 30, 2022					
	PD Ranges	Stage 1	Stage 2	Stage 3	Total
Grades 1 - 4	0.03 - 0.74	3,348,119	—	—	3,348,119
Grades 5 - 6	0.75 - 3.80	3,111,633	54,327	—	3,165,960
Grades 7 - 8	3.81 - 34.51	170,370	73,572	10,593	254,535
		6,630,122	127,899	10,593	6,768,614
Loss allowance		(29,971)	(15,294)	(5,319)	(50,584)
Total		6,600,151	112,605	5,274	6,718,030

December 31, 2021					
	PD Ranges	Stage 1	Stage 2	Stage 3	Total
Grades 1 - 4	0.03 - 0.74	3,016,938	—	—	3,016,938
Grades 5 - 6	0.75 - 3.80	2,466,348	57,799	—	2,524,147
Grades 7 - 8	3.81 - 34.51	99,807	83,120	10,593	193,520
		5,583,093	140,919	10,593	5,734,605
Loss allowance		(20,115)	(16,175)	(5,186)	(41,476)
Total		5,562,978	124,744	5,407	5,693,129

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to the condensed consolidated interim financial statements

*(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)***3. Financial risk review (continued)****A. Credit risk (continued)**Loan commitments, financial guarantees issued and customers' liabilities under acceptances

June 30, 2022					
	12-month PD Ranges	Stage 1	Stage 2	Stage 3	Total
Commitments and contingencies					
Grades 1 - 4	0.03 - 0.74	331,461	—	—	331,461
Grades 5 - 6	0.75 - 3.80	143,216	29,700	—	172,916
Grades 7 - 8	3.81 - 34.51	160,960	—	—	160,960
		635,637	29,700	—	665,337
Customers' liabilities under acceptances					
Grades 1 - 4	0.03 - 0.74	117,561	—	—	117,561
Grades 5 - 6	0.75 - 3.80	12,475	—	—	12,475
Grades 7 - 8	3.81 - 34.51	19,263	—	—	19,263
		149,299	—	—	149,299
		784,936	29,700	—	814,636
Loss allowance		(2,273)	(255)	—	(2,528)
Total		782,663	29,445	—	812,108

December 31, 2021					
	12-month PD Ranges	Stage 1	Stage 2	Stage 3	Total
Commitments and contingencies					
Grades 1 - 4	0.03 - 0.74	257,831	—	—	257,831
Grades 5 - 6	0.75 - 3.80	172,993	21,400	—	194,393
Grades 7 - 8	3.81 - 34.51	151,535	—	—	151,535
		582,359	21,400	—	603,759
Customers' liabilities under acceptances					
Grades 1 - 4	0.03 - 0.74	54,185	—	—	54,185
Grades 5 - 6	0.75 - 3.80	6,903	—	—	6,903
Grades 7 - 8	3.81 - 34.51	140,427	—	—	140,427
		201,515	—	—	201,515
		783,874	21,400	—	805,274
Loss allowance		(3,472)	(331)	—	(3,803)
Total		780,402	21,069	—	801,471

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to the condensed consolidated interim financial statements

(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)

3. Financial risk review (continued)
A. Credit risk (continued)
Securities at amortized cost

June 30, 2022					
	12-month DP Ranges	Stage 1	Stage 2	Stage 3	Total
Grades 1 - 4	0.03 - 0.74	743,663	—	—	743,663
Grades 5 - 6	0.75 - 3.80	208,426	4,992	—	213,418
		952,089	4,992	—	957,081
Loss allowance		(2,541)	(366)	—	(2,907)
Total		949,548	4,626	—	954,174

December 31, 2021					
	12-month PD Ranges	Stage 1	Stage 2	Stage 3	Total
Grades 1 - 4	0.03 - 0.74	453,627	—	—	453,627
Grades 5 - 6	0.75 - 3.80	177,496	—	—	177,496
		631,123	—	—	631,123
Loss allowance		(1,790)	—	—	(1,790)
Total		629,333	—	—	629,333

Securities at fair value through other comprehensive income (FVOCI)

June 30, 2022					
	12-month PD Ranges	Stage 1	Stage 2	Stage 3	Total
Grades 1 - 4	0.03 - 0.74	145,072	—	—	145,072
		145,072	—	—	145,072
Loss allowance		(20)	—	—	(20)
Total		145,052	—	—	145,052

December 31, 2021					
	12-month PD Ranges	Stage 1	Stage 2	Stage 3	Total
Grades 1 - 4	0.03 - 0.74	193,488	—	—	193,488
		193,488	—	—	193,488
Loss allowance		(26)	—	—	(26)
Total		193,462	—	—	193,462

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to the condensed consolidated interim financial statements

*(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)***3. Financial risk review (continued)****A. Credit risk (continued)**

The following table presents an analysis of counterparty credit exposures arising from derivative transactions. The Bank's derivative fair values are generally secured by cash.

	June 30, 2022		
	Notional value USD	Derivative financial instruments - fair value asset	Derivative financial instruments - fair value liabilities
Interest rate swaps	125,131	531	(5)
Cross-currency swaps	1,085,206	19,471	(41,159)
Total	1,210,337	20,002	(41,164)

	December 31, 2021		
	Notional value USD	Derivative financial instruments - fair value asset	Derivative financial instruments - fair value liabilities
Interest rate swaps	60,000	1,282	(538)
Cross-currency swaps	883,931	9,523	(27,917)
Total	943,931	10,805	(28,455)

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to the condensed consolidated interim financial statements

*(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)***3. Financial risk review (continued)****A. Credit risk (continued)**

ii. Loss allowances

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument.

Loans at amortized cost

	Stage 1	Stage 2	Stage 3	Total
Allowance for expected credit losses as of December 31, 2021	20,115	16,175	5,186	41,476
Transfer to lifetime expected credit losses	(130)	130	—	—
Transfer to 12-month expected credit losses	498	(498)	—	—
Net effect of changes in allowance for expected credit losses	(1,612)	(398)	133	(1,877)
Financial instruments that have been derecognized during the period	(8,025)	(115)	—	(8,140)
New instruments originated or purchased	19,125	—	—	19,125
Allowance for expected credit losses as of June 30, 2022	29,971	15,294	5,319	50,584

	Stage 1	Stage 2	Stage 3	Total
Allowance for expected credit losses as of December 31, 2020	16,661	19,916	4,588	41,165
Transfer to lifetime expected credit losses	(158)	158	—	—
Transfer to 12-month expected credit losses	243	(243)	—	—
Net effect of changes in allowance for expected credit losses	(874)	(2,041)	438	(2,477)
Financial instruments that have been derecognized during the year	(13,100)	(1,615)	—	(14,715)
New instruments originated or purchased	17,343	—	—	17,343
Recoveries	—	—	160	160
Allowance for expected credit losses as of December 31, 2021	20,115	16,175	5,186	41,476

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to the condensed consolidated interim financial statements

*(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)***3. Financial risk review (continued)****A. Credit risk (continued)**Loan commitments, financial guarantee contracts and customers' liabilities under acceptances

The allowance for expected credit losses on loan commitments and financial guarantee contracts reflects the Bank's management estimate of expected credit losses of customers' liabilities under acceptances and contingent liabilities such as: confirmed letters of credit, stand-by letters of credit, guarantees, and credit commitments.

	Stage 1	Stage 2	Stage 3	Total
Allowance for expected credit losses as of December 31, 2021	3,472	331	—	3,803
Transfer to 12-month expected credit losses	133	(133)	—	—
Net effect of changes in reserve for expected credit losses	(386)	57	—	(329)
Financial instruments that have been derecognized during the period	(2,569)	—	—	(2,569)
New instruments originated or purchased	1,623	—	—	1,623
Allowance for expected credit losses as of June 30, 2022	2,273	255	—	2,528

	Stage 1	Stage 2	Stage 3	Total
Allowance for expected credit losses as of December 31, 2020	2,426	478	—	2,904
Transfer to lifetime expected credit losses	(53)	53	—	—
Transfer to 12-month expected credit losses	87	(87)	—	—
Net effect of changes in reserve for expected credit losses	(96)	42	—	(54)
Financial instruments that have been derecognized during the period	(1,793)	(155)	—	(1,948)
New instruments originated or purchased	2,901	—	—	2,901
Allowance for expected credit losses as of December 31, 2021	3,472	331	—	3,803

Securities at amortized cost

	Stage 1	Stage 2	Stage 3	Total
Allowance for expected credit losses as of December 31, 2021	1,790	—	—	1,790
Transfer to lifetime expected credit losses	(33)	33	—	—
Net effect of changes in allowance for expected credit losses	104	333	—	437
Financial instruments that have been derecognized during the period	(255)	—	—	(255)
New instruments originated or purchased	935	—	—	935
Allowance for expected credit losses as of June 30, 2022	2,541	366	—	2,907

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to the condensed consolidated interim financial statements

*(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)***3. Financial risk review (continued)****A. Credit risk (continued)**Securities at amortized cost (continued)

	Stage 1	Stage 2	Stage 3	Total
Allowance for expected credit losses as of December 31, 2020	462	33	—	495
Net effect of changes in allowance for expected credit losses	(20)	—	—	(20)
Financial instruments that have been derecognized during the period	(160)	(33)	—	(193)
New instruments originated or purchased	1,508	—	—	1,508
Allowance for expected credit losses as of December 31, 2021	1,790	—	—	1,790

Securities at fair value through other comprehensive income (FVOCI)

	Stage 1	Stage 2	Stage 3	Total
Allowance for expected credit losses as of December 31, 2021	26	—	—	26
Financial instruments that have been derecognized during the period	(6)	—	—	(6)
Allowance for expected credit losses as of June 30, 2022	20	—	—	20

	Stage 1	Stage 2	Stage 3	Total
Allowance for expected credit losses as of December 31, 2020	43	—	—	43
Financial instruments that have been derecognized during the period	(17)	—	—	(17)
Allowance for expected credit losses as of December 31, 2021	26	—	—	26

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to the condensed consolidated interim financial statements

*(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)***3. Financial risk review (continued)****A. Credit risk (continued)**

The following table provides a reconciliation between:

- Amounts shown in the previous tables reconciling opening and closing balances of loss allowance per class of financial instrument; and
- The (reversal) provision for credit losses' line item in the condensed consolidated interim statement of profit or loss and other comprehensive income.

June 30, 2022	Loans at amortized cost	Loan commitments and financial guarantee contracts	Securities		Total
			At amortized cost	FVOCI	
Net effect of changes in allowance for expected credit losses	(1,877)	(329)	437	—	(1,769)
Financial instruments that have been derecognized during the period	(8,140)	(2,569)	(255)	(6)	(10,970)
New financial assets originated or purchased	19,125	1,623	935	—	21,683
Total	9,108	(1,275)	1,117	(6)	8,944

June 30, 2021	Loans at amortized cost	Loan commitments and financial guarantee contracts	Securities		Total
			At amortized cost	FVOCI	
Net effect of changes in allowance for expected credit losses	(1,009)	18	19	—	(972)
Financial instruments that have been derecognized during the period	(8,497)	(1,196)	(180)	—	(9,873)
New financial assets originated or purchased	9,625	2,064	555	(15)	12,229
Total	119	886	394	(15)	1,384

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to the condensed consolidated interim financial statements

(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)

3. Financial risk review (continued)

A. Credit risk (continued)

iii. Credit-impaired financial assets

Credit-impaired loans and advances are graded 8 to 10 in the Bank's internal credit risk grading system.

The following table sets out a reconciliation of changes in the carrying amount of allowance for credit losses for credit-impaired loans.

	June 30, 2022	December 31, 2021
Credit-impaired loans and advances at beginning of period	5,186	4,588
Change in allowance for expected credit losses	—	191
Recoveries of amounts previously written off	—	160
Interest income	133	247
Credit-impaired loans and advances at end of period	5,319	5,186

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to the condensed consolidated interim financial statements

(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)

3. Financial risk review (continued)

A. Credit risk (continued)

iv. Concentrations of credit risk

The Bank monitors concentrations of credit risk by sector, industry and country. An analysis of concentrations of credit risk from loans, loan commitments, financial guarantees and investment securities is as follows.

Concentration by sector and industry

	Loans at amortized cost		Loan commitments and financial guarantee contracts		Securities			
					At amortized cost		FVOCI	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Carrying amount - principal	6,768,614	5,734,605	149,299	201,515	957,081	631,123	145,072	193,488
Amount committed/guaranteed	—	—	665,337	603,759	—	—	—	—
Concentration by sector								
Corporations:								
Private	2,458,131	1,934,056	439,364	336,181	549,731	362,085	39,151	59,096
State-owned	1,360,551	1,085,211	30,153	47,144	51,778	43,266	—	—
Financial institutions:								
Private	2,246,644	2,123,881	80,041	140,289	244,374	127,690	—	—
State-owned	553,182	567,847	265,078	281,660	51,512	46,496	105,921	134,392
Sovereign	150,106	23,610	—	—	59,686	51,586	—	—
Total	6,768,614	5,734,605	814,636	805,274	957,081	631,123	145,072	193,488
Concentration by industry								
Financial institutions	2,799,825	2,691,728	345,119	421,949	295,886	174,186	105,921	134,392
Manufacturing	1,412,514	1,122,325	305,396	193,169	337,096	180,088	24,934	44,586
Oil and petroleum derived products	1,504,898	1,091,264	33,181	62,208	78,259	74,954	14,217	14,510
Agricultural	244,055	267,382	—	—	—	—	—	—
Services	217,648	220,942	55,705	55,612	65,397	66,609	—	—
Mining	154,162	95,364	—	—	24,675	9,912	—	—
Sovereign	150,106	23,610	—	—	59,686	51,586	—	—
Other	285,406	221,990	75,235	72,336	96,082	73,788	—	—
Total	6,768,614	5,734,605	814,636	805,274	957,081	631,123	145,072	193,488

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to the condensed consolidated interim financial statements

(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)

3. Financial risk review (continued)

A. Credit risk (continued)

Risk rating and concentration by country

	Securities							
	Loans at amortized cost		Loan commitments and financial guarantee contracts		At amortized cost		FVOCI	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Carrying amount - principal	6,768,614	5,734,605	149,299	201,515	957,081	631,123	145,072	193,488
Amount committed/guaranteed	—	—	665,337	603,759	—	—	—	—
Rating								
1-4	3,348,119	3,016,938	449,022	312,016	743,663	453,627	145,072	193,488
5-6	3,165,960	2,524,147	185,391	201,296	213,418	177,496	—	—
7-8	254,535	193,520	180,223	291,962	—	—	—	—
Total	6,768,614	5,734,605	814,636	805,274	957,081	631,123	145,072	193,488
Concentration by country								
Argentina	70,582	74,252	—	—	—	—	—	—
Australia	—	—	—	—	9,764	9,900	—	—
Belgium	18,802	17,374	—	—	—	—	—	—
Bolivia	3,000	3,000	3,140	2,983	—	—	—	—
Brazil	1,196,241	1,101,999	—	—	94,228	99,082	—	—
Canada	—	—	—	—	13,644	13,786	—	—
Chile	636,839	625,119	39,560	41,932	113,104	105,730	—	—
Colombia	797,664	795,467	26,457	50,630	54,811	38,038	—	—
Costa Rica	236,047	180,480	57,801	89,442	9,936	1,984	—	—
Dominican Republic	326,360	275,423	20,596	16,499	4,888	4,947	—	—
Ecuador	111,713	37,446	210,015	281,075	—	—	—	—
El Salvador	120,048	73,500	100	6,867	—	—	—	—
France	141,179	179,491	87,825	62,172	—	—	—	—
Germany	—	—	7,000	7,000	—	—	—	—
Guatemala	560,454	431,543	71,031	58,145	—	3,051	—	—
Honduras	258,294	32,192	3,685	18,286	—	—	—	—
Hong Kong	5,200	17,600	—	—	—	—	—	—
Israel	—	—	—	—	4,924	4,968	—	—
Jamaica	5,945	5,215	—	—	—	—	—	—
Japan	16,049	—	—	—	—	—	—	—
Luxembourg	89,418	117,700	—	—	—	—	—	—
Mexico	760,516	726,922	54,000	4,000	100,081	55,620	—	—
Panama	289,924	203,115	65,961	66,973	24,110	22,807	—	—
Paraguay	111,493	98,112	8,230	9,430	—	—	—	—
Peru	472,953	343,485	124,106	65,091	70,567	64,134	—	—
Singapore	149,230	58,117	10,181	10,750	—	—	—	—
Switzerland	—	—	—	—	—	—	—	—
Trinidad and Tobago	135,867	140,537	—	—	—	—	—	—
United States of America	45,897	19,000	—	—	457,024	207,076	67,744	88,170
United Kingdom	45,943	42,700	19,990	—	—	—	—	—
Uruguay	162,956	134,816	4,958	13,999	—	—	—	—
Multilateral	—	—	—	—	—	—	77,328	105,318
Total	6,768,614	5,734,605	814,636	805,274	957,081	631,123	145,072	193,488

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to the condensed consolidated interim financial statements

*(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)***3. Financial risk review (continued)****A. Credit risk (continued)**

v. Offsetting financial assets and liabilities

The following tables include financial assets and liabilities that are offset in the condensed consolidated interim financial statement or subject to an enforceable master netting arrangement:

a) Derivative financial instruments – assets

June 30, 2022						
	Gross amounts of assets	Gross amounts offset in the consolidated statement of financial position	Net amount of assets presented in the consolidated statement of financial position	Gross amounts not offset in the consolidated statement of financial position		
				Financial instruments	Cash collateral received	Net amount
Derivative financial instruments used for hedging	20,002	—	20,002	—	(13,080)	6,922
Total	20,002	—	20,002	—	(13,080)	6,922

December 31, 2021						
	Gross amounts of assets	Gross amounts offset in the consolidated statement of financial position	Net amount of assets presented in the consolidated statement of financial position	Gross amounts not offset in the consolidated statement of financial position		
				Financial instruments	Cash collateral received	Net amount
Derivative financial instruments used for hedging	10,805	—	10,805	—	(5,030)	5,775
Total	10,805	—	10,805	—	(5,030)	5,775

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to the condensed consolidated interim financial statements

(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)

3. Financial risk review (continued)
A. Credit risk (continued)

 b) Securities sold under repurchase agreements and derivative financial instruments – liabilities
June 30, 2022

	Gross amounts of assets	Gross amounts offset in the consolidated statement of financial position	Net amount of assets presented in the consolidated statement of financial position	Gross amounts not offset in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral received	
Securities sold under repurchase agreements	(687,039)	—	(687,039)	791,956	22,470	127,387
Derivative financial instruments used for hedging	(41,164)	—	(41,164)	—	34,982	(6,182)
Total	(728,203)	—	(728,203)	791,956	57,452	121,205

December 31, 2021

	Gross amounts of assets	Gross amounts offset in the consolidated statement of financial position	Net amount of assets presented in the consolidated statement of financial position	Gross amounts not offset in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral received	
Securities sold under repurchase agreements	(427,497)	—	(427,497)	498,274	3,110	73,887
Derivative financial instruments used for hedging	(28,455)	—	(28,455)	—	28,942	487
Total	(455,952)	—	(455,952)	498,274	32,052	74,374

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to the condensed consolidated interim financial statements

*(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)***3. Financial risk review (continued)****B. Liquidity risk**

i. Exposure to liquidity risk

The following table details the Bank's liquidity ratios as of June 30, 2022 and December 31, 2021, respectively:

	June 30, 2022	December 31, 2021
At the end of the period	137.55 %	199.19 %
Period average	136.80 %	122.80 %
Maximum of the period	276.86 %	306.82 %
Minimum of the period	88.36 %	66.43 %

The following table includes the Bank's liquid assets by country risk:

<i>(in millions of USD dollars)</i>	June 30, 2022			December 31, 2021		
	Cash and due from banks	Securities FVOCI	Total	Cash and due from banks	Securities FVOCI	Total
United State of America	759	68	827	1,203	89	1,292
Latin America	16	—	16	8	—	8
Multilateral	25	77	102	—	105	105
Total	800	145	945	1,211	194	1,405

The following table includes the Bank's demand deposits from customers and its ratio to total deposits from customers:

	June 30, 2022	December 31, 2021
<i>(in millions of USD dollars)</i>		
Demand and "overnight" deposits	456	362
Demand and "overnight" deposits to total deposits	14.66 %	11.92 %

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to the condensed consolidated interim financial statements

(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)

3. Financial risk review (continued)

B. Liquidity risk (continued)

The liquidity requirements resulting from the Bank's demand deposits from customers is satisfied by the Bank's liquid assets as follows:

	June 30, 2022	December 31, 2021
<i>(in millions of USD dollars)</i>		
Total liquid assets	945	1,404
Total assets to total liabilities	30.38 %	46.26 %
Total liquid assets in the Federal Reserve of the United States of America	78.66 %	85.52 %

Even though the average term of the Bank's assets exceeds the average term of its liabilities, the associated liquidity risk is diminished by the short-term nature of a significant portion of the loan portfolio, since the Bank is primarily engaged in financing foreign trade.

The following table includes the carrying amount for the Bank's loans and securities short-term portfolio with maturity within one year based on their original contractual term together with its average remaining term:

	June 30, 2022	December 31, 2021
<i>(in millions of USD dollars)</i>		
Loan portfolio at amortized cost and investment portfolio less than/equal to 1 year according to its original terms	4,000	3,426
Average term (days)	177	191

The following table includes the carrying amount for the Bank's loans and securities medium term portfolio with maturity over one year based on their original contractual terms together with their average remaining term:

	June 30, 2022	December 31, 2021
<i>(in millions of USD dollars)</i>		
Loan portfolio at amortized cost and investment portfolio greater than/equal to 1 year according to its original terms	3,871	3,134
Average term (days)	1,373	1,365

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to the condensed consolidated interim financial statements

(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)

3. Financial risk review (continued)

B. Liquidity risk (continued)

ii. Maturity analysis for financial liabilities and financial assets

The following table details the future undiscounted cash flows of financial assets and liabilities grouped by their remaining maturity with respect to the contractual maturity:

	June 30, 2022							
	Up to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	More than 5 years	Gross inflows (outflows)	Carrying amount	
Assets								
Cash and due from banks	867,262	—	—	—	—	867,262	867,262	
Securities and other financial assets, net	78,895	65,743	225,386	797,339	10,567	1,177,930	1,111,070	
Loans, net	2,278,878	1,438,589	1,074,192	2,284,363	158,727	7,234,749	6,749,033	
Derivative financial instruments - assets	3,297	58	754	15,893	—	20,002	20,002	
Total	3,228,332	1,504,390	1,300,332	3,097,595	169,294	9,299,943	8,747,367	
Liabilities								
Deposits	(2,556,537)	(210,255)	(355,757)	(2,126)	—	(3,124,675)	(3,114,642)	
Securities sold under repurchase agreements	(361,803)	(49,504)	(117,931)	(168,710)	—	(697,948)	(687,039)	
Borrowings and debt, net	(750,691)	(959,996)	(639,455)	(1,716,467)	(25,692)	(4,092,301)	(3,879,279)	
Derivative financial instruments - liabilities	(3,884)	(1,183)	(4,034)	(29,326)	(2,737)	(41,164)	(41,164)	
Total	(3,672,915)	(1,220,938)	(1,117,177)	(1,916,629)	(28,429)	(7,956,088)	(7,722,124)	
Contingencies								
Confirmed letters of credit	206,593	78,729	715	—	—	286,037	286,037	
Stand-by letters of credit and guarantees	27,951	21,404	197,371	7,010	—	253,736	253,736	
Credit commitments	45,000	50,000	3,231	27,333	—	125,564	125,564	
Total	279,544	150,133	201,317	34,343	—	665,337	665,337	
Net position	(724,127)	133,319	(18,162)	1,146,623	140,865	678,518	359,906	

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to the condensed consolidated interim financial statements

(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)

3. Financial risk review (continued)

B. Liquidity risk (continued)

ii. Maturity analysis for financial liabilities and financial assets (continued)

	December 31, 2021					Gross inflows (outflows)	Carrying amount
	Up to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	More than 5 years		
Assets							
Cash and due from banks	1,253,052	—	—	—	—	1,253,052	1,253,052
Securities and other financial assets, net	36,984	44,743	179,219	599,397	—	860,343	831,913
Loans, net	1,936,018	1,040,765	1,349,286	1,568,311	151,529	6,045,909	5,713,022
Derivative financial instruments - assets	2,791	3,592	—	4,422	—	10,805	10,805
Total	3,228,845	1,089,100	1,528,505	2,172,130	151,529	8,170,109	7,808,792
Liabilities							
Deposits	(2,641,995)	(310,326)	(79,034)	(8,090)	—	(3,039,445)	(3,037,457)
Securities sold under repurchase agreements	(333,031)	(60,218)	—	(35,515)	—	(428,764)	(427,497)
Borrowings and debt, net	(583,283)	(726,715)	(802,911)	(1,348,323)	(16,536)	(3,477,768)	(3,333,233)
Derivative financial instruments - liabilities	—	(4,821)	(7,773)	(15,145)	(716)	(28,455)	(28,455)
Total	(3,558,309)	(1,102,080)	(889,718)	(1,407,073)	(17,252)	(6,974,432)	(6,826,642)
Contingencies							
Confirmed letters of credit	149,672	62,123	2,435	—	—	214,230	214,230
Stand-by letters of credit and guarantees	75,245	118,287	54,375	20,289	—	268,196	268,196
Credit commitments	35,000	—	45,000	41,333	—	121,333	121,333
Total	259,917	180,410	101,810	61,622	—	603,759	603,759
Net position	(589,381)	(193,390)	536,977	703,435	134,277	591,918	378,391

The amounts in the tables above have been compiled as follows:

Type of financial instrument

Financial assets and liabilities

Issued financial guarantee contracts,
and loan commitments

Derivative financial assets and
financial liabilities

Basis on which amounts are compiled

Undiscounted cash flows, which include estimated interest payments.

Earliest possible contractual maturity. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.

Contractual undiscounted cash flows. The amounts shown are the gross nominal inflows and outflows for derivatives that simultaneously settle gross or net amounts.

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to the condensed consolidated interim financial statements

*(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)***3. Financial risk review (continued)****B. Liquidity risk (continued)**

iii. Liquidity reserves

As part of the management of liquidity risk arising from financial liabilities, the Bank holds liquid assets comprising cash and cash equivalents.

The following table sets out the components of the Banks's liquidity reserves:

	June 30, 2022		December 31, 2021	
	Amount	Fair Value	Amount	Fair Value
Balances with Federal Reserve of the United States of America	743,205	743,205	1,201,101	1,201,101
Cash and balances with other bank ⁽¹⁾	56,605	56,605	9,900	9,900
Total Liquidity reserves	799,810	799,810	1,211,001	1,211,001

⁽¹⁾ Excludes pledged deposits.

iv. Financial assets available to support future funding

The following table sets out the Bank's financial assets available to support future funding:

	June 30, 2022		December 31, 2021	
	Guaranteed	Available as collateral	Guaranteed	Available as collateral
Cash and due from banks	67,452	799,810	42,051	1,211,001
Notional of investment securities	764,451	309,600	447,588	343,319
Loans at amortized cost	—	6,768,615	—	5,734,605
Total assets	831,903	7,878,025	489,639	7,288,925

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to the condensed consolidated interim financial statements

*(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)***3. Financial risk review (continued)****C. Market risk**

The Bank manages market risk by considering the consolidated financial situation of the Bank.

i. Interest rate risk

The following is a summary of the Bank's interest rate gap position for the financial assets and liabilities based on their next repricing date:

	June 30, 2022						
	Up to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	More than 5 years	Non interest rate risk	Total
Assets							
Cash and due from banks	849,881	—	—	—	—	17,381	867,262
Securities and other financial assets	70,282	30,591	231,385	761,925	7,970	—	1,102,153
Loans	4,063,880	1,729,056	615,519	327,125	38,319	—	6,773,899
Total assets	4,984,043	1,759,647	846,904	1,089,050	46,289	17,381	8,743,314
Liabilities							
Demand deposits and time deposits	(2,548,751)	(208,309)	(349,272)	(2,000)	—	(1,347)	(3,109,679)
Securities sold under repurchase agreements	(361,218)	(49,067)	(115,132)	(161,622)	—	—	(687,039)
Borrowings and debt	(1,683,394)	(827,881)	(450,628)	(857,725)	(42,332)	—	(3,861,960)
Total liabilities	(4,593,363)	(1,085,257)	(915,032)	(1,021,347)	(42,332)	(1,347)	(7,658,678)
Net effect of derivative financial instruments held for interest risk management	(587)	(1,125)	(3,279)	(14,326)	(1,845)	—	(21,162)
Total interest rate sensitivity	390,093	673,265	(71,407)	53,377	2,112	16,034	1,063,474

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to the condensed consolidated interim financial statements

(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)

3. Financial risk review (continued)

C. Market risk (continued)

i. Interest rate risk (continued)

	December 31, 2021						Total
	Up to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	More than 5 years	Non interest rate risk	
Assets							
Cash and due from banks	1,249,545	—	—	—	—	3,507	1,253,052
Securities and other financial assets	26,693	28,906	121,834	647,178	—	—	824,611
Loans	2,510,544	1,593,471	1,378,589	246,721	10,593	—	5,739,918
Total assets	3,786,782	1,622,377	1,500,423	893,899	10,593	3,507	7,817,581
Liabilities							
Demand deposits and time deposits	(2,634,776)	(309,601)	(78,439)	(8,000)	—	(5,412)	(3,036,228)
Securities sold under repurchase agreements	(332,417)	(60,052)	—	(35,028)	—	—	(427,497)
Borrowings and debt	(1,265,779)	(653,454)	(452,621)	(933,671)	(16,386)	—	(3,321,911)
Total liabilities	(4,232,972)	(1,023,107)	(531,060)	(976,699)	(16,386)	(5,412)	(6,785,636)
Net effect of derivative financial instruments held for interest risk management	2,791	(1,230)	(7,773)	(10,722)	(716)	—	(17,650)
Total interest rate sensitivity	(443,399)	598,040	961,590	(93,522)	(6,509)	(1,905)	1,014,295

Following is an analysis of the Bank's sensitivity to the most likely increase or decrease in market interest rates at the reporting date, assuming no asymmetrical movements in yield curves and a constant financial position:

	Change in interest rate	Effect on profit or loss	Effect on equity
June 30, 2022	+50 bps	3,069	925
	-50 bps	(3,804)	1,196
December 31, 2021	+50 bps	(45)	17,232
	-50 bps	(2,297)	10,772

Interest rate movements affect reported equity in the following ways:

- Retained earnings: increases or decreases in net interest income and in fair values of derivatives reported in profit or loss;
- Fair value reserve: increases or decreases in fair values of financial assets at FVOCI reported directly in equity; and
- Hedging reserve: increases or decreases in fair values of hedging instruments designated in qualifying cash flow hedge relationships.

This sensitivity provides an analyses of changes in interest rates, considering last period interest rate volatility.

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to the condensed consolidated interim financial statements

(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)

3. Financial risk review (continued)

C. Market risk (continued)

i. Interest rate risk (continued)

Managing interest rate benchmark reform and any risks arising due to reform

a) Non-derivative financial instruments and loan commitments

Quantitative Information

The Bank has USD LIBOR exposures on floating-rate loans, borrowings and loan commitments. Disaggregated information of such financial instruments that have yet to transition to an alternative benchmark rate as at the end of the reporting period June 30, 2022 is the following. The information presented is the remaining exposure as at each reporting period.

	June 30, 2022	December 31, 2022	June 30, 2023
<i>(Notional in US\$ thousands)</i>			
Non-derivative financial assets			
Loans	1,877,140	1,455,727	1,257,812
Non-derivative financial liabilities			
Borrowings	87,500	62,500	12,500
Loan commitments	27,333	27,333	27,333

b) Derivative financial instruments used for risk management and hedge accounting purposes

Quantitative Information

Disaggregated information by derivative financial instruments based on floating USD LIBOR rate, that have yet to transition to an alternative benchmark rate as at the end of the reporting period June 30, 2022 is the following. The information presented is the remaining notional amount as at each reporting period.

	June 30, 2022	December 31, 2022	June 30, 2023
<i>(Notional US\$ thousands)</i>			
Derivatives held for risk management			
Derivative financial instruments - assets	2,472	1,937	—
Derivative financial instruments - liabilities	291,480	88,768	68,768

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to the condensed consolidated interim financial statements

(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)

3. Financial risk review (continued)
C. Market risk (continued)

ii. Foreign exchange risk

The following table presents the maximum exposure amount in foreign currency of the Bank's carrying amount of total assets and liabilities, excluding derivative financial assets and liabilities, based on their fair value.

June 30, 2022							
	Brazilian Real	European Euro	Japanese Yen	Colombian Peso	Mexican Peso	Other Currencies (1)	Total
Exchange rate	5.25	1.05	135.74	4,149.38	20.10		
Assets							
Cash and due from banks	—	34	0	24	9,095	18	9,171
Loans	—	—	—	—	214,712	—	214,712
Total Assets	—	34	0	24	223,807	18	223,883
Liabilities							
Borrowings and debt	—	—	—	—	(223,681)	—	(223,681)
Total liabilities	—	—	—	—	(223,681)	—	(223,681)
Net currency position	—	34	0	24	126	18	202

December 31, 2021							
	Brazilian Real	European Euro	Japanese Yen	Colombian Peso	Mexican Peso	Other Currencies (1)	Total
Exchange rate	5.57	1.14	115.15	4,072.94	20.46		
Assets							
Cash and due from banks	—	7	1	21	1,531	34	1,594
Loans	—	—	—	—	222,747	—	222,747
Total Assets	—	7	1	21	224,278	34	224,341
Liabilities							
Borrowings and debt	—	—	—	—	(224,384)	—	(224,384)
Total liabilities	—	—	—	—	(224,384)	—	(224,384)
Net currency position	—	7	1	21	(106)	34	(43)

(1) It includes other currencies such as: Argentine pesos, Australian dollar, Swiss franc, Sterling pound, Peruvian soles, and Chinese renminbi.

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to the condensed consolidated interim financial statements

(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)

4.
4. **Fair value of financial instruments**

A. Recurring valuation

Financial instruments measured at fair value on a recurring basis by caption on the condensed consolidated interim statement of financial position using the fair value hierarchy are described below:

	June 30, 2022			
	Level 1	Level 2	Level 3	Total
Assets				
Securities and other financial assets:				
Securities at FVOCI - Corporate debt	—	145,072	—	145,072
Loans at FVTPL	—	—	5,285	5,285
Total securities and other financial assets	—	145,072	5,285	150,357
Derivative financial instruments - assets:				
Interest rate swaps	—	531	—	531
Cross-currency swaps	—	19,471	—	19,471
Total derivative financial instrument assets	—	20,002	—	20,002
Total assets at fair value	—	165,074	5,285	170,359
Liabilities				
Derivative financial instruments - liabilities:				
Interest rate swaps	—	5	—	5
Cross-currency swaps	—	41,159	—	41,159
Total derivative financial instruments - liabilities	—	41,164	—	41,164
Total liabilities at fair value	—	41,164	—	41,164

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to the condensed consolidated interim financial statements

*(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)***4. Fair value of financial instruments (continued)****A. Recurring valuation (continued)**

	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Assets				
Securities and other financial assets:				
Securities at FVOCI - Corporate debt	—	193,488	—	193,488
Loans at FVTPL	—	—	5,313	5,313
Total securities and other financial assets	—	193,488	5,313	198,801
Derivative financial instruments - assets:				
Interest rate swaps	—	1,282	—	1,282
Cross-currency swaps	—	9,523	—	9,523
Total derivative financial instrument assets	—	10,805	—	10,805
Total assets at fair value	—	204,293	5,313	209,606
Liabilities				
Derivative financial instruments - liabilities:				
Interest rate swaps	—	538	—	538
Cross-currency swaps	—	27,917	—	27,917
Total derivative financial instruments - liabilities	—	28,455	—	28,455
Total liabilities at fair value	—	28,455	—	28,455

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to the condensed consolidated interim financial statements

*(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)***4. Fair value of financial instruments (continued)****B. Non-recurring valuation**

The following table provides information on the carrying value and the estimated fair value of the Bank's financial instruments that are not measured on a recurring basis:

	June 30, 2022				
	Carrying value	Fair value	Level 1	Level 2	Level 3
Assets					
Cash and deposits on banks	867,262	867,262	—	867,262	—
Securities at amortized cost ⁽¹⁾	965,254	908,604	—	907,486	1,118
Loans at amortized cost, net ⁽²⁾	6,743,748	6,764,320	—	6,764,320	—
Customers' liabilities under acceptances	149,299	149,299	—	149,299	—
Liabilities					
Deposits	3,114,642	3,114,642	—	3,114,642	—
Securities sold under repurchase agreements	687,039	687,039	—	687,039	—
Borrowings and debt, net ⁽³⁾	3,844,721	3,795,209	—	3,795,209	—
Acceptances outstanding	149,299	149,299	—	149,299	—

	December 31, 2021				
	Carrying value	Fair value	Level 1	Level 2	Level 3
Assets					
Cash and deposits on banks	1,253,052	1,253,052	—	1,253,052	—
Securities at amortized cost ⁽¹⁾	637,422	632,848	—	628,284	4,564
Loans at amortized cost, net ⁽²⁾	5,707,709	5,806,915	—	5,806,915	—
Customers' liabilities under acceptances	201,515	201,515	—	201,515	—
Liabilities					
Deposits	3,037,457	3,037,457	—	3,037,457	—
Securities sold under repurchase agreements	427,497	427,497	—	427,497	—
Borrowings and debt, net ⁽³⁾	3,304,178	3,294,135	—	3,294,135	—
Acceptances outstanding	201,515	201,515	—	201,515	—

⁽¹⁾ The carrying value of securities at amortized cost is net of accrued interest receivable of \$11.1 million and the allowance for expected credit losses of \$2.9 million as of June 30, 2022 (accrued interest receivable of \$8.1 million and the allowance for expected credit losses of \$1.7 million as of December 31, 2021).

⁽²⁾ The carrying value of loans at amortized cost is net of accrued interest receivable of \$37 million, the allowance for expected credit losses of \$50.6 million and unearned interest and deferred fees of \$11.3 million for June 30, 2022 (accrued interest receivable of \$23.3 million, the allowance for expected credit losses of \$41.4 million and unearned interest and deferred fees of \$8.7 million for December 31, 2021).

⁽³⁾ Borrowings and debt exclude lease liabilities for an amount of \$17.2 million and \$17.7 million as of June 30, 2022 and December 31, 2021, respectively.

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to the condensed consolidated interim financial statements

(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)

4. Fair value of financial instruments (continued)

C. Level 3 - Fair value measurement

The following table presents the movement of a level 3 financial instruments measured at fair value:

	Loans at fair value through profit or loss
At December 31, 2020	4,949
Net changes in fair value ⁽¹⁾	364
At December 31, 2021	5,313
Net changes in fair value ⁽¹⁾	(28)
At June 30, 2022	5,285

⁽¹⁾ The fair value of the instrument includes interest receivable.

Loans at fair value through profit or loss - Level 3

For financial instruments measured at fair value in level 3 category, the Bank uses the following inputs for present value techniques.

Inputs used in the fair value measurement are detailed as follows:

Observable inputs	Unobservable inputs
– Forward interest rate referenced to 12M USD Libor	– Discount rate or discount margin of floating rate bond "USD US composite B+" with credit risk similar to the instrument analyzed adjusted by the country risk premium.

Fair value measurement sensitivity to unobservable inputs – discount rate	2022	2021
A significant increase in volatility would result in a lower fair value	7.26% to 12.15%	6.86% to 7.84%

Management used market data published in Bloomberg for the construction of the discount curve, which allows for a more accurate measurement of the instrument.

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to the condensed consolidated interim financial statements

(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)

4. Fair value of financial instruments (continued)

C. Level 3 - Fair value measurement (continued)

The effect on unobservable inputs

Although the Bank believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different fair value measurements. For fair value measurements in level 3, changing one or more of the assumptions used would have the following effects.

Loans at FVTPL	Effect on profit or loss
+ 100 bps to the observable and unobservable inputs	(82.4)
- 100 bps to the observable and unobservable inputs	83.7

5. Cash and due from banks

The following table presents the details of interest-bearing deposits in banks and pledged deposits:

	June 30, 2022	December 31, 2021
Unrestricted deposits with the Federal Reserve of the United States of America	743,205	1,201,101
Cash and non-interest-bearing deposits in other banks	17,381	3,507
Cash and interest-bearing deposits in other banks ⁽¹⁾	106,676	48,444
Total cash and due from banks	867,262	1,253,052
Less:		
Time deposits with original maturity over 90 days and other restricted deposits ⁽¹⁾	67,452	42,051
Total cash and due from banks in the consolidated statement of cash flows	799,810	1,211,001

⁽¹⁾ Includes restricted deposit of \$10.0 million for both periods with the New York State Banking Department under March 1994 legislation and margin call deposits collateralizing derivative financial instrument transactions.

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to the condensed consolidated interim financial statements

*(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)***5. Cash and due from banks (continued)**

The following table presents the pledged deposits classified by country risk:

	June 30, 2022	December 31, 2021
Switzerland	17,087	9,787
Spain	13,919	4,011
Japan	13,190	3,790
United States of America(1)	12,478	12,615
Germany	4,308	449
United Kingdom	3,610	309
Netherlands	1,600	3,870
Mexico	1,260	2,430
France	—	4,790
Total	67,452	42,051

(1) Includes restricted deposit of \$10.0 million for both periods with the New York State Banking Department under March 1994 legislation and margin call deposits collateralizing derivative financial instrument transactions.

6. Securities, net

Securities are presented as follows:

	At June 30, 2022	Amortized cost	At FVOCI	Total
Principal		957,081	145,072	1,102,153
Interest receivable		11,080	744	11,824
Allowance ⁽¹⁾		(2,907)	—	(2,907)
		965,254	145,816	1,111,070

(1) As of June 30, 2022, and December 31, 2021, the loss allowance for losses for securities at FVOCI for \$20 thousand and \$26 thousand, respectively are included in equity in the condensed consolidated interim statement of financial position in the line Other comprehensive income.

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to the condensed consolidated interim financial statements

*(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)***6. Securities, net (continued)**

At December 31, 2021	Amortized cost	At FVOCI	Total
Principal	631,123	193,488	824,611
Interest receivable	8,089	1,003	9,092
Allowance ⁽¹⁾	(1,790)	—	(1,790)
	<u>637,422</u>	<u>194,491</u>	<u>831,913</u>

(1) As of June 30, 2022, and December 31, 2021, the loss allowance for losses for securities at FVOCI for \$20 thousand and \$26 thousand, respectively are included in equity in the condensed consolidated interim statement of financial position in the line Other comprehensive income.

Securities by contractual maturity are shown in the following table:

At June 30, 2022	Amortized cost	At FVOCI	Total
Due within 1 year	187,186	145,072	332,258
After 1 year but within 5 years	761,925	—	761,925
After 5 years but within 10 years	7,970	—	7,970
Balance - principal	<u>957,081</u>	<u>145,072</u>	<u>1,102,153</u>

At December 31, 2021	Amortized cost	At FVOCI	Total
Due within 1 year	63,640	113,792	177,432
After 1 year but within 5 years	567,483	79,696	647,179
Balance - principal	<u>631,123</u>	<u>193,488</u>	<u>824,611</u>

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to the condensed consolidated interim financial statements

*(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)***6. Securities, net (continued)**

The following table includes the securities pledged to secure repurchase transactions (see note 13).

	June 30, 2022	December 31, 2021
Securities at amortized cost pledged to secure repurchase transactions	791,956	498,274
Securities sold under repurchase agreements	(687,039)	(427,497)

7. Loans

The following table presents the loan portfolio according to its classification and subsequent measurement:

	June 30, 2022	December 31, 2021
Loans, outstanding balance	6,768,614	5,734,605
Interest receivable	37,029	23,308
Loss allowances	(50,584)	(41,476)
Unearned interest and deferred fees	(11,311)	(8,728)
Loans at amortized cost	6,743,748	5,707,709
Loans at FVTPL	5,285	5,313
Loans, net	6,749,033	5,713,022

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to the condensed consolidated interim financial statements

*(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)***7. Loans (continued)**

The fixed and floating interest rate distribution of the loan portfolio is as follows:

	June 30, 2022	December 31, 2021
Fixed interest rate	4,157,007	3,327,310
Floating interest rates	2,616,892	2,412,608
Total	6,773,899	5,739,918

As of June 30, 2022, and December 31, 2021, 75% and 71% of the loan portfolio at fixed interest rates has remaining maturities of less than 180 days. Interest rates on loans ranges from 0.90% to 12.24% (December 31, 2021: 0.53% to 10.23%).

The following table details information relating to loans granted to class A and B shareholders:

	June 30, 2022	December 31, 2021
Class A and B shareholder loans	507,000	467,000
% Loans to class A and B shareholders over total loan portfolio	4 %	8 %
% Class A and B stockholders with loans over number of class A and B stockholders	11 %	10 %

Modified financial assets

As of June 30, 2022, the Bank does not have modified financial assets. The modified financial assets during the period 2021, where modification does not result in de-recognition, are presented below:

	December 31 2021
Gross carrying amount before modification	65,000
Allowance loss before modification ⁽¹⁾	(12,739)
Net amortized cost before modification	52,261
Gross carrying amount after modification	65,000
Allowance loss after modification ⁽²⁾	(12,699)
Net amortized cost after modification	52,301

⁽¹⁾ Expected credit loss for 12 months.⁽²⁾ Expected credit loss within the life of the financial asset.

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to the condensed consolidated interim financial statements

*(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)***8. Loan commitments and financial guarantee contracts**

The Bank's outstanding loan commitments and financial guarantee contracts are as follows:

	June 30, 2022	December 31, 2021
Documentary letters of credit	286,037	214,230
Stand-by letters of credit and guarantees - commercial risk	253,736	268,196
Credit commitments	125,564	121,333
Total	665,337	603,759

The remaining maturity profile of the Bank's outstanding loan commitments and financial guarantee contracts is as follows:

	June 30, 2022	December 31, 2021
Up to 1 year	636,929	542,137
From 1 to 2 years	24,408	57,622
Over 2 to 5 years	4,000	4,000
Total	665,337	603,759

9. Gain (loss) on financial instruments, net

The following table sets forth the details for the gain or loss on financial instruments recognized in the condensed consolidated interim statements of profit or loss:

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Gain (loss) on derivative financial instruments and foreign currency exchange, net	(192)	681	593	1,319
Unrealized gain (loss) on financial instruments at FVTPL	118	(393)	(101)	(337)
Unrealized loss on financial instruments at FVTPL	—	(68)	—	(833)
Realized gain on financial instruments at FVOCI	—	14	—	14
Total	(74)	234	492	163

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to the condensed consolidated interim financial statements

*(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)***10. Derivative financial instruments**

The following table details quantitative information on the notional amounts and carrying amounts of the derivative instruments used for hedging by type of risk hedged and type of hedge:

	June 30, 2022		
	Nominal amount	Carrying amount of hedging instruments	
		Asset ⁽¹⁾	Liability ⁽²⁾
Interest rate risk			
Fair value hedges	105,131	531	—
Cash flow hedges	20,000	—	(5)
Interest rate and foreign exchange risk			
Fair value hedges	358,599	1,994	(19,933)
Cash flow hedges	726,607	17,477	(21,226)
	1,210,337	20,002	(41,164)
	December 31, 2021		
	Nominal amount	Carrying amount of hedging instruments	
		Asset ⁽¹⁾	Liability ⁽²⁾
Interest rate risk			
Fair value hedges	40,000	1,282	—
Cash flow hedges	20,000	—	(538)
Interest rate and foreign exchange risk			
Fair value hedges	428,067	783	(20,908)
Cash flow hedges	455,864	8,740	(7,009)
	943,931	10,805	(28,455)

⁽¹⁾ Included in the condensed consolidated interim statement of financial position under the line Derivative financial instruments - assets.

⁽²⁾ Included in the condensed consolidated interim statement of financial position under the line Derivative financial instruments - liabilities.

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to the condensed consolidated interim financial statements

(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)

10. Derivative financial instruments (continued)
A. Fair value hedges

The following table details the notional amounts and carrying amounts of derivative instruments used in fair value hedges by type of risk and hedged item, along with the changes during the years used to determine and recognize the ineffectiveness of the hedge:

June 30, 2022					
	Nominal amount	Carrying amount of hedging instruments		Changes in fair value used to calculate hedge ineffectiveness ⁽³⁾	Ineffectiveness recognized in profit or loss ⁽³⁾
		Asset ⁽¹⁾	Liability ⁽²⁾		
Interest rate risk					
Loans	105,131	531	—	657	(55)
Interest rate and foreign exchange risk					
Loans	2,471	223	—	(110)	(69)
Borrowings and debt	356,128	1,771	(19,933)	(687)	526
Total	463,730	2,525	(19,933)	(140)	402
December 31, 2021					
	Nominal amount	Carrying amount of hedging instruments		Changes in fair value used to calculate hedge ineffectiveness ⁽³⁾	Ineffectiveness recognized in profit or loss ⁽³⁾
		Asset ⁽¹⁾	Liability ⁽²⁾		
Interest rate risk					
Borrowings and debt	40,000	1,282	—	(19)	22
Interest rate and foreign exchange risk					
Loans	3,006	333	—	(23)	(119)
Borrowings and debt	425,061	450	(20,908)	(18,614)	(1,283)
Total	468,067	2,065	(20,908)	(18,656)	(1,380)

⁽¹⁾ Included in the condensed consolidated interim statement of financial position under the line Derivative financial instruments - assets.

⁽²⁾ Included in the condensed consolidated interim statement of financial position under the line Derivative financial instruments - liabilities.

⁽³⁾ Included in the condensed consolidated interim statement of profit or loss under the line Loss on financial instruments, net.

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to the condensed consolidated interim financial statements

(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)

10. Derivative financial instruments (continued)
A. Fair value hedges (continued)

The following table details the notional amounts and carrying amounts of the fair value hedged items by type of risk and hedged item, along with the changes during the period used to determine and recognize the ineffectiveness of the hedge:

	June 30, 2022				
	Carrying amount of hedged items		Line in the consolidated statement of financial position that includes the carrying amount of the hedged items	Accumulated amount of fair value hedge adjustments included in the carrying amount of the hedged items	Change in fair value of the hedged items used to calculate hedge ineffectiveness ⁽¹⁾
	Asset	Liability			
Interest rate risk					
Loans	104,893	—	Loans, net	(686)	(712)
Interest rate and foreign exchange risk					
Loans	2,274	—	Loans, net	(710)	41
Borrowings and debt	—	(339,607)	Borrowings and debt, net	15,448	1,213
Total	107,167	(339,607)		14,052	542

	December 31, 2021				
	Carrying amount of hedged items		Line in the consolidated statement of financial position that includes the carrying amount of the hedged items	Accumulated amount of fair value hedge adjustments included in the carrying amount of the hedged items	Change in fair value of the hedged items used to calculate hedge ineffectiveness ⁽¹⁾
	Asset	Liability			
Interest rate risk					
Borrowings and debt	—	(41,315)	Borrowings and debt, net	—	41
Interest rate and foreign exchange risk					
Loans	2,717	—	Loans, net	(751)	(96)
Borrowings and debt	—	(406,724)	Borrowings and debt, net	18,919	17,331
Total	2,717	(448,039)		18,168	17,276

⁽¹⁾ Included in the condensed consolidated interim statement of profit or loss under the line Loss on financial instruments, net.

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to the condensed consolidated interim financial statements

*(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)***10. Derivative financial instruments (continued)****A. Fair value hedges (continued)**

The following table details the maturity of the notional amount for the derivative instruments used in fair value hedges:

	June 30, 2022		
	Interest rate swaps	Cross currency swaps	Total
Less than 1 year	105,131	205,185	310,316
Over 1 to 2 years	—	68,768	68,768
Over 2 to 5 years	—	84,646	84,646
Total	105,131	358,599	463,730

	December 31, 2021		
	Interest rate swaps	Cross currency swaps	Total
Less than 1 year	40,000	271,646	311,646
Over 1 to 2 years	—	3,006	3,006
Over 2 to 5 years	—	153,415	153,415
Total	40,000	428,067	468,067

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to the condensed consolidated interim financial statements

(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)

10. Derivative financial instruments (continued)
B. Cash flow hedges

The following table details the notional amounts and carrying amounts of derivative instruments used in cash flow hedges by type of risk and hedged item, along with the changes during the period used to determine and recognize the ineffectiveness of the hedge:

	June 30, 2022						
	Nominal amount	Carrying amount of hedging instruments		Change in fair value used for calculating hedge ineffectiveness	Changes in the fair value of the hedging instruments recognized in OCI ⁽³⁾	Ineffectiveness recognized in profit or loss ⁽⁴⁾	Amount reclassified from the hedge reserve to profit or loss ⁽⁴⁾
		Asset ⁽¹⁾	Liability ⁽²⁾				
Interest rate risk							
Borrowings and debt	20,000	—	(5)	493	494	1	4,914
Interest rate and foreign exchange risk							
Borrowings and debt	726,607	17,477	(21,226)	(147)	(1,244)	(1,097)	—
Total	746,607	17,477	(21,231)	346	(750)	(1,096)	4,914

	December 31, 2021						
	Nominal amount	Carrying amount of hedging instruments		Change in fair value used for calculating hedge ineffectiveness	Changes in the fair value of the hedging instruments recognized in OCI ⁽³⁾	Ineffectiveness recognized in profit or loss ⁽⁴⁾	Amount reclassified from the hedge reserve to profit or loss ⁽⁴⁾
		Asset ⁽¹⁾	Liability ⁽²⁾				
Interest rate risk							
Borrowings and debt	20,000	—	(538)	562	560	(2)	(423)
Interest rate and foreign exchange risk							
Borrowings and debt	455,864	8,740	(7,009)	(21,267)	(20,920)	347	—
Foreign exchange risk							
Loans	—	—	—	—	—	—	(3,589)
Total	475,864	8,740	(7,547)	(20,705)	(20,360)	345	(4,012)

⁽¹⁾ Included in the condensed consolidated interim statement of financial position under the line Derivative financial instruments - assets.

⁽²⁾ Included in the condensed consolidated interim statement of financial position under the line Derivative financial instruments - liabilities.

⁽³⁾ Included in equity in the condensed consolidated interim statement of financial position under the line Other comprehensive income.

⁽⁴⁾ Included in the condensed consolidated interim statement of profit or loss under the line Loss on financial instruments, net.

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to the condensed consolidated interim financial statements

(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)

10. Derivative financial instruments (continued)

B. Cash flow hedges (continued)

The following table details the nominal amounts and carrying amounts of the cash flow hedged items by type of risk and hedged item, along with the changes during the period used to determine and recognize the ineffectiveness of the hedge:

June 30, 2022					
	Carrying amount of hedged items		Line in the consolidated statement of financial position that includes the carrying amount of the hedged items	Change in the fair value of the hedged items used to calculate the hedge ineffectiveness	Cash flow hedge reserve
	Asset	Liability			
Interest rate risk					
Borrowings and debt	—	(20,079)	Borrowings and debt, net	(494)	(40)
Interest rate and foreign exchange risk					
Borrowings and debt	—	(726,166)	Borrowings and debt, net	1,244	262
Total	—	(746,245)		750	222

December 31, 2021					
	Carrying amount of hedged items		Line in the consolidated statement of financial position that includes the carrying amount of the hedged items	Change in the fair value of the hedged items used to calculate the hedge ineffectiveness	Cash flow hedge reserve
	Asset	Liability			
Interest rate risk					
Borrowings and debt	—	(20,041)	Borrowings and debt, net	(560)	—
Interest rate and foreign exchange risk					
Borrowings and debt	—	(470,181)	Borrowings and debt, net	20,920	10,756
Total	—	(490,222)		20,360	10,756

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to the condensed consolidated interim financial statements

*(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)***10. Derivative financial instruments (continued)****B. Cash flow hedge (continued)**

The following table details the maturity of the derivative instruments used in cash flow hedges:

	June 30, 2022		
	Interest rate swaps	Cross currency swaps	Total
Less than 1 year	20,000	262,602	282,602
Over 1 to 2 years	—	19,090	19,090
Over 2 to 5 years	—	415,611	415,611
More than 5 years	—	29,304	29,304
Total	20,000	726,607	746,607

	December 31, 2021		
	Interest rate swaps	Cross currency swaps	Total
Less than 1 year	—	108,779	108,779
Over 1 to 2 years	20,000	30,332	50,332
Over 2 to 5 years	—	299,684	299,684
More than 5 years	—	17,069	17,069
Total	20,000	455,864	475,864

11. Other assets

Following is a summary of other assets:

	June 30, 2022	December 31, 2021
Accounts receivable	905	1,389
Prepaid expenses	3,415	3,485
Prepaid fees and commissions	524	349
Interest receivable - deposits	83	12
IT projects under development	938	510
Improvement project under development	538	—
Severance fund	2,001	1,981
Other	654	704
Total	9,058	8,430

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to the condensed consolidated interim financial statements

(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)

12. Deposits

The maturity profile of the Bank's deposits, excluding interest payable, as follows:

	June 30, 2022	December 31, 2021
Demand	324,237	362,356
Up to 1 month	807,680	842,472
From 1 month to 3 months	1,087,200	926,902
From 3 month to 6 months	374,666	641,526
From 6 month to 1 year	483,904	233,081
From 1 year to 2 years	31,992	29,891
Total	3,109,679	3,036,228

The following table presents additional information regarding the Bank's deposits:

	June 30, 2022	December 31, 2021
Aggregate amount of \$100,000 or more	3,109,253	3,035,906
Aggregate amount of deposits in the New York Agency	619,298	515,852

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Interest expense on deposits made in the New York Agency	2,136	1,254	3,221	2,818

13. Securities sold under repurchase agreements

As of June 30, 2022, and December 31, 2021, the Bank had financing transactions under repurchase agreements for \$687 million and \$428 million, respectively.

During the periods ended June 30, 2022 and 2021, interest expense relating to financing transactions under repurchase agreements totaled \$2.7 million and \$0.3 million, respectively. These expenses are included as interest expense – borrowings and debt in the condensed consolidated interim statement of profit or loss.

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to the condensed consolidated interim financial statements

*(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)***14. Borrowings and debt**

Some borrowing agreements include various events of default and covenants relating to minimum capital adequacy ratios, incurrence of additional liens, and asset sales, as well as other customary covenants, representations and warranties. As of June 30, 2022, the Bank was in compliance with all those covenants.

Carrying amount of borrowings and debt is detailed as follows:

June 30, 2022							
	Short-Term			Long-term			Total
	Borrowings	Debt	Lease Liabilities	Borrowings	Debt	Lease Liabilities	
Principal	1,755,156	59,688	993	552,500	1,485,119	16,246	3,869,702
Transaction costs	(670)	(21)	—	(2,021)	(5,030)	—	(7,742)
	1,754,486	59,667	993	550,479	1,480,089	16,246	3,861,960

December 31, 2021							
	Short-Term			Long-term			Total
	Borrowings	Debt	Lease Liabilities	Borrowings	Debt	Lease Liabilities	
Principal	1,547,845	34,213	996	329,888	1,398,223	16,737	3,327,902
Transaction costs	—	—	—	(498)	(5,493)	—	(5,991)
	1,547,845	34,213	996	329,390	1,392,730	16,737	3,321,911

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to the condensed consolidated interim financial statements

*(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)***14. Borrowings and debt (continued)****Short-term borrowings and debt**

The breakdown of short-term (original maturity of less than one year, excluding lease liabilities) borrowings and debt, along with contractual interest rates, is as follows:

	June 30, 2022	December 31, 2021
Short-term borrowings:		
At fixed interest rates	1,539,682	1,102,621
At floating interest rates	215,474	445,224
Principal	1,755,156	1,547,845
Less: Transaction costs	(670)	—
Total short-term borrowings, net	1,754,486	1,547,845
Short-term debt:		
At floating interest rates	59,688	34,213
Principal	59,688	34,213
Less: Transaction costs	(21)	—
Total short-term debt, net	59,667	34,213
Total short-term borrowings and debt, net	1,814,153	1,582,058
Range of fixed interest rates on borrowings and debt in U.S. dollars	0.60% to 2.97%	0.50% to 2.02%
Range of floating interest rates on borrowings in U.S. dollars	—	0.35% to 0.81%
Range of floating interest rates on borrowings and debt in Mexican pesos	7.36% to 8.90%	5.39% to 6.56%

The outstanding balances of short-term borrowings and debt by currency, excluding lease liabilities, are as follows:

	June 30, 2022	December 31, 2021
US dollar	1,539,682	1,401,122
Mexican peso	275,162	180,936
Carrying amount - principal	1,814,844	1,582,058

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to the condensed consolidated interim financial statements

(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)

14. Borrowings and debt (continued)

Long-term borrowings and debt

The breakdown of long-term borrowings and debt (original maturity of more than one year, excluding lease liabilities), along with contractual interest rates, plus prepaid commissions are as follows:

	June 30, 2022	December 31, 2021
Long-term borrowings:		
At fixed interest rates with due dates from May 2023 to September 2023	75,000	115,043
At floating interest rates with due dates from August 2023 to March 2026	477,500	214,845
Principal	552,500	329,888
Less: Transaction costs	(2,021)	—
Total long-term borrowings, net	550,479	329,888
Long-term debt:		
At fixed interest rates with due dates from April 2024 to September 2025	867,545	927,550
At floating interest rates with due dates from January 2023 to June 2023	617,574	470,673
Principal	1,485,119	1,398,223
Less: Transaction costs	(5,030)	(5,991)
Total long-term debt, net	1,480,089	1,392,232
Total long-term borrowings and debt, net	2,030,568	1,722,120
Range of fixed interest rates on borrowings and debt in U.S. dollars	0.80% to 2.38%	0.80% to 2.38%
Range of floating interest rates on borrowings and debt in U.S. dollars	2.23% to 3.38%	0.97% to 1.80%
Range of fixed interest rates on borrowings in Mexican pesos	6.50% to 6.97%	6.50% to 9.09%
Range of floating interest rates on borrowings and debt in Mexican pesos	7.42% to 8.61%	5.43% to 6.87%
Range of fixed interest rates on debt in Japanese yens	0.40% to 1.27%	0.4% to 0.95%
Range of fixed interest rates on debt in Euros	0.23% to 3.75%	0.23% to 3.75%
Range of fixed interest rates on debt in Australian dollars	1.41 %	1.41 %
Range of fixed interest rates on debt in Sterling pounds	1.50 %	1.50 %
Range of fixed interest rates on debt in Swiss franc	0.35 %	0.35 %

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to the condensed consolidated interim financial statements

*(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)***14. Borrowings and debt (continued)****Long-term borrowings and debt (continued)**

The outstanding balances of long-term borrowings and debt by currency, excluding prepaid commissions, are as follows (excluding lease liabilities):

	June 30, 2022	December 31, 2021
US dollar	1,027,501	812,496
Mexican peso	801,520	643,490
Euro	109,910	121,443
Japanese yen	66,450	116,518
Australian dollar	17,260	18,174
Swiss franc	10,472	10,979
Sterling pound	4,506	5,011
Carrying amount - principal	2,037,619	1,728,111

Future payments of long-term borrowings and debt outstanding as of June 30, 2022, are as follows (excluding lease liabilities):

	Outstanding
2022	248,650
2023	309,220
2024	457,865
2025	921,574
2026	70,587
2027	14,989
2029	14,734
Carrying amount - principal	2,037,619

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to the condensed consolidated interim financial statements

*(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)***14. Borrowings and debt (continued)**

The following table presents the reconciliation of movements of borrowings and debt arising from financing activities, as presented in the condensed consolidated interim statement of cash flows:

	2022	2021
Principal as of January 1,	3,321,911	1,985,070
Net increase (decrease) in short-term borrowings and debt	228,057	169,127
Proceeds from long-term borrowings and debt	511,321	86,498
Payments of long-term borrowings and debt	(181,329)	(169,511)
Payment of lease liabilities	(494)	(599)
Change in foreign currency	(13,486)	(11,185)
Adjustment of fair value for hedge accounting relationship	(2,229)	(1,083)
Other adjustments	(1,791)	1,692
Principal as of June 30,	3,861,960	2,060,009

The reconciliation of equity account movements is presented in the condensed consolidated interim statement of changes in equity.

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to the condensed consolidated interim financial statements

*(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)***14. Borrowings and debt (continued)****Lease liabilities**

Maturity analysis of contractual undiscounted cash flows of the lease liabilities is detailed below:

	June 30, 2022	December 31, 2021
Due within 1 year	1,556	1,574
After 1 year but within 5 years	7,215	7,262
After 5 years but within 10 years	13,050	13,771
Total undiscounted lease liabilities	21,821	22,607
Short-term	993	996
Long-term	16,246	16,737
Total lease liabilities included in the condensed consolidated interim statement of financial position	17,239	17,733

Amounts recognized in the consolidated statement of cash flows:

	June 30, 2022	June 30, 2021
Payments of lease liabilities	494	599

Amounts recognized in profit or loss:

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Interest on lease liabilities	(146)	(205)	(294)	(413)
Income from sub-leasing right-of-use assets	—	66	—	133

15. Other liabilities

Following is a summary of other liabilities:

	June 30, 2022	December 31, 2021
Accruals and other accumulated expenses	11,496	9,266
Accounts payable	17,684	2,311
Others	2,835	2,784
Total	32,015	14,361

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to the condensed consolidated interim financial statements

*(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)***16. Earnings per share**

The following table presents a reconciliation of profit and share data used in the basic and diluted earnings per share (“EPS”) computations for the dates indicated:

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
<i>(Thousands of U.S. dollars)</i>				
Profit for the period	23,022	14,084	34,141	26,900
<i>(U.S. dollars)</i>				
Basic earnings per share	0.63	0.36	0.94	0.68
Diluted earnings per share	0.63	0.36	0.94	0.68
<i>(Thousands of shares)</i>				
Weighted average of common shares outstanding applicable to basic EPS	<u>36,313</u>	<u>39,659</u>	<u>36,281</u>	<u>39,676</u>
Weighted average of common shares outstanding applicable to diluted EPS	<u>36,313</u>	<u>39,659</u>	<u>36,281</u>	<u>39,676</u>

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to the condensed consolidated interim financial statements

*(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)***17. Fee and commission income**

Fee and commission income from contracts with customers broken down by main types of services according to the scope of IFRS 15, are detailed as follows:

	Three months ended June 30, 2022			Total
	Syndications	Documentary and standby letters of credit	Other commissions, net	
Opening and confirmation	—	2,799	129	2,928
Negotiation and acceptance	—	119	—	119
Amendment	253	533	—	786
Structuring	343	—	296	639
Other	—	40	(243)	(203)
	596	3,491	182	4,269

	Six months ended June 30, 2022			Total
	Syndications	Documentary and standby letters of credit	Other commissions, net	
Opening and confirmation	—	5,360	251	5,611
Negotiation and acceptance	—	212	—	212
Amendment	253	1,167	—	1,420
Structuring	773	—	559	1,332
Other	—	81	(438)	(357)
	1,026	6,820	372	8,218

	Three months ended June 30, 2021			Total
	Syndications	Documentary and standby letters of credit	Other commissions, net	
Opening and confirmation	—	3,013	646	3,659
Negotiation and acceptance	—	13	—	13
Amendment	—	372	(16)	356
Structuring	400	—	—	400
Other	—	3	(160)	(157)
	400	3,401	470	4,271

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to the condensed consolidated interim financial statements

*(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)***17. Fee and commission income (continued)**

	Six months ended June 30, 2021			
	Syndications	Documentary and standby letters of credit	Other commissions, net	Total
Opening and confirmation	—	5,257	1,200	6,457
Negotiation and acceptance	—	29	—	29
Amendment	—	626	(16)	610
Structuring	501	—	—	501
Other	—	30	(316)	(286)
	501	5,942	868	7,311

The following table provides information on the ordinary income that is expected to be recognized on the contracts in force:

	June 30, 2022
Up to 1 year	2,406
From 1 to 2 years	51
More than 2 years	294
Total	2,751

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to the condensed consolidated interim financial statements

(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)

18. Business segment information

The following table provides certain information regarding the Bank's operations by segment:

	Three months ended June 30, 2022			Six months ended June 30, 2022		
	Commercial	Treasury	Total	Commercial	Treasury	Total
Interest income	55,959	8,094	64,053	96,167	12,890	109,057
Interest expense	(117)	(31,237)	(31,354)	(235)	(50,402)	(50,637)
Inter-segment net interest income	(27,151)	27,151	—	(41,987)	41,987	—
Net interest income	28,691	4,008	32,699	53,945	4,475	58,420
Other income (expense), net	4,504	(285)	4,219	8,637	113	8,750
Total income	33,195	3,723	36,918	62,582	4,588	67,170
Provision for credit losses	(472)	(361)	(833)	(7,834)	(1,110)	(8,944)
Operating expenses	(10,283)	(2,780)	(13,063)	(19,083)	(5,002)	(24,085)
Segment profit (loss)	22,440	582	23,022	35,665	(1,524)	34,141
Segment assets				6,914,479	2,001,050	8,915,529
Segment liabilities				165,620	7,708,333	7,873,953

	Three months ended June 30, 2021			Six months ended June 30, 2021		
	Commercial	Treasury	Total	Commercial	Treasury	Total
Interest income	31,982	2,182	34,164	62,903	4,179	67,082
Interest expense	(164)	(13,002)	(13,166)	(330)	(26,859)	(27,189)
Inter-segment net interest income	(11,339)	11,339	—	(23,361)	23,361	—
Net interest income	20,479	519	20,998	39,212	681	39,893
Other income (expense), net	4,479	113	4,592	7,735	(77)	7,658
Total income	24,958	632	25,590	46,947	604	47,551
Provision for credit losses	(1,042)	(342)	(1,384)	(1,005)	(379)	(1,384)
Operating expenses	(7,880)	(2,242)	(10,122)	(15,028)	(4,239)	(19,267)
Segment profit (loss)	16,036	(1,952)	14,084	30,914	(4,014)	26,900
Segment assets				5,349,392	1,367,318	6,716,710
Segment liabilities				147,752	5,530,625	5,678,377

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to the condensed consolidated interim financial statements

*(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)***18. Business segment information (continued)**

The following table presents the reconciliation of information on reportable segments:

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Profit for the period	23,022	14,084	34,141	26,900
Assets				
Assets from reportable segments			8,915,529	6,716,710
Other assets - unallocated			8,976	6,522
Total assets			8,924,505	6,723,232
Liabilities				
Liabilities from reportable segments			7,873,953	5,678,377
Other liabilities - unallocated			32,015	14,153
Total liabilities			7,905,968	5,692,530

19. Related party transactions

The detail of the assets and liabilities with related private corporations and financial institutions is as follows:

	June 30, 2022	December 31, 2021
Assets		
Demand deposits	4,529	2,680
Loans, net	172,669	29,857
Securities	15,016	—
Total asset	192,214	32,537
Liabilities		
Time deposits	641,500	150,000
Total liabilities	641,500	150,000
Contingencies		
"Stand-by" letters of credit	8,150	9,130
Loss allowance	(34)	(37)

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to the condensed consolidated interim financial statements

*(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)***19. Related party transactions (continued)**

The detail of income and expenses with related parties is as follows:

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Interest income				
Loans	673	60	1,057	161
Securities	119	—	221	—
Total interest income	792	60	1,278	161
Interest expense				
Deposits	(2,327)	(637)	(3,280)	(1,260)
Net interest income (expenses)	(1,535)	(577)	(2,002)	(1,099)
Other income (expense)				
Fees and commissions, net	43	59	81	118
Loss on financial instruments, net	92	—	54	—
Total other income, net	135	59	135	118
Net income from related parties	(1,400)	(518)	(1,867)	(981)

The total compensation paid to directors and the executives as representatives of the Bank amounted to:

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Expenses				
Compensation costs to directors	499	466	722	706
Compensation costs to executives	786	687	2,488	2,289

Compensation costs of directors and executives include annual cash retainers and the cost of granted restricted stock and restricted stock units.

20. Litigation

The Bank is not engaged in any litigation that is significant to the Bank's business or, to the best of the knowledge of Bank's management, that is likely to have an adverse effect on its business, consolidated financial position or consolidated financial performance.

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to the condensed consolidated interim financial statements

(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)

21. Applicable laws and regulations

Liquidity index

Rule No. 2-2018 issued by the Superintendencia of Banks of Panama (SBP) establishes, as of June 30, 2022, and December 31, 2021 the minimum LCR to be reported to the SBP was 80%, for both periods. The Bank's LCR as of June 30, 2022 and December 31, 2021 was 137.55% and 199.19%, respectively.

Rule No. 4-2008 issued by the SBP, establishes that every general license or international license bank must always maintain, a minimum balance of liquid assets equivalent to 30% of the gross total of its deposits in the Republic of Panama or overseas up to 186 days, counted from the reporting date.

The liquidity index reported by the Bank to the regulator as of June 30, 2022 and December 31, 2021 was 80.57% and 80.80%, respectively.

Capital adequacy

The Banking Law in the Republic of Panama and Rules No. 01-2015 and 03-2016. The information corresponding to the total capital adequacy index is as follows:

	June 30, 2022	December 31, 2021
Capital funds	1,029,721	1,013,796
Risk-weighted assets	7,972,748	6,513,267
Capital adequacy index	12.92%	15.57%

Leverage ratio

The table below presents the Bank's leverage ratio in compliance with Article No.17 of Rule No. 1-2015:

	June 30, 2022	December 31, 2021
Ordinary capital	893,702	877,777
Non-risk-weighted assets	9,062,774	8,107,810
Leverage ratio	9.86%	10.83%

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to the condensed consolidated interim financial statements

(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)

21. Applicable laws and regulations (continued)
Specific provisions

Based on the classification of risks, collateral and in compliance with SBP Rule No. 4-2013, the Bank classified the loan portfolio as follows:

	June 30, 2022					
	Normal	Special mention	Substandard	Doubtful	Unrecoverable	Total
Loans at amortized cost						
Corporations	3,742,998	65,091	10,593	—	—	3,818,682
Financial institutions:						
Private	2,246,644	—	—	—	—	2,246,644
State-owned	553,182	—	—	—	—	553,182
	2,799,826	—	—	—	—	2,799,826
Sovereign	150,106	—	—	—	—	150,106
Total	6,692,930	65,091	10,593	—	—	6,768,614
Allowance for loan losses under IFRS (*):	32,808	12,457	5,319	—	—	50,584
Loans at FVTPL						
Financial institutions:						
Private	5,285	—	—	—	—	5,285
Total loans	6,698,215	65,091	10,593	—	—	6,773,899

	December 31, 2021					
	Normal	Special mention	Substandard	Doubtful	Unrecoverable	Total
Loans at amortized cost						
Corporations	2,943,125	68,668	10,593	—	—	3,022,386
Financial institutions:						
Private	2,120,762	—	—	—	—	2,120,762
State-owned	567,847	—	—	—	—	567,847
	2,688,609	—	—	—	—	2,688,609
Sovereign	23,610	—	—	—	—	23,610
Total	5,655,344	68,668	10,593	—	—	5,734,605
Allowance for loan losses IFRS (*):	22,713	13,577	5,186	—	—	41,476
Loans at FVTPL						
Financial institutions:						
Private	5,313	—	—	—	—	5,313
Total loans	5,660,657	68,668	10,593	—	—	5,739,918

As of June 30, 2022, and December 31, 2021, there are no restructured loans.

(*) As of June 30, 2022, and December 31, 2021, there is no excess in the specific provision calculated in accordance with Rule No. 8-2014 of the SBP, over the provision calculated in accordance with IFRS.

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to the condensed consolidated interim financial statements

*(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)***21. Applicable laws and regulations (continued)**Specific provisions (continued)

In accordance with Rule No. 4-2013, as amended by Rule No. 8-2014, non-accruing loans are presented by category as follows:

	June 30, 2022					Total
	Normal	Special mention	Substandard	Doubtful	Unrecoverable	
Loans at amortized cost						
Impaired loans	—	—	10,593	—	—	10,593
Total	—	—	10,593	—	—	10,593

	December 31, 2021					Total
	Normal	Special mention	Substandard	Doubtful	Unrecoverable	
Loans at amortized cost						
Impaired loans	—	—	10,593	—	—	10,593
Total	—	—	10,593	—	—	10,593

	June 30, 2022	December 31, 2021
Non-accruing loans:		
Private corporations	10,593	10,593
Total non-accruing loans	10,593	10,593
Interest that would be reversed if the loans had been classified as non-accruing loans	731	598
Income from collected interest on non-accruing loans	—	—

Modified special mention loans

As of June 30, 2022, and December 31, 2021, the Bank does not have modified loans; therefore, the requirements and disclosures established by Article No. 8 of Rule No. 6-2021 are not applicable.

Credit risk coverage - dynamic provision

As of June 30, 2022, and December 31, 2021, the total amount of the dynamic provision and the regulatory credit reserve calculated according to the guidelines of Rule No. 4-2013 of the SBP is \$136 million for both periods, appropriated from retained earnings for purposes of compliance with local regulatory requirements. This appropriation is restricted from dividend distribution in order to comply with local regulations.

The provision and reserve are detailed as follows:

	June 30, 2022	December 31, 2021
Dynamic provision	136,019	136,019

Capital reserve

In addition to capital reserves required by regulations, the Bank maintains a capital reserve of \$95.2 million, which was voluntarily established. Pursuant to Article No. 69 of the Banking Law, reduction of capital reserves requires prior approval of SBP.

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries

Notes to the condensed consolidated interim financial statements

(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)

22. Subsequent events

The Bank announced a quarterly cash dividend of \$0.25 US dollar cents per share corresponding to the second quarter of 2022. The cash dividend was approved by the Board of Directors on July 26, 2022 and it was payable on August 30, 2022 to the Bank's stockholders as of August 15, 2022 record date.