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

FORM 20-F

☐ REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF
THE SECURITIES EXCHANGE ACT OF 1934

OR

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2000

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ______ to _______

Commission File Number 1-11414

BANCO LATINOAMERICANO DE EXPORTACIONES, S.A.
(Exact name of Registrant as specified in its charter)

LATIN AMERICAN EXPORT BANK	**REPUBLIC OF PANAMA**
(Translation of Registrant's name into English)	*(Jurisdiction of incorporation or organization)*

Calle 50 y Aquilino de la Guardia
Apartado 6-1497
El Dorado, Panama City
Republic of Panama
507-210-8500
(Address and telephone number of Registrant's principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	**Name of each exchange on which registered**
Class E Common Stock	New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act.
None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.
None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

5,181,028	Shares of Class A Common Stock
4,518,410	Shares of Class B Common Stock
9,489,680	Shares of Class E Common Stock
19,189,118	Total Shares of Common Stock

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

☒ Yes ☐ No

Indicate by check mark which financial statement item the Registrant has elected to follow.

☐ Item 17 ☒ Item 18

BANCO LATINOAMERICANO DE EXPORTACIONES, S.A.

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In this Annual Report on Form 20-F (the "Annual Report"), all references to the "Bank" or "BLADEX" are to Banco Latinoamericano de Exportaciones, S.A., a specialized multinational bank incorporated under the laws of Panama on November 30, 1977, and its subsidiaries.

The Bank will provide without charge to each person to whom this report is delivered, on the written or oral request of any such person, a copy of any or all of the documents incorporated herein by reference (other than exhibits, unless such exhibits are specifically incorporated by reference in such documents). Written requests for such copies should be directed to the attention of Carlos Yap, Vice President - Finance and Performance Management, BLADEX, as follows: (i) if by regular mail, to Apartado 6-1497, El Dorado, Panama City, Republic of Panama, and (ii) if by courier service, to Calle 50 y Aquilino de la Guardia, Panama City, Republic of Panama. Telephone requests may be directed to Mr. Yap at 011-507-210-8581. Written requests may also be faxed to Mr. Yap at 011-507-269-6333 or sent via e-mail at cyap@blx.com. Information is also available on our Website at: www.blx.com

All references to "dollars" or "$" are to United States dollars. The Bank accepts deposits and raises funds principally in United States dollars, makes loans mostly in United States dollars and publishes its consolidated financial statements in United States dollars.

This Annual Report contains forward-looking statements of expected future developments. The Bank wishes to ensure that such statements are accompanied by meaningful cautionary statements pursuant to the safe harbor established in the Private Securities Litigation Reform Act of 1995. The forward looking statements in this Annual Report refer to the availability of future sources of funding for the Bank's lending operations, the level of loans in the Bank's current loan portfolio which may become non-accruing, the adequacy of the Bank's allowance for probable credit losses to cover future losses in the Bank's credit portfolio, and the adequacy of the Bank's sources of liquidity to cover large deposit withdrawals. These forward looking statements reflect the expectations of the Bank's management and are based on currently available data; however, actual experience with respect to these factors is subject to future events and uncertainties which could materially impact the Bank's expectations. Among the factors that can cause actual performance and results to differ materially are as follows: a decline in the willingness of international lenders and depositors to provide funding to the Bank, adverse economic or political developments in the Region which could increase the level of non-accruing loans in the Bank's loan portfolio, and, if sufficiently severe, result in the Bank's allowance for probable credit losses being insufficient to cover losses in the portfolio, and unanticipated developments with respect to international banking transactions or funding available to the Bank which result in adequate liquidity being unavailable to the Bank.

PART I

Item 1. Identity of Directors, Senior Management and Advisers

Not required in this Annual Report.

Item 2. Offer Statistics and Expected Timetable

Not required in this Annual Report.

Item 3. Key Information

Selected Financial Data

The following table presents consolidated selected financial data for the Bank. The financial data presented below are at December 31, 1996, 1997, 1998, 1999 and 2000 and the years then ended and are derived from the Bank's consolidated financial statements for the years indicated, which were audited by KPMG Peat Marwick. The Consolidated Financial Statements the "Consolidated Financial Statements" for the Bank for each of the years in the three-year period ended December 31, 2000 are included in this report together with the report thereon of KPMG Peat Marwick. The information below is qualified in its entirety by the detailed information and financial statements included elsewhere herein and should be read in conjunction with "Information on the Company," "Operating and Financial Review and Prospects" and the Consolidated Financial Statements and Notes thereto included in this Annual Report.

Consolidated Selected Financial Statement

	At and for the Year Ended December 31,				
	1996	1997	1998	1999	2000
	(in thousands, except per share amounts and ratios)				
Income Statement Data:					
Net interest income	$95,730	$93,914	$92,210	$112,698	$112,670
Provision for possible loan losses	21,201	15,600	11,200	14,700	8,000
Net interest income after provision for possible loan losses	74,529	78,314	81,010	97,998	104,670
Commission income	18,363	21,741	21,621	26,490	25,878
Commission expenses and other charges	3,041	2,014	1,583	1,010	1,136
Provision for losses on guarantees	—	5,008	15,534	—	—
Provision for losses on off-balance sheet credit risk	—	—	—	6,000	11,200
Other income and adjustments	3,998	1,129	336	193	89
Operating expenses	12,096	13,033	14,067	16,578	21,180
Net income before income tax	81,753	81,129	71,783	101,093	97,121
Provision for income tax	100	34	0	36	65
Net income	81,653	81,095	71,783	101,057	97,056
Net income available for common stockholders	80,250	79,697	70,386	99,687	95,770
Operating income (1)	96,535	100,479	98,181	122,425	114,108
Balance Sheet Data:					
Loans, net	4,865,767	5,122,477	4,984,397	4,457,266	4,806,392

Consolidated Selected Financial Statement

	At and for the Year Ended December 31,				
	1996	1997	1998	1999	2000
	(in thousands, except per share amounts and ratios)				
Investment securities	36,224	199,165	163,935	178,816	395,459
Total assets	5,307,373	5,746,073	5,587,726	5,172,132	5,660,682
Deposits	1,632,950	1,687,773	1,705,997	1,617,174	1,743,842
Short-term borrowings & placements	1,880,729	1,962,762	1,883,629	1,520,971	1,509,880
Medium & long-term borrowings & placements	1,207,323	1,423,033	1,269,598	1,212,566	1,582,479
Total liabilities	4,791,028	5,170,574	4,963,999	4,474,809	4,945,666
Redeemable Preferred Stock	17,245	17,245	17,221	16,894	15,810
Common stockholders' equity	499,100	558,254	606,506	680,429	699,205
Average number of shares outstanding	20,291	20,307	20,305	20,141	19,783
Per Common Share Data:					
Net income, after Preferred Stock dividend	3.95	3.92	3.47	4.95	4.84
Diluted earnings per share	3.90	3.92	3.46	4.92	4.80
Book value (period end)	24.51	27.42	29.93	34.08	36.37
Cash dividends per share (2)	0.84	0.96	0.96	0.96	2.50
Selected Financial Ratios:					
Performance Ratios:					
Return on average assets	1.78%	1.47%	1.33%	1.93%	1.92%
Return on average common stockholders' equity	17.63%	15.36%	12.21%	15.68%	13.98%
Net interest margin (3)	2.09%	1.70%	1.71%	2.15%	2.24%
Net interest spread (3)	1.38%	1.00%	0.90%	1.30%	1.14%
Total operating expenses to total average assets	0.26%	0.24%	0.26%	0.32%	0.42%
Cash dividend payout ratio	21.27%	24.49%	27.67%	19.39%	51.65%
Asset Quality Ratios:					
Non-accruing loans to total loan portfolio (4)	0.00%	0.00%	0.00%	0.50%	0.28%
Net charge-offs to total loan portfolio	0.00%	0.00%	0.36%	0.12%	0.29%
Allowance for loan losses to total loan portfolio, net of discount	2.03%	2.22%	2.08%	2.49%	2.08%
Allowance for loan losses to non-accruing loans	56,020%	n.a	n.a	495%	750%
Allowance for losses on off–balance sheet credit risks to total contingencies net of mark to market guarantees	n.a	n.a	n.a	0.50%	1.62%
Capital Ratios:					
Common stockholders' equity to total assets	9.40%	9.72%	10.85%	13.16%	12.35%
Common stockholders' equity and Preferred Stock to total assets	9.73%	10.02%	11.16%	13.48%	12.63%
Tier 1 capital to risk-weighted assets (5)	18.93%	17.19%	20.06%	24.53%	18.27%
Total capital to risk-weighted assets (5)	20.87%	18.98%	21.90%	26.40%	19.94%

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(1) Operating income is pre-tax net income, net of provisions, other income, adjustments on non-interest income and adjustments on interest income. In 1996, 1997, 1998, 1999 and 2000, the Bank made adjustments to net interest income of $2.4 million, $0.1 million, $0.0 million, $-0.8 million and $2.2 million, respectively.

(2) In 1996, 1997, 1998, and 1999 the Bank declared and paid an annual dividend of $0.84, $0.96, $0.96, and $0.96, respectively, per common share to holders of common stock. In 2000, the Bank declared and paid an annual dividend of $1.25 and a special dividend of $1.25, per common share to holders of common stock.

(3) For information regarding the calculation of net interest margin and net interest spread, see "Operating and Financial Review and Prospects – Operating Results – Net Interest Income."

(4) The Bank did not have any repossessed assets or troubled debt restructuring as defined in Statement of Financial Accounting Standards No. 15 at any of the dates indicated above.

(5) Calculated using the Federal Reserve Board's 1992 fully-phased-in risk-weighted capital guidelines. The Bank is not subject to the risk-based capital or leverage requirements of the Federal Reserve Board. In management's opinion, if such requirements did apply to the Bank, the capital ratios for the Bank would be as presented. (See "Operating and Financial Review and Prospects – Capital Resources.")

Common Stockholders equity

At December 31, 2000, the Bank's total common stockholders' equity was $699.2 million compared to $680.4 million at the end of 1999 and $606.5 million at the end of 1998, representing 12.4%, 13.2% and 10.9%, respectively, of total assets.

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

	At December 31,		
	1998	1999 (in thousands)	2000
Redeemable Preferred Stock	$ 17,221	$ 16,894	$ 15,810
Stockholders' Equity Common Stock	134,803	132,848	132,851
Paid in excess of par value of Common Stock	144,040	144,362	142,193
Capital Reserves	256,517	305,210	305,210
Retained Earnings	71,146	98,009	123,842
Total Common Stockholders' Equity	$606,506	$680,429	$699,205
Total Common Stockholders' Equity and Redeemable Preferred Stock	$623,727	$697,323	$715,015

The increases in total common stockholders' equity during the years 1998, 1999 and 2000 were due primarily to retained earnings. During 1998, 1999 and 2000, retained earnings amounting to $58.5 million, $48.7 million and $0.0 million, respectively, were transferred to capital reserves.

Capital reserves are established by the Bank from retained earnings and are a form of retained earnings according to Panamanian banking regulations. The objective of capital reserves is to strengthen the capital position of the Bank, as reductions of these reserves require the approval of the Board of Directors and Panamanian banking authorities.

In July 1998, the Board approved a program in which the Bank would offer to repurchase up to 200,000 of its Class B common shares (which were owned by Latin American financial institutions) at a price not to exceed 90% of the market value of the Bank's Class E common shares (as quoted on the New York Stock Exchange). The first and second offerings were completed for 100,000 shares each in December 1998 at a price of $14.50 per share and in March 1999 at a price of $16.00 per share.

The Board, at a meeting held on October 1, 1999, approved a program in which the Bank would offer to repurchase up to 400,000 of its Class B shares (which were owned by Latin American financial institutions), at a price not to exceed 90% of the market price of the Class E Shares (as quoted on the New York Stock Exchange) or the book value of all shares of BLADEX's common stock. The first offering was made for 200,000 shares on November 12, 1999 and it was completed at a price of $17.70 per Class B share. This program was cancelled by the Board of Directors on December 6, 2000. During the year 2000, the Bank repurchased 568,010 of its Class B common shares totaling $15,655,231.

On December 6, 2000, the Board approved a stock repurchase program, an increased dividend pay-out ratio and a plan to declare and pay dividends on a quarterly basis, rather than annually. Under the repurchase program, BLADEX may, from time to time, at the discretion of Management, purchase up to an aggregate of $75,000,000 Class E shares on the open market at the then prevailing market price. BLADEX, may also make one or more repurchases of up to an aggregate of $25,000,000 Class A common shares in privately negotiated transactions at the then prevailing market price. Repurchases of Class A shares may not exceed 25% of the number of shares owned by each Class A shareholder. As of December 31, 2000, 117,300 Class E shares totaling $3,700,521 and 48,297 Class A shares totaling $321,982 were repurchased under this program.

The Bank's policy with respect to its capital position is to maintain a minimum capital ratio of total common stockholders' equity to total assets of 7%. At December 31, 2000, the Bank's common stockholders equity to total asset ratio was 12%. In addition, the Bank has established an internal policy to maintain minimum Tier 1 and Total Capital to risk weighted asset ratios of 10% and 12.5%, respectively, as defined by the Federal Reserve Board and BIS capital adequacy requirements, although the Bank is not subject to these risk weighted capital or leverage requirements of the Federal Reserve Board. However, if the Federal Reserve Board's fully-phased-in risk-based capital guidelines were applicable to the Bank, management believes that the Bank would exceed all applicable capital adequacy requirements. At December 31, 2000, the Bank's Tier 1 Capital and Total Capital Ratios calculated according to these guidelines were 18.3% and 19.9%, respectively. The Banking Law (as defined below) in Panama, which became effective on June 12, 1998, requires the Bank to maintain minimum Tier 1 and total capital to risk weighted asset ratios of 8% (each, as defined in the Banking Law). See Information on the Company — Regulation — Panamanian Law".

Risk Factors

Regional Economic Conditions

All of the Bank's lending activities are conducted with borrowers in Latin America and the Caribbean (the "Region"). During the 1980s, many of the countries in the Region experienced severe economic difficulties, including periods of slow or negative growth, large government budget deficits, high inflation, currency devaluations and unavailability of foreign exchange, including dollars. As a result, many governments and public and private institutions in the Region were unable to make interest and principal payments on their external debt. Much of the external debt of the Region was restructured to provide for extensions of repayment schedules, grace periods during which payments of principal were suspended and, in certain cases, reduced rates of interest. Although short-term trade debt was generally exempt from such restructuring and the countries in the Region negotiated directly with the Bank concerning the Bank's loans, there can be no assurance that a significant deterioration of economic conditions in the Region would not result in increased loan losses or otherwise adversely affect the financial condition or results of operations of the Bank. In addition, there is no assurance that, if a future financial crisis were to occur, the governments in the Region would grant the Bank the same special recognition with respect to debt restructuring that they granted in the past. In recent years there have been significant improvements in the economies of a number of countries in the Region, although there can be no assurance that the countries in the Region will not experience widespread economic difficulties in the future.

The financial markets in the Region have been subject to increased volatility since December 1994 as a result of political and economic developments in Mexico, including the devaluation of the Mexican peso and the ensuing political and economic uncertainty in Mexico, which affected other countries in the Region. In early 1995, the banking system in Argentina experienced a sharp decrease in deposits, high interbank interest rates, an outflow of hard-currency reserves and several bank failures. Additionally, in Brazil, the banking system also experienced difficulties as a result of the economic crisis in Mexico. In 1997, the turmoil caused by the Asian collapse of currency and capital markets had a negative effect on the ability of issuers in the Region to raise debt and equity in international markets. In October 1998, as a result of the Russian financial crisis, the Central Bank of Brazil was forced to increase internal interest rates in order to stop the flight of capital. This increase coincided with the price of commodities (major export products in the Region) reaching a low point, which increased the current account deficit and increased pressure on currencies. Because of fear of inflation, Latin American countries also raised their interest rates, causing the recession to become more notable in 1999.

Following a difficult year, most of the Region performed well in 2000, especially during the first three quarters of the year. This growth can be explained by an unusually strong world economy, which translated into increased world demand for the region's export products. Most countries in Latin America experienced a significant improvement in their terms of trade as their key exports improved from record lows in 1998 and 1999.

On average, exports for the region increased by 23 per cent in value, while imports increased by 18 per cent, as output and domestic demand increased.

During this period, investors grew increasingly concerned about the ability of the Argentine authorities to stop the increase in the country's level of indebtedness. Investors retrenched, and the economy experienced its second year of recession in 2000. When financial markets virtually closed for Argentina in the fourth quarter of 2000, the Argentine government entered into a new agreement with the IMF, backed by $40 billion of emergency financing.

Although such developments have not had a material impact on the timely repayment of interest or principal on the Bank's loans to banks in the Region, there is no assurance that future developments in the political and economic situation of countries in the Region, over which the Bank has no control, will not have a material adverse effect on market conditions for the Bank's funding, securities or its business, financial condition, results of operations or prospects.

Concentration of Lending and Funding Activities

At December 31, 2000, approximately 87% in principal amount of the Bank's total credits were outstanding to borrowers in five countries: Brazil (36%), Mexico (21%), Argentina (23%), Peru (4%), and the Dominican Republic (3%). In addition, at December 31, 2000, 16% of the Bank's total loans were to seven borrowers in Brazil, and 15% of the Bank's total loans were to five borrowers in Mexico. A significant deterioration of economic conditions in any of the countries listed above or of the financial condition of any of these borrowers could adversely affect the financial condition and results of operations of the Bank.

One of the Bank's main sources of funding for its short-term loans is interbank deposits received principally from central banks in the Region. If any of these central banks were to withdraw a substantial portion of their deposits with the Bank, the Bank's liquidity could be adversely affected, although the Bank believes that it has adequate sources of liquidity to cover any such withdrawals. Because Panama does not issue its own paper currency, the Banco Nacional de Panama does not act as a central bank in the traditional sense and is not a lender of last resort to the banking system in Panama. Accordingly, if the Bank faced a liquidity crisis, it would have to rely on commercial sources of liquidity and would not have access to a central bank lender of last resort as would a bank located in the United States or in certain other countries.

Bank Regulation

Regulatory changes in Latin America that are beyond the Bank's control may have a material effect on the Bank's business and operations. The Superintendency of Banks of Panama (the "Superintendency of Banks") regulates, supervises and examines BLADEX, government authorities in the Cayman Islands regulate, supervise and examine BLADEX Cayman and the New York Agency is regulated, supervised and examined by the New York Banking Department and the U.S. Federal Reserve Board. The regulation of the Bank and BLADEX Cayman by relevant Panamanian and Cayman Island authorities differs from, and is less comprehensive than the regulation generally imposed on banks in the United States by federal and state regulatory authorities. (See "Information on the Company – Regulation").

Competition

The Bank faces strong competition in making loans, attracting deposits and in providing fee generating services. The Bank's competition in making loans comes principally from regional and international commercial banks. The Bank competes in its lending and deposit taking activities with other banks and international financial institutions, many of which have greater financial and other resources. (See "Information on the Company – Competition").

Market Risk

The Bank's risk management policies are designed to identify and control the Bank's credit and market risks by establishing and monitoring appropriate limits on the Bank's credit and market exposures. The Bank's primary market risks are comprised of liquidity risk and interest rate risk, and to a lesser extent, currency exchange risk and price risk. (See "Quantitative and Qualitative Disclosure About Market Risk" and "Information on the Company – Asset/Liability Management," "Information on the Company – Interest Rate Sensitivity," and "Operating and Financial Review and Prospects – Liquidity and Capital Resources").

Political Events in Panama

The government of Panama is a republican and presidential system with a legislative body and an independent judiciary. In May 1999, presidential elections took place in an orderly fashion. The new democratically elected government was installed in September 1999. The country has experienced a significant economic recovery since its return to democracy in 1990. According to official Panamanian government figures, Panama's Gross Domestic Product ("GDP") grew in 1997 by an estimated 4.5%, in 1998 by an estimated 4.1% and in 1999 by an estimated 3.2%; however, there can be no assurance that such economic growth will be sustained. Panama has used the U.S. Dollar as legal tender currency since its independence in 1903 and is, therefore, subject to fluctuations in the value of the U.S. Dollar. Should any significant political crisis occur in Panama in the future, the operations of the Company may be adversely affected.

Item 4. Information on the Company

History and development of the company

Banco Latinoamericano de Exportaciones, S.A. (BLADEX Panama and, together with its subsidiaries, "BLADEX" or the "Bank"), headquartered in Panama City, Panama, is a specialized multinational bank established to finance trade in the Region. The Bank was established pursuant to a May 1975 proposal of the XX 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. BLADEX Panama was incorporated under the laws of the Republic of Panama ("Panama") on November 30, 1977 and continues to exist thereunder. Panama was selected as the location of the Bank's headquarters because of the importance of the country as a banking center, the unrestricted circulation in Panama of the U.S. dollar, the absence of exchange controls, the geographic location of Panama and the quality of its communication facilities. Under special legislation enacted in 1978, the Bank was granted certain privileges by the government of Panama, including an exemption from the payment of income taxes in Panama. The Bank is considered a regional risk rather than a Panamanian risk by the Federal Reserve Board of the United States. Management believes that this classification is based upon the Bank's ownership structure and the absence of Panamanian concentration in the Bank's loan portfolio. The central banks of France, the United Kingdom and Spain do not consider the Bank a Panamanian country risk. BLADEX Panama began business operations on January 2, 1979. The Bank commenced operations with common stockholders' equity of $25 million paid by 186 stockholders. Since then, the Bank's common stockholders' equity has increased to $699 million at December 31, 2000.

BLADEX Panama's only three subsidiaries are Banco Latinoamericano de Exportaciones, Limited ("BLADEX Cayman"), BLADEX Representacao Ltda., and BLADEX Holding. BLADEX Cayman, which is a wholly-owned subsidiary, was incorporated under the laws of the Cayman Islands (B.W.I.) (the "Cayman Islands") on September 8, 1987 and continues to exist thereunder. BLADEX Representacao Ltda., which was incorporated under the laws of Brazil on January 7, 2000 and continues to exist thereunder, was established to act as the Bank's representative office in Brazil. BLADEX Representacao Ltda. is 99.999% owned by BLADEX Panama and 0.001% owned by BLADEX Cayman. BLADEX Holding, which is a wholly-owned subsidiary, was incorporated under the laws of the state of Delaware on May 30, 2000 and continues to exist thereunder. BLADEX Holding has a wholly-owned subsidiary, BLADEX Financial Services, LLC, incorporated under the laws of the state of New York on October 20, 2000 and continues to exist thereunder. BLADEX Financial Services, LLC has a wholly owned subsidiary, BLADEX Securities, LLC, incorporated under the laws of the state of New York on October 20, 2000 and continuing to exist thereunder. On May 23, 2001, BLADEX Securities, LLC, received a broker dealer license from the NASD.

The Bank established an agency in the State of New York (the "New York Agency") which began business operations on March 27, 1989. The New York Agency, which continues to exist in the State of New York, is principally engaged in obtaining inter-bank deposits and short-term borrowings to finance the Bank's short-term investments and foreign trade loans. The New York Agency is located at One World Trade Center, Suite No 3227, in New York City. The Bank also has a representative office in Buenos Aires, Argentina and on November 29, 2000 opened a representative office in Mexico City, Mexico.

Central banks from 23 countries of the Region or governmental financial institutions designated by such countries own all of the Bank's Class A shares, which currently make up 27% of the Bank's common stock. Currently, 178 commercial banks in the region own the Bank's Class B shares, which make up 24% of the Bank's common stock. The Bank's Class E shares, which make up 49% of its common stock, are listed on the New York Stock Exchange.

The Bank is principally engaged in providing short-term and medium-term financing to its stockholder banks and to other selected commercial banks in the Region which in turn lend to businesses engaged in foreign trade, and to state and private export institutions. As of December 31, 2000, the Bank provided financing to approximately 73 of its 201 stockholder banks and to 191 non-stockholder institutions. The Bank also lends directly to non-bank private entities, most of them engaged in foreign trade in the Region, through co-financing and loans syndications with other banks. The majority of the Bank's short-term financing is extended in connection with specific foreign trade transactions that have been identified to the Bank.

At the Bank's annual shareholders' meeting held on April 28, 2000 (the "Annual Meeting"), shareholders approved all amendments proposed by the Board of Directors to the Articles of Incorporation of the Bank (the "Amended and Restated Articles of Incorporation"). (The Amended and Restated Articles of Incorporation, translated from the Spanish language into English, were attached to the Bank's annual report on Form 20-F for the financial year ended December 31, 1999.) In adopting the Articles of Incorporation, the shareholders approved three significant changes thereto. The first significant change broadens the Bank's powers to meet the evolving requirements of the Latin American and international markets in which it operates. The shareholders restated and expanded the Bank's primary purpose from promoting foreign trade to promoting the economic development of Latin American countries, mainly through foreign trade. This allows the Bank to introduce new products and services while preserving and building upon its original mission to support the growth of trade finance in the Region. The intended result is that the Bank will be a more competitive company and be better able to develop its market position.

The second significant change approved by the shareholders at the Annual Meeting was a change in the composition of the Bank's Board of Directors (the "Board of Directors" and, each member of the Board of Directors, a "Director") to allow for representation by Directors of various classes of shares to be proportionate to the distribution of capital by class. Pursuant to the Amended and Restated Articles of Incorporation, the number of Directors comprising the Board of Directors will be reduced from 11 Directors prior to the approval of the Amended and Restated Articles of Incorporation, to nine Directors by the year 2001, with the purpose of having a more efficient Board of Directors. In addition, the Amended and Restated Articles of Incorporation mandate that one of the candidates nominated as a Director by the Board of Directors shall be the Chief Executive Officer of the Bank, thereby allowing greater participation of the Banks' management in the decision and policymaking process. See "Directors and Senior Management and Employees."

The third significant change was to consolidate the Bank's Class B and Class C shares of common stock into a single class represented by new Class B shares of common stock and to make such new Class B shares convertible at the option of the applicable shareholder, on a share-for-share basis, into the existing Class E shares of common stock (the "Class E Shares"), which trade on the New York Stock Exchange. The option to convert the new Class B shares will provide for greater liquidity for the holders of Class B shares, as well as for the holders of Class E Shares, by increasing the number of Class E Shares trading on the New York Stock Exchange. Class E Shares issued in exchange for Class B shares which have not been outstanding for at least two years, will not (unless they are registered by the Bank under the U.S. Securities Act of 1933, as amended) be freely tradable on the New York Stock Exchange until the end of a two-year period, which begins the moment the Class B shares for which the new Class E Shares are exchanged were originally issued.

The Bank's lending activities are funded by inter-bank deposits, primarily from central banks and financial institutions in the Region, by short-term and medium-term borrowings and by floating and fixed rate placements made with financial institutions and investors in Japan, Europe and North America. The Bank does not provide retail banking services to the general public such as retail savings accounts or checking accounts and does not take retail deposits.

Business overview

Credit Portfolio and Lending Policies

The Bank's Amended and Restated Articles of Incorporation state that the Bank may not lend to an institution in a country in the Region unless the central bank or a designated government entity of that country is a holder of Class A shares of common stock of the Bank. It generally has been an operating policy of the Bank to extend credit directly to banks and state-owned export organizations within the Region. The Bank also lends to non-bank private entities, mostly through co-financing and loan participations with other banks lending to such entities. At December 31, 2000, total loans outstanding to non-bank private entities constituted 19% of the Bank's total loans. All credit requests from eligible borrowers are analyzed in the light of commercial criteria, including economic and market conditions.

During 2000, the Bank's management group and the Directors put considerable effort into refining BLADEX's growth strategy with the help of independent consultants. One of the most important elements in the first stage of the process was a comprehensive survey designed to help the Bank understand better the needs of all of its stakeholders and ways to add more value. This process has strengthened the Bank's commitment to be more active in its communications, responsiveness and relationships with its shareholders of all classes.

One of the most important components of the Bank's strategy is to maximize its core business. This involves strengthening the operational and technological base of the Bank and a re-engineering of many of its work processes in order to become more efficient in an increasingly competitive marketplace. Initiatives are underway to improve the capabilities of the BLADEX loan desk, implement a portfolio management approach to optimize the return on its credit portfolio, originate and sell more assets with better management of the risks involved, and improve the quality of client service. To improve its capabilities and become more marketing oriented, the Bank expects to hire more specialized staff, an investment the Bank believes is essential for it to remain competitive in the market. Most of these investments are planned for 2001, increasing the Bank's operating cost base but, management believes, providing the foundation for revenue growth in future years.

A structured trade unit was created in New York that will give the Bank the capacity to structure and distribute corporate and bank assets by working together with client banks in the Region. On May 23, 2001, BLADEX Securities LLC received a broker dealer license from the NASD to buy and sale securities in the United States. Management believes that another important opportunity for the Bank is to expand its co-financing activities with banks in the Region.

The Bank has 57 officers responsible for marketing the Bank's financial products and services to existing and potential customers. This includes the personnel in its representative offices in Argentina, Brazil and Mexico, and the New York Agency.

The Bank finances export and import transactions for all types of goods and products, with the exception of the export or import of armaments, ammunition, military equipment, hallucinogenic drugs or narcotics that are not utilized for medical purposes, and any article the trading of which is widely prohibited due to its environmental hazards or due to trading limitations established by international agreements. Exports financed by the Bank are destined for buyers in countries both inside and outside the Region. In the same manner, imports financed by the Bank originate from sellers in countries both inside and outside the Region.

At regular intervals, or usually at least once a year, the Bank conducts a credit review of each of its borrowers and each country in the Region. The Bank's credit review includes an analysis of the borrower's financial condition, trends in the borrower's financial condition, peer group comparisons, a review of credit references and a review of general economic conditions in the borrower's home country, and may include discussions with bank regulatory authorities in the borrower's home country. On the basis of its credit review, the Bank establishes credit limits for each country in the Region and each of its borrowers. The Board of Directors reviews and approves the credit limits for each country in the Region at least once a year.In order to prevent excessive concentration, the outstanding credit portfolio in a given country is limited to not more than 40% of the total credit portfolio of the Bank or no more than four times the Bank's total capital (defined according to the Basle capital adequacy principles) or the authorized country limit.

The Bank generally establishes lines of credit with each of its borrowers; however, the Bank is not obligated to lend under such lines of credit and must approve each lending transaction on a case-by-case basis. The Bank does not, as a general rule, publish or communicate its lending limits for countries to which it lends or its borrowers, but uses such limits internally as a credit risk management tool. Once a line of credit has been established, credit is generally extended after receipt of a request from the borrower for financing that is usually related to foreign trade. The pricing for such loans is determined in accordance with prevailing market conditions and the credit-worthiness of the borrower. As of the date of this Annual Report, the Bank's management has authority to approve, to any one borrower, credit lines of up to the legal lending limit $218 million subject to:

a) The previous approval of the Country Credit Limit of the borrower's country of residence, by the Board of Directors

b) The concurrence of the managers of Risk Administration and Credit and Marketing ; and

c) The terms and conditions of the credit.

Credit lines of more than $120 million to any one borrower are approved by the Credit Policy and Risk Assessment Committee of the Board of Directors upon the recommendation of management, whenever the country credit limit of the obligor's country of residence has not been approved by the Board of Directors. At December 31, 2000, approximately 46 of the Bank's existing 246 lines of credit have required approval of the Board of Directors, representing approximately 34% of the available amount under the Bank's available lines of credit.

All country limits, along with targeted customers, business plans and risk profiles as to tenor and type of risk to be undertaken in a particular country are approved by the Board of Directors, and all individual credits are approved by the Bank's management with its own credit committee. The Board of Directors currently reviews and will continue to monitor the credit portfolio of the Bank, including all individually classified credits, at least every quarter.

The Bank's general lending guidelines limit the amount of total credit that may be extended to any borrower to an amount ranging from 15% to 50% of that borrower's equity, depending on the type of borrower and its credit-worthiness, and the term and nature of the transaction; up to 30% of the Bank's total capital and reserves, depending on the type of borrower and its credit-worthiness and up to 5% of the Bank's total outstanding credit portfolio. The Board of Directors has made exceptions to the foregoing policies with respect to some of the Bank's borrowers and, subject to the limits imposed by applicable law, may make further exceptions in the future. The Panamanian Banking Law also contains certain concentration limits. See "Information on the Company — Regulation — Panamanian Law."

The Bank's loans are generally unsecured. However, in certain instances, based upon its credit review of the borrower and the economic and political situation and trends in the borrower's home country, the Bank has determined that the level of risk involved requires that its loan to such borrower be secured by pledged deposits. The Bank has also in some instances either obtained an assignment of the trade related transaction documents and proceeds of the export transaction, such that the importer is obligated to make payments for the exported goods directly to the Bank, or obtained other appropriate collateral.

The Bank is also engaged in lending transactions not related to trade finance in order to service demand and to complement its overall credit relationship with high quality borrowers. The Bank has developed credit information on its borrowers over an extended period of time. Many of the Bank's borrowers have been customers and stockholders for periods of over ten years. At December 31, 2000, total non-trade-related loans amounted to $1,136 million or 23% of the Bank's total loans.

The following table sets forth information regarding the credit portfolio of the Bank by country at December 31 of each year set forth below.

*Credit Portfolio by Country**

	At December 31,									
	1996	**%**	**1997**	**%**	**1998**	**%**	**1999**	**%**	**2000**	**%**
	(in millions, except percentages)									
Argentina	$961	15.8	$1,122	15.9	$1,209	17.7	$1,198	19.6	$1,471	22.7
Barbados	10	0.2	6	0.1	0	0.0	0	0.0	0	0.0
Bolivia	48	0.8	69	1.0	50	0.7	66	1.1	21	0.3
Brazil	2,119	34.9	2,410	34.2	2,346	34.4	2,159	35.3	2,351	36.2
Chile	96	1.6	157	2.2	69	1.0	81	1.3	88	1.4
Colombia	287	4.7	367	5.2	242	3.6	257	4.2	177	2.7
Costa Rica	20	0.3	23	0.3	11	0.2	27	0.4	29	0.4
Dominican Republic	117	1.9	122	1.7	117	1.7	112	1.8	178	2.7
Ecuador	65	1.1	90	1.3	69	1.0	94	1.5	113	1.7
El Salvador	42	0.7	55	0.8	27	0.4	38	0.6	41	0.6
Guatemala	16	0.3	25	0.4	23	0.3	19	0.3	42	0.7
Honduras	3	0.0	3	0.0	7	0.1	10	0.2	6	0.1
Jamaica	27	0.5	25	0.4	13	0.2	18	0.3	18	0.3
Mexico	1,446	23.8	1,785	25.4	1,784	26.2	1,494	24.5	1,380	21.3
Nicaragua	20	0.3	32	0.5	23	0.3	46	0.8	38	0.6
Panama	44	0.7	51	0.7	84	1.2	141	2.3	150	2.3
Paraguay	51	0.8	30	0.4	16	0.2	1	0.0	2	0.0
Peru	424	7.0	482	6.9	537	7.9	268	4.4	258	4.0
Trinidad & Tobago	0	0.0	26	0.4	30	0.4	26	0.4	55	0.9
Uruguay	113	1.9	41	0.6	73	1.1	23	0.4	7	0.1
Venezuela	22	0.4	32	0.4	52	0.8	28	0.5	44	0.7
Other	142	2.3	85	1.2	42	0.6	2	0.0	19	0.3
Total	$6,073	100.0	$7,038	100.0	$6,824	100.0	6,108	100.0	6,488	100.0

* Includes loans, selected investment securities held to maturity, letters of credit, customers' liabilities under acceptances and guarantees.

Loan Portfolio

At December 31, 2000, the Bank's total loans net of unearned discount equaled $4,917 million or 87% of total assets. At December 31, 2000, net of allowance for loan losses and unearned discount, the Bank's loans equaled $4,806 million, 65% of which matured within one year.The Bank services all the loans in its loan portfolio and in the case of syndicated loans, through the agent banks.

Short Term Loans

The majority of the Bank's short-term financing is extended in connection with specific foreign trade transactions that have been identified to the Bank. Short-termloans, defined as loans with a maturity of less than one year, had an average term remaining to maturity of approximately 132 daysAt December 31, 2000, short-term loans amounted to $2,805 million, or 57% of the Bank's total loans

Medium Term Loans

The Bank is engaged in medium-term lending, with maturities generally ranging from one to five years mostly to banks and to a lesser extent to state-owned and private export related corporations in the Region. At December 31, 2000, the Bank's medium-term loans had an average term remaining to maturity of approximately two years and one month It is the Bank's current policy to fund such medium-term lending primarily with medium-term liabilities and to limit such lending to between 2% (if the term to maturity is greater than five years) and 40% (if the term left to maturity is between twelve and eighteen months) of its total credit portfolio, with additional percentage limitations (based on maturities) within that range. At December 31, 2000, medium-term loans with a term remaining to maturity of more than 365 days amounted to $1,791 million, or 36% of the Bank's total loans.

Loans by Country

The following table sets forth the distribution of the Bank's loans (including short-term loans and medium-term loans) by country at December 31 of each year set forth below:

	At December 31,									
	1996	%	1997	%	1998	%	1999	%	2000	%
	(in millions, except percentages)									
Argentina	$761	15.2	$968	18.3	$957	18.7	$980	21.3	$1,128	22.9
Barbados	10	0.2	6	0.1	0	0.0	0	0.0	0	0.0
Bolivia	44	0.9	59	1.1	47	0.9	62	1.3	20	0.4
Brazil	1,721	34.4	1,927	36.5	1,742	34.0	1,654	36.0	1,858	37.7
Chile	95	1.9	97	1.8	64	1.3	76	1.7	83	1.7
Colombia	263	5.3	265	5.0	161	3.2	207	4.5	119	2.4
Costa Rica	7	0.1	18	0.3	10	0.2	23	0.5	24	0.5
Dominican Republic	87	1.7	88	1.7	88	1.7	57	1.2	103	2.1
Ecuador	55	1.1	62	1.2	52	1.0	50	1.1	63	1.3
El Salvador	26	0.5	39	0.7	13	0.3	24	0.5	25	0.5
Guatemala	15	0.3	18	0.3	23	0.5	19	0.4	30	0.6
Honduras	0	0.0	0	0.0	1	0.0	0	0.0	0	0.0
Jamaica	25	0.5	17	0.3	10	0.2	9	0.2	6	0.1
Mexico	1,306	26.1	1,169	22.1	1,242	24.3	1,008	21.9	1,030	20.9
Nicaragua	8	0.2	26	0.5	17	0.3	33	0.7	25	0.5
Panama	27	0.5	31	0.6	66	1.3	120	2.6	118	2.4
Paraguay	51	1.0	30	0.6	16	0.3	1	0.0	1	0.0
Peru	345	6.9	368	7.0	427	8.3	199	4.3	192	3.9
Trinidad & Tobago	0	0.0	26	0.5	33	0.6	26	0.6	55	1.1
Uruguay	114	2.3	40	0.8	73	1.4	23	0.5	7	0.2
Venezuela	5	0.1	20	0.4	52	1.0	25	0.5	40	0.8
Other	40	0.8	11	0.2	26	0.5	0	0.0	0	0.0
Total	$5,005	100.0	$5,285	100.0	$5,120	100.0	$4,594	100.0	$4,927	100.0

The above table does not include the Bank's outstanding selected investment securities held to maturity (which were bought as part of its credit portfolio activity), letter of credit confirmations, customer liabilities under bankers' acceptances and guarantees, each issued to, or issued by, borrowers in the Region, which totaled $1,560 million at December 31, 2000, and were distributed as of December 31, 2000 as follows Argentina: $343 million; Bolivia: $1 million; Brazil: $493 million; Chile: $5 million; Colombia: $59 million; Costa Rica: $5 million; Dominican Republic: $75 million; Ecuador: $49 million; El Salvador: $16 million; Guatemala: $13 Honduras: $6 million; Jamaica: $11 million; Mexico: $350 million; Nicaragua: $13 million; Panama: $32 million; Peru: $66 million; Venezuela: $4 million; and Other: $19 million.

At December 31, 2000, the outstanding balance of medium-term loans was $2,122 million, which was distributed as follows: Argentina: $516 million; Bolivia: $4 million; Brazil: $819 million; Chile: $33 million; Colombia: $66 million; Dominican Republic: $2 million; Ecuador: $3 million; Guatemala: $6 million; Mexico: $544 million; Panama: $35 million; Peru: $61 million; and Venezuela: $33 million.

At December 31, 2000, approximately 88% of the aggregate outstanding principal amount of the Bank's loans was made to borrowers in five countries: Brazil (approximately 38%), Mexico (approximately 21%), Argentina (approximately 23%), Peru (approximately 4%), and Colombia (approximately 2%). In addition, at December 31, 2000, 16% of the Bank's total loanswere to seven borrowers in Brazil and 15% of the Bank's total loans were to five borrowers in Mexico.

Loans by Type of Borrower

The following table sets forth the amounts of the Bank's loans by type of borrower in the Region at December 31 of each year set forth below:

	At December 31,				
	1996	1997	1998	1999	2000
			(in millions)		
Private sector commercial banks	$3,078	$3,360	$2,967	$2,604	$2,503
State-owned commercial banks	586	470	806	833	850
Central banks	343	344	445	328	249
State-owned exporting organizations	513	417	360	379	378
Private corporations	485	694	542	450	947
Total	$5,005	$5,285	$5,120	$4,594	$4,927

Investments

The Bank's investments primarily consist of securities held to maturity and securities available for sale The Bank's treasury investment policy contemplates the purchase of investment grade securities (carrying two of the following ratings: A-1 or P-1 or F-1 from Standard & Poor's, Moody's Investors or Fitch IBCA), having maturities of up to three years. The Bank has classified under investments certain securities which do not adhere to the Bank's treasury investment policy, such as bonds and floating rate notes that were bought as part of its credit portfolio lending policy and which are subject to the same credit approval criteria as the rest of the credit portfolio. At December 31, 2000, these securities represented 99% of total investments. The Bank has classified as "securities available for sale" certain debt instruments such as negotiable commercial paper, certificates of deposit, bonds and floating rate notes. The Bank buys these securities with the intention of selling them in the future.

The following table sets forth information regarding the book value of the Bank's investment portfolio at December 31 of each year set forth below:

	At December 31,		
	1998	1999	2000
		(in thousands)	
Securities Held to Maturity			
Investment Fund	$25,000	$0	$0
Bankers' Acceptances	3,750	0	0
Commercial Paper	0	14,816	46,672
Bonds	69,055	102,672	234,271
Floating Rate Notes	66,130	57,328	37,074
Certificate of Deposits	0	4,000	36,215
Treasury Bills	0	0	19,514
Euro Medium Term Notes	0	0	11,713
Total Securities Held to Maturity	$163,935	$178,816	$385,459
Securities Available for Sale			
Bonds	0	0	$10,000
Total Securities Available for Sale	$0	$0	$10,000
Total Investment Securities	$163,935	$178,816	$395,459

At December 31, 1998, the Bank's New York Agency had pledged bankers' acceptances for $3.75 million with the State of New York Banking Department, as required by law. These instruments matured during 1999 and the Bank replaced them with certificates of deposit, which at December 31, 1999 and 2000 had an outstanding balance of $4.0 million and $3.5 million, respectively. At December 31, 2000, the Bank's investment portfolio had a weighted average maturity of approximately one year and two months and a weighted average interest rate of 8.48% per annum.

Total Outstandings by Country

The following table sets forth the aggregate amount of the Bank's cross-border outstandings, including cash and due from banks, interest-bearing deposits in other banks, investment securities and loans collectively "Cross-Border Outstandings") at December 31 of each year set forth below:

	At December 31,					
	1998		1999		2000	
	Amount	% of Total Outstandings	Amount	% of Total Outstandings	Amount	% of Total Outstandings
			(in millions, except percentages)			
Argentina	$ 957	17.0	$1,012	19.6	$1,225	21.7
Belgium	25	0.4	40	0.8	20	0.4
Bolivia	47	0.8	62	1.2	20	0.4
Brazil	1,742	31.0	1,654	32.1	1,981	35.1
Canada	20	0.4	27	0.5	0	0.0
Chile	69	1.2	81	1.6	88	1.6
Colombia	161	2.9	207	4.0	142	2.5

	At December 31,					
	1998		1999		2000	
	Amount	% of Total Outstandings	Amount	% of Total Outstandings	Amount	% of Total Outstandings
	(in millions, except percentages)					
Costa Rica	10	0.2	23	0.4	24	0.4
Denmark	15	0.3	75	1.5	10	0.2
Dominican Republic	88	1.6	57	1.1	103	1.8
Ecuador	52	0.9	54	1.0	67	1.2
El Salvador	13	0.2	24	0.5	40	0.7
France	20	0.4	55	1.1	36	0.6
Germany	50	0.9	0	0.0	80	1.4
Guatemala	23	0.4	19	0.4	38	0.7
Italy	40	0.7	20	0.4	10	0.2
Japan	10	0.2	0	0.0	20	0.4
Mexico	1,371	24.4	1,123	21.8	1,142	20.3
Nicaragua	17	0.3	33	0.6	25	0.4
Panama	68	1.2	120	2.3	123	2.2
Paraguay	16	0.3	1	0.0	2	0.0
Peru	427	7.6	199	3.9	192	3.4
Portugal	0	0.0	15	0.3	25	0.4
Spain	30	0.5	40	0.8	10	0.2
Sweden	25	0.4	20	0.4	28	0.5
Switzerland	25	0.4	0	0.0	0	0.0
The Netherlands	20	0.4	8	0.2	0	0.0
Trinidad y Tobago.	33	0.6	26	0.5	55	1.0
United Kingdom	10	0.2	40	0.8	20	0.4
United States	90	1.6	61	1.2	34	0.6
Uruguay	73	1.3	23	0.5	7	0.1
Venezuela	52	0.9	27	0.5	43	0.8
Other (1)	21	0.4	9	0.3	26	0.4
Total	$5,620	100.0	$5,161	100.0	$5,636	100.0

(1) Other consists of Cross-Border Outstandings to countries in which Cross-Border Outstandings did not exceed $10 million for any of the periods indicated above.

The following table sets forth the amounts of the Bank's Cross-Border Outstandings by type of institution at December 31 for each of the years set forth below:

	At December 31,		
	1998	1999	2000
		(in millions)	
Private sector commercial banks	$3,303	$2,984	$2,914
State-owned commercial banks	864	901	910
Central banks	525	427	354
State-owned exporting organizations	386	393	395
Private corporations	542	455	1,063
Total	$5,620	$5,161	$5,636

Letters of Credit, Guarantees and Customer Liabilities under Acceptances

Letters of credit, guarantees and customer liabilities under acceptances are considered part of the credit portfolio because the Bank applies the same credit standards used in its lending process in its evaluation of these instruments. At December 31, 2000, total letters of credit, guarantees and customer liabilities under acceptances amounted to $1,165 million, which represented 18% of the Bank's total credit portfolio.

The Bank advises and confirms letters of credit to facilitate internal and external regional trade transactions. The Bank also issues stand-by letters of credit and guarantees to provide coverage for country risk arising from the risk of convertibility and transferability of local currency of countries in the Region into hard currency. However, in a few cases, the Bank also issues stand-by letters of credit and guarantees to provide coverage for country risk arising from political risks, such as appropriation, nationalization, war and/or civil disturbances. At December 31, 2000, the total stand-by letters of credit and guarantees representing country risk coverage amounted to $263 million.

Asset Quality

Since the commencement of the Bank's operations in 1979 through December 31, 2000, the Bank has had charge-offs totaling $67 million. Non-accruing loans plus impaired bonds constituted 0.00%, 0.45% and 0.28% of the total credit portfolio of the Bank at December 31, 1998, 1999 and 2000, respectively.

The Bank attributes its asset quality to the trade related nature of its loan portfolio (loans plus selected investments); the composition of its client base, which consists primarily of commercial banks, central banks, state-owned institutions and top tier private corporations; the importance that governments and borrowers in the Region attach to maintaining their continuing access to trade financing; and the Bank's strict adherence to commercial criteria in its credit activities. The Bank has developed an in-depth knowledge and relationship with its client base throughout its 22 years of operations in the Region, which allows it to continue to further enhance its risk management process.

Management of the Bank reviews a report of all loan delinquencies on a daily basis. The Bank's collection policies include rapid internal notification of any delinquency and prompt initiation of collection efforts, usually with the involvement of senior management.

Non-accruing Loans

The Bank places an asset on non-accrual status when any payment of principal or interest is over 90 days past due (or earlier, as determined by management's judgment). In all cases, if a borrower has more than one loan outstanding under its line of credit with the Bank and any of its individual loans is placed on non-accrual status, the Bank places all outstanding loans to that borrower on non-accrual status. In the same manner, if a single note of a loan is placed on non-accrual status, the remaining notes under that loan are placed on non-accrual status as well.

The following table sets forth information regarding the Bank's non-accruing loans at the dates indicated below.

	At December 31,				
	1996	1997	1998	1999	2000
	(in thousands, except percentages)				
Non-accruing loans	$ 180	$ 0	$ 0	$23,786	$14,724
Non-accruing loans as a percentage of total loan portfolio..................................	0.00%	0.00%	0.00%	0.50%	0.28%
Non-accruing loans as a percentage of total assets..	0.00%	0.00%	0.00%	0.46%	0.26%

Total non-accruing loans were $14.7 million at December 31, 2000, compared to $23.8 and $0.0 at December 31, 1999 and 1998, respectively. During 1996, the Bank placed a loan of $4.7 million to an Argentine bank on non-accrual status. Before the end of 1996, this non-accruing loan was brought current in connection with a restructuring, which included a lien on receivables and new moneyIn February 1998, the Bank decided to place its total exposure to this entity ($7.1 million) back on non-accrual status, as the implementation of the restructuring plan was not successful and the borrower experienced further deterioration of its financial position, and in June 1998, the Bank charged-off its total exposure to this entity, which amounted to $6.8 million. During the second half of 1998, the Bank placed on non-accrual status its exposure to an Argentine private corporation of $12.3 million. During the fourth quarter of 1998, the Bank charged off its total exposure to this Argentine corporation of $12.3 million, bringing the balance of non-accruing loans to $0.00 at December 31, 1998.

On April 1, 1999, the Bank placed on non-accrual status several loans totaling $13 million to a Mexican corporation that had experienced liquidity problems On June 1, 1999, the Bank placed several loans totaling $11 million to an Argentine bank on non-accrual status. During the second quarter of 1999, the Bank received a payment of $1.6 million relating to a loan previously classified as non-accruing. During the third quarter of 1999, the Bank placed on non-accrual status a loan of $6.3 million to a Canadian company and then charged off its total exposure of $6.3 million to this Canadiancompany during the fourth quarter of 1999. Also during the fourth quarter of 1999, the Bank placed on non-accrual status loans totaling $2.0 million and received a payment of $0.7 million relating to a loan previously classified as non-accruing, bringing the balance of non-accruing loans to $23.8 million at December 31, 1999.

During the first quarter of 2000, the Bank received a payment of $1.9 million relating to a loan previously classified as non-accruing. During the second quarter of 2000, the Bank placed on non-accrual status loans totaling $4.3 million to an Ecuadorian bank and $4.1 million to an Argentine corporation. Also during this period, the Bank received a payment of $0.3 million relating to a loan previously classified as non-accruing. During the third quarter of 2000, the Bank placed on non-accrual status loans totaling $1.6 million to a Nicaraguan bank. During the fourth quarter of 2000 the Bank placed on non-accrual status loans totaling $4.4 million to a Peruvian bank and then charged-off its total exposure of $11.4 million and $4.1 million to a Mexican corporation and an Argentine corporation, respectively, previously classified as non-accruing. Also during the fourth quarter of 2000 the Bank received payments of $1.7 million relating to loans previously classified as non-accruing, bringing the balance of non-accruing loans to $14.7 million at December 31, 2000.

The Bank had no other material non-accruing loans and no other material troubled debt restructurings at any of the dates indicated in the above table, except for loans totaling $5.0 million to a Mexican corporation placed on non-accrual status during the second quarter of 2001.Management does not believe that there is a material amount of loans not included in this Annual Report with respect to which it has serious doubts as to the ability of the borrowers to comply with the present loan repayment terms and which may result in such loans becoming non-accruing loans.

Impaired Bonds

During the third quarter of 1997, the Bank entered into a series of put option contracts providing for guarantees to a counterparty with respect to certain assets with an aggregate face value of $221.4 million. At certain specified exercise dates, or if an event of default occurs, the counterparty has the right to sell an underlying asset to the Bank at par, if the market yield on the underlying asset exceeds the strike yield under the contract. The underlying assets consist of debt issued by several sovereign borrowers in the Region. From 1998 through 2000, the counterparty exercised put options in the amount of $96.4 million, under which the Bank purchased the underlying assets generally at par and booked them as investments held to maturity at their respective market values. At December 31, 1999 and 2000, the notional value of the remaining options was $150 and $100 million, respectively. At December 31, 2000, the underlying assets relating to these options consisted of bonds issued by sovereign entities of which75% were issued by Mexico and 25% by Colombia.

Of the options exercised in 1999, an underlying asset for $15 million represented a defaulted bond. This impaired bond was booked at its market value of $3.7 million and the balance was charged off against the allowance for guarantees. See "Allowance for Losses on Guarantees". On August 23, 2000, this bond was subject to a restructuring plan under which the Bank received new paper with a nominal value of $9.8 million, and cash for interest receivable up to the then current interest period. This bond was also classified as impaired and booked at cost.

Allowance for Credit Losses

The allowance for credit losses covers the credit risk on loans and contingencies.This allowance for credit losses is maintained at a level that is adequate in management’s judgment to provide for estimated probable credit losses inherent in various on and off balance sheet financial instruments, based upon the following factors: (i) the economic conditions in the countries of the Region in which the Bank lends and the potential impact of these economic conditions on foreign exchange availability and their trade related economic sectors; (ii) the Region’s volatility and vulnerability to external factors; (iii) the nature and characteristics of the Bank’s loan portfolio, which is mostly unsecured and contains some large loans and significant country concentrations; and (iv) the size of the Bank’s credit portfolio.

The Bank as a policy maintains specific reserves for credits considered by the Bank to be “criticized” (credits classified as special mention, substandard or doubtful by the Bank). These reserves are maintained at the following minimum levels, but may be higher if, in the judgement of management and using anticipated discounted cash flow analysis whenever possible, the circumstances of the applicable credit warrant: (i) special mention — 5%, (ii) substandard — 20%, and (iii) doubtful — 50%.

In addition, the Bank maintains unallocated credit loss reserves for probable losses on the entire credit portfolio of the Bank net of criticized credits. On a quarterly basis, the Bank estimates probable credit losses using a provisioning matrix model which differentiates the risk into three categories and aggregates the sum of the following three factors: country risk, borrower risk and transaction type risk. To determine the probability of loss due to country risk, the Bank uses sovereign ratings of well-known independent rating agencies. For borrower risk, the Bank uses the probability of default matrix of a well-known rating agency. The Bank evaluates the transaction risk mainly by taking into account whether the risk is a short-term trade transaction or otherwise. This model is a tool to estimate and validate the levels of reserves required, since it does not take into account all variables affecting asset quality. Therefore, the Bank also reviews the adequacy of reserves, taking into account regional political, financial and economic trends affecting the portfolio, delinquency trends, volatility and significant concentrations that are not fully reflected in the model, and then adjusts the level of required reserves accordingly as of the end of each quarterly period.

During the fourth quarter of 1999, in accordance with current accounting practices, the Bank changed the apportionment and presentation of the allowance for credit losses by dividing such losses into three components:

(1) an allowance for loan losses (reported as a deduction of loans);

(2) an allowance for losses on off-balance sheet credit risk (reported in other liabilities); and

(3) an allowance for losses on guarantees (reported in other liabilities).

The following table sets forth information regarding the Bank's allowance for possible credit losses with respect to total credits outstanding, at the dates indicated.

	At December 31,				
	1996	1997	1998	1999	2000
	(in thousands, except percentages)				
Components of the allowance for credit losses					
Allowance for loan losses					
At beginning of period	$ 79,635	$100,836	$116,256	$108,753	$117,670
Provision charged to expenses	21,201	15,600	11,200	14,700	8,000
Recoveries	0	0	428	531	307
Charged-off loans	0	-180	-19,131	-6,314	-15,589
Balance at the end of period	$100,836	$116,256	$108,753	$117,670	$110,388
Allowance for losses on off-balance sheet credit risk:					
At beginning of period	-	-	-	$ 0	$ 6,000
Provision charged to expenses	-	-	-	6,000	11,200
Balance at the end of period	-	-	-	$ 6,000	$ 17,200
Allowance for losses on guarantees					
At beginning of period		$ 0	$ 5,008	$ 18,416	$ 6,838
Provision charged to expenses	-	5,008	15,534	0	0
Charged-off on exercised guarantees	-	-	-2,126	-11,578	-1,813
Balance at the end of period	-	$ 5,008	$ 18,416	$ 6,838	$ 5,025
Allowance for credit losses to total credit portfolio net of non-accruing loans and mark to market guarantees	1.7%	1.7%	1.6%	1.7%	1.8%

Although the Bank's credit losses have been relatively limited to date, management of the Bank believes that the level of the Bank's reserves should reflect the potential for political and economic instability in certain countries in the Region, economic cycles, and the possibility that serious economic difficulties in a country could adversely affect all of the Bank's loans to borrowers in that country. The events in Mexico following the large devaluation of the Mexican peso in December 1994 provide an example of the potential for such economic instability in the Region. Although the Bank has not suffered any losses on its loans to Mexican banks as a result of these events, the devaluation precipitated a severe contraction of the Mexican economy, which in turn had a substantial adverse effect on the loan portfolios and financial strength of Mexican banks in general, including the banks to which the Bank makes loans. Other events that led to market volatility in the Region were the collapse of Asian currency and capital markets in late 1997, and the devaluation of the Russian ruble in August 1998, both of which had a negative effect on the ability of most countries in the Region to raise debt in international markets during the last two months of 1997 and in the year 1998. The events in Brazil, following the market's loss of confidence in the government's ability to reduce the fiscal deficit, and most recently Argentina, constitute another recent example of market volatility in the Region. Given the Bank's large exposure to borrowers in a number of countries in the Region with the potential for economic and/or political instability and their high dependency on external capital, the Bank believes that its policy regarding the allowance for credit losses is prudent and appropriate. See "Information on the Company — Business Overview — Credit Portfolio and Lending Policies — Loans by Country." Determining the appropriate level of allowances for credit losses necessarily requires management's judgment, including application of the factors described above, regarding assumptions and estimates made in the context of rapidly changing political and economic conditions in many of the countries in the Region. Accordingly, there can be no assurance that the Bank's current level of reserves will prove to be adequate in light of future events and developments. At December 31, 2000, total allowances for credit losses were $132.6 million.

The Bank does not have a rigid charge-off policy, but instead charges off loans on a case-by-case basis as determined by management and as approved by the Board of Directors. In some instances, loans have remained in the non-accrual category for an extended period of time during which the borrower and the Bank have negotiated restructured repayment terms. See Notes 5 and 6 of the Notes to the Consolidated Financial Statements.

Allowance for Losses on Guarantees

The allowance for losses on guarantees covers estimated potential credit and market losses on put options issued by the Bank.

During the third quarter of 1997, the Bank entered into a series of put option contracts providing for guarantees to a counterparty with respect to certain assets with an aggregate face value of $221.4 million. At certain specified exercise dates, or in the event ofa default, the counterparty has the right to sell an underlying asset to the Bank at par, if the market yield on the underlying asset exceeds the strike yield in the contract. The underlying assets consist of debt issued by several sovereign borrowers in the Region.

During the fourth quarter of 1997, the Bank established a $5 million allowance for potential credit and price losses in connection with these put option contracts. During 1998, the Bank charged-off $2.1 million for put options exercised, which reflected the difference between the market price and the par value of assets bought under these put option contracts. The Bank also added $15.5 million to the allowance for losses on guarantees during 1998, bringing the accumulated allowance for losses on guarantees to $18.4 million at December 31, 1998. In 1999 and 2000, the Bank's counterparty exercised options for $45 million and $50 million, respectively, under which the Bank purchased the underlying assets generally at par and booked them as investments held to maturity at their respective market values. At December 31, 1999 and 2000, the notional value of the remaining options was $150 and $100 million, respectively. At December 31, 2000, the underlying assets relating to these options consisted of bonds issued by sovereign entities of which75% were issued by Mexico and 25% by Colombia. As of December 31, 2000, the average remaining exercise period of the options was approximately one year and eight months.

Of the options exercised in 1999, an underlying asset for $15 million represented a defaulted bond. This impaired bond was booked at its market value of $3.7 million and the balance was charged-off against the allowance for guarantees. On August 23, 2000, this bond was subject to a restructuring plan under which the Bank received a new paper with a nominal value of $9.8 million, and cash for interest receivable up to the then current interest period. This bond was also classified as impaired and booked at cost. The balance of the allowance for losses on guarantees at December 31, 2000 and 1999 was $5.0 million and $6.8 million, respectively. On January 1, 2001 and as a result of the adoption of SFAS 133, the allowance for losses on guarantees was eliminated and the balance of $5.0 million was applied to cover a charge for $5.6 million generated by the market valuation of the remaining options at that date.

The following table sets forth information regarding the Bank's approximate net revenues per country at the dates indicated below, with net revenues calculated as the sum of net interest income and net commission income.

	At December 31,	
	1999	2000
	(in millions)	
Argentina	$21.5	$26.0
Bolivia	1.4	1.1
Brazil	59.6	51.6
Chile	1.1	1.5
Colombia	3.1	3.2
Costa Rica	0.6	0.8
Dominican Republic	2.7	3.8
Ecuador	3.4	3.2
El Salvador	0.7	2.0
Guatemala	0.4	0.9
Honduras	0.2	0.1
Jamaica	0.6	0.6
Mexico	24.7	28.4
Nicaragua	1.3	2.0
Panama	2.9	3.6
Paraguay	0.1	0.1
Peru	9.1	6.2
Trinidad & Tobago	0.8	1.0
Uruguay	0.9	0.2
Venezuela	1.3	0.8
Other	1.8	0.4
Total	$138.2	$137.5

Competition

The Bank operates in a highly competitive environment in most of its markets. Management recognizes that the Bank intends to continue to invest and adapt to remain competitive. The Bank faces strong competition in making loans, in attracting deposits and in providing fee-generating services. The Bank's competition in making loans comes principally from regional and international banks. Financial disintermediation by the securities market and specialized finance companies is another factor that represents competition to the Bank's lending activity. Whenever economic conditions and risk perception improves in the largest countries of the Region, the competition from commercial banks, the securities markets and other new players increases accordingly. This competition may have the effect of reducing the spreads of the Bank's lending rates over its cost of funds and constraining the Bank's profitability in the future. The Bank competes in its lending and deposit taking activities with other banks and international financial institutions, many of which have greater financial resources and sophisticated banking services.

The Bank believes that most of the competition it faces in the trade financing area and within the markets served by the Bank is composed of over one hundred international banks, mostly European and North American, which provide similar financing services as the Bank. Although these international banks compete with the Bank, they are also providers of funding for the Bank and represent a source of business for the Bank. The Bank participates in transactions arranged by international banks, engages in co-financing with international and local banks to lend to several borrowers in the Region, and sells loans and risk participations to international and local banks. Most of these international banks provide credit facilities to the Bank to finance the Bank's trade finance activity. The Bank also lends to branches or subsidiaries of certain international banks in the Region. At December 31, 2000, loans to international banks represented approximately 18% of the Bank's total loans. Furthermore, the Bank provides country risk coverage to branches of certain international banks, which want to increase their activity in the Region, but cannot increase cross-border risks.

The Bank believes that competition also comes from investment banks and the securities markets, which provide liquidity to the financial systems in certain countries in the Region as well as non-bank specialized financial institutions. The Bank competes primarily on the basis of competitive pricing in financing trade-related transactions. The Bank believes that it continues to possess a competitive advantage in that it enables its customer banks to meet their clients' financing needs, but does not compete directly with these banks for the business of their clients. Moreover, the Bank has built up customer loyalty because it has been a consistent source of trade-related financing. The Bank believes that it is an important source of trade finance to many of its clients. The Bank also believes that its operating efficiencies and business focus constitute important competitive advantages in certain markets.

The trade financing business is also subject to changes. Increased open account exports and new financing requirements from multinational corporations are putting more pressure on the way banks traditionally intermediate foreign trade financing. The Bank cannot predict with certainty the changes that may occur and affect the competitiveness of its businesses. Although the Bank has undertaken several initiatives to adapt to and benefit from these changes, it is possible that competition with the Bank's products will, in the future, reduce demand for the Bank's services. If this were to occur, the Bank may be required to take steps to further adapt to the changing competitive environment.

Consolidation in the banking systems of the markets in which the Bank operates could potentially affect the competitive environment in these markets. The consolidation process in most countries of the Region has reduced the number of client banks that the Bank can work with. The acquisition of local banks by large international banks in the local markets of the Region may also change the competitive environment. The Bank cannot predict with certainty the extent to which these changes in the banking industry may occur or the success that they may achieve. Although the Bank currently has a strong position in each of its market segments and is undertaking several initiatives to adapt, these changes in the business and in the markets of this Region could potentially place the Bank at a competitive disadvantage with respect to scale, resources and its ability to develop and diversify its sources of income. See "Information on the Company - Business Overview."

Regulation

General

The Superintendency of Banks of Panama (the "Superintendency of Banks") regulates, supervises and examines BLADEX. In addition, BLADEX Cayman is regulated, supervised and examined by government authorities in the Cayman Islands, and the New York Agency is regulated, supervised and examined by the New York Banking Department and the United States Federal Reserve Board. BLADEX Cayman and the New York Agency held $464 million and $294 million in assets, respectively, at December 31, 2000. The regulation of the Bank and BLADEX Cayman by relevant Panamanian and Cayman Islands authorities differs from, and is substantially less comprehensive than, the regulation generally imposed on banks in the United States by federal and state regulatory authorities.

Panamanian Law

On February 26, 1998, Panama adopted Decree-Law No. 9 (the "Banking Law"), which is a comprehensive revision and restatement of the banking legislation in Panama. The Banking Law took effect on June 12, 1998.

BLADEX operates in Panama under a General Banking License issued by the National Banking Commission, predecessor of the Superintendency of Banks, and is subject to supervision and examination by the Superintendency of Banks. Banks operating under a General Banking License ("General License Banks") are entitled to engage in all aspects of the business of banking in Panama, including accepting local and offshore deposits as well as entering into banking transactions in Panama that may have an economic impact outside of Panama.

General License Banks must have a paid-in capital of not less than $10 million. Additionally, General License Banks must maintain minimum capital of 8% of their total risk-weighted assets. Capital is defined to include primary capital and secondary capital. Primary capital (Tier 1 capital) is comprised of paid-in capital, declared reserves and retained earnings while secondary capital (Tier 2 capital) includes undeclared reserves, reevaluations reserves, general reserves for losses, certain hybrid debt capital instruments and certain subordinated indebtedness. Secondary capital may not exceed primary capital. The Superintendency of Banks is authorized to increase the minimum capital requirement percentage in Panama in the event that generally accepted international capitalization standards as set forth in the Basle Accord become more stringent, in order to comply with such new international standards.

General License Banks are required to maintain 30% of their global deposits in liquid assets (which include short-term loans to other banks and other liquid assets) of the type prescribed by the Superintendency of Banks. In addition, General License Banks are required to maintain local assets in Panama in an amount not less than 85% of the deposits received from entities in Panama.

Regulations regarding interest rate ceilings provided for in the prior banking law have been abolished by the Banking Law. Currently, banks in Panama can freely fix the amount of interest to be charged on their loans and with respect to operations. Banks in Panama are required to indicate the effective interest rates of loans and deposits in their statements to clients or at a client's request. Under the Banking Law, deposits from central banks and other similar financial institutions are immune from any attachment or seizure proceedings.

Pursuant to the Banking Law, no bank in Panama may make loans or issue guarantees or any other obligations, to any one person or a group of related persons in excess of 25% of the Bank's total capital; provided that, for Panamanian banks (i) whose shares are owned by governmental institutions and private institutions, (ii) whose principal office is located in Panama, and (iii) whose main line of business is lending to other banks ("Exempted Banks"), the foregoing lending limit is 30%.

Under the Banking Law, a bank may not make loans or issue guarantees or any other obligations that are in (i) excess of 5% of its total capital, in the case of unsecured transactions, (ii) excess of 10% of its total capital, in the case of collateralized transactions (other than loans secured by deposits in the bank), and (iii) excess of 50% of its total capital, in the case of loans secured by deposits in the bank to (a) any one or more of the Bank's directors, (b) to any shareholder of the bank who directly or indirectly owns 5% or more of the outstanding and issued capital stock of the bank, (c) to any company in which one or more of the Bank's directors is a director or officer or in which one or more of the Bank's directors is a guarantor of the loan or credit facility, (d) to any company or entity in which the bank or any one of its directors or officers can exercise a controlling influence, (e) to any company or entity in which the bank or any one of its directors or officers owns 20% or more of the outstanding and issued capital stock of such company or entity or (f) to managers, officers and employees of the bank, or their respective spouses (other than home mortgage loans or guaranteed personal loans under general programs approved by the bank for employees). The Superintendency of Banks has the power to allow Exempted Banks not to take into consideration loans granted to other banks for purposes of determining compliance with the above lending limits, provided that certain conditions of transparency and independence are met, as prescribed under the Banking Law.

The Banking Law contains further limitations and restrictions with respect to loans and credit facilities to parties related to the applicable banks. For instance, under the Banking Law, all loans made to managers, officers, employees or shareholders who are owners of 5% or more of the applicable Bank's outstanding and issued capital stock shall be made on terms and conditions similar to those given by the bank to its clients at arm's-length and which reflect market conditions. In addition, shares of a bank cannot be pledged or offered as security for loans or credit facilities issued by such bank.

In addition to the foregoing requirements, there are certain other restrictions applicable to General License Banks, including (i) a requirement that a bank must notify the Superintendency of Banks before opening a branch or office in Panama and obtain approval from the Superintendency of Banks before opening a branch or subsidiary outside Panama and (ii) a requirement that a bank obtain approval from the Superintendency of Banks before it liquidates its operations, merges or consolidates with another bank or sells all or substantially all of its assets.

The Banking Law provides that banks in Panama are subject to inspection by the Superintendency of Banks, which must take place at least once every two years. Such supervisory powers of the Superintendency of Banks also extend to a bank's subsidiaries and branches. BLADEX was last inspected in 1997 by the National Banking Commission, before the Banking Law became effective. The result of the inspection was fully satisfactory. Since the Banking Law became effective, the Superintendency of Banks has undergone a major restructuring, has been training personnel and promulgating regulations to implement the provisions of law in order to comply with international standards and requirements. After this period of adjustment is completed, the Superintendency of Banks expects to begin regular inspection of banks at least every two years. Banks are required to file monthly balance sheets and related financial statements with the Superintendency of Banks. Additionally, banks are required to file with the Superintendency of Banks quarterly and annual statements indicating the performance of their credit facilities and other reports and information, as prescribed by the Superintendency of Banks. In addition, banks are required to make available for inspection their accounting records, minutes, reports on cash on hand, securities, receipts, and any other reports or documents that are necessary for the Superintendency of Banks to ensure compliance with Panamanian banking laws and regulations. Banks subject to supervision may be fined by the Superintendency of Banks for violations of Panamanian banking laws and regulations.

Under the Banking Law, the Superintendency of Banks may order the reorganization of a bank when it considers this course of action to be in the best interests of the depositors, and to guarantee the solvency and continuity of such bank. The Superintendency of Banks is given broad powers to reorganize a bank. The Superintendency of Banks may request the shareholders of a bank to pay in additional capital or authorize the issuance of new shares and the sale of such shares to third parties at prices pre-determined by the Superintendency of Banks. Furthermore, the Superintendency of Banks may recommend fundamental restructuring schemes, including merger or consolidation with other banks, negotiation of bridge loans, sale or partial liquidation of assets and granting of security interests in connection with such reorganization plans. Ultimately, if the reorganization of the applicable bank fails, the Superintendency of Banks may begin the liquidation process.

The Banking Law has established an annual supervisory charge to be paid by General License Banks equal to $30,000 plus $35.00 per $1 million in assets, with the latter amount being limited to a maximum charge of $100,000. The total amount due in this regard by BLADEX for the year 2000 was $130,000.

Cayman Islands Law

BLADEX Cayman was registered on September 8, 1987, under The Companies Law (1985 Revision) of the Cayman Islands. BLADEX Cayman is the holder of a category "B" banking license issued under the Banks and Trust Companies Law (2000 Revision) of the Cayman Islands (the "Banks and Trust Companies Law").As the holder of a category "B" banking license, BLADEX Cayman is licensed to carry on all kinds of banking business in any part of the world other than the Cayman Islands, subject to the restrictions set forth in Section 5(6) of the Banks and Trust Companies Law, which restricts the holder of a category "B" banking license from taking deposits from persons resident in the Cayman Islands or investing in any asset representing a claim on any person resident in the Cayman Islands, subject to certain exceptions in respect of, inter alia, exempted or ordinary non-resident companies and other licensees.

Banks and trust companies in the Cayman Islands must be licensed under the Banks and Trust Companies Law. Such license applications are processed by the Cayman Islands Monetary Authority. Currently, there are approximately 561 banks and trust companies licensed in the Cayman Islands, of which 116 have a physical presence in the Cayman Islands. Licensed banks are regulated by the Cayman Islands Monetary Authority. The Governor-in-Council and the Managing Director of the Cayman Islands Monetary Authority have wide powers under the Banks and Trust Companies Law to investigate the activities and review the banking practices of licensees, and to protect the interests of depositors. The Cayman Islands Monetary Authority examines the affairs and business of licensees through examination of audited and unaudited financial statements and other regular returns, or in any other manner, for the purpose of ensuring compliance with the Banks and Trust Companies Law. The Governor-in-Council has power to grant and revoke licenses, impose conditions upon a licensee, appoint advisers to licensees and appoint a receiver or manager of a licensee, though these functions are in the process of being transferred to the Cayman Islands Monetary Authority.

The International Convergence of Capital Measurement and Capital Standards established by the Basle Committee on Banking Regulations and Supervisory Practices have been adopted by the Cayman Islands Monetary Authority. The registered office of BLADEX Cayman is at the UBS House, P.O. Box 1989, Elgin Avenue, George Town, Grand Cayman, Cayman Islands, British West Indies.

United States

New York State Law. The New York Agency, established in 1989, is licensed by the Superintendent of Banks of the State of New York (the "Superintendent") under the New York Banking Law. The New York Agency is examined by the New York State Banking Department and is subject to banking laws and regulations applicable to a foreign bank that operates a New York agency. In this regard, New York agencies of foreign banks are regulated substantially the same as, and have similar powers to, New York state-chartered banks, except with respect to deposit-taking activities.

The Superintendent is empowered by law to require any agency of a foreign bank to maintain in New York specified assets equal to a percentage of the agency's liabilities, as the Superintendent may designate. At present, the Superintendent has set this percentage at the greater of 5% of the New York Agency's total assets or 1% of the consolidated total assets of the New York Agency and New York I.B.F. (International Banking Facility) or $1.0 million, although specific asset maintenance requirements may be imposed upon individual agencies of foreign banks on a case-by-case basis. No such requirement has been prescribed for the New York Agency.

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

Federal Law. In addition to being subject to New York State laws and regulations, the New York Agency is subject to federal regulations, primarily under the International Banking Act of 1978 (the "IBA"). The IBA generally extends federal banking supervision and regulation to the United States offices of foreign banks. Under the IBA, the United States branches and agencies of foreign banks, including the New York Agency, are subject to reserve requirements on certain deposits. At present, the New York Agency has no deposits subject to such requirements. The New York Agency is also subject to reporting and examination requirements imposed by the Board of Governors of the Federal Reserve System (the "Board") similar to those imposed on domestic banks that are members of the Federal Reserve System. In this regard, the Foreign Bank Supervision Enhancement Act of 1991 (the "FBSEA") has amended the IBA to enhance the authority of the Board to supervise the operations of foreign banks in the United States. In particular, the FBSEA has expanded the Board's authority to regulate the entry of foreign banks into the United States, supervise their ongoing operations, conduct and coordinate examinations of their U.S. offices with state banking authorities, and terminate their activities in the United States for violations of law or for unsafe or unsound banking practices. In addition, under the FBSEA, state-licensed branches and agencies of foreign banks may not engage in any activity that is not permissible for a federal branch unless the Board has determined that such activity is consistent with sound banking practices. The IBA also restricts the applicable bank's ability to engage in non-banking activities in the United States.

The New York Agency does not engage in retail deposit-taking in the United States, and deposits with the Agency are not insured by the Federal Deposit Insurance Corporation.

Organizational Structure

See "Information on the Company — History and Development of the Company."

Property, plants and equipment

The Bank owns its principal offices located at Calle 50 y Aquilino de La Guardia in Panama City, which were completed in 1983. The building, with office space of 3,457 square meters, is used solely by the Bank and is located on a 2,672 square meter site in the banking district of the city. During 1997, the Bank expanded its principal office space to accommodate the Bank's existing growth. In early 1999, the Bank rented office space in a nearby building, expanding its office space by 622 square meters. In addition, the Bank leases office space (i) 967 square meters for its New York Agency and BLADEX Securities, LLC, at One World Trade Center, Suite No. 3227, in New York City, (ii) 150 square meters for its Buenos Aires Representative Office, at Ave. Corrientes 617, 9 Piso, Buenos Aires, Argentina, (iii) 149 square meters for BLADEX Representacao Ltda., at Rua Leopoldo Couto de Magalhäes Junior 110, 9º Andar, Sao Paulo, SP, Brazil, and (iv) 130 square meters for its Mexico City Representative Office, at Ruben Dario 281, Oficina No 1203, Colonia Bosque de Chapultepec, Mexico City, Mexico. See also Note 7 of the Notes to the Consolidated Financial Statements.

Item 5. Operating and Financial Review and Prospects

Operating Results

The Bank derives its income principally from net interest income, and to a lesser extent, from fee income. Net interest income (the difference between the interest income the Bank receives on interest-earning assets and the interest it pays on interest-bearing liabilities) is generated mostly by the Bank's lending activities. Fee income is generated by the issuance, confirmation and negotiation of letters of credit and guarantees covering commercial and country risk, loan origination and sales, and, to a lesser extent, foreign exchange activities. Net income for 2000 decreased 4% compared with 1999, totaling $97.1 million.

Although inflation rates in the Region remained in the single digits during 1999, fears of inflation resulting from currency depreciation, among other factors, lead to increases in interest rates, which caused recessionary pressures in many of the countries in the Region. The economic slowdown in a majority of the Bank's target markets affected trade flows and the demand for credit, which contributed to the decline in the Bank's credit portfolio in 1999. However, the recessionary environment also negatively affected the markets' risk perception of the Region, and the Bank benefited from improved lending margins. In 2000, economic recovery in several of the Bank's target markets was much slower than expected. Business opportunities for the Bank were adversely affected by political and fiscal events, which diminished the economic stability of some countries in its market. At the same time, improved sentiment in financial markets towards the Region, particularly towards its largest markets, contributed to an increase in the availability of credit, which put pressure on lending margins. See also "Risk Factors — Regional Economic Conditions".

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

	At and For the Year Ended December 31,		
	1998	1999	2000
	(in thousands, except per share amounts and percentages)		
Total Interest Income	$ 372,969	$ 368,934	$ 402,586
Total Interest Expense	(280,759)	(256,236)	(289,916)
Net Interest Income	92,210	112,698	112,670
Provision for Possible Loan Losses	(11,200)	(14,700)	(8,000)
Commission Income	21,621	26,490	25,878
Commission Expense and other charges	(1,583)	(1,010)	(1,136)
Provision for losses on Guarantees	(15,534)	0	0
Provision for possible losses on off-balance sheet Credit Risks	0	(6,000)	(11,200)
Other Income and Adjustment	336	193	89
Operating Expenses	(14,067)	(16,578)	(21,180)
Net Income before Income tax	71,783	101,093	97,121
Provision for Income tax	0	(36)	(65)
Net Income	71,783	101,057	97,056
Net Income after Preferred Stock Dividend Per Common Share	$3.47	$4.95	$4.84
Return on Average Assets	1.33%	1.93%	1.92%
Return on Average Common Stockholders' Equity	12.21%	15.68%	13.98%
Return on Average Common Stockholders' Equity and Preferred Stock	11.86%	15.27%	13.65%

Net Interest Income

Net interest income, which constitutes the principal source of income for the Bank, increased from $92.2 million in 1998 to $112.7 million in 1999 and 2000.The primary reason for the increase in net interest income in 1999 compared to 1998 was a higher net interest margin and a higher net interest spread in 1999. Net interest income in 2000 was almost the same as 1999 because lower interest earning assets were compensated by higher net interest margins.

In 2000, the net interest spread decreased to 1.14% from 1.30% in 1999 and from 0.90% in 1998. The increase in the net interest spread during 1999 in relation to 1998 was mostly attributable to higher lending margins. The decrease in the net interest spread during 2000 in relation to 1999 was mostly attributable to lower lending margins.

In 2000, the net interest margin increased to 2.24% from 2.15% in 1999. The net interest margin without giving effect to (i) an adjustment to interest expense of $0.3 million made during the second quarter of 1999, (ii) an adjustment to interest income of $0.5 million made during the first quarter of 2000 that corresponded to interest income of the third and fourth quarters of 1999, and (iii) interest income of $1.7 million received during the third quarter of 2000 on an impaired/cash basis asset, was 2.19%, for the full year 2000, and 2.17% for the full year 1999. The increase of 2 basis points in the net interest margin for the full year 2000 compared to 1999, was mainly due to: (i) lower lending margins resulting from lower demand and improved risk perception of the largest countries in the Latin American and Caribbean region, which had a negative effect of 23 basis points on the net interest margin; (ii) the increase in non-accruing loans, which had a negative effect of 2 basis points on the net interest margin; (iii)lower marginal cost of funds to the Bank resulting from lower margins paid on borrowings which had a positive effect of 2 basis points on the net interest margin; and (iv) a higher equity to debt ratio combined with higher interest rates, which generated a higher return on the Bank's available capital funds, and had a positive effect of 25 basis points on the net increase in the net interest margin.

In 1999, the net interest margin without giving effect to: (i) an adjustment to interest expense of $0.3 million made during the second quarter of 1999, and (ii) an adjustment to interest income of $0.5 million made during the first quarter of 2000 that corresponded to interest income of the third and fourth quarters of 1999, increased to 2.17% from 1.71% in 1998. The Bank estimates that the increase of 46 basis points in the net interest margin for the year 1999 compared to 1998 was mainly due to: (i) improved lending margins, which had a positive effect of 53 basis points on the net interest margin; (ii) a higher cost of funds resulting from higher margins paid on borrowings, which had a negative effect of 9 basis points on the net interest margin; (iii) a higher equity to debt ratio, which had a positive effect of 3 basis points on the net interest margin; and (iv) the increase in non-accruing loans, which had a negative effect of 1 basis point on the net interest margin.

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

The following table presents for the periods indicated the distribution of consolidated average assets, liabilities and common stockholders' equity as well as the total dollar amounts of interest income from average interest-earning assets and the resulting yields, and the dollar amounts of interest expense and average interest-bearing liabilities, and corresponding information regarding rates. Non-accruing loans are included in the calculation of the average balances of loans and interest not accrued is excluded. The average balances have been computed on the basis of consolidated daily average balance sheets.

Average Balance Sheet Assets, Liabilities and Common Stockholders' Equity and Interest Income and Expense

	Year Ended December 31,								
	1998			1999			2000		
Description	Average Balance	Interest	Average Yield/Rate	Average Balance	Interest	Average Yield/Rate	Average Balance	Interest	Average Yield/Rate
INTEREST-EARNING ASSETS				(in thousands, except percentages)					
Deposits & money market instruments	$ 251,567	$ 13,503	5.29%	$ 281,673	$ 14,158	4.96%	$ 285,022	$ 17,962	6.20%
Loan portfolio, net	4,962,727	347,727	6.91	4,772,837	343,539	7.10	4,437,714	358,223	7.94
Non-accruing loans	9,116			18,101			25,534		
Investment securities	183,750	11,739	6.30	162,953	11,237	6.80	286,276	26,401	9.07
TOTAL INTEREST-EARNING ASSETS	$ 5,407,160	$ 372,969	6.80%	$ 5,235,564	368,934	6.95%	$ 5,034,546	402,586	7.87%
Non-interest earning Assets	$ 105,206			$ 120,919			$ 130,117		
Allowance for possible credit losses	(118,559)			(118,569)			(118,910)		
Other assets	6,908			7,910			12,313		
TOTAL ASSETS	$ 5,400,715			$ 5,245,824			$ 5,058,066		
INTEREST-BEARING LIABILITIES									
Deposits									
Demand	$ 10,170	$ 206	2.00%	$ 9,317	$ 189	2.00%	$ 9,924	$ 204	2.03%
Time	1,597,637	90,136	5.56	1,488,893	79,125	5.24	1,675,413	108,478	6.37
Short-term borrowings & placements	1,689,677	102,715	6.00	1,717,519	100,462	5.77	1,258,492	87,238	6.82
Medium and long-term borrowings and placements	1,396,990	87,702	6.19	1,258,382	76,460	5.99	1,296,550	93,996	7.13
TOTAL INTEREST-BEARING LIABILITIES	$ 4,694,474	$ 280,759	5.90%	$ 4,474,111	$ 256,236	5.65%	$ 4,240,379	$ 289,916	6.72%
Non-interest bearing Liabilities	$ 112,765			$ 118,870			$ 115,883		
TOTAL LIABILITIES	$ 4,807,239			$ 4,592,981			$ 4,356,262		
Redeemable Preferred Stock	$ 17,244			$ 17,160			$ 16,689		
Common stockholders' equity	$ 576,232			$ 635,683			$ 685,115		
TOTAL LIABILITIES, REDEEMABLE PREFERRED STOCK AND COMMON STOCKHOLDERS' EQUITY	$ 5,400,715			$ 5,245,824			$ 5,058,066		
NET INTEREST SPREAD(1)			0.90%			1.30%			1.14%
NET INTEREST INCOME AND NET INTEREST MARGIN(2)		$ 92,210	1.71%		$ 112,698	2.15%		$ 112,670	2.24%

(1) Net interest spread represents the average yield earned on interest-earning assets less the average rate paid on interest-bearing liabilities.
(2) Net interest margin is computed by dividing net interest income (total interest earned minus total interest paid) by the average balance of interest-earning assets.

Changes in Net Interest Income — Volume and Rate Analysis

Net interest income is affected by changes in volume and changes in rates. Volume changes are caused by differences in the level of interest-earning assets and interest-bearing liabilities. Rate changes result from differences in yields earned on interest-earning assets and rates paid on interest-bearing liabilities. The following table sets forth a summary analysis of changes in net interest income of the Bank resulting from changes in average interest-earning asset and interest-bearing liability balances (volume) and changes in average interest rates for 1998 compared to 1999 and for 1999 compared to 2000. Volume and rate variances have been calculated based on movements in average balances over the period and changes in interest rates on average interest-earning assets and average interest-bearing liabilities. Variances caused by changes in both volume and rate have been allocated equally to volume and rate.

	1998 vs. 1999			1999 vs. 2000		
	Volume	Rate	Net Change	Volume	Rate	Net Change
			(in thousands)			
INCREASE (DECREASE) IN INTEREST INCOME						
Deposits & money market Instruments	$1,565	$ (910)	$ 655	$ 190	$3,614	$3,804
Loan portfolio, net	(13,487)	9,299	(4,188)	(25,587)	40,271	14,684
Non-accruing loans	—	—	—	—	—	—
Investment securities	(1,381)	879	(502)	9,939	5,225	15,164
TOTAL INCREASE (DECREASE)	(13,303)	9,268	(4,035)	(15,458)	49,110	33,652
INCREASE (DECREASE) IN INTEREST EXPENSE						
Deposits						
Demand	(17)	0	(17)	12	3	15
Time	(5,957)	(5,054)	(11,011)	10,994	18,358	29,352
Short-term borrowings & Placements	1,661	(3,914)	(2,253)	(29,335)	16,110	(13,225)
Medium and long-term Borrowings & placements	(8,562)	(2,680)	(11,242)	2,543	14,993	17,536
TOTAL INCREASE (DECREASE)	(12,876)	(11,647)	(24,523)	(15,786)	49,464	33,678
INCREASE (DECREASE) IN NET INTEREST INCOME	$ (428)	$20,916	$20,488	$ 328	$ (354)	$ (26)

Commission Income

The Bank's commission income increased by 23% from $21.6 million in 1998 to $26.5 million in 1999, and decreased by 2% to $25.9 million in 2000. The primary component of commission income is commissions from guarantees and letters of credit covering commercial and sovereign risk, which accounted for 75% of commission income in1998, and 82% in 1999 and 2000. Additional components of commission income are commissions earned on the sale of loans derived from the optimization of the loan portfolio, loan originations and foreign exchange transactions, which the Bank engages in as a fee-based service for customers. See "Quantitative and Qualitative DisclosureAbout Market Risk".

Operating Expenses

Operating expenses were $21.2 million in 2000 compared to $ 16.6 million in 1999 and $14.1 million in 1998. Total operating expenses increased as a percentage of average total assets from 0.26% in 1998 to 0.32% in 1999 and to 0.42% in 2000. Salaries and other employee expenses (including provision for possible performance-based bonuses to employees) were the largest component of operating expenses, amounting to $8.5 million, $9.6 million and $10.6 million in 1998, 1999 and 2000, respectively. The increases in operating expenses during 1998, 1999 and 2000 were primarily due to normal salary increases and the provision for possible performance-based bonuses to the employees. The second largest component of operating expenses is professional services, which was $0.9 million, $1.3 million and $3.9 million in 1998, 1999 and 2000, respectively. The increase of professional services in 2000 was due to consulting fees related to the strategic process that started in May 2000. The third largest component of operating expenses is depreciation of premises and equipment, which was $1.0 million, $1.1 million and $1.0 million in 1998, 1999 and 2000, respectively.The Bank's remaining operating expenses consist of communications, maintenance and repairs, rent of office space and equipment, and other miscellaneous expenses. The Bank's ability to maintain its low cost structure has been a significant factor in its profitability. For the years ended December 31, 1998, 1999 and 2000, the Bank's efficiency ratio (total operating expenses divided by the sum of net interest income plus commission income) was 12.4%, 11.9% and 15.3%, respectively.

Net Income

The Bank's net income was $97.1 million in 2000 compared to $101.1 million in 1999 and $71.8 million in 1998. In 2000, net income decreased by 4% from 1999.

Foreign Exchange Risk Management

The Bank accepts deposits and raises funds principally in United States dollars, makes loans mostly in United States dollars and publishes its consolidated financial statements in United States dollars.

Whenever possible, foreign-currency-denominated assets are funded with liability instruments denominated in the same currency. In cases where these assets are funded in different currencies, forward foreign exchange or cross-currency swap contracts are used to fully hedge the risk due to this cross-currency funding.

The interest rate swaps less set-offs, with maturities at different dates from February 6, 2001 to November 17, 2003, are matched to the maturity dates of the related Euro Medium Term Notes issues and to the corresponding assets held to maturity as part of the Bank's credit portfolio.

The Bank also engages in some foreign exchange trades to serve customers transaction needs, and all positions are hedged with an offsetting contract for the same currency. The Bank manages the risks on these buy and sell foreign currency contracts under approved limits of amounts and terms for each counterparty, and by having adopted policies that do not allow it to maintain open positions. Interest rate swaps are made either in a single currency or cross-currency for a prescribed period to exchange a series of interest rate flows, either fixed for floating interest payment or vice versa. See "Notes to Consolidated Financial Statements", "Quantitative and Qualitative Disclosures About Market Risk" and "Information on the Company - Business Overview – Regulation".

Liquidity and capital resources

Liquidity

Liquidity refers to the Bank's ability to maintain a cash flow adequate to fund operations and meet obligations and other commitments on a timely basis.It is the opinion of the Bank's Management that the working capital is sufficient for the Bank's present requirements.The Bank maintains its liquid assets in demand deposits, overnight funds and time deposits with well-known international banks. These liquid assets are adequate to cover the 24-hour deposits from customers, which theoretically could be withdrawn on the same day. The Bank's 24-hour deposits from customers (overnight deposits, demand deposit accounts and call deposits) generally total 3% of total deposits. At December 31, 2000, 24-hour deposits amounted to $44.8 million. Additionally, the Bank has approximately $55 million to $65 million of time deposits and approximately $12 million of short-term borrowings maturing daily. This liquidity requirement is offset by the Bank's liquid assets, which at December 31, 2000 were $314 million, and by daily maturities of approximately $10 million to $20 million in the Bank's loan portfolio.

At December 31, 2000, BLADEX had a total liquidity position of $314 million, which represented 6% of total assets. BLADEX's overall objective is to have a minimum of 50% of the liquidity funds generated by demand, call accounts and time deposits, with maturities of less than one week, invested in overnight deposits with the balance invested in (i) short-term time deposits with maturities of up to six months, (ii) investments funds (see "Information on the Company — Business Overview — Investments") or (iii) negotiable money market instruments, such as Euro certificates of deposit, commercial paper, bankers' acceptances and other liquid instruments with maturities of up to 180 days. The Bank's treasury investment policy contemplates the purchase of investment grade securities These instruments must be of investment grade quality (carrying two of the following ratings A-1 or P-1 or F-1 from Standard & Poor's, Moody's Investors or Fitch IBCA), and must have a liquid secondary market. Interbank deposits are with reputable international banks, considered by management to be of high quality, located outside of the Region. These banks must have a correspondent relationship with BLADEX and be approved by the Board of Directors on an annual basis. The primary objectives for the investment of BLADEX's liquidity funds are security and convertibility, and the secondary objective is yield. In order to manage its liquidity needs and risks, BLADEX's liquidity position is reviewed and monitored on a daily basis by management.

During 1998 and 1999, the loan portfolio declined by $197 million and $501 million, respectively, and increased by $569 million during 2000. Net increase in cash flows due to deposits for the year ended December 31, 1998 was $18.2 million. Net decrease in cash flows due to deposits for the year ended December 31, 1999 was $88.8 million. Net increase in cash flows due to deposits for the year ended December 31, 2000 was $126.7 million. In 1998, 1999 and 2000 the Bank's cash flow generated by short-term borrowings and placements declined by $79.1 million, $362.7 million, and $11.1 million, respectively. During 1998 and 1999, the Bank's cash flow generated by medium and long-term borrowings and placements declined by $153.4 million and $57.0 million, respectively, and increased by $369.9 million during 2000.

Deposits as a percentage of total liabilities increased from 34% at December 31, 1998, to 36% at December 31, 1999 and decreased to 35% at December 31, 2000. At December 31, 1998, 1999 and 2000, short-term and medium-term borrowings and placements accounted for 64%, 61% and 63%, respectively, of total liabilities. Short-term and medium-term borrowings and placements were important sources of funding for the Bank's loan portfolio because the borrowings and placements permitted the Bank to diversify its sources of funding outside of the Region, and because the Bank utilized the borrowings and placements, which generally had longer maturities than deposits, to help manage its asset and liability positions.

The Bank's loan and investment portfolio is primarily short-term. At December 31, 1998, 1999 and 2000, 77%, 80% and 63%, respectively, of the Bank's loan portfolio (loans plus selected investment securities held to maturity and available for sale) had a term left to maturity of 365 days or less. While the Bank's liabilities generally mature over shorter periods than its assets, requiring the Bank to renew or create new liabilities at current interest rates, the associated risk is diminished by the short-term nature of the loan portfolio. At December 31, 2000, $328 million of the loan portfolio (6% of the total) matured within 30 days, $812 million (15% of total loan portfolio) matured within 90 days, $1,194 million (22% of total loan portfolio) matured within 180 days and $1,033 million (19% of total loan portfolio) matured within a year. At December 31, 2000, the average original maturity of the Bank's short-term loan portfolio was approximately 280 days.

Interest-Bearing Deposits in Other Banks

The following table shows short-term funds deposited with other banks by principal geographic area at the dates indicated below.

	At December 31,		
	1998	1999	2000
		(in millions)	
Europe	$ 270.0	$ 317.7	$ 249.2
United States	69.9	61.4	34.3
Other O.E.C.D.	25.0	27.3	30.0
The Region	0.2	0.0	0.0
Other	0.0	0.0	0.0
TOTAL	$ 365.1	$ 406.4	$ 313.5

Funding Sources

The Bank's principal sources of funds are deposits, borrowed funds and floating and fixed rate placements. While these sources are expected to continue to provide most of the funds needed by the Bank in the future, their mix, as well as the possible use of other sources of funds, will depend upon future economic and market conditions.

At December 31, 1998, 1999 and 2000, short-term and medium-term borrowings and placements represented 64%, 61% and 63%, respectively, of total liabilities. The Bank also relies upon inter-bank deposits for funding, which at December 31, 1998, 1999 and 2000, represented 34%, 36% and 35%, respectively, of total liabilities.

Funds raised by the Bank are used primarily to provide trade-related loans to its customers. In 1998 and 1999, loans plus selected investments (which were bought as part of the Bank's credit portfolio activity) decreased by $197 million and by $501 million, respectively. In 2000, loans plus selected investments held as part of the credit portfolio increased by $569 million. A portion of the funds raised is used to maintain a certain level of liquidity held in cash and due from banks, interest bearing-deposits in other banks and investment securities, which at December 31, 1998, 1999 and 2000, totaled $365 million, $402 million and $314 million, respectively.

The Bank obtains deposits principally from central and commercial banks in the Region. Approximately 65% of the deposits held by the Bank are deposits made by central banks of countries in the Region. Many of these banks deposit a portion of their dollar reserves with the Bank. The average maturity of deposits from central banks of countries in the Region at December 31, 2000 was 78 days as compared to 87 days at December 31, 1999. The bulk of the Bank's remaining deposits is obtained from commercial banks in the Region. At December 31, 2000, deposits from the Bank's five largest depositors, all of which were central banks in the Region, constituted 45% of the Bank's total deposits.

Deposits

The principal components of the Bank's customer deposits are demand and time deposits. The following table analyzes the Bank's deposits by country at December 31 of each year set forth below:

	At December 31,		
	1998	1999	2000
		(in millions)	
Argentina	$ 70.6	$ 91.5	$89.7
Barbados	2.0	2.0	7.7
Bolivia	20.1	0.1	20.4
Brazil	633.4	217.8	281.2
Chile	15.4	0.4	0.4
Colombia	45.1	9.5	21.1
Costa Rica	51.5	117.9	55.1
Dominican Republic	105.0	103.9	61.0
El Salvador	28.0	31.5	15.4
Guatemala	35.3	20.0	129.7
Haiti	0.9	1.0	1.5
Honduras	16.8	10.9	12.0
Japan	30.0	35.0	80.0
Jamaica	1.6	1.5	2.5
Mexico	115.0	195.0	198.5
The Netherlands	12.5	17.5	7.5
Panama	194.5	216.7	287.3
Peru	174.4	205.0	167.9
Spain	32.0	38.0	40.0
Trinidad and Tobago	21.2	35.5	62.6
United States	3.0	0.0	0.0
Uruguay	2.2	0.0	0.0
Venezuela	19.4	24.5	23.9
Regional Organizations	3.3	3.2	3.2
Other	72.8	238.7	175.2
TOTAL	$1,706.0	$1,617.1	1,743.8

Short-Term Borrowings & Placements

As of December 31, 2000, the Bank had short-term borrowings and placements outstanding of $1,510 million. The Bank's short-term borrowings consist of borrowings from banks, and borrowings through issuance of commercial paper and certificates of deposit. The Bank's borrowings from banks, which totaled $1,405 million at December 31, 2000, with maturities of up to 365 days, are made available to the Bank on an uncommitted basis for the financing of trade-related loans, and are provided by approximately 100 European and North and Latin American banks. Commercial paper and certificate of deposit issuances, which totaled $76 million at December 31, 2000, are made under the Bank's Euro-Commercial Paper and Certificate of Deposit Program. The maximum amount of notes and certificates of deposit authorized to be issued under this program is $750 million and the maximum term of these notes and certificates of deposit is 365 days. Notes issued at a discount and interest bearing certificates of deposit may both be issued under this program in various hard currencies.

The short-term debt securities placements include floating and fixed rate notes, with maturities of up to 365 days, issued under the EMTN Program (as defined below). The maximum amount of debt notes authorized to be issued under this program is $2.25 billion. See "—Medium and Long-Term Floating and Fixed Rate Placements." The average original maturity of the short-term borrowings and placements at December 31, 2000 was approximately 231 days. At December 31, 2000, 13% of all short-term borrowings and placements were due within 30 days, 34% were due within 31-90 days, 27% were due within 91-180 days, and the balance were due prior to the end of the year 2001. The short-term borrowings and placements provided matched funding for 28% of the Bank's total loan portfolio (loans plus selected investments), and played an important role in controlling the gap between assets and liabilities and in helping to minimize the impact of short-term interest rate fluctuations. See " Liquidity." The following table presents information regarding the amounts outstanding under, and interest rates on, the Bank's short-term borrowings and placements at the dates and during the periods indicated below.

	At and for the Year Ended December 31,		
	1998	1999	2000
	(in millions, except percentages)		
Maximum amount outstanding at any month end.................	$1,900	$1,878	$1,510
Amount outstanding at year en(...	1,884	1,521	1,510
Average amount outstanding..	1,685	1,718	1,258
Weighted average interest rate on average amount outstanding...	6.00%	5.77%	6.82%
Weighted average interest rate on amount outstanding at year end..	5.68%	6.39%	6.95%

Medium and Long-Term Debt

The Bank, at December 31, 2000, had $601 million of syndicated and other medium-term borrowings from various international banks. The interest rates on most medium and long-term borrowings are adjusted semi-annually using the six-month London Interbank Offered Rate ("LIBOR") plus a credit spread. The Bank uses these funds to finance its medium-term loan portfolio.

Medium and Long-Term Floating and Fixed Rate Placements

The Bank has a Euro Medium Term Note Program (the "EMTN Program") which has a maximum limit of $2.25 billion. Notes issued under the EMTN Program were originally placed in Asia, Europe and North America, in either the Euro or 144A markets, and are general obligations of the Bank. The EMTN Program may be used to issue notes with maturities ranging from 90 days up to a maximum of 30 years, at fixed or floating interest rates and in various hard currencies. The sale of notes issued under the EMTN Program is generally made through one or more authorized financial institutions. As of December 31, 2000, the total amount outstanding under this program on a medium-term basis was $982 million, of which $646 million was at floating interest rates and $336 million at fixed interest rates. As part of its interest rate and currency risk management, the Bank enters into foreign exchange forward and cross currency contracts and interest rate swaps.

The interest rate on all currently outstanding floating rate notes issued under the EMTN Program is adjusted quarterly or semi-annually using the applicable LIBOR rate. The weighted average interest cost of these placements at the end of the year 2000 was 7.50%, and the placements had final maturities in the years 2001 through 2005.

As of December 31, 2000, the Bank had fixed rate placements outstanding of $336 million under the EMTN Program with maturities in the years 2001 through 2005. The weighted average interest cost of these fixed rate placements at the end of the year 2000 was 7.35%.

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

The following table sets forth certain information regarding the weighted average cost and the remaining maturities of the Bank's borrowed funds and floating and fixed rate placements at December 31, 2000.

	Amount (in millions)	Weighted Average Cost
Short-Term Borrowings & Placements		
Due in 0 to 30 days	$203.0	7.12%
Due in 31 to 90 days	508.5	7.04%
Due in 91 to 180 days	413.1	6.87%
Due in 181 to 365 days	385.3	6.85%
Total	$1,509.9	6.95%
Medium and Long-Term Borrowings		
Due in 31 to 90 days	$35.1	7.19%
Due in 91 to 180 days	25.0	7.18%
Due in 181 to 365 days	63.0	7.26%
Due in 1 through 5 years	477.5	7.34%
Total	$600.6	7.32%
Medium & Long-Term Fixed Rate Placements		
Due in 31 to 90 days	20.0	6.85%
Due in 91 to 180 days	40.0	7.26%
Due in 181 to 365 days	36.0	7.45%
Due in 1 through 5 years	240.3	7.39%
Total	$336.3	7.35%
Medium & Long Term Floating Rate Placements		
Due in 31 to 90 days	$10.0	7.95%
Due in 91 to 180 days	152.0	7.48%
Due in 181 to 365 days	180.8	7.60%
Due in 1 through 5 years	302.8	7.45%
Total	$645.6	7.50%

The Bank, at December 31, 2000 had no material commitments for capital expenditures.

Asset/Liability Management

The Bank seeks to manage its assets and liabilities to reduce the potential adverse impact on net interest income that might result from changes in interest rates. Risk control on interest rates is conducted through systematic monitoring of maturity mis-matches. The Bank's investment decision-making takes into account not only the rates of return and their underlying degree of risk, but also liquidity requirements, including minimum cash reserves, withdrawal and maturity of deposits and additional demand for funds. For any given period, a matched pricing structure exists when an equal amount of assets and liabilities are repriced. An excess of assets or liabilities over these matched items results in a gap or mis-match, as shown in the table under "Interest Rate Sensitivity" below. A negative gap denotes liability sensitivity and normally means that a decline in interest rates would have a positive effect on net interest income, while an increase in interest rates would have a negative effect on net interest income. Substantially all of the Bank's assets and liabilities are denominated in dollars and, therefore, the Bank has no material foreign exchange risk.

In 1996, the Bank established an Asset - Liability Management Committee ("ALCO") with the purpose of monitoring and managing the interest rate gap of the Bank and to coordinate lending and funding activities to optimize profits and reduce interest rate risk.

Interest Rate Sensitivity

The following table presents the projected maturities or interest rate adjustments of the Bank's assets, liabilities and common stockholders' equity based upon the contractual maturities or adjustment dates at December 31, 2000. The interest-earning assets and interest-bearing liabilities of the Bank and the related interest rate sensitivity gap given in the following table may not be reflective of positions in subsequent periods.

The Bank's policy with respect to interest rate gaps provides that the gap between short-term interest-earning assets and interest-bearing liabilities on a cumulative basis at 90 days cannot exceed 200% of the Bank's total capital. For the period on a cumulative basis at 180 days, the gap cannot exceed 100% of the Bank's total capital. The Bank's policy with respect to interest rate gaps also provides that the Bank is to match fund interest-earning assets over 365 days depending on the interest rate basis (fixed or floating). If an asset is a floating rate asset, the asset must be matched funded at a minimum level of 60% with a liability of the same type, and if the asset is a fixed rate asset, the asset has to be matched funded at a minimum level of 85%.

	Total	0-30 Days	31-90 Days	91-180 Days	181-365 Days	More than 365 Days	Non-Interest Sensitive
	(in millions, except percentages)						
Interest-earning assets							
Cash and due from banks	$ 1.4	$ 1.4	$ —	$ —	$ —	$ —	$ —
Interest-bearing deposits with banks	312.1	282.1	30.0	—	—	—	—
Investment securities	395.5	—	77.9	72.1	85.5	161.7	(1.7)
Loans, net	4,806.4	607.1	1,081.3	1,797.7	722.3	704.3	(106.3)
Total Interest-earning assets	5,515.4	890.6	1,189.2	1,869.8	807.8	866.0	(108.0)
Non-interest earning assets	114.1	—	—	—	—	—	114.1
Other assets	31.2	—	—	—	—	—	31.2
Total assets	$ 5,660.7	$ 890.6	$ 1,189.2	$ 1,869.8	$ 807.8	$ 866.0	$ 37.3
Interest-bearing liabilities							
Deposits							
Demand	44.8	44.8	—	—	—	—	—
Time	1,699.0	1,158.1	466.9	74.0	—	—	—
Short term borrowings & placements	1,509.9	303.5	508.5	428.1	269.8	—	—
Medium and Long term borrowings & placements	1,582.5	310.6	576.5	553.4	10.3	131.7	—
Total Interest-bearing liabilities	4,836.2	1,817.0	1,551.9	1,055.5	280.1	131.7	—
Non-interest bearing liabilities	109.5	—	—	—	—	—	109.5
Total Liabilities	4,945.7	1,817.0	1,551.9	1,055.5	280.1	131.7	109.5
Redeemable Preferred Stock	15.8	—	—	—	—	—	15.8
Common Stockholders' Equity	699.2	—	—	—	—	—	699.2
Total Liabilities, Redeemable Preferred Stock and Common Stockholders' Equity	$ 5,660.7	$ 1,817.0	$ 1,551.9	$ 1,055.5	$ 280.1	$ 131.7	$ 824.5
Interest rate sensitivity gap		(926.4)	(362.7)	814.3	527.7	734.3	(787.2)
Cumulative interest rate sensitivity gap		(926.4)	(1,289.1)	(474.8)	52.9	787.2	
Cumulative gap as a % of total interest-earning assets		-16.8%	-23.4%	-8.6%	1.0%	14.3%	

Foreign Exchange Sensitivity

The Bank accepts deposits and raises funds principally in United States dollars, and makes loans mostly in United States dollars. At December 31, 2000, the Bank's total non-dollar financial liabilities constituted 2.9% of total liabilities and consisted of hard currency. The Bank's total non-dollar loans and investments granted constituted 4.8% of total assets and consisted mostly of Yen-denominated loans. The Bank's currency risk results from the potential impact of changes in exchange rates on foreign currency exposures. The Bank manages this risk by not holding open foreign exchange positions. The Bank uses foreign exchange forward contracts as part of its management of currency risks. Most of the Bank's forward exchange contracts are made by the Bank as end-user to hedge foreign exchange risks arising from the issuance of non- US dollar short term Euro Commercial Paper and medium and long-term Euro Medium Term Notes, and from granting non-dollar, short and medium-term loans. The Bank also engages in some foreign exchange trades to serve customers' trade transactions needs, and all positions are hedged with an offsetting contract for the same currency. The Bank manages the risks on these buy and sell foreign currency contracts by establishing limits relating to the amounts and terms of these instruments for each counterparty, and by having adopted policies that do not allow the Bank to maintain open positions. For quantitative information on derivative financial instruments relating to the Bank's foreign exchange market risk, see Note 15 of the Notes to Consolidated Financial Statements, and for further information on foreign exchange risk, see Note 2(k) of the Notes to Consolidated Financial Statements.

As a result of the strategic process conducted during 2000, the Bank decided to invest in strengthening its operational and technological base, and initiate a re-engineering of many of its work processes in order to become more efficient in an increasingly competitive marketplace. Initiatives are underway to improve the capabilities of the BLADEX loan desk, implement a portfolio management approach to optimize the return on its credit portfolio, originate and sell more assets with better management of the risks involved, and improve the quality of client service. Additionally, to improve its capabilities and become more marketing oriented, the Bank expects to hire more specialized staff. The Bank believes that these investments are essential for BLADEX to remain competitive in the market.

Trend Information

Lending margins in most markets in the Region declined during the first quarter of 2001, with the exception of Argentina. During that period, an improved macroeconomic environment in most countries of the Region contributed to improved risk perception by the international markets and, as a result, country risk premiums and borrowing rates declined.

The average loan portfolio grew 8% during the first quarter of 2001 due to stronger demand in most countries of the Region. Average contingencies declined gradually during the first quarter of 2001 due to the decrease in the issuance of country risk guarantees.

The Bank maintains a negative interest rate gap, which denotes liability sensitivity and means that a decline in interest rates would have a positive effect on net interest income. During the first quarter of 2001, average interest rates declined approximately 160 basis points, which had a positive effect on the Bank´s net interest income.

Item 6. Directors, Senior Management and Employees

Directors and Senior Management

Directors

The following tables set forth certain information concerning the Directors of the Bank, as of the date of this Annual Report, including information with respect to each person's current positions with the Bank and with other institutions, country of citizenship and the year that each Director's term expires.

Name	Country of Citizenship	Position(s) Held With the Bank	Since	Term Expires
CLASS A				
Guillermo Güémez García.......................... Deputy Governor, Banco de Mexico, Mexico	Mexico	Director	1997	2002
Rubens Amaral... General Manager Banco do Brasil, New York	Brazil	Director	2000	2004
CLASS B				
Ernesto Bruggia.. General Manager, Banco de la Provincia de Buenos Aires, Argentina	Argentina	Director	1996	2002
Valentín E. Hernández .... Financial Institutions Division Executive Citibank, N.A., New York	Venezuela	Director	1998	2002
CLASS E				
Mario Covo.. Chief Executive Officer, Fin@ccess International, Inc., New York	Mexico	Director	1999	2002
Will C. Wood…………………………… Principal Kentwood Associates, California	U. S. A.	Director	1999	2003
Sebastiao Toledo Cunha........................... Vice President and General Manager Banque Sudameris, Miami	Brazil	Director	1995*	2004
ALL THE CLASSES				
José Castañeda.. Chief Executive Officer, BLADEX, Panama	Peru	Director	2000	2003
Gonzalo Menéndez Duque…………….. Director Banco de Chile, Chile	Chile	Director	1990**	2003

* Class B Director from 1995 to 2001. On April 2001, Mr. Cunha was elected Class E Director.
** Class B Director from 1990 to 2000. On April 2000, Mr. Menéndez Duque was elected to represent all the Classes.

Guillermo Güémez García
- Deputy Governor of Banco de Mexico since 1995;
- Grupo de Embotelladoras Unidas, S. A. de C. V., Vice Chairman and President of the Executive Committee in Grupo Azucarero Mexico from 1993 to 1994;
- Mexican Business Coordinating Council for Nafta, Executive Director from 1991 to 1993;
- Banco Nacional de Mexico in various capacities from 1974 to 1990:
  - Executive Vice President for International Products from 1986 to 1990;
  - Founder and President of Euromex Casa de Cambio and Euroamerican Capital Corporation from 1986 to 1990;
  - Executive Vice President of International Treasury and Foreign Exchange, Exchange Controls and Ficorca from 1982 to 1986, as well as International Operations from 1984;
  - Representative in London and set up the branch in London from 1979 to 1981;
  - Manager for Foreign Currency funding and International Credits from 1974 to 1978.
- Bank of America in Mexico, Assistant Representative in 1973;
- From 1964 to 1972 worked in the construction and cement industry.

Rubens Amaral
- General Manager and Managing Director for North America of Banco do Brasil, New York Branch since 2000;
- Banco do Brasil in various capacities since 1975:
  - Managing Director, International Division, and alternate member of Board of Directors in 1998;
  - Executive General Manager of the International Division in Sao Paulo; from 1994 to 1998;
  - Deputy General Manager in the New York branch in charge of the Trade Finance & Correspondent Banking Department;
  - Head of Staff of the International Division from 1993 to 1994;
  - Advisor, Head of Department and General Manager in the Trade Finance Area at the International Division - Head Office, from 1989 to 1993;
  - Representative for the Central Bank of Brazil from 1982 to 1988 for banking supervision.

Ernesto Bruggia
- General Manager of Banco de la Provincia de Buenos Aires (“BPBA”) since 1999;
- General Manager of Grupo BAPRO (holding company of BPBA), since November 1998;
- Banco de la Provincia de Buenos Aires in various capacities since 1976:
  - Assistant General Manager from 1993 to 1999;
    Supervised Accounting and Finance and International Relations
    Supervised Marketing from 1994 to 1995
  - Finance Manager and International Relations from 1992 to 1993;
  - International Operations Manager from 1990 to 1992;
  - Deputy Manager in charge of International Operations from 1989 to 1990;
  - Deputy Manager in charge of International Division in 1985;
  - Chief International Audit in 1983;
  - Began with Banco de la Provincia de Buenos Aires in 1976, in the Stock Exchange Department.

Valentín Hernández

- Financial Institutions Division Executive for Latin America, Central and Eastern Europe, the Middle East, Africa, and the Indian sub-continent since 1992 at Citibank, N.A., New York;
- Citibank, N.A. in various capacities since 1976:
  - Department Head for Sub-Sahara Africa marketing and operations and the Middle East, in New York from 1984 to 1992;
  - Marketing responsibilities for India, Australia, and Sub-Sahara Africa from 1982 to 1984;
  - Relationship Manager in the Mortgage and Real Estate Group in Venezuela from 1976 to 1982, thereafter, served as the Financial Institutions Country Head for Venezuela.

Mario Covo

- Chief Executive Officer of Fin@ccess International Inc., since 1999;
- Founder of Columbus Advisors and Columbus Group, from 1995 to 1999;
- Merrill Lynch, Managing Director heading the Latin America Capital Markets Group from 1989 to 1995;
- Bankers Trust Company, Vice President in the Latin American Merchant Banking Group, focused on corporate finance and debt-for-equity swaps from 1985 to 1989;
- Chase Econometrics, International Economist focusing primarily on Venezuela and Colombia from 1984 to 1985.

Will Wood

- Founding principal of Kentwood Associates of Menlo Park, California since 1993;
- Wells Fargo's International Banking Group, Executive Vice President from 1986 to 1989;
- While at Wells Fargo, he was a Director of the Bankers' Association for Foreign Trade and PEFCO, a privately owned export finance company;
- Crocker Bank, Executive Vice President in charge of the International Division from 1975 to 1986 and Manager of the Latin America Area;
- Citibank in La Paz, Bolivia, Lima, Peru, Rio de Janeiro and Sao Paulo, Brazil, having begun his career with Citibank's Overseas Division in 1964 in New York.

Sebastiao Toledo Cunha

- Senior Vice President and Manager of Banque Sudameris, Miami since 2001;
- Banco Sudameris Brasil, S. A., "Director Superintendente" (CEO) from 1998 to 2000;
- Banco Real, in various capacities as follows:
  - Executive Director responsible for International and Foreign Exchange Operation, from 1990 to 1998;
  - Regional Director for European Sector from 1988 to 1990 in London;
  - General Manager of the International Department, in Sao Paulo from 1986 to 1987;
  - Deputy Regional Director London Branch, in charge of the European and African Markets from 1980 to 1986;
  - Responsible for the opening of Banque Real de Cote D'Ivore, Ivory Coast, as Managing Director from 1977 to 1980;
  - Manager of International Division from 1975 to 1977.

Gonzalo Menéndez Duque

- Director of Banco de Chile since 2001;
- Grupo Luksic: Director of several companies related to Grupo Luksic, including:

- Banedwards Compañía de Seguros de Vida, Banchile Corredores de Bolsa, Cia. Nacional de Teléfonos, Telefónica del Sur and Telefónica de Coyhaique since 2000;
- Grupo Minero Antofagasta Minerals since 1997;
- Holdings Quiñenco, Minera Michilla, Fundaciones A. Luksic and P. Baburizza since 1996;
- Antofagasta Plc, England since 1985;

- Director of Banco Edwards since 1999 to 2001, Banco Santiago from 1993 to 1999 and Grupo Financiero OHCH from 1996 to 1999;
- Chief Executive Officer of the following companies: Empresas Lucchetti, S.A. from 1994 to 1998, Banco O'Higgins from 1985 to 1992 and Antofagasta Group from 1980 to 1985.

José Castañeda

- Chief Executive Officer of the Bank since November 1989;
- Banco Río de la Plata, New York, Manager and Agent from July 1987 to September 1989;
- Citibank, N.A., Argentina, Vice President/Head of the Financial Institutions Group from 1984 to 1987;
- Banco de Crédito del Perú, New York General Manager from 1982 to 1984;
- Crocker National Bank, San Francisco, CA, Vice President from 1979 to 1982;
- Citibank, N.A., Lima, Peru, Manager - Government and Financial Institutions Group from 1968 to 1979.

Senior Management

Executive Officers

The following table sets forth the names of the executive officers of the Bank and their respective positions as of December 31, 2000.

Name	**Position**	**Country of Citizenship**
José Castañeda	Chief Executive Officer	Peru
Peter P. Miller	Senior Vice President and Chief Operating Officer	United States of America
Roberto Anguizola	Senior Vice President, Credit and Marketing	Panama
Christopher E. D. Hesketh	Senior Vice President, Treasury	Barbados
Haydeé A. de Cano	Senior Vice President, Administration	Panama
Carlos Yap S.	Vice President, Finance and Performance Management	Panama
Miguel A. Kerbes	Vice President, Risk Management	Uruguay
Sergio Ng	Chief Auditor	Panama

José Castañeda

- Chief Executive Officer of the Bank since November 1989;
- Banco Río de la Plata, New York, Manager and Agent from July 1987 to September 1989;
- Citibank, N.A., Argentina, Vice President/Head of the Financial Institutions Group from 1984 to 1987;
- Banco de Crédito del Peru, New York General Manager from 1982 to 1984;
- Crocker National Bank, San Francisco, CA, Vice President from 1979 to 1982;
- Citibank, N.A., Lima, Peru, Manager - Government and Financial Institutions Group from 1968 to 1979;

Peter Miller

- Senior Vice President and Chief Operating Officer of the Bank since January 1998;
- General Manager of the New York Agency from 1993 to 1997;
- Marine Midland Bank, N.A., in various capacities, as follows:
  - Director of Sovereign Risk Management Group in New York from 1988 to 1992;
  - Chief of the Staff of the Latin American Group in New York from 1987 to 1988;
  - Representative in Hong Kong and Venezuela from 1980 to 1987.
- Maderas Tropicales Ltda., Colombia from 1979 to 1980;
- Citibank in Colombia, in various capacities from 1972 to 1979, including corporate banking.

Roberto Anguizola

- Senior Vice President, Credit and Marketing, of the Bank since January 2000;
- Bank of America, in various capacities since 1972, as follows:
  - Senior Vice President and Region Executive-International Private Banking, Miami from 1997 to 2000;
  - Senior Vice President and Regional Manager, Bogota-Colombia and Miami from 1989 to 1996, responsible for Andean, Central America & Caribbean Region;
  - Vice President and Country Manager, Peru & Panama, 1980 to 1988;
  - Various capacities in Panama, Ecuador and Venezuela, from 1972 to 1980.

Christopher E. D. Hesketh

- Senior Vice President, Treasury, of the Bank since September 1989.
- Yamaichi International America, Inc. Vice President, Corporate Finance Department, in New York from 1986 to 1989;
- Manufacturers Hanover Overseas Corporation, New York, as follows:
  - Regional Credit Manager, New York from 1985 to 1986;
  - Credit Director, Madrid, Spain from 1982 to 1985;
  - Assistant Credit Manager of Manufacturers Hanover Leasing Corporation, New York from 1980 to 1982.
- Barclays Bank International, in various capacities from 1974 to 1980, in Spain and London.

Haydeé A. de Cano

- Senior Vice President, Administration, of the Bank since February 1992;
- Prior to that time, Mrs. Cano worked for the Bank in Human Resources and Special Projects from 1980 to 1992.

Carlos Yap S.

- Vice President, Finance and Performance Management of the Bank since February 1993;
- Prior to that time, Mr. Yap worked for the Bank in Treasury, Correspondent International Banking and Capital Markets from 1980 to 1993;
- Banco Nacional de Panama, Credit Department from 1979 to 1980.

Miguel Kerbes

- Vice President, Risk Management, of the Bank since September 2000;
- Assistant Credit Director for the Southern Cone Area of Banco Santander –Chile from 1995 to 2000;
- Head of Credit Division at Banco Boston Chile from 1992 to 1995;
- ING Bank in various capacities from 1982 to 1992.

Sergio Ng

- Chief Auditor of the Bank since November, 1994;
- The United States Agency for International Development – Panama Mission, from 1991 to 1994 as Financial Administration Analyst - Assistant Controller;
- Price Waterhouse – Panama from 1970 to 1990 in various capacities, as follows:
  - Audit and Tax Partner, including managing responsibilities, from 1983 to 1990;
  - Coordinator of Tax Services for Panama and Central America from 1987 to 1988;
  - Coordinator of EDP Audit for Panama and Central America from 1985 to 1987;
  - Continuing Education Program for Panama and Central America from 1983 to 1985.
- Aserradero El Chagres from 1966 to 1970.

Compensation

The aggregate amount of compensation paid by the Bank during the year ended December 31, 2000 to the executive officers identified above as a group for services in all capacities, including compensation paid pursuant to the Bank's bonus plan, was $1,893,011.38. The Bank's bonus plan was established by the Board of Directors, in accordance with a performance-based compensation scheme. On an annual basis, the Board approves the bonus amount based on the achievement of goals established at the institutional level. All employees participate in the bonus plan based on their performance at the departmental and individual level. At December 31, 2000, the total amount set aside or accrued by the company to provide pension, retirement or similar benefits for employees was $1.0 million.

On April 28, 2000, the Board approved a compensation plan for non-employee Directors (the "Compensation Plan") under which such Directors are eligible to receive compensation in the form of cash and in the form of stock options to purchase Class E Shares. This decision was ratified by the shareholders during the annual meeting of stockholders held on April 27, 2001. With respect to the cash component of compensation, each non-employee Director is eligible to receive an annual amount of up to $20,000 for his services as a Director and an additional amount of $2,500 for each meeting of the Board attended. With respect to the stock option component of compensation, each non-employee Director is eligible to receive options to purchase Class E Shares under a stock option plan authorized by the Board on April 28, 2000 (the "Board Plan"), as more fully described below. The Chairman of the Board is eligible to receive an additional fifty percent (50%) of the compensation that other Directors are eligible to receive under the Compensation Plan with respect to the cash component and the stock option component of compensation. The aggregate amount of compensation in cash paid by the Bank during the year ended December 31, 2000 to the Directors of the Bank as a group for their services as Directors was $193,750.

Pursuant to the Board Plan, each year the Board may grant options to each non-employee Director to purchase Class E Shares of the Bank. The aggregate number of Class E Shares that may be issued upon exercise of options under the Board Plan is 50,000. If options are granted under the Board Plan in any calendar year, the Chairman of the Board will receive an option to purchase shares that have an aggregate value of $15,000 on the date of grant and each other Director will receive an option to purchase shares that have an aggregate value of $10,000 on the date of grant. The exercise price for all options under the Board Plan will be equal to the fair market value of a Class E Share on the date of grant. Directors will fully vest in their options on the one-year anniversary of the date of grant and such options may be exercised at any time thereafter, up to the fifth anniversary of the date of grant. All Directors must pay the exercise price in cash, except that the Board may determine, in its discretion, to allow payment of the exercise price in Class E Shares. Except in the case of death or disability, all unvested options of a grantee will be forfeited upon the termination of such grantee's services as a Director of the Bank. (See Notes to Consolidated Financial Statements). No stock options were granted under the Board Plan during the year ended December 31, 2000; however, on February 6, 2001, stock options with respect to 2,584 Class E Shares were granted by the Board under the Board Plan at a strike price of $32.88 per Class E Share.

Board Practices

The Board consisted of ten members (each, a "Director") at December 31, 2000, in accordance with the Bank's Articles of Incorporation, as amended. Pursuant to the amendments to the Bank's Articles of Incorporation approved by the holders of the Bank's common stock at the last annual meeting of stockholders in April of 2000, the total number of members of the Board was reduced in April 2001 following the Annual Meeting from ten (10) Directors to nine (9) Directors. Consequently, the Board currently consists of two (2) Class A Directors, two (2) Class B Directors, three (3) Class E Directors and two (2) Directors representing the holders of all classes of shares of the Bank's common stock. Members of the Board are elected at annual meetings of stockholders of the Bank and each Director serves a term of three years. The terms of office of the Directors are staggered in order to provide for continuity on the Board. In the elections of members of the Board representing a class of shares of the Bank's common stock, the votes of the holders of such class of shares are counted separately as a class. The holders of each class of common stock have cumulative voting rights with respect to the election of Directors representing such class.

The following table sets forth the names and countries of citizenship of the Bank's "Dignatarios", their current office or position with other institutions, and their current office or position with the Bank. The "Dignatarios" are elected annually by the members of the Board. The "Dignatarios" attend meetings of the Board, participate in discussions, and offer advice and counsel to the Board, but do not have the power to vote (unless they are also Directors of the Bank).

Name	County of Citizenship	Position held by

		“Dignatario” with the Bank
Sebastiao Toledo Cunha..................................... Vice President and General Manager, Banque Sudameris, Florida	Brazil	Chairman of the Board
Fernando Cardoze... Partner, Arias, Fábrega & Fábrega	Panama	Secretary
Guillermo Güémez García................................. Deputy Governor, Bando de México	Mexico	Treasurer
José Castañeda.. Chief Executive Officer BLADEX	Peru	Chief Executive Officer

Audit Committee

The members of the Audit Committee created pursuant to the powers granted to the Board under the Bank’s Articles of Incorporation are Rubens Amaral, Sebastiao Toledo Cunha, Gonzalo Menendez Duque and Ernesto Bruggia (who serves as Chairman). The Audit Committee met four times in the fiscal year ended December 31, 2000. Included among the oversight functions of the Audit Committee are: (i) the recommendation of the Bank’s independent auditors for appointment by the stockholders of the Bank; (ii) review of the external audit plan and the results of the auditing engagement; (iii) review of the Bank’s internal audit plan and the results of internal audits; and (iv) review of the adequacy of the Bank’s internal control system.

Based on reviews and discussions, the Audit Committee recommended to the Board that the audited financial statements for the fiscal year ended December 31, 2000 be included in the Bank’s Annual Report.

Certain Directors serve on the other committees established by the Board of Directors, including the Risk Management Committee, the Technology Committee and the Personnel Committee.

The Bank does not have a Directors’ service contract providing for benefits upon termination of their appointment.

Advisory Council

The Advisory Council was created by the Board in April of 2000 pursuant to the powers granted to the Board under the Bank ‘s Articles of Incorporation, as amended. The Advisory Council members receive $5,000 for each Advisory Council meeting attended. The duties of the Advisory Council consist primarily of providing advice to the Board with respect to the business of the Bank in their areas of expertise or otherwise. During the fiscal year ended December 31, 2000, the Advisory Council met once.

The following table sets forth the names of the members of the Advisory Council of the Bank and their respective positions.

Name	Position	Country of Citizenship
Carlos Martabit	General Manager, Finance Division Banco del Estado de Chile	Chile
Marta Lucía Ramírez	Chairman of the Board Banco de Comercio Exterior-Colombia Ministry of Foreign Trade of Colombia	Colombia
Alfredo Riviere	President Sural, C. A.	Venezuela
Luis Pagani	President Arcor S. A. I. C.	Argentina
Roberto Teixeira Da Costa	Vice President of the Administration Board Banco Sul America	Brazil
Daniel Ostropolsky	Chairman of International Board of Commission Banco de la Nación – Argentina	Argentina
Eugenio Clariond	Chief Executive Officer Grupo Imsa, S. A. de C. V.	Mexico
Nicanor Restrepo Santamaría	President Cia. Suramericana de Seguros, S . A.	Colombia
Alberto Motta, Jr.	President Inversiones Bahía Ltd.	Panama

Employees

As of December 31, 1998 and 1999, the total number of permanent employees was 167 and 187, respectively. As of December 31, 2000, the total number of permanent employees was 197, which were geographically distributed as follows Head Office: 180, New York Agency: 9, Argentina's Representative Office: 3, Brazil's Representative Office: 4, and Mexico's Representative Office: 1. As of December 31, 2000, the total number of temporary employees was 5.

Share ownership

As of March 31, 2001, the Bank's officers, Directors and Advisory Council, as a group, owned an aggregate of 53,263 Class E Shares, which was less than 0.58% of all issued and outstanding Class E Shares.

At the Annual Meeting held on April 28, 2000, shareholders approved amendments to the Bank's Articles of Incorporation that consolidated the Bank's Class B and Class C shares into a single class represented by new Class B shares and made such Class B shares convertible at the option of the applicable shareholder on a share-for-share basis into Class E Shares, which trade on the New York Stock Exchange.

On October 13, 1995, the Board adopted a stock option plan authorizing the Bank to grant to eligible executive officers and employees stock options on up to 300,000 Class E Shares. The plan provides that options may be granted at an exercise price equal to the fair market value of the Class E Shares on the date of the grant of the option.

On October 1, 1999, the Board adopted a stock option plan (the "1999 Stock Option Plan") authorizing the Bank to grant to eligible executive officers and employees stock options on up to 350,000 Class E Shares. The plan provides that options may be granted at an exercise price equal to the fair market value of the Class E Shares on the date of the grant of the option. Participants in the 1999 Stock Option Plan who remain employed will become fully vested in their options four years from the date of grant. Options granted under the 1999 Stock Option Plan shall remain outstanding for a period of 10 years unless sooner forfeited. The following table sets forth the strike price for the options set forth below as well as the date such options were granted and the number of Class E Shares relating thereto. Each strike price listed below is equal to the fair market value of the Class E Shares on the dates on which the options related thereto were granted under the plans.

Date of Grant	Number of shares	Strike Price
October 13, 1995	90,000	$41.56
January 31, 1997	70,000	51.19
February 6, 1998	70,000	42.56
February 4, 1999	70,000	23.03
February 4, 2000	70,000	23.16
February 6, 2001	70,000	32.88

As of March 31, 2001, stock options granted under the plans with respect to 57,878 Class E Shares have been exercised.

In 1999, the Board of Directors approved the adoption of two new employee stock programs. Currently, the structure of these programs contemplates the following terms:

1) Deferred Equity Unit Plan (the "DEU Plan") under the Stock Purchase Plan. The DEU Plan will allow eligible employees to elect to invest up to 25% of their annual profit-sharing in Class E shares (the "Participation Shares"). If participating employees agree to allow the Bank to maintain custody over the certificates of the Participating Shares, the employee will receive a grant of one deferred equity unit for every two Participating Shares. Each deferred equity unit represents the right to receive a Class E share (or the economic equivalent thereof). In general terms, the employee will vest in 50% of the deferred equity units on each of the third and fifth anniversaries of the date of grant of the deferred equity units if, throughout the vesting period, the Participating Shares have not been transferred and the employee remains employed by the Bank. Participating employees will receive dividends with respect to their vested deferred equity units and will receive additional deferred equity units in lieu of a dividend with respect to their unvested deferred equity units. Distributions will be made in respect of deferred equity units as they vest.

Under the DEU Plan and the Stock Purchase Plan, 30,000 and 60,000 Class E common shares were reserved, respectively.

2) Deferred Compensation Plan (the "DC Plan"): The DC Plan will have two separate features. Under the first component of the DC Plan, the Bank may grant to each eligible employee a number of deferred equity units equal to the product of (x) an amount equal to a percentage, not to exceed 3%, of the employee's compensation, divided by (y) the fair market value of a Class E share of stock of the Bank. Each deferred equity unit represents the right to receive a Class E share (or the economic equivalent thereof). Employees will vest in the deferred equity units after three years of service (which may be either before or after the deferred equity unit award). Distributions will be made in respect of deferred equity units on the later of (i) the date the vested deferred equity units are credited to an employee's account and (ii) ten years after the employee is first credited with deferred equity units under the DC Plan. Participating employees will receive dividends with respect to their vested deferred equity units, and will receive additional deferred equity units in lieu of a dividend with respect to their unvested deferred equity units. The second component will allow employees who are not citizens or residents of the United States to defer a percentage of their compensation and receive a discretionary matching

cash contribution. In no event shall the value of (i) the discretionary matching cash contribution made on behalf of an employee and (ii) the grant of deferred equity units made to such employees exceed 6% of the employee's annual base compensation.

Under the DC Plan, 30,000 Class E common shares were reserved.

During the year 2000, no benefits were granted under these plans.

Item 7. Major Shareholders and Related Party Transactions

Major shareholders

The Bank is not directly or indirectly owned or controlled by another corporation or any foreign government, and no person is the registered owner of more than 7% of the total outstanding shares of voting capital stock of the Bank.

The following table shows information regarding the Bank's shareholders that are the beneficial owners of 5% or more of each class of the total outstanding shares of voting capital stock of the Bank, at March 31, 2001:

	At March 31, 2001		
Class A	**Number of Shares**	**% of Class**	**% of Total**
Banco de La Nación Argentina	462,543	9.2%	2.5%
Banco de la Nación Perú	446,556	8.9%	2.4%
Banco Central del Paraguay	434,658	8.7%	2.3%
Banco do Brasil	431,217	8.6%	2.3%
Banco Central del Ecuador	431,217	8.6%	2.3%
Banco del Estado de Chile	323,413	6.4%	1.7%
Banco de Comercio Exterior de Venezuela	288,253	5.7%	1.5%
Total Shares of Class A Common Stock	5,020,934	100.0%	26.9%
Class B	**Number of Shares**	**% of Class**	**% of Total**
Banco de la Provincia de Buenos Aires	435,360	9.8%	2.3%
The Bank of Tokyo – Mitsubishi Ltd.	294,345	6.6%	1.6%
Banco de la Nación Perú	288,807	6.5%	1.5%
Total Shares of Class B Common Stock	4,451,576	100.0%	23.8%
Class E*	**Number of Shares**	**% of Class**	**% of Total**
Genesis Inv. Management	1,204,000	13.1%	6.4%
Fidelity Management	892,900	9.7%	4.8%
Harris Associate (1)	866,900	9.4%	4.6%
Scudder Kemper	775,200	8.4%	4.1%
Wellington Management	604,900	6.6%	3.2%
Total Shares of Class E Common Stock	9,209,645	100.0%	49.3%
Total Shares of Common Stock	18,682,155		100.0%

*Source: Bloomberg's Report dated May 28, 2001
(1) The amount of shares is as of December 31, 2000

All common shares have the same rights and privileges regardless of their class, except that (i) the affirmative vote of three-quarters (3/4) of the issued and outstanding class A common shares is required (A) to dissolve and liquidate the Bank, (B) to amend certain material provisions of the Articles of Incorporation, (C) to merge or consolidate the Bank with another entity and (D) to authorize the Bank to engage in activities other than those described as the purposes of the Bank in its Articles of Incorporation; (ii) the class E common shares and the preferred shares are freely transferable, but the class A common shares and class B common shares can only be transferred to qualified holders; (iii) the class B common shares may be converted into class E common shares;

and (iv) the holders of class A common shares and class B common shares benefit from pre-emptive rights, but the holders of class E common shares do not.

Prior to the approval of the Amended and Restated Articles of Incorporation at the 2000 annual shareholders meeting, the holders of the Class C shares and the Class D shares of the Bank's common stock had the right to convert up to 100% of their Class C shares or Class D shares into Class E shares at a conversion rate of ten (10) Class C shares or ten (10) Class D shares for nine (9) Class E Shares. From 1998 through 2000, a total of 300,420 Class C common shares were converted into 270,377 Class E common shares. During 1998 and 1999 two holders of Class C shares which represented 6.3% and 6.7% of class C shares, respectively, converted their holdings into Class E shares. During 2000, a total of 417,133 Class B common shares were converted into 417,128 Class E common shares.

As of March 31, 2001, there were no Class A Shares held by institutions located in the United States. At March 31, 2001, 5.6% of the total Class B Shares outstanding were held by institutions located in the United States, representing 1.3% of the Bank's total common shares. The majority of Class E Shares are held by or in the name of the Depository Trust Company, and the Bank does not have precise information on U.S. shareholders.

Related party transactions

Certain Directors of the Bank are executive officers of banks or other financial institutions in the Region as well as international banks that own shares of the Bank's common stock and enter into loan transactions with the Bank. The loan transactions between the Bank and such banks or other financial institutions were made in the ordinary course of business and on substantially the same terms and conditions (including interest rates and collateral) as those prevailing at the time for comparable transactions with other persons. See Note 3 of the Consolidated Financial Statements.

The consolidated balance sheets and consolidated statements of income include the balances and transactions with related parties (shareholder banks and their affiliates), as shown in Note 3 to the Consolidated Financial Statements.

Item 8. Financial Information

Consolidated Statements and Other Financial Information

See Item 19.

Dividends

The Board, at a meeting held on February 4, 2000, declared an annual dividend of $1.25 per common share, an increase of 30% compared to $0.96 paid in 1999. This dividend was payable on March 3, 2000 to shareholders of record as of February 18, 2000. The aggregate amount of the common stock dividend declared was approximately 26% of BLADEX's reported net income for 1999, after payment of preferred stock dividends. On April 28, 2000, the Board approved a one time special dividend of $1.25 per common share payable on May 29, 2000 to shareholders of record as of May 11, 2000. The Board also declared a special cash dividend of $2.26 per preferred share, payable in two equal installments on May 15, 2000 and November 15, 2000 to preferred stockholders of record as of April 28, 2000 and October 31, 2000, respectively.

On December 6, 2000, the Board approved an increased dividend pay-out ratio and a plan to declare and pay dividends on a quarterly basis, rather than annually. The Bank intends through these actions to improve shareholder value while continuing to invest in the Bank's growth. The Board of Directors approved a target dividend pay-out ratio of 40% of net income. The Bank's cash dividend pay-out ratio has generally been close to

25% of the prior year's net income. The application of the new target dividend pay-out ratio of 40% of net income and the quarterly declaration and payment of dividends began in the first quarter of 2001.

The Board, at a meeting held on February 5, 2001, declared a quarterly dividend of $0.47 per common share. This dividend is payable on March 5, 2001 to stockholders of record as of February 22, 2001. At the same meeting, the Board of Directors also declared a quarterly cash dividend of $0.84 per preferred share, payable in two equal installments on May 15, 2001 and November 15, 2001 to preferred stockholders of record as of February 22, 2001 and October 31, 2001, respectively.

The Board, at a meeting held on April 26, 2001, declared a regular quarterly cash dividend of $0.47 per common share. This dividend is payable on May 29, 2001 to stockholders of record as of May 18, 2001. At the same meeting, the Board also declared a regular quarterly cash dividend of $0.84 per preferred share, payable on May 15, 2001 to preferred stockholders of record as of April 30, 2001.

Significant Changes

There has not been any significant change since December 31, 2000, except for the adoption of SFAS 133 (See Item 11 - Quantitative and Qualitative Disclosures About Market Risk - Post Event Accounting and Reporting Development).

Item 9. The Offer and Listing

Offer and Listing Details

On October 1, 1992, the Bank concluded a public offering in the United States of 4,000,000 Class E shares with, no par value. On December 22, 1994, the Bank concluded another offering of 3,200,000 Class E shares. The Class E shares are listed on the New York Stock Exchange under the symbol BLX. The following table shows the high and low sales prices of the Class E shares on the New York Stock Exchange for the periods indicated.

	Price per Class E Share (in $)	
	High	Low
1996	58.25	43.13
1997	55.50	38.00
1998	44.00	12.94
1999	34.13	16.19
2000	34.88	21.25

	Price per Class E Share (in $)	
	High	Low
1999:		
First Quarter	26.00	16.19
Second Quarter	34.13	25.13
Third Quarter	31.50	22.75
Fourth Quarter	25.81	21.00
2000:		
First Quarter	28.63	21.81
Second Quarter	28.00	21.25
Third Quarter	28.50	25.50
Fourth Quarter	34.88	24.44
2001:		
First Quarter	34.75	30.60

	Closing Price Class E Share (in $)	
	High	Low
2000:		
December	34.88	27.31
2001:		
January	34.75	31.75
February	33.90	32.60
March	34.60	30.60
April	33.20	30.75
May	35.10	33.10

	Price Class E Share (in $)
	Close
2000:	
December 1,	27.50
2001:	
January 2,	34.00
February 1,	33.55
March 1,	33.45
April 2,	31.05
May 1,	34.00

Markets

The Bank's Class A shares and Class B shares were sold in private placements, are not listed on any exchange and are not publicly traded. The Bank's Class E Shares, which constitute the only class of shares publicly traded, represent approximately 49% of the total shares of the Bank's common stock issued and outstanding at December 31, 2000.

Item 10. Additional Information

Memorandum and Articles of Association.

BLADEX is a Bank organized under the laws of the Republic of Panama, registered in the Mercantile Section (Persons) of the Public Registry of the Republic of Panama at file card 021666, roll 1050, image 0002. Article 2 of BLADEX's Articles of Incorporation states that the purpose of the Bank is to promote the economic development of Latin American countries, mainly by promoting foreign tradeFor the attainment of this purpose, the Bank may: (1) establish a Latin American credit system for the export of goods and services, which shall include granting direct export loans, including financing the stages prior to and after export; (2) foster a market for bank acceptances extended as a result of operations pertaining to the export of goods of Latin American origin; (3) promote the establishment of a Latin American system of export credit insurance and mechanisms that may supplement existing national systems; (4) collaborate with Latin American countries in conducting market research, with a view to promoting their exports of goods and services; and (5) generally, engage in any kind of banking or financial business intended to promote the development of Latin American countriesThe Articles of Incorporation provide that BLADEX may also engage in activities other than those described above, provided that, it has obtained the approval of the shareholders in a resolution adopted by the affirmative vote of one-half

(1/2) plus one of the common shares, either present or represented, in a meeting of shareholders called to obtain such authorization, which affirmative vote shall necessarily include the vote of three-fourths (3/4) of class A common shares issued and outstanding.

BLADEX's Articles of Incorporation provide that the Board of Directors shall direct and control the business and assets of the Bank, except for those matters specifically reserved to shareholders by law or the Articles of Incorporation. The Board of Directors may, however, grant general and special powers of attorney, authorizing directors, officers and employees of the Bank or other persons to transact such business and affairs within the competence of the Board of Directors, as the Board of Directors may deem convenient to entrust to each of them. The Articles of Incorporation of BLADEX do not contain provisions limiting the ability of the Board of Directors to approve a proposal, arrangement or contract in which a Director is materially interested, or a provision which limits the ability of the Board of Directors to fix the compensation of its members, a provision which requires the mandatory retirement of a Director at any prescribed age or a provision which requires that a certain number of sharesbe owned by a person to qualify as a Director.

The Board of Directors consists of nine (9) members, as follows: two (2) Directors are elected by the holders of the class A common shares; two (2) Directors are elected by the holders of the class B common shares; three (3) Directors are elected by the holders of the class E common shares; and two (2) Directors are elected by the holders of all of the common shares. Notwithstanding the foregoing, if due to the conversion of class B common shares, the number of outstanding shares of this class falls below certain percentages prescribed in the Articles of Incorporation, holders of class B common shares, may lose the right to elect any member of the Board of Directors.

The Directors are elected by shareholders for periods of three (3) years, and they may be re-elected. The holders of the class A, class B and class E shares vote separately as a class for the election of the Directors of the Bank. For the election of Directors, the shareholders of each class have a number of votes equal to the number of shares of such class held by the shareholder multiplied by the number of Directors to be elected by such class, and the shareholder may cast all of the votes in favor of one candidate or distribute them among all the Directors to be elected or among two or more of them, as the shareholder may decide.

All common shares have the same rights and privileges regardless of their class, except that (i) the affirmative vote of three-quarters (3/4) of the issued and outstanding class A common shares is required (A) to dissolve and liquidate the Bank, (B) to amend certain material provisions of the Articles of Incorporation, (C) to merge or consolidate the Bank with another entity and (D) to authorize the Bank to engage in activities other than those described as the purposes of the Bank in its Articles of Incorporation; (ii) the class E common shares and the preferred shares are freely transferable, but the class A common shares and class B common shares can only be transferred to qualified holders; (iii) the class B common shares may be converted into class E common shares; and (iv) the holders of class A common shares and class B common shares benefit from pre-emptive rights, but the holders of class E common shares do not.

Preferred shares receive a minimum annual preferred dividend of 8% per annum to be declared by the Board of Directors, and to be paid, as any other dividend, in semiannual or quarterly installments, as prescribed by the Board of Directors. The Bank may not pay any dividend in cash for common shares in any fiscal year until it has paid the minimum preferred dividend corresponding to preferred shareholders in that year, or in any other previous year in which the aggregate total dividend corresponding to preferred shares has not been paidIn the event that the Bank fails to pay the aggregate total amount of the minimum preferred dividend corresponding to preferred shares in a given fiscal year, and during the following two years fails to pay the aggregate total amount of the minimum preferred dividend corresponding to preferred shares in those two following years, as well as the amount which it had failed to pay in respect of such first year, or if the Bank fails to make any payment to the sinking fund or fails to redeem any preferred shares, and provided always that at the time of the occurrence of any of the above such preferred shares represent at least ten percent (10%) of the total paid in capital of the Bank, the holders of preferred shares shall be entitled to elect a member of the Board of Directors, who shall continue in office until the circumstances from which his appointment has arisen cease to exist. Preferred shares have no voting rights, except for the election of a Director in the event mentioned above. Preferred shares have no preemptive rights under article 6 of the articles of incorporation.

The rights of the holders of the common shares may be changed by an amendment to the Articles of Incorporation of the Bank. Amendments to the Articles of Incorporation may adopted by the affirmative vote of one-half plus one of the common shares represented at the meeting, except for the following amendment which require, in addition, the affirmative vote of three-quarters (3/4) of all issued and outstanding class A shares: (i) any amendment to the Bank's purposes or powers, (ii) any amendment to the capital structure of the Bank and the qualifications to become a holder of any particular class of share, (iii) any amendment to the provisions relating to the notice, quorum and voting at shareholders' meetings, (iv) any amendment to the composition and election of the Board of Directors, as well as notices, quorum and voting at meetings of Directors, (v) any amendments to the powers of the Chief Executive Officer of the Bank and (vi) any amendments to the fundamental financial policies of the Bank.

The Articles of Incorporation of BLADEX provide that there will be a general meeting of holders of the common shares every year, on such date and in such place as may be determined by resolution of the Board of Directors, to elect Directors and transact any other business duly submitted to the meeting by the Board of Directors. In addition, holders of the common shares shall hold extraordinary meetings, when called by the Board of Directors, as it may deem it necessary. The Board of Directors or the President of the Bank must call an extraordinary meeting of holders of the common shares when requested in writing by one or more holders of common shares representing at least one-twentieth (1/20) of the issued and outstanding capital.Notice of meetings of shareholders, whether ordinary or extraordinary, are personally delivered to each registered shareholder or sent by fax, telex, courier, air mail or any other means authorized by the Board of the Directors, at least 30 days before the date of the meeting, counted from the date that the notice is sent. The notice of the meeting must include the agenda of the meeting. At any meeting of shareholders, shareholders may be represented by a proxy who need not be a shareholder, and who may be appointed by public or private document, with or without power of substitution. Whenever the holders of the preferred shares are entitled to vote pursuant to the Articles of Incorporation, a meeting of the holders of the preferred shares shall be called by the President of the Bank as soon as possible. Upon request to the Board of Directors or the President of the Bank, shareholders representing at least one-twentieth (1/20) of the issued and outstanding shares of any given class may hold a meeting separately as a class for the purpose of considering any matter which, in accordance with the provisions of the Articles of Incorporation and the By-laws, is within their competence. In order to have a quorum at any meeting of shareholders, it is required that one-half plus one of the common shares issued and outstanding be represented at the meeting. Whenever a quorum is not obtained at a meeting of shareholders, the meeting shall be held in the second meeting date set forth in the notice of the meeting with the common shares represented in such second meeting date. All resolutions of shareholders shall be adopted by the affirmative vote of one-half plus one of the common shares represented at the meeting where the resolution was adopted, except for those cases mentioned above that require a super-majority vote.

Class A common shares may only be issued as registered shares in the name of any of the following entities in Latin American countries: (i) central banks, (2) banks in which the State is the majority shareholder or (iii) other government agencies. Class B common shares may only be issued in the name of banks or financial institutions. Class E common shares and preferred shares may be issued in the name of any person, whether a natural person or a legal entity.

Article 11 of the Articles of Incorporation of BLADEX establishes that the adoption of resolutions approving the merger or consolidation of BLADEX with another entity requires the affirmative vote of one-half plus one of the common shares represented at the meeting plus three-quarters (3/4) of all issued and outstanding class A common shares.

Neither BLADEX's Articles of Incorporation nor its By-laws contain any provision requiring that any disclosure be made with respect to the ownership of any shareholder above an ownership threshold.

Panamanian law is not significantly different from that in the United States with respect to the above matters.

There are no conditions imposed by the Articles of Incorporation governing changes in the capital, which are more stringent than is required by law.

Material Contracts

We have not entered into contracts outside the ordinary course of business during the two year period immediately preceding the date of this Annual Report.

Exchange Controls

There are currently no Panamanian restrictions on the export or import of capital, including foreign exchange controls, and no restrictions on payment of dividends or interest, nor are there limitations on the rights of foreign stockholders to hold or vote stock.

Taxation

The following is a summary of certain U.S. federal and Panamanian tax matters that may be relevant with respect to the acquisition, ownership and disposition of Class E Shares. Prospective purchasers of Class E Shares should consult their own tax advisors as to the United States, Panamanian or other tax consequences of the acquisition, ownership and disposition of Class E Shares.

This summary does not address the consequences of the acquisition, ownership or disposition of shares of the Bank's Class A shares or Class B shares of common stock.

United States Taxes

This summary describes the principal United States federal income tax consequences of the acquisition, ownership and disposition of the Class E Shares sold in the 1992 and 1994 offerings, but does not purport to be a comprehensive description of all of the tax considerations that may be relevant to holders of Class E Shares. This summary applies only to initial holders that will hold Class E Shares as capital assets and does not address classes of holders that are subject to special treatment under the United States Internal Revenue Code of 1986, as amended (the "Code"), such as dealers in securities, financial institutions, tax-exempt entities, life insurance companies, persons holding Class E Shares as part of a hedging, constructive ownership or conversion transaction or a straddle, holders whose functional currency is not the dollar, or a holder that owns 10% or more of the voting shares of the Bank.

This summary is based upon tax laws of the United States as in effect on the date of this Annual Report, which are subject to change (possibly on a retroactive basis) and to differing interpretations. Purchasers or holders of Class E Shares should consult their own tax advisors as to the United States federal, state and local, and foreign tax consequences of the purchase, ownership and disposition of Class E Shares in their particular circumstances.

As used herein, a "U.S. Holder" refers to a holder of Class E Shares that is, for United States federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation organized or created in or under the laws of the United States or any political subdivision thereof, (iii) an estate the income of which is subject to United States federal income taxation without regard to the source of its income, (iv) a trust, if both (A) a court within the United States is able to exercise primary supervision over the administration of the trust and (B) one or more United States persons have the authority to control all substantial decisions of the trust, and (v) any holder otherwise subject to United States federal income taxation on a net income basis with respect to Class E Shares (including a non-resident alien individual or foreign corporation that holds, or is deemed to hold, any Class E Share in connection with the conduct of a U.S. trade or business). In the case of a holder of Class E Shares that is a partnership for United States tax purposes, each partner will take into account its allocable share of income, gain or loss from the Class E Shares, and will take such income, gain or loss into account under the rules of taxation applicable to such partner, taking into account the activities of the partnership and the partner.

Taxation of Distributions

Subject to the "Passive Foreign Investment Company Status" discussion below to the extent paid out of current or accumulated earnings and profits of the Bank as determined under United States federal income tax principles ("earnings and profits"), distributions made with respect to Class E Shares (other than certain pro rata distributions of capital stock of the Bank or rights to subscribe for shares of capital stock of the Bank) will be includable in income of a U.S. Holder as ordinary dividend income in accordance with the U.S. Holder's regular method of accounting for U.S. federal tax purposes whether paid in cash or Class E Shares. To the extent that a distribution exceeds the Bank's earnings and profits, such distribution will be treated, first, as a nontaxable return of capital to the extent of the U.S. Holder's tax basis in the Class E Shares and will reduce the U.S. Holder's tax basis in such shares, and thereafter as a capital gain from the sale or disposition of Class E Shares. See "Taxation – United States Taxes – Taxation of Capital Gains." The amount of the distribution will equal the gross amount of the distribution received by the U.S. Holder, including any Panamanian taxes withheld from such distribution.

Distributions made with respect to Class E Shares out of earnings and profits generally will be treated as dividend income from sources outside the United States. U.S. Holders that are corporations will not be entitled to the "dividends received deduction" under Section 243 of the Code with respect to such dividends. Subject to certain conditions and limitations, Panamanian tax withheld from dividends will be treated as a foreign income tax eligible for deduction from taxable income or as a credit against a U.S. Holder's U.S. federal income tax liability. Distributions of dividend income made with respect to Class E Shares generally will be treated as "passive" income or, in the case of certain U.S. Holders, "financial services income," for purposes of computing a U.S. Holder's U.S. foreign tax credit.

Less than 25 percent of the Bank's gross income is effectively connected with the conduct of a trade or business in the United States, and the Bank expects this to remain true. If this remains the case, a holder of Class E Shares that is not a U.S. Holder (a "non-U.S. Holder") generally will not be subject to United States federal income tax or withholding tax on distributions received on Class E Shares that are treated as dividend income for U.S. federal income tax purposes. Special rules may apply in the case of non-U.S. Holders (i) that are engaged in a U.S. trade or business, (ii) that are former citizens or long-term residents of the United States, "controlled foreign corporations," "foreign personal holding companies," corporations which accumulate earnings to avoid U.S. federal income tax, and certain foreign charitable organizations, each within the meaning of the Code, or (iii) certain non-resident alien individuals who are present in the United States for 183 days or more during a taxable year. Such persons should consult their own tax advisors as to the United States or other tax consequences of the purchase, ownership and disposition of Class E Shares.

Taxation of Capital Gains

Gain or loss realized by a U.S. Holder on the sale or other disposition of Class E Shares will be subject to United States federal income tax as capital gain or loss in an amount equal to the difference between the U.S. Holder's tax basis in the Class E Shares and the amount realized on the disposition. Such gain will be treated as long-term capital gain if the Class E Shares are held by the U.S. Holder for more than one year at the time of the sale or other disposition. Otherwise, the gain will be treated as a short-term capital gain. Gain realized by a U.S. Holder on the sale or other disposition of Class E Shares generally will be treated as U.S. source income for U.S. foreign tax credit purposes, unless the gain is attributable to an office or fixed place of business maintained by the U.S. Holder outside the United States or is recognized by an individual whose tax home is outside the United States, and certain other conditions are met. For federal income tax purposes, capital losses are subject to limitations on deductibility. As a general rule, U.S. Holders that are corporations can use capital losses for a taxable year only to offset capital gains in that year. A corporation may be entitled to carry back unused capital losses to the three preceding tax years and to carry over losses to the five following tax years. In the case of noncorporate U.S. Holders, capital losses in a taxable year are deductible to the extent of any capital gains plus ordinary income of up to $3,000. Unused capital losses of noncorporate U.S. Holders may be carried over indefinitely.

A non-U.S. Holder of Class E Shares will generally not be subject to United States federal income tax or withholding tax on gain realized on the sale or other disposition of Class E Shares. Special rules may apply in the case of non-U.S. Holders (i) that are engaged in a U.S. trade or business, (ii) that are former citizens or long-term residents of the United States, "controlled foreign corporations," "foreign personal holding companies," corporations which accumulate earnings to avoid U.S. federal income tax, and certain foreign charitable organizations, each within the meaning of the Code, or (iii) certain non-resident alien individuals who are present in the United States for 183 days or more during a taxable year. Such persons should consult their own tax advisors as to the United States or other tax consequences of the purchase, ownership and disposition of the Class E Shares.

Passive Foreign Investment Company Status

Under the Code, certain rules apply to an entity classified as a "passive foreign investment company" ("PFIC"). A PFIC is defined as any foreign (*i.e.*, non-U.S.) corporation if either (i) 75% or more of its gross income for the taxable year is passive income (generally including, among other types of income, dividends, interest and gains from the sale of stock and securities) or (ii) 50% or more of its assets (by value) produce, or are held for the production of, passive income. The Code provides an exception for foreign institutions in the active conduct of a banking business, provided the institution is licensed to do business in the United States. On April 28, 1995, the Internal Revenue Service issued proposed regulations, which are proposed to be effective for taxable years after 1994, that provide an exception for active banks licensed by federal or state regulatory authorities to do business as a bank in the United States, provided the foreign bank is not prohibited from taking deposits or making loans. Based on its current and intended method of operations as described herein, the Bank believes that it is not a PFIC under current federal income tax law because it is eligible for the exception available to U.S. licensed banks in the Code and the proposed regulations. The Bank intends to continue to operate in a manner that will entitle the Bank to rely upon that exception to avoid classification as a PFIC.

If the Bank were to become a PFIC for purposes of the Code, unless a U.S. Holder makes the election described below, a U.S. Holder generally will be subject to a special tax charge with respect to (a) any gain realized on the sale or other disposition of Class E Shares and (b) any "excess distribution" by the Bank to the U.S. Holder (generally, any distributions including return of capital distributions, received by the U.S. Holder on the Class E Shares in a taxable year that are greater than 125 percent of the average annual distributions received by the U.S. Holder in the three preceding taxable years, or, if shorter, the U.S. Holder's holding period). Under these rules (i) the gain or excess distribution would be allocated ratably over the U.S. Holder's holding period for the Class E Shares, (ii) the amount allocated to the current taxable year would be treated as ordinary income, (iii) the amount allocated to each prior year would be subject to tax at the highest rate in effect for that year; and (iv) the interest charge generally applicable to underpayments of tax would be imposed with respect to the resulting tax attributable to each such prior year. For purposes of the foregoing rules, a U.S. Holder of Class E Shares who uses such stock as security for a loan will be treated as having disposed of such stock.

If the Bank were a PFIC, U.S. Holders of interests in a holder of Class E Shares may be treated as indirect holders of their proportionate share of the Class E Shares and may be taxed on their proportionate share of any excess distributions or gain attributable to the Class E Shares. An indirect holder also must treat an appropriate portion of its gain on the sale or disposition of its interest in the actual holder as gain on the sale of Class E Shares.

If the Bank were to become a PFIC, a U.S. Holder could make an election, provided the Bank complies with certain reporting requirements, to have the Bank treated, with respect to such U.S. Holder, as a "qualified electing fund" (hereinafter referred to as a "QEF election"), in which case, the electing U.S. Holder would be required to include annually in gross income the U.S. Holder's proportionate share of the Bank's ordinary earnings and net capital gains, whether or not such amounts are actually distributed. If the Bank were to become a

PFIC, the Bank intends to so notify each U.S. Holder and to comply with all reporting requirements necessary for a U.S. Holder to make a QEF election and will provide to record U.S. Holders of Class E Shares such information as may be required to make such QEF election.

Under current law, if the Bank is a PFIC in any year, a U.S. Holder who beneficially owns Class E Shares during such year must make an annual return on Internal Revenue Service Form 8621, which describes the income received (or deemed to be received if a QEF election is in effect) from the Bank. The Bank will, if applicable, provide all information necessary fora U.S. Holder of record to make an annual return on Form 8621.

A U.S. Holder that owns certain "marketable stock" in a PFIC may elect to mark-to-market such stock and, subject to certain exceptions, include in income any gain (increases in market value) or loss (decreases in market value to the extent of prior gains recognized) realized as ordinary income or loss to avoid the adverse consequences described above. U.S. Holders of Class E Shares are urged to consult their own tax advisors as to the consequences of owning stock in a PFIC and whether such U.S. Holder would be eligible to make either of the aforementioned elections to mitigate the adverse effects of such consequences.

Information Reporting and Backup Withholding

Each U.S. payor making payments in respect of Class E Shares will generally be required to provide the Internal Revenue Service (the "IRS") with certain information, including the name, address and taxpayer identification number of the beneficial owner of Class E Shares, and the aggregate amount of dividends paid to such beneficial owner during the calendar year. Under the backup withholding rules, a holder may be subject to backup withholding at the rate of 31% with respect to proceeds received on the sale or exchange of Class E Shares within the United States by non-corporate U.S. Holders and to dividends paid, unless such holder (i) is a corporation or comes within certain other exempt categories (including securities broker-dealers, other financial institutions, tax-exempt organizations, qualified pension and profit sharing trusts and individual retirement accounts), and, when required, demonstrates this fact or (ii) provides a taxpayer identification number, certifies as to no loss of exemption and otherwise complies with the applicable requirements of the backup withholding rules. Non-U.S. Holders are generally exempt from information reporting and backup withholding, but may be required to provide a properly completed Form W-8 or otherwise comply with applicable certification and identification procedures in order to prove their exemption. This backup withholding tax is not an additional tax and any amounts withheld from a payment to a holder of Class E Shares will be refunded (or credited against such holder's U.S. federal income tax liability, if any) provided that the required information is furnished to the IRS.

The United States Treasury has recently issued final regulations (the "Final Regulations") regarding the withholding and information reporting rules discussed above. In general, the Final Regulations do not alter the substantive withholding and information reporting requirements but unify current certification procedures and modify reliance standards. The Final Regulations are generally effective for payments made after December 31, 2000, subject to certain transition rules. Purchasers and holders of Class E Shares should consult their own tax advisors concerning the adoption of the Final Regulations and the potential effect on their purchase, ownership and disposition of Class E Shares.

There is no income tax treaty between Panama and the United States.

Panamanian Taxes

The following summary of certain Panamanian tax matters is based upon the tax laws of Panama and regulations thereunder in effect as of the date of this Annual Report and is subject to any subsequent change in Panamanian laws and regulations that may come into effect after such date. The principal Panamanian tax consequences of ownership of Class E Shares are as follows.

Generally

Panama's income tax is exclusively territorial. Only income actually derived from sources within Panama is subject to taxation. Income derived by Panamanian or foreign corporations or individuals from offshore operations is not taxable. The territorial principle of taxation has been in force throughout the history of the country and is supported by legislation, administrative regulations and court decisions.

The Bank is not subject to income taxes in Panama pursuant to a special exemption granted by the government of Panama under Law 38 enacted on July 25, 1978. In addition, even in the absence of such special legislation, under Panamanian law banks are not subject to income tax on their offshore income. Since the Bank's loans are primarily invested outside Panama, the Bank would have limited tax liability even in the absence of special legislation.

Taxation of Distributions

Dividends and distributions paid by the Bank in respect of its shares are also exempt from withholding tax under the aforementioned special legislation. If such special legislation did not exist, Panama would impose a 10% withholding tax on dividends or distributions paid in respect of the Bank's registered shares (20% in respect of the Bank's bearer shares), to the extent such dividends are paid from income derived by the Bank from Panamanian sources.

Taxation of Capital Gains

Inasmuch as almost all of the Bank's income derives from non-Panamanian sources, capital gains realized by an individual or corporation, regardless of its nationality or residency, on the sale or other disposition outside of Panama of Class E Shares should not be subject to taxes in Panama. However, there are no rules of allocation with respect to derivation of income currently in effect in Panama and it cannot be determined with certainty when the tax authorities would consider that a significant amount of the Bank's income derives from Panamanian sources, thus resulting in the taxation of capital gains realized on the sale or disposition of the Bank's Class E Shares. Recently enacted legislation would help to settle uncertainties on this topic as it makes clear that capital gains realized on the sale or disposition of securities registered with the National Securities Commission of Panama would not be subject to taxes in Panama, provided that the sale or disposition is made through a stock exchange or any other organized market. The Bank's Class E Shares are not currently registered with the National Securities Commission of Panama.

Item 11. Quantitative and Qualitative Disclosure About Market Risk.

The information set forth in Note 15 and Note 2(k) of the Notes to the Consolidated Financial Statements and in "Information on the Company — Asset/Liability Management," "Information on the Company — Interest Rate Sensitivity", and "Operating and Financial Review and Prospects — Liquidity" are incorporated herein by reference.

The Bank's risk management policies, as approved by the Bank's Board of Directors from time to time, are designed to identify and control the Bank's credit and market risks by establishing and monitoring appropriate limits on the Bank's credit and market exposures. Certain members of the Bank's Board of Directors constitute the Bank's Credit Policy and Risk Assessment Committee, which meets on a regular basis and monitors and controls the risks in each specific area. At the management level, the Bank has a Risk Management Department that measures and controls the credit and market exposure of the Bank. Additionally, in 1996, the Bank established ALCO (as defined in "Information on the Company — Asset/Liability Management") with the purpose of monitoring and managing the interest rate gap of the Bank and also to coordinate lending and funding activities in order to optimize profits and reduce interest rate and liquidity risks. ALCO consists of participants from the Credit and Marketing Department, the Treasury Department, the Risk Management Department and the Finance and Performance Management Department as well as the Chief Operating Officer.

The Bank's primary market risks are comprised of liquidity risk and interest rate risk, and to a lesser extent, currency exchange risk and price risk.

The Bank's liquidity risk is the risk of not being able to maintain a cash flow adequate to fund operations and meet obligations and other commitments on a timely basis.The Bank manages short-term liquidity risk by investing in overnight deposits a minimum of 50% of the liquidity funds generated by demand, call accounts and time deposits, with maturities of less than one week; and by investing the remaining balance in short-term time deposits with maturities of up to six months and investment funds or negotiable money market instruments, such as Euro certificates of deposits, commercial paper, bankers' acceptances and other liquid instruments with maturities of up to 180 days. See "Information on the Company — Investments." These instruments must be of investment grade (carrying two of the following ratings A-1 or P-1 or F-1 from Standard & Poor's, Moody's Investors or Fitch IBCA) and must have a liquid secondary market.Interbank deposits are with reputable international banks located outside of the Region that usually carry ratings of A-1 or P-1 or F-1 by two of the above rating agencies. These banks must have a correspondent relationship with BLADEX and be approved by the Board of Directors on an annual basis.The primary objectives for these investments are security and liquidity. In order to manage its liquidity needs, the Bank's liquidity position is reviewed and monitored on a daily basis by management. In order to minimize the Bank's medium and long-term liquidity risk, the Bank match funds interest-earning assets over 365 days depending on the interest rate basis: if it is a floating rate asset, it must be matched funded at a minimum level of 60% with a liability of the same type, and if the assets is fixed rate, at a minimum level of 85%. See "Operating and Financial Review and Prospects — Liquidity."

The Bank's interest rate risk arises from the Bank's liability sensitive position in the short-term, which means that the Bank's interest-bearing liabilities reprice more quickly than the Bank's interest-earning assets. Consequently, there is a potential adverse impact on the Bank's net interest income that might result from changes in interest rates. The Bank's interest rate risk is managed by attempting to match the term and repricing characteristics of the Bank's interest rate sensitive assets and liabilities.The Bank's policy with respect to interest rate gaps provides that the gap between short-term interest-earning assets and interest-bearing liabilities on a cumulative basis at 90 days cannot exceed 200% of theBank's total capital. For the period on a cumulative basis at 180 days, the gap cannot exceed 100% of the Bank's total capital. The Bank's policy with respect to interest rate gaps also provides that the Bank is to match fund interest-earning assets over 365 days, depending on the interest rate basis (fixed or floating). If the asset is a floating rate asset, the asset has to be matched funded at a minimum of 60% at with a liability of the same type and if the asset is a fixed rate asset, it must be matched funded at a minimum of 85%. The Bank also uses interest rate swaps on a limited basis as part of its interest rate risk management. These interest rate swaps are made either in a single currency or cross-currency for a prescribed period to exchange a series of interest rate flows which involve fixed for floating rate interest payments. For quantitative information relating to the Bank's interest rate risk and for information relating to the Bank's management of interest rate risk, see Note 15 and Note 2(k) of the Notes to Consolidated Financial Statements.

During the third quarter of 1997, the Bank entered into a series of put option contracts providing for guarantees to a counterparty with respect to certain assets with an aggregate face value of $221.4 million. See "Information on the Company – Business Overview – Asset Quality – Impaired Bonds".

Derivative and Foreign Exchange Instruments

The Bank utilizes derivatives and foreign exchange financial instruments to manage its asset/liability activities, but not for trading purposes. Most of the forward exchange contracts entered during 2000 and 1999 were made by the Bank as end-user to hedge foreign exchange risks arising from the issuance of non-US dollar short term Euro Commercial Paper and medium and long term Euro Medium Term Notes. The Bank also engages in some foreign exchange trades to serve customer transaction needs, and all positions are hedged with an offsetting contract for the same currency. The Bank manages the risks on these buy and sell foreign currency contracts by establishing limits relating to the amounts and terms of these instruments for each counterparty, and by having adopted policies that do not allow it to maintain open positions. Interest rate swaps are made either in a single currency or cross-currency for a prescribed period to exchange a series of interest rate flows, which involve fixed for floating interest payment or vice versa.

Types of Derivative and Foreign Exchange Instruments

Derivative and foreign exchange instruments negotiated by the Bank are mainly executed over-the-counter ("OTC"). These contracts are executed between two counterparties that negotiate specific agreement terms, including notional amount, exercise price and maturity.

The following instruments are used by the Bank for purposes of asset/liability activities:

Interest rate swaps are contracts in which a series of interest rate flows in a single currency are exchanged over a prescribed period.

Cross-currency swaps are contracts that generally involve the exchange of both interest and principal amounts in two different currencies.

Forward foreign exchange represents an agreement to transact on a future date at agreed-upon terms

Foreign Exchange Risk Management

Whenever possible, foreign-currency-denominated assets are funded with liability instruments denominated in the same currency. In cases where these assets are funded in different currencies, forward foreign exchange or cross-currency swap contracts are used to fully hedge the risk due to this cross-currency funding.

Post Event Accounting and Reporting Development

In 1998, the FASB issued SFAS133, which establishes accounting and reporting standards for all derivative instruments, including certain derivative instruments embedded in other financial instruments (collectively referred to as derivatives), and for hedging activities. SFAS 133 requires that an entity measure all derivatives at fair value and recognize those derivatives as either assets or liabilities on the balance sheet. The change in a derivative's fair value is generally to be recognized in current period earnings.

During the second quarter of 1999, the FASB issued SFAS 137, which delayed the effective date of SFAS 133 for one year, with early adoption permitted. The Bank adopted SFAS 133 on January 1, 2001.

On January 1, 2001, the Bank adopted SFAS 133 and 138 dealing with the fair market value of all derivative instruments on the balance sheet. As of March 31, 2001, the fair market valuation of certain options raised earnings by $1.3 million and the fair market value of derivatives used in the Bank's hedging activities added $0.5 million to earnings. The Bank's equity accounts were positively impacted by $1.1 million, relating to the mark-to-market of the assets available for sale. The Bank's policy is not to engage in hedging activities or maintain derivative positions other than routine swaps to hedge existing normal currency and interest rate positions.

The table below lists for each of the years 2001 to 2005 the notional amounts and weighted interest rates, as of December 31, 2000, for our investments, borrowing and placements, cross currency swaps and interest rate swaps.

	Maturities						
	2001	**2002**	**2003**	**2004**	**2005**	**Total 2000**	**Fair Value 2000**
				(in thousands)			
Investments							
Fixed Rate							
US Dollars	223,280	104,780	33,110	5,000	21,000	387,170	390,140
	8.13%	8.42%	9.02%	10.00%	11.14%	8.47%	8.47%
EUR	5,000					5,000	5,047
	8.50%					8.50%	8.50%
JPY			325,000			325,000	325,000
			4.10%			4.10%	4.10%

	Maturities						
	2001	2002	2003	2004	2005	Total 2000	Fair Value 2000
				(in thousands)			
ITL	5,000,000					5,000,000	5,000,000
	8.75%					8.75%	8.75%
Borrowings and Placements							
Fixed Rate							
US Dollars	1,657,242	478,900	202,000		11,000	2,349,142	2,349,142
	6.99%	7.23%	7.51%		8.36%	7.09%	7.09%
EUR	80,000					80,000	80,000
	5.22%					5.22%	5.22%
JPY		1,000,000		2,000,000		3,000,000	3,000,000
		1.80%		4.20%		3.40%	3.40%
Variable Rate							
US Dollars	338,200	108,235	111,000	12,276	30,000	599,711	599,711
	7.56%	7.40%	7.35%	7.18%	7.71%	7.49%	7.49%
JPY	500,000		2,000,000		1,500,000	4,000,000	4,000,000
	0.99%		1.15%		1.25%	1.16%	1.16%
GBP		5,000				5,000	5,000
		4.41%				4.41%	4.41%
Cross Currency Swaps							
Pay US Dollars variable/		8,330		17,600		25,930	
Receive JPY fixed		1,000,000		2,000,000		3,000,000	$ 1,510
US variable rate		7.19%		8.52%		8.09%	
JPY fixed rate		1.80%		4.20%		3.40%	
Pay US Dollars variable/	4,575		19,000		14,098	37,673	$ (3,459)
Receive JPY variable	500,000		2,000,000		1,500,000	4,000,000	
US variable rate	7.24%		7.63%		7.66%	7.59%	
JPY variable rate	0.99%		1.15%		1.25%	1.16%	
Pay US Dollars variable/		8,165				8,165	
Receive GBP variable		5,000				5,000	$ 729
US variable rate		7.99%				7.99%	
GBP variable rate		4.41%				4.41%	
Pay JPY variable/	7,213,302	1,609,500	5,332,646			14,155,447	
Receive US Dollars variable	67,133	15,000	49,216			131,349	$ 8,757
JPY variable rate	1.43%	2.39%	2.59%			1.97%	
US variable rate	7.73%	8.43%	8.38%			8.05%	
Pay JPY fixed/			325,000			325,000	
Receive US Dollars fixed			2,993			2,993	$ 236
JPY fixed rate			4.10%			4.10%	
US fixed rate			10.05%			10.05%	
Pay EUR fixed/	5,000					5,000	
Receive US Dollars fixed	5,290					5,290	$ 773
EUR fixed rate	8.50%					8.50%	
US fixed rate	11.38%					11.38%	
Pay ITL fixed/	5,000,000					5,000,000	
Receive US Dollars variable	2,484					2,484	$ 79
ITL fixed rate	8.75%					8.75%	
US variable rate	7.67%					7.67%	
Pay		0				0	
Receive US Dollars fixed		5,345				5,345	$ 832
FIM		0.00%				0.00%	
US variable rate		9.51%				9.51%	
Interest Rate Swaps							
US Dollars							
Variable to fixed	45,000	80,000	20,000			145,000	$ 822
Average pay rate	7.29%	7.14%	7.65%			7.26%	

	Maturities						
	2001	2002	2003	2004	2005	Total 2000	Fair Value 2000
				(in thousands)			
Average receive rate..........................	6.77%	6.91%	6.92%			6.87%	
Fixed to variable...............................	75,000	45,000	5,000			125,000	$ (804)
Average pay rate................................	8.23%	7.92%	10.38%			8.20%	
Average receive rate..........................	7.85%	8.07%	9.68%			8.00%	

Item 12. Description of Securities Other than Equity Securities

Not required in this Annual Report.

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies

None.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

At the Annual Meeting, shareholders approved all amendments proposed in the Amended and Restated Articles of Incorporation. In adopting the Articles of Incorporation, the shareholders approved three significant changes thereto, including a change in the capital structure of the Bank's shares of common stock. This change consolidated the Bank's Class B and Class C shares of common stock into a single class represented by new Class B shares of common stock and made such new Class B shares convertible at the option of the applicable shareholder, on a share-for-share basis, into the existing Class E Shares, which trade on the New York Stock Exchange. The option to convert the new Class B shares will provide for greater liquidity for the holders of Class B shares, as well as for the holders of Class E Shares, by increasing the number of Class E Shares trading on the New York Stock Exchange.

The holders of Class B shares may at any time, and with no limitation, exchange Class B shares for Class E Shares, at a rate of one (1) Class B share for one (1) Class E Share. When the right of conversion is exercised, the Class B shares being exchanged will be converted into Class E Shares, and the certificates representing the Class B shares will be cancelled, and in their stead new certificates representing Class E Shares will be issued. The principal advantage to holders of the Bank's Class B shares of converting from Class B shares to Class E Shares is that the applicable holder will own securities for which there is a more liquid trading market. Class E Shares issued in exchange for Class B shares that have not been outstanding for at least two years will not (unless they are registered by the Bank under the U.S. Securities Act of 1933, as amended) be freely tradable on the New York Stock Exchange until the end of a two-year holding period, which will include the holding period of the Class B shares for which the new Class E Shares are exchanged.

Prior to the approval of the Amended and Restated Articles of Incorporation at the Annual Meeting, the holders of the Class C shares and the Class D shares of the Bank's common stock had the right to convert up to 100% of their Class C shares or Class D shares into Class E Shares at a conversion rate of ten (10) Class C shares or ten (10) Class D shares for nine (9) Class E Shares. While this conversion program was outstanding, a total of fourteen holders of Class C shares converted 1,329,852 Class C shares into 1,149,979 Class E Shares. During July of the year 1996, the sole owner of the Bank's Class D shares converted all 919,833 Class D shares, equal to all outstanding Class D shares, into 827,847 Class E Shares.

On December 6, 2000, the Board of Directors approved a stock repurchase program, an increased dividend pay-out ratio and a plan to declare and pay dividends on a quarterly basis, rather than annually. Under the repurchase program, BLADEX may, from time to time, at the discretion of Management, purchase up to an aggregate of $75,000,000 Class E shares on the open market at the then prevailing market price. BLADEX, may also make one or more repurchases of up to an aggregate of $25,000,000 Class A common shares in privately negotiated transactions at the then prevailing market price. Repurchase of Class A shares may not exceed 25% of the number of shares owned by each Class A shareholder.

As of December 31, 2000, 117,300 Class E shares totaling $3,700,521 and 48,297 Class A shares totaling $321,982 were repurchased under this program.

Under the share repurchase program, the Bank has repurchased as of June 20, 2001, 1,089,705 Class E common shares and 270,020 Class A common shares (which are not publicly traded), for a total of $46.2 million. During the 15-month period ending March 31, 2001, the Bank paid cash dividends in an amount of $58.7 million and repurchased common shares in an aggregate amount of $39.4 million, including the repurchase of $6.9 million Class A common shares, $15.7 million Class B common shares and $16.8 million Class E common shares.

Item 15. (Reserved).

Item 16. (Reserved).

PART III

Item 17. Financial Statements.

The Bank is providing the financial statements and related information specified in Item 18.

Item 18. Financial Statements.

See Item 19.

Item 19. Financial Statements and Exhibits.

(a) List of Consolidated Financial Statements

SIGNATURES

The Registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

BANCO LATINOAMERICANO DE EXPORTACIONES, S.A.

/s/ José Castañeda
José Castañeda

Chief Executive Officer

June 29, 2001