IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (i) QUALIFIED INSTITUTIONAL BUYERS ("QIBs"), WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT, AS AMENDED (THE "SECURITIES ACT"); OR (ii) NON-U.S. PERSONS, WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, OUTSIDE THE U.S.

IMPORTANT: You must read the following before continuing. The following applies to the prospectus supplement (the "Prospectus Supplement") following this page and you are advised to read this carefully before reading, accessing or making any other use of the Prospectus Supplement. In accessing the Prospectus Supplement, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE LAWS OF OTHER JURISDICTIONS.

PROHIBITION OF SALES TO UK AND EEA RETAIL INVESTORS - THE SECURITIES DESCRIBED IN THE PROSPECTUS SUPPLEMENT ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE UNITED KINGDOM (THE "UK") OR THE EUROPEAN ECONOMIC AREA (THE "EEA"). FOR THESE PURPOSES, A RETAIL INVESTOR MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU (AS AMENDED, "MIFID II"); OR (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE 2002/92/EC (AS AMENDED OR SUPERSEDED, THE "INSURANCE MEDIATION DIRECTIVE"), WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II. CONSEQUENTLY NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO 1286/2014 (AS AMENDED, THE "PRIIPS REGULATION") FOR OFFERING OR SELLING THE SECURITIES OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE UK AND THE EEA HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE SECURITIES OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE UK OR THE EEA MAY BE UNLAWFUL UNDER THE PRIIPS REGULATION. THE PROSPECTUS SUPPLEMENT HAS BEEN PREPARED ON THE BASIS THAT ANY OFFER OF SECURITIES IN THE UK OR ANY MEMBER STATE OF THE EEA WILL BE MADE PURSUANT TO AN EXEMPTION UNDER THE EUROPEAN REGULATION 2017/1129 OF JUNE 14, 2017 ON THE PROSPECTUS TO BE PUBLISHED WHEN SECURITIES ARE OFFERED TO THE PUBLIC OR ADMITTED TO TRADING ON A REGULATED MARKET, AS AMENDED OR SUPERSEDED, FROM THE REQUIREMENT TO PUBLISH A PROSPECTUS FOR OFFERS OF SECURITIES.

IN ADDITION, IN THE UK, THE PROSPECTUS SUPPLEMENT AND ANY OTHER MATERIAL RELATING TO THE SECURITIES DESCRIBED HEREIN ARE ONLY BEING DISTRIBUTED TO, AND ARE DIRECTED ONLY AT, (I) PERSONS HAVING PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS FALLING WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005

(THE "ORDER"), OR (II) PERSONS WHO FALL WITHIN ARTICLE 43(2)(B) OF THE ORDER, OR (III) HIGH NET WORTH ENTITIES FALLING WITHIN ARTICLE 49(2)(A) TO (D) OF THE ORDER, OR (IV) PERSONS TO WHOM IT WOULD OTHERWISE BE LAWFUL TO DISTRIBUTE THEM, ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "RELEVANT PERSONS." THE SECURITIES ARE ONLY AVAILABLE TO, AND ANY INVITATION, OFFER OR AGREEMENT TO SUBSCRIBE, PURCHASE OR OTHERWISE ACQUIRE THE SECURITIES WILL BE ENGAGED IN ONLY WITH, RELEVANT PERSONS. THE PROSPECTUS SUPPLEMENT AND ITS CONTENTS ARE CONFIDENTIAL AND SHOULD NOT BE DISTRIBUTED, PUBLISHED OR REPRODUCED (IN WHOLE OR IN PART) OR DISCLOSED BY ANY RECIPIENTS TO ANY OTHER PERSON IN THE UK. ANY PERSON IN THE UK THAT IS NOT A RELEVANT PERSON SHOULD NOT ACT OR RELY ON THE PROSPECTUS SUPPLEMENT OR ITS CONTENTS.

THE FOLLOWING PROSPECTUS SUPPLEMENT MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of your Representation: In order to be eligible to view the Prospectus Supplement or make an investment decision with respect to the securities, investors must be either (i) QIBs or (ii) non-U.S. persons (within the meaning of Regulation S under the Securities Act) outside the U.S. This Prospectus Supplement is being sent at your request and by accepting the e-mail and accessing the Prospectus Supplement you shall be deemed to have represented to us that (i) you and any customers you represent are either (a) QIBs or (b) non-U.S. persons (within the meaning of Regulation S under the Securities Act); and (ii) that you consent to delivery of such Prospectus Supplement by electronic transmission.

You are reminded that the Prospectus Supplement has been delivered to you on the basis that you are a person into whose possession the Prospectus Supplement may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver the Prospectus Supplement to any other person.

The Prospectus Supplement does not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the initial purchasers or any affiliate of the initial purchasers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the initial purchasers or such affiliate on behalf of the issuer in such jurisdiction.

The Prospectus Supplement has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission, and consequently neither the initial purchasers, nor any person who controls them nor any of their directors, officers, employees nor any of their agents nor any affiliate of any such person, accept any liability or responsibility whatsoever in respect of any difference between the Prospectus Supplement distributed to you in electronic format and the hard copy version available to you on request from the initial purchasers

Prospectus Supplement to the
Base Prospectus dated July 16, 2020

Banco Latinoamericano de Comercio Exterior, S.A.

(incorporated under the laws of the Republic of Panama)

U.S.$400,000,000

2.375% Notes due 2025

We, Banco Latinoamericano de Comercio Exterior, S.A. ("Bladex"), are offering U.S.$400,000,000 aggregate principal amount of 2.375% Notes due 2025 (the "Notes") under our Euro Medium Term Note Program (the "Program"). The Notes will accrue interest at the rate of 2.375% per annum until the maturity date. We will pay interest on the Notes on March 14 and September 14 of each year, commencing on March 14, 2021.

Prior to August 14, 2025, (one month prior to the maturity date of the Notes) (the "Par Call Date"), we may redeem the Notes in whole or in part at a redemption price equal to the greater of 100% of the outstanding principal amount of Notes being redeemed and a redemption price based on a "make-whole" amount, plus accrued and unpaid interest and additional amounts, if any, on the principal amount of the Notes to be redeemed to the date of redemption. On and after the Par Call Date, we may redeem the Notes in whole or in part at par, plus accrued and unpaid interest and additional amounts, if any, on the principal amount of the Notes to be redeemed to the date of redemption. In addition, in the event of certain changes affecting taxation, we may redeem the Notes, in whole but not in part, at a price equal to 100% of their principal amount, plus accrued and unpaid interest and additional amounts, if any, to the redemption date.

Application has been made to list the Notes on the official list of the Luxembourg Stock Exchange and to admit the Notes for trading on the Euro MTF Market.

Investing in our Notes involves risks. See "Risks Related to the Notes" in the Base Prospectus for a discussion of certain factors to be considered in connection with an investment in the Notes.

The Notes have not been registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or the securities laws of any jurisdiction and are offered and being sold (1) in the United States only to qualified institutional buyers as defined in Rule 144A under the Securities Act ("Rule 144A"), in a private placement transaction in reliance upon an exemption from the registration requirements of the Securities Act and (2) outside the United States to certain non-U.S. persons, in offshore transactions in compliance with Regulation S under the Securities Act ("Regulation S"). Prospective purchasers that are qualified institutional buyers are hereby notified that the seller of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. The Notes are not transferable except in accordance with the restrictions described under "Transfer Restrictions." We reserve the right to approve or disapprove each investor and to accept or reject any purchases in each case in our sole discretion.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY OTHER STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS SUPPLEMENT OR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS SUPPLEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

Offering Price: **99.518% plus accrued interest, if any, from September 14, 2020**

The Lead Managers expect to deliver the Notes to qualified institutional buyers and non-U.S. persons in registered, book-entry form only through the facilities of The Depository Trust Company ("DTC"), including its participants, Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking, *société anonyme*, Luxembourg ("Clearstream") against payment in New York, New York on September 14, 2020.

Joint Bookrunners and Lead Managers

BofA Securities **Mizuho Securities** **SMBC Nikko**

The date of this Prospectus Supplement is September 9, 2020.

This Prospectus Supplement is supplemental to, and should be read together with, the Base Prospectus, dated as of July 16, 2020 (the "Base Prospectus"), in respect of the Program, which has been attached to this Prospectus Supplement as Appendix B. To the extent there shall be any inconsistency between this Prospectus Supplement and the Base Prospectus, this Prospectus Supplement shall be deemed to supersede the Base Prospectus in respect of such inconsistency.

The information in this Prospectus Supplement, including information in the Base Prospectus which forms a part hereof, may only be accurate on the date of this Prospectus Supplement.

The incorporation by reference of Bladex's reports on Form 20-F and Form 6-K as mentioned in the section "Incorporation by Reference" of the Base Prospectus, is not applicable to this offering of Notes and no such information shall be deemed to be a part of, or deemed to be incorporated by reference in, this Prospectus Supplement or the Base Prospectus in respect of this offering of Notes. Investors are advised to consult the Base Prospectus for further information in respect of the Program and the issuance of notes thereunder including, without limitation, the sections thereto titled "Description of Notes." Unless otherwise indicated, definitions used but not defined herein shall have the respective meanings assigned to them in the Base Prospectus. The Final Terms, setting forth the final terms relating to the Notes, are attached to this Prospectus Supplement as Appendix C.

The Notes will be issued solely in registered form. Notes will initially be represented by interests in a global Note in registered form, registered in the name of a nominee for DTC and deposited with a custodian for, and accepted into the book entry settlement system of, DTC. See "Exchange of Global Notes."

We intend to apply to admit the Notes to listing on the official list of the Luxembourg Stock Exchange (the "Official List") and to trading on the Euro MTF Market (the "Euro MTF").

See "Risks Related to the Notes" in the Base Prospectus for a discussion of certain factors to be considered in connection with an investment in the Notes.

The Issuer accepts responsibility for the information contained in this Prospectus Supplement. The Issuer will represent on the Issue Date of the Notes that this Prospectus Supplement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, and the Issuer accepts responsibility accordingly. No representation or warranty is made or implied by the Lead Managers and neither the Lead Managers nor any of their respective affiliates make any such representation or warranty as to the accuracy or completeness of the information contained herein, and nothing contained in this Prospectus Supplement is or should be relied upon as a promise or representation as to future results or events.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF US AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE CONTENTS OF THIS PROSPECTUS SUPPLEMENT ARE NOT TO BE CONSTRUED AS LEGAL, BUSINESS OR TAX ADVICE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN ATTORNEY, BUSINESS ADVISOR AND TAX ADVISOR AS TO LEGAL, BUSINESS OR TAX ADVICE.

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

FOR A DESCRIPTION OF CERTAIN RESTRICTIONS ON THE OFFER, RESALE, TRANSFER AND DELIVERY OF THE NOTES AND THE DISTRIBUTION OF THIS PROSPECTUS SUPPLEMENT, SEE "PLAN OF DISTRIBUTION" AND "TRANSFER RESTRICTIONS."

THE NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED WITH THE SUPERINTENDENCY OF CAPITAL MARKETS OF PANAMA. ACCORDINGLY, (I) THE NOTES CANNOT BE PUBLICLY OFFERED OR SOLD IN PANAMA, EXCEPT IN TRANSACTIONS EXEMPTED FROM REGISTRATION UNDER THE PANAMANIAN SECURITIES LAWS, (II) THE SUPERINTENDENCY OF CAPITAL

MARKETS OF PANAMA HAS NOT REVIEWED THE INFORMATION CONTAINED IN THIS PROSPECTUS SUPPLEMENT, (III) THE NOTES AND ITS OFFER ARE NOT SUBJECT TO THE SUPERVISION OF THE SUPERINTENDENCY OF CAPITAL MARKETS OF PANAMA, AND (IV) THE NOTES DO NOT BENEFIT FROM THE TAX INCENTIVES PROVIDED BY THE PANAMANIAN SECURITIES LAWS AND REGULATIONS.

PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA") or in the United Kingdom ("UK"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation. This Prospectus Supplement is not a prospectus for the purposes of the Regulation (EU) 2017/1129 (as amended from time to time, the "Prospectus Regulation").

PRODUCT CLASSIFICATION PURSUANT TO SECTION 309B OF THE SECURITIES AND FUTURES ACT (CHAPTER 289 OF SINGAPORE)

The Final Terms in respect of any Notes may include a legend entitled "Singapore Securities and Futures Act Product Classification" which will state the product classification of the Notes pursuant to section 309B(1) of the Securities and Futures Act (Chapter 289 of Singapore) (the "SFA").

The Issuer will make a determination in relation to each issue about the classification of the Notes being offered for purposes of section 309B(1)(a). Any such legend included on the relevant Final Terms will constitute notice to "relevant persons" for purposes of section 309B(1)(c) of the SFA.

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

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

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

IN CONNECTION WITH THE ISSUE OF THE NOTES, THE LEAD MANAGER OR LEAD MANAGERS NAMED AS THE STABILIZING MANAGER(S) (OR PERSONS ACTING ON BEHALF OF ANY STABILIZING MANAGER(S)) IN THIS PROSPECTUS SUPPLEMENT MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILIZING MANAGER(S) (OR PERSONS ACTING ON BEHALF OF A STABILIZING MANAGER) WILL UNDERTAKE STABILIZATION ACTION. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF

THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. SUCH STABILIZING SHALL BE CONDUCTED BY THE STABILIZING MANAGER(S) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

IMPORTANT NOTICE

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

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

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

(2) It understands that Notes sold into the United States will bear a legend to the following effect, unless the Issuer determines otherwise consistent with applicable law:

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

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

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

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

AVAILABLE INFORMATION

This Prospectus Supplement is supplemental to, and should be read together with, the Base Prospectus in respect of the Program, which is attached to this Prospectus Supplement as Appendix B. To the extent there shall be any inconsistency between this Prospectus Supplement and the Base Prospectus, this Prospectus Supplement shall be deemed to supersede each such document in respect of such inconsistency. Investors are advised to consult the Base Prospectus for further information in respect of the Program and the issuance of notes thereunder including, without limitation, the sections thereto titled "Description of Notes." Unless otherwise indicated, definitions used but not defined herein shall have the respective meanings assigned to them in the Base Prospectus. Notwithstanding the foregoing, however, the incorporation by reference of Bladex's reports on Form 20-F and Form 6-K as mentioned in the section "Incorporation by Reference" of the Base Prospectus, is not applicable to this offering of Notes and no such information shall be deemed to be a part of, or deemed to be incorporated by reference in, this Prospectus Supplement or the Base Prospectus in respect of this offering of Notes. The Final Terms, setting forth the final terms relating to the Notes, are attached to this Prospectus Supplement as Appendix C.

Bladex is subject to the informational requirements of the Exchange Act applicable to a foreign private issuer and in accordance therewith files reports and other information with the Commission. Such reports and other information filed by Bladex with the Commission may be inspected and copied at the Public Reference Room maintained by the Commission at Judiciary Plaza, 100 F Street, N.E., Washington, D.C. 20549. Copies of such materials can be obtained by writing to the Commission at the above address and paying a fee for the copying costs. Additional information regarding the operation of the public reference rooms of the Commission can be obtained by calling 1-800-SEC-0330. In addition, because Bladex also files reports with the Commission electronically, reports so filed are available on the web site of the Commission at www.sec.gov. Reports and other information concerning Bladex can also be inspected at the offices of the New York Stock Exchange LLC ("NYSE"), 20 Broad Street, New York, New York 10005. Notwithstanding the foregoing, however, no such information filed with the Commission shall be incorporated by reference into this Prospectus Supplement or the Base Prospectus in connection with this offering of Notes.

The Issuer has given an undertaking in connection with the listing of the Notes on the Official List and to trading on the Euro MTF to the effect that, so long as any Note remains outstanding and is traded on the Euro MTF, in the event of any material adverse change in the financial condition of the Issuer which is not reflected in the Base Prospectus, the Issuer will prepare a supplement to the Base Prospectus or a new Base Prospectus. If the terms of the Program are modified or amended in a manner which would make the Base Prospectus, as supplemented, inaccurate or misleading in any material respect, a new Base Prospectus or supplement thereto will be prepared.

FINANCIAL STATEMENTS

Attached to this Prospectus Supplement as Appendix A are the unaudited condensed consolidated statement of financial position of the Issuer and subsidiaries as of June 30, 2020 and the related unaudited condensed consolidated statements of profit or loss and comprehensive income for the three and six months ended June 30, 2020 and 2019, and the unaudited condensed consolidated statements of changes in equity and cash flows for the three and six months ended June 30, 2020 and 2019 (the "June 2020 Unaudited Condensed Consolidated Financial Statements" and, together with the Audited Financial Statements, the "Financial Statements"). The Financial Statements form a part of this Prospectus Supplement.

ENFORCEMENT OF CIVIL LIABILITIES

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

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

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

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

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

In the ordinary course of business, certain of the Lead Managers and their affiliates engage in banking transactions with Bladex. In addition, certain of the Lead Managers, the Trustee and/or their respective affiliates are holders of Class B and Class E common stock of Bladex.

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SUMMARY

This summary highlights information contained elsewhere in this Prospectus Supplement. This summary may not contain all the information that may be important to you, and Bladex urges you to read the entire Prospectus Supplement carefully, including the information included in the Section entitled "Description of the Notes," and in our Audited Consolidated Financial Statements and our June 2020 Unaudited Condensed Consolidated Financial Statements including the notes to those statements included elsewhere in this Prospectus Supplement before deciding to invest in the Notes.

Overview

The Bank

The Bank, a corporation *(sociedad anónima)* organized under the laws of Panama and headquartered in Panama City, Panama, is a specialized multinational bank originally established by central banks of Latin American and Caribbean countries to promote foreign trade and economic integration in the Region. The legal name of the Bank is Banco Latinoamericano de Comercio Exterior, S.A. Translated into English, the Bank is also known as Foreign Trade Bank of Latin-America, Inc. The commercial name of the Bank is Bladex.

The Bank operates locally from seven cities located in seven countries in the Region. As of and for the six-month period ended on June 30, 2020, the Bank had, on a consolidated basis:

- $6,627 million in total assets;
- $4,486 million in loans;
- $1,022 million in total equity;
- a non-performing loan balance of zero;
- a liquid assets over total assets ratio of 29.6%;
- a Tier 1 Basel III capital to risk-weighted assets ratio of 24.8%; and
- an annualized return on average total equity of 6.4%.

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

The Bank's mission is to provide financial solutions of excellence to financial institutions, companies and investors doing business in Latin America, supporting trade and integration across the Region.

As a multinational bank operating in 23 countries with a strong and historic commitment to Latin America, the Bank possesses extensive knowledge of business practices, risk and regulatory environments, accumulated over forty years of doing business throughout the entire Region. Bladex provides foreign trade solutions to a select client base of premier Latin-American financial institutions and corporations, and has developed an extensive network of correspondent banking institutions with access to the international capital markets. Bladex enjoys a preferred creditor status in many jurisdictions, being recognized by its strong capitalization, prudent risk management and sound corporate governance standards. Bladex fosters long-term relationships with clients, and it has developed over the years a reputation for excellence when responding to its clients' needs, in addition to having a solid financial track record, which has reinforced its brand recognition and its franchise value in the Region, and contributes to the Bank achieving its vision of being recognized as a leading institution in supporting trade and integration across Latin America.

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

The Bank offers its services through its head office in Panama City, its agency in New York (the “New York Agency”), its subsidiaries in Brazil and Mexico, its representative offices in Buenos Aires, Argentina; Mexico City, Mexico; Sao Paulo, Brazil; and Bogotá, Colombia, and its representative license in Peru, as well as through a worldwide network of correspondent banks.

Bladex’s head office is located at Torre V, Business Park, Avenida La Rotonda, Urb. Costa del Este, Panama City, Republic of Panama, and its telephone number is +507 210-8500.

The New York Agency, which began operations in 1989, is located at 10 Bank Street, Suite 1220, White Plains, NY 10606, and its telephone number is +1 (914) 328-6640. The New York Agency is principally engaged in financing transactions related to international trade, mainly the confirmation and financing of letters of credit for customers in the Region. The New York Agency is also authorized to book transactions through an International Banking Facility (“IBF”).

Bladex’s shares of Class E common stock are listed on the New York Stock Exchange (“NYSE”) under the symbol “BLX.”

Our Strengths

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

Leader in the trade finance sector within Latin America

Bladex is a financial institution in the trade finance sector and has a presence in most countries in the Region, providing it with a competitive advantage in intra-regional trade. Intra-regional trade has been increasing at an average rate of approximately 5.5% per year from 2004 through 2019 due to the expansion of Latin American corporations and multiplication of free trade agreements within the Region. Regional exports amounted to approximately $1.06 billion in 2019 and are expected to decrease by 18% in 2020 due to the impact of the COVID-19 pandemic, according to estimates from the Economist Intelligence Unit. Since starting operations in 1979, the Bank has established a well- diversified Commercial Portfolio (defined below) across a variety of industries and markets. Most of the Bank’s exposure is in countries such as Brazil, Colombia, Mexico, Panama, and Costa Rica, and in targeted industries and participants in the value chain of international trade by country within the Region such as financial institutions and corporations in the oil and gas sector and industrial sector, comprised mostly of metal manufacturing, food and beverages, electric power, plastics and packaging, other manufacturing industries, among others.

Low-risk business profile and strong credit portfolio quality

The Bank operates primarily in the trade finance sector, which is generally short-term in nature and considered to be a limited risk sector. According to standards published by the Bank for International Settlements, trade finance has a lower risk weighting than long-term lending. Additionally, due to its extensive knowledge in trade finance, the Bank has a strong track record of recovery and repayment rates. Not only are Bladex’s non-performing loans very low by industry standards – 1.05% and zero percent of its total Loan Portfolio (defined below) as of December 31, 2019 and June 30, 2020, respectively – but the Bank has also demonstrated a strong ability to recover loans in financial distress situations. For example, the Bank recovered more than 84% of its past due loans in Argentina after the 2001 crisis in that country. Including the crisis in Argentina, the Bank has written off approximately 0.13% of total accumulated credits throughout its history.

Strong liquidity position and diversified funding sources

The Bank possesses a strong liquidity position accounting for 16% and 30% of total assets as of December 31, 2019 and June 30, 2020, respectively, and a short-term Commercial Portfolio with an average remaining maturity of 130 days and 149 days, respectively, reflecting the Bank’s focus on trade finance. The Bank’s “Commercial Portfolio” refers to gross loans excluding interest receivable, allowance for loan losses, unearned interest and deferred fees (the “Loan Portfolio”), customers’ liabilities under acceptances, loan commitments and financial guarantee contracts, such as confirmed and stand-by letters of credit, and guarantees covering commercial risk. The Bank has a strong capital position, which reflects among other factors significant short-term deposits made by central banks of the 23 Regional countries which comprise a portion of the Bank’s shareholding base. The Bank’s Tier 1 Ratio (calculated based on the Basel III capital adequacy guidelines published by the Basel Committee on Banking Supervision (the “Basel Committee”)) of 19.8% and 24.8% as of December 31, 2019 and June 30, 2020, respectively, is even more significant in light of the relatively short-term life of its portfolio. During the global financial crisis that began in 2007, Bladex reduced its exposure levels and concentrations, and used the cash resources resulting from this course of action to strengthen its liquidity position. As a result, the Bank effectively offset the negative effect of a decline in client deposits and decreases in interbank funding lines that challenged the world’s major international banks. The strong capitalization of the Bank has allowed it to successfully weather recent global financial conditions.

Stable and diversified funding sources

The Bank's principal sources of funds are deposits and, to a lesser extent borrowed funds and floating and fixed rate placements of securities. While these sources are expected to continue providing the majority of the funds required by the Bank in the future, the exact composition of the Bank's funding sources, as well as the possible use of other sources of funds, will depend on economic and market conditions. As of June 30, 2020, Bladex's sources of funding consist mainly of deposits (52%) and, to a lesser extent, of short-term borrowings and debt (23%) and long-term borrowings and debt (25%). The Bank obtains deposits principally from central and commercial banks primarily located in the Region. As of June 30, 2020, 63% of the deposits held by the Bank were deposits made by central and state owned banks, and 22% of the Bank's deposits represented deposits from private sector commercial banks and financial institutions. The Bank's short-term borrowings and debt consist of borrowings from banks and debt instruments from notes issued under the Program that have maturities of up to 365 days. The Bank's short- and medium-term borrowings mainly come from international correspondent banks from the United States, Japan, Canada and Europe. The Bank continues to diversify its funding sources beyond Central Bank deposits, bilateral lines of credit, capital markets transactions and cross-border borrowings. In addition, Bladex has issued over $500 million since inception of its recently launched Yankee CD program, which complements the Bank's short-term funding structure.

In addition, the Bank has a successful track record in the global syndicated loan markets, increasing the amount and extending the maturity in February 2016 and August 2018 of its Global Syndicated Loan launched in 2014, and including the latest closing in March 2017 of U.S.$193 million four-year syndicated loan arranged by, and with the participation of, lenders from Japan, Taiwan, South Korea and the United States. This transaction reinforced the Bank's diversified funding base and enhanced its franchise in Asia. Debt capital markets have also been a source of funding for the Bank's activities. In 2019, the Bank re-established a short- and long-term notes program in the Mexican local market in an authorized aggregate principal amount of 10 billion Mexican Pesos or its equivalent in "Investment Units" (Unidades de Inversión). The Bank also has in place the Program, which is primarily targeted at non-bank institutional investors and includes multiple placements with short-, medium-, and long-term tenors. During 2019, the Bank issued $179 million in new private placements; and as of December 31, 2019, private issuances through its Program amounted to $222 million, placed in Asia, Europe and Latin America. In October 2015, the Program was also listed on the Tokyo Stock Exchange under the Tokyo Pro-Bond Market. This market offers the possibility of flexible and timely issuances of bonds to a broad base of Japanese investors. The Bank placed its first public issuance listed on this market on June 9, 2016 in a principal amount of JPY8 billion (eight billion Japanese Yen, equivalent to $73 million), which matured on June 10, 2019, and was replaced with a three-year term private issuance for a principal amount of JPY7.4 billion, equivalent to $69 million.

Long-term client relationships

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

Long track record of success

The Bank was the first Latin American bank listed on the NYSE (1992), the first such bank to be rated "Investment Grade" (1992) and the first such bank to place a non-guaranteed syndicated loan in Asia (2009), which was a $100 million, two-year term loan. Since 1979, Bladex has provided seamless support to foreign trade business in the Region while creating value. Bladex's total write-offs, including write-offs resulting from the crisis in Argentina, amount to approximately 0.13% of the total accumulated credits in Bladex's history.

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

Bladex's executive officers have broad experience in trade finance and with financial institutions in Latin America, bringing an average of approximately 25 years of professional experience in the financial sector. The Bank's well- defined strategy, which is executed by a highly skilled and experienced team, has positioned the Bank to take advantage of trends in Latin American trade finance and to grow the Bank's business in a sustainable manner.

Strong commitment from central banks in the Region

Currently the Bank is supported by central banks and other state-owned banks from 23 countries in the Region which hold Class A common stock of the Bank. As of December 31, 2019, 16% of Bladex's common stock was held by Class A shareholders. The Bank believes that the participation of these central banks and other state-owned banks has been instrumental in the Bank's obtaining "preferred creditor" status in the past. In addition, the Bank regularly takes deposits from central banks and state-owned banks in the

Region. As of June 30, 2020, 53% of the deposits held by the Bank were deposits made by central banks or their designees (i.e., the Bank's Class A shareholders), many of which deposit a portion of their dollar reserves with the Bank.

Our Strategies

Focus on credit underwriting soundness and liquidity management in light of the effects of the COVID-19 pandemic

Since the World Health Organization declared a global pandemic on March 11, 2020, the Bank has successfully activated its Business Continuity Plan, including the closure of its offices, and work-from-home policies for employees, and has successfully implemented measures to preserve the Bank's liquidity position. The Bank believes that these and other measures taken have represented an effective and agile response to the extreme circumstances arising from the COVID-19 pandemic.

The strategies described below are subject to the effects of the Bank having to operate in a substantially different environment in 2020 and thereafter than in previous periods. Since the onset of COVID-19 the Bank has leveraged the short-term and trade finance nature of its Commercial Portfolio as a means to provide sufficient flexibility to react to, and realign size and composition of, the Commercial Portfolio, to take account of external risks and expected developments.

As a result, during the duration of the COVID-19 crisis, the Bank's commercial strategy will continue to prioritize underwriting credit soundness, liquidity management and risk/reward targets for each transaction, over portfolio growth.

Streamlining the Bank's operating model for greater efficiency

The Bank aims to continue improving efficiency and productivity throughout its organization, with representative offices concentrating primarily on origination and client relationship management. In 2019, the Bank continued its efforts to improve the Bank's operating efficiency by developing several projects aimed at strengthening internal controls, as well as by implementing IT solutions and process automation, which allowed the Bank to significantly improve its workflows and customer service.

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

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

Targeted growth in expanding and diversifying the Bank's country and industry exposure

The Bank's strategy is to participate in activities associated with trade, the trade supply chain and Latin American integration, targeting clients that offer the potential for longstanding relationships and a wider presence in the Region, such as financial institutions, corporations, sovereigns and state-owned entities. The Bank seeks to achieve this through participation in bilateral and co-financed transactions and by strengthening the short- and medium-term trade and non-trade financing that it provides. The Bank intends to continue enhancing existing client relationships and establish new client-relationships through its Region-wide expertise, product knowledge, quality of service, agile decision-making process and client approach, and by strategically targeting industries and participants in the value chain of international trade by country within the Region.

The Bank plans to continue targeting clients in a broad range of industries, and will seek to limit the concentration of any single corporate industry sector to a maximum of 10% of its total Loan Portfolio. The Bank plans to continue to focus on strategic sectors in international trade.

The Bank plans to focus its future efforts on growing its business with a larger number of corporate clients along the trade value chain, which management believes will reinforce the Bank's business model, enhance origination capacity and all the Bank to deploy capital most effectively. The Bank also intends to continue diversifying its credit risk profile, in order to continue to mitigate the impact of potential losses, should they occur.

Increase the range of products and services offered to clients

As a result of the Bank's relationships throughout the Region, management believes it is well positioned to strategically identify key products and services to offer to clients. The Bank's Articles of Incorporation permit a broad scope of potential activities, encompassing all types of banking, investment, and financial and other businesses that support foreign trade flows and the development of trade and integration in the Region. This supports the Bank's ongoing strategy to develop and expand products and services that complement the Bank's expertise in foreign trade finance and risk management, such as (i) financing acquisitions from the Bank's structuring and syndication business desk, as well as liability management transactions, (ii) letters of credit client base diversification, and (iii) vendor finance with a focus on supply chain finance through electronic platforms.

Recent Developments

COVID-19 Pandemic

In March 2020, the World Health Organization declared COVID-19 a global pandemic. The outbreak has reached more than 160 countries and has led governments and other authorities around the world, including federal, state and local authorities in the Region, to impose strict measures intended to control its spread, including restrictions on freedom of movement and business operations such as travel bans, border closings, business closures, quarantines and shelter-in-place orders.

The Bank has been carefully monitoring the COVID-19 pandemic and its impact on its business. Starting in March, the COVID-19 pandemic and measures to prevent its spread began to affect the Bank's business in a number of ways. For example, a number of the clients to which the Bank lends through its Commercial Portfolio have been materially affected by the impact of the outbreak and early lockdowns due to COVID-19 on the global economy and on the economies in the Region. These clients operate a wide range of businesses and are active in numerous economic sectors, many of which are facing, and the Bank expects will continue to face, significant challenges and negative impacts such as, among others, reduced business volumes, temporary closures of the Bank's clients' facilities, insufficient liquidity, delayed or defaulted payments from the Bank's clients' own customers, increased levels of indebtedness or the unavailability of sufficient financing for the clients, and other factors which are beyond the Bank's control. In addition, as a result of the COVID-19 pandemic, the Bank has implemented remote working policies in order to protect the health of its employees and staff. These arrangements have necessitated new and increased reliance on information technology, such as videoconferencing and other infrastructure. While the duration of the COVID-19 pandemic cannot be foreseen, many of these effects, as well as others that cannot currently be predicted, may continue to affect the Bank's business and operations for the medium- and perhaps the long-term.

As soon as the effects of COVID-19 pandemic started to unfold, Bladex was able to significantly increase its cash position, continuously maintaining levels well above regulatory liquidity requirements based on Basel III standards. As of June 30, 2020, the Bank's liquidity position increased to $2.0 billion, an increase of 51% and 132% compared to its liquidity position as of March 31, 2020 and June 30, 2019, respectively. The Bank intends to maintain this additional liquidity pool for as long as it is required to sustain the Bank's resiliency in an environment of market volatility and high preference for liquidity from all economic agents. The Bank has also taken measures to mitigate risk for its employees and business operations, including but not limited to the activation of the Bank's Business Continuity Plan, the implementation of specific cyber-security measures and controls, strengthening of digital communications internally and externally with clients and holding its first-ever virtual annual meeting of shareholders.

The average balance of the Commercial Portfolio reached $5.2 billion for the three month period ended June 30, 2020, a decrease of $1 billion, or 16% compared to a $6.2 billion quarterly average balance for the three-month period ended March 31, 2020, and a decrease of $0.8 billion, or 13%, compared to $6.0 billion for the three month period ended June 30, 2019. This was mainly due to stricter credit underwriting parameters that were put in place in March when the COVID-19 crisis rapidly intensified and continued throughout the second quarter of 2020, as part of the Bank's comprehensive plan to address the potential risks associated with the global pandemic.

After the commodity crisis from 2014 through 2016, the Bank shifted its origination strategies and adjusted its underwriting policies to drastically reduce exposures to commodity-related risks and increased the participation of regulated top tier financial institutions and corporate groups throughout the Region. As of June 30, 2020, exposure to top tier financial institutions represented 52% of the Bank's total Commercial Portfolio. As a result of these measures, the Bank believes that it continues to face the COVID-19 pandemic with a robust, high-quality asset portfolio.

During the COVID-19 pandemic, the Bank also has implemented a continuous review process of its portfolio on a client- by-client basis, classifying countries and sectors by risk categories. Sectors in high-risk categories include airline, oil and gas upstream and supply chain, sugar, retail and auto industry and collectively represent 11.1% of the total portfolio. None of these sectors, individually, represents more than 3% of the total Commercial Portfolio. Furthermore, most of these clients are relevant players in their respective markets and/or sovereign and quasi-sovereign institutions with no defaults during prior crises that could have adversely impacted them.

See "Risk Factors—Risks Relating to the Bank's Business—The ongoing COVID-19 pandemic and measures intended to prevent its spread could have material adverse effects on the Bank's business, results of operations, cash flows and financial condition," and "Operating and Financial Review and Prospects—Recent Developments" in the Base Prospectus.

Summary of Results for the Six-Month Period ended June 30, 2020

Reported results

Profits for the six-month period ended June 30, 2020 totalled $32.4 million, a decrease of 26% compared to $43.5 million for the six-month period ended June 30, 2019. The decrease in profits in the first half of 2020 compared to the same period in 2019 was primarily a result of lower core income generation from net interest income and commission income as the Bank continued to implement several prudent key measures as a result of the ongoing COVID-19 crisis, such as preserving a strong liquidity position, proactively reassessing the risk profile of the Bank's entire Commercial Portfolio, reducing average Loan Portfolio balances and implementing more stringent credit underwriting disbursement criteria.

Net interest income totalled $47.5 million for the six-month period ended June 30, 2020, a decrease of 15% compared to $56.0 million for the six-month period ended June 30, 2019, mainly due to the surplus of high-quality liquid assets in the market with significantly lower-yielding rates, as well as decreased average lending volumes, as the Bank prioritized preserving asset credit quality and strengthening liquidity reserves over portfolio growth.

Since its inception in 2011 and through June 30, 2020, the Bank's syndication business has successfully originated, structured and distributed over 55 transactions. Fees and commissions totalled $5.0 million for the six-month period ended June 30, 2020, a decrease of 33% compared to $7.5 million for the six-month period ended June 30, 2019. This decrease was mainly the result of significantly lower fees from the Bank's loan syndication business, amounting to a decrease of $1.9 million or 81% as of June 30, 2020 from $2.4 million for the six-month period ended June 30, 2019 due to the stagnation of the loan syndication business as a result of the COVID-19 crisis, and to a lesser extent, lower fees from the Bank's letters of credit business, which declined 9% from $4.6 million for the six-month period ended June 30, 2019 to $4.3 million for the six-month period ended June 30, 2020.

Operating expenses totalled $18.8 million for the six-month period ended June 30, 2020, a decrease of 8% compared to $20.4 million for the six-month period ended June 30, 2019. This decrease was mainly due to the reduction of performance-based variable compensation provision expense and decreases in other corporate expenses as a result of the ongoing COVID-19 crisis.

Key Performance Metrics

The Bank's annualized return on average equity ("ROAE") for the six-month period ended June 30, 2020 was 6.4% compared to 8.8% for the six-month period ended June 30, 2019. Net interest spread for the six-month period ended June 30, 2020 was 1.09% compared to 1.19% for the six-month period ended June 30, 2019. Net interest margin was 1.43% for the six-month period ended June 30, 2020, compared to 1.77% for the six-month period ended June 30, 2019. The year-over-year decrease is explained by the previously described change in the asset composition, as well as lower market rates impacting the overall yield on assets financed by our capital base.

The Bank's efficiency ratio, defined as total operating expenses as a percentage of total revenues, was 38.7% for the six-month period ended June 30, 2020, an increase from 31.1% for the six-month period ended June 30, 2019, as total revenues decreased 26% for the six-month period ended June 30, 2020 compared to the six-month period ended June 30, 2019, while operating expenses decreased by 8% for the six-month period ended June 30, 2020 as compared to the six-month period ended June 30, 2019.

The Bank's liquidity position substantially improved in the first half of 2020 as a result of prudential matters described above that the Bank implemented since the onset of the COVID-19 crisis. As a result, the Bank's ratio of liquid assets to total assets increased to 30% as of June 30, 2020, compared to 16% as of December 31, 2019, and the Bank's ratio of liquid assets to total deposits increased to 68% as of June 30, 2020, compared to 40% as of December 31, 2019.

Credit Portfolio & Quality

The Commercial Portfolio balance was $4.9 billion as of June 30, 2020, a decrease of $1.3 billion or 21% compared to $6.2 billion as of June 30, 2019. Average Commercial Portfolio balances amounted to $5.7 billion for the six-month period ended June 30, 2020, a decrease of $0.3 billion, or 6%, compared to $6.0 billion for the six-month period ended June 30, 2019.

Credit impaired loans to Loan Portfolio balances decreased to zero as of June 30, 2020, compared to 1.16% as of June 30, 2019, and the ratio of the total allowance for loan losses plus the allowance for loan commitments and financial guarantee contract losses, plus the allowance for investment securities losses (together, "Allowance for Credit Losses") to the Credit Portfolio ending balances was 0.95% as of June 30, 2020, compared to 1.69% as of June 30, 2019. The total allowance for losses to credit impaired loans ratio was insignificant as of June 30, 2020, compared to 1.6 times as of June 30, 2019. The quality of the Bank's Loan Portfolio improved significantly during the first half of 2020, with the Bank closing the second quarter of 2020 with zero credit impaired loans, after the successful sale of an impaired loan during the second quarter.

The Bank was able to collect 99% of all originally scheduled maturities, totalling $2 billion, and recorded loan prepayments totalling $222 million during the three-month period ended June 30, 2020. The remaining 1% were designated as modified credits, a new modality of credit established by the Superintendency of Banks of Panama as a response to the COVID-19 crisis. This temporary modality allows banks to modify previously-agreed conditions of loans in order for debtors to comply with their obligations and mitigate a possible deterioration of their credit. As of June 30, 2020, the Bank had modified three credits totalling $ 21.2 million.

Results by Business Segment

The Commercial Business Segment

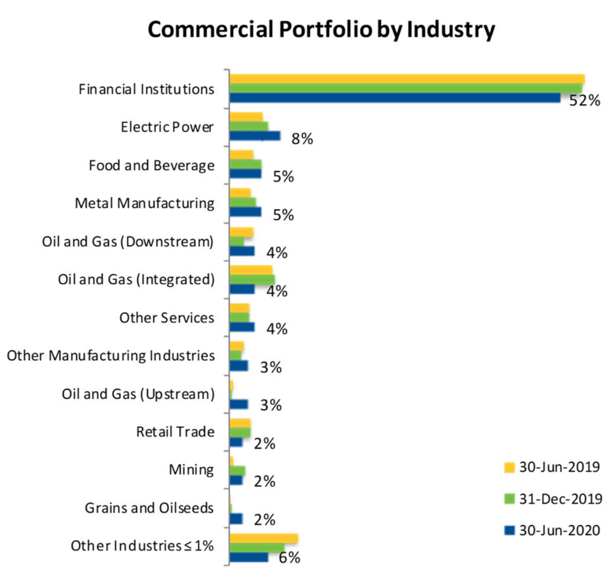
The Commercial Business Segment encompasses the Bank's core business of financial intermediation and fee generation activities catering to corporations, financial institutions and investors in Latin America. These activities include the origination of bilateral short-term and medium-term loans, structured and syndicated credits, loan commitments, and financial guarantee contracts such as issued and confirmed letters of credit, stand-by letters of credit, guarantees covering commercial risk, and other assets consisting of customers' liabilities under acceptances. See "Description of Business of Bladex—Business Activities—Commercial Portfolio" in the Base Prospectus.

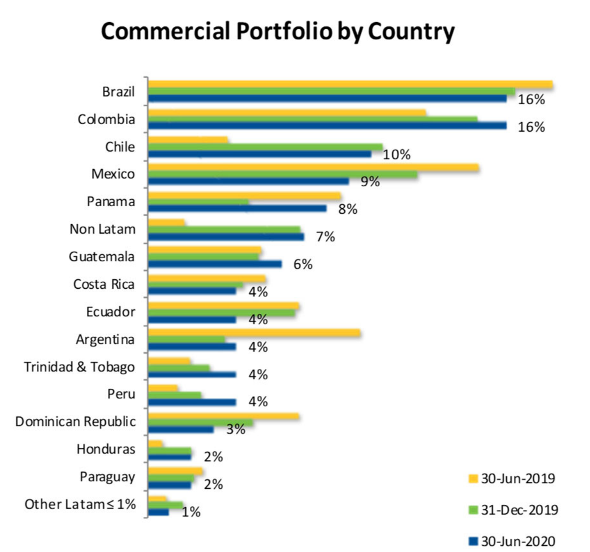
Profits from the Commercial Business Segment include (i) net interest income from loans; (ii) fees and commissions from the issuance, confirmation and negotiation of letters of credit, guarantees and loan commitments, as well as from loan structuring and syndication activities; (iii) gain on sale of loans generated through loan intermediation activities, such as sales in the secondary market and distribution in the primary market; (iv) gain (loss) on sale on financial instruments measured at FVTPL; (v) reversals (provisions) for credit losses; (vi) gain (loss) in other non-financial assets, net; and (vii) direct and allocated operating expenses.

As of June 30, 2020, the Commercial Portfolio balance was $4.9 billion, a decrease of $0.9 billion, or 16%, compared to $5.8 billion as of March 31, 2020 and a decrease of $1.3 billion, or 21%, compared to $6.2 billion as of June 30, 2019. The average balance of the Commercial Portfolio reached $5.2 billion for the quarter ended June 30, 2020, a decrease of $0.9 billion, or 16%, compared to $6.2 billion quarterly average balance as of March 31, 2020, and a decrease of $0.8 billion, or 13%, compared to $6 billion as of June 30, 2019, primarily attributable to the Bank's successful collection of 99% of all originally scheduled credit maturities and selective credit disbursements under tighter credit underwriting standards at wider credit spreads. The Bank was also able to adjust its country exposure, focusing origination towards investment-grade countries in Latin America and non-Latin American OECD countries; the latter shift related to transactions carried out in Latin America, mostly with multinationals operating in the Region. In addition, during the second quarter of 2020, the Bank contacted nearly every one of its clients on an individual basis, in an effort to proactively and accurately assess industry risks, tighten its underwriting standards and monitor the effects of the evolving COVID-19 crisis on the businesses of its borrowers.

The Commercial Portfolio continued to be short-term in nature. As of June 30, 2020, 71% of the total Commercial Portfolio was scheduled to mature within one year, with an average tenor of 149 days. As of June 30, 2020, the original short-term tenor of the Commercial Portfolio was comprised mainly of trade finance transactions, which represented 52% of the original short-term tenor of the Commercial Portfolio as of such date. Lending to financial institutions represented 52% of the total Commercial Portfolio, lending to sovereign borrowers and state-owned corporates represented 17% of the total Commercial Portfolio and the remaining balance consisted primarily of lending to corporates across the Region.

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





The Commercial Business Segment's profits for the six-month period ended June 30, 2020 totalled $37.2 million, a decrease of $9.1 million, or 20%, compared to $46.3 million for the six-month period ended June 30, 2019. This decrease was mainly a result of lower core income generation from net interest income and commission income, as the Bank continued to implement several prudent key measures as a result of the ongoing COVID-19 crisis, such as preserving a strong liquidity position, proactively reassessing the risk profile of the Bank's entire commercial portfolio, and implementing more stringent credit underwriting disbursement criteria. In addition, a $3.0 million unrealized loss of a debt instrument measured at fair value through profit or loss was recorded during the second quarter of 2020, which was received as part of a restructured loan in 2018. These results were partially offset by lower operating expenses and the reversal of a provision for expected credit losses on lower end of period portfolio balances.

Treasury Business Segment

The Treasury Business Segment focuses on managing the Bank's investment portfolio, and the overall structure of its assets and liabilities to achieve more efficient funding and liquidity positions for the Bank, mitigating the traditional financial risks associated with the balance sheet, such as interest rate, liquidity, price and currency risks. Interest- earning assets managed by the Treasury Business Segment include liquidity positions in cash and cash equivalents, and financial instruments related to the investment management activities, consisting of securities at FVOCI and securities at amortized cost. The Treasury Business Segment also manages the Bank's interest-bearing liabilities, which constitute its funding sources, mainly deposits, short- and long-term borrowings and debt.

Profits from the Treasury Business Segment include net interest income derived from the above mentioned treasury assets and liabilities, and related net other income (net results from derivative financial instruments and foreign currency exchange, gain (loss) on financial instruments at FVTPL, gain (loss) on sale of securities at FVOCI, and other income), reversals (provisions) for credit losses, and direct and allocated operating expenses.

The Bank's liquidity balance, consisting of cash due from banks and interest-bearing deposits in banks, excluding pledged deposits and margin calls, totalled $1,959 million as of June 30, 2020, compared to $1,297 million as of March 31, 2020 and $843 million as of June 30, 2019, as the Bank implemented liquidity preservation policies and prudent liquidity management measures to confront the effects of the COVID-19 crisis. As of June 30, 2020, the Bank's liquidity balances to total assets ratio was 30%, compared to 19% and 13% as of March 31, 2020 and June 30, 2019, respectively, while the liquidity balances to total deposits ratio as of June 30, 2020 was 68%, compared to 53% and 28% as of March 31, 2020 and June 30, 2019, respectively.

As of June 30, 2020, the Investment Portfolio totalled $96 million, compared to $79 million as of March 31, 2020 and $88 million as of June 30, 2019. As of June 30, 2020, the Investment Portfolio accounted for 1% of total assets and consisted of readily-quoted Latin American securities, 80% of which represented sovereign or state-owned risk, compared to 68% as of March 31, 2020 and 78% as of June 30, 2019.

Deposit balances were at $2.9 billion as of June 30, 2020, an increase of 17% compared to March 31, 2020 and a decrease of 4% compared to June 30, 2019. Deposits placed by central banks or their designees (i.e., the Bank's Class A shareholders) represented 53% of total deposits as of June 30, 2020, compared to 48% and 64% of total deposits as of March 31, 2020 and June 30, 2019, respectively. As of June 30, 2020, total deposits (which includes issuances under the Yankee CD Program) represented 52% of total funding sources, compared to 44% and 55% of total funding sources a as of March 31, 2020 and June 30, 2019, respectively.

Short- and medium-term borrowings and debt totalled $2.6 billion as of June 30, 2020, a 16% decrease from March 31, 2020, and an increase of 9% compared to June 30, 2019, as the Bank repaid its $350 million Rule 144A/Regulation S bond in the second quarter of 2020. The repayment of this bond was partially offset by new issuances of debt securities in the Mexican capital markets as well as a private placement in Japan and several additional short- and medium-term bilateral transactions. Weighted average funding costs improved to 1.98% for the six-month period ended June 30, 2020, which represented a decrease of 134 basis points compared to June 30, 2019, which was mainly due to decreased average LIBOR-based market rates.

The Treasury Business Segment's loss totalled $4.8 million for the six-month period ended June 30, 2020, compared to a $2.8 million loss for the six-month period ended June 30, 2019. The $2.0 million, or 73%, increase in losses was mainly the result of losses in other financial instruments related to the Bank's results on its hedging positions and investment securities.

Net Interest Income and Margins

Net interest income decreased $8.4 million, or 15%, to $47.5 million for the six-month period ended June 30, 2020, compared to $56.0 million for the six-month period ended June 30, 2019. This decrease were primarily attributable to the surplus of high-quality liquid assets in the market with significantly lower-yielding rates, as well as decreased average lending volumes, as the Bank opted to prioritize preserving asset credit quality and strengthening liquidity reserves over portfolio growth as a result of the effects of the COVID-19 crisis. The downward pressure on volumes was partially offset by improved spreads in the second quarter of 2020 and the net positive effect generating by the repricing of the Bank's assets and liabilities.

Fees and Commissions

Fees and Commissions, net, includes the fee income associated with letters of credit and the fee income derived from loan structuring and syndication activities, together with loan intermediation and distribution activities in the primary market, and other commissions, mostly from other contingent credits, such as guarantees and credit commitments, net of fee expenses.

Fees and commissions totalled $5.0 million for the six-month period ended June 30, 2020, compared to $7.5 million for the six-month period ended June 30, 2019. The decrease of $2.5 million, or 33% was mainly the result of significantly lower fees due to the stagnation of the loan syndication business as a result of the COVID-19 crisis, and to a lesser extent, lower fees from the Bank's letters of credit business.

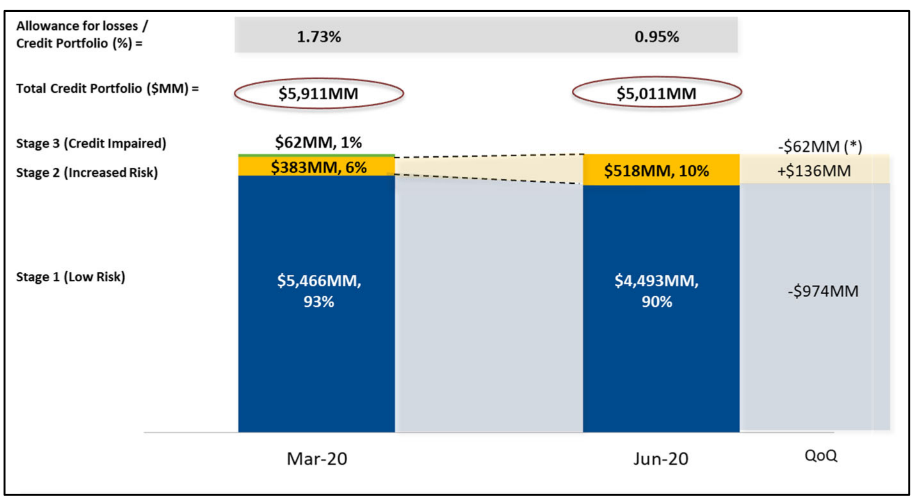
Portfolio Quality and Provision for Credit Losses

The Bank's Allowance for Credit Losses totalled $47.8 million as of June 30, 2020, compared to $102.5 million as of March 31, 2020, and $106.2 million as of June 30, 2019. The ratio of the total Allowance for Credit Losses to the Credit Portfolio was 0.95% as of June 30, 2020, compared to 1.73% as of March 31, 2019 and 1.69% as of June 30, 2019. These decreases were mainly a result of the sale of the Bank's only remaining credit-impaired loan, a $62 million single credit granted to a borrower in the Brazilian sugar sector in 2014 in which the Bank participated as part of a syndication. The deterioration of this loan had been mainly due to worsening sugar fundamentals in international markets, and a resulting significant decrease in sugar prices, which decreased during 2018 to levels well below the worldwide marginal cost of production, as well as due to the risk involved in the complex restructuring process that was undertaken by this particular borrower. The credit-impaired loan was sold for $11.6 million and resulted in a write-off against the credit loss allowance of $52.1 million.

In addition, the Bank's combined total of Stage 1 and Stage 2 Allowances for Credit Losses was relatively unchanged with respect to the balance as of March 31, 2020. This was the result of lower reserve requirements and lower period end portfolio balances which was reflected in the $974 million-dollar reduction in Stage 1 exposure. This was partially offset by provision requirements on revised outlooks for certain industries and countries most heavily impacted by the COVID-19 crisis. The exposure to economic sectors that the Bank assessed as high-risk at the onset of the COVID-19 crisis, was reduced by $185 million to 11.1% of the total portfolio as of June 30, 2020. This reduction was primarily a result of the collection of maturities and prepayments from airline industry borrowers totalling $79 million during the period.

Following the successful completion of the sale of its only remaining credit-impaired sugar loan, the Bank's credit-impaired loans as of June 30, 2020 represented zero percent, compared to $61.8 million, or 1.16% of its total Loan Portfolio balances as of March 31, 2020 and compared to $64.7 million, or 1.16% of its total Loan Portfolio as of June 30, 2019. Overall, the Bank's total Allowance for Credit Losses represented 1% of the total Credit Portfolio as of June 30, 2020, 100% of which remained current.

The following table sets forth the Bank's total exposures by stages and Allowances for Credit Losses to total Credit Portfolio as of March 31, 2020 and June 30, 2020:



Operating Expenses

Operating expenses totalled $18.8 million for the six-month period ended June 30, 2020, a $1.6 million, or 8%, decrease compared to $20.4 million for the six-month period ended June 30, 2019, primarily attributable to the decrease of performance-based variable compensation provision expense and decreases in other corporate expenses as a result of the ongoing COVID-19 crisis.

The Bank's efficiency ratio was 38.7% for the six-month period ended June 30, 2020, compared to 31.1% for the six-month period ended June 30, 2019, as the Bank prioritized certain key measures in order to preserve liquidity over portfolio growth in the first half of 2020 and, consequently, the reduction in operating expenses was exceeded by lower income generation.

Capital Ratios and Capital Management

The Bank's equity consists entirely of issued and fully paid ordinary common stock. As of June 30, 2020, the Bank's Tier 1 Basel III Capital Ratio was 24.8%, compared to 21.8% as of March 31, 2020 and 20.4% as of June 30, 2019, resulting from lower risk-weighted assets, while the equity base remained stable at over $1 billion. Panama's regulatory minimum Tier 1 Capital Ratio is 8%. The Bank's total assets to total equity ratio as of June 30, 2020 was 6.5 times, compared to 6.7 times as of March 31, 2020 and 6.6 times as of June 30, 2019, reflecting a stronger capitalization level than prior comparative quarters. The Bank's lower risk-weighted assets was in turn due to the Bank's decision and ability to decrease its Commercial Portfolio in response to the COVID-19 crisis, through the implementation of certain prudent measures, including those designed to preserve liquidity and strict credit underwriting policies.

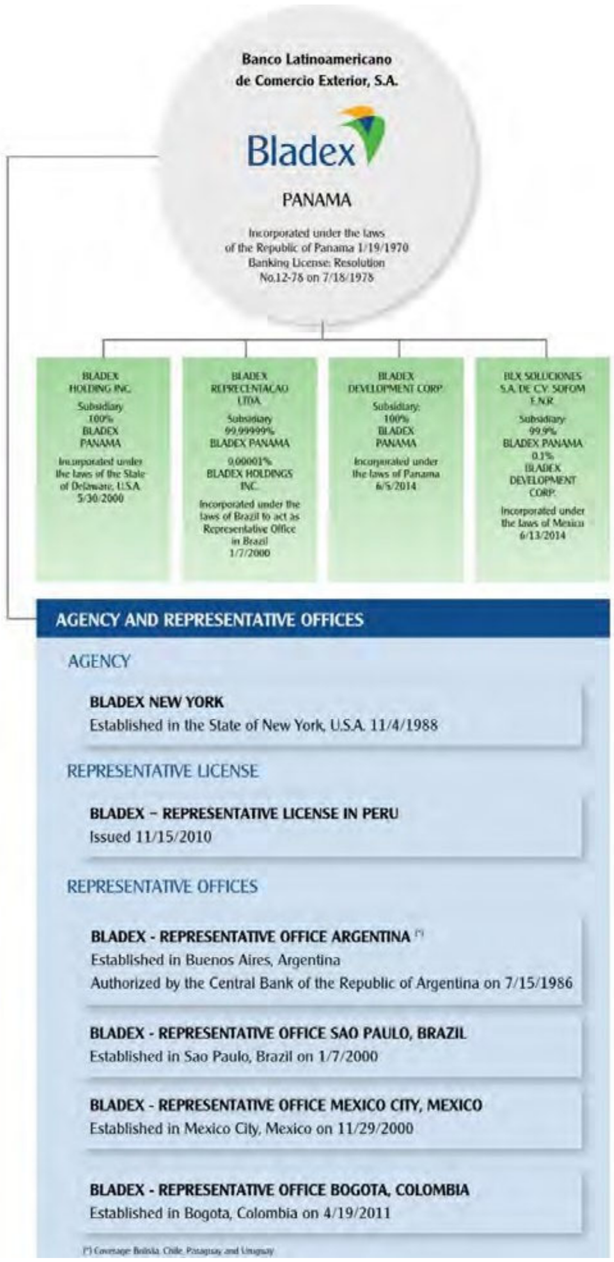
The Bank's common shares outstanding totalled 39.7 million as of June 30, 2020, compared to 39.6 million as of June 30, 2019.

Long-Term Borrowings and Debt

In August 2020, the Bank entered into a new unsecured syndicated loan facility (the "August 2020 Syndicated Loan") in the total principal amount of $150.0 million, $100.0 million of which matures in August 2021 and $50.0 million of which matures in August 2022. In connection with the August 2020 Syndicated Loan, the Bank executed promissory notes (*pagarés*) in favor of each lender thereunder in an amount equal to the commitments of such lender under each tranche. The proceeds of the August 2020 Syndicated Loan will be used to meet the Bank's general working capital needs.

Our Corporate Structure

The following chart presents Bladex's corporate structure as of June 30, 2020. The percentages represent the total share capital owned by the parent company of each entity.



Bladex Head Office's current subsidiaries are the following:

- Bladex Holdings Inc. ("Bladex Holdings") is a wholly owned subsidiary, incorporated under the laws of the State of Delaware, United States, on May 30, 2000. Bladex Holdings maintains ownership in Bladex Representação Ltda.

- Bladex Representação Ltda., incorporated under the laws of Brazil on January 7, 2000, acts as the Bank's representative office in Brazil. Bladex Head Office owns 99.999% of Bladex Representação Ltda. and Bladex Holdings owns the remaining 0.001%.

- Bladex Development Corp. ("Bladex Development") was incorporated under the laws of the Republic of Panama on June 5, 2014. Bladex Head Office owns 100% of Bladex Development.

- BLX Soluciones, S.A. de C.V., SOFOM, E.N.R. ("BLX Solutions") was incorporated under the laws of Mexico on June 13, 2014. Bladex Head Office owns 99.9% of BLX Solutions and Bladex Development owns the remaining 0.1%. BLX Solutions specializes in offering financial leasing and other financial products, such as loans and factoring.

Bladex commenced operations in 1979 with total equity of $25 million paid by 186 shareholders and, as of June 30, 2020, had total equity of $1,022 million. Bladex has four classes of common shares as follows:

- Class A shares: central banks, state-owned entities or government agencies from 23 countries in the Region, own all of Bladex's Class A shares, which as of June 30, 2020 comprised 16.0% of Bladex's common stock;

- Class B shares: 68 commercial banks or financial institutions, mostly from the Region, own Bladex's Class B shares, which as of June 30, 2020 comprised 5.5% of Bladex's common stock;

- Class E shares: Bladex's Class E shares are listed on the NYSE and as of June 30, 2020 comprised 78.5% of its common stock; and

- Class F shares: state entities and agencies of non–Latin American countries, including, among others, central banks and those banks with the related state agency as the majority shareholder, and multilateral financial institutions that are international or regional institutions may own Class F shares. As of June 30, 2020, no Class F shares have been issued.

As of June 30, 2020, the Bank's Board of Directors (the "Board") was composed of three Directors representing holders of the Class A common shares, five Directors representing holders of the Class E common shares, and two Directors representing all classes of common shares. The affirmative vote of three-quarters of the issued and outstanding Class A shares is required (i) to dissolve and liquidate the Bank, (ii) to amend certain material provisions of the Bank's Articles of Incorporation, (iii) to merge or consolidate the Bank with another entity and (iv) to authorize the Bank to engage in activities other than those described in its Articles of Incorporation.

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

THE OFFERING

Issuer	Banco Latinoamericano de Comercio Exterior, S.A.
The Notes	$ 400,000,000 aggregate principal amount of 2.375% Notes due 2025.
Issue Price	99.518% of the principal amount, plus accrued interest, if any, from September 14, 2020.
Status of the Notes	Senior.
Maturity Date	September 14, 2025.
Issue Date	September 14, 2020.
Interest	The Notes will bear interest from September 14, 2020 at the rate of 2.375% per annum.
Interest Payment Dates	March 14 and September 14 each year, commencing on March 14, 2021.
Form and Denomination	The Notes will be issued in registered form (“Registered Notes”). Notes of a Series that are offered and sold outside the United States in registered form in reliance on Regulation S will initially be represented by interests in an unrestricted global Note in registered form (an “Unrestricted Global Registered Note”), registered in the name of a nominee of DTC and deposited on or prior to the Issue Date of such Notes with a custodian for DTC. Notes of a Series that are offered and sold within the United States to qualified institutional buyers in reliance on Rule 144A will initially be represented by interests in a restricted global Note in registered form (a “Restricted Global Registered Note” and together with the Unrestricted Global Registered Note, the “Global Registered Notes”), registered in the name of a nominee of DTC and deposited with a custodian for DTC. A Restricted Global Registered Note and any Notes issued in exchange therefor will be subject to certain restrictions on transfer set forth herein, in the Trust Deed and in the Notes and, unless determined otherwise by Bladex will bear the legend regarding such restrictions set forth under “Transfer Restrictions.” Interests in an Unrestricted Global Registered Note or a Restricted Global Registered Note will be exchangeable for Registered Notes in definitive form (“Definitive Registered Notes”) under the circumstances specified in the Notes and the Final Terms related thereto. Registered Notes are not exchangeable for Bearer Notes. The Notes will be issued in minimum denominations of $200,000 and integral multiples of $1,000 in excess thereof.
Use of Proceeds	Bladex estimates that the net proceeds from the sale of the Notes will be approximately $398,000,000 after deducting estimated fees and expenses relating to the offering. Bladex intends to use these net proceeds for general corporate purposes. See “Use of Proceeds.”

Consolidation, Merger or Sale of Assets	Bladex will not, without the consent of the holders of two-thirds in principal amount of the outstanding Notes, consolidate with or merge with or into any other Person, or sell, convey or transfer, in one transaction or a series of transactions, directly or indirectly, all or substantially all of its properties or assets to any other Person unless it complies with specified requirements.
Negative Pledge..................................	Bladex has given a negative pledge in connection with the Notes as described in "Description of the Notes—Negative Pledge" in the Base Prospectus.
Redemption at Maturity.......................	Unless previously redeemed or purchased and cancelled, each Note will be redeemed by Bladex at its final redemption amount specified in the applicable Final Terms on the Maturity Date specified in the applicable Final Terms.
Optional Redemption at Par	Bladex may redeem the Notes in whole or in part, at its option, at any time or from time to time on or after August 14, 2025, (one month prior to the maturity date of the Notes) (the "Par Call Date"), at a redemption price equal to 100% of the outstanding principal amount of the Notes, plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the date of redemption.
Optional Redemption with "Make Whole" Amount	Bladex may redeem the Notes in whole or in part, at its option, at any date from and including the Issue Date of the Notes to, but excluding, the Par Call Date, at a "make-whole" redemption price, equal to the greater of 100% of the outstanding principal amount of Notes being redeemed and a redemption price based on a "make-whole" amount, plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the date of redemption.
Optional Tax Redemption	Bladex may redeem the Notes in whole but not in part, at their principal amount, plus accrued and unpaid interest and additional amounts, if any, to the redemption date at any time in the event of certain changes affecting taxation, as described further under "Description of the Notes—Redemption and Purchase—Redemption for Tax Reasons" in the Base Prospectus.
Events of Default.................................	The Notes shall be subject to limited events of default, consisting solely of the following: ● failure to make due and punctual payment of all or any part of principal on the due date thereof; ● failure to pay interest on any Note when and as it becomes due and payable, and such default continues for a period of at least five days; ● failure to observe or perform any covenant contained in the Agency Agreement, the Trust Deed or the Notes, and such failure continues for 30 days;

- any event or conditions in respect of any Indebtedness of Bladex (other than the Notes) or any of its Subsidiaries, or under any evidence of any such Indebtedness or under any mortgage, indenture or other agreement relating thereto, which causes, or permits any holder of such Indebtedness or a trustee to cause, the acceleration of the maturity of such Indebtedness or requires the repayment or repurchase of such Indebtedness, or any such Indebtedness is not paid at the stated maturity thereof and any applicable grace period has expired, provided that any such event or conditions or nonpayment in respect of any such Indebtedness of the Bank or any of its Subsidiaries shall be disregarded unless the principal amount of such Indebtedness affected by such event, conditions and/or nonpayment shall be at least $10,000,000;
- certain events involving a bankruptcy event, liquidation, reorganization or insolvency proceedings, whether voluntary or involuntary;
- any event that would require submission of the capital restoration plan;
- issue of a cease and desist order from a Bank Regulatory Authority to Bladex; and
- any final judgment or judgments of a court or courts of competent jurisdiction shall be rendered against Bladex or any of its subsidiaries for the payment of money in excess of $10,000,000 in the aggregate, and the judgment has not been appealed or stayed in 60 days or it has been stayed for more than 60 days.

For a discussion of certain events of default that will permit acceleration of the principal of the Notes plus accrued interest, see "Description of Notes—Events of Default" in the Base Prospectus.

Selling Restrictions..............................	Those pertaining to the laws of the United States, the United Kingdom, Panama and Japan. See "Plan of Distribution" and "Transfer Restrictions."
Withholding Taxes; Additional Amounts	All payments in respect of any Note will be made in U.S. dollars. Subject to certain limited exceptions, the amount of any payment by Bladex shall be increased as may be necessary so that after making all required withholdings for Panamanian taxes in accordance with applicable law, any foreign holder will receive an amount equivalent to the sum it would have received had no such withholdings been made. See "Taxation" and "Description of the Notes—Taxation" in the Base Prospectus.
Listing..	Application has been made to admit the Notes to listing on the Official List and to trade the Notes on the Euro MTF.
Governing Law....................................	The Notes will be governed by and construed in accordance with the laws of the State of New York, United States of America.
Trustee, Registrar, Transfer Agent and Paying Agent	The Bank of New York Mellon
Principal Paying Agent and Transfer Agent	The Bank of New York Mellon, London Office

Paying Agent and Transfer Agent	The Bank of New York Mellon (Luxembourg) S.A.
Listing Agent	Banque Internationale à Luxembourg S.A.

SUMMARY FINANCIAL INFORMATION

The following tables set forth summary consolidated financial data for the Bank at and for each of the periods indicated. The summary statement of financial position data as of June 30, 2020 and December 31, 2019 and 2018, and the summary profit or loss data as of and for each of the six months ended June 30, 2020 and 2019 and the three years in the period ended December 31, 2019, are qualified in their entirety by, and should be read in conjunction with, the Financial Statements and notes to those statements included in this Prospectus Supplement and the Base Prospectus. The Bank's consolidated financial position as of December 31, 2017 should be read in conjunction with the Bank's audited financial statements included in the Bank's Annual Report on Form 20-F, filed with the SEC on April 30, 2019. The financial data presented herein as of December 31, 2019, 2018 and 2017, were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and is stated in U.S. dollars. The financial data presented herein as of June 30, 2020, were prepared in accordance with the International Financial Reporting Standard IAS No. 34 ("Interim Financial Reporting", or "IAS 34"), and is stated in U.S. dollars. The information below is qualified in its entirety by the detailed information included and incorporated by reference herein and should be read in conjunction with "Description of Business of Bladex," and the Financial Statements and notes to those statements included in this Prospectus Supplement and the Base Prospectus.

Consolidated Statement of Financial Position Information

	As of June 30,	As of December 31,		
	2020	2019	2018	2017
		(in $ thousands)		
Assets				
Cash and due from banks	$2,021,365	$1,178,170	$1,745,652	$672,048
Securities and other financial assets, net	100,223	88,794	123,598	95,484
Loans	4,485,553	5,892,997	5,778,424	5,505,658
Interest receivable	32,401	41,757	41,144	29,409
Allowance for loan losses	(45,434)	(99,307)	(100,785)	(81,294)
Unearned interest and deferred fees	(8,167)	(12,114)	(16,525)	(4,985)
Loans, net	4,464,353	5,823,333	5,702,258	5,448,788
Customers' liabilities under acceptances	3,444	115,682	9,696	6,369
Derivative financial instruments - assets	8,615	11,157	2,688	13,338
Equipment and leasehold improvements, net	17,109	18,752	6,686	7,420
Intangibles, net	1,050	1,427	1,633	5,425
Investment properties	3,354	3,494	0	5,119
Other assets	7,712	8,857	16,974	13,756
Total Assets	**$6,627,225**	**$7,249,666**	**$7,609,185**	**$6,267,747**
Liabilities and Equity				
Demand deposits	$281,685	$85,786	$211,381	$82,064
Time deposits	2,604,530	2,802,550	2,759,441	2,846,780
	2,886,215	2,888,336	2,970,822	$2,928,844
Interest payable	3,119	5,219	12,154	8,261
Total deposits	2,889,334	2,893,555	2,982,976	2,937,105
Securities sold under repurchase agreement	10,403	40,530	39,767	0
Borrowings and debt, net	2,627,216	3,138,310	3,518,446	2,211,567
Interest payable	6,954	10,554	13,763	7,555
Customers' liabilities under acceptances	3,444	115,682	9,696	6,369
Derivative financial instruments - liabilities	52,193	14,675	34,043	34,943
Allowance for loan commitments and financial guarantees contracts losses	2,139	3,044	3,289	6,845
Other liabilities	13,683	17,149	13,615	20,551
Total Liabilities	**$5,605,366**	**$6,233,499**	**$6,615,595**	**$5,224,935**
Equity				
Common stock	$279,980	$279,980	$279,980	$279,980
Treasury stock	(57,866)	(59,669)	(61,076)	(63,248)
Additional paid-in capital in excess of value assigned to common stock	119,447	120,362	119,987	119,941
Capital reserves	95,210	95,210	95,210	95,210
Regulatory reserves	136,019	136,019	136,019	129,254
Retained earnings	452,739	446,083	423,050	479,712
Other comprehensive income (loss)	(3,670)	(1,818)	420	1,963

Total Equity	**$1,021,859**	**$1,016,167**	**$993,590**	**$1,042,812**
Total Liabilities and Equity	**$6,627,225**	**$7,249,666**	**$7,609,185**	**$6,267,747**

Consolidated Statement of Profit or Loss Information

	For the Six Months Ended June 30,		For the Year Ended December 31,		
	2020	**2019**	**2019**	**2018**	**2017**
	(in $ thousands, except per share data and ratios)				
Consolidated Statement of Profit or Loss Data:					
Total interest income	$103,496	$144,084	$273,682	$258,490	$226,079
Total interest expense	(55,973)	(88,133)	(164,167)	(148,747)	(106,264)
Net interest income	**47,523**	**55,951**	**109,515**	**109,743**	**119,815**
Fees and commissions, net	5,013	7,478	15,647	17,185	17,514
(Loss) gain on financial instruments, net	(4,307)	819	(1,379)	(1,009)	(739)
Other income, net	431	1,457	2,874	1,670	1,723
Total other income, net	1,137	9,754	17,142	17,846	18,498
Total revenues	**48,660**	**65,705**	**126,657**	**127,589**	**138,313**
Reversal (impairment loss) on financial instruments	2,696	(1,753)	(430)	(57,515)	(9,439)
Gain (loss) on non-financial assets, net	(140)	0	500	(10,018)	0
Total operating expenses	(18,808)	(20,435)	(40,674)	(48,918)	(46,875)
Profit for the period	**32,408**	**43,517**	**86,053**	**11,138**	**$81,999**
Weighted average basic shares	39,632	39,548	39,575	39,543	39,311
Weighted average diluted shares	39,632	39,548	39,575	39,543	39,329
Basic shares period end	39,614	39,602	39,602	39,539	39,429
Per Common Share Data:					
Basic earnings per share	0.82	1.10	2.17	0.28	2.09
Diluted earnings per share	0.82	1.10	2.17	0.28	2.08
Book value per share (period end) (1)	25.80	25.31	25.66	25.13	26.45
Regular cash dividends declared per share	0.50	0.77	1.54	1.54	1.54
Regular cash dividends paid per share	0.635	0.77	1.54	1.54	1.54

(1) Book value per share refers to the Bank's total equity divided by the Bank's outstanding common basic shares at the end of the period.

Other Financial Data and Selected Ratios

	For the Six Months Ended June 30,		For the Year Ended December 31,		
	2020	**2019**	**2019**	**2018**	**2017**
	(in $ millions, except percentages)				
Other Financial Data					
Average interest-earning assets	$6,672	$6,361	$6,294	$6,427	$6,494
Average total assets (2)	$6,721	$6,403	$6,346	$6,451	$6,468
Average equity (2)	$1,025	$1,002	$1,006	$1,031	$1,022

	As of and for the Six Months Ended June 30,		As of and for the Year Ended December 31,		
	2020	**2019**	**2019**	**2018**	**2017**
	(in $ millions, except per share data and ratios)				
Selected Financial Ratios					
Performance Ratios:					
Return on average total assets (2)	0.97%	1.37%	1.36%	0.17%	1.27%

Return on average total equity (3)	6.4%	8.8%	8.56%	1.08%	8.02%
Net interest margin (4)	1.43%	1.77%	1.74%	1.71%	1.85%
Net interest spread (4)	1.09%	1.19%	1.19%	1.21%	1.48%
Efficiency Ratio (5)	38.7%	31.1%	32.1%	38.3%	33.9%
Total operating expenses to average total assets	0.56%	0.64%	0.64%	0.76%	0.72%
Regular cash dividend payout ratio (6)	77.7%	70.0%	70.8%	546.7%	73.8%
Liquidity Ratios:					
Liquid assets (7) / total assets	29.6%	12.8%	16.00%	22.42%	9.87%
Liquid assets (7) / total deposits	67.9%	28.0%	40.15%	57.43%	21.13%
Asset Quality Ratios:					
Credit-impaired loans (8) to Loan Portfolio (9)	0.0%	1.16%	1.05%	1.12%	1.07%
Charged-off loans to Loan Portfolio	1.16%	-	0.04%	0.72%	0.60%
Allowance for loan losses to Loan Portfolio	1.01%	1.85%	1.69%	1.74%	1.48%
Allowance for loan commitments and financial guarantee contracts losses to total loan commitments and financial guarantee contracts plus customers' liabilities under acceptances	0.50%	0.40%	0.50%	0.64%	1.39%
Capital Ratios:					
Total equity to total assets	15.4%	15.2%	14.02%	13.06%	16.64%
Average total equity to average total assets (10)	15.26%	15.64%	15.84%	15.98%	15.80%
Leverage ratio (11)	6.5x	6.6x	7.1x	7.7x	6.0x
Tier 1 capital to risk-weighted assets (12)	24.8%	20.4%	19.8%	18.1%	21.1%
Risk-weighted assets (12)	$4,114	$4,902	$5,138	$5,494	$4,931

(1) [Reserved.]
(2) For the interim periods of June 30, 2020 and June 30, 2019, and the years 2019, 2018 and 2017, return on average total assets is calculated as profit for the year divided by average total assets. Average total assets and average total equity for the interim periods of June 30, 2020 and June 30, 2019, and the years 2019, 2018 and 2017, is calculated on the basis of daily average balances.
(3) For the interim periods of June 30, 2020 and June 30, 2019, and the years 2019, 2018 and 2017, return on average total equity is calculated as profit for the year divided by average total equity. Average total equity for the interim periods of June 30, 2020 and June 30, 2019, and the years 2019, 2018 and 2017, is calculated on the basis of daily average balances.
(4) For the interim periods of June 30, 2020 and June 30, 2019, and the years 2019, 2018 and 2017, net interest margin is calculated as net interest income divided by the average balance of interest-earning assets. Average balance of interest-earning assets for the interim periods of June 30, 2020 and June 30, 2019, and the years 2019, 2018 and 2017, is calculated on the basis of daily average balances. Net interest spread is calculated as average yield earned on interest-earning assets, less the average yield paid on interest-bearing liabilities. For more information regarding calculation of the net interest margin and the net interest spread, see "Operating and Financial Review and Prospects—Operating Results—Net Interest Income and Margins" in the Base Prospectus.
(5) Efficiency ratio is total operating expenses as a percentage of total revenues.
(6) The Bank calculates regular cash dividend payout ratio as regular cash dividends paid per share during the relevant period.
(7) Liquid assets refer to cash and due from banks, and interest-bearing deposits in banks, less pledged deposits and margin calls, as shown in the consolidated statements of cash flows. See "Operating and Financial Review and Prospects—Liquidity and Capital Resources—Liquidity" and the Financial Statements included in the Base Prospectus.
(8) As of June 30, 2020, the Bank did not have credit-impaired loans compared to $65 million as of June 30, 2019. As of December 31, 2019, 2018 and 2017, the Bank had credit-impaired loans of $62 million, $65 million and $59 million, respectively. Impairment factors considered by the Bank's management include collection status, collateral value, the probability of collecting scheduled principal and interest payments when due, and economic conditions in the borrower's country of residence.
(9) Loan Portfolio refers to loans, gross of the allowance for loan losses, interest receivable and unearned interest and deferred fees.
(10) For the interim periods of June 30, 2020 and June 30, 2019 and the years 2019, 2018 and 2017, average total assets and average total equity are calculated on the basis of daily average balances.
(11) Leverage ratio is the ratio of total assets to total equity.
(12) Tier 1 Capital is calculated according to Basel III capital adequacy guidelines, and is equivalent to total equity excluding certain effects such as accumulated other comprehensive income (loss) ("OCI") of the securities at fair value through OCI. Tier 1 Capital ratio is calculated as a percentage of risk-weighted assets. Risk-weighted assets are estimated based on Basel III capital adequacy guidelines.

CAPITALIZATION

The following table sets forth the short- and long-term debt and capitalization of Bladex as of June 30, 2020 and 2019, and as of December 31, 2019, 2018 and 2017. The authorized capital of Bladex consists of 40 million shares of Class A common stock, 40 million shares of Class B common stock, 100 million shares of Class E common stock, 100 million shares of Class F common stock and 10 million preferred shares. As of June 30, 2020, no Class F common shares or preferred shares were issued and outstanding.

	As of June 30,		As of December 31,		
	2020	**2019**	**2019**	**2018**	**2017**
			(in $ thousands)		
Securities sold under repurchase agreements	$10,403	$28,231	$40,530	$39,767	$0
Short-term borrowings and debt	1,260,389	1,127,440	1,596,808	2,021,104	1,072,723
Long-term borrowings and debt, net[(1)]	1,366,827	1,277,711	1,541,502	1,497,342	1,138,844
Equity[(2)]					
Common stock	279,980	279,980	279,980	279,980	279,980
Treasury stock	(57,866)	(59,669)	(59,669)	(61,076)	(63,248)
Additional paid-in capital in excess of assigned value of common stock	119,447	119.447	120,362	119,987	119,941
Capital reserves	95,210	95,210	95,210	95,210	95,210
Regulatory Reserves	136,019	136,019	136,019	136,019	129,254
Retained earnings	452,739	434,111	446,083	423,050	479,712
Other comprehensive income (loss)	(3,670)	(710)	(2,613)	420	1,963
Total Equity	**$1,021,860**	**$1,002,516**	**$1,016,167**	**$993,590**	**$1,042,812**
Total Capitalization and Debt	**$3,659,478**	**$$3,407,666**	**$4,195,007**	**$4,551,803**	**$3,254,379**

(1) In August 2020, the Bank entered into a new unsecured syndicated loan facility in the total principal amount of $150.0 million, $100.0 million of which matures in August 2021 and $50.0 million of which matures in August 2022. See "Summary—Recent Developments—Long-Term Borrowings and Debt" in this Prospectus Supplement.

(2) As of June 30, 2020, the issued and outstanding common stock of Bladex, all of which have been fully paid, consisted of 6,342,189 shares of Class A common stock, 2,182,426 shares of Class B common stock and 31,077,662 shares of Class E common stock, each with an assigned value of $6.67 per share.

PLAN OF DISTRIBUTION

Subject to the terms and conditions contained in the subscription agreement dated September 9, 2020 (the "Subscription Agreement") among Bladex and the Lead Managers, Bladex has agreed to sell, and the Lead Managers have agreed, severally not jointly, subject to certain conditions, to purchase, the following principal amount of Notes:

Lead Managers	Principal Amount
BofA Securities, Inc.	$ 133,334,000
Mizuho Securities USA LLC	$ 133,333,000
SMBC Nikko Securities America, Inc.	$ 133,333,000
Total	**$ 400,000,000**

The Subscription Agreement provides that the obligation of the Lead Managers to pay for and accept delivery of the Notes is subject to the conditions specified in the Subscription Agreement, including the delivery of legal opinions by its counsel. Subject to the terms and conditions of the Subscription Agreement, the Lead Managers are obligated to take and pay for all of the Notes offered hereby if any Notes are taken. In the Subscription Agreement, subject to the conditions thereof, the Lead Managers have agreed to purchase the Notes at a discount. Bladex has been advised by the Lead Managers that they propose to offer and sell the Notes initially to investors at the offering price set forth on the cover page of this Prospectus Supplement and that after the initial offering, the price to investors may be changed.

The Subscription Agreement provides that Bladex will indemnify the Lead Managers against certain liabilities, including certain liabilities under the Securities Act, and will contribute to payments the Lead Managers may be required to make in respect thereof.

The Notes have not been registered under the Securities Act and may not be offered or sold in the United States or to U.S. persons (other than distributors) unless they are registered under the Securities Act or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act is available. See "Transfer Restrictions." Bladex has been advised by the Lead Managers that they propose to resell the Notes initially to qualified institutional buyers (as defined in Rule 144A) in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A and to non-U.S. Persons in reliance on the exemption from the registration requirements of the Securities Act provided by Regulation S.

The Lead Managers have agreed that, except as permitted by the Subscription Agreement, they will not offer, sell or deliver the Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of this offering and the original issuance date of the Notes, within the United States or to, or for the account or benefit of, U.S. persons, other than in accordance with Rule 144A, and they will send to each distributor, dealer or other person receiving a selling concession or similar fee to which they sell Notes in reliance on Regulation S during such 40-day period, a confirmation or other notice detailing the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. In addition, until the expiration of the 40-day restricted period referred to above, an offer or sale of Notes within the United States by a dealer (whether or not it is participating in this offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than pursuant to Rule 144A or pursuant to another exemption from registration under the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

Prior to this offering, there has been no established market for the Notes. Application has been made to list the Notes on the Official List and to trade on the Euro MTF. Bladex has been advised by the Lead Managers that they currently intend to make a market in the Notes as permitted by applicable laws and regulations. The Lead Managers are not obligated, however, to make a market in the Notes and any such market-making may be discontinued at any time at the sole discretion of the Lead Managers. In addition, such market-making activity will be subject to the limits imposed by the Securities Act and the Exchange Act. Accordingly, Bladex cannot assure you as to the liquidity of, or the development or continuation of trading markets for, the Notes.

In connection with this offering, the Lead Managers may engage in transactions that stabilize, maintain or otherwise affect the price of the Notes. Specifically, the Lead Managers may bid for and purchase Notes in the open market for the purpose of pegging, fixing or maintaining the price of the Notes. In addition, if the Lead Managers create a short position in the Notes in connection with the offering by selling more Notes than are listed on the cover page of this Prospectus Supplement, then the Lead Managers may reduce that short position by purchasing Notes in the open market. The Lead Managers may also impose penalty bids, which would permit the Lead Managers to reclaim a selling concession from a dealer when the Notes originally sold by those Lead Managers are purchased in a covering transaction to cover short positions. In general, purchases of a security for the purpose of stabilizing or reducing a short position could cause the price of that security to be higher than it might otherwise have been in the absence of those purchases.

Bladex has agreed with the Lead Managers that it will not, and it will not permit its subsidiaries to, without the prior written consent of the Lead Managers, directly or indirectly, issue, sell, offer or agree to sell, grant any option for the sale of, or otherwise dispose on the international capital markets of any U.S. dollar denominated debt securities similar to the Notes for a period of 90 days from the date of the final Prospectus Supplement.

No action has been or will be taken in any country or jurisdiction by Bladex or the Lead Managers that would permit a public offering of Notes, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Prospectus Supplement comes are required by Bladex and the Lead Managers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or have in their possession or distribute such offering material, in all cases at their own expense.

Investors may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase in addition to the offering price set forth on the cover page of this Prospectus Supplement.

Other Relationships

Some of the Lead Managers and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with Bladex or its affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

In addition, in the ordinary course of their business activities, the Lead Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of Bladex or its affiliates. Certain of the Lead Managers or their affiliates that have a lending relationship with Bladex routinely hedge their credit exposure to Bladex consistent with their customary risk management policies. Typically, such Lead Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in Bladex's securities, including potentially the Notes offered hereby. Any such short positions could adversely affect future trading prices of the Notes offered hereby. The Lead Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

General

Other than with respect to the admission to listing, trading and/or quotation by such one or more listing authorities, stock exchanges and/or quotation systems as may be specified in the Final Terms, no action has been or will be taken in any country or jurisdiction that would permit a public offering of the Notes or the possession, circulation or distribution of this Prospectus Supplement or any other material relating to the Issuer or the Notes in any country or jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Prospectus Supplement nor any other offering material or advertisements in connection with the Notes may be distributed or published, in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. See "Subscription and Sale" in the Base Prospectus for a discussion of certain selling restrictions applicable to the Notes.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification will be set out in the relevant Final Terms in the case of a supplement or modification relevant only to a particular Series of Notes or (in any other case) in a supplement to this document.

Purchasers of the Notes may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase in addition to the purchase price.

TAXATION

The following is a general description of certain tax laws relating to the Notes and does not purport to be a comprehensive discussion of the tax treatment of every Series of Notes. Prospective purchasers of any Series of Notes are advised to consult their own tax advisers as to the consequences of the purchase, ownership and disposition of any Series of Notes in light of their particular circumstances, including, but not limited to, the consequences of the receipt of interest and the sale or redemption of any Series of Notes.

Certain U.S. Federal Income Tax Considerations

The following is a summary of the principal U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes by a U.S. Holder (as defined below). Except as otherwise indicated, this summary deals only with purchasers of Notes that purchase Notes at original issuance for the price on the cover of the relevant offering materials and that will hold the Notes as capital assets and whose functional currency is the U.S. dollar. The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Notes by particular investors, and does not address state, local, non-U.S. or other tax laws. In particular, this summary does not discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as financial institutions, insurance companies, partners in a partnership that invests in Notes and such partnership, investors liable for the alternative minimum tax, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, dealers or traders in securities or currencies, investors that will hold the Notes as part of straddles, hedging transactions or conversion transactions for U.S. federal income tax purposes, persons required to accelerate the recognition of any item of gross income with respect to the Notes as a result of such income being recognized on applicable financial statements).

As used herein, the term "U.S. Holder" means a beneficial owner of Notes that is, for U.S. federal income tax purposes, a citizen or resident of the United States, or a domestic corporation, or an estate, or trust the income of which is subject to U.S. federal income tax regardless of source.

If a partnership (or any other entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds the Notes, the tax treatment of the partnership and a partner in such partnership generally will depend on the status of the partner and the activities of the partnership. Such partner or partnership should consult its own tax adviser as to its consequences.

The summary is based on the tax laws of the United States, including the Code, its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, all as currently in effect and available and all subject to change at any time, possibly with retroactive effect.

The summary of U.S. federal income tax consequences set out below is for general information only. Prospective purchasers should consult their tax advisers as to the particular tax consequences to them of owning the Notes, including the applicability and effect of state, local, non-U.S. and other tax laws and possible changes in tax law.

Interest

The gross amount of interest and Additional Amounts (if any) on a Note (without reduction for withholding taxes, if any) will be taxable to a U.S. Holder as ordinary income at the time it is received or accrued, depending on the U.S. Holder's method of accounting for tax purposes. Interest paid by Bladex on the Notes and accrued with respect to the Notes will generally constitute income from sources outside the United States. For U.S. foreign tax credit limitation purposes, interest on the Notes generally will constitute "passive category income," or, in the case of certain U.S. Holders, "general category income" which are treated separately from other types of income in computing the foreign tax credit allowable to U.S. Holders under U.S. federal income tax laws. The U.S. foreign tax credit rules are very complex. U.S. Holders should consult with their tax advisers with respect to the application of these rules to their particular circumstances.

Sale, Exchange or Retirement of the Notes

Upon the sale, exchange or retirement of a Note, a U.S. Holder will recognize taxable gain or loss equal to the difference between the amount realized on the sale, exchange or retirement and the U.S. Holder's adjusted tax basis in the Note. A U.S. Holder's adjusted tax basis in a Note generally will equal the acquisition cost of the Note. For these purposes, the amount realized does not include any amount attributable to accrued but unpaid interest on the Note, which is treated like a payment of interest as described under "Interest." Gain or loss realized on the sale, exchange or retirement of a Note will be capital gain or loss and will be long-term capital gain or loss if at the time of sale, exchange or retirement the U.S. Holder has held the Note for more than one year. Long-term capital gains recognized by non-corporate U.S. Holders (including individuals) generally are subject to U.S. federal income taxation at preferential rates. The deductibility of capital losses is subject to limitations.

U.S. Information Reporting and Backup Withholding Tax

A U.S. Holder may be subject to information reporting unless it establishes that payments to it made within the United States or by a U.S. payor or U.S. middleman are exempt from these rules (e.g., payments to corporations generally are exempt from these rules). Payments that are subject to information reporting may be subject to backup withholding if a U.S. Holder does not provide its taxpayer identification number and otherwise comply with the backup withholding rules. Amounts withheld under the backup withholding rules are available to be credited against a U.S. Holder's U.S. federal income tax liability and may be refunded to the extent they exceed such liability, provided the required information is timely provided to the IRS.

3.8% Medicare Tax On "Net Investment Income"

Certain U.S. Holders who are individuals, estates or trusts are required to pay a 3.8% tax on, among other things, interest income and capital gains from the sale or other disposition of Notes.

Foreign Asset Reporting

Certain U.S. Holders are required to report information relating to an interest in the Notes, subject to certain exceptions (including an exception for Notes held in accounts maintained by certain financial institutions, such as a U.S. brokerage account). U.S. Holders are urged to consult their tax advisers regarding the effect, if any, of new U.S. federal income tax legislation on their ownership and disposition of the Notes.

Prospective purchasers of Notes are advised to consult their own tax advisers as to the consequences of a purchase, ownership and disposition of Notes, including, without limitation, the applicability and effect of any state, local or non-U.S. tax laws to which they may be subject, and of any legislative or administrative changes in law.

Panama

Panama's income tax is essentially territorial. Only income deemed to arise from Panamanian sources is subject to income tax in Panama. Income derived by Panamanian or foreign corporations or individuals which is not deemed to be Panamanian source income is not subject to income tax in Panama.

Payments of interest on the Notes to any holder thereof will not be subject to income tax or withholding requirements in Panama, provided that the proceeds received by Bladex upon the original issuance and sale of the Notes are not placed, invested or economically utilized in Panama, and further provided that payments on the Notes are made through a bank paying agent as contemplated in the Agency Agreement. A holder of a Note will not be subject to income tax in Panama on any gain realized on the sale, exchange or retirement of a Note, provided that the proceeds received by Bladex upon the original issuance and sale of the Notes are not placed, invested or economically utilized in Panama. Bladex has represented and agreed that it will not place, invest or economically utilize in Panama the proceeds that it will receive upon the original issuance and sale of the Notes.

There are no other stamp, transfer or inheritance taxes applicable to the issue, transfer or other disposition of the Notes.

Holders of Notes are not required to file a tax return in Panama solely by reason of their ownership, sale or disposition of the Notes.

The above summary is based upon statutes, regulations, rulings and court decisions as in effect on the date hereof.

LEGAL MATTERS

The validity and enforceability of the Notes and other legal matters in connection with the offering of the Notes with respect to New York and United States law will be passed upon on our behalf by Holland & Knight LLP, New York, New York. The validity of other Panamanian legal matters will be passed upon our behalf by Arias, Fábrega y Fábrega. Certain legal matters in connection with the offering of the Notes for the Lead Managers will be passed upon with respect to New York and United States law by Clifford Chance US LLP and with respect to Panamanian law by Morgan & Morgan.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Our consolidated financial statements as of December 31, 2019 and 2018 and for each of the years in the two-year period ended December 31, 2019, included in this Prospectus Supplement, and the effectiveness of internal control over financial reporting as of December 31, 2019, have been audited by KPMG, an independent registered public accounting firm, as stated in their reports appearing herein.

With respect to the unaudited condensed consolidated interim financial statements as of June 30, 2020 and for the three and six-months ended June 30, 2020 and 2019 included in this Prospectus Supplement, KPMG, the independent registered public accounting firm, has reported that they applied limited procedures in accordance with professional standards for a review of such information. However, their separate report included in this Prospectus Supplement states that they did not audit and they do not express an opinion on that interim financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied.

GENERAL INFORMATION

1. The Notes are expected to clear through the DTC system, and beneficial interests may be held through Euroclear and Clearstream as DTC participants. The Common Codes, ISIN numbers and the CUSIP numbers for the Notes are as follows:

	Restricted Global Note	**Regulation S Global Note**
CUSIP............................	05968C AC6	P1393H AC2
ISIN...............................	US05968CAC64	USP1393HAC27

2. The Luxembourg Stock Exchange has assigned the Program the number 9654 for listing purposes.

3. Bladex has obtained all necessary consents, approvals and authorizations in Panama in connection with the issue of, and the performance of its obligations under, the Notes. The issue of the Notes under the Program has been authorized and ratified by a resolution of the of the Board of Directors of Bladex passed at a meeting held on July 21, 2020.

4. Except as disclosed herein, there has been no material adverse change in the financial position or prospects of the Issuer since December 31, 2019.

5. The Issuer is not involved in any governmental, litigation or arbitration proceedings relating to claims or amounts which are material in the context of the issue of the Notes, nor so far as it is aware is any such litigation or arbitration proceedings pending or threatened.

6. Copies in English of (i) the latest and future consolidated audited annual and unaudited quarterly financial statements of Bladex, (ii) the Trust Deed, (iii) the Agency Agreement (including the forms of Notes) and (iv) any other agreement executed in connection with the Program and any issuance of Notes thereunder will be available for collection and may be obtained at the offices of each of the Paying Agents, including The Bank of New York (Luxembourg) S.A., 2-4 rue Eugène Ruppert, Vertigo Building – Polaris, L-2453 Luxembourg, and at the Issuer's registered office. Bladex does not publish unconsolidated financial statements. Copies of Bladex's by-laws will be available for collection and may be obtained at the Issuer's registered office and at the office of the Luxembourg listing agent, Banque Internationale à Luxembourg S.A.

7. The Issuer's Legal Entity Identifier (LEI) number is 549300CN3134K4LC0651.

APPENDIX A
JUNE 2020 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

[*See following page*]

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

Condensed Consolidated Interim Financial Statements
as of June 30, 2020, and for the three and six months ended June 30, 2020.

(With Independent Auditor's Report on Review of Condensed Consolidated Interim Financial Information)

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

Independent Auditor's Review Report

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INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

To the Stockholders and Board of Directors
Banco Latinoamericano de Comercio Exterior, S. A.

Introduction

We have reviewed the accompanying June 30, 2020 condensed consolidated interim financial information of Banco Latinoamericano de Comercio Exterior, S. A. ("the Bank"), which comprises:

- the condensed consolidated statement of financial position as at June 30, 2020;
- the condensed consolidated statements of profit or loss for the three-month and six-month periods ended June 30, 2020;
- the condensed consolidated statements of comprehensive income for the three-month and six-month periods ended June 30, 2020;
- the condensed consolidated statement of changes in stockholder's equity for the six-month period ended June 30, 2020;
- the condensed consolidated statement of cash flows for the six-month period ended June 30, 2020; and
- notes to the condensed consolidated interim financial information.

Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying June 30, 2020 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG

Panama, Republic of Panama
August 4, 2020

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

Condensed consolidated interim statement of financial position
June 30, 2020 and December 31, 2019
(In thousands of US dollars)

	Notes	June 30, 2020 (Unaudited)	December 31, 2019
Assets			
Cash and due from banks	7,8	2,021,365	1,178,170
Securities and other financial assets, net	5,9	100,223	88,794
Loans		4,485,553	5,892,997
Interest receivable		32,401	41,757
Allowance for loans losses		(45,434)	(99,307)
Unearned interest and deferred fees		(8,167)	(12,114)
Loans, net	5,7,10	4,464,353	5,823,333
Customers' liabilities under acceptances	5,7	3,444	115,682
Derivative financial instruments - assets	5,7,13	8,615	11,157
Equipment and leasehold improvements, net		17,109	18,752
Intangibles, net		1,050	1,427
Investment properties		3,354	3,494
Other assets	14	7,712	8,857
Total assets		6,627,225	7,249,666
Liabilities and Equity			
Liabilities:			
Demand deposits		281,685	85,786
Time deposits		2,604,530	2,802,550
	7,15	2,886,215	2,888,336
Interest payable		3,119	5,219
Total deposits		2,889,334	2,893,555
Securities sold under repurchase agreements	7,16	10,403	40,530
Borrowings and debt, net	7,17	2,627,216	3,138,310
Interest payable		6,954	10,554
Customers' liabilities under acceptances	5,7	3,444	115,682
Derivative financial instruments - liabilities	5,7,13	52,193	14,675
Allowance for loan commitments and financial guarantees contracts losses	5	2,139	3,044
Other liabilities	18	13,683	17,149
Total liabilities		5,605,366	6,233,499
Equity:			
Common stock		279,980	279,980
Treasury stock		(57,866)	(59,669)
Additional paid-in capital in excess of value assigned to common stock		119,447	120,362
Capital reserves		95,210	95,210
Regulatory reserves	24	136,019	136,019
Retained earnings		452,739	446,083
Other comprehensive loss		(3,670)	(1,818)
Total equity		1,021,859	1,016,167
Total liabilities and equity		6,627,225	7,249,666

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

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

Condensed consolidated interim statements of profit or loss
For the three and six months ended June 30, 2020 and 2019
(In thousands of US dollars, except per share data and number of shares)

	Notes	For the three months ended June 30, (Unaudited) 2020	For the three months ended June 30, (Unaudited) 2019	For the six months ended June 30, (Unaudited) 2020	For the six months ended June 30, (Unaudited) 2019
Interest income:					
Deposits		916	4,181	3,375	9,538
Securities		677	789	1,317	1,731
Loans		42,914	65,560	98,804	132,815
Total interest income	21	44,507	70,530	103,496	144,084
Interest expense:					
Deposits		(5,691)	(18,896)	(17,153)	(36,589)
Borrowings and debt		(17,093)	(23,703)	(38,820)	(51,544)
Total interest expense	21	(22,784)	(42,599)	(55,973)	(88,133)
Net interest income		21,723	27,931	47,523	55,951
Other income (expense):					
Fees and commissions, net	19,21	1,940	5,128	5,013	7,478
(Loss) gain on financial instruments, net	12,21	(3,949)	63	(4,307)	819
Other income, net		191	512	431	1,457
Total other income, net	21	(1,818)	5,703	1,137	9,754
Total revenues		19,905	33,634	48,660	65,705
Reversal (provision) for credit losses	5,6,7,21	2,607	(811)	2,696	(1,753)
Impairment on non-financial assets		(140)	-	(140)	-
Operating expenses:					
Salaries and other employee expenses		(4,172)	(5,829)	(11,178)	(12,140)
Depreciation of equipment and leasehold improvements		(854)	(705)	(1,589)	(1,396)
Amortization of intangible assets		(186)	(191)	(377)	(355)
Other expenses		(3,054)	(3,826)	(5,664)	(6,544)
Total operating expenses	21	(8,266)	(10,551)	(18,808)	(20,435)
Profit for the period		14,106	22,272	32,408	43,517
Per share data:					
Basic earnings per share (in US dollars)	19	0.36	0.56	0.82	1.10
Diluted earnings per share (in US dollars)	19	0.36	0.56	0.82	1.10
Weighted average basic shares (in thousands of shares)	19	39,654	39,553	39,632	39,548
Weighted average diluted shares (in thousands of shares)	19	39,654	39,553	39,632	39,548

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

Condensed consolidated interim statements of comprehensive income
For the three and six months ended June 30, 2020 and 2019
(In thousands of US dollars)

	For the three months ended June 30 (Unaudited)		For the six months ended June 30 (Unaudited)	
	2020	2019	2020	2019
Profit for the period	14,106	22,272	32,408	43,517
Other comprehensive income (loss):				
Items that will not be reclassified subsequently to profit or loss:				
Change in fair value on equity instrument at FVOCI, net of hedging	226	(864)	546	(608)
Items that are or may be reclassified subsequently to profit or loss:				
Change in fair value on debt financial instruments at FVOCI, net of hedging	(152)	(743)	(1,382)	(2,664)
Reclassification of gains (losses) on financial instruments to the profit or loss	(228)	(274)	(345)	338
Exchange difference in conversion of foreign currency operation	(856)	(23)	(671)	(99)
Other comprehensive loss	(1,010)	(1,904)	(1,852)	(3,033)
Total comprehensive income for the period	13,096	20,368	30,556	40,484

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

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

Condensed consolidated interim statements of changes in stockholders's equity
For the six months ended June 30, 2020 and 2019
(In thousands of US dollars)

	Common stock	Treasury stock	Additional paid-in capital in excess of value assigned to common stock	Capital reserves	Regulatory reserves	Retained earnings	Other comprehensive income	Total equity
Balances at January 1, 2019	279,980	(61,076)	119,987	95,210	136,019	423,050	420	993,590
Effect for change in accounting policy	-	-	-	-	-	(1,926)	-	(1,926)
Balances at January 1, 2019, adjusted	279,980	(61,076)	119,987	95,210	136,019	421,124	420	991,664
Profit for the period	-	-	-	-	-	43,517	-	43,517
Other comprehensive income (loss)	-	-	-	-	-	-	(3,033)	(3,033)
Issuance of restricted stock	-	380	(1,259)	-	-	-	-	(879)
Compensation cost - stock options and stock units plans	-	-	897	-	-	-	-	897
Exercised options and stock units vested	-	1,027	(148)	-	-	-	-	879
Dividends declared	-	-	-	-	-	(30,449)	-	(30,449)
Balances at June 30, 2019 (Unaudited)	279,980	(59,669)	119,477	95,210	136,019	434,192	(2,613)	1,002,596
Balances at January 1, 2020	279,980	(59,669)	120,362	95,210	136,019	446,083	(1,818)	1,016,167
Profit for the period	-	-	-	-	-	32,408	-	32,408
Other comprehensive income (loss)	-	-	-	-	-	-	(2,454)	(2,454)
Transfer of fair value on equity instrument at FVOCI						(602)	602	-
Issuance of restricted stock	-	1,523	(1,523)	-	-	-	-	-
Compensation cost - stock options and stock units plans	-	-	888	-	-	-	-	888
Exercised options and stock units vested	-	280	(280)	-	-	-	-	-
Dividends declared	-	-	-	-	-	(25,150)	-	(25,150)
Balances at June 30, 2020 (Unaudited)	279,980	(57,866)	119,447	95,210	136,019	452,739	(3,670)	1,021,859

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

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

Condensed consolidated interim statements of cash flows
For the six months ended June 30, 2020 and 2019
(In thousands of US dollars)

	2020 (Unaudited)	2019 (Unaudited)
Cash flows from operating activities		
Profit for the period	32,408	43,517
Adjustments to reconcile profit for the period to net cash provided by (used in) operating activities:		
Depreciation of equipment and leasehold improvements	1,589	1,396
Amortization of intangible assets	377	355
Impairment on non-financial assets	140	-
(Reversal) provision for credit losses	(2,696)	1,753
Unrealized loss on financial instruments at fair value through profit or loss	2,827	11
Realized gain on financial instruments at fair value through profit or loss	(405)	(384)
Gain on sale of securities at fair value through OCI	-	(163)
Amortization of premium and discount related to securities at amortized cost	(671)	453
Compensation cost - share-based payment	888	897
Net changes in hedging position and foreign currency	5,909	(108)
Interest income	(103,496)	(144,084)
Interest expense	55,973	88,133
Net decrease (increase) in operating assets:		
Pledged deposits	(44,399)	12,566
Loans	1,313,231	207,850
Other assets	3,101	8,630
Net increase (decrease) in operating liabilities:		
Due to depositors	(2,120)	43,666
Other liabilities	(4,731)	(612)
Cash flows provided by operating activities	1,257,925	263,876
Interest received	113,141	140,831
Interest paid	(61,460)	(96,024)
Net cash provided by operating activities	1,309,606	308,683
Cash flows from investing activities:		
Acquisition of equipment and leasehold improvements	(49)	(65)
Acquisition of intangible assets	-	(125)
Proceeds from the sale of securities at fair value through OCI	1,882	6,000
Proceeds from redemption of securities at amortized cost	21,176	15,979
Purchases of securities at amortized cost	(36,799)	(3,479)
Net cash (used in) provided by investing activities	(13,790)	18,310
Cash flows from financing activities:		
Increase (decrease) in securities sold under repurchase agreements	(30,127)	(11,536)
Net increase (decrease) in short-term borrowings and debt	(325,742)	(897,407)
Proceeds from long-term borrowings and debt	149,799	83,636
Repayments of long-term borrowings and debt	(265,343)	(334,885)
Payments of leases liabilities	(530)	(512)
Dividends paid	(25,077)	(30,754)
Exercised stock options	-	879
Net cash used in financing activities	(497,020)	(1,190,579)
Increase (decrease) net in cash and cash equivalents	798,796	(863,586)
Cash and cash equivalents at beginning of the period	1,159,718	1,706,192
Cash and cash equivalents at end of the period	1,958,514	842,606

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

1. Corporate information

Banco Latinoamericano de Comercio Exterior, S. A. ("Bladex Head Office" and together with its subsidiaries "Bladex" or the "Bank"), headquartered in Panama City, Republic of Panama, is a specialized multinational bank established to support the financing of foreign trade and economic integration in Latin America and the Caribbean (the "Region"). The Bank was established pursuant to a May 1975 proposal presented to the Assembly of Governors of Central Banks in the Region, which recommended the creation of a multinational organization to increase the foreign trade financing capacity of the Region. The Bank was organized in 1977, incorporated in 1978 as a corporation pursuant is to the laws of the Republic of Panama, and initiated operations on January 2, 1979. Under a contract law signed in 1978 between the Republic of Panama and Bladex, the Bank was granted certain privileges by the Republic of Panama, including an exemption from payment of income taxes in Panama.

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

In the Republic of Panama, banks are regulated by the SBP through Executive Decree No. 52 of April 30, 2008, which adopts the unique text of Law Decree No. 9 of February 26, 1998, modified by Law Decree No. 2 of February 22, 2008. Banks are also regulated by resolutions and agreements issued by this entity. The main aspects of this law and its regulations include: the authorization of banking licenses, minimum capital and liquidity requirements, consolidated supervision, procedures for management of credit, liquidity and market risks, measures to prevent money laundering, the financing of terrorism and related illicit activities, and procedures for banking intervention and liquidation, among others.

Bladex Head Office's subsidiaries are the following:

- Bladex Holdings Inc. is a wholly owned subsidiary, incorporated under the laws of the State of Delaware, United States of America (USA), on May 30, 2000. Bladex Holdings Inc. has ownership in Bladex Representaçao Ltda.

- Bladex Representaçao Ltda. incorporated under the laws of Brazil on January 7, 2000, acts as the Bank's representative office in Brazil. Bladex Representaçao Ltda. is 99.999% owned by Bladex Head Office and the remaining 0.001% is owned by Bladex Holdings Inc.

- Bladex Development Corp. was incorporated under the laws of the Republic of Panama on June 5, 2014. Bladex Development Corp. is 100% owned by Bladex Head Office.

- BLX Soluciones, S.A. de C.V., SOFOM, E.N.R. ("BLX Soluciones") was incorporated under the laws of Mexico on June 13, 2014. BLX Soluciones is 99.9% owned by Bladex Head Office, and Bladex Development Corp. owns the remaining 0.1%. The company specializes in offering financial leasing and other financial products such as loans and factoring.

Bladex Head Office has an agency in New York City, USA (the "New York Agency"), which began operations on March 27, 1989. The New York Agency is principally engaged in financing transactions related to international trade, mostly the confirmation and financing of letters of credit for customers in the Region. The New York Agency also has authorization to book transactions through an International Banking Facility ("IBF").

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

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on July 21, 2020.

2. Basis of preparation of the condensed consolidated interim financial statements

2.1 Statement of compliance

These condensed consolidated interim financial statements of Banco Latinoamericano de Comercio Exterior, S. A. and its subsidiaries have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (IAS 34) issued by the International Accounting Standards Board ("IASB"). As all the disclosures required by IFRS for annual period consolidated financial statements are not included herein, these condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements and the notes thereto as of and for the year ended December 31, 2019, contained in the Bank's annual audited consolidated financial statements. The condensed consolidated interim statements of profit or loss, other comprehensive income, changes in equity and cash flows for the periods presented are not necessarily indicative of results expected for any future period.

3. Changes in significant accounting policies

3.1 New accounting policies and amendments not yet adopted

Interest Rate Benchmark Reform (Amendments to IFRS 9, and IFRS 7)

The Bank has initially adopted Interest Rate Benchmark Reform (Amendments to IFRS 9, and IFRS 7) from January 1, 2020. This change in accounting policy is also expected to be reflected in the Bank's consolidated financial statements as at and for the year ending December 31, 2020. The Bank has applied the interest rate benchmark reform amendments to hedging relationships that existed at January 1, 2020 or were designated thereafter and that are directly affected by interest rate benchmark reform. These amendments also apply to the gain or loss recognized in OCI that existed at January 1, 2020.

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

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). Due to the nature of its business, the Bank portfolio is predominantly made up of short-term fixed rate assets and liabilities. However, the Bank has exposures to IBORs (USD Libor only) on its financial instruments that will be replaced or reformed as part of these market-wide initiatives. There is uncertainty over the timing and the methods of transition. The Bank anticipates that IBOR reform will impact its risk management and hedge accounting.

The Libor Transition Steering Committee (LTSC) monitors and manages the transition to alternative rates. The committee evaluates the extent to which contracts reference IBOR cash flows, whether such contracts will need to be amended as a result of IBOR reform and how to manage communication about IBOR reform with counterparties. The committee reports to the Board of directors and collaborates with other business functions as needed. It provides periodic reports to management of interest rate risk and risks arising from IBOR reform.

Derivatives held for risk management purposes and hedge accounting

Derivatives

The Bank holds interest rate swaps for risk management purposes, which are designated in cash flow hedging relationships. The interest rate swaps have floating legs that are indexed to USD Libor. The Bank's derivative instruments are governed by the International Swaps and Derivatives Association (ISDA)'s Master Agreement.

ISDA is currently reviewing its standardized contracts in the light of IBOR reform. When ISDA has completed its review, the Bank expects to negotiate the inclusion of new fallback clauses with its derivative counterparties. No derivative instruments have been modified as at June 30, 2020.

3. Changes in significant accounting policies (continued)

3.1 New accounting policies and amendments not yet adopted (continued)

Hedge accounting

The Bank evaluated the extent to which its cash flow hedging relationships are subject to uncertainty driven by IBOR reform as of June 30, 2020. The Bank's hedged items and hedging instruments continue to be indexed to IBOR benchmark rates, i.e. USD Libor. IBOR benchmark rates are quoted each day and IBOR cash flows are exchanged with its counterparties as usual. However, the Bank's cash flow hedging relationships extend beyond the anticipated cessation date for USD LIBOR. The Bank expects that USD LIBOR will be discontinued after the end of 2021. The preferred alternative reference rate is Secured Overnight Financing Rate (SOFR). However, there is uncertainty as to when and how replacement may occur with respect to the relevant hedged item and hedging instrument. Such uncertainty may impact the hedging relationship and its effectiveness assessment. The Bank applies the amendments to IFRS 9 issued in September 2019 to those hedging relationships directly affected by IBOR reform.

Hedging relationships impacted by IBOR reform may experience ineffectiveness attributable to market participants' expectations of when the shift from the existing IBOR benchmark rate to an alternative benchmark interest rate will occur. This transition may occur at different times for the hedged item and hedging instrument, which may lead to hedge ineffectiveness. The Bank has measured its hedging instrument indexed to USD LIBOR using available quoted market rates for LIBOR-based instruments of the same tenor and similar maturity and has measured the cumulative change in present value of hedged cash flows on a similar basis

The Bank's exposure to USD LIBOR designated in a hedging relationship is US$20million nominal amount at June 30, 2020 attributable to the interest rate swap hedging USD LIBOR cash flows on the same principal amount of the Bank's USD-denominated bond issuances maturing in 2023.

For the purpose of evaluating whether there is an economic relationship between the hedged item(s) and the hedging instrument(s), the Bank assumes that the benchmark interest rate is not altered as a result of IBOR reform.

The Bank will cease to apply the amendments to its assessment of the economic relationship between the hedged item and the hedging instrument when the uncertainty arising from IBOR reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows of the hedged item or hedging instrument, or when the hedging relationship is discontinued. For its highly probable assessment of the hedged item, the Bank will no longer apply the amendments when the uncertainty arising from IBOR reform about the timing and amount of the interest rate benchmark-based future cash flows of the hedged item is no longer present, or when the hedging relationship is discontinued.

Rental Lease concessions related to COVID-19 (Amendments to IFRS 16 Leases)

In May 2020, the IASB (International Accounting Standards Board) published the document "Rental Lease concessions related to COVID-19", which contains amendments to IFRS 16 Leases effective as of June 1, 2020, in order to provide relief to the lessee with respect to the rental concessions granted as a result of the events of COVID-19, where in the existing event the lessee must re-measure the responsibility of the lease using a revised discount rate.

At the reporting date, the Bank has not modified nor received concessions in the lease agreements signed with third parties.

4. Significant accounting policies

4.1. Judgments, estimates and significant accounting assumptions

A. Estimates and assumptions

The key assumptions concerning the future and other key sources of estimating uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Bank based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances beyond the control of the Bank. Such changes are reflected in the assumptions when they occur.

B. Going concern

The Bank's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Therefore, the condensed consolidated financial statements continue to be prepared on a going concern basis.

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

5. Financial risk

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

A. Credit risk

i. Credit quality analysis

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

The Bank's Management has not made any adjustment to the methodology and key inputs used to determine the PD and LGD parameters produced by the model.

Loans

June 30, 2020

	PD Ranges	Stage 1	Stage 2	Stage 3	Total
Grades 1 - 4	0.03 - 0.74	2,001,033	-	-	2,001,033
Grades 5 - 6	0.75 - 3.95	1,718,245	290,621	-	2,008,866
Grades 7 - 8	3.96 - 30.67	303,030	172,624	-	475,654
Grades 9 - 10	30.68 - 100	-	-	-	-
		4,022,308	463,245	-	4,485,553
Loss allowance		(22,265)	(23,169)	-	(45,434)
Total		**4,000,043**	**440,076**	**-**	**4,440,119**

December 31, 2019

	PD Ranges	Stage 1	Stage 2	Stage 3	Total
Grades 1 - 4	0.03 - 0.74	2,928,401	-	-	2,928,401
Grades 5 - 6	0.75 - 3.95	2,330,150	85,173	-	2,415,323
Grades 7 - 8	3.96 - 30.67	343,606	143,822	-	487,428
Grades 9 - 10	30.68 - 100	-	-	61,845	61,845
		5,602,157	228,995	61,845	5,892,997
Loss allowance		(28,892)	(15,842)	(54,573)	(99,307)
Total		**5,573,265**	**213,153**	**7,272**	**5,793,690**

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

5. Financial risk (continued)

A. Credit risk (continued)

Loan commitments, financial guarantees issued and customers' liabilities under acceptances

June 30, 2020

	12-month PD Ranges	Stage 1	Stage 2	Stage 3	Total
Commitments and contingencies					
Grades 1 - 4	0.03 - 0.74	198,556	-	-	198,556
Grades 5 - 6	0.75 - 3.95	86,445	49,836	-	136,281
Grades 7 - 8	3.96 - 30.67	91,228	-	-	91,228
		376,229	49,836	-	426,065
Customers' liabilities under acceptances					
Grades 1 - 4	0.03 - 0.74	3,392	-	-	3,392
Grades 5 - 6	0.75 - 3.95	52	-	-	52
Grades 7 - 8	3.96 - 30.67	-	-	-	-
		3,444	-	-	3,444
		379,673	**49,836**	-	**429,509**
Loss allowance		(1,345)	(794)	-	(2,139)
Total		**378,328**	**49,042**	**-**	**427,370**

December 31, 2019

	12-month PD Ranges	Stage 1	Stage 2	Stage 3	Total
Commitments and contingencies					
Grades 1 - 4	0.03 - 0.74	153,874	-	-	153,874
Grades 5 - 6	0.75 - 3.95	150,631	27,446	-	178,077
Grades 7 - 8	4.13 - 30.43	161,421	-	-	161,421
		465,926	27,446	-	493,372
Customers' liabilities under acceptances					
Grades 1 - 4	0.03 - 0.74	13,367	-	-	13,367
Grades 5 - 6	0.75 - 3.95	5,491	-	-	5,491
Grades 7 - 8	4.13 - 30.43	96,824	-	-	96,824
		115,682	-	-	115,682
		581,608	**27,446**	-	**609,054**
Loss allowance		(2,683)	(361)	-	(3,044)
Total		**578,925**	**27,085**	**-**	**606,010**

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

5. Financial risk (continued)

A. Credit risk (continued)

Securities at amortized cost

	June 30, 2020				
	12-month PD Ranges	Stage 1	Stage 2	Stage 3	Total
Grades 1 - 4	0.03 - 0.74	77,124	-	-	77,124
Grades 5 - 6	0.75 - 3.95	8,658	5,000	-	13,658
		85,782	5,000	-	90,782
Loss allowance		(170)	(33)	-	(203)
Total		**85,612**	**4,967**	**-**	**90,579**

	December 31, 2019				
	12-month PD Ranges	Stage 1	Stage 2	Stage 3	Total
Grades 1 - 4	0.03 - 0.74	73,047	-	-	73,047
Grades 5 - 6	0.75 - 3.95	-	1,500	-	1,500
		73,047	1,500	-	74,547
Loss allowance		(103)	(10)	-	(113)
Total		**72,944**	**1,490**	**-**	**74,434**

Securities at fair value through other comprehensive income (FVOCI)

	June 30, 2020				
	12-month PD Ranges	Stage 1	Stage 2	Stage 3	Total
Grades 1 - 4	0.03 - 0.74	5,153	-	-	5,153
		5,153	-	-	5,153
Loss allowance		-	-	-	-
Total		**5,153**	**-**	**-**	**5,153**

	December 31, 2019				
	12-month PD Ranges	Stage 1	Stage 2	Stage 3	Total
Grades 1 - 4	0.03 - 0.74	5,094	-	-	5,094
		5,094	-	-	5,094
Loss allowance		-	-	-	-
Total		**5,094**	**-**	**-**	**5,094**

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

5. Financial risk (continued)

A. Credit risk (continued)

The following table presents information of the current and past due balances of loans in stages 1, 2 and 3:

	June 30, 2020			
	Stage 1	Stage 2	Stage 3	Total
Current	**4,022,308**	**463,245**	**-**	**4,485,553**

	December 31, 2019			
	Stage 1	Stage 2	Stage 3	Total
Current	5,602,157	228,995	47,169	5,878,321
Past due				
90-120 days	-	-	3,724	3,724
151-180 days	-	-	-	-
More than 180 days	-	-	10,952	10,952
Total past due	-	-	14,676	14,676
Total	**5,602,157**	**228,995**	**61,845**	**5,892,997**

As of June 30, 2020 and December 31, 2019, other financial assets were no past due or impaired balances.

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

5. Financial risk (continued)

A. Credit risk (continued)

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

	June 30, 2020		
	Notional value USD	**Derivative financial instrument - fair value asset**	**Derivative financial instrument - fair value liabilities**
Interest rate swaps	182,000	1,343	(2,545)
Cross-currency swaps	620,420	4,028	(49,597)
Foreign exchange forwards	93,900	3,244	(51)
Total	**896,320**	**8,615**	**(52,193)**

	December 31, 2019		
	Notional value USD	**Derivative financial instrument - fair value asset**	**Derivative financial instrument - fair value liabilities**
Interest rate swaps	521,333	407	(1,903)
Cross-currency swaps	369,869	10,125	(10,197)
Foreign exchange forwards	74,471	625	(2,575)
Total	**965,673**	**11,157**	**(14,675)**

ii. Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral.

Derivatives and repurchase agreements

In the ordinary course of business, the Bank enters into derivative financial instrument transactions and securities sold under repurchase agreements under industry standards agreements. Depending on the collateral requirements stated in the contracts, the Bank and counterparties can receive or deliver collateral based on the fair value of the financial instruments transacted between parties. Collateral typically consists of pledged cash deposits and securities. The master netting agreements include clauses that, in the event of default, provide for close-out netting, which allows all positions with the defaulting counterparty to be terminated and net settled with a single payment amount.

The International Swaps and Derivatives Association master agreement (“ISDA”) and similar master netting arrangements do not meet the criteria for offsetting in the consolidated statement of financial position. This is because they create for the parties to the agreement a right of set-off of recognized amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Bank or the counterparties or following other predetermined events.

5. Financial risk (continued)

A. Credit risk (continued)

Such arrangements provide for single net settlement of all financial instruments covered by the agreements in the event of default on any one contract. Master netting arrangements do not normally result in an offset of balance–sheet assets and liabilities unless certain conditions for offsetting are met.

Although master netting arrangements may significantly reduce credit risk, it should be noted that:

- Credit risk is eliminated only to the extent that amounts due to the same counterparty will be settled after the assets are realized.
- The extent to which overall credit risk is reduced may change substantially within a short period because the exposure is affected by each transaction subject to the arrangement.

<u>Loans</u>

The main types of collateral obtained are, as follows:

- For commercial lending, liens on real estate property, inventory and trade receivables.

The Bank also obtains guarantees from parent companies for loans to their subsidiaries. Management monitors the market value of collateral and will request additional collateral in accordance with the underlying agreement. It is the Bank's policy to dispose of repossessed property in an orderly fashion. The proceeds are used to reduce or repay the outstanding claim. In general, the Bank does not occupy repossessed property for business use.

The Bank holds guarantees and other financial credit enhancements against certain exposures in the loan portfolio. As of June 30, 2020, and December 31, 2019, the coverage ratio to the carrying amount of the loan portfolio was 16% and 12% respectively.

iii. Implementation of forward-looking information

The Bank incorporates information of the economic environments on a forward-looking view, when assessing whether the credit risk of a financial instrument has significantly increased, since initial recognition through customer and country rating models which include projections of the inputs under analysis.

Supplementary, for the expected credit loss measurement the results of the "alert model" can be considered, which are analyzed through a severity indicator to total risk resulting from the estimates and assumptions of several macroeconomics factors. These estimates and assumptions are supported by a base scenario associated to a probability of occurrence of 95%. Other scenarios represent optimistic and pessimistic results. The implementation and interpretation of the outcomes of the alert are based on the expert judgement of management, based on suggestions of areas such as Credit Risk, Economic Studies and Loan Recovery of the Bank.

The external information could include economic data and projections published by governmental committees, monetary agencies (e.g., Federal Reserve Bank and from countries where the Bank operates), supranational organizations (International Monetary Fund, The World Bank, World Trade Organization), private sector, academic projections, credit rating agencies, among other.

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

5. Financial risk (continued)

A. Credit risk (continued)

Principal macroeconomies variables of the country rating model with forward-looking scenarios are:

Variables	Description
GDP Growth (Var. %)	% Variation in the growth of the Gross Domestic Product (GDP)
ComEx Growth (Var. %)	% Variation in foreign trade growth (Exp. + Imp.)

The model uses, as main inputs, the following macroeconomic variables: the percentage variation of the gross domestic product of Latin America and the percentage of the foreign trade index growth. The main movements and changes in the variables are analyzed, in general and in particular for each country in the region. This historical and projected information over a period of five years allows Management a complementary means to estimate the macroeconomic effects in the Bank's portfolio.

The table below lists the macroeconomic assumptions by country used in the base, optimistic and pessimistic scenarios over the five-year forecasted average available for each reporting period.

		Variable			
		GDP Growth (Var.%)		ComEx Growth Index (Var.%)	
Country	Scenario	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Brazil	Central	0.3%	2.0%	3.6%	4.1%
	Upside	1.3%	3.0%	7.1%	7.6%
	Downside	-1.1%	0.6%	-0.4%	0.1%
Colombia	Central	1.7%	3.4%	2.8%	6.6%
	Upside	2.8%	4.5%	5.8%	9.6%
	Downside	0.4%	2.1%	-0.7%	3.1%
Mexico	Central	-0.1%	1.5%	0.6%	2.2%
	Upside	0.9%	2.5%	4.6%	6.2%
	Downside	-1.3%	0.3%	-3.9%	-2.3%
Chile	Central	1.8%	2.2%	3.9%	3.1%
	Upside	2.9%	3.3%	7.4%	6.6%
	Downside	0.6%	1.0%	-0.1%	-0.9%
Ecuador	Central	0.6%	1.3%	0.3%	4.6%
	Upside	1.6%	2.3%	3.3%	7.6%
	Downside	-0.9%	-0.2%	-3.2%	1.1%
Guatemala	Central	1.9%	3.5%	3.9%	4.1%
	Upside	2.9%	4.5%	6.9%	7.1%
	Downside	0.7%	2.3%	0.4%	0.6%
Dominican Republic	Central	1.8%	5.0%	5.0%	5.8%
	Upside	2.8%	6.2%	8.5%	9.3%
	Downside	0.5%	3.7%	1.0%	1.8%
Panama	Central	3.8%	4.6%	3.2%	3.0%
	Upside	5.3%	6.1%	6.2%	6.0%
	Downside	2.4%	3.2%	-0.3%	-0.5%

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

5. Financial risk (continued)

A. Credit risk (continued)

iv. Loss allowances

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

Loans

	Stage 1	Stage 2	Stage 3	Total
Allowance for expected credit losses as of December 31, 2019	**28,892**	**15,842**	**54,573**	**99,307**
Transfer to lifetime expected credit losses	(967)	967	-	-
Net effect of changes in allowance for expected credit losses	473	7,425	(2,581)	5,317
Financial instruments that have been derecognized during the period	(13,725)	(1,065)	-	(14,790)
New financial assets originated or purchased	7,592	-	-	7,592
Write-offs	-	-	(52,106)	(52,106)
Recoveries	-	-	114	114
Allowance for expected credit losses as of June 30, 2020	**22,265**	**23,169**	**-**	**45,434**

	Stage 1	Stage 2	Stage 3	Total
Allowance for expected credit losses as of December 31, 2018	**34,957**	**16,389**	**49,439**	**100,785**
Transfer to lifetime expected credit losses	(2,488)	2,488	-	-
Net effect of changes in allowance for expected credit losses	(2,154)	5,881	7,987	11,714
Financial instruments that have been derecognized during the year	(27,118)	(8,916)	(500)	(36,534)
New financial assets originated or purchased	25,695	-	-	25,695
Write-offs	-	-	(2,405)	(2,405)
Recoveries	-	-	52	52
Allowance for expected credit losses as of December 31, 2019	**28,892**	**15,842**	**54,573**	**99,307**

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

5. Financial risk (continued)

A. Credit risk (continued)

Loan commitments, financial guarantee contracts and customers' liabilities under acceptances

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

	Stage 1	Stage 2	Stage 3	Total
Allowance for expected credit losses as of December 31, 2019	**2,683**	**361**	**-**	**3,044**
Transfer to lifetime expected credit losses	(108)	108	-	-
Net effect of changes in reserve for expected credit loss	20	338	-	358
Financial instruments that have been derecognized during the period	(1,920)	(13)	-	(1,933)
New instruments originated or purchased	670	-	-	670
Allowance for expected credit losses as of June 30, 2020	**1,345**	**794**	**-**	**2,139**

	Stage 1	Stage 2	Stage 3	Total
Allowance for expected credit losses as of December 31, 2018	**3,089**	**200**	**-**	**3,289**
Net effect of changes in reserve for expected credit loss	(17)	170	-	153
Financial instruments that have been derecognized during the year	(2,497)	(9)	-	(2,506)
New instruments originated or purchased	2,108	-	-	2,108
Allowance for expected credit losses as of December 31, 2019	**2,683**	**361**	**-**	**3,044**

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

5. Financial risk (continued)

A. Credit risk (continued)

Securities at amortized cost

	Stage 1	Stage 2	Stage 3	Total
Allowance for expected credit losses as of December 31, 2019	**103**	**10**	**-**	**113**
Net effect of changes in allowance for expected credit losses	22	32	-	54
Financial instruments that have been derecognized during the period	(40)	(9)	-	(49)
New financial assets originated or purchased	85	-	-	85
Allowance for expected credit losses as of June 30, 2020	**170**	**33**	**-**	**203**

	Stage 1	Stage 2	Stage 3	Total
Allowance for expected credit losses as of December 31, 2018	**113**	**27**	**-**	**140**
Net effect of changes in allowance for expected credit losses	(1)	(17)	-	(18)
Financial instruments that have been derecognized during the year	(46)	-	-	(46)
New financial assets originated or purchased	37	-	-	37
Allowance for expected credit losses as of December 31, 2019	**103**	**10**	**-**	**113**

Securities at fair value through other comprehensive income (FVOCI)

	Stage 1	Stage 2	Stage 3	Total
Allowance for expected credit losses as of December 31, 2018	**33**	**140**	**-**	**173**
Financial instruments that have been derecognized during the year	(33)	(140)	-	(173)
Allowance for expected credit losses as of December 31, 2019	**-**	**-**	**-**	**-**

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

5. Financial risk (continued)

A. Credit risk (continued)

The following table provides a reconciliation between:

- Amounts shown in the previous tables reconciling opening and closing balances of loss allowance per class of financial instrument; and

- The 'reversal (provision) for credit losses' line item in the condensed consolidated interim statement of profit or loss and other comprehensive income.

			Securities		
June 30, 2020	Loans	Loan commitments and financial guarantee contracts	At amortized cost	FVOCI	Total
Net effect of changes in allowance for expected credit losses	5,317	358	54	-	5,729
Financial instruments that have been derecognized during the year	(14,790)	(1,933)	(49)	-	(16,772)
New financial assets originated or purchased	7,592	670	85	-	8,347
Total	**(1,882)**	**(905)**	**90**	**-**	**(2,696)**

			Securities		
June 30, 2019	Loans	Loan commitments and financial guarantee contracts	At amortized cost	FVOCI	Total
Net effect of changes in allowance for expected credit losses	9,493	252	(8)	40	9,777
Financial instruments that have been derecognized during the year	(26,063)	(2,471)	(17)	(14)	(28,565)
New financial assets originated or purchased	19,049	1,484	8	-	20,541
Total	**2,479**	**(735)**	**(17)**	**26**	**1,753**

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

5. Financial risk (continued)

A. Credit risk (continued)

v. Credit-impaired financial assets

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

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

	June 30, 2020	**December 31, 2019**
Credit-impaired loans and advances at beginning of period	54,573	49,439
Change in expected credit losses allowance	(2,856)	7,164
Recoveries of amounts previously written off	114	52
Interest income	275	323
Write-offs	(52,106)	(2,405)
Credit-impaired loans and advances at end of period	**-**	**54,573**

During the period ended June 30, 2020, the sale of the outstanding credit-impaired loan in Stage 3, classified at amortized cost, was made at $11.6 million. This sale resulted in a write off against the credit loss allowance of $ 52.1 million.

vi. Concentrations of credit risk

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

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

5. Financial risk (continued)

A. Credit risk (continued)

Concentration by sector and industry

	Loans		Loan commitments and financial guarantee contracts		Securities - At amortized cost		Securities - FVOCI	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Carrying amount - principal	4,485,553	5,892,997	3,444	115,682	90,782	74,547	5,153	5,094
Amount committed/guaranteed	-	-	426,065	493,372	-	-	-	-
Concentration by sector								
Corporations:								
Private	1,349,230	1,782,808	205,172	213,161	7,312	2,998	-	-
State-owned	732,879	780,491	51,283	69,822	42,839	23,792	-	-
Financial institutions:								
Private	2,061,131	2,692,787	64,690	75,130	11,649	19,276	-	-
State-owned	300,995	589,690	108,364	250,941	8,658	-	-	-
Sovereign	41,318	47,221	-	-	20,324	28,481	5,153	5,094
Total	**4,485,553**	**5,892,997**	**429,509**	**609,054**	**90,782**	**74,547**	**5,153**	**5,094**
Concentration by industry								
Financial institutions	2,362,126	3,282,477	173,055	326,071	20,307	19,276	-	-
Industrial	830,322	925,375	130,686	143,560	30,954	21,658	-	-
Oil and petroleum derived products	505,915	561,068	34,057	71,571	19,197	5,132	-	-
Agricultural	231,317	327,288	-	-	-	-	-	-
Services	310,957	370,753	50,224	20,497	-	-	-	-
Mining	82,367	162,364	-	-	-	-	-	-
Sovereign	41,318	47,221	-	-	20,324	28,481	5,153	5,094
Other	121,231	216,451	41,487	47,355	-	-	-	-
Total	**4,485,553**	**5,892,997**	**429,509**	**609,054**	**90,782**	**74,547**	**5,153**	**5,094**

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

5. Financial risk (continued)

A. Credit risk (continued)

Risk rating and concentration by country

	Loans		Loan commitments and financial guarantee contracts		Securities			
					At amortized cost		FVOCI	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Carrying amount - principal	4,485,553	5,892,997	3,444	115,682	90,782	74,547	5,153	5,094
Amount committed/guaranteed	-	-	426,065	493,372	-	-	-	-
Rating								
1-4	2,001,033	2,928,401	201,948	167,241	77,124	73,047	5,153	5,094
5-6	2,008,866	2,415,323	136,333	183,568	13,658	1,500	-	-
7-8	475,654	487,428	91,228	258,245	-	-	-	-
10	-	61,845	-	-	-	-	-	-
Total	**4,485,553**	**5,892,997**	**429,509**	**609,054**	**90,782**	**74,547**	**5,153**	**5,094**
Concentration by country								
Argentina	180,057	226,481	-	-	-	-	-	-
Belgium	14,105	13,742	-	-	-	-	-	-
Bolivia	5,000	7,000	2,950	400	-	-	-	-
Brazil	800,086	1,015,316	-	50,000	8,658	1,500	-	-
Canada	-	-	-	657	-	-	-	-
Chile	473,143	683,132	661	8	-	-	5,153	5,094
Colombia	732,450	906,092	43,000	50,610	29,355	15,338	-	-
Costa Rica	162,479	220,380	58,665	59,161	-	-	-	-
Dominican Republic	120,719	289,853	16,500	16,500	-	-	-	-
Ecuador	106,058	174,267	85,348	252,391	-	-	-	-
El Salvador	56,900	54,233	5,555	5,555	-	-	-	-
France	98,370	152,530	69,567	47,906	-	-	-	-
Germany	32,837	34,613	-	-	-	-	-	-
Guatemala	259,123	278,557	44,808	44,200	-	-	-	-
Honduras	107,976	128,937	325	300	-	-	-	-
Hong Kong	4,000	10,400	-	-	-	-	-	-
Jamaica	11,492	38,312	-	-	-	-	-	-
Luxembourg	51,554	59,813	-	-	-	-	-	-
Mexico	444,449	754,465	17,708	27,377	21,639	21,505	-	-
Panama	300,978	268,356	68,322	25,304	31,130	36,204	-	-
Paraguay	86,418	127,970	10,000	10,652	-	-	-	-
Peru	171,402	150,301	6,100	8,033	-	-	-	-
Singapore	32,000	90,955	-	-	-	-	-	-
Switzerland	-	-	-	10,000	-	-	-	-
Trinidad and Tobago	178,548	181,676	-	-	-	-	-	-
United States of America	45,000	25,000	-	-	-	-	-	-
United Kingdom	10,409	-	-	-	-	-	-	-
Uruguay	-	619	-	-	-	-	-	-
Total	**4,485,553**	**5,892,997**	**429,509**	**609,054**	**90,782**	**74,547**	**5,153**	**5,094**

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

5. Financial risk (continued)

A. Credit risk (continued)

vii. Offsetting financial assets and liabilities

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

a) Derivative financial instruments – assets

June 30, 2020

Description	Gross amounts of assets	Gross amounts offset in the consolidated statement of financial position	Net amount of assets presented in the consolidated statement of financial position	Gross amounts not offset in the consolidated statement of financial position		Net Amount
				Financial instruments	Cash collateral received	
Derivative financial instruments used for hedging	8,615	-	8,615	-	(3,536)	5,079
Total	**8,615**	**-**	**8,615**	**-**	**(3,536)**	**5,079**

December 31, 2019

Description	Gross amounts of assets	Gross amounts offset in the consolidated statement of financial position	Net amount of assets presented in the consolidated statement of financial position	Gross amounts not offset in the consolidated statement of financial position		Net Amount
				Financial instruments	Cash collateral received	
Derivative financial instruments used for hedging	11,157	-	11,157	-	(9,350)	1,807
Total	**11,157**	**-**	**11,157**	**-**	**(9,350)**	**1,807**

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

5. Financial risk (continued)

A. Credit risk (continued)

b) Securities sold under repurchase and derivative financial instruments – liabilities

June 30, 2020

Description	Gross amounts of liabilities	Gross amounts offset in the consolidated statement of financial position	Net amount of liabilities presented in the consolidated statement of financial position	Gross amounts not offset in the consolidated statement of financial position		Net Amount
				Financial instruments	Cash collateral pledged	
Securities sold under repurchase agreements	(10,403)	-	(10,403)	11,229	2,685	3,511
Derivative financial instruments used for hedging	(52,193)	-	(52,193)	-	55,166	2,973
Total	**(62,596)**	**-**	**(62,596)**	**11,229**	**57,851**	**6,484**

December 31, 2019

Description	Gross amounts of liabilities	Gross amounts offset in the consolidated statement of financial position	Net amount of liabilities presented in the consolidated statement of financial position	Gross amounts not offset in the consolidated statement of financial position		Net Amount
				Financial instruments	Cash collateral pledged	
Securities sold under repurchase agreements	(40,530)	-	(40,530)	41,937	320	1,727
Derivative financial instruments used for hedging	(14,675)	-	(14,675)	-	14,632	(43)
Total	**(55,205)**	**-**	**(55,205)**	**41,937**	**14,952**	**1,684**

5. Financial risk (continued)

B. Liquidity risk

i. Exposure to liquidity risk

The key measure used by the Bank for managing liquidity risk is the ratio of net liquid assets to deposits from customers and short-term funding. For this purpose, 'net liquid assets' includes cash and cash equivalents which consist of deposits from banks, customers, debt securities issued, other borrowings and commitments maturing within the next month.

The following table details the Bank's liquidity ratios, described in the previous paragraph, for the six months period ended on June 30, 2020 and for the year ended December 31, 2019, respectively:

	June 30, 2020	**December 31, 2019**
At the end of the period	179.98%	52.48%
Period average	118.66%	37.82%
Maximum of the period	234.38%	53.38%
Minimum of the period	53.26%	23.23%

The following table include the Bank's liquid assets by geographical location:

(in millions of USD dollars)	**June 30, 2020**	**December 31, 2019**
United State of America	1,849	1,132
Other O.E.C.D countries	100	4
Latin America	10	4
Other countries	-	20
Total	**1,959**	**1,160**

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

	June 30, 2020	**December 31, 2019**
(in millions of USD dollars)		
Demand liabilities and "overnight"	933	86
% Demand liabilities and "overnight" of total deposits	32.32%	2.97%

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

(in millions of USD dollars)	**June 30, 2020**	**December 31, 2019**
Total liquid assets	1,964	1,160
% Total assets of total liabilities	35.55%	40.15%
% Total liquid assets in the U.S. Federal Reserve	90.30%	97.37%

5. Financial risk (continued)

B. Liquidity risk (continued)

The remaining liquid assets were composed of short-term deposits in other banks.

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

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

(in millions of USD dollars)	**June 30, 2020**	**December 31, 2019**
Loan portfolio and investment portfolio less than/equal to 1 year according to its original term	2,389	3,485
Average term (days)	203	189

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

(in millions of USD dollars)	**June 30, 2020**	**December 31, 2019**
Loan portfolio and investment portfolio greater than/equal to 1 year according to its original term	2,196	2,497
Average term (days)	2,223	1,185

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

5. Financial risk (continued)

B. Liquidity risk (continued)

ii. Maturity analysis for financial liabilities and financial assets

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

Description	June 30, 2020						
Assets	**Up to 3 months**	**3 to 6 months**	**6 months to 1 year**	**1 to 5 years**	**More than 5 years**	**Gross Inflow (outflow)**	**Carrying amount**
Cash and due from banks	2,021,461	-	-	-	-	2,021,461	2,021,365
Securities and other financial assets, net	9,197	3,040	19,200	70,059	3,500	104,996	100,223
Loans, net	1,182,545	976,561	923,783	1,469,204	122,049	4,674,142	4,464,353
Derivative financial instruments - assets	4,488	1,476	889	1,762	-	8,615	8,615
Total	**3,217,691**	**981,077**	**943,872**	**1,541,025**	**125,549**	**6,809,214**	**6,594,556**
Liabilities							
Deposits	(2,703,511)	(209,989)	(12,000)	-	-	(2,925,500)	(2,889,335)
Securities sold under repurchase agreements	(4,703)	-	(5,764)	-	-	(10,467)	(10,403)
Borrowings and debt, net	(672,671)	(164,835)	(680,529)	(1,227,935)	(12,616)	(2,739,224)	(2,627,216)
Derivative financial instruments - liabilities	(19)	(2,305)	(1,118)	(48,751)	-	(52,193)	(52,193)
Total	**(3,380,904)**	**(377,129)**	**(699,411)**	**(1,276,686)**	**(12,616)**	**(5,727,384)**	**(5,579,147)**
Contingencies							
Confirmed lettes of credit	68,712	44,298	1,285	-	-	114,295	114,295
Stand-by letters of credit and guaranteed	44,791	23,113	150,309	29,700	-	247,913	247,913
Credit commitments	51,000	-	-	12,857	-	63,857	-
Total	**164,503**	**67,411**	**151,594**	**42,557**	**-**	**426,065**	**362,208**
Net position	**(327,716)**	**536,537**	**92,867**	**221,782**	**112,933**	**655,765**	**653,201**

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

5. Financial risk (continued)

B. Liquidity risk (continued)

Description	December 31, 2019						
	Up to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	More than 5 years	Gross Inflow (outflow)	Carrying amount
Assets							
Cash and due from banks	1,178,288	-	-	-	-	1,178,288	1,178,170
Securities and other financial assets, net	16,684	6,457	7,293	54,544	6,492	91,470	88,794
Loans, net	1,960,381	967,594	1,207,469	1,822,519	150,742	6,108,705	5,823,333
Derivative financial instruments - assets	-	625	-	10,532	-	11,157	11,157
Total	**3,155,353**	**974,676**	**1,214,762**	**1,887,595**	**157,234**	**7,389,620**	**7,101,454**
Liabilities							
Deposits	(2,574,180)	(198,786)	(122,680)	-	-	(2,895,646)	(2,893,555)
Securities sold under repurchase agreements	(40,691)	-	-	-	-	(40,691)	(40,530)
Borrowings and debt, net	(1,407,612)	(451,736)	(230,776)	(1,147,699)	(13,422)	(3,251,245)	(3,148,864)
Derivative financial instruments - liabilities	(2,425)	(775)	(1,711)	(12,014)	-	(16,925)	(14,675)
Total	**(4,024,908)**	**(651,297)**	**(355,167)**	**(1,159,713)**	**(13,422)**	**(6,204,507)**	**(6,097,624)**
Contingencies							
Confirmed lettes of credit	84,235	77,493	7,592	-	-	169,320	169,320
Stand-by letters of credit and guaranteed	35,906	95,440	114,078	10,057	-	255,481	255,481
Credit commitments	-	-	-	68,571	-	68,571	68,571
Total	**120,141**	**172,933**	**121,670**	**78,628**	**-**	**493,372**	**493,372**
Net position	**(989,696)**	**150,446**	**737,925**	**649,254**	**143,812**	**691,741**	**510,458**

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

Type of financial instrument	Basis on which amounts are compiled
Financial assets and liabilities	Undiscounted cash flows, which include estimated interest payments.
Issued financial guarantee contracts, and loan commitments	Earliest possible contractual maturity. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.
Derivative financial liabilities and financial assets	Contractual undiscounted cash flows. The amounts shown are the gross nominal inflows and outflows for derivatives that have simultaneous gross and the net amounts for derivatives that are net settled.

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

5. Financial risk (continued)

B. Liquidity risk (continued)

iii. Liquidity reserves

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

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

	June 30, 2020		December 31, 2019	
	Amount	**Fair Value**	**Amount**	**Fair Value**
Balance with Central Banks	1,773,029	1,773,029	1,129,016	1,129,016
Cash and balances with other bank	248,336	248,336	49,154	49,154
Total Liquidity reserves	**2,021,365**	**2,021,365**	**1,178,170**	**1,178,170**

iv. Financial assets available to support future funding

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

June 30, 2020		
	Guaranteed	**Available as collateral**
Cash and due from banks	57,851	1,963,514
Notional of investment securities	10,950	83,249
Loan portfolio	-	4,485,553
Total assets	**68,801**	**6,532,316**

December 31, 2019		
	Guaranteed	**Available as collateral**
Cash and due from banks	18,452	1,159,718
Notional of investment securities	40,531	38,045
Loan portfolio	-	5,823,333
Total assets	**58,983**	**7,021,096**

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

5. Financial risk (continued)

C. Market risk

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

i. Interest rate risk

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

	June 30, 2020						
Description	**Up to 3 months**	**3 to 6 months**	**6 months to 1 year**	**1 to 5 years**	**More than 5 years**	**Non interest rate risk**	**Total**
Assets							
Demand deposits and time deposits	2,005,998	-	-	-	-	-	2,005,998
Securities and other financial assets	9,100	3,000	18,549	65,286	-	3,500	99,435
Loans	2,911,658	884,425	541,985	136,892	10,593	-	4,485,553
Total assets	4,926,756	887,425	560,534	202,178	10,593	3,500	6,590,986
Liabilities							
Demand deposits and time deposits	(2,665,526)	(208,690)	(12,000)	-	-	-	(2,886,216)
Securities sold repurchase agreements	(4,675)	-	(5,728)	-	-	-	(10,403)
Borrowings and debt	(2,005,873)	(119,016)	(125,000)	(357,965)	-	(19,362)	(2,627,216)
Total liabilities	(4,676,074)	(327,706)	(142,728)	(357,965)	-	(19,362)	(5,523,835)
Net effect of derivative financial instruments held for interest risk management	4,468	(829)	(229)	(46,988)	-	-	(43,578)
Total interest rate sensitivity	**255,150**	**558,890**	**417,577**	**(202,775)**	**10,593**	**(15,862)**	**1,023,573**

	December 31, 2019						
Description	**Up to 3 months**	**3 to 6 months**	**6 months to 1 year**	**1 to 5 years**	**More than 5 years**	**Non interest rate risk**	**Total**
Assets							
Demand deposits and time deposits	1,170,092	-	-	-	-	-	1,170,092
Securities and other financial assets	14,935	6,351	5,055	53,300	-	-	79,641
Loans	4,031,432	1,096,355	548,028	208,443	8,739	-	5,892,997
Total assets	5,216,459	1,102,706	553,083	261,743	8,739	-	7,142,730
Liabilities							
Demand deposits and time deposits	(2,570,324)	(197,300)	(120,419)	-	-	(293)	(2,888,336)
Securities sold repurchase agreements	(40,530)	-	-	-	-	-	(40,530)
Borrowings and debt	(2,534,382)	(401,432)	(25,261)	(157,321)	-	(19,914)	(3,138,310)
Total liabilities	(5,145,236)	(598,732)	(145,680)	(157,321)	-	(20,207)	(6,067,176)
Net effect of derivative financial instruments held for interest risk management	(2,425)	(150)	(1,711)	(1,482)	-	-	(5,768)
Total interest rate sensitivity	**68,798**	**503,824**	**405,692**	**102,940**	**8,739**	**(20,207)**	**1,069,786**

Management of interest rate risk is complemented by monitoring the sensitivity of the Bank's financial assets and liabilities to various standard interest rate scenarios. Standard scenarios that are considered on a monthly basis include a 50bps, 100bps and 200bps, respectively, parallel fall or rise in all yield curves which are assessed accordingly to market conditions.

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

5. Financial risk (continued)

C. Market risk (continued)

ii. Interest rate risk (continued)

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

	Change in interest rate	Effect on profit or loss	Effect on Equity
June 30, 2020	+50 bps	(5,133)	(4,526)
	-50 bps	2,420	1,813
December 31, 2019	+50 bps	3,064	7,461
	-50 bps	(3,064)	(7,461)

Interest rate movements affect reported equity in the following ways:

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

This sensitivity provides a consideration of changes in interest rates, considering last period interest rate volatility.

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

iii. Foreign exchange risk

	June 30, 2020						
	Brazilian Real	**European Euro**	**Japanese Yen**	**Colombian Peso**	**Mexican Peso**	**Other Currencies (1)**	**Total**
Exchance rate	5.43	1.12	107.96	3,758.06	22.99		
Assets							
Cash and due from banks	92	9	5	15	566	39	726
Loans	-	-	-	-	146,589	-	146,589
Total Assets	**92**	**9**	**5**	**15**	**147,155**	**39**	**147,315**
Liabilities							
Borrowings and debt	-	-	-	-	(146,927)	-	(146,927)
Total liabilities	**-**	**-**	**-**	**-**	**(146,927)**	**-**	**(146,927)**
Net currency position	**92**	**9**		**15**	**228**	**39**	**388**

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

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

5. Financial risk (continued)

C. Market risk (continued)

iii. Foreign exchange risk (continued)

	December 31, 2019						
	Brazilian Real	European Euro	Japanese Yen	Colombian Peso	Mexican Peso	Other Currencies (1)	Total
Exchance rate	4.02	1.12	108.67	3,287.50	18.88		
Assets							
Cash and due from banks	274	17	4	34	4,243	58	4,630
Loans	-	-	-	-	473,729	-	473,729
Total Assets	**274**	**17**	**4**	**34**	**477,972**	**58**	**478,359**
Liabilities							
Borrowings and debt	-	-	-	-	(478,038)	-	(478,038)
Total liabilities	**-**	**-**	**-**	**-**	**(478,038)**	**-**	**(478,038)**
Net currency position	**274**	**17**	**4**	**34**	**(66)**	**58**	**321**

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

6. Financial risk management - Impacts and actions implemented in the context of COVID-19

The COVID-19 pandemic and the measures implemented globally to prevent its spread could negatively impact the Bank's business in a number of ways. These impacts may include, among others, reduced business volumes, restricted access to funding sources, insufficient liquidity, delayed or defaulted payments from the Bank's customers or from the Bank´s financial counterparties, increased levels of indebtedness or the unavailability of sufficient financing for the Bank's borrowers, and other factors which are beyond the Bank's control.

In this context, and in order to mitigate these risks, the Bank has implemented a series of measures and actions described below.

i. Liquidity Risk

Following the COVID-19 pandemic and its potential impact on the availability of resources, the Bank activated its Liquidity Contingency Plan, based on internally designed market triggers, in order to ensure a robust position given the situation caused by the pandemic. This led the Bank to adjust the scenario of its internal liquidity coverage ratio "LCR" from a regular level of 1 to a level of 3, which implies more restrictive assumptions for inflows and outflows of cash, with a downward adjustment of the percentages of funding sources renewals and of loan portfolio collections. Other additional elements included in the Liquidity Contingency Plan are, among others, the collection of all loan maturities and the case-by-case approval of all new credit disbursements by the Credit Committee, establishing at least biweekly meetings.

Following the execution of the previously described Liquidity Contingency Plan, Bladex achieved a significant increase in its cash position in a short period of time, managing to continuously maintain a robust level of liquidity, exceeding regulatory requirements.

The Bank's capacity to maintain these strong liquidity levels, even in the current context, is attributable to historically diversified and stable funding sources, including deposits from central banks in Latin America and the Caribbean, who are also the Bank's Class A shareholders. In addition, the Bank has maintained a fluid access to a significant base of correspondent banks and investors from debt capital markets across the globe, which have maintained and even increased their availability of funding to the Bank in the last few months. Furthermore, the Bank has been able to collect on the majority of scheduled maturities of its loan portfolio and has then disbursed new transactions on a selective basis, prioritizing prudent risk management over loan growth, with a focus on adequate levels of risk / return.

The Bank intends to maintain this additional level of liquidity as long as the current environment of volatility and uncertainty remains, therefore it will continue to give preference to maintaining a resilient and robust liquidity position over the growth of its balance sheet and / or its profitability.

ii. Credit Risk

The Bank determines the appropriate level of allowances for expected credit losses based on a forward-looking process that estimates the probable loss inherent in its Credit Portfolio, which is the result of a statistical analysis supported by the Bank's historical portfolio performance, external sources, and the judgment of the Bank's management. This level of allowance reflects assumptions and estimates made in the context of changing political and economic conditions in the Region, including but not limited to the impact of recent ongoing turmoil related to COVID-19.

The Bank has a Business Model mainly focused on financial institutions and large corporations, a portion of which represents "quasi-sovereign" risks, with an average short-term duration, allowing an agile adjustment of exposure in adverse scenarios.

Actions implemented due to the COVID-19 pandemic

In late March 2020, due to the context, Bladex elaborated a heat map including each country and industry in which it maintains exposure. This allowed the Bank to identify customers with higher levels of risk depending on the country, industry and financial position.

6. Financial risk management - Impacts and actions implemented in the context of COVID-19 (continued)

ii. Credit Risk (continued)

Four main variables were used to assign the level of customer risk:

Financial Institutions	Corporations
a. COVID-19 business impact	a. COVID-19 business impact
b. Portfolio quality and coverage levels	a. Foreign currency exchange risk
b. Solvency level	i. Commodity risk
ii. Liquidity position	d. Liquidity position

The Bank's Management holds conference and video calls frequently with its customers, focusing on those operating in higher risk industries. Any relevant information is presented to the Credit Committee.

Since the beginning of the crisis, in mid-March 2020, the loan portfolio has been reduced, as a result of the Bank's strategy to prioritize liquidity and to adjust the portfolio's credit risk. Under the Liquidity Contingency Plan, all operations are approved on a case-by-case basis by the Credit Committee with a meeting frequency of at least twice per week.

The permanent review of transactions maturing in a 90-day horizon, has allowed the Bank to take quick actions to collect and to identify cases with a higher level of risk. Moreover, the Bank is assessing on a periodic basis the adequacy of the allowances for credit losses.

iii. Market Risk

The Bank's Management has not made any material adjustments to the Market Risk valuation metrics and models.

iv. Cybersecurity Risk

<u>Actions implemented due to the COVID-19 pandemic</u>

The Bank successfully implemented its Business Continuity Plan, implicating among other things, that 100% of its staff is working remotely (Telecommuting).

This has increased the frequency of risks associated with Cybersecurity, among them:

- Increased e-mail attack attempts.
- Increased attack attempts due to the widespread use of remote connection protocols.

To counteract these risks, the Bank's Management has reinforced the controls as follows:

- Monitoring of main attack vectors was expanded: e-mail and end-user devices.
- Awareness and training activities within the organization were reinforced.
- Frequency of vulnerability scans has been intensified.

7. Fair value of financial instruments

The Bank determines the fair value of its financial instruments using the fair value hierarchy established in IFRS 13 - Fair Value Measurements and Disclosure, which requires the Bank to maximize the use of observable inputs (those that reflect the assumptions that market participants would use in pricing the asset or liability developed based on market information obtained from sources independent of the reporting entity) and to minimize the use of unobservable inputs (those that reflect the reporting entity's own assumptions about the inputs that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances) when measuring fair value. Fair value is used on a recurring basis to measure assets and liabilities in which fair value is the primary basis of accounting. Additionally, fair value is used on a non-recurring basis to assess assets and liabilities for impairment or for disclosure purposes. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Depending on the nature of the asset or liability, the Bank uses some valuation techniques and assumptions when estimating fair value.

The Bank applied the following fair value hierarchy:

Level 1 – Assets or liabilities for which an identical instrument is traded in an active market, such as publicly-traded instruments or futures contracts.

Level 2 – Assets or liabilities valued based on observable market data for similar instruments, quoted prices in markets that are not active; or other observable inputs that can be corroborated by observable market data for substantially the full term of the asset or liability.

Level 3 – Assets or liabilities for which significant valuation inputs are not readily observable in the market; instruments measured based on the best available information, which might include some internally-developed data, and considers risk premiums that a market participant would require.

When determining the fair value measurements for assets and liabilities that are required or permitted to be recorded at fair value, the Bank considers the principal or most advantageous market in which it would transact and considers the inputs that market participants would use when pricing the asset or liability. When possible, the Bank uses active markets and observable prices to value identical assets or liabilities.

When identical assets and liabilities are not traded in active markets, the Bank uses observable market information for similar assets and liabilities. However, certain assets and liabilities are not actively traded in observable markets and the Bank must use alternative valuation techniques to determine the fair value measurement. The frequency of transactions, the size of the bid-ask spread, and the size of the investment are factors considered in determining the liquidity of markets and the relevance of observed prices in those markets.

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

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

A. Recurring valuation

Financial instruments at FVTPL and FVOCI

Financial instruments at FVTPL and FVOCI are carried at fair value, which is based upon quoted prices when available, or if quoted market prices are not available, on discounted expected cash flows using market rates commensurate with the credit quality and maturity of the security.

7. Fair value of financial instruments (continued)

When quoted prices are available in an active market, financial instruments at FVTPL and financial instruments at FVOCI are classified in level 1 of the fair value hierarchy. If quoted market prices are not available or they are available in markets that are not active, then fair values are estimated based upon quoted prices for similar instruments, or where these are not available, by using internal valuation techniques, principally discounted cash flows models. Such securities are classified within levels 2 and 3 of the fair value hierarchy.

Derivative financial instruments and hedged items that qualify as a fair value hedging relationship

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

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

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

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

Financial instruments assets and liabilities recognized and designated as hedged items that qualify as a fair value hedging relationship are measured at amortized cost and adjusted for the effect of the risks covered in the hedging relationship.

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

7. Fair value of financial instruments (continued)

A. Recurring valuation (continued)

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

	June 30, 2020			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Securities and other financial assets:				
Securities at FVOCI - Sovereign debt	-	5,153	-	5,153
Debt instrument at fair value through profit or loss	-	-	3,500	3,500
Total securities and other financial assets	-	5,153	3,500	8,653
Derivative financial instruments - assets:				
Interest rate swaps	-	1,343	-	1,343
Cross-currency swaps	-	4,028	-	4,028
Foreign exchange forwards	-	3,244	-	3,244
Total derivative financial instrument assets	-	8,615	-	8,615
Total assets at fair value	**-**	**13,768**	**3,500**	**17,268**
Liabilities				
Derivative financial instruments - liabilities:				
Interest rate swaps	-	2,545	-	2,545
Cross-currency swaps	-	49,597	-	49,597
Foreign exchange forwards	-	51	-	51
Total derivative financial instruments - liabilities	-	52,193	-	52,193
Total liabilities at fair value	**-**	**52,193**	**-**	**52,193**

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

7. Fair value of financial instruments (continued)

A. Recurring valuation (continued)

	December 31, 2019			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Securities and other financial assets:				
Securities at FVOCI - Sovereign debt	-	5,094	-	5,094
Equity instrument at FVOCI	-	1,889	-	1,889
Debt instrument at fair value through profit or loss	-	-	6,492	6,492
Total securities and other financial assets	-	6,983	6,492	13,475
Derivative financial instruments - assets:				
Interest rate swaps	-	407	-	407
Cross-currency swaps	-	10,125	-	10,125
Foreign exchange forwards	-	625	-	625
Total derivative financial instrument assets	-	11,157	-	11,157
Total assets at fair value	**-**	**18,140**	**6,492**	**24,632**
Liabilities				
Derivative financial instruments - liabilities:				
Interest rate swaps	-	1,903	-	1,903
Cross-currency swaps	-	10,197	-	10,197
Foreign exchange forwards	-	2,575	-	2,575
Total derivative financial instruments - liabilities	-	14,675	-	14,675
Total liabilities at fair value	**-**	**14,675**	**-**	**14,675**

Fair value calculations are provided only for a limited portion of assets and liabilities. Due to the wide range of valuation techniques and the degree of subjectivity used for estimates, comparisons of fair value information disclosed by the Bank with those of other companies may not be meaningful for comparative analysis.

7. Fair value of financial instruments (continued)

B. Non-recurring valuation

The following methods and inputs were used by the Bank's management in estimating the fair values of financial instruments whose fair value is not measured on a recurring basis:

Financial instruments with carrying value that approximates fair value

The carrying value of certain financial assets, including cash and due from banks, interest-bearing deposits in banks, customers' liabilities under acceptances and certain financial liabilities including customer's demand and time deposits, securities sold under repurchase agreements and acceptances outstanding, due to their short-term nature, is considered to approximate their fair value. These instruments are classified in Level 2.

Securities at amortized cost

The fair value has been estimated upon current market quotations, where available. If quoted market prices are not available, fair value has been estimated based upon quoted prices of similar instruments, or where these are not available, on discounted expected future cash flows using market rates commensurate with the credit quality and maturity of the security. These securities are classified in Levels 2 and 3.

Loans

The fair value of the loan portfolio, including impaired loans, is estimated by discounting expected future cash flows using the current rates at which loans would be made to borrowers with similar credit ratings and for the same remaining maturities, considering the contractual terms in effect as of June 30 of the relevant year. These assets are classified in Levels 2 and 3.

Transfer of financial assets

Gains or losses on sale of loans depend in part on the carrying amount of the financial assets involved in the transfer, and their fair value at the date of transfer. The fair value of these instruments is determined based upon quoted market prices when available or is based on the present value of future expected cash flows using information related to credit losses, prepayment speeds, forward yield curves, and discounted rates commensurate with the risk involved.

Short and long-term borrowings and debt

The fair value of short and long-term borrowings and debt is estimated using discounted contractual future cash flows based on the current incremental borrowing rates for similar types of borrowing arrangements, considering the changes in the Bank's credit margin. These liabilities are classified in Level 2.

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

7. Fair value of financial instruments (continued)

B. Non-recurring valuation (continued)

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

	June 30, 2020				
	Carrying value	Fair value	Level 1	Level 2	Level 3
Assets					
Cash and deposits on banks	2,021,365	2,021,365	-	2,021,365	-
Securities at amortized cost (1)	91,522	91,344	-	74,697	16,647
Loans, net (2)	4,464,353	4,416,475	-	4,416,475	-
Customers' liabilities under acceptances	3,444	3,444	-	3,444	-
Investment properties	3,354	3,354	-	-	3,354
Liabilities					
Deposits	2,886,216	2,886,216	-	2,886,216	-
Securities sold under repurchase agreements	10,403	10,403	-	10,403	-
Borrowings and debt, net (3)	2,607,854	2,597,376	-	2,597,376	-
Customers' liabilities under acceptances	3,444	3,444	-	3,444	-

	December 31, 2019				
	Carrying value	Fair value	Level 1	Level 2	Level 3
Assets					
Cash and deposits on banks	1,178,170	1,178,170	-	1,178,170	-
Securities at amortized cost (1)	75,271	75,724	-	56,914	18,810
Loans, net (2)	5,823,333	6,162,885	-	6,101,040	61,845
Customers' liabilities under acceptances	115,682	115,682	-	115,682	-
Investment properties	3,494	3,494	-	-	3,494
Liabilities					
Deposits	2,888,336	2,888,336	-	2,888,336	-
Securities sold under repurchase agreements	40,530	40,530	-	40,530	-
Borrowings and debt, net (3)	3,118,396	3,126,333	-	3,126,333	-
Customers' liabilities under acceptances	115,682	115,682	-	115,682	-

(1) The carrying value of securities at amortized cost is net of the accrued interest receivable of $0.9 million and the allowance for expected credit losses of $0.2 million as of June 30, 2020 and the accrued interest receivable of $0.8 million and the allowance for expected credit losses of $0.1 million as of December 31, 2019.

(2) The carrying value of loans at amortized cost is net of the accrued interest receivable of $32.4 million, the allowance for expected credit losses of $45.4 million and unearned interest and deferred fees of $8.1 million for June 30, 2020, and the accrued interest receivable of $41.7 million, the allowance for expected credit losses of $99.3 million and unearned interest and deferred fees of $12.1 million for December 31, 2019.

(3) Borrowings and debt excludes the lease liabilities for an amount of $19.4 million and $19.9 million as of June 30, 2020 and December 31, 2019, respectively.

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

7. Fair value of financial instruments (continued)

C. Valuation framework

The Bank has an established control framework for the measurement of fair values, which is independent of front office management, to verify the valuation of significant fair value measurements of derivative financial instruments, securities and other financial instrument. Specific controls include:

- Verification of observable pricing.
- Validation of performance of valuation models.
- A review and approval process for new models and changes to existing models.
- Analysis and assessment of significant valuation fluctuations.
- Review of significant unobservable inputs, valuation adjustments and changes to fair value measurement of Level 3 instruments.

D. Level 3 - Fair value measurement

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

Carrying amount as of December 31, 2019	6,492
Unrealized loss	(2,992)
Carrying amount as of June 30, 2020	3,500

Significant inputs used to determine fair value for Level 3 financial instruments

The significant inputs used in determining the fair value of the instruments categorized as Level 3, using present value techniques, are as follows:

2020	2019
Unobservable inputs	***Unobservable inputs***
- Discount rate based on the return from CCC Corporate S&P Bond Index	- Discount rate for similar companies of the same business line adjusted due to the debt-equity structure of the issuer
- Probability of occurrence of the flows of each sale or conversion scenario	
	Observable inputs
	- Average recovery factor for companies that reported default – Moody's

	Range of estimates	
Fair value measurement sensitivity to unobservable inputs – discount rate	**2020**	**2019**
A significant increase in volatility would result in a lower fair value	11.00% to 15.00%	12.97% to 27.50%

As of June 30, 2020, the Management took into consideration that the discount rate based on the return from CCC Corporate S&P Bond Index, which are similar to CCC corporate bonds mostly US/LATAM markets displayed in Bloomberg, allows a more reliable measurement for the instrument.

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

7. Fair value of financial instruments (continued)

The effect of unobservable inputs on fair value measurement

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

Debentures at fair value through profit or loss	*Effect on profit or loss*
+ 100 bps to the observable and unobservable inputs	(99)
- 100 bps to the unobservable and observable inputs	105

8. Cash and due from banks

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

	June 30, 2020	December 31, 2019
Cash and due from banks	15,367	8,078
Interest-bearing deposits in banks	2,005,998	1,170,092
Total	2,021,365	1,178,170
Less:		
Pledged deposits	62,851	18,452
Total cash and cash equivalents	**1,958,514**	**1,159,718**

	June 30, 2020		December 31, 2019	
	Amount	Interest rate range	Amount	Interest rate range
Interest-bearing deposits in banks:				
Demand deposits [(1)]	1,895,998	0.10% a 3.58%	1,150,092	1.55% a 5.10%
Time deposits	110,000	-	20,000	-
Total	**2,005,998**		**1,170,092**	
Pledged deposits	**62,851**	0.08%	**18,452**	1.55%

(1) Interest-bearing demand deposits based on daily rates determined by banks. In addition, rates of 3.58% and 5.10% corresponds to a deposit placed in Mexican pesos.

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

8. Cash and due from banks

The following table provides a breakdown of pledged deposits by country risk:

	June 30, 2020	December 31, 2019
Country:		
Netherlands	14,834	-
United States of America[1]	13,115	5,645
Spain	12,490	-
Switzerland	10,277	9,567
Mexico	7,670	-
Japan	2,400	1,470
France	1,455	1,770
Canada	610	-
Total	**62,851**	**18,452**

(1) Includes pledged deposits of $5 million at June 30, 2020 and $3.5 million at December 31, 2019, with the New York State Banking Department under March 1994 legislation and deposits pledged to guarantee derivative financial instrument transactions.

9. Securities and other financial assets, net

All securities and other financial assets as of June 30, 2020 and December 31, 2019 are presented as follows:

At June 30, 2020		At fair value			
		With changes in other comprehensive income (loss)			
Carrying amount	**Amortized cost**	**Recyclable to profit and loss**	**Non-recyclable to profit and loss**	**With changes in profit or loss**	**Total securities and other financial assets, net**
Principal	90,782	5,153	-	3,500	99,435
Interest receivable	943	48	-	-	991
Reserves	(203)	-	-	-	(203)
	91,522	5,201	-	3,500	100,223

At December 31, 2019		At fair value			
		With changes in other comprehensive income (loss)			
Carrying amount	**Amortized cost**	**Recyclable to profit and loss**	**Non-recyclable to profit and loss**	**With changes in profit or loss**	**Total securities and other financial assets, net**
Principal	74,547	5,094	1,889	6,492	88,022
Interest receivable	837	48	-	-	885
Reserves	(113)	-	-	-	(113)
	75,271	5,142	1,889	6,492	88,794

As of June 30, 2020, and December 31, 2019, the Bank sold 261,164 and 767,301 shares, respectively, which were designated in their initial recognition at fair value with changes in other comprehensive income due to market changes affecting the liquidity of the instrument. The cumulative fair value of the shares sold was $1.7 million and $4.8 million, respectively, and the cumulative loss recognized in OCI was $602 thousand and $151 thousand, respectively, transferred to retained earnings.

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

9. Securities and other financial assets, net (continued)

Securities and other financial assets by contractual maturity are shown in the following table:

At June 30, 2020		**At fair value**			
		With changes in other comprehemsive income			
	Amortized cost	**Recyclabe to profit ans loss**	**Non-recyclable to profit and loss**	**With changes in profit or loss**	**Total securities and other financial assets, net**
Due within 1 year	30,880	-	-	-	30,880
After 1 year but within 5 years	59,902	5,153	-	-	65,055
Non maturity	-	-	-	3,500	3,500
Balance - principal	**90,782**	**5,153**	**-**	**3,500**	**99,435**

9. Securities and other financial assets, net (continued)

At December 31, 2019		**At fair value**			
		With changes in other comprehemsive income			
	Amortized cost	**Recyclabe to profit ans loss**	**Non-recyclable to profit and loss**	**With changes in profit or loss**	**Total securities and other financial assets, net**
Due within 1 year	28,295	-	1,889	-	30,184
After 1 year but within 5 years	46,252	5,094	-	-	51,346
After 5 years but within 10 years	-	-	-	-	-
Non maturity	-	-	-	6,492	6,492
Balance - principal	**74,547**	**5,094**	**1,889**	**6,492**	**88,022**

The following table includes the securities pledge to secure repurchase transactions accounted for as secured pledged:

	June 30, 2020			**December 31, 2019**		
	Amortized cost	**Fair value**	**Total**	**Amortized cost**	**Fair value**	**Total**
Securities pledged to secure repurchase transactions	11,229	-	11,229	36,843	5,094	41,937
Securities sold under repurchase agreements	(10,403)	-	(10,403)	(35,647)	(4,883)	(40,530)

The following table presents the realized gains or losses on sale of securities at fair value through other comprehensive income:

	Three months ended June 30th	
	2020	**2019**
Realized gain on sale of securities	-	54
Realized loss on sale of securities	-	-
Net gain on sale of securities at FVOCI	**-**	**54**

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

9. Securities and other financial assets, net (continued)

	Six months ended June 30th	
	2020	**2019**
Realized gain on sale of securities	-	163
Realized loss on sale of securities	-	-
Net gain on sale of securities at FVOCI	**-**	**163**

10. Loans

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

	June 30, 2020	**December 31, 2019**
Fixed interest rates	2,071,339	2,757,333
Floating interest rates	2,414,214	3,135,664
Total	**4,485,553**	**5,892,997**

As of June 30, 2020, and December 31, 2019, 68% and 74% of the loan portfolio at fixed interest rates has remaining maturities of less than 180 days.

As of June 30, 2020, the range of interest rates on loans fluctuates from 0.94% to 10.99% (December 31, 2019 1.20% to 13.93%).

As of June 30, 2020, and December 31, 2019, the Bank had credit transactions in the normal course of business with 11% and 11%, respectively, of its Class “A” and “B” stockholders. All transactions were made based on arm’s-length terms and subject to prevailing commercial criteria and market rates and were subject to all of the Bank’s Corporate Governance and control procedures. As of June 30, 2020, and December 31, 2019, approximately 10% and 11%, respectively, of the outstanding loan portfolio was placed with the Bank’s Class “A” and “B” stockholders and their related parties. As of June 30, 2020, the Bank was not directly or indirectly owned or controlled by another corporation or any foreign government, and no Class “A” or “B” shareholder was the owner of record of more than 3.5% of the total outstanding shares of the voting capital stock of the Bank.

Modified financial assets

The following table refers to modified financial assets during the year, where modification does not result in de-recognition:

	June 30, 2020	**December 31, 2019**
Gross carrying amount before modification	5,335	-
Allowance loss before modification(1)	(35)	-
Net amortized cost before modification	5,300	**-**
Gross carrying amount after modification	5,335	-
Allowance loss after modification(2)	(148)	-
Net amortized cost after modification	5,187	**-**

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

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

10. Loans (continued)

Recognition and derecognition of financial assets

During the period ended June 30, 2020, the sale of the outstanding credit-impaired loan in Stage 3, classified at amortized cost, was made at $11.6 million. This sale resulted in a write off against the credit loss allowance of $ 52.1 million. As of June 30, 2019, the Bank sold loans measured at amortized cost. These sales were made based on compliance with the Bank's strategy to optimize credit risk of its loan portfolio.

The amortized cost and gains arising from the derecognition of these financial instruments are presented in the following table. These gains are presented within the line "Gain (loss) on financial instruments, net" in the consolidated statement of profit or loss.

	Assignments and participations	Gains (losses)
Amortized cost during the period ended June 30, 2020	11,565	-
Amortized cost during the period ended June 30, 2019	4,965	-

11. Loan commitments and financial guarantee contracts

In the normal course of business, to meet the financing needs of its customers, the Bank is party to loan commitments and financial guarantee contracts. These instruments involve, to varying degrees, elements of credit and market risk in excess of the amount recognized in the consolidated statement of financial position. Credit risk represents the possibility of loss resulting from the failure of a customer to perform in accordance with the terms of a contract.

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

	June 30, 2020	December 31, 2019
Documentary letters of credit	114,296	169,320
Stand-by letters of credit and guarantees - commercial risk	247,912	255,481
Credit commitments	63,857	68,571
Total loans commitments and financial guarantee contracts	**426,065**	**493,372**

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

Maturities	June 30, 2020	December 31, 2019
Up to 1 year	396,508	424,744
From 1 to 2 years	19,557	8,628
From 2 to 5 years	10,000	60,000
Total	**426,065**	**493,372**

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

12. Gain (loss) on financial instruments, net

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

	For the three months ended June 30,	
	2020	**2019**
Loss on derivative financial instruments and foreign currency exchange, net	(694)	13
Unrealized loss on financial instruments at fair value through profit or loss	(2,827)	25
Realized gain on financial instruments at fair value through profit or loss	(428)	(29)
Gain (loss) on sale of securities at fair value through OCI	-	54
	(3,949)	**63**

	For the six months ended June 30,	
	2020	**2019**
Loss on derivative financial instruments and foreign currency exchange, net	(1,885)	283
Unrealized loss on financial instruments at fair value through profit or loss	(2,827)	(11)
Realized gain on financial instruments at fair value through profit or loss	405	384
Gain (loss) on sale of securities at fair value through OCI	-	163
	(4,307)	**819**

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

13. Derivative financial instruments

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

	June 30, 2020		
	Nominal amount	Carrying amount of hedging instruments	
		Asset [1]	Liability [2]
Interest rate risk			
Fair value hedges	122,000	1,343	(378)
Cash flow hedges	60,000	-	(2,167)
Interest rate and foreign exchange risk			
Fair value hedges	362,794	2,044	(38,654)
Cash flow hedges	257,626	1,984	(10,943)
Foreign exchange risk			
Cash flow hedges	55,563	3,244	(51)
	857,983	**8,615**	**(52,193)**

	December 31, 2019		
	Nominal amount	Carrying amount of hedging instruments	
		Asset [1]	Liability [2]
Interest rate risk			
Fair value hedges	398,333	407	(805)
Cash flow hedges	123,000	-	(1,098)
Interest rate and foreign exchange risk			
Fair value hedges	346,844	10,125	(8,527)
Cash flow hedges	23,025	-	(1,670)
Foreign exchange risk			
Cash flow hedges	72,391	625	(2,552)
Net investment hedges	2,080	-	(23)
	965,673	**11,157**	**(14,675)**

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

13. Derivative financial instruments (continued)

As part of the financial risk management, the Bank uses the following hedging relationships:

- Fair value hedge
- Cash flow hedge
- Net investment hedge

For control purposes, derivative instruments are recorded at their nominal amount in memoranda accounts. Interest rate swaps are made either in a single currency or cross currency for a prescribed period to exchange a series of interest rate flows, which involve fixed for floating interest payments, and vice versa. The Bank also engages in certain foreign exchange forward contracts to serve customers' transaction needs and to manage foreign currency risk. All such positions are hedged with an offsetting contract for the same currency.

The Bank manages and controls the risks on these foreign exchange trades by establishing counterparty credit limits by customer and by adopting policies that do not allow for open positions in the loan and investment portfolio. The Bank also uses foreign exchange forward contracts to hedge the foreign exchange risk associated with the Bank's equity investment in a non-U.S. dollar functional currency foreign entity. Derivative and foreign exchange forward instruments negotiated by the Bank are executed mainly over-the-counter (OTC). These contracts are executed between two counterparties that negotiate specific agreement terms, including notional amount, exercise price and maturity.

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

13. Derivative financial instruments (continued)

A. Fair value hedge

This type of hedge is used to mitigate the risk of changes in foreign exchange currency rates, as well as changes in interest rate risk. Within the derivative financial instruments used by the Bank for fair value hedging are interest rate swap contracts whereby a series of interest rate flows in a single currency are exchanged over a prescribed period and cross currency swaps contracts that generally involve the exchange of both interest and principal amounts in two different currencies.

The Bank's exposure to interest rate risk is disclosed in Note 5(C)(i). Interest rate risk to which the Bank applies hedge accounting arises from fixed-rate euro medium term notes and other long-term notes issuances ("Certificados Bursatiles"), fixed-rate loans and advances, whose fair value fluctuates when benchmark interest rates change. The Bank hedges interest rate risk only to the extent of benchmark interest rates because the changes in fair value of a fixed-rate note or loan are significantly influenced by changes in the benchmark interest rate. Hedge accounting is applied where economic hedging relationships meet the hedge accounting criteria.

Before fair value hedge accounting is applied by the Bank, the Bank determines whether an economic relationship between the hedged item and the hedging instrument exists based on an assessment of the qualitative characteristics of these items and the hedged risk that is supported by quantitative analysis. The Bank considers whether the critical terms of the hedged item and hedging instrument closely align when assessing the presence of an economic relationship. The Bank assesses whether the fair value of the hedged item and the hedging instrument respond similarly to similar risks. The Bank further supports this qualitative assessment by using regression analysis to assess whether the hedging instrument is expected to be and has been highly effective in offsetting changes in the fair value of the hedged item. The sources of ineffectiveness mainly come from forward rates, discount rates and cross currency basis (cost of the operation).

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

	June 30, 2020				
	Nominal amount	Carrying amount of hedging instruments		Changes in fair value used to calculate hedge ineffectiveness (3)	Ineffectiveness recognized in profit or loss (3)
		Asset (1)	Liability (2)		
Interest rate risk					
Loans	12,000	-	(242)	(59)	3
Securities at FVOCI	5,000	-	(136)	(72)	(8)
Borrowings and debt	105,000	1,343	-	453	(11)
Interest rate and foreign exchange risk					
Loans	5,755	1,308	-	1,023	(40)
Borrowings and debt	357,039	736	(38,654)	(37,438)	(1,079)
Total	**484,794**	**3,387**	**(39,032)**	**(36,093)**	**(1,135)**

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

13. Derivative financial instruments (continued)

A. Fair value hedge (continued)

	December 31, 2019				
	Nominal amount	Carrying amount of hedging instruments		Changes in fair value used to calculate hedge ineffectiveness (3)	Ineffectiveness recognized in profit or loss (3)
		Asset (1)	Liability (2)		
Interest rate risk					
Loans	13,333	-	(166)	(127)	(9)
Securities at FVOCI	5,000	-	(45)	(97)	(17)
Borrowings and debt	380,000	407	(594)	5,203	(65)
Interest rate and foreign exchange risk					
Loans	6,430	276	-	(482)	(214)
Borrowings and debt	340,414	9,849	(8,527)	7,234	55
Total	**745,177**	**10,532**	**(9,332)**	**11,731**	**(250)**

(1) Included in the condensed consolidated interim statement of financial position under the line Derivative financial instruments - assets.
(2) Included in the condensed consolidated interim statement of financial position under the line Derivative financial instruments - liabilities.
(3) Included in the condensed consolidated interim statement of profit or loss is the line Loss on financial instruments, net.

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

	June 30, 2020				
	Carrying amount of hedged items		Line in the consolidated statement of financial position that includes the carrying amount of the hedged items	Accumulated amount of fair value hedge adjustments included in the carrying amount of the hedged items	Change in fair value of the hedged items used to calculate hedge ineffectiveness (1)
	Asset	Liability			
Interest rate risk					
Loans	12,311	-	Loans, net	219	62
Securities at FVOCI	5,153	-	Securities and other financial assets, net financieros, netos	30	64
Borrowings and debt	-	(106,461)	Borrowings and debt, net	(530)	(464)
Interest rate and foreign exchange risk	-	-			-
Loans	4,600	-	Loans, net	(1,558)	(1,063)
Borrowings and debt	-	(320,146)	Borrowings and debt, net	35,386	36,359
Total	**22,064**	**(426,607)**		**33,547**	**34,958**

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

13. Derivative financial instruments (continued)

A. Fair value hedge (continued)

	December 31, 2019				
	Carrying amount of hedged items		Line in the consolidated statement of financial position that includes the carrying amount of the hedged items	Accumulated amount of fair value hedge adjustments included in the carrying amount of the hedged items	Change in fair value of the hedged items used to calculate hedge ineffectiveness(1)
	Asset	Liability			
Interest rate risk					
Loans	13,583	-	Loans, net	158	118
Securities at FVOCI	5,142	-	Securities and other financial assets, net financieros, netos	94	80
Borrowings and debt	-	(381,587)	Borrowings and debt, net	18	(5,268)
Interest rate and foreign exchange risk	-	-			-
Loans	6,202	-	Loans, net	(495)	268
Borrowings and debt	-	(336,117)	Borrowings and debt, net	(973)	(7,179)
Total	**24,927**	**(717,704)**		**(1,198)**	**(11,981)**

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

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

	June 30, 2020		
Maturity	**Interest rate swaps**	**Foreign exchange and interest rate risks**	**Total**
Fair value hedge			
Less to 1 year	102,000	16,626	118,626
1 to 2 years	20,000	68,933	88,933
2 to 5 years	-	277,235	277,235
Total	**122,000**	**362,794**	**484,794**

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

13. Derivative financial instruments (continued)

A. Fair value hedge (continued)

	December 31, 2019		
Maturity	**Interest rate swaps**	**Foreign exchange and interest rate risks**	**Total**
Fair value hedge			
Less than 1 year	350,000	-	350,000
1 to 2 years	48,333	-	48,333
2 to 5 years	-	346,844	346,844
Total	**398,333**	**346,844**	**745,177**

B. Cash flow hedge

This type of hedge is used to mitigate the risk of changes in foreign exchange currency rates, as well as changes in interest rate risk, that could include variability in the future cash flows. Within the derivative financial instruments used by the Bank for a cash flow hedging are interest rate swaps contracts whereby a series of interest rate flows in a single currency are exchanged over a prescribed period, cross currency swaps contracts that generally involve the exchange of both interest and principal amounts in two different currencies, and foreign exchange forward contracts, an agreement to purchase or sell foreign currency at a future date at agreed-upon terms.

The Bank's exposure to market risk is disclosed in Note 5 (C) (ii). The Bank determines the amount of the exposure to which it applies hedge accounting by assessing the potential impact of changes in interest rates and foreign currency exchange rates on the future cash flows. This assessment is performed using analytical techniques, such as cash flow sensitivity analysis. As noted above for fair value hedges, by using derivative financial instruments to hedge exposures to changes in interest rates and foreign currency exchange rates, the Bank exposes itself to credit risk of the counterparties to the derivatives, which is not offset by the hedged items. This exposure is managed similarly to that off fair value hedges.

The Bank determines whether an economic relationship exists between the cash flows of the hedged item and hedging instrument based on an assessment of the qualitative characteristics of these items and the hedged risk that is supported by quantitative analysis. The Bank considers whether the critical terms of the hedged item and hedging instrument closely align when assessing the presence of an economic relationship. The Bank assesses whether the cash flows of the hedged item and the hedging instrument respond similarly to the hedged risk, such as the benchmark interest rate or foreign currency. The Bank further supports this qualitative assessment by using sensitivity analysis to assess whether the hedging instrument is expected to be and has been highly effective in offsetting changes in the present value of the hedged item. The Bank assesses hedge effectiveness using the hypothetical derivative method, which creates a derivative instrument to serve as a proxy for the hedged transaction. The terms of the hypothetical derivative match the critical terms of the hedged item and it has a fair value of zero at inception. The sources of ineffectiveness arise mainly because of the differences in discount rates (OIS - Overnight Index Swap).

The maximum length of time over which the Bank has hedged its exposure to the variability in future cash flows on forecasted transactions is 4.98 years.

The Bank recognized the lifetime associated cost of the foreign exchange forward contracts into interest income, in profit or loss, as an adjustment to the yield on hedged items creating an accumulated reserve in OCI, reclassified to profit or loss at their maturity. The Bank estimates that approximately $197 thousand are expected to be reclassified into profit or loss during the year ending June 30, 2021.

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

13. Derivative financial instruments (continued)

B. Cash flow hedge (continued)

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

	June 30, 2020						
	Nominal amount	Carrying amount of hedging instruments		Change in fair value used for calculating hedge ineffectiveness	Changes in the fair value of the hedging instruments recognized in OCI [3]	Ineffectiveness recognized in profit or loss [4]	Amount reclassified from the hedge reserve to profit or loss [4]
		Asset [1]	Liability [2]				
Interest rate risk							
Borrowings and debt	60,000	-	(2,167)	(1,098)	(1,097)	1	(75)
Interest rate and foreign exchange risk							
Borrowings and debt	257,626	1,984	(10,943)	(6,574)	(6,613)	(39)	-
Foreign exchange risk							
Loans	55,563	3,244	(51)	3,287	3,284	(3)	(2,414)
Borrowings and debt	-	-	-	-	-	-	-
Total	**373,189**	**5,228**	**(13,161)**	**(4,385)**	**(4,426)**	**(41)**	**(2,489)**

[1] Included in the condensed consolidated interim statement of financial position under the line Derivative financial instruments - assets.
[2] Included in the condensed consolidated interim statement of financial position under the line Derivative financial instruments - liabilities.
[3] Included in equity in the condensed consolidated interim statement of financial position on the line Other comprehensive income.
[4] Included in the condensed consolidated interim statement of profit or loss under the line Loss on financial instruments, net.

	December 31, 2019						
	Nominal amount	Carrying amount of hedging instruments		Change in fair value used for calculating hedge ineffectiveness	Changes in the fair value of the hedging instruments recognized in OCI [3]	Ineffectiveness recognized in profit or loss [4]	Amount reclassified from the hedge reserve to profit or loss [4]
		Asset [1]	Liability [2]				
Interest rate risk							
Borrowings and debt	123,000	-	(1,098)	(1,459)	(1,458)	1	39
Interest rate and foreign exchange risk							
Borrowings and debt	23,025	-	(1,670)	(284)	(283)	1	-
Foreign exchange risk							
Loans	72,391	625	(2,552)	(2,346)	(2,344)	2	(1,070)
Borrowings and debt	-	-	-	-	-	-	(5,545)
Total	**218,416**	**625**	**(5,320)**	**(4,089)**	**(4,085)**	**4**	**(6,576)**

[1] Included in the condensed consolidated interim statement of financial position under the line Derivative financial instruments - assets.
[2] Included in the condensed consolidated interim statement of financial position under the line Derivative financial instruments - liabilities.
[3] Included in equity in the condensed consolidated interim statement of financial position on the line Other comprehensive income.
[4] Included in the condensed consolidated interim statement of profit or loss under the line Loss on financial instruments, net.

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

13. Derivative financial instruments (continued)

B. Cash flow hedge (continued)

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

	June 30, 2020				
	Carrying amount of hedged items		Line in the consolidated statement of financial position that includes the carrying amount of the hedged items	Change in the fair value of the hedged items used to calculate the hedge ineffectiveness (4)	Cash flow hedge reserve
	Asset	Liability			
Interest rate risk					
Borrowings and debt	-	(20,070)	Borrowings and debt, net	1,097	2,096
Interest rate and foreign exchange risk					
Borrowings and debt	-	(250,867)	Borrowings and debt, net	6,613	825
Foreign exchange risk					
Loans	51,844	-	Loans, net	(3,284)	374
Deposits	-	-	Deposit	-	-
Total	**51,844**	**(270,937)**		**4,426**	**3,295**

	December 31, 2019				
	Carrying amount of hedged items		Line in the consolidated statement of financial position that includes the carrying amount of the hedged items	Change in the fair value of the hedged items used to calculate the hedge ineffectiveness (4)	Cash flow hedge reserve
	Asset	Liability			
Interest rate risk					
Borrowings and debt	-	(70,110)	Borrowings and debt, net	1,458	1,072
Interest rate and foreign exchange risk					
Borrowings and debt	-	(21,234)	Borrowings and debt, net	283	(5)
Foreign exchange risk					
Loans	73,861	-	Loans, net	2,344	263
Deposits	-	-	Deposit	-	-
Total	**73,861**	**(91,344)**		**4,085**	**1,330**

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

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

13. Derivative financial instruments (continued)

B. Cash flow hedge (continued)

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

	June 30, 2020			
Maturity	**Foreign exchange risk**	**Interest rate swaps**	**Foreign exchange and interest rate risks**	**Total**
Cash flow hedge				
Less to 1 year	55,563	40,000	71,400	166,963
1 to 2 years	-	-	-	-
2 to 5 years	-	20,000	186,226	206,226
Total	**55,563**	**60,000**	**257,626**	**373,189**

	December 31, 2019			
Maturity	**Foreign exchange risk**	**Interest rate swaps**	**Foreign exchange and interest rate risks**	**Total**
Cash flow hedge				
Less than 1 year	74,471	63,000	23,025	160,496
1 to 2 years	-	40,000	-	40,000
2 to 5 years	-	20,000	-	20,000
Total	**74,471**	**123,000**	**23,025**	**220,496**

C. Net investment hedge

A foreign currency exposure arises from a net investment either in a subsidiary that has a different functional currency from that of the Bank or in a financial instrument in a foreign currency designated at FVOCI. The hedge risk in the net investment hedge is the variability in the US dollar against any other foreign currency that will result in a reduction in the carrying amount.

The Bank's policy is to hedge the net investment only to the extent of the debt principal; therefore, the hedge ratio is established by aligning the principal amount in foreign currency of the debt with the carrying amount of the net investment that is designated.

When the hedging instrument is a forward foreign exchange contract, the Bank establishes a hedge relationship where the notional of the forward foreign exchange contract matches the carrying amount of the designated net investment. The Bank ensures that the foreign currency in which the hedging instrument is denominated is the same as the functional currency of the net investment. The only source of ineffectiveness that is expected to arise from these hedging relationships is due to the effect of the counterparty and the Bank's own credit risk on the fair value of the derivative.

The following table details the notional amount and carrying amount of the derivative instruments used as net investment hedge by type of risk and hedged item, along with changes during the period used to determine and recognize the ineffectiveness of the hedge:

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

13. Derivative financial instruments (continued)

C. Net investment hedge

	December 31, 2019						
	Nominal amount	Carrying amount of hedging instruments		Change in fair value used for calculating hedge ineffectiveness	Changes in the fair value of the hedging instruments recognized in OCI (3)	Ineffectiveness recognized in profit or loss (4)	Amount reclassified from the hedge reserve to profit or loss (4)
		Asset (1)	Liability (2)				
Foreign exchange risk							
Net investment	2,080	-	(23)	(23)	(23)	-	(78)
Total	**2,080**	**-**	**(23)**	**(23)**	**(23)**	**-**	**(78)**

Derivative instruments used in net investment hedges at December 31, 2019 have a maturity of less than 30 days.

(1) Included in the condensed consolidated interim statement of financial position under the line Derivative financial instruments - assets.
(2) Included in the condensed consolidated interim statement of financial position under the line Derivative financial instruments - liabilities.
(3) Included in equity in the condensed consolidated interim statement of financial position on the line Other comprehensive income.
(4) Included in the condensed consolidated interim statement of profit or loss under the line of Loss on financial instruments, net.

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

	December 31, 2019				
	Carrying amount of hedged items		Line in the consolidated statement of financial position that includes the carrying amount of the hedged items	Change in the fair value of the hedged items used to calculate the hedge ineffectiveness (1)	Cash flow hedge reserve
	Asset	Liability			
Foreign exchange risk					
Net investment	1,889	-	Securities and other financial assets, net	23	23
Total	**1,889**	**-**		**23**	**23**

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

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

14. Other assets

Following is a summary of other assets:

	June 30, 2020	December 31, 2019
Pension fund	1,893	1,863
Accounts receivable	1,297	3,549
IT projects under development	1,227	521
Prepaid expenses	1,442	1,070
Interest receivable - deposits	36	26
Other	1,817	1,828
	7,712	**8,857**

15. Deposits

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

	June 30, 2020	December 31, 2019
Demand	281,685	85,786
Up to 1 month	1,175,278	1,285,949
From 1 month to 3 months	577,789	628,981
From 3 months to 6 months	633,243	593,431
From 6 months to 1 year	218,220	289,189
From 1 year to 2 years	-	5,000
	2,886,215	**2,888,336**

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

	June 30, 2020	December 31, 2019
Aggregate amounts of $100,000 or more	2,886,055	2,888,043
Aggregate amounts of deposits in the New York Agency	399,807	240,003

	Three months ended June 30	
	2020	2019
Interest expense on deposits made in the New York Agency	1,254	1,732

	Six months ended June 30	
	2020	2019
Interest expense on deposits made in the New York Agency	2,818	3,464

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

16. Securities sold under repurchase agreements

As of June 30, 2020, and December 31, 2019, the Bank has financing transactions under repurchase agreements for $10.4 million and $40.5 million, respectively.

During the period ended June 30, 2020 and December 31, 2019, interest expense related to financing transactions under repurchase agreements totaled $ 354 thousand and $509 thousand, respectively. These expenses are included as interest expense – borrowings and debt line in the consolidated statement of profit or loss.

17. Borrowings and debt

Borrowings consist of bilateral funding and syndicated loans obtained from international banks. Debt instruments consist of public and private issuances under the Bank's Euro Medium Term Notes Program ("EMTN") as well as public issuances in the Mexican and Japanese markets.

The Bank's funding activities include: (i) EMTN, which may be used to issue notes for up to $2.250 million, with maturities from 7 days up to a maximum of 30 years, at fixed or floating interest rates, or at discount, and in various currencies. The notes are generally issued in bearer or registered form through one or more authorized financial institutions; (ii) Short-and Long-Term Notes ("Certificados Bursatiles") Program (the "Mexican Program") in the Mexican local market, registered with the Mexican National Registry of Securities administered by the National Banking and Securities Commission in Mexico ("CNBV", for its acronym in Spanish), for an authorized aggregate principal amount of 10 billion Mexican pesos with maturities from 1 day to 30 years.

Some borrowing agreements include various events of default and covenants related to minimum capital adequacy ratios, incurrence of additional liens, and asset sales, as well as other customary covenants, representations and warranties. As of June 30, 2020, the Bank was in compliance with all those covenants.

Borrowings and debt are detailed as follows:

	June 30, 2020						
	Short-term			Long-term			
Carrying amount	Borrowings	Debt	Lease liabilities	Borrowings	Debt	Lease liabilities	Total
Principal	1,254,201	5,000	1,188	728,297	624,615	18,174	2,631,475
Prepaid commissions	-	-	-	(1,629)	(2,630)	-	(4,259)
	1,254,201	**5,000**	**1,188**	**726,668**	**621,985**	**18,174**	**2,627,216**

	December 31, 2019						
	Short-term			Long-term			
Carrying amount	Borrowings	Debt	Lease liabilities	Borrowings	Debt	Lease liabilities	Total
Principal	1,573,663	22,000	1,145	723,419	802,676	18,769	3,141,672
Prepaid commissions	-	-	-	(1,456)	(1,906)	-	(3,362)
	1,573,663	**22,000**	**1,145**	**721,963**	**800,770**	**18,769**	**3,138,310**

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

17. Borrowings and debt (continued)

Short-term borrowings and debt

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

	June 30, 2020	December 31, 2019
Short-term borrowings:		
At fixed interest rates	541,022	607,500
At floating interest rates	713,179	966,163
Total borrowings	1,254,201	1,573,663
Short-term debt:		
At fixed interest rates	5,000	22,000
Total debt	5,000	22,000
Total short-term borrowings and debt	**1,259,201**	**1,595,663**
Maximum balance at any month-end	1,830,338	1,595,663
Range of fixed interest rates on borrowings and debt in U.S. dollars	1.14% to 3.37%	2.07% to 2.52%
Range of floating interest rates on borrowings in U.S. dollars	0.51% to 2.18%	2.09% to 2.35%
Range of fixed interest rates on borrowings in Mexican pesos	-	8.08%
Range of floating interest rates on borrowings in Mexican pesos	5.96% to 7.35%	7.71% to 8.31%
Range of fixed interest rates on borrowings in Euros	1.00%	-

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

	June 30, 2020	December 31, 2019
Currency		
US dollar	1,149,668	1,476,000
Mexican peso	58,973	119,663
Euro	50,560	-
Total	**1,259,201**	**1,595,663**

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

17. Borrowings and debt (continued)

Long-term borrowings and debt

The breakdown of borrowings and long-term debt (original maturity of more than one year), along with contractual interest rates, plus prepaid commissions as of June 30, 2020 and December 31, 2019, respectively, are as follows (excludes lease liabilities):

Long-term borrowings:	**June 30, 2020**	**December 31, 2019**
At fixed interest rates with due dates from June 2020 to February 2022	71,376	65,435
At floating interest rates with due dates from June 2021 to August 2023	656,921	657,984
Total long-term borrowings	728,297	723,419
Long-term debt:		
At fixed interest rates with due dates from October 2020 to May 2025	332,201	502,880
At floating interest rates with due dates from March 2022 to June 2023	292,414	299,796
Total long-term debt	624,615	802,676
Total long-term borrowings and debt	1,352,912	1,526,095
Less: Prepaid commissions	(4,259)	(3,362)
Total long-term borrowings and debt, net	**1,348,653**	**1,522,733**
Maximum outstanding balance at any month – end	1,525,103	1,527,126
Range of fixed interest rates on borrowings and debt in U.S. dollars	2.04% to 3.05%	2.56% to 3.25%
Range of floating interest rates on borrowings and debt in U.S. dollars	0.93% to 2.23%	2.46% to 3.36%
Range of fixed interest rates on borrowings in Mexican pesos	5.95% to 9.09%	5.73% to 9.09%
Range of floating interest rates on borrowings and debt in Mexican pesos	6.04% to 7.74%	8.14% to 9.13%
Range of fixed interest rates on debt in Japanese yens	0.52%	0.52%
Range of fixed interest rates on debt in Euros	3.75%	3.75%
Range of fixed interest rates on debt in Australian dollars	3.33%	3.33%

The balances of long-term borrowings and debt by currency, excluding prepaid commissions, are as follows:

Currency	**June 30, 2020**	**December 31, 2019**
US dollar	758,523	1,097,611
Mexican peso	445,863	280,105
Japanese yen	68,376	67,831
Euro	59,457	59,465
Australian dollar	20,693	21,083
Total	**1,352,912**	**1,526,095**

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

17. Borrowings and debt (continued)

Long-term borrowings and debt (continued)

Future payments of long-term borrowings and debt outstanding as of Junio 30, 2020, are as follows:

Payments	Outstanding
2020	24,675
2021	529,707
2022	458,149
2023	102,299
2024	59,457
2025	178,625
	1,352,912

Reconciliation – Movements of borrowings

The following table present the reconciliation of movements of borrowings and debt arising from financing activities, as presented in the consolidated statements of cash flows:

	2020	**2019**
Balance as of January 1,	**3,138,310**	**3,518,446**
Net increase (decrease) in short-term borrowings and debt	(325,742)	(897,407)
Proceeds from long-term borrowings and debt	149,799	83,636
Repayments of long-term borrowings and debt	(265,343)	(334,885)
Payment of lease liabilities	(530)	(512)
Recognition of lease liabilities	-	20,734
Net increase (decrease) of lease liabilities	27	-
Change in foreign currency	(70,286)	8,719
Adjustment of fair value for hedge accounting relationship	787	5,182
Other adjustments	194	1,238
Balance as of June 30,	**2,627,216**	**2,405,151**

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

17. Borrowings and debt (continued)

Lease liabilities

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

	June 30, 2020	December 31, 2019
Due within 1 year	2,046	2,005
After 1 year but within 5 years	10,583	10,470
After 5 years but within 10 years	12,412	13,492
Total undiscounted lease liabilities	**25,041**	**25,967**
Short-term	1,188	1,145
Long-term	18,174	18,769
Lease liabilities included in the consolidated statement of financial position	**19,362**	**19,914**

Amounts recognized in the statement of cash flows

	June 30, 2020	December 31, 2019
Cash outflow for leases	**530**	**1,072**

Amounts recognized in profit or loss

	June 30, 2020	June 30, 2019
Interest on lease liabilities	**437**	**(482)**
Income from sub-leasing right-of-use assets	**121**	**150**

18. Other liabilities

Following is a summary of other liabilities:

	June 30, 2020	December 31, 2019
Accruals and other accumulated expenses	7,779	11,901
Accounts payable	3,344	2,526
Others	2,560	2,722
	13,683	**17,149**

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

19. Earnings per share

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

	For the three months ended June 30	
	2020	**2019**
(Thousands of U.S. dollars)		
Profit for the period	14,106	22,272
(U.S. dollars)		
Basic earnings per share	0.36	0.56
Diluted earnings per share	0.36	0.66
(Thousands of shares)		
Weighted average of common shares outstanding applicable to basic EPS	39,654	39,553
Effect of diluted securities:		
Stock options and restricted stock units plan	-	-
Adjusted weighted average of common shares outstanding applicable to diluted EPS	**39,654**	**39,553**

	For the six months ended June 30	
	2020	**2019**
(Thousands of U.S. dollars)		
Profit for the period	32,408	43,517
(U.S. dollars)		
Basic earnings per share	0.82	1.10
Diluted earnings per share	0.82	1.10
(Thousands of shares)		
Weighted average of common shares outstanding applicable to basic EPS	39,632	39,548
Effect of diluted securities:		
Stock options and restricted stock units plan	-	-
Adjusted weighted average of common shares outstanding applicable to diluted EPS	**39,632**	**39,548**

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

20. Fee and commission income

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

	Three months ended June 30, 2020			
	Syndications	Documentary and standby letters of credit	Other Commissions, net	Total
Openning and confirmation	-	1,640	229	1,869
Negotiation and acceptance	-	18	-	18
Amendment	-	128	-	128
Structuring	55	-	-	55
Other	-	2	(132)	(130)
	55	**1,788**	**97**	**1,940**

	Three months ended June 30, 2019			
	Syndicated loans	Documentary and standby letters of credit	Other Commissions, net	Total
Openning and confirmation	-	2,231	221	2,452
Negotiation and acceptance	-	61	-	61
Amendment	-	180	-	180
Structuring	2,437	-	-	2,437
Others	-	9	(11)	(2)
	2,437	**2,481**	**210**	**5,128**

	Six months ended June 30, 2020			
	Syndications	Documentary and standby letters of credit	Other Commissions, net	Total
Openning and confirmation	-	3,785	520	4,305
Negotiation and acceptance	-	163	-	163
Amendment	-	270	-	270
Structuring	451	-	-	451
Other	-	33	(209)	(176)
	451	**4,251**	**311**	**5,013**

	Six months ended June 30, 2019			
	Syndications	Documentary and standby letters of credit	Other Commissions, net	Total
Openning and confirmation	-	4,077	429	4,506
Negotiation and acceptance	-	224	-	224
Amendment	-	273	-	273
Structuring	2,437	-	-	2,437
Others	-	73	(35)	38
	2,437	**4,647**	**394**	**7,478**

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

20. Fee and commission income (continued)

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

	Up to 1 year	1 to 2 years	More than 2 years	Total
Ordinary income expected to be recognized on the contracts as of June 30, 2020	1,463	84	858	2,405

	Up to 1 year	1 to 2 years	More than 2 years	Total
Ordinary income expected to be recognized on the contracts as of June 30, 2019	1,527	377	580	2,484

21. Business segment information

The Bank's activities are managed and executed in two business segments: Commercial and Treasury. Information related to each reportable segment is set out below. Business segment results are based on the Bank's managerial accounting process, which assigns assets, liabilities, revenue and expense items to each business segment on a systematic basis. The maximum decision-making operating authority of the Bank is represented by the Chief Executive Officer and the Executive Committee, who review the internal management reports for each division at least every six months. Segment profit, as included in the internal management reports is used to measure performance as management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate within the same industry.

The Bank's net interest income represents the main driver of profits; therefore, the Bank presents its interest-earning assets by business segment, to give an indication of the size of business generating net interest income. Interest-earning assets also generate gains and losses on sales, mainly from financial instruments at fair value through OCI and financial instruments at fair value through profit or loss, which are included in net other income. The Bank also discloses its other assets and contingencies by business segment, to give an indication of the size of business that generates net fees and commissions, also included in net other income.

The Commercial Business Segment encompasses the Bank's core business of financial intermediation and fee generating activities developed to cater to corporations, financial institutions and investors in Latin America. These activities include the origination of bilateral short-term and medium-term loans, structured and syndicated credits, loan commitments, and financial guarantee contracts such as issued and confirmed letters of credit, stand-by letters of credit, guarantees covering commercial risk, and other assets consisting of customers' liabilities under acceptances.

Profits from the Commercial Business Segment include (i) net interest income from loans; (ii) fees and commissions from the issuance, confirmation and negotiation of letters of credit, guarantees and loan commitments, and through loan structuring and syndication activities; ((iii) gain on sale of loans generated through loan intermediation activities, such as sales in the secondary market and distribution in the primary market; (iv) gain (loss) on sale on financial instruments measured at FVTPL; (v) reversal (provision) for credit losses, (vi) gain (loss) in other non-financial assets, net; and (vii) direct and allocated operating expenses.

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

21. Business segment information (continued)

The Treasury Business Segment focuses on managing the Bank's investment portfolio, and the overall structure of its assets and liabilities to achieve more efficient funding and liquidity positions for the Bank, mitigating the traditional financial risks associated with the balance sheet, such as interest rate, liquidity, price and currency risks. Interest-earning assets managed by the Treasury Business Segment include liquidity positions in cash and cash equivalents, and financial instruments related to the investment management activities, consisting of securities at FVOCI and securities at amortized cost. The Treasury Business Segment also manages the Bank's interest-bearing liabilities, which constitute its funding sources, mainly deposits, short- and long-term borrowings and debt.

Profits from the Treasury Business Segment include net interest income derived from the above mentioned treasury assets and liabilities, and related net other income (net results from derivative financial instruments and foreign currency exchange, gain (loss) on financial instruments at FVTPL, gain (loss) on sale of securities at FVOCI, and other income), recovery or impairment loss on financial instruments, and direct and allocated operating expenses.

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

	Three months ended June 30, 2020		
	Commercial	**Treasury**	**Total**
Interest income	42,914	1,593	44,507
Interest expense	(174)	(22,610)	(22,784)
Inter-segment net interest income	(21,821)	21,821	-
Net interest income	20,919	804	21,723
Other income (expense), net	(790)	(1,028)	(1,818)
Total income	20,129	(224)	19,905
Reversal (provision) for credit losses	2,607	-	2,607
(Loss) gain on financial instruments, net	(140)	-	(140)
Operating expenses	(6,263)	(2,003)	(8,266)
Segment profit (loss)	**16,333**	**(2,227)**	**14,106**

	Six months ended June 30, 2020		
	Commercial	**Treasury**	**Total**
Interest income	98,804	4,692	103,496
Interest expense	(350)	(55,623)	(55,973)
Inter-segment net interest income	(52,769)	52,769	-
Net interest income	45,685	1,838	47,523
Other income (expense), net	2,559	(1,422)	1,137
Total income	48,244	416	48,660
Reversal (provision) for credit losses	2,696	-	2,696
(Loss) gain on financial instruments, net	(140)	-	(140)
Operating expenses	(13,605)	(5,203)	(18,808)
Segment profit (loss)	**37,195**	**(4,787)**	**32,408**
Segment assets	**4,489,329**	**2,130,220**	**6,619,549**
Segment liabilities	**21,073**	**5,570,610**	**5,591,683**

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

21. Business segment information (continued)

	Three months ended June 30, 2019		
	Commercial	**Treasury**	**Total**
Interest income	65,560	4,970	70,530
Interest expense	(192)	(42,407)	(42,599)
Inter-segment net interest income	(37,792)	37,792	-
Net interest income	27,576	355	27,931
Other income (expense), net	5,522	181	5,703
Total income	33,098	536	33,634
Reversal (provision) for credit losses	(776)	(35)	(811)
Operating expenses	(8,149)	(2,402)	(10,551)
Segment profit (loss)	**24,173**	**(1,901)**	**22,272**

	Six months ended June 30, 2019		
	Commercial	**Treasury**	**Total**
Interest income	132,816	11,268	144,084
Interest expense	(386)	(87,747)	(88,133)
Inter-segment net interest income	(77,066)	77,066	-
Net interest income	55,364	587	55,951
Other income (expense), net	8,120	1,634	9,754
Total income	63,484	2,221	65,705
Reversal (provision) for credit losses	(1,744)	(9)	(1,753)
Operating expenses	(15,460)	(4,975)	(20,435)
Segment profit (loss)	**46,280**	**(2,763)**	**43,517**
Segment assets	**5,602,124**	**965,121**	**6,567,245**
Segment liabilities	**89,822**	**5,470,522**	**5,560,344**

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

21. Business segment information (continued)

Reconciliation on information on reportable segments

	Three months ended June 30	
	2020	**2019**
Profit (loss) for the period	14,106	22,272
Impairment on non-financial assets - unallocated	-	-
Total profit (loss) for the period	14,106	22,272

	Six months ended June 30	
	2020	**2019**
Profit (loss) for the period	32,408	43,517
Impairment on non-financial assets - unallocated	-	-
Total profit (loss) for the period	32,408	43,517
Assets:		
Assets from reportable segments	6,619,549	6,567,245
Other assets - unallocated	7,676	8,309
Total assets	6,627,225	6,575,554
Liabilities:		
Liabilities from reportable segments	5,591,683	5,560,344
Other liabilities - unallocated	13,683	12,695
Total Liabilities	5,605,366	5,573,039

The Bank applied IFRS 16, as of January 1, 2019, using the modified retrospective approach to recognize right-of-use assets for \$17.4 million presented within equipment and leasehold improvements and lease liabilities for \$20.9 million. As of June 30, 2020, assets and liabilities were allocated between Commercial and Treasury segments.

As a result of the adoption of the new standard in the period 2019, certain amounts related to equipment and leasehold improvements and intangibles were reclassified for presentation purposes in the consolidated financial statement.

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

22. Related party transactions

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

	June 30, 2020	December 31, 2019
Assets		
Demand deposits	9,323	3,812
Loans, net	56,823	49,101
Total asset	**66,146**	**52,913**
Liabilities		
Time deposits	160,000	120,000
Total liabilities	**160,000**	**120,000**
Contingencies		
Stand-by letters of credit	10,000	20,000
Loss allowance	(48)	(49)

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

	Three months ended June 30	
	2020	2019
Interest income		
Loans	551	1,914
Securities	-	32
Total interest income	551	1,946
Interest expense		
Deposits	(627)	(1,983)
Borrowing and debt (1)	-	(224)
Total interest expense	(627)	(2,207)
Net interest income (expenses)	**(76)**	**(261)**
Other income (expense)		
Fees and commissions, net	51	5
Gain on financial instruments, net	-	(20)
Total other income, net	51	(15)
Operating expenses		
Depreciation of equipment and leasehold improvements	-	(293)
Other expenses	-	(110)
Total operating expenses	-	(403)
Net income from related parties	**(25)**	**(679)**

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

22. Related party transactions (continued)

	Six months ended June 30	
	2020	**2019**
Interest income		
Loans	1,091	4,123
Securities	-	64
Total interest income	1,091	4,187
Interest expense		
Deposits	(1,311)	(3,892)
Borrowing and debt (1)	-	(450)
Total interest expense	(1,311)	(4,342)
Net interest income (expenses)	**(220)**	**(155)**
Other income (expense)		
Fees and commissions, net	139	5
Gain on financial instruments, net	-	(7)
Total other income, net	139	(2)
Operating expenses		
Depreciation of equipment and leasehold improvements	-	(586)
Other expenses	-	(201)
Total operating expenses	-	(787)
Net income from related parties	**(81)**	**(944)**

(1) This caption includes the financial cost relating to leases and depreciation expense for the right-of-use assets that rises from the lease contract with related parties where the Bank acts as a lessee through June 30, 2019.

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

22. Related party transactions (continued)

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

	Six months ended June 30	
	2020	**2019**
Expenses:		
Compensation costs to directors	798	245
Compensation costs to executives	4,191	2,298

	Three months ended June 30	
	2020	**2019**
Expenses:		
Compensation costs to directors	450	211
Compensation costs to executives	781	556

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

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

23. Litigation

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

24. Applicable laws and regulations

Liquidity index

Rule No. 2-2018 issued by the Superintendence of Banks of Panama (SBP) establishes that every general license or international license bank must guarantee, with a higher level of confidence, that it is in the position to face its intraday liquidity obligations in a period when liquidity pressure may affect the lending market. For that purpose, the Superintendence of Banks of Panama has established a short-term liquidity coverage ratio known as "Liquidity Coverage Ratio or LCR". This ratio is measured through the quotient of two amounts, the first one corresponds to the high-quality liquid assets and the second one corresponds to the net cash outflows in 30 days.

As of June 30, 2020 and December 31, 2019, the minimum LCR to be reported to the SBP was 50% and 25%, respectively. The Bank´s LCR as of June 30, 2020 and December 31, 2019 was 179.98% and 131%, respectively.

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

$$\frac{\text{Liquid assets}}{\text{Liabilities (Deposits Received)}} \times 100 = X\% \text{ (Liquidity ratio)}$$

As of June 30, 2020, and December 31, 2019, the percentage of the liquidity index reported by the Bank to the regulator was 107.64% and 100.36%, respectively.

Capital adequacy

The Banking Law in the Republic of Panama and the Rules No. 01-2015 and 03-2016 require that the general license banks maintain a total capital adequacy index that shall not be lower, at any time, than 8% of total assets and off-balance sheet irrevocable contingency transactions, weighted according to their risks; and ordinary primary capital that shall not be less than 4.5% of its assets and off-balance sheet transactions that represent an irrevocable contingency, weighted based on their risks; and a primary capital that shall not be less than 6% of its assets and off-balance sheet transactions that represent an irrevocable contingency, weighted based on their risks.

The primary objectives of the Bank's capital management policy are to ensure that the Bank complies with capital requirements imposed by local regulator and maintains strong credit ratings and healthy capital ratios to support its business and to maximize shareholder value.

The Bank manages its capital structure and adjusts it according to changes in economic conditions and the risk characteristics of its activities. To maintain or adjust the capital structure, the Bank may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous periods. However, they are under constant review by the Board.

	June 30, 2020	**December 31, 2019**
Tier 1 capital	1,034,371	1,026,125
Risk weighted assets	4,683,626	5,937,648
Tier 1 capital ratio	22.08%	17.28%

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

24. Applicable laws and regulations (continued)

Leverage ratio

Article No. 17 of the Rule No. 1-2015 establishes the leverage ratio of a regulated entity by means of the quotient between the ordinary primary capital and the total exposure for non-risk-weighted assets inside and outside the statement of financial position established by the SBP. For the determination of the exposure of off-balance-sheet operations, the criteria established for credit and counterparty credit risk positions will be used. The exposure of the derivatives will be the fair value at which it is recorded in the entity's assets.

The leverage ratio cannot be lower, at any time, than 3%. The Bank will inform to SBP as often as the compliance with the leverage ratio is determined.

	June 30, 2020	**December 31, 2019**
Ordinary capital	898,352	890,106
Non-risk-weighted assets	6,831,786	7,323,187
Leverage ratio	13.15%	12.15%

Specific credit provisions

Rule No. 4-2013, modified by Rule No. 8-2014, states that the specific provisions are originated from the objective and concrete evidence of impairment. These provisions must be established for credit facilities classified according to the risk categories denominated as: special mention, substandard, doubtful, or unrecoverable, both for individual credit facilities as for a group of such facilities. In the case of a group, it corresponds to circumstances that indicate the existence of deterioration in credit quality, although individual identification is still not possible.

Banks must calculate and maintain at all times the amount of the specific provisions determined by the methodology specified in this Rule, which takes into account the balance owed of each credit facility classified in any of the categories subject to provision, mentioned in the paragraph above; the present value of each guarantee available in order to mitigate risk, as established by type of collateral; and a weighting table that applies to the net exposure balance subject to loss of such credit facilities.

Article No. 34 of this Rule establishes that all credits must be classified in the following five (5) categories, according to their default risk and loan conditions, and establishes a minimum reserve for each classification: normal 0%, special mention 20%, substandard 50%, doubtful 80%, and unrecoverable 100%.

If there is an excess in the specific provision, calculated in accordance with this Rule, compared to the provision calculated in accordance with IFRS, this excess will be accounted for as a regulatory credit reserve in equity and will increase or decrease with appropriations from/to retained earnings. The balance of the regulatory credit reserve will not be considered as capital funds for calculating certain ratios or prudential indicators mentioned in the Rule.

In March 2020, Rule No. 2-2020 was issued as a modification to Rule No. 4-2013, creating a new form of credits, called "modified credits", in which it allows the debtor to properly attend to its obligation in the event of potential or actual deterioration related to its possibility of payment, in the face of the crisis caused by COVID-19. As of June 30, 2020, the Bank has modified three credits under this new category for the total value of $ 21.2 million.

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

24. Applicable laws and regulations (continued)

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

	June 30, 2020					
Loans	**Normal**	**Special Mention**	**Substandard**	**Doubtful**	**Unrecoverable**	**Total**
Corporations	2,043,848	38,261	-	-	-	2,082,109
Banks:						
Private	2,061,131	-	-	-	-	2,061,131
State-owned	300,995	-	-	-	-	300,995
	2,362,126	-	-	-	-	2,362,126
Sovereign	41,318	-	-	-	-	41,318
Total	**4,447,292**	**38,261**	**-**	**-**	**-**	**4,485,553**
Allowance for loan losses IFRS (*):	**38,049**	**7,385**	**-**	**-**	**-**	**45,434**

	December 31, 2019					
Loans	**Normal**	**Special Mention**	**Substandard**	**Doubtful**	**Unrecoverable**	**Total**
Corporations	2,487,859	13,595	-	-	61,845	2,563,299
Banks:						
Private	2,692,787	-	-	-	-	2,692,787
State-owned	589,690	-	-	-	-	589,690
	3,282,477	-	-	-	-	3,282,477
Sovereign	47,221	-	-	-	-	47,221
Total	**5,817,557**	**13,595**	**-**	**-**	**61,845**	**5,892,997**
Allowance for loan losses IFRS (*):	**42,396**	**2,338**	**-**	**-**	**54,573**	**99,307**

As of June 30, 2020 and December 31, 2019, there are no restructured loans.

(*) As of June 30, 2020, and December 31, 2019, there is no excess in the specific provision calculated in accordance with Agreement No. 8-2014 of the SBP, over the provision calculated in accordance with IFRS.

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

24. Applicable laws and regulations (continued)

For statutory purposes only, non-accruing loans are presented by category as follows:

	June 30, 2020					
Non-accruing loans	**Normal**	**Special Mention**	**Substandard**	**Doubtful**	**Unrecoverable**	**Total**
Impaired loans	-	-	-	-	-	-
Total	-	-	-	-	-	-

	December 31, 2019					
Non-accruing loans	**Normal**	**Special Mention**	**Substandard**	**Doubtful**	**Unrecoverable**	**Total**
Impaired loans	-	-	-	-	61,845	61,845
Total	**-**	**-**	**-**	**-**	**61,845**	**61,845**

Credit risk coverage - dynamic provision

	June 30, 2020	**December 31, 2019**
Non-accruing loans:		
Private corporations	-	61,845
Total non-accruing loans	**-**	**61,845**
Interest that would be reversed if the loans had been classified as non-accruing loans	-	1,379
Income from collected interest on non-accruing loans	-	631

The SBP by means of Rule No. 4-2013, establishes the compulsory constitution of a dynamic provision in addition to the specific credit provision as part of the total provisions for the credit risk coverage.

The dynamic provision is an equity item associated to the regulatory capital but does not replace or offset the capital adequacy requirements established by the SBP.

Methodology for the constitution of the regulatory credit reserve

The Superintendence of Banks of Panama by means of the General Resolution of Board of Directors SBP-GJD-0003-2013 of July 9, 2013, establishes the accounting methodology for differences that arise between the application of the International Financial Reporting Standards (IFRS) and the application of prudential regulations issued by the SBP; as well as the additional disclosures required to be included in the notes to the consolidated financial statements.

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

24. Applicable laws and regulations (continued)

Methodology for the constitution of the regulatory credit reserve (continued)

The parameters established in this methodology are the following:

1. The calculations of accounting balances in accordance with IFRS and the prudential standards issued by the SBP will be carried out and the respective figures will be compared.

2. When the calculation made in accordance with IFRS results in a greater reserve or provision for the bank compared to the one resulting from the use of the prudential standards issued by the SBP, the Bank will account the IFRS figures.

3. When the impact of the use of prudential standards results in a greater reserve or provision for the Bank, the effect of the application of IFRS will be recognized in profit or loss, and the difference between IFRS calculation compared to the prudential standards calculation will be appropriated from retained earnings as a regulatory credit reserve. If the bank does not have sufficient retained earnings, the difference will be presented as an accumulated deficit account.

4. The regulatory credit reserve mentioned in paragraph 3 of this Rule may not be reversed against the retained earnings as long as there are differences between IFRS and the originated prudential regulations.

Considering that the Bank presents its consolidated financial statements under IFRS, specifically for its expected credit reserves under IFRS 9, the line "Regulatory credit reserve" established by the SBP has been used to present the difference between the application of the accounting standard used and the prudential regulations of the SBP to comply with the requirements of Rule No. 4-2013.

As of June 30, 2020, and December 31, 2019, the total amount of the dynamic provision and the regulatory credit reserve calculated according to the guidelines of Rule No. 4-2013 of the SBP is $136.0 million for both periods, appropriated from retained earnings for purposes of compliance with local regulatory requirements. This appropriation is restricted from dividend distribution in order to comply with local regulations. The provision and reserve are detailed as follows:

	June 30, 2020	**December 31, 2019**
Dynamic provision	136,019	136,019
Regulatory credit reserve	-	-
	136,019	**136,019**

Capital reserve

In addition to capital reserves required by regulations, the Bank maintains a capital reserve of $95.3 million, which was voluntarily established. Pursuant to Article No. 69 of the Banking Law, reduction of capital reserves requires prior approval of SBP.

25. Subsequent events

Bladex announced a quarterly cash dividend payment of $0.25 US dollar cents per share corresponding to the second quarter of 2020. On July 21, 2020, the Bank's Board of Directors approved the payment of the cash dividend payable on August 25, 2020 to the Bank's stockholders as of August 10, 2020 record date.

APPENDIX B
BASE PROSPECTUS

[*See following page*]

Banco Latinoamericano de Comercio Exterior, S.A.

(incorporated under the laws of the Republic of Panama)

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

Euro Medium Term Note Program

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

Arranger:

BofA Securities

Dealers:

BBVA	**Barclays**
BNP PARIBAS	**BofA Securities**
Citigroup	**Credit Suisse**
HSBC	**J.P. Morgan**
MUFG	**Mizuho Securities**
Santander	**SMBC Nikko**
Standard Chartered Bank	

The date of this Base Prospectus is July 16, 2020.

This Base Prospectus supersedes in its entirety the Base Prospectus dated December 19, 2018.

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

In this Base Prospectus, the term "Dealer" or "Dealers" shall refer collectively to the dealers and arranger listed on page 16 hereof.

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

Application has been made to admit the Notes of any series issued under the Program to listing on the official list of the Luxembourg Stock Exchange (the "Official List") and to trading on the Euro MTF market (the "Euro MTF"). The Notes may also be listed, quoted and/or traded on or by such other or further stock exchange(s), listing authorit(y)(ies) and/or quotation system(s) as may be agreed between the Issuer and the relevant Dealers. This Base Prospectus is valid for a period of twelve months from the date hereof for purposes of listing any Series of Notes on the Official List and to trading on the Euro MTF. This Base Prospectus constitutes a Prospectus for the purpose of Luxembourg law dated July 16, 2019 on prospectuses for securities.

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

The Issuer accepts responsibility for the information contained in this Base Prospectus. The Issuer has confirmed to the Dealers in the Fifth Amended and Restated Dealer Agreement, dated as of August 2, 2016, by and among the Issuer, the Arranger and each Dealer (as amended from time to time, the "Dealer Agreement"), and will represent on the Issue Date of each Series of Notes, that this Base Prospectus does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, and the Issuer accepts responsibility accordingly. No representation or warranty is made or implied by the Dealers and neither the Dealers nor any of their respective affiliates make any such representation or warranty as to the accuracy or completeness of the information contained herein, and nothing contained in this Base Prospectus is or should be relied upon as a promise or representation as to future results or events.

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

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

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

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

PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA") or in the United Kingdom ("UK"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation. This Base Prospectus is not a prospectus for the purposes of the Regulation (EU) 2017/1129 (as amended from time to time, the "Prospectus Regulation").

MiFID II PRODUCT GOVERNANCE / TARGET MARKET – The Final Terms in respect of any Notes may include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subject to MiFID II subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels. A determination will be made in relation to each issue about whether, for the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "MiFID Product Governance Rules"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

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

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

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

PRODUCT CLASSIFICATION PURSUANT TO SECTION 309B OF THE SECURITIES AND FUTURES ACT (CHAPTER 289 OF SINGAPORE)

The Final Terms in respect of any Notes may include a legend entitled "Singapore Securities and Futures Act Product Classification" which will state the product classification of the Notes pursuant to section 309B(1) of the Securities and Futures Act (Chapter 289 of Singapore) (the "SFA").

The Issuer will make a determination in relation to each issue about the classification of the Notes being offered for purposes of section 309B(1)(a). Any such legend included on the relevant Final Terms will constitute notice to "relevant persons" for purposes of section 309B(1)(c) of the SFA.

IN CONNECTION WITH THE ISSUE OF ANY SERIES OF NOTES, THE DEALER OR DEALERS (IF ANY) NAMED AS THE STABILISATION MANAGER(S) (OR PERSONS ACTING ON BEHALF OF ANY STABILISATION MANAGER(S)) IN THE APPLICABLE FINAL TERMS MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILISATION MAY NOT NECESSARILY OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE FINAL TERMS OF THE OFFER OF THE RELEVANT SERIES OF NOTES IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE RELEVANT SERIES OF NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE RELEVANT SERIES OF NOTES. SUCH STABILISING SHALL BE CONDUCTED BY THE STABILISING MANAGER(S) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

IMPORTANT NOTICE

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

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

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

(ii) It understands that Notes sold into the United States will bear a legend to the following effect, unless the Issuer determines otherwise consistent with applicable law:

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

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

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

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

FORWARD-LOOKING STATEMENTS

This Base Prospectus, together with the documents incorporated by reference, contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. Factors or events that could cause the Bank's actual results to differ may emerge from time to time, and it is not possible for the Bank to predict all such factors or results. The Bank undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by applicable law or regulation. Forward-looking statements include statements regarding:

- the effects of the novel coronavirus ("COVID-19") pandemic on the global and local economies along with government actions intended to limit its spread;

- general economic, political and business conditions in North America, Central America, South America and the jurisdictions in which the Bank or its customers operate;

- the growth of the Bank's Credit Portfolio, which consists of the Commercial Portfolio and the Investment Portfolio (as defined herein);

- the Bank's ability to increase the number of its clients;

- the Bank's ability to maintain its investment-grade credit ratings and preferred creditor status;
- the effects of changing interest rates, inflation, exchange rates and the macroeconomic environment in Latin America and the Caribbean (the "Region") on the Bank's financial condition;
- the execution of the Bank's strategies and initiatives, including its revenue diversification strategy;
- anticipated profits and return on equity in future periods;
- the Bank's level of capitalization and debt;
- the implied volatility of the Bank's Treasury profits;
- levels of defaults by borrowers and the adequacy of the Bank's allowance for losses on financial instruments and the measure of its expected credit loss model;
- the availability and mix of future sources of funding for the Bank's lending operations;
- the adequacy of the Bank's sources of liquidity to cover large deposit withdrawals;
- management's expectations and estimates concerning the Bank's future financial performance, financing, plans and programs, and the effects of competition;
- government regulations and tax laws and changes therein;
- increases in compulsory reserve and deposit requirements;
- effectiveness of the Bank's risk management policies;
- failure in, or breach of, the Bank's operational or security systems or infrastructure;
- regulation of the Bank's business and operations on a consolidated basis;
- the effects of possible changes in economic or financial sanctions, requirements, or trade embargoes, changes in international trade, tariffs, restrictions or policies, such as those imposed or implemented by the current administration in the United States of America ("United States" or "U.S."), or as a result of the UK's exit from the European Union ("Brexit");
- credit and other risks of lending and investment activities; and
- the Bank's ability to sustain or improve its operating performance.

In addition, the statements included under the heading "Description of Business of Bladex—Overview—Strategies for 2020 and Subsequent Years" are forward-looking statements. Forward-looking statements involve risks and uncertainties, and actual results may differ materially from those discussed in any such statement. Factors that could cause actual results to differ materially from these forward-looking statements include the risks described in the section titled "Risk Factors." The Bank assumes no obligation to update any forward-looking statement.

AVAILABLE INFORMATION

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

INCORPORATION BY REFERENCE

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

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

Bladex will provide without charge to each person to whom this Base Prospectus is delivered, upon the written or oral request of such person, a copy of any or all of the documents referred to above which have been or may be incorporated in this Base Prospectus by reference. Requests for such copies should be directed to Corporate Secretary, Bladex, Torre V, Business Park, Avenida La Rotonda, Urb. Costa del Este, P.O. Box 0819-08730, Panama City, Republic of Panama, telephone: +507 210-8500, email: funding@bladex.com. In addition, copies of this Base Prospectus and any or all of the documents incorporated by reference herein will be available free of charge at the office of the Paying Agent, The Bank of New York Mellon (Luxembourg) S.A., 2-4 rue Eugène Ruppert, Vertigo Building – Polaris, L-2453 Luxembourg.

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

The Issuer has given an undertaking in connection with the listing of the Notes on the Official List and to trading on the Euro MTF to the effect that, so long as any Note remains outstanding and is traded on the Euro MTF, in the event of any material adverse change in the financial condition of the Issuer that is not reflected in the Base Prospectus, the Issuer will prepare a supplement to the Base Prospectus or a new Base Prospectus. If the terms of the Program are modified or amended in a manner that would make the Base Prospectus, as supplemented, inaccurate or misleading in any material respect, a new Base Prospectus or supplement thereto will be prepared.

FINANCIAL STATEMENTS

The audited consolidated statements of financial position of Bladex as of December 31, 2019 and 2018, and related consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for each of the years in the three-year period ended December 31, 2019 (the "Audited Consolidated Financial Statements"), are attached hereto as Appendix B and form a part hereof.

The unaudited consolidated financial statements as of March 31, 2020 and for the three months ended March 31, 2020 and 2019 (the "Unaudited Consolidated Financial Statements and, together with the Audited Consolidated Financial Statements, the "Financial Statements") are attached hereto as Appendix C and form a part hereof.

ENFORCEABILITY OF CIVIL LIABILITIES

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

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

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

In this Base Prospectus, unless the context otherwise requires, references to the "Bank," "Bladex," "we," "our," or "us" mean Bladex and its consolidated subsidiaries (as described in "Description of Business of Bladex—History and Development of the Company"). References to Bladex's Financial Statements are to the financial statements of Banco Latinoamericano de Comercio Exterior, S.A. and its subsidiaries, with all intercompany balances and transactions having been eliminated for consolidating purposes. References to "Bladex Head Office" are to Banco Latinoamericano de Comercio Exterior, S.A. in its individual capacity.

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

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

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SUMMARY

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

Overview

The Bank

The Bank, a corporation *(sociedad anónima)* organized under the laws of Panama and headquartered in Panama City, Panama, is a specialized multinational bank originally established by central banks of Latin American and Caribbean countries to promote foreign trade and economic integration in the Region. The legal name of the Bank is Banco Latinoamericano de Comercio Exterior, S.A. Translated into English, the Bank is also known as Foreign Trade Bank of Latin-America, Inc. The commercial name of the Bank is Bladex.

The Bank operates locally from seven cities located in seven countries in the Region. As of March 31, 2020, the Bank had, on a consolidated basis:

- $6,823 million in total assets;
- $5,337 million in loans;
- $1,018 million in total equity;
- a return on average total assets of 1.12%;
- a Tier 1 Basel III capital to risk-weighted assets ratio of 21.8%; and
- return on average total equity of 7.2%.

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

The Bank's mission is to provide financial solutions of excellence to financial institutions, companies and investors doing business in Latin America, supporting trade and integration across the Region.

As a multinational bank operating in 23 countries with a strong and historic commitment to Latin America, the Bank possesses extensive knowledge of business practices, risk and regulatory environments, accumulated over forty years of doing business throughout the entire Region. Bladex provides foreign trade solutions to a select client base of premier Latin-American financial institutions and corporations, and has developed an extensive network of correspondent banking institutions with access to the international capital markets. Bladex enjoys a preferred creditor status in many jurisdictions, being recognized by its strong capitalization, prudent risk management and sound corporate governance standards. Bladex fosters long-term relationships with clients, and it has developed over the years a reputation for excellence when responding to its clients' needs, in addition to having a solid financial track record, which has reinforced its brand recognition and its franchise value in the Region, and contributes to the Bank achieving its vision of being recognized as a leading institution in supporting trade and integration across Latin America.

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

The Bank offers its services through its head office in Panama City, its agency in New York (the "New York Agency"), its subsidiaries in Brazil and Mexico, its representative offices in Buenos Aires, Argentina; Mexico City, Mexico; Sao Paulo, Brazil; and Bogotá, Colombia, and its representative license in Peru, as well as through a worldwide network of correspondent banks.

Bladex's head office is located at Torre V, Business Park, Avenida La Rotonda, Urb. Costa del Este, Panama City, Republic of Panama, and its telephone number is +507 210-8500.

The New York Agency, which began operations in 1989, is located at 10 Bank Street, Suite 1220, White Plains, NY 10606, and its telephone number is +1 (914) 328-6640. The New York Agency is principally engaged in financing transactions related to international trade, mainly the confirmation and financing of letters of credit for customers in the Region. The New York Agency is also authorized to book transactions through an International Banking Facility ("IBF").

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

Our Strengths

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

Leader in the trade finance sector within Latin America

Bladex is a financial institution in the trade finance sector and has a presence in most countries in the Region, providing it with a competitive advantage in intra-regional trade. Intra-regional trade has been increasing at an average rate of approximately 5.5% per year from 2004 through 2019 due to the expansion of Latin American corporations and multiplication of free trade agreements within the Region. Regional exports amounted to approximately $1.06 billion in 2019 and are expected to decrease by 18% in 2020 due to the impact of the COVID-19 pandemic, according to estimates from the Economist Intelligence Unit. Since starting operations in 1979, the Bank has established a well-diversified Commercial Portfolio (defined below) across a variety of industries and markets. Most of the Bank's exposure is in countries such as Brazil, Colombia, Mexico, Panama, and Costa Rica, and in targeted industries and participants in the value chain of international trade by country within the Region such as financial institutions and corporations in the oil and gas sector and industrial sector, comprised mostly of metal manufacturing, food and beverages, electric power, plastics and packaging, other manufacturing industries, among others.

Low-risk business profile and strong credit portfolio quality

The Bank operates primarily in the trade finance sector, which is generally short-term in nature and considered to be a limited risk sector. According to standards published by the Bank for International Settlements, trade finance has a lower risk weighting than long-term lending. Additionally, due to its extensive knowledge in trade finance, the Bank has a strong track record of recovery and repayment rates. Not only are Bladex's non-performing loans very low by industry standards – 1.05% and 1.16% of its total Loan Portfolio (defined below) as of December 31, 2019 and March 31, 2020, respectively – but the Bank has also demonstrated a strong ability to recover loans in financial distress situations. For example, the Bank recovered more than 84% of its past due loans in Argentina after the 2001 crisis in that country. Including the crisis in Argentina, the Bank has written off approximately 0.13% of total accumulated credits throughout its history.

Strong liquidity position and diversified funding sources

The Bank possesses a strong liquidity position accounting for 16% and 19% of total assets as of December 31, 2019 and March 31, 2020, respectively, and a short-term Commercial Portfolio with an average remaining maturity of 130 days and 143 days, respectively, reflecting the Bank's focus on trade finance. The Bank's "Commercial Portfolio" refers to gross loans excluding interest receivable, allowance for loan losses, unearned interest and deferred fees (the "Loan Portfolio"), customers' liabilities under acceptances, loan commitments and financial guarantee contracts, such as confirmed and stand-by letters of credit, and guarantees covering commercial risk. The Bank has a strong capital position, which reflects among other factors significant short-term deposits made by central banks of the 23 Regional countries which comprise a portion of the Bank's shareholding base. The Bank's Tier 1 Ratio (calculated based on the Basel III capital adequacy guidelines published by the Basel Committee on Banking Supervision (the "Basel Committee")) of 19.8% and 21.8% as of December 31, 2019 and March 31, 2020, respectively, is even more significant in light of the relatively short-term life of its portfolio. During the global financial crisis that began in 2007, Bladex reduced its exposure levels and concentrations, and used the cash resources resulting from this course of action to strengthen its liquidity position. As a result, the Bank effectively offset the negative effect of a decline in client deposits and decreases in interbank funding lines that challenged the world's major international banks. The strong capitalization of the Bank has allowed it to successfully weather recent global financial conditions.

Stable and diversified funding sources

The Bank's principal sources of funds are deposits and, to a lesser extent borrowed funds and floating and fixed rate placements of securities. While these sources are expected to continue providing the majority of the funds required by the Bank in the future, the exact composition of the Bank's funding sources, as well as the possible use of other sources of funds, will depend on economic and market conditions. As of March 31, 2020, Bladex's sources of funding consist of deposits (44%), short-term borrowings and debts (29%), long-term borrowings and debt (26%) and securities sold under repurchase agreements (1%). The Bank obtains deposits principally from central and commercial banks primarily located in the Region. As of March 31, 2020, 53% of the deposits held by the Bank were deposits made by central and state owned banks in the Region, and 23% of the Bank's deposits represented deposits from private sector commercial banks and financial institutions. The Bank's short-term borrowings and debt consist of borrowings from banks and debt instruments from notes issued under the Program that have maturities of up to 365 days. The Bank's short- and medium-term borrowings mainly come from international correspondent banks from the United States, Japan, Canada and Europe. The Bank continues to diversify its funding sources beyond Central Bank deposits, bilateral lines of credit, capital markets transactions and cross-border borrowings. In addition, Bladex has issued over $400 million since inception of its recently launched Yankee CD program, which complements the Bank's short-term funding structure.

In addition, the Bank has a successful track record in the global syndicated loan markets, increasing the amount and extending the maturity in February 2016 and August 2018 of its Global Syndicated Loan launched in 2014, and including the latest closing in March 2017 of U.S.$193 million four-year syndicated loan arranged by, and with the participation of, lenders from Japan, Taiwan, South Korea and the United States. This transaction reinforced the Bank's diversified funding base and enhanced its franchise in Asia. Debt capital markets have also been a source of funding for the Bank's activities. In 2019, the Bank re-established a short- and long-term notes program in the Mexican local market in an authorized aggregate principal amount of 10 billion Mexican Pesos or its equivalent in "Investment Units" (*Unidades de Inversión*). The Bank also has in place the Program, which is primarily targeted at non-bank institutional investors and includes multiple placements with short-, medium-, and long-term tenors. During 2019, the Bank issued $179 million in new private placements; and as of December 31, 2019, private issuances through its Program amounted to $222 million, placed in Asia, Europe and Latin America. In October 2015, the Program was also listed on the Tokyo Stock Exchange under the Tokyo Pro-Bond Market. This market offers the possibility of flexible and timely issuances of bonds to a broad base of Japanese investors. The Bank placed its first public issuance listed on this market on June 9, 2016 in a principal amount of JPY8 billion (eight billion Japanese Yen), which matured on June 10, 2019, and was replaced with a three-year term private issuance for a principal amount of JPY7.4 billion, equivalent to $69 million.

Long-term client relationships

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

Long track record of success

The Bank was the first Latin American bank listed on the NYSE (1992), the first such bank to be rated "Investment Grade" (1992) and the first such bank to place a non-guaranteed syndicated loan in Asia (2009), which was a $100 million, two-year term loan. Since 1979, Bladex has provided seamless support to foreign trade business in the Region while creating value. Bladex's total write-offs, including write-offs resulting from the crisis in Argentina, amount to approximately 0.13% of the total accumulated credits in Bladex's history.

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

Bladex's executive officers have broad experience in trade finance and with financial institutions in Latin America, bringing an average of approximately 25 years of professional experience in the financial sector. The Bank's well-defined strategy, which is executed by a highly skilled and experienced team, has positioned the Bank to take advantage of trends in Latin American trade finance and to grow the Bank's business in a sustainable manner.

Strong commitment from central banks in the Region

Currently the Bank is supported by central banks and other state-owned banks from 23 countries in the Region which hold Class A common stock of the Bank. As of December 31, 2019, 16.0% of Bladex's common stock was held by Class A shareholders. The Bank believes that the participation of these central banks and other state-owned banks has been instrumental in the Bank's obtaining "preferred creditor" status in the past. In addition, the Bank regularly takes deposits from central banks and state-owned banks in the Region. As of March 31, 2020, 53% of the deposits held by the Bank were deposits made by central and state-owned banks of countries in the Region, many of which deposit a portion of their dollar reserves with the Bank, with an average term remaining to maturity of 36 days.

Our Strategies

Focus on credit underwriting soundness and liquidity management in light of the effects of the COVID-19 pandemic

Since the World Health Organization declared a global pandemic on March 11, 2020, the Bank has successfully activated its Business Continuity Plan, including the closure of its offices, and work-from-home policies for employees, and has successfully implemented measures to preserve the Bank's liquidity position. The Bank believes that these and other measures taken have represented an effective and agile response to the extreme circumstances arising from the COVID-19 pandemic.

The strategies described below are subject to the effects of the Bank having to operate in a substantially different environment in 2020 and thereafter than in previous periods. Since the onset of COVID-19 the Bank has leveraged the short-term and trade finance nature of its Commercial Portfolio as a means to provide sufficient flexibility to react to, and realign size and composition of, the Commercial Portfolio, to take account of external risks and expected developments.

As a result, during the duration of the COVID-19 crisis, the Bank's commercial strategy will continue to prioritize underwriting credit soundness, liquidity management and risk/reward targets for each transaction, over portfolio growth.

Streamlining the Bank's operating model for greater efficiency

The Bank aims to continue improving efficiency and productivity throughout its organization, with representative offices concentrating primarily on origination and client relationship management. In 2019, the Bank continued its efforts to improve the Bank's operating efficiency by developing several projects aimed at strengthening internal controls, as well as by implementing IT solutions and process automation, which allowed the Bank to significantly improve its workflows and customer service.

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

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

Targeted growth in expanding and diversifying the Bank's country and industry exposure

The Bank's strategy is to participate in activities associated with trade, the trade supply chain and Latin American integration, targeting clients that offer the potential for longstanding relationships and a wider presence in the Region, such as financial institutions, corporations, sovereigns and state-owned entities. The Bank seeks to achieve this through participation in bilateral and co-financed transactions and by strengthening the short- and medium-term trade and non-trade financing that it provides. The Bank intends to continue enhancing existing client relationships and establish new client-relationships through its Region-wide expertise, product knowledge, quality of service, agile decision-making process and client approach, and by strategically targeting industries and participants in the value chain of international trade by country within the Region.

The Bank plans to continue targeting clients in a broad range of industries, and will seek to limit the concentration of any single corporate industry sector to a maximum of 10% of its total Loan Portfolio. The Bank plans to continue to focus on strategic sectors in international trade.

The Bank plans to focus its future efforts on growing its business with a larger number of corporate clients along the trade value chain, which management believes will reinforce the Bank's business model, enhance origination capacity and all the Bank to deploy capital most effectively. The Bank also intends to continue diversifying its credit risk profile, in order to continue to mitigate the impact of potential losses, should they occur.

Increase the range of products and services offered to clients

As a result of the Bank's relationships throughout the Region, management believes it is well positioned to strategically identify key products and services to offer to clients. The Bank's Articles of Incorporation permit a broad scope of potential activities, encompassing all types of banking, investment, and financial and other businesses that support foreign trade flows and the development of trade and integration in the Region. This supports the Bank's ongoing strategy to develop and expand products and services that complement the Bank's expertise in foreign trade finance and risk management, such as (i) financing acquisitions from the Bank's structuring and syndication business desk, as well as liability management transactions, (ii) letters of credit client base diversification, and (iii) vendor finance with a focus on supply chain finance through electronic platforms.

Recent Developments

COVID-19 Pandemic

In March 2020, the World Health Organization declared COVID-19 a global pandemic. The outbreak has reached more than 160 countries and has led governments and other authorities around the world, including federal, state and local authorities in the Region, to impose strict measures intended to control its spread, including restrictions on freedom of movement and business operations such as travel bans, border closings, business closures, quarantines and shelter-in-place orders.

The Bank has been carefully monitoring the COVID-19 pandemic and its impact on its business. Starting in March, the COVID-19 pandemic and measures to prevent its spread began to affect the Bank's business in a number of ways, including the following. While the duration of the COVID-19 pandemic cannot be foreseen, many of these effects, as well as others that cannot currently be predicted, may continue to affect the Bank's business and operations for the medium- and perhaps the long-term.

As soon as the effects of COVID-19 pandemic started to unfold, Bladex was able to significantly increase its cash position, continuously maintaining levels well above regulatory liquidity requirements based on Basel III standards. The Bank intends to maintain this additional liquidity pool, as long as it is required to sustain the Bank's resiliency in an environment of market volatility and high preference for liquidity from all economic agents. Further, the Bank has implemented a continuous review process of its entire portfolio on a name by name basis, classifying countries and sectors by risk categories. The Bank has also taken measures to mitigate risk for its employees and business operations, including but not limited to the activation of the Bank's Business Continuity Plan, the implementation of specific cyber-security measures and controls, strengthening of digital communications internally and externally with clients and holdings its first-ever virtual annual meeting of shareholders.

The average balance of the Commercial Portfolio during the first quarter 2020 remained stable with respect to the previous quarter at $6.2 billion and experienced a 10% decline in end-of-period balances to $5.8 billion, mainly due to stricter credit underwriting parameters that were activated in March when the COVID-19 crisis rapidly intensified, as part of the Bank's comprehensive plan to address the potential risks associated to the global pandemic.

After the commodity crisis from 2014 through 2016, the Bank shifted its origination strategies and adjusted its underwriting policies to drastically reduce exposures to commodity-related risks and increased the participation of regulated top tier financial institutions and corporate groups throughout the Region. As of March 31, 2020, exposure to top tier financial institutions represented 55% of the Bank's total Loan Portfolio. As a result of these measures, the Bank faced the COVID-19 pandemic with a robust, high-quality asset portfolio.

During the COVID-19 pandemic, the Bank has implemented a continuous review process of its portfolio on a client-by-client basis. Sectors in high-risk categories include airline, oil and gas upstream and supply chain, sugar (for which the Bank had reserved 89% in connection with the Bank's non-performing loan exposure), retail and auto industry; none of these sectors represent more than 2.5% of the total Loan Portfolio. Furthermore, most of these clients are relevant players in their respective markets and/or sovereign and quasi-sovereign institutions with no defaults during prior crises that could have adversely impacted them.

See "Risk Factors—Risks Relating to the Bank's Business—The ongoing COVID-19 pandemic and measures intended to prevent its spread could have material adverse effects on the Bank's business, results of operations, cash flows and financial condition," and "Operating and Financial Review and Prospects—Recent Developments."

Summary of First Quarter Results

Reported results

Profits for the three-month period ended March 31, 2020 totaled $18.3 million, compared to $21.2 million for the three-month period ended March 31, 2019. Net interest income totaled $25.8 million for the three-month period ended March 31, 2020, compared to $28.0 million for the three-month period ended March 31, 2019, mainly due to the net effect of lower LIBOR-based average market partially offset by higher average lending volumes. Fees and commissions totaled $3.1 million for the three-month period ended March 31, 2020, compared to $2.4 million for the three-month period ended March 31, 2019, mainly due to higher fees from letters of credit and loan syndication.

Key Performance Metrics

The Bank's annualized return on average equity ("ROAE") for the three-month period ended March 31, 2020 was 7.2% compared to 8.6% for the three-month period ended March 31, 2019. Net interest spread for the three-month period ended March 31, 2020 remained stable at 1.16% compared to the three-month period ended March 31, 2019. Net interest margin was 1.59% for the three-month period ended March 31, 2020, compared to 1.74% for the three-month period ended March 31, 2019. The year-on-year decrease was mainly driven by the net effect of lower average LIBOR-based market rates partially offset by higher average lending volumes.

The Bank's efficiency ratio, defined as total operating expenses as a percentage of total revenues, was 36.7% for the three-month period ended March 31, 2020, an increase of 584 basis points compared to the three-month period ended March 31, 2019. Total revenues decreased 10% for the three-month period ended March 31, 2020 compared to the three-month period ended March 31, 2019, while operating expenses increased by 7% for the three-month period ended March 31, 2020 as compared to the three-month period ended March 31, 2019.

Credit Growth & Quality

The end-of-period Commercial Portfolio balance stood at $5.8 billion as of March 31, 2020, a decrease of $174 million or 3% compared to March 31, 2019. Average Commercial Portfolio balances amounted to $6.2 billion for the three-month period ended March 31, 2020, an increase of $0.1 billion, or 2%, compared to $6.1 billion for the three-month period ended March 31, 2019.

Credit impaired loans to Loan Portfolio balances amounted to 1.16% as of March 31, 2020, compared to 1.18% as of March 31, 2019, while the ratio of the total allowance for credit losses to the Credit Portfolio (as defined herein) ending balances was 1.73%, remaining stable compared to the three-month period ended March 31, 2019. The total allowance for losses to credit impaired loans ratio was 1.7 times as of March 31, 2020.

Results by Business Segment

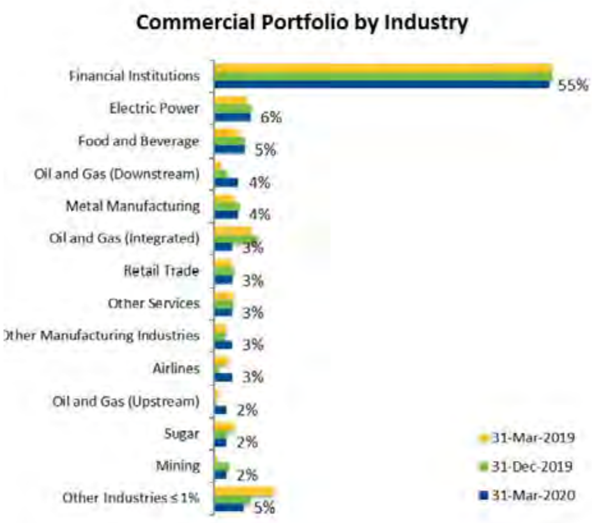
The Commercial Business Segment

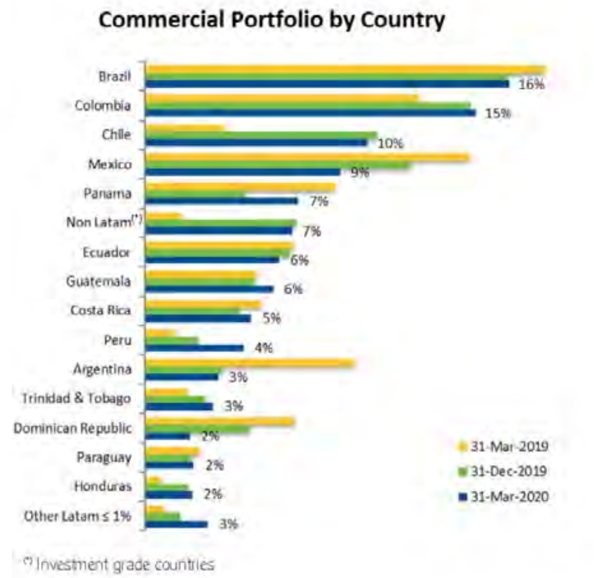
The Commercial Business Segment encompasses the Bank's core business of financial intermediation and fee generation activities catering to corporations, financial institutions and investors in Latin America. These activities include the origination of bilateral short-term and medium-term loans, structured and syndicated credits, loan commitments, and financial guarantee contracts such as issued and confirmed letters of credit, stand-by letters of credit, guarantees covering commercial risk, and other assets consisting of customers' liabilities under acceptances. See "Description of Business of Bladex—Business Activities—Commercial Portfolio."

As of March 31, 2020, the Commercial Portfolio balance was $5.8 billion, a decrease of $670 million, or 10%, compared to $6.5 billion as of December 31, 2019 and a decrease of $174 million, or 3%, compared to $6.0 billion as of March 31, 2019. The average balance of the Commercial Portfolio reached $6.2 billion as of March 31, 2020, remaining stable compared to $6.2 billion quarterly average balance as of December 31, 2019, and a $0.1 billion, or 2%, increase compared to $6.1 billion as of March 31, 2019, primarily attributable to the Bank adjusting its country exposure, focusing origination towards investment-grade countries in Latin America and non-Latin American OECD countries; the latter shift related to transactions carried out in Latin America, mostly with multinationals operating in the Region.

The Commercial Portfolio continued to be short-term and trade-related in nature. As of March 31, 2020, 69% of the total Commercial Portfolio was scheduled to mature within one year. Lending to financial institutions represented 55% of the total Commercial Portfolio, lending to quasi-sovereign corporates representing 15% of the total Commercial Portfolio and the remaining balance consisted primarily of lending to corporates in the Region.

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





The Commercial Business Segment's profits for the three-month period ended March 31, 2020 totaled $20.9 million, compared to $22.1 million for the three-month period ended March 31, 2019, a decrease of $1.2 million, or 6%, mainly due to lower lending spreads resulting from the shifting of portfolio origination towards lower-risk countries, partly offset by higher average loan portfolio balances, offsetting the year-over-year increase in other income mainly driven by higher fees from the letters of credit and loan syndication businesses.

Treasury Busines Segment

The Treasury Business Segment focuses on managing the Bank's investment portfolio, and the overall structure of its assets and liabilities to achieve more efficient funding and liquidity positions for the Bank, mitigating the traditional financial risks associated with the balance sheet, such as interest rate, liquidity, price and currency risks. Interest-earning assets managed by the Treasury Business Segment include liquidity positions in cash and cash equivalents, and financial instruments related to the investment management activities, consisting of securities at FVOCI and securities at amortized cost. The Treasury Business Segment also manages the Bank's interest-bearing liabilities, which constitute its funding sources, mainly deposits, short- and long-term borrowings and debt.

Profits from the Treasury Business Segment include net interest income derived from the above mentioned treasury assets and liabilities, and related net other income (net results from derivative financial instruments and foreign currency exchange, gain (loss) per financial instruments at FVTPL, gain (loss) on sale of securities at FVOCI, and other income), recovery or impairment loss on financial instruments, and direct and allocated operating expenses.

The Bank's liquidity balance, consisting of cash due from banks and interest-bearing deposits in banks, excluding pledged deposits and margin calls, totaled $1,297 million as of March 31, 2020, compared to $1,160 million as of December 31, 2019 and $771 million as of March 31, 2019, as the Bank pursued liquidity preservation and implemented prudent liquidity management measures towards the end of the three months ended March 31, 2020 upon the onset of the effects of COVID-19. As of March 31, 2020, the Bank's liquidity balances total assets ratio was 19%, compared to 16% and 12% as of December 31, 2019 and March 31, 2019, respectively, while the liquidity balances to total deposits ratio as of March 31, 2020 was 53%, compared to 40% and 28% as of December 31, 2019 and March 31, 2019, respectively.

As of March 31, 2020, the Investment Portfolio (as defined herein) totaled $79 million, compared to $80 million as of December 31, 2019 and $90 million as of March 31, 2019. As of March 31, 2020, the Investment Portfolio accounted for 1% of total assets and consisted of readily-quoted Latin American securities, 68% of which represented sovereign or state-owned risk, compared to 72% as of December 31, 2019 and 76% as of March 31, 2019.

Deposit balances stood at $2.5 billion as of March 31, 2020, a decrease of 15% compared to December 31, 2019 and 10% compared to March 31, 2019. Deposits placed by central banks or their designees (i.e., the Bank's Class A shareholders) represented 48% of total deposits as of March 31, 2020, compared to 61% and 64% of total deposits as of December 31, 2019 and March 31, 2019, respectively. As of March 31, 2020, total deposits represented 44% of total funding sources, compared to 48% and 52% of total funding sources a as of December 31, 2019 and March 31, 2019, respectively.

Short- and medium-term borrowings and debt remained stable at $3.1 billion, as of March 31, 2020, nearly unchanged from December 31, 2019, and an increase of 25% compared to March 31, 2019, as the Bank relied on bonds issued in the Mexican and Japanese capital markets and several short- and medium-term transactions. Weighted average funding costs decreased to 2.41% as of March 21, 2020, a decrease of 28 basis points and 94 basis points as of December 31, 2019 and March 31, 2019, respectively, mainly due to decreased average LIBOR-based market rates and slightly lower funding spreads.

The Treasury Business Segment’s losses totaled $2.6 million for the three-month period ended March 31, 2020, compared to $0.9 million for the three-month period ended March 31, 2019. The $1.7 million, or 197%, increase in losses was mainly the result of the positive results in its hedging position a year ago.

Net Interest Income and Margins

Net interest income decreased $2.2 million, or 8%, to $25.8 million for the three-month period ended March 31, 2020, compared to $28.0 million for the three-month period ended March 31, 2019. This was mainly the result of net effect of lower average LIBOR-based market rates partially offset by higher average lending volumes.

Fees and Comissions

Fees and Commissions, net, includes the fee income associated with letters of credit and the fee income derived from loan structuring and syndication activities, together with loan intermediation and distribution activities in the primary market, and other commissions, mostly from other contingent credits, such as guarantees and credit commitments, net of fee expenses.

Fees and comissions totaled $3.1 million for the three-month period ended March 31, 2020, compared to $2.4 million for the three-month period ended March 31, 2019. The increase of $0.7 million, or 31%, was mainly attributable to (i) a $0.3 million, or 14%, increase in fees from letters of credit and (ii) a $0.4 million increase in loan syndication fees.

Portfolio Quality and Provision for Credit Losses

The allowance for credit losses totaled $102.5 million as of March 31, 2020, remaining stable compared to December 31, 2019, and a decrease of $2.8 million from $105.3 million as of March 31, 2019. The ratio of the total allowance for credit losses to the Credit Portfolio was 1.73% as of March 31, 2020, compared to 1.56% as of December 31, 2019 and 1.73% as of March 31, 2019.

Credit-impaired loans, also referred to as non-performing loans or NPLs, remained unchanged compared to December 31, 2019 at $61.8 million, representing 1.16% of the total Loan Portfolio balances as of March 31, 2020. This represents a decrease from $64.7 million, or 1.18% of the total Loan Portfolio, as of March 31, 2019. The total allowance for credit losses to credit-impaired loans was 1.7 times as of March 31, 2020 and December 31, 2019, compared to 1.6 times as of March 31, 2019.

Operating Expenses

Operating expenses totaled $10.5 million for the three-month period ended March 31, 2020, a $0.6 million, or 7%, increase compared to $9.9 million for the three-month period ended March 31, 2019, primarily attributable to the higher personnel expenses related to the CEO transition and to certain vacancies filled toward the end of 2019.

The Bank's efficiency ratio was 36.7% for the three-month period ended March 31, 2020, compared to a ratio of 30.8% for the three-month period ended March 31, 2019, mainly due to lower total revenues, while the increase in operating expenses remained low.

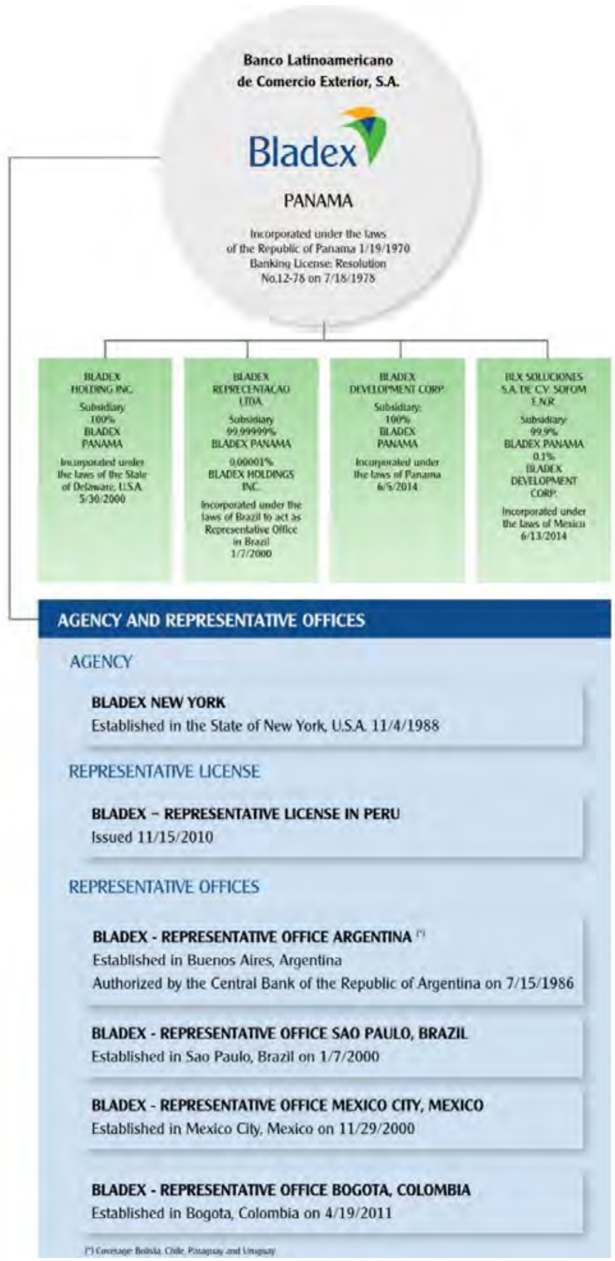
Capital Ratios and Capital Management

The Bank's equity consists entirely of issued and fully paid ordinary common stock. As of March 31, 2020, the Bank's Tier 1 Basel III Capital Ratio was 21.8%, compared to 19.8% as of December 31, 2019. The Bank's total assets to total equity ratio as of March 31, 2020 was 6.7 times, compared to 7.1 times as of December 31, 2019, reflecting a stronger capitalization level than prior comparative quarters, resulting from an increasing equity base and lower risk-weighted assets. The latter relates to the Bank's ability to decrease its Commercial Portfolio toward the end of the three months ended March 31, 2020 upon the onset of the COVID-19 crisis, which led to the implementation of prudent measures, including preserving liquidity and strict credit underwriting.

The Bank's common shares outstanding totaled 39.6 million as of March 31, 2020, compared to 39.5 million as of March 31, 2019.

Our Corporate Structure

The following chart presents Bladex's corporate structure as of March 31, 2020. The percentages represent the total share capital owned by the parent company of each entity.



Bladex Head Office's current subsidiaries are the following:

- Bladex Holdings Inc. ("Bladex Holdings") is a wholly owned subsidiary, incorporated under the laws of the State of Delaware, United States, on May 30, 2000. Bladex Holdings maintains ownership in Bladex Representação Ltda.

- Bladex Representação Ltda., incorporated under the laws of Brazil on January 7, 2000, acts as the Bank's representative office in Brazil. Bladex Head Office owns 99.999% of Bladex Representação Ltda. and Bladex Holdings owns the remaining 0.001%.

- Bladex Development Corp. ("Bladex Development") was incorporated under the laws of the Republic of Panama on June 5, 2014. Bladex Head Office owns 100% of Bladex Development.

- BLX Soluciones, S.A. de C.V., SOFOM, E.N.R. ("BLX Solutions") was incorporated under the laws of Mexico on June 13, 2014. Bladex Head Office owns 99.9% of BLX Solutions and Bladex Development owns the remaining 0.1%. BLX Solutions specializes in offering financial leasing and other financial products, such as loans and factoring.

Bladex commenced operations in 1979 with total equity of $25 million paid by 186 shareholders and, as of December 31, 2019, had total equity of $1,016 million. Bladex has four classes of common shares as follows:

- Class A shares: central banks, state-owned entities or government agencies from 23 countries in the Region, own all of Bladex's Class A shares, which as of December 31, 2019 comprised 16.0% of Bladex's common stock;

- Class B shares: 69 commercial banks or financial institutions, mostly from the Region, own Bladex's Class B shares, which as of December 31, 2019 comprised 5.5% of Bladex's common stock;

- Class E shares: Bladex's Class E shares are listed on the NYSE and as of December 31, 2019 comprised 78.5% of its common stock; and

- Class F shares: state entities and agencies of non–Latin American countries, including, among others, central banks and those banks with the related state agency as the majority shareholder, and multilateral financial institutions that are international or regional institutions may own Class F shares. As of December 31, 2019, no Class F shares have been issued.

As of December 31, 2019, the Bank's Board of Directors (the "Board") was composed of three Directors representing holders of the Class A common shares, five Directors representing holders of the Class E common shares, and two Directors representing all classes of common shares. The affirmative vote of three-quarters of the issued and outstanding Class A shares is required (i) to dissolve and liquidate the Bank, (ii) to amend certain material provisions of the Bank's Articles of Incorporation, (iii) to merge or consolidate the Bank with another entity and (iv) to authorize the Bank to engage in activities other than those described in its Articles of Incorporation.

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

THE PROGRAM

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

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

Bearer Notes:	Unless provided otherwise in the applicable Final Terms, the Notes of a Series that are offered and sold in bearer form will initially be represented by a temporary global Note in bearer form without interest coupons (a "Temporary Global Bearer Note"), which will be deposited on or prior to the Issue Date of such Notes with a common depositary for Euroclear, and Clearstream, Luxembourg. Account holders in Euroclear and Clearstream, Luxembourg must certify as to the beneficial ownership as required by U.S. Treasury regulations in order to receive payments in respect of their interest in a Temporary Global Bearer Note. Interests in a Temporary Global Bearer Note may be exchanged for (i) interests in a Global Registered Note or Definitive Registered Notes (each as defined below) in denominations as specified on the relevant Note and in the Final Terms related thereto, upon receipt of a certification that the beneficial owner has complied with any applicable restrictions on transfer, or (ii) interests in a permanent global bearer note (a "Permanent Global Bearer Note") following the Exchange Date (defined in "Exchange of Global Notes"), upon receipt of a certification as to non-U.S. beneficial ownership, as required under U.S. Treasury regulations. Interests in a Permanent Global Bearer Note may be exchanged for (i) interests in a Note in registered form (the "Registered Notes") either as a permanent global Note, without coupons (a "Global Registered Note") or as definitive Notes, without coupons ("Definitive Registered Notes"), upon receipt of a certification that the beneficial owner has complied with any applicable restrictions on transfer, or (ii) definitive Notes in bearer form ("Definitive Bearer Notes") (as defined in "Description of the Notes") with interest coupons attached (except in the case of Zero Coupon Notes).
Registered Notes:	Notes of a Series that are offered and sold outside the United States in registered form in reliance on Regulation S will initially be represented by interests in an unrestricted global Note in registered form (an "Unrestricted Global Registered Note"), registered in the name of a nominee of DTC and deposited on or prior to the Issue Date of such Notes with a custodian for DTC. Notes of a Series that are offered and sold within the United States to qualified institutional buyers in reliance on Rule 144A will initially be represented by interests in a restricted global Note in registered form (a "Restricted Global Registered Note" and together with the Unrestricted Global Registered Note, the "Global Registered Notes"), registered in the name of a nominee of DTC and deposited with a custodian for DTC. A Restricted Global Registered Note and any Notes issued in exchange therefor will be subject to certain restrictions on transfer set forth herein, in the Trust Deed and in the Notes and, unless determined otherwise by the Issuer in accordance with applicable law, will bear the legend regarding such restrictions set forth under "Transfer Restrictions." Interests in an Unrestricted Global Registered Note or a Restricted Global Registered Note will be exchangeable for Registered Notes in definitive form ("Definitive Registered Notes") under the circumstances specified in the Notes and the Final Terms related thereto. Definitive Registered Notes will be ready for delivery at the offices of the Trustee and the Transfer Agent (as defined in "Description of the Notes") at the time and date specified in the relevant Final Terms. Registered Notes are not exchangeable for Bearer Notes.

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

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

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

- the ongoing COVID-19 pandemic and measures intended to prevent its spread could have material adverse effects on the Bank's business, results of operations, cash flows and financial condition;
- Bladex faces liquidity risk, and its failure to adequately manage this risk could result in a liquidity shortage, which could adversely affect its financial condition, results of operations and cash flows;
- the Bank's allowance for losses on financial instruments could be inadequate to cover credit losses mostly related to its loans, loan commitments and financial guarantee contracts;
- the Bank's businesses are subject to market risk inherent to the Bank's financial instruments, as fluctuations in different metrics may have adverse effects on its financial position;
- the Bank faces interest rate risk that may be caused by the mismatch in maturities of interest-earning assets and interest-bearing liabilities; if not properly managed, this mismatch can reduce net interest income as interest rates fluctuate;
- the Bank's Commercial Portfolio may decrease or may not grow as expected. Additionally, growth in the Bank's Commercial Portfolio or other factors, including those beyond the Bank's control, may expose the Bank to increases in its allowance for expected credit losses;
- increased competition and banking industry consolidation could limit the Bank's ability to grow and may adversely affect results of operations;
- the Bank's businesses rely heavily on data collection, management and processing, and information systems, several of which are provided by third parties. Operational failures or security breaches with respect to any of the foregoing could adversely affect the Bank, including the effectiveness of its risk management and internal control systems; additionally, the Bank may experience cyberattacks or system defects and failures (including failures to update systems), viruses, worms, and other malicious software from computer "hackers" or other sources, which could unexpectedly interfere with the operation of the Bank's systems;
- operational problems or errors can have a material adverse impact on the Bank's business, financial condition and results of operations and cash flows;
- any delays or failure to implement business initiatives that the Bank may undertake could prevent the Bank from realizing the anticipated revenues and benefits of these initiatives;
- any failure to remain in compliance with applicable banking laws or other applicable regulations in the jurisdictions in which the Bank operates could harm its reputation and/or cause it to become subject to fines, sanctions or legal enforcement, which could have an adverse

effect on the Bank's business, financial condition and results of operations;

- changes in applicable law and regulation may have a material adverse effect on the Bank;
- payments on certain Notes may be subject to U.S. withholding under FATCA (as defined herein);
- the Bank makes estimates and assumptions in connection with the preparation of its consolidated financial statements, and any changes to those estimates and assumptions could have a material adverse effect on its operating results;
- recent changes in the Bank's senior management team may be disruptive to, or cause uncertainty in, the Bank's business, results of operations or the market price of the Notes;
- adverse economic changes in the Region or in the condition of the Bank's largest borrowers could adversely affect the Bank's growth, asset quality, prospects, profitability, financial condition and financial results;
- the Bank's mission is focused on supporting trade and integration across the Region. The Bank also faces borrower concentration. Adverse economic developments in the Region or in the condition of the Bank's largest borrowers could adversely affect the Bank's growth, asset quality, prospects, profitability, financial condition and financial results;
- local country foreign exchange controls or currency devaluation, monetary tightening, higher interest rates and rising inflation may harm the Bank's borrowers' ability to pay U.S. dollar-denominated obligations;
- a significant portion of the Bank's Loan Portfolio consists of loans made to borrowers in the oil/gas and agribusiness sectors in the Region. Lending in these sectors presents unique risks related to commodities pricing;
- a downgrade in the Bank's credit ratings may adversely affect its funding costs, access to capital, access to loan and debt capital markets, liquidity and, as a result, its business and results of operations. Increased risk perception in countries in the Region where the Bank has large credit exposures could have an adverse impact on the Bank's credit ratings;
- Bladex's obligations under the Notes will be subordinated to certain statutory liabilities;

- Bladex may issue further debt or other instruments which may rank *pari passu* with or senior to the Notes;
- an active trading market for the Notes may not develop;
- conflicts of interest may arise between the interests of the Calculation Agent and the interests of the holders of Notes; and
- Regulation and reform of LIBOR, EURIBOR or other "benchmarks" could adversely affect Notes linked to such "benchmarks."

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

SUMMARY FINANCIAL INFORMATION

The following tables set forth summary consolidated financial data for the Bank at and for each of the periods indicated. The summary statement of financial position data as of March 31, 2020 and December 31, 2019 and 2018, and the summary profit or loss data as of and for each of the three months ended March 31, 2020 and 2019 and the three years in the period ended December 31, 2019, are qualified in their entirety by, and should be read in conjunction with, the Financial Statements and notes to those statements included in this Base Prospectus. The Bank's consolidated financial position as of December 31, 2017 should be read in conjunction with the Bank's audited financial statements included in the Bank's Annual Report on Form 20-F, filed with the SEC on April 30, 2019. The financial data presented herein were prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"), and is stated in U.S. dollars. The information below is qualified in its entirety by the detailed information included and incorporated by reference herein and should be read in conjunction with "Description of Business of Bladex," and the Financial Statements and notes to those statements included in this Base Prospectus.

Consolidated Statement of Financial Position Information

	As of March 31,	As of December 31,		
	2020	2019	2018	2017
		(in $ thousands)		
Assets				
Cash and due from banks	$1,353,018	$1,178,170	$1,745,652	$672,048
Securities and other financial assets, net	86,326	88,794	123,598	95,484
Loans	5,337,487	5,892,997	5,778,424	5,505,658
Interest receivable	40,613	41,757	41,144	29,409
Allowance for loan losses	(99,941)	(99,307)	(100,785)	(81,294)
Unearned interest and deferred fees	(11,095)	(12,114)	(16,525)	(4,985)
Loans, net	5,267,064	5,823,333	5,702,258	5,448,788
Customers' liabilities under acceptances	66,657	115,682	9,696	6,369
Derivative financial instruments - assets	17,044	11,157	2,688	13,338
Equipment and leasehold improvements, net	18,110	18,752	6,686	7,420
Intangibles, net	1,236	1,427	1,633	5,425
Investment properties	3,494	3,494	0	5,119
Other assets	9,574	8,857	16,974	13,756
Total Assets	**$6,822,523**	**$7,249,666**	**$7,609,185**	**$6,267,747**
Liabilities and Equity				
Demand deposits	$302,442	$85,786	$211,381	$82,064
Time deposits	2,165,154	2,802,550	2,759,441	2,846,780
	2,467,596	2,888,336	2,970,822	$2,928,844
Interest payable	5,048	5,219	12,154	8,261
Total deposits	2,472,644	2,893,555	2,982,976	2,937,105
Securities sold under repurchase agreement	53,888	40,530	39,767	0
Borrowings and debt, net	3,137,018	3,138,310	3,518,446	2,211,567
Interest payable	10,045	10,554	13,763	7,555
Customers' liabilities under acceptances	66,657	115,682	9,696	6,369
Derivative financial instruments - liabilities	49,095	14,675	34,043	34,943
Allowance for loan commitments and financial guarantees contracts losses	2,443	3,044	3,289	6,845
Other liabilities	12,245	17,149	13,615	20,551
Total Liabilities	**$5,804,035**	**$6,233,499**	**$6,615,595**	**$5,224,935**
Equity				
Common stock	$279,980	$279,980	$279,980	$279,980
Treasury stock	(59,409)	(59,669)	(61,076)	(63,248)
Additional paid-in capital in excess of value assigned to common stock	120,586	120,362	119,987	119,941
Capital reserves	95,210	95,210	95,210	95,210
Regulatory reserves	136,019	136,019	136,019	129,254

	As of March 31,	As of December 31,		
	2020	2019	2018	2017
		(in $ thousands)		
Retained earnings	448,762	446,083	423,050	479,712
Other comprehensive income (loss)	(2,660)	(1,818)	420	1,963
Total Equity	**$1,018,488**	**$1,016,167**	**$993,590**	**$1,042,812**
Total Liabilities and Equity	**$6,822,523**	**$7,249,666**	**$7,609,185**	**$6,267,747**

Consolidated Statement of Profit or Loss Information

	For the Three Months Ended March 31,		For the Year Ended December 31,		
	2020	2019	2019	2018	2017
	(in $ thousands, except per share data and ratios)				
Consolidated Statement of Profit or Loss Data:					
Total interest income	$58,990	$73,554	$273,682	$258,490	$226,079
Total interest expense	(33,189)	(45,534)	(164,167)	(148,747)	(106,264)
Net interest income	**25,801**	**28,020**	**109,515**	**109,743**	**119,815**
Fees and commissions, net	3,073	2,350	15,647	17,185	17,514
(Loss) gain on financial instruments, net	(358)	756	(1,379)	(1,009)	(739)
Other income, net	240	945	2,874	1,670	1,723
Total other income, net	2,955	4,051	17,142	17,846	18,498
Total revenues	**28,756**	**32,071**	**126,657**	**127,589**	**138,313**
Reversal (impairment loss) on financial instruments	89	(942)	(430)	(57,515)	(9,439)
Gain (loss) on non-financial assets, net	0	0	500	(10,018)	0
Total operating expenses	(10,543)	(9,884)	(40,674)	(48,918)	(46,875)
Profit for the period	**18,302**	**21,245**	**86,053**	**11,138**	**$81,999**
Weighted average basic shares	39,609	39,542	39,575	39,543	39,311
Weighted average diluted shares	39,609	39,559	39,575	39,543	39,329
Basic shares period end	39,614	39,544	39,602	39,539	39,429
Per Common Share Data:					
Basic earnings per share	0.46	0.54	2.17	0.28	2.09
Diluted earnings per share	0.46	0.54	2.17	0.28	2.08
Book value per share (period end) (1)	25.71	25.21	25.66	25.13	26.45
Regular cash dividends declared per share	0.25	0.385	1.54	1.54	1.54
Regular cash dividends paid per share	0.25	0.385	1.54	1.54	1.54

(1) Book value per share refers to the Bank's total equity divided by the Bank's outstanding common basic shares at the end of the period.

Other Financial Data and Selected Ratios

	For the Three Months Ended March 31,		For the Year Ended December 31,		
	2020	2019	2019	2018	2017
	(in $ millions, except percentages)				
Other Financial Data					
Average interest-earning assets	$6,520	$6,532	$6,294	$6,427	$6,494
Average total assets [2]	$6,573	$6,566	$6,346	$6,451	$6,468
Average equity [2]	$1,022	$1,006	$1,006	$1,031	$1,022

	As of and for the Three Months Ended March 31,		As of and for the Year Ended December 31,		
	2020	2019	2019	2018	2017
	(in $ thousands, except per share data and ratios)				
Selected Financial Ratios					
Performance Ratios:					
Return on average total assets [2]	1.12%	1.31%	1.36%	0.17%	1.27%
Return on average total equity [3]	7.2%	8.6%	8.56%	1.08%	8.02%
Net interest margin [4]	1.59%	1.74%	1.74%	1.71%	1.85%
Net interest spread [4]	1.16%	1.16%	1.19%	1.21%	1.48%
Efficiency Ratio [5]	36.7%	30.8%	32.1%	38.3%	33.9%
Total operating expenses to average total assets	0.65%	0.61%	0.64%	0.76%	0.72%
Regular cash dividend payout ratio [6]	54.1%	71.7%	70.8%	546.7%	73.8%
Liquidity Ratios:					
Liquid assets [7] / total assets	19.02%	11.95%	16.00%	22.42%	9.87%
Liquid assets [7] / total deposits	52.58%	28.05%	40.15%	57.43%	21.13%
Asset Quality Ratios:					
Credit-impaired loans [8] to Loan Portfolio [9]	1.16%	1.18%	1.05%	1.12%	1.07%
Charged-off loans to Loan Portfolio	0.00%	0.00%	0.04%	0.72%	0.60%
Allowance for loan losses to Loan Portfolio	1.87%	1.87%	1.69%	1.74%	1.48%
Allowance for loan commitments and financial guarantee contracts losses to total loan commitments and financial guarantee contracts plus customers' liabilities under acceptances	0.49%	0.51%	0.50%	0.64%	1.39%
Capital Ratios:					
Total equity to total assets	14.93%	15.46%	14.02%	13.06%	16.64%
Average total equity to average total assets [10]	15.55%	15.33%	15.84%	15.98%	15.80%
Leverage ratio [11]	6.7x	6.5x	7.1x	7.7x	6.0x
Tier 1 capital to risk-weighted assets [12]	21.8%	20.1%	19.8%	18.1%	21.1%
Risk-weighted assets [12]	$4,681,019	$4,962,983	$5,137,523	$5,494,080	$4,931,046

(1) [Reserved.]

(2) For the interim periods of March 31, 2020 and March 31, 2019, and the years 2019, 2018 and 2017, return on average total assets is calculated as profit for the year divided by average total assets. Average total assets and average total equity for the interim periods of March 31, 2020 and March 31, 2019, and the years 2019, 2018 and 2017, is calculated on the basis of daily average balances.

(3) For the interim periods of March 31, 2020 and March 31, 2019, and the years 2019, 2018 and 2017, return on average total equity is calculated as profit for the year divided by average total equity. Average total equity for the interim periods of March 31, 2020 and March 31, 2019, and the years 2019, 2018 and 2017, is calculated on the basis of daily average balances.

(4) For the interim periods of March 31, 2020 and March 31, 2019, and the years 2019, 2018 and 2017, net interest margin is calculated as net interest income divided by the average balance of interest-earning assets. Average balance of interest-earning assets for the interim periods of March 31, 2020 and March 31, 2019, and the years 2019, 2018 and 2017, is calculated on the basis of daily average balances. Net interest spread is calculated as average yield earned on interest-earning assets, less the average yield paid on interest-bearing liabilities. For more information regarding calculation of the net interest margin and the net interest spread, see "Operating and Financial Review and Prospects—Operating Results—Net Interest Income and Margins."

(5) Efficiency ratio is total operating expenses as a percentage of total revenues.

(6) The Bank calculates regular cash dividend payout ratio as regular cash dividends paid per share during the relevant period.

(7) Liquid assets refer to cash and due from banks, and interest-bearing deposits in banks, less pledged deposits, as shown in the consolidated statements of cash flows. See "Operating and Financial Review and Prospects—Liquidity and Capital Resources—Liquidity" and the Financial Statements included herein.

(8) As of March 31, 2020, the Bank had credit-impaired loans of $62 million compared to $65 million as of March 31, 2019. As of December 31, 2019, 2018 and 2017, the Bank had credit-impaired loans of $62 million, $65 million and $59 million, respectively. Impairment factors considered by the Bank's management include collection status, collateral value, the probability of collecting scheduled principal and interest payments when due, and economic conditions in the borrower's country of residence.

(9) Loan Portfolio refers to loans, gross of the allowance for loan losses, interest receivable and unearned interest and deferred fees.

(10) For the interim periods of March 31, 2020 and March 31, 2019 and the years 2019, 2018 and 2017, average total assets and average total equity are calculated on the basis of daily average balances.
(11) Leverage ratio is the ratio of total assets to total equity.
(12) Tier 1 Capital is calculated according to Basel III capital adequacy guidelines, and is equivalent to total equity excluding certain effects such as accumulated other comprehensive income (loss) ("OCI") of the securities at fair value through OCI. Tier 1 Capital ratio is calculated as a percentage of risk-weighted assets. Risk-weighted assets are estimated based on Basel III capital adequacy guidelines.

RISK FACTORS

The following section describes some of the risks associated with an investment in the Notes. Prospective purchasers of the Notes should consider, among other things, all of the information set out in this prospectus and particularly the risk factors with respect to Bladex, the Region in which Bladex operates and the Notes. In general, investing in the securities of issuers in emerging market countries such as Panama involves a higher degree of risk than investing in the securities of U.S. and European issuers. Additional risks and uncertainties not presently known to the Bank or that its management currently deems immaterial may also impair the Bank's business operations.

Risks Relating to the Bank's Business

The ongoing COVID-19 pandemic and measures intended to prevent its spread could have material adverse effects on the Bank's business, results of operations, cash flows and financial condition.

In December 2019, COVID-19 was first reported in Wuhan, China, and on March 11, 2020, the World Health Organization declared COVID-19 a pandemic. The outbreak has reached more than 160 countries and has led governments and other authorities around the world, including federal, state and local authorities in the Region, to impose strict measures intended to control its spread, including restrictions on freedom of movement and business operations such as travel bans, border closings, business closures, quarantines and shelter-in-place orders.

The impact of the COVID-19 pandemic and measures to prevent its spread could negatively impact the Bank's business in a number of ways, some of which may not be foreseeable at the present time. For example, the borrowers to which the Bank lends through its Commercial Portfolio may be materially and adversely affected by the impact of the outbreak of COVID-19 on the global economy and on the economy in the Region. The borrowers to which the Bank lends operate a wide range of businesses and are active in numerous economic sectors, many of which are facing, and will continue to face, significant challenges and negative impacts as a result of the COVID-19 outbreak. These impacts may include, among others, reduced business volumes, temporary closures of the Bank's borrowers' facilities, insufficient liquidity, delayed or defaulted payments from the Bank's borrowers' own customers, increased levels of indebtedness or the unavailability of sufficient financing for the Bank's borrowers, and other factors which are beyond the Bank's control. To the extent the COVID-19 pandemic adversely affects the business and financial results of the borrowers to whom the Bank lends, it could lead to loan restructurings on terms which may not be as favorable to the Bank, bankruptcies and insolvencies of the Bank's borrowers, and increase the level of impaired loans in the Bank's Commercial Portfolio and its level of allowances for expected credit losses, which could in turn materially and adversely affect the Bank's business, results of operations and financial condition.

The COVID-19 outbreak may also cause material and adverse impacts on the Bank's assets, as well as impacts on income due to lower lending and transaction volumes, which may impact the Bank's assets and capital position. Further expected credit losses could arise, impacted by the disruption to global supply chains, and through the impact that COVID-19 is having more broadly on economic growth globally. In addition, the COVID-19 pandemic may cause the Bank to continue to institute from time to time office closures and remote working arrangements for its employees and staff, which could have a material adverse effect on productivity.

The COVID-19 pandemic has also caused, and is likely to continue to cause, severe economic, market and other disruptions worldwide and in the Region. The Bank cannot assure you that conditions in the bank lending, capital and other financial markets will not continue to deteriorate as a result of the pandemic, or that the Bank's access to capital and other sources of funding will not become constrained, which could adversely affect the Bank's Commercial Portfolio volumes and the terms of future loans in the Commercial Portfolio, renewals or refinancings.

The extent of the COVID-19 pandemic's effect on our operational and financial performance will depend on future developments, including the duration, spread and intensity of the outbreak, all of which are uncertain and difficult to predict. Due to the speed with which the situation is developing, we are not able at this time to estimate the effect of these factors on our business, but the adverse impact on our business, results of operations, financial condition and cash flows could be material.

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

Bladex, like all financial institutions, faces liquidity risk. Liquidity risk is the risk that the Bank will be unable to maintain adequate cash flow to repay its deposits and borrowings and fund its Credit Portfolio on a timely basis. The Bank's capacity and cost of funding may be impacted by a number of factors, such as changes in market conditions (e.g., in interest rates), credit supply, changes in credit ratings, regulatory changes, systemic shocks and volatility in the banking and financial sectors, and changes in the market's perception of the Bank, among others. Failure to adequately manage its liquidity risk could produce a shortage of available funds, which may cause the Bank to be unable to repay its obligations as they become due.

Short-term borrowings and debt from international private banks that compete with the Bank in its lending activity, represent one of the main sources of funding at 23% of the Bank's total funding as of December 31, 2019. If these international banks cease to provide funding to the Bank or cease to provide funding to the Bank at historically applicable interest rates, the Bank would have to seek funding from other sources, which may not be available, or if available, may be at a higher cost.

Turmoil in the international financial markets due to COVID-19, oil price volatility and other factors could negatively impact liquidity in such financial markets, reducing the Bank's access to credit or increasing its cost of funding, which could lead to tighter lending standards. The occurrence of such unfavorable market conditions could have a material adverse effect on the Bank's liquidity, results of operations and financial condition.

As of December 31, 2019, 61% of the Bank's total deposits represented deposits from central banks or their designees (i.e., the Bank's Class A shareholders), 20% of the Bank's deposits represented deposits from private sector commercial banks and financial institutions, 10% of the Bank's deposits represented deposits from state-owned and private corporations and international organizations, and 9% of the Bank's deposits represented deposits from state-owned banks. The Bank does not accept retail deposits from individuals. Any disruption or material decrease in current or historic deposit levels, in particular levels of deposits made by central banks and their designees (i.e., the Bank's Class A shareholders) due, among other factors, to any change in their U.S. dollar liquidity strategies which currently include making deposits with the Bank, could have a material adverse effect on the Bank's liquidity, results of operations and financial condition.

Lastly, Panama is a U.S. dollar-based economy. Panama does not have a central bank, and there is no lender of last resort to local financial institutions in the Panamanian banking sector in the event of financial difficulties or system-wide liquidity disruptions, which could adversely affect the banking system in the country.

Any of the above factors, either individually or in the aggregate, could adversely affect the Bank's liquidity, financial condition, results of operations and cash flows.

The Bank's allowance for losses on financial instruments could be inadequate to cover credit losses mostly related to its loans, loan commitments and financial guarantee contracts.

The Bank determines the appropriate level of allowances for losses based on a forward-looking process that estimates the probable loss inherent in its Credit Portfolio, which is the result of a statistical analysis supported by the Bank's historical portfolio performance, external sources, and the judgment of the Bank's management. The latter reflects assumptions and estimates made in the context of changing political and economic conditions in the Region. The Bank's commercial portfolio (the "Commercial Portfolio") includes: (i) gross loans excluding interest receivable, allowance for loan losses, unearned interest and deferred fees (the "Loan Portfolio"), (ii) customers' liabilities under acceptances, and (iii) loan commitments and financial guarantee contracts, such as confirmed and stand-by letters of credit, and guarantees covering commercial risk. The Bank's allowances for losses could be inadequate to cover losses in its Commercial Portfolio due to, among other factors, concentration of exposure or deterioration in certain sectors or countries, including but not limited to the impact of recent ongoing turmoil related to COVID-19, oil prices and other factors, which in turn could have a material adverse effect on the Bank's financial condition, results of operations and cash flows.

The Bank's businesses are subject to market risk inherent in the Bank's financial instruments, as fluctuations in different metrics may have adverse effects on its financial position.

Market risk generally represents the risk that the values of assets and liabilities or revenues will be adversely affected by changes in market conditions. Market risk is inherent in the financial instruments associated with many of the Bank's operations and activities, including loans and securities at amortized cost, deposits, financial instruments at fair value through profit or loss ("FVTPL") and securities at fair value through other comprehensive income ("FVOCI"), short-term and long-term borrowings and debt, derivatives and trading positions. This risk may result from fluctuations in different metrics: interest rates, currency exchange rates and changes in the implied volatility of interest rates and changes in securities prices, due to changes in either market perception or actual credit quality of either the relevant issuer or its country of origin. This risk may also result from turmoil in the international financial markets, including but not limited to recent ongoing turmoil related to COVID-19, oil prices and other factors. Accordingly, depending on the instruments or activities impacted, market risks can have wide ranging, complex adverse effects on the Bank's financial condition, results of operations, cash flows and business.

Furthermore, the Bank cannot predict the amount of realized or unrealized gains or losses on its financial instruments for any future period. Gains or losses on the Bank's investment portfolio may not contribute to its net revenue in the future or may cease to contribute to its net revenue at levels consistent with more recent periods. The Bank may not successfully realize the appreciation or depreciation now existing in its consolidated investment portfolio or in any assets of such portfolio.

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

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

The Bank's Commercial Portfolio may decrease or may not grow as expected. Additionally, growth in the Bank's Commercial Portfolio or other factors, including those beyond the Bank's control, may expose the Bank to increases in its allowance for expected credit losses.

The Bank's Commercial Portfolio, including its Loan Portfolio, may not grow at anticipated levels or may decrease in future periods. A reversal or slowdown in the growth rate of the Region's economy and trade volumes could adversely affect the Bank's Commercial Portfolio, and as a result adversely affect the Bank's results of operations. The spread of the COVID-19 virus throughout the world, and in particular the Region, as well as the implementation of restrictive governmental measures to prevent its spread, has begun to affect our Commercial Portfolio in a number of ways, including a reduction in Commercial Portfolio balances. In particular, as loans in the Commercial Portfolio have matured in accordance with their terms, the Bank has been lending on a more selective basis, having established strict credit underwriting criteria with a focus on client segments and industries that the Bank believes are better suited to weather the effects of the COVID-19 pandemic. See "—The ongoing COVID-19 pandemic and measures intended to prevent its spread could have material adverse effects on the Bank's business, results of operations, cash flows and financial condition," and "Operating and Financial Review and Prospects—Recent Developments."

Furthermore, any future expansion of the Bank's Commercial Portfolio may expose the Bank to higher levels of potential or actual losses and require an increase in the allowance for expected credit losses, which could negatively impact the Bank's operating results and financial position. Furthermore, the Bank's historical loan loss experience may not be indicative of its future loan losses. Credit-impaired or low credit quality loans can also increase the Bank's allowance for expected credit losses and thereby negatively impact the Bank's results of operations. The Bank may not be able to effectively control the level of the impaired loans in its total Loan Portfolio. In particular, the amount of its reported credit-impaired loans may increase in the future as a result of growth in its Loan Portfolio, including loans that the Bank may acquire in the future, changes in its business profile or factors beyond the Bank's control, such as the impact of economic trends and political events affecting the Region, certain industries or financial markets and global economies, or particular clients' businesses, all of which could be negatively impacted by the effects of the COVID-19 pandemic. These factors, among others, could have a material adverse effect on the Bank's financial condition, results of operations and cash flows.

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

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

Over time, there has been substantial consolidation among companies in the financial services industry. Merger activity in the financial services industry has produced companies that are capable of offering a wide array of financial products and services at competitive prices. In addition, whenever economic conditions and risk perception improve in the Region, competition from commercial banks, the securities markets and other new market entrants generally increases.

Globalization of the capital markets and financial services industries exposes the Bank to further competition. To the extent the Bank expands into new business areas and new markets, the Bank may face competitors with more experience and more established relationships with clients, regulators and industry participants in the relevant market, which could adversely affect the Bank's ability to compete. The Bank's ability to grow its business and therefore, its earnings, may be affected by these competitive pressures.

The Bank also faces increased competition from local financial institutions which have access to comparable or better resources than the Bank. Local financial institutions are also clients of the Bank and there is complexity in managing the balance when a local financial institution is both a client and competitor. Additionally, many local financial institutions are able to gain direct access to the capital markets and low cost funding sources, threatening the Bank's historical role as a provider of U.S. dollar funding.

As a result of the foregoing, increased competition and banking industry consolidation could limit the Bank's ability to grow and may adversely affect its results of operations.

The Bank's businesses rely heavily on data collection, management and processing, and information systems, several of which are provided by third parties. Operational failures or security breaches with respect to any of the foregoing could adversely affect the Bank, including the effectiveness of its risk management and internal control systems. Additionally, the Bank may experience cyberattacks or system defects and failures (including failures to update systems), viruses, worms, and other malicious software from computer "hackers" or other sources, which could unexpectedly interfere with the operation of the Bank's systems.

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

The Bank also relies on third party technology suppliers for many of its core operating systems that are crucial to its business activities. Any issues associated with those suppliers may have a significant impact on the Bank's capacity to process transactions and conduct its business. Additionally, these suppliers have access to the Bank's core systems and databases, exposing the Bank to vulnerability from its technology providers. Any security problems and security vulnerabilities of such third parties may have a material adverse effect on the Bank.

The Bank is also dependent on information systems to operate its website, process transactions, respond to customer inquiries on a timely basis and maintain cost-efficient operations. While the Bank has implemented policies and procedures designed to manage information security, the Bank may experience cyberattacks or operational problems with its information systems as a result of system defects and failures (including failures to update systems), viruses, worms, and other malicious software from computer "hackers" or other sources, which could unexpectedly interfere with the operation of the Bank's systems.

Furthermore, the Bank manages and stores certain proprietary information and sensitive or confidential data relating to its clients and to its operations. The Bank may be subject to breaches of the information technology systems it uses for these purposes. Additionally, the Bank operates in many geographic locations and is exposed to events outside its control, including the potential proliferation of regulatory requirements regarding local storage of data, use of local services or technology, or sharing of intellectual property. Despite the contingency plans the Bank has in place, its ability to conduct business in any of its locations may be adversely impacted by a disruption to the infrastructure that supports its business.

In addition, as a result of the COVID-19 pandemic, the Bank has implemented office closures and remote working policies in order to protect the health of its employees and staff. These arrangements have necessitated new and increased reliance on information technology, such as videoconferencing and other infrastructure. Any failure or hacking of these and other systems could materially and adversely affect the Bank's business and operations.

The Bank's ability to remain competitive depends in part on its ability to upgrade its information technology on a timely and cost-effective basis. The Bank continually makes investments and improvements in its information technology infrastructure in order to remain competitive. The Bank may not be able to maintain the level of capital expenditures necessary to support the improvement or upgrading of its information technology infrastructure. Any failure to effectively improve or upgrade its information technology infrastructure and management information systems in a timely manner could have a material adverse effect on the Bank. The Bank's reputation could also suffer if the Bank is unable to protect its customers' information from being used by third parties for illegal or improper purposes.

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

Operating failures, including those that result from human error or fraud, not only may increase the Bank's costs and cause losses, but may also give rise to conflicts with its clients, lawsuits, regulatory fines, sanctions, interventions, reimbursements and other indemnity costs, all of which may have a material adverse impact on the Bank's business, financial condition, reputation, results of operations and cash flows. Ethical misconduct or breaches of applicable laws by the Bank's businesses or its employees could also be damaging to the Bank's reputation, and could result in litigation, regulatory action or penalties. Operational risk also includes: (i) legal risk associated with inadequacy or deficiency in contracts signed by the Bank; (ii) penalties due to noncompliance with laws, such as anti-money laundering ("AML") and embargo regulations; and (iii) punitive damages to third parties arising from the activities undertaken by the Bank. Also, the Bank has additional services for the proper functioning of its business and technology infrastructure, such as networks, internet and systems, among others, provided by external or outsourced companies. Impacts on the provision of these services, caused by these companies due to the lack of supply or the poor quality of the contracted services, can affect the conduct of the Bank's business as well as its clients. Operational problems or errors such as these may have a material adverse impact on the Bank's business, financial condition, reputation, results of operations and cash flows.

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

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

The Bank's hedging strategy may not be able to prevent losses.

The Bank uses diverse instruments and strategies to hedge its exposures to a number of risks associated with its business, but the Bank may incur losses if such hedges are not effective. The Bank may not be able to hedge its positions, or do so only partially, or its hedges may not have the desired effectiveness to mitigate the Bank's exposure to the diverse risks and market in which it is involved.

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

Bladex has adopted various policies and procedures to ensure compliance with applicable laws, including internal controls and "know-your-customer" procedures aimed at preventing money laundering and terrorism financing; however, the participation of multiple parties in any given transaction can increase complexity and require additional time for due diligence. Also, because trade finance can be more reliant on document-based information than other banking activities, it is susceptible to documentary fraud, which can be linked to money laundering, terrorism financing, illicit activities and/or the circumvention of sanctions or other restrictions (such as export prohibitions, licensing requirements or other trade controls). While the Bank remains alert to potentially high-risk transactions, it is also aware that efforts, such as forgery, double invoicing, partial shipments of goods and use of fictitious goods, may be used to evade applicable laws and regulations. If the Bank's policies and procedures are ineffective in preventing third parties from using it as a conduit for money laundering or terrorism financing without its knowledge, the Bank's reputation could suffer and/or it could become subject to fines, sanctions or legal action (including being added to any "blacklists" that would prohibit certain parties from engaging in transactions with the Bank), which could have an adverse effect on the Bank's business, financial condition and results of operations. In addition, amendments to applicable laws and regulations in Panama and other countries in which the Bank operates could impose additional compliance burdens on the Bank.

The perception of Panama by certain international financial regulatory bodies as a jurisdiction with increased susceptibility to shortcomings in financial compliance may result in increased international regulatory requirements or adverse publicity which may adversely affect the Panamanian financial sector and the Panamanian economy and, consequently, our financial condition and results of operation.

Supranational organizations rate jurisdictions for tax transparency, governance, real economic activity, corporate tax rate, prevention of money laundering, financing of terrorism, among others. Depending on prevailing international regulatory concerns, certain countries that are considered to less than adequately cooperate with such supranational organizations may be put on a "grey" or "black" list. From time to time in the recent past, Panama has been included or threatened with inclusion on these aforementioned lists. For example, from June 2014 until February 2016, Panama was included in the "grey" list of the Financial Action Task Force ("FATF"). In June 2019, Panama was once again included on the FATF "grey" list. The Bank cannot assure you that Panama will be able to exit the FATF "grey" list at all or, if it is able to do so, if its exit will occur in a comparable period of time, if at all.

In addition, in February 2019 the European Commission proposed to include Panama, together with other 22 countries, in a blacklist of nations determined by the European Commission to have lax controls against terrorism financing and/or money laundering. Although that proposal was not initially approved by the country members of the European Union, the European Commission later announced in May 2020 that it had added Panama to its blacklist. Further, during 2017, the EU Economic and Financial Affairs Council, or ECOFIN, released a list of non-cooperative jurisdictions for tax purposes. The stated aim of this list, and accompanying report, was to promote good governance worldwide in order to maximize efforts to prevent tax fraud and tax evasion. In February 2020, Panama was placed by the EU on its list of non-cooperative jurisdictions for tax purposes. Inclusion on these lists may result in significant reputational damage.

The government of Panama has implemented several initiatives to strengthen its regulatory framework, such as the enactment of Law No. 23 in 2015 to create a regulatory framework for various supervisory agencies, individuals and legal entities to monitor, control, promote and strengthen international cooperation in the prevention of money laundering, financing of terrorism and proliferation of weapons of mass destruction.

Nevertheless and depending on international regulatory concerns, continued efforts by Panama to adopt additional regulatory reform may not be readily accepted by international financial regulatory bodies. In the event Panama is included in any such "grey" list or "black" list, even if such inclusion is later rescinded, the resulting reputational and regulatory consequences may adversely affect the Panamanian economy and, consequently, our financial condition and results of operation. Moreover, measures imposed by supranational organizations against "grey-" or "black-" listed jurisdictions may also include the enactment of substantive laws and regulations with which the Bank and other participants in the Panamanian financial sector may be obligated to comply. These additional laws and regulations, as well as any international standards adopted therewith, could increase regulatory costs or otherwise have a material adverse effect on the Bank's business, financial condition and results of operation.

Any failure to comply with anti-money laundering, anti-corruption, anti-bribery and anti-terrorist financing laws and regulations could damage the Bank's reputation and/or expose the Bank to penalties.

Financial crime is continually evolving and has become the subject of enhanced regulatory scrutiny and supervision by regulators globally. AML, anti-terrorist financing, anti-corruption, sanctions and “know your customer” laws and regulations are increasingly complex and detailed and have become the subject of enhanced regulatory supervision, requiring improved systems, sophisticated monitoring and skilled compliance personnel.

The Bank believes that it is in compliance in all material respects with applicable AML, anti-terrorist financing, anti-corruption and sanctions laws and regulations and have adopted policies and procedures, including internal controls and “know your customer” procedures, aimed at preventing money laundering, terrorist financing and similar financial crimes. These require implementation and embedding within its business of effective controls and monitoring, which in turn requires ongoing changes to systems and operational activities and proactive and adaptable responses from the Bank so that the Bank is able to deter threats and criminality effectively. Even known threats can never be fully eliminated, and there may be instances where the Bank could be used by other parties to engage in money laundering and other illegal or improper activities. Furthermore, the entities or business the Bank acquires may not comply with the same control standards and procedures as the Bank.

In addition, the Bank relies heavily on its employees to assist its by identifying and reporting such activities, and its employees have varying degrees of experience in recognizing criminal tactics and understanding the level of sophistication of criminal organizations. Where the Bank outsources any of its customer due diligence, customer screening or anti-financial crime operations, it remains responsible and accountable for full compliance and any breaches. If the Bank is unable to apply the necessary scrutiny and oversight, there remains a risk of regulatory breach.

If the Bank is unable to fully comply with applicable AML, anti-terrorist financing and sanctions laws and regulations, or the “know your customer” or other standards, procedures or expectations related thereto, its regulators and relevant law enforcement agencies have the ability and authority to impose significant fines and other penalties on it, including requiring a complete review of its business systems, day-to-day supervision by external consultants, and ultimately the revocation of licenses, any of which could have a material adverse effect on the Bank.

The Superintendency of Banks routinely examines banks to assess compliance with these laws, regulations and procedural standards and may provide comments or findings of deficiencies. We are currently responding to comments or findings by the Superintendency of Banks, following an examination on what we believe were routine situations resulting from the implementation of new regulations that affected financial institutions in general. The Bank believes that its AML, anti-terrorist financing, sanctions, “know your customer” and other such policies and procedures are in compliance in all material respects with the applicable provisions of Panamanian law. Any failure to comply with applicable laws, regulations, procedural standards or expectations could cause the Bank considerable reputational damage.

In addition, while the Bank reviews its relevant counterparties’ internal policies and procedures with respect to such matters, to a large degree it relies upon its relevant counterparties to maintain and properly apply their own appropriate compliance measures, procedures, and internal policies. Such measures, procedures and internal policies may not be completely effective in preventing third parties from using the Bank's (and its relevant counterparties’) services as a conduit for illicit purposes (including illegal cash operations) without the Bank (or its relevant counterparties’) knowledge. If the Bank is associated with, or even accused of, breaches in AML, anti-terrorism, or sanctions requirements, its reputation could suffer and/or it could become subject to fines, sanctions or legal enforcement, including being added to any “blacklists” by international monitoring organizations FATF that would prohibit certain parties from engaging in transactions with the Bank, which could have a material adverse effect on it. Any resulting governmental fines or reputational damage, whether affecting the Bank directly or indirectly through its counterparties, could impact the Bank's relationships with rating agencies, creditors, customers and employees and therefore have a materially adverse effect on it.

Any investigation of potential violations of anti-corruption, sanctions, anti-bribery or AML laws by governmental authorities in any jurisdiction where the Bank operates could materially and adversely affect its business, financial condition, results of operations and prospects. In addition, if its officers, employees, shareholders, counterparties or other entities related to the Bank fail to comply with any applicable anti-corruption, sanctions, anti-bribery or AML laws, they may be subject to criminal, administrative or civil penalties and other remedial measures. Moreover, adverse publicity about any such regulatory or legal actions or investigations and allegations by other parties with respect to violations of applicable anti-corruption, sanctions, anti-bribery or AML laws by the Bank's officers, employees, shareholders, counterparties or other entities related to it could damage the Bank's reputation and brand image, negatively impact the Bank's ability to, when applicable, obtain contracts, assignments, permits and other government authorizations, even if the regulatory or legal action is unfounded or not material to its operations.

Expansion and/or enforcement of U.S. economic or financial sanctions, requirements or trade embargoes could have a material adverse effect on the Bank.

The Bank requires all subsidiaries, branches, agencies and offices to comply in all material respects with applicable Sanctions (as defined below). The Bank continues to monitor activities relating to those jurisdictions which are subject to Sanctions and periodically updates its global Sanctions policy to promote compliance with the various requirements resulting from these changes in Sanctions.

During 2019 and in recent years, the U.S. has issued new legislation expanding Sanctions on Nicaragua, North Korea, Russia and Venezuela, and issued an executive order modifying Sanctions with respect to Sudan. Furthermore, in recent years, the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") has designated some notable groups or financial institutions on the Specially Designated Nationals ("SDN") List in the regions or jurisdictions where the Bank is either located or in which it does business.

For example, since 2015 and through 2019, the U.S. has continued to expand Sanctions in respect of the Government of Venezuela and certain Venezuelan nationals, including certain Venezuelan government officials effectively blocking all property and interests in property of the Government of Venezuela pursuant to Executive Order 13884 of August 5, 2019. With regard to any Sanctions targeting persons who have been added to OFAC's SDN List or other persons considered blocked persons under OFAC sanctions, U.S. persons may not make to such persons, or receive from such persons, any contribution or provision of funds, goods, or services. These Sanctions also prohibit, with certain limited exceptions, (a) transactions by a U.S. person or within the United States relating to new debt with a maturity greater than 30 days or new equity, of the Government of Venezuela, bonds issued by the Government of Venezuela prior to August 25, 2017, and dividend payments or other distributions of profits to the Government of Venezuela from its controlled entities, and (b) direct or indirect purchases by a U.S. person or within the United States of securities from the Government of Venezuela (other than new debt with a maturity of 30 days or less). These recent Sanctions relating to Venezuela have also resulted in the designation of certain state-owned financial institutions, as SDNs, including Banco De Desarrollo Económico y Social de Venezuela ("BANDES"), Banco Bandes Uruguay S.A., Banco Bicentenario del Pueblo, de la Clase Obrera, Mujer y Comunas, Banco Universal C.A., Banco de Venezuela, S.A. Banco Universal and Banco Prodem S.A.

Beginning in 2018, the U.S. also expanded Sanctions in respect of the Government of Nicaragua and certain Nicaraguan nationals. Like the Venezuela-related Sanctions, these recent Sanctions have also resulted in the designation of certain financial institutions, as SDNs, including Banco Corporativo S.A., a subsidiary to the Venezuelan government-funded Alba de Nicaragua, S.A.

While the Bank does not consider that its business activities with counterparties with whom transactions are restricted or prohibited under U.S. Sanctions are material to its business, these aforementioned recent developments and any future expansion of Sanctions could have a material adverse impact on the Bank due to, among other things, the following:

- Bladex may be owned, directly or indirectly, by, or have shareholders which are, central banks, multilateral development banks or other persons which may be the current or future target of Sanctions; and

- Bladex may maintain counterparties that are organized in, located in or otherwise do business in jurisdictions which may or whose government may be the target of Sanctions.

Changes in applicable law and regulation may have a material adverse effect on the Bank.

The Bank is subject to extensive laws and regulations regarding the Bank's organization, operations, lending and funding activities, capitalization and other matters. The Bank has no control over applicable law and government regulations, which govern all aspects of its operations, including but not limited to regulations that impose:

- Minimum capital requirements;

- Reserve and compulsory deposit requirements;

- Funding restrictions;
- Lending limits, earmarked lending and other credit restrictions;
- Limits on investments in fixed assets;
- Corporate governance, financial reporting and employee compensation requirements;
- Accounting and statistical requirements;
- Competition policy; and
- Other requirements or limitations.

The regulatory structure governing financial institutions, such as the Bank, is continuously evolving. Disruptions and volatility in the global financial markets resulting in liquidity problems at major international financial institutions could lead the governments in jurisdictions in which the Bank operates to change laws and regulations applicable to financial institutions based on such international developments.

In response to the global financial crisis, which began in late 2007, national and intergovernmental regulatory entities, such as the Basel Committee on Banking Regulations and Supervisory Practices (the "Basel Committee") proposed reforms to prevent the recurrence of a similar crisis, including the Basel III framework, which creates new higher minimum regulatory capital requirements. On December 16, 2010 and January 13, 2011, the Basel Committee issued its original guidance (which was updated in 2013) on a number of regulatory reforms to the regulatory capital framework in order to strengthen minimum capital requirements, including the phasing out of innovative Tier 1 and 2 Capital instruments with incentive-based redemption clauses and implementing a leverage ratio on institutions in addition to current risk-based regulatory requirements. The Superintendency of Banks of Panama ("Superintendencia de Bancos de Panamá" or the "Superintendency") is authorized to increase the minimum capital requirement percentage in Panama in the event that generally accepted international capitalization standards (the standards set by the Basel Committee on Banking Supervision) become more stringent. Non-compliance with this legal lending limit could result in the assessment of administrative sanctions by the Superintendency for such violations, taking into consideration the magnitude of the offense and any prior occurrences, and the magnitude of damages and prejudice caused to third parties. The Bank follows Basel III criteria to determine capitalization levels, and has determined the Bank's Tier 1 Basel III capital ratio to be 19.8% as of December 31, 2019. In addition, as of December 31, 2019, the Bank's Tier 1 capital to risk-weighted asset ratio, calculated according to the guidelines of the Banking Law, was 17.3%.

Based on the Bank's current regulatory capital ratios, as well as conservative assumptions on expected returns and asset growth, the Bank does not anticipate that additional regulatory capital will be required to support our operations in the near future. However, depending on the effects of the rules that complete the implementation of the Basel III framework on Panamanian banks and particularly on other Bank operations, the Bank may need to reassess its ongoing funding strategy for regulatory capital.

The Bank also has operations in countries outside of Panama, including the United States. Changes in the laws or regulations applicable to the Bank business in the countries in which it operates or adoption of new laws, such as the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") in the United States, and the related rulemaking, may have a material adverse effect on the Bank's business, financial condition, and results of operations. The Dodd-Frank Act was signed into law on July 21, 2010 and was intended to overhaul the financial regulatory framework in the United States following the global financial crisis and has substantially impacted all financial institutions that are subject to its requirements. The Dodd-Frank Act, among other things, imposes higher prudential standards, including more stringent risk-based capital, leverage, liquidity and risk-management requirements, established a Bureau of Consumer Financial Protection, established a systemic risk regulator, consolidated certain federal bank regulators, imposes additional requirements related to corporate governance and executive compensation and requires various U.S. federal agencies to adopt a broad range of new implementing rules and regulations, for which they are given broad discretion.

In 2014, the U.S. Federal Reserve Board issued a final rule strengthening supervision and regulation of large U.S. bank holding companies and foreign banking organizations (such as the Bank). The final rule establishes a number of enhanced prudential standards for large U.S. bank holding companies and foreign banking organizations to help increase the resiliency of their operations. These standards include liquidity, risk management, and capital. The final rule was required by Section 165 of the Dodd-Frank Act. Under the final rule, foreign banking organizations with combined U.S. assets of $50 billion or more will be required to establish a U.S. risk committee and employ a U.S. chief risk officer to help ensure that the foreign bank understands and manages the risks of its combined U.S. operations. In addition, these foreign banking organizations will be required to meet enhanced liquidity risk-management standards, conduct liquidity stress tests, and hold a buffer of highly liquid assets based on projected funding needs during a 30-day stress test event. Foreign banking organizations with total consolidated assets of $50 billion or more, but combined U.S. assets of less than $50 billion, are subject to enhanced prudential standards. However, the capital, liquidity, risk-management, and stress testing requirements applicable to these foreign banking organizations are substantially less than those applicable to foreign banking organizations with a larger U.S. presence. In addition, the final rule implements stress testing requirements for foreign banking organizations with total consolidated assets of more than $10 billion and risk committee requirements for foreign banking organizations that meet the asset threshold and are publicly traded. While the majority of these enhanced prudential standards are not currently applicable to the Bank, they could ultimately become applicable as the Bank grows, its U.S. presence or assets increase or if the Dodd-Frank Act is later amended, modified or supplemented with new legislation.

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

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

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

On June 30, 2014, Panama signed a Model 1 intergovernmental agreement ("Panama IGA") with the U.S. for purposes of FATCA. Under the Panama IGA, most Panamanian financial institutions are required to register with the IRS and comply with the requirements of the Panama IGA, including with respect to due diligence, reporting, and withholding.

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

Any changes in applicable laws and regulations, as well as the volume and complexity of the laws and regulations applicable to the Bank, may have a material adverse effect on the Bank.

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

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

Any failure by the Bank to maintain effective internal control over financial reporting may adversely affect investor confidence and, as a result, the value of investments in its securities.

The Bank is required under the Sarbanes-Oxley Act of 2002 to furnish a report by the Bank's management on the effectiveness of its internal control over financial reporting and to include a report by its independent auditors attesting to such effectiveness. Any failure by the Bank to maintain effective internal control over financial reporting could adversely affect its ability to report accurately its financial condition or results of operations. If the Bank is unable to conclude that its internal control over financial reporting is effective, or if its independent auditors determine that Bladex has a material weakness or significant deficiency in its internal control over financial reporting, the Bank could lose investor confidence in the accuracy and completeness of its financial reports, the market prices of its shares could decline, and could be subject to sanctions or investigations by the SEC or other regulatory authorities. Failure to remedy any material weakness in its internal control over financial reporting, or to implement or maintain other effective control systems required of public companies subject to SEC regulation, also could restrict the Bank's future access to the capital markets.

The Bank makes estimates and assumptions in connection with the preparation of its consolidated financial statements, and any changes to those estimates and assumptions could have a material adverse effect on its operating results.

In connection with the preparation of its consolidated financial statements, the Bank uses certain estimates and assumptions based on historical experience and other factors. While the Bank's management believes that these estimates and assumptions are reasonable under the current circumstances, they are subject to significant uncertainties, some of which are beyond its control. Should any of these estimates and assumptions change or prove to have been incorrect, its reported operating results could be materially adversely affected.

Recent changes in the Bank's senior management team may be disruptive to, or cause uncertainty in, the Bank's business, results of operations and the market price of its Notes.

The Bank recently appointed Mr. Jorge Salas as the Bank's new Chief Executive Officer, effective as of March 9, 2020. While the Bank's new Chief Executive Officer has extensive management experience at financial institutions focused on the Region, he is new to the Bank's management team which could limit the Bank's ability to quickly and efficiently respond to problems and effectively manage the Bank's business. If the Bank's management team is not able to work effectively, either individually or as together as a group, the Bank's results of operations may be negatively impacted.

The loss of senior management, or the Bank's ability to attract and maintain key personnel, could have a material adverse effect on it.

The Bank's ability to maintain its competitive position and implement its strategy depends on its senior management. The loss of some of the members of the Bank's senior management, or the Bank's inability to maintain and attract additional personnel, could have a material adverse effect on its operations and ability to implement its strategy. The Bank's performance and success are largely dependent on the talents and efforts of highly skilled individuals. Talent attraction and retention is one of the key pillars for supporting the results of Bladex, which is focused on client satisfaction and sustainable performance. The Bank's ability to attract, develop, motivate and retain the right number of appropriately qualified people is critical to its performance and ability to thrive throughout the Region. Concurrently, the Bank faces the challenge of providing a new experience to employees, so that the Bank is able to attract and retain highly-qualified professionals who value environments offering equal opportunities and who wish to build their careers in dynamic, cooperative workplaces, which encourage diversity and meritocracy and are up to date with new work models.

The Bank's performance could be adversely affected if it were unable to attract, retain and motivate key talent. As the Bank is highly dependent on the technical skills of its personnel, including successors to crucial leadership positions, as well as their relationships with clients, the loss of key components of the Bank's workforce could make it difficult to compete, grow and manage the business. A loss of such expertise could have a material adverse effect on the Bank's financial performance, future prospects and competitive position.

Risks Relating to the Region

Adverse economic developments in the Region or in the condition of the Bank's largest borrowers could adversely affect the Bank's growth, asset quality, prospects, profitability, financial condition and financial results.

As a reflection of the Bank's mission and strategy, the Bank's credit and other activities are concentrated in the Region, and are therefore highly susceptible to macroeconomic factors throughout the Region, as well as in individual countries. Economies in the Region have historically experienced significant volatility evidenced, in some cases, by political uncertainty, including with respect to upcoming elections, slow economic growth or recessions, increases in unemployment and the resulting reduction in consumer purchasing power, declining investments, fluctuations in interest rates and the capital markets, government and private sector debt defaults and restructurings, and significant inflation and/or currency devaluation. Furthermore, since the outbreak of COVID-19 in December 2019, economies in the Region have faced, and continue to face, significant economic difficulties and uncertainties as a result of the spread of the virus and the effects of restrictive governmental measures to prevent its spread. See "—Risks Relating to the Bank's Business—The ongoing COVID-19 pandemic and measures intended to prevent its spread could have material adverse effects on the Bank's business, results of operations, cash flows and financial condition," and "Operating and Financial Review and Prospects—Recent Developments."

Global economic changes, including the effects of the COVID-19 pandemic, fluctuations in commodity prices, oil and energy prices, U.S. dollar interest rates and U.S. dollar exchange rates, and slower economic growth in industrialized countries, could have adverse effects on the economic condition of countries in the Region, including Panama, and other countries in which the Bank operates. A disorderly sovereign debt restructuring as in, for example, Argentina and Ecuador, could create a downside in the country risk of the most vulnerable countries of the Region. Adverse changes affecting the economies in the Region could have a significant adverse impact on the quality of the Bank's credit exposures, including increased allowance for losses, debt restructurings and loan losses. In turn, these effects could also have an adverse impact on the Bank's asset growth, asset quality, prospects, profitability and financial condition.

Banks, including Bladex, that operate in countries considered to be emerging markets may be particularly susceptible to disruptions and reductions in the availability of credit or increases in financing costs, which may have a material adverse impact on their operations. In particular, the availability of credit to financial institutions operating in emerging markets is significantly influenced by an aversion to global risk. In addition, any factor that may impact investors' confidence, such as a downgrade in credit ratings of a particular country or an intervention by a government or monetary authority in any such markets, may affect the price or availability of resources for financial institutions in these markets, which may affect the Bank.

The Bank also faces borrower concentration, with its credit activities being in a number of countries. The Bank's credit portfolio (the "Credit Portfolio") consists of the Commercial Portfolio and the "Investment Portfolio." The "Investment Portfolio" consists of securities at FVOCI and investment securities at amortized cost. Adverse changes affecting one or more of these economies could have a material adverse impact on the Bank's Credit Portfolio and, as a result, its financial condition, growth, prospects, results of operations and financial condition. As of December 31, 2019, 59% of the Bank's Credit Portfolio was outstanding to borrowers in the following five countries: Brazil ($1,067 million, or 16%), Colombia ($972 million, or 15%), Mexico ($803 million, or 12%), Chile ($688 million, or 10%), and Ecuador ($427 million, or 6%).

In addition, as of December 31, 2019, of the Bank's total Credit Portfolio balances, 9% were to five borrowers in each of Brazil and Colombia, 7% were to five borrowers in Chile, and 6% were to five borrowers in each of Mexico and Ecuador. A significant deterioration of the financial or economic condition of any of these countries or borrowers could have a material adverse impact on the Bank's Credit Portfolio, potentially requiring the Bank to create additional allowances for expected credit losses, or suffer credit losses with the effect accentuated because of this concentration.

The Bank's mission is focused on supporting trade and integration across the Region. As a result, any increases in tariffs or other restrictions on foreign trade, or resulting uncertainty that reduces international trade flows, either throughout the Region or globally, could adversely affect the Bank's business, results of operations or market value of the Notes.

The Bank's mission is focused on supporting trade and integration across the Region, and a significant portion of the Bank's operations is derived from financing trade related transactions. As a result, increases in tariffs, changes in political, regulatory and economic conditions in the United States or in the Region, or in policies governing infrastructure, trade and foreign investment in the United States, or other restrictions on foreign trade throughout the

Region or globally could adversely affect the Bank's business and results of operations. For example, the Trump administration in the United States has threatened to impose tariffs on a variety of imports from countries throughout the world, including the Region, and has imposed certain tariffs on steel and aluminum. China has also imposed tariffs against certain American products. The United States and China agreed upon phase one of a trade agreement reducing protectionist measures by both countries. Negotiations for a second phase of the agreement could be affected if China fails to meet certain commitments it made in phase one, which may be more difficult to uphold following the spread of the coronavirus in China. There can be no assurance that the U.S. or China, or other countries, including those in the Region, will not move to implement further tariffs or restrictions on trade, or what the scope and effects of any such restrictions might be. Any such tariffs or restrictions, or uncertainty surrounding any future restrictions, could materially adversely affect international trade flows, which is a core sector underlying the Bank's business model. Any such disruptions in international trade flows could materially and adversely affect the demand and pricing of the Bank's trade related lending activities, and therefore have a material adverse effect on the Bank's business, financial condition, results of operations and share price.

The UK left the European Union (the "E.U.") on January 31, 2020, which was a process commonly referred to as "Brexit", and entered a transition period until December 31, 2020. During the transition period the UK will continue to be bound by E.U. laws and regulations. Beyond that date there is no certainty on what the future relationship between the UK and the E.U. will be. This has led to uncertainty in international markets. As a result, global markets and currencies may be adversely impacted, including fluctuations in the value of the British pound as compared to the U.S. dollar. Any market disruptions, including, among others, disruptions in financial markets or international trade, as a result of Brexit or otherwise, could have an adverse effect on the Bank's business, financial conditions and results of operations.

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

The Bank makes mostly U.S. dollar-denominated loans and investments. As a result, the Bank faces the risk that local foreign exchange controls may restrict the ability of the Bank's borrowers to acquire dollars to repay loans on a timely basis, even if they are exporters, and/or that significant currency devaluation might occur, which could increase the cost, in local currency terms, to the Bank's borrowers of acquiring dollars to repay loans. Asset risks may rise for banks that lend to exporters or high value-added manufacturers, particularly in the automotive supplier and technology sectors in the Region. Any of these factors could harm the Bank's borrowers' ability to pay U.S. dollar-denominated obligations, which could adversely affect the Bank's business and results of operations.

A significant portion of the Bank's Loan Portfolio consists of loans made to borrowers in the oil/gas and agribusiness sectors in the Region. Lending in these sectors presents unique risks related to commodities pricing.

As of December 31, 2019, $561 million, or 10% of the Bank's Loan Portfolio was comprised of oil and gas-related loans, and $327 million, or 6% of the Bank's Loan Portfolio was comprised of agribusiness loans. Repayment of these loans depends substantially, in some cases, on producing, exploring and exporting and also marketing the oil and gas or other commodities. Collateral securing these loans may be illiquid. In addition, the limited purpose of some agricultural-related collateral affects credit risk because such collateral may have limited or no other uses to support values when loan repayment problems emerge. Many external factors can impact the Bank's borrowers' ability to repay their loans, including commodity price volatility (i.e., oil and sugar prices), diseases such as COVID-19, war, adverse weather conditions, water issues, land values, production costs, changing government regulations and subsidy programs, changing tax treatment, technological changes, labor market shortages/increased wages, and changes in consumers' preferences, over which the Bank's borrowers may have no control. These factors, as well as recent volatility in certain commodity prices, including the substantial decrease in oil prices, could adversely impact the ability of those to whom the Bank has made loans to perform under the terms of their borrowing arrangements with the Bank, which in turn could result in credit losses and adversely affect the Bank's business, financial condition and results of operations.

A downgrade in the Bank's credit ratings may adversely affect its funding costs, access to capital, access to loan and debt capital markets, liquidity and, as a result, its business and results of operations. Increased risk perception in countries in the Region where the Bank has large credit exposures could have an adverse impact on the Bank's credit ratings.

Credit ratings represent the opinions of independent rating agencies regarding the Bank's ability to repay its indebtedness, and affect the cost and other terms upon which it is able to obtain funding. Each of the rating agencies reviews its ratings and rating methodologies on a periodic basis and may decide on a grade change at any time, based on factors that affect the Bank's financial strength, such as liquidity, capitalization, asset quality and profitability. Credit ratings are essential to the Bank's capability to raise capital and funding through the issuance of debt, loan transactions, as well as to the cost of such financing.

Among other factors, increased risk perception in any country where the Bank has large exposures could trigger downgrades to the Bank's credit ratings. Such perception of increased risk could result from events which are beyond the Bank's control, such as economic or political crises or the macroeconomic deterioration of certain key economic sectors due to the spread of COVID-19 or otherwise, among other factors. A credit rating downgrade would likely increase the Bank's funding costs, and may create liquidity risk, reduce its deposit base and access to the lending and debt capital markets, trigger additional collateral or funding requirements or decrease the number of investors and counterparties willing or permitted, contractually or otherwise, to do business with or lend to the Bank. As a result, the Bank's ability to obtain the necessary funding to carry on its financing activities in the Region at meaningful levels could be affected adversely, which could have a negative effect on its business and results of operations.

Climatic and natural phenomena such as earthquakes and floods may adversely affect lending volume and the quality of the Loan Portfolio.

The Bank is exposed to natural disasters in Panama, such as earthquakes, floods and mudslides. Earthquakes in Panama are common occurrences as the country is located in a seismic zone. The country is also vulnerable to El Niño phenomenon, which provokes floods and mudslides in the north and central Andean regions. This weather phenomenon negatively affected Panama's GDP and the financial condition of certain of the Bank's clients.

A natural disaster of this nature or any other type of disaster could impair the Bank's operational capacity. The Bank's business continuity plans include emergency response, disaster recovery, operations continuity, crisis management, data protection and recovery and critical systems redundancy. Although the Bank tests its business continuity plans annually, these plans may prove to be ineffective which could have a material adverse effect on the Bank's ability to carry out its businesses, especially if an incidence or disaster affects computer-based data systems or damages customer or other data. In addition, if a significant number of the Bank's employees were affected by the natural disaster, the Bank's ability to conduct business could be impaired.

Risks Relating to the Notes

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

Under Panamanian law, the Bank's obligations under the Notes are subordinated to certain statutory preferences. If the Bank is liquidated, these statutory preferences, which would include, among others, certain debts of the liquidation estate, new deposits, liquidator's fees created during a reorganization period, deposits of ten thousand dollars or less, claims from employees for salaries, unpaid wages, and other severance and compensation payments, claims for unpaid employer-employee social security contributions, and claims for unpaid taxes, as well as secured debts (up to the value of the assets securing that debt), social security, taxes and court fees and expenses, these debts), would have preference over any other claim, including claims by any Note holders.

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

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

An active trading market for the Notes may not develop.

There is currently no market for the Notes. Application may be made for the Notes of any series to be issued under the Program to be admitted for listing on the Official List of the Luxembourg Stock Exchange and to trading on the

Euro MTF. Bladex cannot assure you that any such application will be accepted. Even if the Notes are listed on this stock exchange, Bladex may delist the Notes. A trading market for the Notes may not develop, or if a market for the Notes were to develop, the notes may trade at a discount from their initial offering price, depending on many factors including prevailing interest rates, the market for similar securities, general economic conditions and our financial condition. The dealers are not under any obligation to make a market with respect to the notes and Bladex cannot assure you that trading markets will develop or be maintained. Accordingly, Bladex cannot assure you as to the development or liquidity of any trading market for the Notes. If an active market for the Notes does not develop or is interrupted, the market price and liquidity of the Notes may be adversely affected.

Conflicts of interest may arise between the interests of the Calculation Agent and the interests of the holders of Notes.

If a Calculation Agent is appointed with respect to a particular Series of Notes, the Calculation Agent may be required to make certain determinations including the determination of interest and principal payments. Potential investors in any such Notes should be aware that any determination or calculation made by the Calculation Agent may have an impact on the value of the Notes. Potential conflicts of interest, including with respect to such determinations or calculations that may adversely affect the return on the Notes, may arise between the interests of the Calculation Agent and the interests of the holders of Notes.

In addition, the Issuer may appoint a Dealer as Calculation Agent in respect of an issuance of Notes under the Program. In such a case, the Calculation Agent is likely to be a member of an international financial group that is involved, in the ordinary course of its business, in a wide range of banking activities out of which conflicting interests may arise. While such a Calculation Agent will, where relevant, have information barriers and procedures in place to manage conflicts of interest, it may in its other banking activities from time to time be engaged in transactions involving an index or related derivatives which may affect amounts receivable by holders of Notes during the term and on the maturity of the Notes or the market price, liquidity or value of the Notes and which could be deemed to be adverse to the interests of the holders of Notes.

Regulation and reform of LIBOR, EURIBOR or other "benchmarks" could adversely affect Notes linked to such "benchmarks."

LIBOR, EURIBOR and other rates and indices deemed to be "benchmarks" are the subject of recent national, international and other regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to such a "benchmark."

Regulation (EU) 2016/1011 (the "Benchmark Regulation") was published in the Official Journal of the European Union on June 29, 2016 and has applied from January 1, 2018 (with the exception of provisions specified in Article 59 (mainly on critical benchmarks) that have applied since June 30, 2016). The Benchmark Regulation could have a material impact on any Notes linked to LIBOR, EURIBOR or another "benchmark" rate or index, in particular, if the methodology or other terms of the "benchmark" are changed in order to comply with the terms of the Benchmark Regulation, and such changes could (amongst other things) have the effect of reducing or increasing the rate or level, or affecting the volatility of the published rate or level, of the benchmark. In addition, the Benchmark Regulation stipulates that each administrator of a "benchmark" regulated thereunder must be licensed by the competent authority of the Member State where such administrator is located. There is a risk that administrators of certain "benchmarks" will fail to obtain a necessary license, preventing them from continuing to provide such "benchmarks." Other administrators may cease to administer certain "benchmarks" because of the additional costs of compliance with the Benchmark Regulation and other applicable regulations, and the risks associated therewith. There is also a risk that certain benchmarks may continue to be administered but may, in time, become obsolete.

As an example of such reforms, on July 27, 2017, the UK Financial Conduct Authority announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the "FCA Announcement"). The FCA Announcement indicates that the continuation of LIBOR on the current basis (or at all) cannot and will not be guaranteed after 2021. The potential elimination of the LIBOR benchmark or any other benchmark, or changes in the manner of administration of any benchmark, could require or result in an adjustment to the interest provisions of the Conditions, or result in other consequences, in respect of any Notes linked to such benchmark (including but not limited to Notes whose interest rates are linked to LIBOR or any other such benchmark which is subject to reform). Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of alternative reference rates and as to potential changes to such benchmark may adversely affect such benchmark during the term of the relevant Notes, the return on the relevant Notes and the trading market for securities based on the same benchmark.

The "Terms and Conditions of the Notes" set out elsewhere in this Base Prospectus provide for certain fallback arrangements in the event that a published benchmark, such as LIBOR, (including any page on which such benchmark may be published (or any successor service)) becomes unavailable, including the possibility that the rate of interest could be determined by reference to the rate of interest applicable to the Notes in relation to a preceding Interest Period (as defined in "Terms and Conditions of the Notes"). This may result in the effective application of a fixed rate for Notes issued on a floating rate basis, based on the rate which was last observed on the Relevant Screen Page (as set forth in the applicable Final Terms).

Any such consequences could have a material adverse effect on the value of and return on any such Notes. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant reference rate could affect the ability of the Issuer to meet its obligations under Notes issued on a floating rate basis or could have a material adverse effect on the market price and/or liquidity of, and the amount payable under, any such Notes.

CAPITALIZATION

The following table sets forth the short- and long-term debt and capitalization of Bladex as of March 31, 2020 and 2019, and as of December 31, 2019, 2018 and 2017. The authorized capital of Bladex consists of 40 million shares of Class A common stock, 40 million shares of Class B common stock, 100 million shares of Class E common stock, 100 million shares of Class F common stock and 10 million preferred shares. As of March 31, 2020, no Class F common shares or preferred shares were issued and outstanding.

	As of March 31,		As of December 31,		
	2020	2019	2019	2018	2017
			(in $ thousands)		
Securities sold under repurchase agreements	$53,888	$28,232	$40,530	$39,767	$0
Short-term borrowings and debt	1,684,294	1,156,202	1,596,808	2,021,104	1,072,723
Long-term borrowings and debt, net	1,452,724	1,357,006	1,541,502	1,497,342	1,138,844
Equity [1]					
Common stock	279,980	279,980	279,980	279,980	279,980
Treasury stock	(59,409)	(60,947)	(59,669)	(61,076)	(63,248)
Additional paid-in capital in excess of assigned value of common stock	120,586	120,318	120,362	119,987	119,941
Capital reserves	95,210	95,210	95,210	95,210	95,210
Regulatory Reserves	136,019	136,019	136,019	136,019	129,254
Retained earnings	448,762	427,064	446,083	423,050	479,712
Other comprehensive income (loss)	(2,660)	(710)	(1,818)	420	1,963
Total Equity	**$1,018,488**	**$996,934**	**$1,016,167**	**$993,590**	**$1,042,812**
Total Capitalization and Debt	**$4,209,394**	**$3,538,374**	$4,195,007	$4,551,803	**$3,254,379**

(1) As of December 31, 2019, the issued and outstanding common stock of Bladex, all of which have been fully paid, consisted of 6,342,189 shares of Class A common stock, 2,182,426 shares of Class B common stock and 31,077,662 shares of Class E common stock, each with an assigned value of $6.67 per share.

SELECTED FINANCIAL DATA

The following tables set forth summary consolidated financial data for the Bank at and for each of the periods indicated. The summary statement of financial position data as of March 31, 2020 and December 31, 2019 and 2018, and the summary profit or loss data as of and for each of the three months ended March 31, 2020 and 2019 and the three years in the period ended December 31, 2019, are qualified in their entirety by, and should be read in conjunction with, the Financial Statements and notes to those statements included in this Base Prospectus. The Bank's consolidated financial position as of December 31, 2017 should be read in conjunction with the Bank's audited financial statements included in the Bank's Annual Report on Form 20-F, filed with the SEC on April 30, 2019. The financial data presented herein were prepared in accordance with IFRS as issued by the IASB, and is stated in U.S. dollars. The information below is qualified in its entirety by the detailed information included and incorporated by reference herein and should be read in conjunction with "Description of Business of Bladex," the Financial Statements and notes to those statements included in this Base Prospectus.

Consolidated Statement of Financial Position Information

	As of March 31,	As of December 31,		
	2020	2019	2018	2017
		(in $ thousands)		
Assets				
Cash and due from banks	$1,353,018	$1,178,170	$1,745,652	$672,048
Securities and other financial assets, net	86,326	88,794	123,598	95,484
Loans	5,337,487	5,892,997	5,778,424	5,505,658
Interest receivable	40,613	41,757	41,144	29,409
Allowance for loan losses	(99,941)	(99,307)	(100,785)	(81,294)
Unearned interest and deferred fees	(11,095)	(12,114)	(16,525)	(4,985)
Loans, net	5,267,064	5,823,333	5,702,258	5,448,788
Customers' liabilities under acceptances	66,657	115,682	9,696	6,369
Derivative financial instruments - assets	17,044	11,157	2,688	13,338
Equipment and leasehold improvements, net	18,110	18,752	6,686	7,420
Intangibles, net	1,236	1,427	1,633	5,425
Investment properties	3,494	3,494	0	5,119
Other assets	9,574	8,857	16,974	13,756
Total Assets	**$6,822,523**	**$7,249,666**	**$7,609,185**	**$6,267,747**
Liabilities and Equity				
Demand deposits	$302,442	$85,786	$211,381	$82,064
Time deposits	2,165,154	2,802,550	2,759,441	2,846,780
	2,467,596	2,888,336	2,970,822	$2,928,844
Interest payable	5,048	5,219	12,154	8,261
Total deposits	2,472,644	2,893,555	2,982,976	2,937,105
Securities sold under repurchase agreement	53,888	40,530	39,767	0
Borrowings and debt, net	3,137,018	3,138,310	3,518,446	2,211,567
Interest payable	10,045	10,554	13,763	7,555
Customers' liabilities under acceptances	66,657	115,682	9,696	6,369
Derivative financial instruments - liabilities	49,095	14,675	34,043	34,943
Allowance for loan commitments and financial guarantees contracts losses	2,443	3,044	3,289	6,845
Other liabilities	12,245	17,149	13,615	20,551
Total Liabilities	**$5,804,035**	**$6,233,499**	**$6,615,595**	**$5,224,935**
Equity				
Common stock	$279,980	$279,980	$279,980	$279,980
Treasury stock	(59,409)	(59,669)	(61,076)	(63,248)
Additional paid-in capital in excess of value assigned to common stock	120,586	120,362	119,987	119,941
Capital reserves	95,210	95,210	95,210	95,210
Regulatory reserves	136,019	136,019	136,019	129,254
Retained earnings	448,762	446,083	423,050	479,712
Other comprehensive income (loss)	(2,660)	(1,818)	420	1,963
Total Equity	**$1,018,488**	**$1,016,167**	**$993,590**	**$1,042,812**

	As of March 31,	As of December 31,		
	2020	2019	2018	2017
		(in $ thousands)		
Total Liabilities and Equity	**$6,822,523**	**$7,249,666**	**$7,609,185**	**$6,267,747**

Consolidated Statement of Profit or Loss Information

	For the Three Months Ended March 31,		For the Year Ended December 31,		
	2020	2019	2019	2018	2017
	(in $ thousands, except per share data and ratios)				
Consolidated Statement of Profit or Loss Data:					
Total interest income	$58,990	$73,554	$273,682	$258,490	$226,079
Total interest expense	(33,189)	(45,534)	(164,167)	(148,747)	(106,264)
Net interest income	**25,801**	**28,020**	**109,515**	**109,743**	**119,815**
Fees and commissions, net	3,073	2,350	15,647	17,185	17,514
(Loss) gain on financial instruments, net	(358)	756	(1,379)	(1,009)	(739)
Other income, net	240	945	2,874	1,670	1,723
Total other income, net	2,955	4,051	17,142	17,846	18,498
Total revenues	**28,756**	**32,071**	**126,657**	**127,589**	**138,313**
Reversal (impairment loss) on financial instruments	89	(942)	(430)	(57,515)	(9,439)
Gain (loss) on non-financial assets, net	0	0	500	(10,018)	0
Total operating expenses	(10,543)	(9,884)	(40,674)	(48,918)	(46,875)
Profit for the period	**18,302**	**21,245**	**86,053**	**11,138**	**$81,999**
Weighted average basic shares	39,609	39,542	39,575	39,543	39,311
Weighted average diluted shares	39,609	39,559	39,575	39,543	39,329
Basic shares period end	39,614	39,544	39,602	39,539	39,429
Per Common Share Data:					
Basic earnings per share	0.46	0.54	2.17	0.28	2.09
Diluted earnings per share	0.46	0.54	2.17	0.28	2.08
Book value per share (period end) [1]	25.71	25.21	25.66	25.13	26.45
Regular cash dividends declared per share	0.25	0.385	1.54	1.54	1.54
Regular cash dividends paid per share	0.25	0.385	1.54	1.54	1.54

(1) Book value per share refers to the Bank's total equity divided by the Bank's outstanding common basic shares at the end of the period.

Other Financial Data and Selected Ratios

	For the Three Months Ended March 31,		For the Year Ended December 31,		
	2020	2019	2019	2018	2017
	(in $ millions, except percentages)				
Other Financial Data					
Average interest-earning assets	$6,520	$6,532	$6,294	$6,427	$6,494
Average total assets [(2)]	$6,573	$6,566	$6,346	$6,451	$6,468
Average equity [(2)]	$1,022	$1,006	$1,006	$1,031	$1,022

	As of and for the Three Months Ended March 31,		As of and for the Year Ended December 31,		
	2020	2019	2019	2018	2017
	(in $ thousands, except per share data and ratios)				
Selected Financial Ratios					
Performance Ratios:					
Return on average total assets [(2)]	1.12%	1.31%	1.36%	0.17%	1.27%
Return on average total equity [(3)]	7.2%	8.6%	8.56%	1.08%	8.02%
Net interest margin [(4)]	1.59%	1.74%	1.74%	1.71%	1.85%
Net interest spread [(4)]	1.16%	1.16%	1.19%	1.21%	1.48%
Efficiency Ratio [(5)]	36.7%	30.8%	32.1%	38.3%	33.9%
Total operating expenses to average total assets	0.65%	0.61%	0.64%	0.76%	0.72%
Regular cash dividend payout ratio [(6)]	54.1%	71.7%	70.8%	546.7%	73.8%
Liquidity Ratios:					
Liquid assets [(7)] / total assets	19.02%	11.95%	16.00%	22.42%	9.87%
Liquid assets [(7)] / total deposits	52.58%	28.05%	40.15%	57.43%	21.13%
Asset Quality Ratios:					
Credit-impaired loans [(8)] to Loan Portfolio [(9)]	1.16%	1.18%	1.05%	1.12%	1.07%
Charged-off loans to Loan Portfolio	0.00%	0.00%	0.04%	0.72%	0.60%
Allowance for loan losses to Loan Portfolio	1.87%	1.87%	1.69%	1.74%	1.48%
Allowance for loan commitments and financial guarantee contracts losses to total loan commitments and financial guarantee contracts plus customers' liabilities under acceptances	0.49%	0.51%	0.50%	0.64%	1.39%
Capital Ratios:					
Total equity to total assets	14.93%	15.46%	14.02%	13.06%	16.64%
Average total equity to average total assets [(10)]	15.55%	15.33%	15.84%	15.98%	15.80%
Leverage ratio [(11)]	6.7x	6.5x	7.1x	7.7x	6.0x
Tier 1 capital to risk-weighted assets [(12)]	21.8%	20.1%	19.8%	18.1%	21.1%
Risk-weighted assets [(12)]	$4,681,019	$4,962,983	$5,137,523	$5,494,080	$4,931,046

(1) [Reserved.]
(2) For the interim periods of March 31, 2020 and March 31, 2019, and the years 2019, 2018 and 2017, return on average total assets is calculated as profit for the year divided by average total assets. Average total assets and average total equity for the interim periods of March 31, 2020 and March 31, 2019, and the years 2019, 2018 and 2017, is calculated on the basis of daily average balances.
(3) For the interim periods of March 31, 2020 and March 31, 2019, and the years 2019, 2018 and 2017, return on average total equity is calculated as profit for the year divided by average total equity. Average total equity for the interim periods of March 31, 2020 and March 31, 2019, and the years 2019, 2018 and 2017, is calculated on the basis of daily average balances.
(4) For the interim periods of March 31, 2020 and March 31, 2019, and the years 2019, 2018 and 2017, net interest margin is calculated as net interest income divided by the average balance of interest-earning assets. Average balance of interest-earning assets for the interim periods of March 31, 2020 and March 31, 2019, and the years 2019, 2018 and 2017, is calculated on the basis of daily average balances. Net interest spread is calculated as average yield earned on interest-earning assets, less the average yield paid on interest-bearing liabilities. For more information regarding calculation of the net interest margin and the net interest spread, see "Operating and Financial Review and Prospects—Operating Results—Net Interest Income and Margins."
(5) Efficiency ratio is total operating expenses as a percentage of total revenues.
(6) The Bank calculates regular cash dividend payout ratio as regular cash dividends paid per share during the relevant period.
(7) Liquid assets refer to cash and due from banks, and interest-bearing deposits in banks, less pledged deposits, as shown in the consolidated statements of cash flows. See "Operating and Financial Review and Prospects—Liquidity and Capital Resources—Liquidity" and the Financial Statements included herein.
(8) As of March 31, 2020, the Bank had credit-impaired loans of $62 million compared to $65 million as of March 31, 2019. As of December 31, 2019, 2018 and 2017, the Bank had credit-impaired loans of $62 million, $65 million and $59 million, respectively. Impairment factors considered by the Bank's management include collection status, collateral value, the probability of collecting scheduled principal and interest payments when due, and economic conditions in the borrower's country of residence.
(9) Loan Portfolio refers to loans, gross of the allowance for loan losses, interest receivable and unearned interest and deferred fees.
(10) For the interim periods of March 31, 2020 and March 31, 2019 and the years 2019, 2018 and 2017, average total assets and average total equity are calculated on the basis of daily average balances.
(11) Leverage ratio is the ratio of total assets to total equity.

(12) Tier 1 Capital is calculated according to Basel III capital adequacy guidelines, and is equivalent to total equity excluding certain effects such as accumulated OCI of the securities at fair value through OCI. Tier 1 Capital ratio is calculated as a percentage of risk-weighted assets. Risk-weighted assets are estimated based on Basel III capital adequacy guidelines.

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OPERATING AND FINANCIAL REVIEW AND PROSPECTS

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

Recent Developments

COVID-19

During the first quarter of 2020 the COVID-19 pandemic has impacted a number of countries with increasing severity, including many countries in the Region. In March 2020, the World Health Organization declared COVID-19 a global pandemic. The outbreak has reached more than 160 countries and has led governments and other authorities around the world, including federal, state and local authorities in the Region, to impose strict measures intended to control its spread, including restrictions on freedom of movement and business operations such as travel bans, border closings, business closures, quarantines and shelter-in-place orders. The COVID-19 pandemic represents a severe threat to global and Regional growth. The negative effect on growth is expected to be seen both in demand and supply channels. On the one hand, quarantine measures, illness, and negative consumer and business sentiment will suppress demand. At the same time, the closure of some factories and disruption to supply chains have, and will continue to, create supply bottlenecks. The continuing spread of the novel coronavirus will have dramatic economic and financial market implications, and the economic impact of the pandemic is likely to vary due to regional and country-specific characteristics. As the COVID-19 pandemic spreads throughout Latin America, the Region will continue to face severe health, social, economic and financial challenges for a significant period of time, the duration of which cannot be predicted with accuracy at the present time. These challenges will have a materially damaging impact on the Region in the short and medium term, and perhaps longer. As the Region sinks into what is likely to be a deep recession, attention is turning to the scope for and possible effectiveness of fiscal stimulus measures, as well as to the long-term impact of such stimulus on public finances. In this environment characterized by fiscal limitations, very weak domestic demand and flagging local currencies, there are questions around monetary policy and the potential for central banks to cut rates to support growth. Central banks may again find policy initially complicated by currency depreciation. Even so, we do expect several central banks in the region to act to cut rates, with the caveat that real rates are already very low after last year's easing cycle and that the capacity of monetary policy to support growth in the absence of demand will be limited.

Furthermore, the borrowers to which the Bank lends operate a wide range of businesses and are active in numerous economic sectors, many of which are facing, and will continue to face, significant challenges and negative impacts as a result of the COVID-19 outbreak. These impacts may include, among others, reduced business volumes, temporary closures of the Bank's borrowers' facilities, insufficient liquidity, delayed or defaulted payments from the Bank's borrowers' own customers, increased levels of indebtedness or the unavailability of sufficient financing for the Bank's borrowers, and other factors which are beyond the Bank's control.

We do believe, moreover, that risks are weighted to the downside. Depending on the success or failure of governments in containing the COVID-19 pandemic (and related market panic), the economic impact on the Region could be much greater than we currently expect, and the Region could be facing another year of recession.

The Bank has been carefully monitoring the COVID-19 pandemic and its impact on its business. Starting in March, the COVID-19 pandemic and measures to prevent its spread began to affect the Bank's business in a number of ways, including the following. While the duration of the COVID-19 pandemic cannot be foreseen, many of these effects, as well as others that cannot currently be predicted, may continue to affect the Bank's business and operations for the medium- and perhaps the long-term.

As soon as the effects of COVID-19 pandemic started to unfold, Bladex was able to significantly increase its cash position, continuously maintaining levels well above regulatory liquidity requirements based on Basel III standards. The Bank's capacity to maintain a strong liquidity position is attributable to its historically diversified and stable funding sources that include many longstanding relationships with correspondent banks and investors across the globe, as well as deposits from Latin American central banks, which are also the Bank's Class A shareholders. The Bank intends to maintain this additional liquidity pool, as long as it is required to sustain the Bank's resiliency in an environment of market volatility and high preference for liquidity from all economic agents. Signals such as the gradual opening of economies and the progressive reopening of the debt capital markets will likely indicate that a more flexible liquidity management approach may be adopted. In the meantime, the Bank's priority is to ensure that it maintains a robust liquidity pool to satisfy the requirements of its different stakeholders.

Since mid-March 2020, the Bank has implemented stricter credit underwriting criteria, with a focus on serving its strategic customer base, in client segments and industries that the Bank believes are better suited to face the effects of the COVID-19 pandemic. This has resulted in a reduction of the loan portfolio, as the Bank has been able to collect on scheduled maturities and then lend on a selective basis. Given the short-term nature of the Bank's business, coupled with the high quality of its client base, including 55% of the Commercial Portfolio as of March 31, 2020, placed with top-tier financial institutions across the Region, the Bank has the possibility of managing the size of its portfolio as it sees fit, giving it flexibility to respond to the current uncertain business environment.

The Bank expects that global recession, driven by the effects of the COVID-19 pandemic, will translate into asset quality deterioration for banks globally. As a result, the Bank has implemented a continuous review process of its entire portfolio on a name by name basis, classifying countries and sectors by risk categories. Sectors identified as high risk include airlines, oil and gas upstream and supply chain, sugar, retail and automotive industry, and represent a total of approximately 12% of the total portfolio as of March 31, 2020. None of these sectors individually represented more than 3% of the Bank's portfolio. Furthermore, as of the date of this Base Prospectus, the Bank has been able to collect the vast majority of loan maturities so asset quality remains sound, although it is too early to assess the full extent of the potential impact going forward.

Since mid-March 2020, the Bank has experienced an increase in credit spreads for new funding, in line with trends being seen across the market. Having said this, the very gradual but progressive reopening of the debt capital markets has also resulted in a stabilization of the aforesaid costs. In a normal environment, the short-term nature of the Bank's trade finance business allows a relatively smooth translation into the asset book. However, the current situation of restricted credit appetite to engage in new transactions and the strategic preference to maintain high levels of liquid assets could result in a slower transition of this incremental costs into the loan book and consequently the increase in costs could have an initial impact on the Bank's interest margin.

The Bank has taken considerable measures to mitigate risk for its employees and business operations such as:

- Activation of the Bank's Business Continuity Plan since March 13, 2020. As a result, the Bank has been able to continue the ongoing business remotely and to continue processing transactions without material operational or technological disruption. All the Bank's staff, a total of 177 employees, has been operating remotely from their homes, in six different countries, and the Bank's day-to-day operations have been running without interruption. In relation to human capital, supervisors with the support from the human resources team maintain a constant follow-up with the Bank's employees to ensure that they are in good physical and mental health as well as to ensure that productivity remains at normal levels and work schedules are met.

- The Bank has implemented specific cyber-security measures and controls, supported by tools to protect the main points of attack, namely email and end points (laptops). These tools include (i) email protection tools on all mail flows (incoming and outgoing), which identify and protect against phishing, malware and even a zero day attack (zero days); (ii) End-Point Protection, a next generation antivirus software, that allows the detection of threats based on behavior, as well as modules for automatic incident detection and response; and (iii) encrypted and secure communication to access the Bank's resources through a virtual private network (VPN) platform used to access the Bank's resources (applications, shared folders). All measures are accompanied by continuous monitoring by the Bank's information security and technology personnel, as well as by the outsourced SOC (security operation center).

- The Bank has implemented constant and effective digital communications, both internally and externally with clients, correspondent banks and other stakeholders. As a result, the Bank has not experienced a significant impact on its business resulting from mobility and travel restrictions.

- The Bank arranged a virtual 2020 Annual Meeting of Shareholders for the first time, which management believed was in the best interests of the Bank's shareholders and employees, in light of the latest information and advice regarding travel and mobility.

We also believe that increasing borrowing costs as a result of the COVID-19 pandemic will expose financial vulnerabilities that have accumulated over years of low interest rates. While the sharp fall in the oil price is expected to benefit the oil importing countries in the Region, it is expected to dampen investment and economic activity in countries that are heavily dependent on oil exports.

Critical Accounting Policies

General

The Bank prepares its Audited Consolidated Financial Statements in conformity with IFRS as issued by the IASB.

The consolidated financial statements have been prepared on the basis of fair value for financial assets and liabilities through profit or loss, investment properties, derivative financial instruments, investments and other financial assets at FVOCI. The carrying values of recognized assets and liabilities that are designated as hedged items in fair value hedges, that would otherwise be carried at amortized cost are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships. Other financial assets and liabilities and other non-financial assets and liabilities are presented at amortized cost or on a historical cost basis.

The preparation of the Audited Consolidated Financial Statements requires management to make estimates and use assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the Audited Consolidated Financial Statements and the reported amounts of revenues and expenses during the year. Material estimates that are particularly susceptible to significant changes relate to the determination of the allowances for expected credit losses, impairment of securities, and the fair value of financial instruments. Actual results could differ from those estimates. Management believes these estimates are adequate.

Allowance for losses on financial instruments

The allowances for losses on financial instruments are provided for losses derived from the credit extension process. The classification of the Bank's Credit Portfolio for allowances for credit losses is determined by risk management guidelines and approved by the Risk Policy and Assessment Committee (the "CPER") of the Bank's Board through statistical modeling, internal risk ratings and estimates. The Bank measures expected credit losses (ECLs) in a way that reflects the general pattern of deterioration or improvement in the credit quality of the financial instrument. The amount of ECLs recognized as a loss allowance or provision depends on the extent of credit deterioration since initial recognition. In order to determine the ECLs the Bank uses Individually and Collectively evaluated methodologies to determine if there is objective evidence of impairment for financial Instruments. The Bank considers the following factors, among others, when measuring significant increase in credit risk:

- Significant changes in internal indicators of credit risk as a result of a change in credit risk since inception.
- Significant changes in market indicators of credit risk for a particular financial instrument or similar financial instruments with the same expected life.
- An actual or expected significant change in the financial instrument's external credit rating.
- Existing or forecast adverse changes in business, financial or economic conditions.
- An actual or expected significant change in the operating results of the borrower.
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the borrower.
- Significant changes in the value of the collateral supporting the obligation.
- Significant changes, such as reductions, in financial support from a parent entity or other affiliate or an actual or expected significant change in the quality of credit enhancements, among other factors incorporated in the Bank's ECLs model.

Informed judgments must be made when identifying impaired loans, the PD, the expected loss, the value of collateral and current economic conditions. Even though the Bank's management considers its allowances for ECL to be adequate, the use of different estimates and assumptions could produce different allowances for ECL, and amendments to the allowances may be required in the future due to changes in the value of collateral, the amount of cash expected to be received or other economic events.

The allowance for losses on financial instruments is provided for losses derived from the credit extension process inherent in the loan portfolio, investment securities, and loan commitments and financial guarantee contracts using the reserve methodology to determine expected credit losses. Additions to the allowance for expected credit losses for financial instruments are made by debiting earnings. Incurred credit losses are deducted from the allowance, and subsequent recoveries are added. The allowance is also decreased by reversals of the allowance back to earnings. The allowance for expected credit losses for financial instruments at amortized cost is reported as a deduction of financial assets and the allowance for expected credit losses on loan commitments and financial guarantee contracts, such as letters of credit and guarantees, is presented as a liability.

The Bank measures expected credit losses in a way that reflects: (a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; (b) the time value of money; and (c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecast of future economic conditions.

The expected credit loss model reflects the general pattern of deterioration or improvement in the credit quality of the financial instrument. The amount of ECL recognized as a loss allowance or provision depends on the extent of credit deterioration since initial recognition. There are two measurement bases:

- Stage 1: 12-month ECL, which applies to all financial instruments (from initial recognition) as long as there is no significant deterioration in credit quality.

- Stages 2 and 3: Lifetime ECL, which applies when a significant increase in credit risk has occurred on an individual or collective basis. In Stages 2 and 3 interest revenue is recognized. Under Stage 2 (as under Stage 1), there is a full decoupling between interest recognition and impairment and interest revenue is calculated on the gross carrying amount. Under Stage 3, when a financial asset subsequently becomes credit-impaired (when a credit event has occurred), interest revenue is calculated on the amortized cost, net of impairment (i.e., the gross carrying amount after deducting the impairment allowance). In subsequent reporting years, if the credit quality of the financial asset improves so that the financial asset is no longer credit-impaired and the improvement can be related objectively to the occurrence of an event (such as an improvement in the borrower's credit rating), then the Bank will once again calculate the interest revenue on a gross basis.

The allowance for expected credit losses includes an asset-specific component and a formula-based component. The asset-specific component, or specific allowance, relates to the provision for losses on credits considered impaired and measured individually case-by-case. A specific allowance is established when the discounted cash flows (or observable fair value of collateral) of the credit is lower than the carrying value of that credit. The formula-based component (collective assessment basis) covers the Bank's performing Credit Portfolio and it is established based on a process that estimates the probable loss inherent in the portfolio, based on statistical analysis and management's qualitative judgment. This analysis considers comprehensive information that incorporates not only past due data, but other relevant credit information, such as forward looking macro-economic information.

Impairment losses on financial instruments

Impairment on financial assets is assessed based on numerous factors and its relative importance varies on a case-by-case basis. Factors considered in determining whether there has been a negative impact on the estimated future cash flows of a financial asset include: significant financial difficulties of the issuer; high probability of default; granting a concession to the issuer; disappearance of an active market due to financial difficulties; breach of contract, such as default or delays in interest or principal; and observable data indicating that there is a measurable decrease in estimated future cash flows since initial recognition.

The Bank assesses individually all credit-impaired loans at amortized cost at each reporting date to assess whether an impairment loss should be recorded in profit or loss. Management's judgment is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about several factors and actual results may differ, resulting in future changes to the allowance. Loans at amortized cost that do not give rise to credit impairment individually are evaluated together with all loans and advances in groups of assets with similar risk characteristics. This is to determine whether provision should be made due to incurred loss events for which there is objective evidence, but the effects of which are not yet evident. The collective assessment takes into account data from the Loan Portfolio (such as levels of arrears, credit utilization, loan-to-collateral ratios, etc.) and judgments on the effect of concentrations of risks and economic data (including levels of unemployment, real estate prices indices, country risk and the performance of different individual groups).

The Bank reviews its debt securities classified as investments at fair value through OCI and investments at amortized cost at each reporting date to assess whether they are impaired. This requires similar judgment as is applied to the individual assessment of the investment securities. The Bank records impairment charges when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is significant or prolonged requires judgment. In making this judgment, the Bank evaluates, among other factors, historical price movements and duration and the extent to which the fair value of an investment is less than its cost.

Judgments for Forward Looking

The Bank incorporates information of the economic environments on a forward-looking view, when assessing whether the credit risk of a financial instrument has significantly increased since initial recognition through customer and country rating models which include projections of the inputs under analysis.

Supplementary, for the expected credit loss measurement the results of the alert model can be considered, which are analyzed through a severity indicator to total risk resulting from the estimates and assumptions of several macroeconomics factors. These estimates and assumptions are supported by a base scenario associated to a probability of occurrence of 95%. Other scenarios represent optimistic and pessimistic results. The implementation and interpretation of the outcomes of the alert are based on the expert judgement of management, based on suggestions of areas such as Credit Risk, Economic Studies and Loan Recovery of the Bank.

The principal macroeconomics variables of the severity indicator are: GDP Growth (Var%), CoMex Growth (Var%), Commodities Price Index 2005 = 100, FED interest rate (%), USD vs Global Currencies Index 1973 = 100, and PMI Index, among others.

The main assumptions of those estimates are based on:

- The Bank's results may be affected by changes in global economic conditions.
- General political, economic and business conditions in Latin American, and other regions, countries or territories in which we operate.
- Changes in applicable laws and regulations.
- The monetary, interest rate and other policies of central banks of Latin American.
- Changes or volatility in interest rates, foreign exchange rates, asset prices, equity markets, commodity prices, inflation or deflation.
- The effects of competition in the markets in which we operate, which may be influenced by regulation or deregulation.
- Our ability to hedge certain risks economically.
- Changes of risk perception in the markets in which the Bank operates.
- A prolonged downturn in global debt capital markets stemming from credit risk aversions, anti-money laundering, or other economic or political concerns pertaining to the Region, or a continued downturn in investor confidence, could affect the Bank's access to cross border funding or increase its cost of funding.

- Our success in managing the risks involved in the foregoing, which depends, among other things, on our ability to anticipate events that cannot be captured by the statistical models we use and force majeure and other events beyond our control.

In addition, the sensitivity in a downturn or upgrade adjustment of any variable will impact directly in the result of the expected risk severity index of the alert model.

Fair Value Valuations

In order to value an instrument there are several approaches that can be used. The fair value is represented by the present value of cash flows of each instrument. For those instruments categorized as a Level 1 in the Fair Value Hierarchy, valuations can be obtained by using observable market quotes/prices in active markets. The definition of an active market depends on an individual criteria on trading frequency and traded volume.

The data input for instruments categorized as a Level 2 are different from quoted prices included in Level 1. The Level 2 data input may include the following elements:

1. Observable prices/quotes in a non-active market.

2. Observable prices/quotes derived from similar instruments.

3. Other data input observable in the markets as for example: interest rates, credit differentials and others. An adjustment to Level 2 data input that may be significant can cause changes in the fair value hierarchy to Level 3.

For Level 3 instruments, data input is not readily observable in the market. In order to derive fair valuations, data input may reflect assumptions on the pricing and risk inputs.

The entity may develop non observable data input using the best available information in those circumstances.

Level 3 Financial Instrument Valuations

In order to value an instrument, exposure, time and discount curve are required.

The exposure is calculated based on client contractual nominal exposure at maturity. The time is the time fraction measured in years from valuation date until maturity.

If no discount curve is available from public information, the yield would be derived from a peer's public information. The yield will then be adjusted by taking into account capital and debt structure and a premium for liquidity in emerging markets. This premium takes into account Bladex view on similar business trades. The present value of the exposure at maturity represents the fair value of the instrument.

Recent Accounting Pronouncements

The Bank applied IFRS 16 issued in January 2016 as a replacement of IAS 17 "Leases", with effective date of initial application on January 1, 2019. As a result, the Bank has changed its accounting policy for lease contracts using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings at January 1, 2019. In transition to IFRS 16, the Bank recognized right-of-use assets for $17.4 million, a decrease in liability loss under the methodology of IAS 17 and a lease liability of $21.0 million, recognizing the difference in retained earnings of $1.9 million. The Bank discounted the lease payments using its internal funding costs at January 1, 2019, resulting in an applied weighted average cost of 4.81%.

For information regarding the Bank's basis of preparation and changes in significant accounting policies, see notes 2 and 3, respectively, to the Audited Consolidated Financial Statements. Additionally, for information regarding the Bank's fair value of financial instruments, see note 7 to the Audited Consolidated Financial Statements.

Nature of Earnings

The Bank derives income from net interest income and net other income, which includes fees and commissions, net, gain (loss) on financial instruments, net, and other income, net. Net interest income, or the difference between the interest income the Bank receives on its interest-earning assets and the interest expense the Bank pays on interest-bearing liabilities, is generated principally by the Bank's lending activities. The Bank generates fees and commissions mainly through the issuance, confirmation and negotiation of letters of credit, guarantees, and credit commitments, and through loan structuring and syndication activities.

Operating Results

The following table summarizes changes in components of the Bank's profit for the year and performance for the periods indicated. The operating results in any period are not indicative of the results that may be expected for any future period.

	For the Year Ended December 31,		
	2019	2018	2017
	(in $ thousands, except per share amounts and percentages)		
Interest income	$273,682	$258,490	$226,079
Interest expense	(164,167)	(148,747)	(106,264)
Net interest income	109,515	109,743	119,815
Other income (expense):			
Fees and commissions, net	15,647	17,185	17,514
Loss on financial instruments, net	(1,379)	(1,009)	(739)
Other income, net	2,874	1,670	1,723
Total other income, net	17,142	17,846	18,498
Total revenues	**126,657**	**127,589**	**138,313**
Impairment loss on financial instruments	(430)	(57,515)	(9,439)
Gain (loss) on non-financial assets, net	500	(10,018)	0
Operating expenses:			
Salaries and other employee expenses	(24,179)	(27,989)	(27,653)
Depreciation of equipment and leasehold improvements	(2,854)	(1,282)	(1,578)
Amortization of intangible assets	(702)	(1,176)	(838)
Other expenses	(12,939)	(18,471)	(16,806)
Total operating expenses	(40,674)	(48,918)	(46,875)
Profit for the year	**$86,053**	**$11,138**	**$81,999**
Basic earnings per share	**$2.17**	**$0.28**	**$2.09**
Diluted earnings per share	$2.17	$0.28	$2.08
Weighted average basic shares	39,575	39,543	39,311
Weighted average diluted shares	39,575	39,543	39,329
Return on average total assets [(1)]	1.36%	0.17%	1.27%
Return on average total equity [(2)]	8.56%	1.08%	8.02%

(1) For the years 2019, 2018 and 2017, return on average total assets is calculated as profit for the year divided by average total assets. Average total assets for 2019, 2018 and 2017 is calculated on the basis of daily average balances.

(2) For the years 2019, 2018 and 2017, return on average total equity is calculated as profit for the year divided by average total equity. Average total equity for 2019, 2018 and 2017 is calculated on the basis of daily average balances.

Profit for the Year

Bladex's profit for the year 2019 totaled $86.1 million, or $2.17 per share, compared to $11.1 million, or $0.28 per share for 2018. This increase in profits was mainly driven by: (i) substantially lower impairment losses of $0.4 million in 2019, compared to $57.5 million in 2018, which was due to the Bank's improved risk profile as a result of higher quality loan originations, the timely collection of scheduled maturities of its watch-list exposures, and no new credits classified as credit-impaired loans since the third quarter of 2018, (ii) steady top line total revenues resulting in a $1.5 million or 1% decline, as the Bank was able to maintain relatively stable financial margins and average Commercial Portfolio volumes, mainly resulting from the shifting of its credit underwriting toward lower risk countries and (iii) an $8.2 million or 17% decrease in operating expenses as a result of the Bank's continued efforts and focus on effective cost control management and overall improved structural and operational efficiencies, leading to an improved efficiency ratio of 32% in 2019 from 38% in 2018.

The Bank's profit for the year 2018 totaled $11.1 million, or $0.28 per share, compared to $82.0 million, or $2.09 per share for the year 2017. Bladex's decrease in profits during 2018 was mainly impacted by: (i) the $57.5 million impairment losses on financial instruments, primarily associated with provisions for credit losses on an increased level of credit-impaired loans, mainly related to a single credit in the sugar industry in Brazil, (ii) the $10.0 million impairment losses on non-financial assets, associated with losses on investment properties and other non-financial assets related to credit restructurings, as well as to the disposal of obsolete technology, in line with the Bank's objective to optimize its operating platform, and (iii) the $10.7 million decrease in total revenues, mainly resulting from lower net interest income (-8%) on narrower net interest margin (-14 basis points), attributable to decreased lending spreads on a relatively stable level of average loan balances (+1%). Narrower lending spreads reflect the shift in the focus of the Bank's portfolio toward financial institutions, sovereign and state-owned entities and top tier corporate clients most of which constitute exporters with U.S. dollar generation capacity.

Net Interest Income and Margins

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

	For the Year Ended December 31,		
	2019	**2018**	**2017**
	(in $ millions, except percentages)		
Net interest income (loss) by Business Segment			
Commercial	$108.4	$109.8	$120.6
Treasury	1.1	(0.0)	(0.8)
Total Net Interest Income	**$109.5**	**$109.7**	**$119.8**
Net interest margin	1.74%	1.71%	1.85%
Net interest spread	1.19%	1.21%	1.48%

Interest Income Variation

2019 vs. 2018

For the year ended December 31, 2019, the Bank's interest income totaled $273.7 million, compared to $258.5 million during the year ended December 31, 2018. The $15.2 million, or 6% increase in interest income during 2019 was primarily attributable to (i) an $18.1 million increase in rate-driven interest income on loans, mostly resulting from a 33 basis point increase in average lending rates to 4.59% in 2019 attributable to an increase in market rates, as the Bank generally prices its loans based on short-term LIBOR rates plus a credit spread – with average spreads exhibiting a downward trend due to the Bank's increased lending to higher quality borrowers such as financial institutions, sovereign and state-owned entities, and exporting corporations with US dollar generation capacity, as a result of the Bank's efforts to improve its portfolio credit risk profile, which partly offset the overall lending rate increase; and (ii) an $1.4 million increase in rate-driven interest income on deposit placements, also mostly attributable to market rate increases, resulting in a 26 basis point increase in interest yields on deposit placements to 2.22% in 2019.

2018 vs. 2017

For the year ended December 31, 2018, the Bank's interest income totaled $258.5 million, compared to $226.1 million during the year ended December 31, 2017. The $32.4 million, or 14% increase in interest income during 2018 was primarily attributable to (i) a $24.7 million increase in rate-driven interest income on loans, mostly resulting from a 43 basis points increase in average lending rates to 4.26% in 2018 attributable to an increase in market rates, as the Bank generally prices its loans based on short-term LIBOR rates plus a credit spread – with average spreads exhibiting a downward trend due to the Bank's increased lending to higher quality borrowers such as financial institutions, sovereign and state-owned entities, and exporting corporations with US dollar generation capacity, partly offsetting the overall lending rate increase; and (ii) a $7.8 million increase in rate-driven interest income on deposit placements, also mostly attributable to market rate increases, resulting in an 85 basis points increase in interest yields on deposit placements to 1.96% in 2018.

Interest Expense Variation

2019 vs. 2018

The Bank recorded an annual increase in interest expense of $15.5 million, or 10% from $148.7 million in 2018 to $164.2 million in 2019. This increase was primarily the result of a $15.6 million rate-driven increase in interest expense for total interest-bearing liabilities, attributable to the upward repricing on LIBOR-based market rates. Overall, the average interest rate paid on interest-bearing liabilities increased to 3.10% in 2019 from 2.76% in 2018.

2018 vs. 2017

The Bank recorded an annual increase in interest expense of $42.5 million, or 40% from $106.3 million in 2017 to $148.7 million in 2018. This increase was primarily the result of a $44.1 million rate-driven increase in interest expense for total interest-bearing liabilities, attributable to the upward repricing on LIBOR-based market rates. Overall, the average interest rate paid on interest-bearing liabilities increased from 1.95% in 2017 to 2.76% in 2018.

Net Interest Income Variation

2019 vs. 2018

For the year ended December 31, 2019, the Bank's net interest income totaled $109.5 million, compared to $109.7 million during the year ended December 31, 2018. The $0.2 million, or 0.2% decrease in net interest income during 2019 was impacted by lower average lending volumes and decreased average liability deposit balances, impacting overall funding costs, which were partially offset by the net positive effect of increasing LIBOR-based market rates during 2019 which remained high through the first half of 2019, resulting in a 3 basis point increase in Net Interest Margin ("NIM") from 1.71% in 2018 to 1.74% in 2019. Due to the short-term nature of its loan portfolio, the Bank maintains a narrow interest rate gap structure and is able to pass along LIBOR-based market rates increases in its funding to its asset base.

2018 vs. 2017

For the year ended December 31, 2018, the Bank's net interest income totaled $109.7 million, compared to $119.8 million during the year ended December 31, 2017. The $10.1 million, or 8% decrease in net interest income during 2018 was mainly attributable to a 14 basis point decline in Net Interest Margin ("NIM"). The decrease in NIM relates to narrower net lending spreads due to the origination of higher quality loans in 2018. Lower lending spreads were partly offset by the net positive effect of an increasing interest rate environment on the repricing of the Bank's assets and liabilities.

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

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

	For the Year ended December 31,								
	2019			2018			2017		
Description	Average balance	Interest	Average yield/rate	Average balance	Interest	Average yield/rate	Average balance	Interest	Average yield/rate
				(in $ millions, except percentages)					
Interest-Earning Assets									
Interest bearing deposits with banks	$756	$17.0	2.22%	$784	$15.6	1.96%	$909	$10.3	1.11%
Investment securities [1]	90	3.2	3.52%	92	2,9	3.12%	87	2.5	2.83%
Loans	5,449	253.5	4.59%	5,552	240.0	4.26%	5,498	213.3	3.83%
Total interest-earning assets	**$6,294**	**$273.7**	**4.29%**	**$6,427**	**$258.5**	**3.97%**	**$6,494**	**$226.1**	**3.43%**
Allowance for loan losses	(101)			(98)			(110)		
Non-interest-earning and other assets	153			122			84		
Total Assets	**$6,346**			**$6,451**			**$6,468**		
Interest-Bearing Liabilities									
Demand deposits	$98	1.9	1.91%	$82	1.2	1.48%	$132	1.1	0.87%
Time deposits	2,621	65.5	2.47%	2,868	61.9	2.13%	3,044	41.7	1.35%
Deposits [2]	2,719	67.4	2.45%	2,950	63.1	2.11%	3,176	42.8	1.33%
Securities sold under repurchase agreements and short-term borrowings and debt	1,117	38.9	3.44%	1,123	33.9	2.98%	710	12.0	1.66%
Long-term borrowings and debt, net [3]	1,388	57.8	4.11%	1,245	51.7	4.09%	1,478	51.5	3.43%
Total interest-bearing liabilities	**$5,224**	**$164.2**	**3.10%**	**$5,318**	**$148.7**	**2.76%**	**$5,364**	**$106.3**	**1.95%**
Non-interest bearing liabilities and other liabilities	117			102			82		
Total Liabilities	**$5,341**			**$5,420**			**$5,446**		

Description	2019 Average balance	2019 Interest	2019 Average yield/rate	2018 Average balance	2018 Interest	2018 Average yield/rate	2017 Average balance	2017 Interest	2017 Average yield/rate
				(in $ millions, except percentages)					
Total equity	1,005			1,031			1,022		
Total Liabilities and Equity	**$6,346**			**$6,451**			**$6,468**		
Net interest spread			1.19%			1.21%			1.48%
Net interest income and net interest margin		**$109.5**	1.74%		**$109.7**	1.71%		**$119.8**	1.85%

For the Year ended December 31,

(1) Investment securities are securities in the Bank's Investment Portfolio, which consists of securities at FVOCI and at amortized cost that are non-taxable securities. The average yield using cost-based average balances would have been 3.58%, 3.21% and 2.99%, for 2019, 2018 and 2017, respectively.
(2) The Bank obtains deposits in the form of demand deposits and time deposits from its central bank shareholders, commercial banks and corporations.
(3) Includes lease liabilities, net of prepaid commissions.
Note: Interest income and/or expense includes the effect of derivative financial instruments used for hedging.

Changes in Net Interest Income — Volume and Rate Analysis

Net interest income is affected by changes in volume and changes in interest rates. Volume changes are caused by differences in the level of interest-earning assets and interest-bearing liabilities. Rate changes result from differences in yields earned on interest-earning assets and rates paid on interest-bearing liabilities. The following table sets forth a summary of the changes in net interest income of the Bank, resulting from changes in its interest-earning assets and interest-bearing liabilities' average volume and average interest rate changes for 2019 compared to 2018 and 2018 compared to 2017. Volume and rate variances have been calculated based on average balances and average interest rates over the periods presented.

	2019 vs. 2018 Volume(*)	2019 vs. 2018 Rate(*)	2019 vs. 2018 Net Change	2018 vs. 2017 Volume(*)	2018 vs. 2017 Rate(*)	2018 vs. 2017 Net Change
			(in $ thousands)			
Increase (decrease) in interest income						
Interest bearing deposits with banks	$(636)	$2,032	$1,396	$(2,481)	$7,835	$5,354
Investment securities	(61)	372	311	149	258	407
Loans	(4,587)	18,072	13,485	1,920	24,730	26,650
Total increase (decrease)	**$(5,284)**	**$20,476**	**$15,192**	**$(412)**	**32,823**	**32,411**
(Increase) decrease in interest expense						
Demand deposits	(303)	(357)	(660)	740	(820)	(80)
Time deposits	6,183	(9,812)	(3,629)	3,811	(24,030)	(20,219)
Total Deposits	5,880	(10,169)	(4,289)	4,551	(24,850)	(20,299)
Securities sold under repurchase agreement and short-term borrowings and debt	65	(5,068)	(5,003)	(12,400)	(9,574)	(21,974)
Long-term borrowings and debt, net	(5,782)	(346)	(6,128)	9,448	(9,658)	(210)
Total (increase) decrease	**$163**	**$(15,583)**	**$(15,420)**	**$1,599**	**$(44,082)**	**$(42,483)**
Increase (decrease) in net interest income	**$(5,121)**	**$4,893**	**$(228)**	**$1,187**	**$(11,259)**	**$(10,072)**

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

Fees and commissions, net

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

	For the Year Ended December 31,		
	2019	2018	2017
		(in $ thousands)	
Syndications	$5,622	$4,950	$6,608
Documentary and standby letters of credit	9,506	10,767	$10,430
Other commissions, net	519	1,468	476
Fees and commissions, net	**$15,647**	**$17,185**	**$17,514**

During the year ended December 31, 2019, fees and commissions totaled $15.6 million, compared to $17.2 million for the year ended December 31, 2018. The $1.5 million, or 9%, decrease resulted from the net effect of: a 12% decrease in fees from letters of credit on lower letters of credit revenues, which were partially offset by a 14% year-on-year increase in syndication fees. The Bank has positioned itself as a relevant player in originating syndicated transactions across the Region, and was able to close six transactions during 2019, for a total principal amount of $1.3 billion, compared to seven transactions during 2018, for a total principal amount of $847 million. Other commissions, net, which are mostly comprised of the opening and confirmation of credit commitments and guarantee contracts, net of commission expenses, also registered a 65% decrease in 2019 compared to 2018.

During the year ended December 31, 2018, fees and commissions totaled $17.2 million, compared to $17.5 million for the year ended December 31, 2017. The $0.3 million, or 2%, decrease resulted from the net effect of a 25% decrease in syndication fees, denoting the uneven nature of this transactional business, which was offset by a 3% increase in fees from letters of credit, evidencing an upward trend in fee generation over the last two years, consistent with the Bank's focus on enhancing its participation in the trade value chain. The Bank has positioned itself as a relevant player in originating syndicated transactions across the Region, and was able to close seven transactions during 2018, for a total principal amount of $847 million, compared to seven transactions during 2017, for a total principal amount of $832 million.

Gain (loss) on financial instruments, net:

The following table sets forth the details of the Bank's gain (loss) on financial instruments, net, for the periods indicated

	For the Year Ended December 31,		
	2019	2018	2017
		(in $ thousands)	
Gain (loss) on derivative financial instruments and changes in foreign currency, net	$672	$(1,226)	$(437)
(Loss) gain on financial instruments at fair value through profit or loss	(2,258)	648	(732)
Gain realized on financial instruments at fair value with changes in other comprehensive income	186	194	249
Gain (loss) gain on sale of loans	21	(625)	181
Loss on financial instruments, net	**$(1,379)**	**$(1,009)**	**$(739)**

During the year ended December 31, 2019, the Bank recorded a net loss on financial instruments of $1.4 million, compared to a net loss on financial instruments of $1.0 million for the year ended December 31, 2018, and a net loss on financial instruments of $0.7 million for the year ended December 31, 2017. The $0.4 million, or 37% increase in loss on financial instruments during 2019 was mainly attributable to investment securities losses held at fair value through profit and loss. The $0.3 million, or 37%, increase in loss on financial instruments during 2017 was mainly related to higher losses on derivative financial instruments and foreign currency exchange held for risk management hedging purposes.

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

The Bank purchases debt instruments with the intention of selling them prior to maturity, with the realized gain (loss) on the sale of securities recorded on financial instruments at fair value with changes in other comprehensive income. These debt instruments are classified as securities at FVOCI and are included as part of the Bank's Credit Portfolio.

The gain (loss) on sale of loans at amortized cost corresponds to income derived from the Bank's business stream of loan intermediation and distribution activities in the primary and secondary markets. During the year ended December 31, 2019, the Bank reported a gain on sale of loans of $21 thousand, on decreased sale activity in the secondary markets, compared to a net loss on sale of loans of $0.6 million during the year ended December 31, 2018, as the Bank reduced its exposure in 2018 associated with a previously executed structured transaction, and compared to gains on sale of loans of $0.2 million for the year ended December 31, 2017

Other income, net

During the year ended December 31, 2019, the Bank recorded other income, net of $2.9 million, compared to $1.7 million for each of the years ended December 31, 2018, and 2017. The $1.2 million, or 72%, increase in other income is mainly related to the payment of a matured investment security in the amount of $0.8 million.

Impairment loss on financial instruments

For the year ended December 31, 2019, the Bank's impairment loss on financial instruments totaled $0.4 million, a substantially improved result when compared to $57.5 million and $9.4 million for the years ended December 31, 2018 and 2017, respectively. The result in 2019 was primarily due to improved credit quality derived from reduced levels of credit-impaired loans, the Bank's improved country risk profile and the scheduled repayments at maturity in 2019 of certain exposures that had previously undergone some credit deterioration since their origination, some of which were related to internal country risk downgrades or to the incorporation of certain exposures in our watch-list.

For the year ended December 31, 2018, the impairment loss on financial instruments amounted to $57.5 million, reflecting the increase in credit-impaired loans mostly associated with the significant deterioration of a single credit in the Brazilian sugar sector, exacerbated by significant deterioration in 2018 as a result of worsening sugar fundamentals in international markets, and a resulting significant decrease in sugar prices, which decreased during 2018 to levels well below the worldwide marginal cost of production, as well as due to the risk involved in the borrower's complex restructuring process.

The impairment loss on financial instruments totaled $9.4 million for the year ended December 31, 2017, which was mostly associated with impairment losses on certain credit exposures that underwent restructuring processes during 2017, which were partially offset by recoveries from both lower end-of-period portfolio balances and the shift in the overall portfolio mix toward shorter-term trade exposures during 2017.

Gain (loss) on non-financial assets, net

For the year ended December 31, 2019, the gain on non-financial assets, net amounted to $0.5 million, as the Bank realized the sale of an investment property, while no other impairment loss in non-financial assets were registered during the year ended December 31, 2019.

For the year ended December 31, 2018, the loss on non-financial assets, net amounted to $10.0 million, $4.0 million of which was associated with write offs corresponding mainly to technological projects classified as intangible assets ($2.7 million) and other assets under development ($1.3 million). The remaining amount relates to the storage silos received by the Bank as payment for a restructured loan transaction that were recorded as investment properties and as other assets under development of the deed, with carrying amounts of $3.8 million and $1.7 million, respectively, which were assessed in 2018 by the Bank to have a fair value of zero. For the year ended December 31, 2017, the Bank did not report gain or loss on non-financial assets, net.

Operating Expenses

During the year ended December 31, 2019, the Bank's operating expenses totaled $40.7 million, compared to $48.9 million for the year ended December 31, 2018. The $8.2 million, or 17%, decrease was mainly attributable to a 14% decrease in employee-related expenses resulting from the Bank's personnel restructuring in 2018, together with other cost savings, such as previous rental expenses which, due to the adoption of a new accounting standard IFRS 16 in 2019, are now characterized as depreciation and interest expense, as well as the absence of certain one-time expenses that were recorded in 2018.

During the year ended December 31, 2018, the Bank's operating expenses totaled $48.9 million, compared to $46.9 million for the year ended December 31, 2017. The $2.0 million, or 4%, increase was mainly attributable to non-recurring expenses incurred in 2018 from personnel restructurings and from the streamlining of processes and technological infrastructure as part of the Bank's efforts to optimize its operating infrastructure.

Business Segment Analysis

The Bank's activities are managed and executed in two business segments: Commercial and Treasury.

The business segment results are determined based on the Bank's managerial accounting process as defined by IFRS 8 – Operating Segments, which assigns assets, liabilities, revenue and expense items to each business segment on a systemic basis.

The Bank's net interest income represents the main driver of profits for the year. Interest income is generated by interest-earning assets, which include interest-bearing deposits with banks, loans, and investment securities. Interest expense is allocated to interest-earning assets on a matched-funded basis, net of risk adjusted capital allocated by business segment. The operating expense allocation methodology assigns overhead expenses based on resource consumption by business segment. The following table summarizes certain information of the Bank's operations by business segment for the periods indicated:

	For the Year Ended December 31,		
	2019	**2018**	**2017**
	(in $ thousands, except percentages)		
COMMERCIAL:			
Net interest income	$108,398	$109,781	$120,581
Other income (expense)	17,835	18,002	18,926
Total revenues	126,233	127,783	139,507
Impairment loss on financial instruments	(744)	(57,621)	(9,928)
Gain (loss) on non-financial assets, net	500	(5,967)	0
Operating expenses	(31,183)	(37,436)	(35,916)
Profit for the segment	**$94,806**	**$26,759**	**$93,663**
TREASURY:			
Net interest income	$1,117	$(38)	$(766)
Other income (expense)	(693)	(156)	(428)
Total revenues	424	(194)	(1,194)
Recovery on financial instruments	314	106	489
Operating expenses	(9,491)	(11,482)	(10,959)
Loss for the segment	**$(8,753)**	**$(11,570)**	**$(11,664)**
TOTAL:			
Net interest income	$109,515	$109,743	$119,815
Other income (expense)	17,142	17,846	18,498
Total revenues	126,657	127,589	138,313
Impairment loss on financial instruments	(430)	(57,515)	(9,439)
Gain (loss) on non-financial assets, net	500	(5,967)	0
Operating expenses	(40,674)	(48,918)	(46,875)
Total profit for reportable segments	**$86,053**	**$15,189**	**$81,999**
Unallocated impairment loss on non-financial assets	0	(4,051)	0
Profit for the year	**$86,053**	**$11,138**	**$81,999**

The Commercial Business Segment

The Commercial Business Segment encompasses the Bank's core business of financial intermediation and fee generation activities catering to corporations, financial institutions and investors in Latin America. These activities include the origination of bilateral short-term and medium-term loans, structured and syndicated credits, loan commitments, and financial guarantee contracts such as issued and confirmed letters of credit, stand-by letters of credit, guarantees covering commercial risk, and other assets consisting of customers' liabilities under acceptances. See "Description of Business of Bladex—Business Activities—Commercial Portfolio."

Profits from the Commercial Business Segment include: (i) net interest income from loans; (ii) fees and commissions from the issuance, confirmation and negotiation of letters of credit, guarantees and loan commitments, and from loan structuring and syndication activities; (iii) gain on sale of loans generated through loan intermediation activities, such as sales in the secondary market and distribution in the primary market; (iv) recovery or impairment loss on financial instruments and gain or loss on non-financial assets, net; and (v) direct and allocated operating expenses.

Year 2019 vs. Year 2018

The Commercial Business Segment's profit of $94.8 million for the year 2019 was mainly impacted by: (i) substantially lower impairment losses of $0.7 million in 2019, compared to $57.6 million in 2018, which was due to the Bank's improved risk profile as a result of higher quality loan originations, the timely collection of scheduled maturities of its watch-list exposures, and no new credits classified as credit-impaired loans since the third quarter of 2018, (ii) steady top line total revenues resulting in a $1.5 million or 1% decrease, as the Bank was able to maintain relatively stable financial margins and average Commercial Portfolio volumes, mainly resulting from the shifting of its credit underwriting toward lower risk countries and (iii) a $6.2 million or 17% decrease in operating expenses as a result of the Bank's continued efforts and focus on effective cost control management and overall improved structural and operational efficiencies.

Year 2018 vs. Year 2017

The Commercial Business Segment's profit of $26.8 million for the year 2018 was mainly impacted by: (i) the $57.6 million impairment loss on financial instruments from higher credit provisions associated with credit-impaired loans, which were mostly associated with the significant deterioration of a single credit in the Brazilian sugar sector, exacerbated by significant deterioration in 2018 as a result of worsening sugar fundamentals in international markets, and a resulting significant decrease in sugar prices, which decreased during 2018 to levels well below the worldwide marginal cost of production, as well as due to the risk involved in the borrower's complex restructuring process; (ii) the $6.0 million impairment loss on non-financial assets related to credit restructurings, and (iii) a $10.8 million, or 9% decrease in net interest income due to narrower net lending spreads as a result of the origination of higher quality loans in 2018, which are generally characterized by lower spreads, as the Bank increased its lending focus to financial institutions, sovereign and state-owned entities, while origination in the corporate sector remained focused on top quality exporters with U.S. dollar generation capacity.

The Treasury Business Segment

The Treasury Business Segment focuses on managing the Bank's investment portfolio, and the overall structure of its assets and liabilities to achieve more efficient funding and liquidity positions for the Bank, mitigating the traditional financial risks associated with the balance sheet, such as interest rate, liquidity, price and currency risks. Interest-earning assets managed by the Treasury Business Segment include liquidity positions in cash and cash equivalents, and financial instruments related to the investment management activities, consisting of securities at FVOCI and securities at amortized cost. The Treasury Business Segment also manages the Bank's interest-bearing liabilities, which constitute its funding sources, mainly deposits, short- and long-term borrowings and debt.

Profits from the Treasury Business Segment include net interest income derived from the above mentioned treasury assets and liabilities, and related net other income (net results from derivative financial instruments and foreign currency exchange, gain (loss) per financial instruments at FVTPL, gain (loss) on sale of securities at FVOCI, and other income), recovery or impairment loss on financial instruments, and direct and allocated operating expenses.

Year 2019 vs. Year 2018

The Treasury Business Segment reported a loss of $8.7 million for the year 2019, compared to a loss of $11.6 million for the year 2018. The improvement of $2.8 million, or 24% was primarily associated with an increase in total revenues, mainly from the $1.2 million increase in net interest income, as a result of a positive gap income in an environment characterized by increasing interest rates, as well as a $2.0 million or 17% decrease in operating expenses as a result of the Bank's continued effort and focus on effective cost control management and overall improved structural and operational efficiencies.

Year 2018 vs. Year 2017

The Treasury Business Segment reported a loss of $11.6 million for the year 2018, compared to a loss of $11.7 million for the year 2017. The slight improvement of $0.1 million, or 1% was primarily associated with an increase in total revenues, mainly from higher net interest income, as the Bank was able to achieve a net positive outcome in repricing its assets and liabilities in an environment characterized by increasing interest rates. The Bank maintained a narrow interest rate gap structure due to the short-term nature of its loan portfolio, and was able to pass along LIBOR-based market rate increases in its funding to its asset base. Other income (expense), mostly related to hedging derivatives valuations and gain on sale of financial instruments, remained relatively stable on a full-year basis.

Changes in Financial Position

The following table presents components of the Bank's consolidated statements of financial position as of the dates indicated:

	As of December 31,		
	2019	2018	2017
		(in $ thousands)	
Assets			
Cash and due from banks	$1,178,170	$1,745,652	$672,048
Securities and other financial assets, net	88,794	123,598	95,484
Loans	5,892,997	5,778,424	5,505,658
Interest receivable	41,757	41,144	29,409
Allowance for loan losses	(99,307)	(100,785)	(81,294)
Unearned interest and deferred fees	(12,114)	(16,525)	(4,985)
Loans, net	5,823,333	5,702,258	5,448,788
Customers' liabilities under acceptances	115,682	9,696	6,369
Derivative financial instruments - assets	11,157	2,688	13,338
Equipment and leasehold improvements, net	18,752	6,686	7,420
Intangibles, net	1,427	1,633	5,425
Investment properties	3,494	0	5,119
Other assets	8,857	16,974	13,756
Total Assets	**$7,249,666**	**$7,609,185**	**$6,267,747**
Liabilities and Equity			
Demand deposits	$85,786	$211,381	$82,064
Time deposits	2,802,550	2,759,441	2,846,780
	2,888,336	2,970,822	$2,928,844
Interest payable	5,219	12,154	8,261
Total deposits	2,893,555	2,982,976	2,937,105
Securities sold under repurchase agreement	40,530	39,767	0
Borrowings and debt, net	3,138,310	3,518,446	2,211,567
Interest payable	10,554	13,763	7,555
Customers' liabilities under acceptances	115,682	9,696	6,369
Derivative financial instruments - liabilities	14,675	34,043	34,943
Allowance for loan commitments and financial guarantees contracts losses	3,044	3,289	6,845
Other liabilities	17,149	13,615	20,551
Total Liabilities	**$6,233,499**	**$6,615,595**	**$5,224,935**
Equity			
Common stock	$279,980	$279,980	$279,980
Treasury stock	(59,669)	(61,076)	(63,248)
Additional paid-in capital in excess of value assigned to common stock	120,362	119,987	119,941
Capital reserves	95,210	95,210	95,210
Regulatory reserves	136,019	136,019	129,254
Retained earnings	446,083	423,050	479,712
Other comprehensive income (loss)	(1,818)	420	1,963
Total Equity	**$1,016,167**	**$993,590**	**$1,042,812**
Total Liabilities and Equity	**$7,249,666**	**$7,609,185**	**$6,267,747**

2019 vs. 2018

As of December 31, 2019, total assets amounted to $7,250 million, a 5% decrease compared to $7,609 million as of December 31, 2018, which was mainly attributable to a lower liquidity position in cash and due from banks, partly compensated by the growth of the Bank's Loan Portfolio, both detailed as follows.

The Bank's cash and due from banks, most of which consisted of actively managed liquid assets, totaled $1,178 million as of December 31, 2019, compared to $1,746 million as of December 31, 2018, as liquidity balances at the end of 2018 were above historical levels as the Bank scheduled its funding sources in anticipation of a potential temporary decline in its deposit base which ended-up reverting toward year-end 2018.

As of December 31, 2019, the Bank's Loan Portfolio totaled $5,893 million, compared to $5,778 million as of December 31, 2018. The $115 million, or 2% Loan Portfolio increase as of December 31, 2019, mainly relates to the Bank's ability to generate new client relationships and to continue to deploy longer tenor transactions with its traditional client base of top quality financial institutions, export corporations and "multilatinas".

Securities and other financial assets are mostly comprised of the Bank's Investment Portfolio, in the form of both securities at FVOCI and securities at amortized cost consisting of investments in securities of Latin American issuers, which accounted for only 1% of total assets as of December 31, 2019 and 2018.

As of December 31, 2019, total liabilities amounted to $6,233 million, a $382 million or 6% decrease, compared to $6,616 million as of December 31, 2018, which was mainly attributable to lower funding sources in the form of borrowings and debt, which decreased 11% as of December 31, 2019 compared to December 31, 2018, as the Bank had scheduled toward year-end 2018 more sources of funding in anticipation of a potential temporary decline in its deposit base. Deposit balances totaled $2,888 million as of December 31, 2019, an $82 million or 3% decrease compared to $2,971 million as of December 31, 2018. Deposit balances as a percentage of total liabilities increased to 46% as of December 31, 2019, compared to 45% of total liabilities as of December 31, 2018. The majority of the deposits are placed by central banks or designees (i.e., Class A shareholders of the Bank), with 61% and 71% of total deposits at the end of these periods, respectively.

Total equity increased by 2% to $1,016 million as of December 31, 2019, compared to $994 million as of December 31, 2018. The increased equity levels during 2019 reflect higher profits totaling $86 million for the year ended December 31, 2019, while the Bank maintained a level of dividends similar to prior years at $1.54 per share. The Bank's equity consists of issued and fully paid ordinary common stock and retained earnings.

2018 vs. 2017

As of December 31, 2018, total assets amounted to $7,609 million, a 21% increase compared to $6,268 million as of December 31, 2017, which was mainly attributable to a higher liquidity position in cash and cash equivalents and the growth of the Bank's Loan Portfolio, both detailed as follows:

The Bank's cash and cash equivalents, most of which consisted of actively managed liquid assets, totaled $1,746 million as of December 31, 2018, compared to $672 million as of December 31, 2017. Year-end liquidity balances were above historical levels as the Bank scheduled its funding sources in anticipation of a potential temporary decline in its deposit base which ended-up reverting toward year-end 2018. Consequently, the liquid assets to total assets ratio amounted to 22% as of December 31, 2018, compared to 10% as of December 31, 2017, while at these same dates, the liquid assets to total deposits ratios were 57% and 21%, respectively. As of December 31, 2018, $1,648 million, or 97% of the Bank's liquid assets were held as deposits with the Federal Reserve Bank of New York.

As of December 31, 2018, the Bank's Loan Portfolio amounted to $5,778 million, compared to $5,506 million as of December 31, 2017. The $272 million, or 5% Loan Portfolio increase during 2018 was mainly attributable to higher mid-term lending origination throughout 2018 as the Bank was able to deploy longer tenor transactions with its traditional client base of top quality financial institutions, export corporations and "multilatinas", and continued to perform well on short-term origination capacity.

Securities and other financial assets are mostly comprised of the Bank's Investment Portfolio, in the form of both securities at FVOCI and securities at amortized cost consisting of investments in securities by Latin American issuers, which accounted for only 1% of total assets as of December 31, 2018 and 2017.

As of December 31, 2018, total liabilities amounted to $6,616 million, a 27% increase, compared to $5,225 million as of December 31, 2017, which was mainly attributable to higher funding sources in the form of borrowings and debt, which increased 59% as of December 31, 2018, as a result of increased funding needs from the Bank's increased commercial lending origination activities and its liquidity position management. Deposit balances remained relatively stable at $2,971 million, or 45% of total liabilities as of December 31, 2018, compared to $2,929 million, or 56% of total liabilities as of December 31, 2017. The majority of the deposits are placed by central banks or designees (i.e., Class A shareholders of the Bank), with 71% and 67% of total deposits at the end of these periods, respectively.

Total equity decreased 5% to $994 million as of December 31, 2018, compared to $1,043 million as of December 31, 2017. The decreased equity levels during 2018 reflect lower profits totaling $11 million, while the Bank maintained a level of dividends similar to prior years at $1.54 per share, representing a total of $61 million, denoting a strong dividend pay-out ratio during 2018. The Bank's equity consists of issued and fully paid ordinary common stock and retained earnings.

Equity

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

	As of December 31,		
	2019	**2018**	**2017**
		(in $ thousands)	
Common stock	$279,980	$279,980	$279,980
Treasury stock	(59,669)	(61,076)	(63,248)
Additional paid-in capital in excess of value assigned to common stock	120,362	119,987	119,941
Capital reserves	95,210	95,210	95,210
Regulatory reserves	136,019	136,019	129,254
Retained earnings	446,083	423,050	479,712
Other comprehensive income (loss)	(1,818)	420	1,963
Total equity	**$1,016,167**	**$993,590**	**$1,042,812**

The Bank's equity consists of issued and fully paid ordinary common stock and retained earnings. As of December 31, 2019, total equity increased to $1,016 million, compared to $994 million as of December 31, 2018 and $1,043 million as of December 31, 2017. Total equity increased $23 million, or 2%, during the year ended December 31, 2019, primarily due to greater profits totaling $86 million in 2019, while the Bank maintained a level of dividends similar to prior years at $1.54 per share, denoting a strong dividend pay-out ratio during 2019.

Total equity decreased $49 million, or 5%, during the year ended December 31, 2018, primarily due to lower profits totaling $11 million in 2018, while the Bank maintained a level of dividends similar to prior years at $1.54 per share, representing a total of $61 million, denoting a strong dividend pay-out ratio during 2018.

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

For the Bank's expected credit reserves under IFRS 9, the line "Regulatory Reserves" established by the Superintendency has been used to present the difference between the application of the accounting standard used and the prudential regulations of the Superintendency to comply with the requirements of Rule No. 4-2013.

As of December 31, 2019 and 2018, the total amount of the regulatory reserves calculated according to the guidelines of Rule No. 4-2013 of the Superintendency was $136.0 million, appropriated from retained earnings for purposes of compliance with local regulatory requirements. This appropriation is restricted from dividend distribution in order to comply with local regulations.

As of December 31, 2019, the capital ratio of total equity to total assets was 14.0%, and the Bank's Tier 1 capital ratio calculated according to Basel III capital adequacy guidelines was 19.8%, compared to 13.1% and 18.1%, respectively, as of December 31, 2018. The 2019 leverage ratio was 7.1 times compared to 7.7 times in 2018.

As of December 31, 2019, the Bank's total capital to risk-weighted asset ratio, calculated according to the guidelines of the Banking Law, was 17.3%, compared to 17.1% as of December 31, 2018. See "Regulation."

Off-Balance Sheet Arrangements

In the normal course of business, in order to meet the financing needs of its customers, the Bank is party to loan commitments and financial guarantee contracts. These instruments involve, to varying degrees, elements of credit and market risk in excess of the amount recognized in the consolidated statement of financial position. Credit risk represents the possibility of loss resulting from the failure of a customer to perform in accordance with the terms of a contract. The contractual amount of these instruments represents the maximum possible credit risk should the counterparty draw down the commitment or the Bank fulfill the obligation under the guarantee, and the counterparty subsequently fails to perform according to the terms of the contract. Most of these commitments and guarantees expire without the counterparty drawing on the credit line or a default occurring. As a result, the total contractual amount of these instruments does not represent our future credit exposure or funding requirements.

As of December 31, 2019, the Bank's off-balance sheet arrangements included documentary letters of credit, stand-by letters of credit, and guarantees (covering commercial risk). These arrangements are kept off-balance sheet as long as the Bank does not incur an obligation relating to them or itself become entitled to an asset.

The Bank's outstanding off-balance sheet arrangements and total loan commitments and financial guarantee contracts are as follows:

	As of December 31,		
	2019	**2018**	**2017**
		(in $ thousands)	
Documentary letters of credit	$169,320	$218,988	$273,449
Stand-by letters of credit and guarantees – Commercial risk	255,481	179,756	168,976
Total off-balance sheet arrangements	**$424,801**	**$398,744**	**442,425**
Credit commitments	68,571	103,143	45,578
Total loan commitments and financial guarantee contracts	**$493,372**	**$501,887**	**$488,003**

Fees and commission income from off-balance sheet arrangements amounted to $11 million for the year ended December 31, 2019, compared to $13 million and $11 million for the years ended December 31, 2018, and 2017, respectively.

The allowance for loan commitments and financial guarantee contracts losses reflects management's estimates of expected credit losses on off-balance sheet items, and is recognized in the consolidated statement of financial position, with the resulting recovery or impairment loss recorded in the consolidated statement of profit or loss. As of December 31, 2019, total allowance for loan commitments and financial guarantee contracts losses amounted to $3 million, nearly unchanged compared to $3 million as of December 31, 2018 and compared to $7 million as of December 31, 2017.

Other Operating Results

For a discussion of interest rate sensitivity, see "Description of Business of Bladex—Funding Sources—Interest Rate Sensitivity." For a discussion of contractual obligations and commercial commitments, see "Description of Business of Bladex—Contractual Obligations and Commercial Commitments." For a discussion of the Bank's liquidity, see "Description of Business of Bladex—Liquidity."

DESCRIPTION OF BUSINESS OF BLADEX

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

History and Development of the Company

Banco Latinoamericano de Comercio Exterior, S.A., headquartered in Panama City, Panama, is a specialized multinational bank originally established by central banks of Latin American and Caribbean countries to promote foreign trade and economic integration in the Region. The legal name of the Bank is Banco Latinoamericano de Comercio Exterior, S.A. Translated into English, the Bank is also known as Foreign Trade Bank of Latin-America, Inc. The commercial name of the Bank is Bladex.

The Bank was established pursuant to a May 1975 proposal presented to the Assembly of Governors of Central Banks in the Region, which recommended the creation of a multinational organization to increase the foreign trade financing capacity of the Region. The Bank was organized in 1977, incorporated in 1978 as a corporation pursuant to the laws of the Republic of Panama, and officially began operations on January 2, 1979. Under a contract-law signed in 1978 between the Republic of Panama and Bladex, the Bank was granted certain privileges by the Republic of Panama, including an exemption from payment of income taxes in Panama.

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

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

The Bank offers its services through its head office in Panama City, its agency in New York (the "New York Agency"), its subsidiaries in Brazil and Mexico, its representative offices in Buenos Aires, Argentina; Mexico City, Mexico; Sao Paulo, Brazil; and Bogotá, Colombia, and its representative license in Peru, as well as through a worldwide network of correspondent banks.

The Bank's headquarters office is located at Torre V, Business Park, Avenida La Rotonda, Urb. Costa del Este, Panama City, Republic of Panama, and its telephone number is +507 210-8500.

The New York Agency, which began operations in 1989, is located at 10 Bank Street, Suite 1220, White Plains, NY 10606, and its telephone number is +1 (914) 328-6640. The New York Agency is principally engaged in financing transactions related to international trade, mainly the confirmation and financing of letters of credit for customers in the Region. The New York Agency is also authorized to book transactions through an IBF.

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

The Bank prepares its Consolidated Financial Statements in conformity with IFRS as issued by the IASB. For information regarding the Bank's significant accounting policies, see notes 2 and 3 to the Audited Consolidated Financial Statements.

Overview

The Bank's mission is to provide financial solutions of excellence to financial institutions, companies and investors doing business in Latin America, supporting trade and integration across the Region.

As a multinational bank operating in 23 countries with a strong and historic commitment to Latin America, the Bank possesses extensive knowledge of business practices, risk and regulatory environments, accumulated over forty years of doing business throughout the entire Region. Bladex provides foreign trade solutions to a select client base of premier Latin-American financial institutions and corporations, and has developed an extensive network of correspondent banking institutions with access to the international capital markets. Bladex enjoys a preferred creditor status in many jurisdictions, being recognized by its strong capitalization, prudent risk management and sound corporate governance standards. Bladex fosters long-term relationships with clients, and it has developed over the years a reputation for excellence when responding to its clients' needs, in addition to having a solid financial track record, which has reinforced its brand recognition and its franchise value in the Region, and contributes to the Bank achieving its vision of being recognized as a leading institution in supporting trade and integration across Latin America.

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

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

The Commercial Business Segment encompasses the Bank's core business of financial intermediation and fee generation activities developed to cater to corporations, financial institutions and investors in Latin America. The array of products and services include the origination of bilateral short- and medium-term loans, structured and syndicated credits, loan commitments, letter of credit contingencies such as issued and confirmed letters of credit, stand-by letters of credit, guarantees covering commercial risk, and other assets consisting of customers' liabilities under acceptances. The majority of the Bank's short-term loans are extended in connection with specifically identified foreign trade transactions. Through its revenue diversification strategy, the Bank's Commercial Business Segment has introduced a broader range of products, services and solutions associated with foreign trade, including co-financing arrangements, underwriting of syndicated credit facilities, structured trade financing (in the form of factoring and vendor financing) and financial leasing.

The Treasury Business Segment focuses on managing the Bank's investment portfolio, and the overall structure of its assets and liabilities to achieve more efficient funding and liquidity positions for the Bank, mitigating the traditional financial risks associated with the balance sheet, such as interest rate, liquidity, price and currency risks. Interest-earning assets managed by the Treasury Business Segment include liquidity positions in cash and cash equivalents and financial instruments related to the Bank's investment management activities, consisting of securities at FVOCI and securities at amortized cost. The Treasury Business Segment also manages the Bank's interest-bearing liabilities, which constitute its funding sources and which consist mainly of deposits, short- and long-term borrowings and debt.

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

As of December 31, 2019, the Bank had 51 employees, or 29% of its total employees, across its offices responsible for marketing the Bank's financial products and services to existing and potential new customers.

Our Strengths

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

Leader in the trade finance sector within Latin America

Bladex is a financial institution in the trade finance sector and has a presence in most countries in the Region, providing it with a competitive advantage in intra-regional trade. Intra-regional trade has been increasing at an average rate of approximately 5.5% per year from 2004 through 2019 due to the expansion of Latin American corporations and multiplication of free trade agreements within the Region. Regional exports amounted to approximately $1.06 billion in 2019 and are expected to decrease by 18% in 2020 due to the impact of the COVID-19 pandemic, according to estimates from the Economist Intelligence Unit. Since starting operations in 1979, the Bank has established a well-diversified Commercial Portfolio across a variety of industries and markets. Most of the Bank's exposure is in countries such as Brazil, Colombia, Mexico, Panama, and Costa Rica, and in targeted industries and participants in the value chain of international trade by country within the Region such as financial institutions and corporations in the oil and gas sector and industrial sector, comprised mostly of metal manufacturing, food and beverages, electric power, plastics and packaging, other manufacturing industries, among others.

Low-risk business profile and strong credit portfolio quality

The Bank operates primarily in the trade finance sector, which is generally short-term in nature and considered to be a limited risk sector. According to standards published by the Bank for International Settlements, trade finance has a lower risk weighting than long-term lending. Additionally, due to its extensive knowledge in trade finance, the Bank has a strong track record of recovery and repayment rates. Not only are Bladex's non-performing loans very low by industry standards – 1.05% and 1.16% of its total Loan Portfolio (defined below) as of December 31, 2019 and March 31, 2020, respectively – but the Bank has also demonstrated a strong ability to recover loans in financial distress situations. For example, the Bank recovered more than 84% of its past due loans in Argentina after the 2001 crisis in that country. Including the crisis in Argentina, the Bank has written off approximately 0.13% of total accumulated credits throughout its history.

Strong liquidity position and diversified funding sources

The Bank possesses a strong liquidity position accounting for 16% and 19% of total assets as of December 31, 2019 and March 31, 2020, respectively, and a short-term Commercial Portfolio with an average remaining maturity of 130 days and 143 days, respectively, reflecting the Bank's focus on trade finance. The Bank's "Commercial Portfolio" refers to gross loans excluding interest receivable, allowance for loan losses, unearned interest and deferred fees (the "Loan Portfolio"), customers' liabilities under acceptances, loan commitments and financial guarantee contracts, such as confirmed and stand-by letters of credit, and guarantees covering commercial risk. The Bank has a strong capital position, which reflects among other factors significant short-term deposits made by central banks of the 23 Regional countries which comprise a portion of the Bank's shareholding base. The Bank's Tier 1 Ratio (calculated based on the Basel III capital adequacy guidelines published by the Basel Committee) of 19.8% and 21.8% as of December 31, 2019 and March 31, 2020, respectively, is even more significant in light of the relatively short-term life of its portfolio. During the global financial crisis that began in 2007, Bladex reduced its exposure levels and concentrations, and used the cash resources resulting from this course of action to strengthen its liquidity position. As a result, the Bank effectively offset the negative effect of a decline in client deposits and decreases in interbank funding lines that challenged the world's major international banks. The strong capitalization of the Bank has allowed it to successfully weather recent global financial conditions.

Stable and diversified funding sources

The Bank's principal sources of funds are deposits and, to a lesser extent borrowed funds and floating and fixed rate placements of securities. While these sources are expected to continue providing the majority of the funds required by the Bank in the future, the exact composition of the Bank's funding sources, as well as the possible use of other sources of funds, will depend on economic and market conditions. As of March 31, 2020, Bladex's sources of funding consist of deposits (44%), short-term borrowings and debts (29%), long-term borrowings and debt (26%) and securities sold under repurchase agreements (1%). The Bank obtains deposits principally from central and commercial banks primarily located in the Region. As of March 31, 2020, 53% of the deposits held by the Bank were deposits made by central and state owned banks in the Region, and 23% of the Bank's deposits represented deposits from private sector commercial banks and financial institutions. The Bank's short-term borrowings and debt consist of borrowings from banks and debt instruments from notes issued under the Program that have maturities of up to 365 days. The Bank's short- and medium-term borrowings mainly come from international correspondent banks from the United States, Japan, Canada and Europe. The Bank continues to diversify its funding sources beyond Central Bank deposits, bilateral lines of credit, capital markets transactions and cross-border borrowings. In addition, Bladex has issued over $400 million since inception of its recently launched Yankee CD program, which complements the Bank's short-term funding structure.

In addition, the Bank has a successful track record in the global syndicated loan markets, increasing the amount and extending the maturity in February 2016 and August 2018 of its Global Syndicated Loan launched in 2014, and including the latest closing in March 2017 of U.S.$193 million four-year syndicated loan arranged by, and with the participation of, lenders from Japan, Taiwan, South Korea and the United States. This transaction reinforced the Bank's diversified funding base and enhanced its franchise in Asia. Debt capital markets have also been a source of funding for the Bank's activities. In 2019, the Bank re-established a short- and long-term notes program in the Mexican local market in an authorized aggregate principal amount of 10 billion Mexican Pesos or its equivalent in "Investment Units" (*Unidades de Inversión*). The Bank also has in place the Program, which is primarily targeted at non-bank institutional investors and includes multiple placements with short-, medium-, and long-term tenors. During 2019, the Bank issued $179 million in new private placements; and as of December 31, 2019, private issuances through its Program amounted to $222 million, placed in Asia, Europe and Latin America. In October 2015, the Program was also listed on the Tokyo Stock Exchange under the Tokyo Pro-Bond Market. This market offers the possibility of flexible and timely issuances of bonds to a broad base of Japanese investors. The Bank placed its first public issuance listed on this market on June 9, 2016 in a principal amount of JPY8 billion (eight billion Japanese Yen), which matured on June 10, 2019, and was replaced with a three-year term private issuance for a principal amount of JPY7.4 billion, equivalent to $69 million.

Long-term client relationships

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

Long track record of success

The Bank was the first Latin American bank listed on the NYSE (1992), the first such bank to be rated "Investment Grade" (1992) and the first such bank to place a non-guaranteed syndicated loan in Asia (2009), which was a $100 million, two-year term loan. Since 1979, Bladex has provided seamless support to foreign trade business in the Region while creating value. Bladex's total write-offs, including write-offs resulting from the crisis in Argentina, amount to approximately 0.13% of the total accumulated credits in Bladex's history.

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

Bladex's executive officers have broad experience in trade finance and with financial institutions in Latin America, bringing an average of approximately 25 years of professional experience in the financial sector. The Bank's well-defined strategy, which is executed by a highly skilled and experienced team, has positioned the Bank to take advantage of trends in Latin American trade finance and to grow the Bank's business in a sustainable manner.

Strong commitment from central banks in the Region

Currently the Bank is supported by central banks and other state-owned banks from 23 countries in the Region which hold Class A common stock of the Bank. As of December 31, 2019, 16.0% of Bladex's common stock was held by Class A shareholders. The Bank believes that the participation of these central banks and other state-owned banks has been instrumental in the Bank's obtaining "preferred creditor" status in the past. In addition, the Bank regularly takes deposits from central banks and state-owned banks in the Region. As of March 31, 2020, 53% of the deposits held by the Bank were deposits made by central and state-owned banks of countries in the Region, many of which deposit a portion of their dollar reserves with the Bank, with an average term remaining to maturity of 36 days.

Developments During 2019

During 2019, the global economy continued to grow albeit in an increasingly volatile environment. In 2019, the global economy experienced its weakest year of growth since the previous 2008 financial crisis, weighed down by tensions that have significantly slowed international trade. According to the International Monetary Fund ("IMF"), global growth was only 2.9%, which was significantly below what we believe to be global potential growth. The main drivers for the lacklustre performance of the world economy were: the trade war between the United States and China, negative trade flows that disrupted supply chains, and particular risks in countries such as Italy and Turkey which, together with Brexit, affected European growth and in particular, growth in Germany.

2019 was characterized by increased conflict in international trade and increases in tariffs by several countries related to a range of products. For example, the Trump administration in the United States has increased tariffs on a variety of imports from countries throughout the world, including the Region, and continues to threaten additional new, and increases in existing, tariffs. For example, in 2019 the United States imposed certain increased tariffs on certain products imported from China. China has also announced retaliatory tariffs against certain U.S. products. Furthermore, the Trump administration has undertaken to replace NAFTA with the United States-Mexico-Canada Agreement (USMCA), which has now been ratified by each of the United States, Canada and Mexico.

Economies in Latin America faced a series of challenges in 2019. Regional economic growth was 0.1%, significantly below the 1% growth recorded in 2018, and significantly below the 2.1% level of growth that had been projected by the IMF. Other than 2016, when Brazil experienced its sharpest recession in the last 70 years, 2019 was the slowest growth year for the Region in a decade. Of the largest three economies of Latin America, which represent about 75% of the GDP of the Region, Brazil was the only one that registered any meaningful growth, growing tepidly at 1.2%. Mexico had zero growth – a remarkable decoupling from a strong U.S. economy. Argentina's GDP shrank by 3.3%.

Increased policy uncertainty in several large Latin American countries continues to weigh on growth. For example, uncertainty surrounding economic policy and reforms in Brazil and Mexico likely contributed to the slowdown in real GDP and investment growth in 2019.

In addition, regional growth was significantly impacted by (i) depressed commodity prices as a result of trade uncertainties and a strong U.S. dollar; (ii) Mexico registering no GDP growth due to necessary fiscal restraint, tight monetary policy to keep portfolio monies flowing and a fundamental lack of investment; (iii) the potential for social unrest in Chile; and (iv) smaller countries such as Costa Rica registering fiscal imbalances and Ecuador struggling to comply with its IMF program.

More recently, certain countries in the Region have experienced social unrest, namely Bolivia, Colombia, Chile, and Ecuador, which, in some cases, disrupted economic activity. Economic policy uncertainty has also risen in these countries as governments consider alternative policies and reforms to make growth more inclusive and address social demands.

Potential growth continues to be impeded by lingering structural problems, including high public debt, weaker financial systems, high unemployment, a growing wage gap and vulnerability to commodity and climate-related shocks. Some countries have started to strengthen their fiscal positions, but further tightening is needed in others to ensure debt sustainability.

Within this economic context, liquidity concerns for the top corporate names in the Region were exacerbated by the combination of low growth and risk aversion, which compressed margins to levels which may not always compensate for the level of credit risk associated with particular borrowers. Against this backdrop, the Bank was able to deliver a net profit of $86.1 million for 2019, which resulted in a ROAE of 8.6% and a return on average assets ("ROAA") of 1.36%, significantly higher than 2018 levels of 1.1% and 0.17%, respectively. The focus on high quality borrowers and abundant U.S. dollar liquidity in key markets put pressure on the Bank's origination margins. However, despite this challenging environment, Bladex was able to maintain relatively stable margin levels. The Bank's syndicated and structured transactions tied to Latin American integration had a solid 2019 performance, with income increasing 14% in 2019 compared to 2018. On the cost side, operating expenses decreased 17% year-over-year in 2019 compared to 2018, reflecting effective cost control management and overall improved structural and operational efficiencies.

The Bank continues to analyze the risk/reward equation at the country level, adjusting the Bank's portfolio accordingly and maintaining a vigilant credit underwriting posture. As 73% of the Bank's Commercial Portfolio at the end of 2019 had less than one year of remaining life, the Bank is in a privileged position to dynamically adjust its exposures. The Bank believes that its book of business is solid, with the addition of new clients and prospects identified during 2019. Credit impaired loan totals decreased in 2019 compared to 2018, as did the volume of transactions that have been placed on the Bank's watch list category, with the Bank registering a credit reserve coverage ratio of 1.7 times Non-Performing Loans as of December 31, 2019. Finally, the Bank's Tier 1 Basel III capital ratio remained strong at 19.8% as of December 31, 2019, with a solid book value above $25 per share.

Strategies for 2020 and Subsequent Years

Focus on credit underwriting soundness and liquidity management in light of the effects of the COVID-19 pandemic

Since the World Health Organization declared a global pandemic on March 11, 2020, the Bank has successfully activated its Business Continuity Plan, including the closure of its offices, and work-from-home policies for employees, and has successfully implemented measures to preserve the Bank's liquidity position. The Bank believes that these and other measures taken have represented an effective and agile response to the extreme circumstances arising from the COVID-19 pandemic.

The strategies described below are subject to the effects of the Bank having to operate in a substantially different environment in 2020 and thereafter than in previous periods. Since the onset of COVID-19 the Bank has leveraged the short-term and trade finance nature of its Commercial Portfolio as a means to provide sufficient flexibility to react to, and realign size and composition of, the Commercial Portfolio, to take account of external risks and expected developments.

As a result, during the duration of the COVID-19 crisis, the Bank's commercial strategy will continue to prioritize underwriting credit soundness, liquidity management and risk/reward targets for each transaction, over portfolio growth.

Streamlining the Bank's operating model for greater efficiency

The Bank aims to continue improving efficiency and productivity throughout its organization, with representative offices concentrating primarily on origination and client relationship management. In 2019, the Bank continued its efforts to improve the Bank's operating efficiency by developing several projects aimed at strengthening internal controls, as well as by implementing IT solutions and process automation, which allowed the Bank to significantly improve its workflows and customer service.

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

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

Targeted growth in expanding and diversifying the Bank's country and industry exposure

The Bank's strategy is to participate in activities associated with trade, the trade supply chain and Latin American integration, targeting clients that offer the potential for longstanding relationships and a wider presence in the Region, such as financial institutions, corporations, sovereigns and state-owned entities. The Bank seeks to achieve this through participation in bilateral and co-financed transactions and by strengthening the short- and medium-term trade and non-trade financing that it provides. The Bank intends to continue enhancing existing client relationships and establish new client-relationships through its Region-wide expertise, product knowledge, quality of service, agile decision-making process and client approach, and by strategically targeting industries and participants in the value chain of international trade by country within the Region.

The Bank plans to continue targeting clients in a broad range of industries, and will seek to limit the concentration of any single corporate industry sector to a maximum of 10% of its total Loan Portfolio. The Bank plans to continue to focus on strategic sectors in international trade.

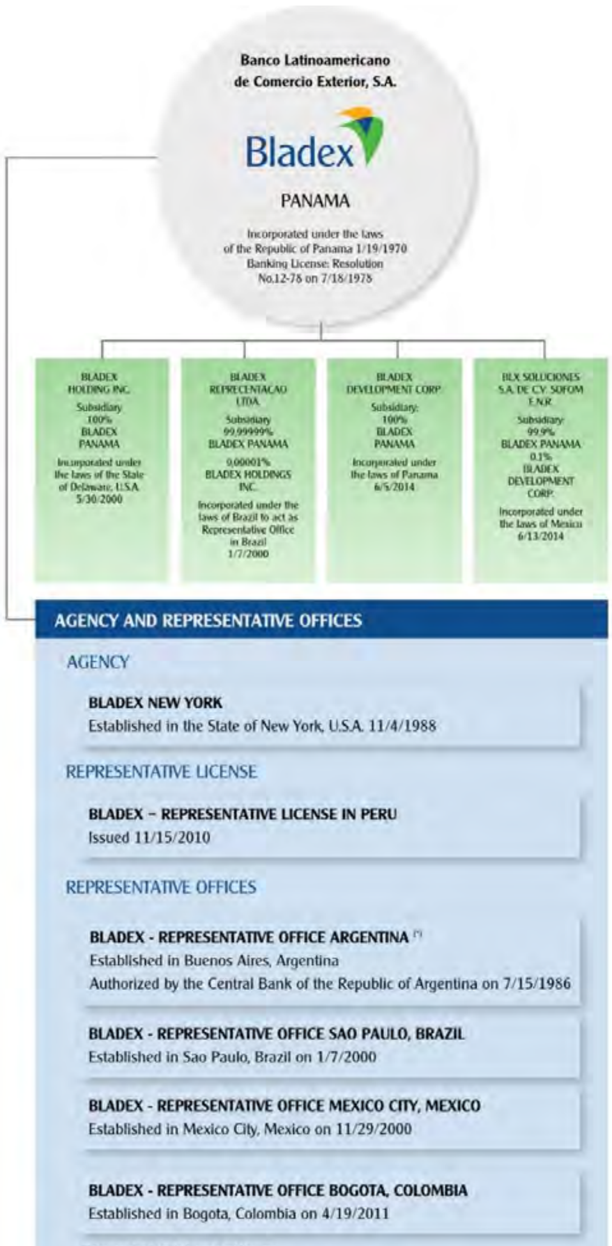
The Bank plans to focus its future efforts on growing its business with a larger number of corporate clients along the trade value chain, which management believes will reinforce the Bank's business model, enhance origination capacity and all the Bank to deploy capital most effectively. The Bank also intends to continue diversifying its credit risk profile, in order to continue to mitigate the impact of potential losses, should they occur.

Increase the range of products and services offered to clients

As a result of the Bank's relationships throughout the Region, management believes it is well positioned to strategically identify key products and services to offer to clients. The Bank's Articles of Incorporation permit a broad scope of potential activities, encompassing all types of banking, investment, and financial and other businesses that support foreign trade flows and the development of trade and integration in the Region. This supports the Bank's ongoing strategy to develop and expand products and services that complement the Bank's expertise in foreign trade finance and risk management, such as (i) financing acquisitions from the Bank's structuring and syndication business desk, as well as liability management transactions, (ii) letters of credit client base diversification, and (iii) vendor finance with a focus on supply chain finance through electronic platforms.

Our Corporate Structure

The following chart presents Bladex's corporate structure as of March 31, 2020. The percentages represent the total share capital owned by the parent company of each entity.



Bladex Head Office's current subsidiaries are the following:

- Bladex Holdings is a wholly owned subsidiary, incorporated under the laws of the State of Delaware, United States, on May 30, 2000. Bladex Holdings maintains ownership in Bladex Representação Ltda.

- Bladex Representação Ltda., incorporated under the laws of Brazil on January 7, 2000, acts as the Bank's representative office in Brazil. Bladex Head Office owns 99.999% of Bladex Representação Ltda. and Bladex Holdings owns the remaining 0.001%.

- Bladex Development Corp. was incorporated under the laws of the Republic of Panama on June 5, 2014. Bladex Head Office owns 100% of Bladex Development.

- BLX Solutions was incorporated under the laws of Mexico on June 13, 2014. Bladex Head Office owns 99.9% of BLX Solutions and Bladex Development owns the remaining 0.1%. BLX Solutions specializes in offering financial leasing and other financial products, such as loans and factoring.

Bladex commenced operations in 1979 with total equity of $25 million paid by 186 shareholders and, as of December 31, 2019, had total equity of $1,016 million. Bladex has four classes of common shares as follows:

- Class A shares: central banks, state-owned entities or government agencies from 23 countries in the Region, own all of Bladex's Class A shares, which as of December 31, 2019 comprised 16.0% of Bladex's common stock;

- Class B shares: 69 commercial banks or financial institutions, mostly from the Region, own Bladex's Class B shares, which as of December 31, 2019 comprised 5.5% of Bladex's common stock;

- Class E shares: Bladex's Class E shares are listed on the NYSE and as of December 31, 2019 comprised 78.5% of its common stock; and

- Class F shares: state entities and agencies of non–Latin American countries, including, among others, central banks and those banks with the related state agency as the majority shareholder, and multilateral financial institutions that are international or regional institutions may own Class F shares. As of December 31, 2019, no Class F shares have been issued.

As of December 31, 2019, the Bank's Board was composed of three Directors representing holders of the Class A common shares, five Directors representing holders of the Class E common shares, and two Directors representing all classes of common shares. The affirmative vote of three-quarters of the issued and outstanding Class A shares is required (i) to dissolve and liquidate the Bank, (ii) to amend certain material provisions of the Bank's Articles of Incorporation, (iii) to merge or consolidate the Bank with another entity and (iv) to authorize the Bank to engage in activities other than those described in its Articles of Incorporation.

Business Activities

Lending Policies

The Bank extends credit directly to financial institutions and corporations within the Region. The Bank finances import and export transactions for all types of goods and products, with the exception of certain restricted items such as weapons, ammunition, military equipment and hallucinogenic drugs or narcotics not utilized for medical purposes. Imports and exports financed by the Bank are destined for buyers and sellers in countries both inside and outside the Region. The Bank analyzes credit requests from eligible borrowers by applying its credit risk criteria, including economic and market conditions. The Bank maintains a consistent lending policy and applies the same credit criteria to all types of potential borrowers in evaluating creditworthiness.

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

Country Credit Limits

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

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

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

Borrower Lending Limits

The Bank generally establishes lines of credit for each borrower according to the results of its risk analysis and potential business prospects; however, the Bank is not obligated to lend under these lines of credit. Once a line of credit has been established, credit generally is extended after receipt of an application from the borrower for financing. Loan pricing is determined in accordance with prevailing market conditions and the borrower's creditworthiness.

For existing borrowers, the Bank's management has authority to approve credit lines up to the legal lending limit prescribed by Panamanian law, provided that the credit lines comply fully with the country credit limits and conditions for the borrower's country of domicile set by the Board. Approved borrower lending limits are reported to the CPER quarterly. Panamanian Law sets forth certain concentration limits, which are applicable and strictly adhered to by the Bank, including a 30% limit as a percentage of capital and reserves for any one borrower and borrower group, in the case of certain financial institutions, and a 25% limit as a percentage of capital and reserves for any borrower and borrower group, in the case of corporate and sovereign entities. As of December 31, 2019, the Bank's legal lending limit prescribed by Panamanian law for corporations and sovereign borrowers amounted to $254 million, and for financial institutions and financial groups amounted to $305 million. Panamanian law also sets lending limits for related party transactions, which are described in more detail in the section "Regulation—Panamanian Law." Non-compliance with this legal lending limit could result in the assessment of administrative sanctions by the Superintendency for such violations, taking into consideration the magnitude of the offense and any prior occurrences, and the magnitude of damages and prejudice caused to third parties. As of December 31, 2019, the Bank was in compliance with regulatory legal lending limits.

Credit Portfolio

The Bank's Credit Portfolio consists of the Commercial Portfolio and the Investment Portfolio. The Bank's Commercial Portfolio includes: (i) the Loan Portfolio, (ii) customers' liabilities under acceptances, and (iii) loan commitments and financial guarantee contracts, such as confirmed and stand-by letters of credit, and guarantees covering commercial risk. The Bank's Investment Portfolio consists of securities at FVOCI and investment securities at amortized cost.

As of December 31, 2019, the Credit Portfolio amounted to $6,582 million compared to $6,397 million as of December 31, 2018 and $6,085 million as of December 31, 2017. The $185 million, or 3%, increase during 2019 compared to 2018 was largely attributable to the Bank's Commercial Portfolio, which increased by $212 million, or 3%, due to improved conditions for credit demand in the Region and an increase in the Bank's client base of financial institutions.

Commercial Portfolio

The Bank's Commercial Portfolio amounted to $6,502 million as of December 31, 2019, compared to $6,290 million as of December 31, 2018, and $5,999 million as of December 31, 2017. The $212 million, or 3%, increase during 2019 reflects the larger proportion of longer tenor transactions in the Bank's Commercial Portfolio in recent years and an increase in the Bank's client base of financial institutions.

As of December 31, 2019, 73% of the Bank's Commercial Portfolio was scheduled to mature within one year, compared to 74% as of December 31, 2018 and 81% as of December 31, 2017, which reflects higher medium term lending origination throughout 2019. As of those same dates, trade-related finance transactions represented 40%, 45% and 60%, respectively, of the Bank's Commercial Portfolio, while trade-related finance transactions represented 53%, 59% and 74%, respectively, of the Bank's short-term origination, both of which reflect the Bank's increasing focus on, and exposure to, financial institutions in recent years.

As of December 31, 2019, the Commercial Portfolio's exposure remained diversified across regions and industry sectors, with 56% of the total Commercial Portfolio representing the Bank's traditional client base of financial institutions and 44% of the total Commercial Portfolio represented by corporations, of which 32% and 51% of such percentages were trade-related financing, respectively. In addition, the Commercial Portfolio continued to be well diversified across corporate sectors, with industry concentration levels of 6% of the total Commercial Portfolio or lower as of December 31, 2019, except for the industrial sector as a whole and the total oil and gas exposure. Geographically, exposure to Brazil, which represents the Bank's largest country-risk exposure, decreased to 16% of the total Commercial Portfolio, down from 19% in 2018, out of which 81% was with financial institutions at the end of 2019, compared to 73% in 2018. Exposure to Argentina was reduced to 3% of the total Commercial Portfolio at the end of 2019, down from 10% in 2018, as a result of several loans to Argentine borrowers maturing and being repaid during 2019. Overall, during 2019 the Bank focused its portfolio origination towards top-tier banks and corporations in lower-risk countries, focusing its growth in top-rated countries in the Region, where it was able to take advantage of positive risk/return opportunities. Consequently, exposures in Colombia and Chile increased to 15% and 11% of the total Commercial Portfolio, which now represent the second and fourth largest country exposures, respectively, up from 11% and 3% the year before. In addition, exposure to other top-rated countries outside of Latin America, which relates to transactions carried out in the Region, was also increased to 7% of the total Commercial Portfolio at the end of the 2019, from 2% the year before. Mexico, which still represents a significant part of the Commercial Portfolio as the third largest exposure, decreased to 12% of the Commercial Portfolio at year-end 2019, compared to 14% at the end of 2018.

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

	As of December 31,					
	2019	**%**	**2018**	**%**	**2017**	**%**
	(in $ millions, except percentages)					
Loans	$5,893	90.6	$5,778	91.9	$5,506	91.8
Loan commitments and financial guarantee contracts	493	7.6	502	8.0	487	8.1
Customers' liabilities under acceptances	116	1.8	10	0.1	6	0.1
Total	**$6,502**	**100.0**	**$6,290**	**100.0**	**$5,999**	**100.0**

Loan Portfolio

As of December 31, 2019, the Bank's Loan Portfolio totaled to $5,893 million, compared to $5,778 million as of December 31, 2018 and $5,506 million as of December 31, 2017. The $115 million, or 2%, Loan Portfolio increase during 2019 was mainly attributable to higher medium-term lending origination throughout 2019, as the Bank was able to deploy longer tenor transactions with its traditional client base of top quality financial institutions, exporting corporations and "multilatinas", and continued to perform well on its short-term origination capacity. As of December 31, 2019, the Loan Portfolio had an average remaining maturity term of 380 days, and 71% of the Bank's Loan Portfolio was scheduled to mature within one year, compared to an average remaining maturity of 323 days, or 73% maturing within one year as of December 31, 2018, and 282 days, or 80% maturing within one year as of December 31, 2017.

As of December 31, 2019, the Bank's credit-impaired loans totaled $62 million (or 1.05% of the Loan Portfolio), compared to $65 million (or 1.12% of the Loan Portfolio) as of December 31, 2018 and $59 million (or 1.07% of the Loan Portfolio) as of December 31, 2017. Credit-impaired loans decreased in 2019 mainly due to the sale of an exposure which resulted in a $0.5 million collection and a $2.4 million write-off against existing individually allocated reserves. As of December 31, 2019, $62 million in credit-impaired loans were to a single borrower in the Brazilian sugar sector, accounting for 100% of the Bank's total impaired loans classified as Stage 3 (under accounting standard IFRS 9), with individually assigned allowance for credit losses of $54 million, representing coverage of 88%. The remainder of the Loan Portfolio performed well during 2019, as evidenced by the 6% increase in loans classified as Stage 1 under IFRS 9, with credit conditions unchanged since origination. Moreover, loans classified as Stage 2 under IFRS 9, which represent loans with exposures whose credit conditions have deteriorated since origination, decreased by 34% in 2019.

Loan Portfolio by Country

The following table sets forth the distribution of the Bank's Loan Portfolio by country risk as of the dates indicated:

	As of December 31,					
	2019	% of Total Loans	2018	% of Total Loans	2017	% of Total Loans
	(in $ millions, except percentages)					
Argentina	$226	3.8	$604	10.5	$295	5.3
Belgium	14	0.2	13	0.2	11	0.2
Bermuda	0	0.0	0	0.0	0	0.0
Bolivia	7	0.1	14	0.2	15	0.3
Brazil	1,015	17.2	1,156	20.0	1,019	18.5
Chile	683	11.6	177	3.1	171	3.1
Colombia	906	15.4	626	10.8	829	15.1
Costa Rica	220	3.7	370	6.4	356	6.5
Dominican Republic	290	4.9	301	5.2	250	4.5
Ecuador	174	3.0	188	3.3	94	1.7
El Salvador	54	0.9	70	1.2	55	1.0
France	153	2.6	0	0.0	0	0.0
Germany	35	0.6	18	0.3	38	0.7
Guatemala	279	4.7	329	5.7	309	5.6
Honduras	129	2.2	89	1.5	75	1.4
Hong Kong	11	0.2	0	0.0	0	0.0
Jamaica	38	0.7	22	0.4	24	0.4
Luxembourg	60	1.0	18	0.3	20	0.4
Mexico	754	12.8	867	15.0	850	15.4
Netherlands	0	0.0	0	0.0	0	0.0
Nicaragua	0	0.0	0	0.0	30	0.5
Panama	268	4.6	485	8.4	500	9.1
Paraguay	128	2.2	159	2.7	60	1.1
Peru	150	2.6	78	1.4	212	3.8
Singapore	91	1.5	39	0.7	55	1.0
Switzerland	0	0.0	0	0.0	4	0.1
Trinidad & Tobago	182	3.1	145	2.5	175	3.2
United States of America	25	0.4	0	0.0	44	0.8
Uruguay	1	0.0	10	0.2	15	0.3
Total	**$5,893**	**100.0**	**$5,778**	**100.0**	**$5,506**	**100.0**

The risk relating to countries outside the Region pertains to transactions carried out in the Region, with credit risk transferred outside the Region by way of legally binding corporate guarantees that are payable at first demand. As of December 31, 2019, the Bank's combined Loan Portfolio associated with European country risk represented $261 million, or 4.42%, of the total Loan Portfolio, compared to $48 million, or 0.84%, of the total Loan Portfolio as of December 31, 2018 and $73 million, or 1.32%, as of December 31, 2017.

Loan Portfolio by Type of Borrower

The following table sets forth the amounts of the Bank's Loan Portfolio by type of borrower as of the dates indicated:

	As of December 31,					
	2019	% of Total Loans	2018	% of Total Loans	2017	% of Total Loans
	(in $ millions, except percentages)					
Private sector commercial banks and financial institutions	$2,693	45.7	$2,459	42.5	$2,084	37.9
State-owned commercial banks	590	10.0	624	10.8	574	10.4
State-owned organizations	780	13.2	743	12.9	723	13.1
Private corporations	1,783	30.3	1,893	32.8	2,125	38.6
Sovereign	47	0.8	59	1.0	0	0.0
Total	**$5,893**	**100.0**	**$5,778**	**100.0**	**$5,506**	**100.0**

As of December 31, 2019, the Bank's Loan Portfolio industry exposure mainly included: (i) 56% in the financial institutions sector; (ii) 16% in the industrial sector, comprised of food and beverage (5%), electric power (5%), metal

(4%) and other manufacturing (2%); and (iii) 10% in the oil and gas sector, which in turn was mostly divided into integrated (7.3%) and downstream (2.2%). No other industry sector exceeded 10% exposure of the Loan Portfolio.

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

The following table sets forth the remaining term of the maturity profile of the Bank's Loan Portfolio as of December 31, 2019, by type of rate and type of borrower:

	As of December 31, 2019			
	(in $ millions)			
	Due in one year or less	**Due after one year through five years**	**Due after five years**	**Total**
FIXED RATE				
Private sector commercial banks and financial institutions	$981	$152	$0	$1,133
State-owned commercial banks	257	0	0	257
State-owned organizations	393	0	0	393
Private corporations	912	6	9	927
Sovereign	12	35	0	47
Subtotal	**2,555**	**193**	**9**	**2,757**
FLOATING RATE				
Private sector commercial banks and financial institutions	$1,137	$423	$0	$1,560
State-owned commercial banks	272	61	0	333
State-owned organizations	55	256	76	387
Private corporations	184	636	36	856
Sovereign	0	0	0	0
Subtotal	**1,648**	**1,376**	**112**	**3,136**
Total	**$4,203**	**$1,569**	**$121**	**$5,893**

Note: Scheduled amortization repayments fall into the maturity category in which the payment is due, rather than that of the final maturity of the loan.

Investment Portfolio

As part of its Credit Portfolio, the Bank holds an Investment Portfolio, in the form of both securities at FVOCI and investment securities at amortized cost, consisting of investments in securities issued by Latin American entities.

In the normal course of business, the Bank utilizes interest rate swaps for hedging purposes associated with assets (mainly its Investment Portfolio) and liabilities (mainly issuances) denominated in fixed rates.

The following table sets forth information regarding the carrying value of the Bank's Investment Portfolio and other financial assets, net, as of the dates indicated.

	As of December 31,		
	2019	**2018**	**2017**
		(in $ millions)	
Securities at amortized cost	$75	$85	$69
Securities at FVOCI	5	22	17
Investment Portfolio	**$80**	**$107**	**$86**
Equity instrument at FVOCI	2	6	8
Financial instrument at fair value through profit and loss (debentures)	6	9	0
Interest receivable	1	2	1
Reserves	(0)	(0)	(0)
Total securities and other financial assets, net	**$89**	**$124**	**$95**

During the periods under review herein, the Bank did not hold instruments in obligations of the U.S. Treasury or other U.S. Government agencies or corporations, or in states of the U.S. or its municipalities.

As of December 31, 2019, 2018 and 2017, securities held by the Bank of any single issuer did not exceed 10% of the Bank's equity.

Securities at amortized cost

As of December 31, 2019, the Bank's securities at amortized cost decreased to $75 million, from $85 million as of December 31, 2018. The $10 million, or 12%, decrease during the year in the securities at amortized cost portfolio was mostly attributable to $28 million in proceeds received from matured investment securities during 2019, which was partially offset by $18 million of investment securities acquired in 2019. As of December 31, 2019, securities at amortized cost with a carrying value of $36 million were pledged to secure repurchase transactions accounted for as secured financings.

As of December 31, 2018, the Bank's securities at amortized cost increased to $85 million, from $69 million as of December 31, 2017. The $16 million, or 23%, increase during the year in the securities at amortized cost portfolio was mostly attributable to $27 million in investment securities acquired during 2018, and net of the $10 million in proceeds received from matured investment securities. As of December 31, 2018, securities at amortized cost with a carrying value of $35 million were pledged to secure repurchase transactions accounted for as secured financings.

Securities at FVOCI

As of December 31, 2019, the Bank's securities at FVOCI decreased to $5 million, from $22 million as of December 31, 2018. The $17 million, or 77%, decrease during the year in the securities at FVOCI was attributable to the proceeds of $9 million and $8 million from the sale and redemption, respectively, of securities at FVOCI during the year. As of December 31, 2019, the Bank's securities at FVOCI consisted of investments in securities of issuers in the Region, of which 100% corresponded to sovereign and state-owned issuers. As of December 31, 2019, securities at FVOCI with a carrying value of $4.9 million were pledged to secure repurchase transactions accounted for as secured financings.

As of December 31, 2018, the Bank's securities at FVOCI increased to $22 million, from $17 million as of December 31, 2017. The $5 million, or 30%, increase during the year in the securities at FVOCI was mostly attributable to $10 million in securities purchases, net of $5 million in proceeds from the redemption of securities at FVOCI during the year. As of December 31, 2018, the Bank's securities at FVOCI consisted of investments in securities of issuers in the Region, of which 72% corresponded to sovereign and state-owned issuers, and 28% corresponded to the private sector. As of December 31, 2018, securities at FVOCI with a carrying value of $4.6 million were pledged to secure repurchase transactions accounted for as secured financings.

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

The following tables set forth the distribution of the Bank's Investment Portfolio, presented in principal amounts, by country risk, type of borrower and contractual maturity, as of the dates indicated:

	As of December 31,					
	2019		**2018**		**2017**	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**
	(in $ millions, except percentages)					
Brazil	$2	1.8	$4	4.1	$5	5.2
Chile	5	6.4	5	4.7	5	6.0
Colombia	15	19.3	28	26.3	29	33.8
Mexico	22	27.0	27	25.3	20	23.5
Panama	36	45.5	35	32.4	18	21.5
Trinidad and Tobago	0	0.0	8	7.2	9	10.0
Total	**$80**	**100.0**	**$107**	**100.0**	**$86**	**100.0**

	As of December 31,					
	2019		**2018**		**2017**	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**
	(in $ millions, except percentages)					
Private sector commercial banks and financial institutions	$19	24.2	$19	17.5	$11	13.4
State-owned commercial banks	0	0.0	3	2.7	3	3.4
Sovereign debt	34	42.2	46	43.5	48	55.7

	As of December 31,					
	2019		2018		2017	
	Amount	%	Amount	%	Amount	%
State-owned organizations	24	29.8	32	29.5	24	27.5
Private corporations	3	3.8	7	6.8	0	0.0
Total	**$80**	**100.0**	**$107**	**100.0**	**$86**	**100.0**

	As of December 31,					
	2019		2018		2017	
	Amount	%	Amount	%	Amount	%
	(in $ millions, except percentages)					
In one year or less	$28	35.5	$36	33.9	$8	9.3
After one year through five years	51	64.5	65	60.4	78	90.7
After five years through ten years	0	0.0	6	5.7	0	0.0
Total	**$80**	**100.0**	**$107**	**100.0**	**$86**	**100.0**

Total Gross Outstandings by Country

The following table sets forth the aggregate gross amount of the Bank's cross-border outstandings, consisting of cash and due from banks, interest-bearing deposits in banks, securities at FVOCI, loans, and accrued interest receivable, as of December 31 of each year:

	As of December 31,					
	2019		2018		2017	
	Amount	% of Total Outstandings	Amount	% of Total Outstandings	Amount	% of Total Outstandings
	(in $ millions, except percentages)					
Argentina	$231	3.2	$609	7.9	$296	4.7
Brazil	1,023	14.2	1,169	15.2	1,042	16.5
Chile	690	9.6	183	2.4	176	2.8
Colombia	929	12.9	660	8.6	863	13.7
Costa Rica	222	3.1	372	4.9	358	5.7
Dominican Republic	292	4.1	304	4.0	251	4.0
Ecuador	178	2.5	189	2.5	95	1.5
France	156	2.2	0	0.0	0	0.0
Guatemala	281	3.9	332	4.3	310	4.9
Honduras	131	1.8	90	1.2	75	1.2
Mexico	784	10.9	899	11.7	875	13.9
Panama	310	4.3	529	6.9	526	8.3
Paraguay	129	1.8	161	2.1	60	1.0
Peru	151	2.1	79	1.0	213	3.4
Singapore	91	1.3	38	0.5	55	0.9
Trinidad & Tobago	182	2.5	154	2.0	185	2.9
United States of America	1,162	16.2	1,669	21.8	665	10.5
Other countries (1)	251	3.4	237	3.0	258	4.1
Total (2)	**$7,193**	**100.0**	**$7,674**	**100.0**	**$6,303**	**100.0**

(1) "Other countries" consists of cross-border outstandings to countries in which cross-border outstandings did not exceed 1% for any of the periods indicated. "Other countries" in 2019 was comprised of Luxembourg ($60 million), El Salvador ($55 million), Jamaica ($38 million), Germany ($35 million), Egypt ($20 million), Belgium ($14 million), Switzerland ($10 million), Hong Kong ($10 million), Bolivia ($7 million), Japan ($1 million), and Uruguay ($1 million). "Other countries" in 2018 was comprised of El Salvador ($71 million), Germany ($68 million), Jamaica ($22 million), Japan ($2 million), Luxembourg ($18 million), Belgium ($14 million), Switzerland ($9 million), Bolivia ($14 million), Uruguay ($10 million) and Spain ($9 million). "Other countries" in 2017 was comprised of El Salvador ($55 million), Germany ($38 million),

Japan, ($2 million), Nicaragua ($30 million), Jamaica ($25 million), Spain ($22 million), Luxembourg ($20 million), Netherlands ($15 million), Uruguay ($15 million), Switzerland ($9 million), Bolivia ($15 million) and Belgium ($12 million).

(2) The outstandings by country does not include loan commitments and financial guarantee contracts and other assets. See "Description of Business of Bladex—Loan Commitments and Financial Guarantee Contracts."

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

As of December 31, 2019, overall cross border outstandings totaled $7,193 million, a $481 million, or 6%, decrease compared to $7,674 million as of December 31, 2018, mainly as a result of decreased levels of liquid assets in the form of cash and cash equivalents, mostly placed with the U.S. Federal Reserve Bank.

As of December 31, 2018, overall cross border outstandings totaled $7,674 million, a $1,371 million, or 22%, increase compared to $6,303 million as of December 31, 2017, mainly as a result of the Bank having liquidity above historical levels at the end of 2018, as the Bank obtained funding sources in anticipation of a potential temporary decline in its deposit base which ended-up reverting toward year-end 2018.

Cross-border outstanding exposures in countries outside the Region correspond principally to the Bank's liquidity placements, and secured credits related to transactions carried out in the Region. See "—Liquidity."

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

	As of December 31,		
	2019	2018	2017
		(in $ millions)	
Private sector commercial banks and financial institutions	$2,761	$2,546	$2,168
State-owned commercial banks and financial institutions	613	681	579
Central banks	1,129	1,648	609
Sovereign debt	81	47	49
State-owned organizations	808	838	750
Private corporations	1,801	1,914	2,148
Total	**$7,193**	**$7,674**	**$6,303**

Loan Commitments and Financial Guarantee Contracts

The Bank, on behalf of its client base, advises and confirms letters of credit to facilitate foreign trade transactions. When confirming letters of credit, the Bank adds its own unqualified assurance that the issuing bank will pay, with the understanding that, if the issuing bank does not honor drafts drawn on the letter of credit, the Bank will. The Bank also provides stand-by letters of credit, guarantees, and commitments to extend credit, which are binding legal agreements to disburse or lend to clients, subject to the customers' compliance with customary conditions precedent or other relevant documentation. Commitments generally have fixed expiration dates or other termination clauses and require payment of a fee to the Bank. As some commitments expire without being drawn down, the total commitment amounts do not necessarily represent future liquidity requirements.

The Bank applies the same credit policies and criteria used in its lending process to its evaluation of these instruments, and, once issued, the commitment is irrevocable and remains valid until its expiration. Credit risk arises from the Bank's obligation to make payment in the event of a client's contractual default to a third party.

Loan commitments and financial guarantee contracts amounted to $493 million, or 8% of the total Commercial Portfolio, as of December 31, 2019, compared to $502 million, or 8% of the total Commercial Portfolio, as of December 31, 2018 and $488 million, or 8% of the total Commercial Portfolio, as of December 31, 2017. Confirmed and stand-by letters of credit, and guarantees covering commercial risk represented 86% of the total loan commitments and financial guarantee contracts as of December 31, 2019, compared to 79%, and 91%, as of December 31, 2018 and 2017, respectively.

The following table presents the distribution of the Bank's loan commitments and financial guarantee contracts by country risk, as of December 31 of each year:

	As of December 31,					
	2019		2018		2017	
	Amount	% of Total loan commitments and financial guarantee contracts	Amount	% of Total loan commitments and financial guarantee contracts	Amount	% of Total loan commitments and financial guarantee contracts
			(*in $ millions, except percentages*)			
Loan commitments and financial guarantee contracts						
Argentina	$0	0.0	$7	1.4	$8	1.5
Bolivia	0	0.1	0	0.0	0	0.0
Brazil	50	10.2	50	10.0	0	0.0
Canada	1	0.1	0	0.0	0	0.1
Chile	0	0.0	0	0.0	15	3.1
Colombia	48	9.6	52	10.4	91	18.7
Costa Rica	59	12.0	39	7.7	20	4.1
Dominican Republic	16	3.3	17	3.3	0	0.0
Ecuador	155	31.5	247	49.3	253	51.9
El Salvador	6	1.1	1	0.2	1	0.2
France	48	9.7	0	0.0	0	0.0
Germany	0	0.0	18	3.6	0	0.0
Guatemala	44	9.0	15	3.0	12	2.4
Honduras	0	0.1	0	0.0	1	0.2
Mexico	17	3.5	23	4.5	35	7.2
Panama	22	4.4	29	5.9	31	6.4
Paraguay	11	2.2	0	0.0	0	0.0
Peru	6	1.2	3	0.6	18	3.6
Switzerland	10	2.0	0	0.0	0	0.0
Uruguay	0	0.0	1	0.1	3	0.6
Total loan commitments and financial guarantee contracts	**$493**	**100.0**	**$502**	**100.0**	**$488**	**100.0**

Funding Sources

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

	As of December 31,		
	2019	2018	2017
		(in percentages)	
Deposits	47.7%	45.5%	57.0%
Securities sold under repurchase agreements	0.7	0.6	0.0
Short-term borrowings and debt	26.4	31.0	20.9
Long-term borrowings and debt, net	25.2	22.9	22.1
Total interest-bearing liabilities	**100.0%**	**100.0%**	**100.0%**

The Bank has issued public debt in Mexico and Japan. The Bank has also placed private issuances of debt in the United States and in different markets of Asia, Europe and Latin America.

Deposits

The Bank obtains deposits principally from central and commercial banks primarily located in the Region. As of December 31, 2019, 65% of the deposits held by the Bank were deposits made by central and state-owned banks in the Region. The average term remaining to maturity of deposits from the Region's central and state owned banks as of December 31, 2019, 2018 and 2017, was 36 days, 35 days and 83 days, respectively. As of December 31, 2019, deposits from the Bank's five largest depositors, all except one of which were central and state-owned banks in the Region, represented 49% of the Bank's total deposits, compared to 49% as of December 31, 2018.

The following table analyzes the Bank's deposits by country as of the dates indicated below:

	As of December 31,		
	2019	2018	2017
		(in $ millions)	
Argentina	$141	$142	$142
Barbados	20	25	0
Bolivia	28	26	0
Brazil	415	379	384
Colombia	41	30	44
Costa Rica	153	133	138
Dominican Republic	62	21	2
Ecuador	590	522	217
El Salvador	50	0	34
France	1	1	4
Germany	165	130	77
Guatemala	0	34	71
Haiti	63	61	60
Honduras	260	128	176
Mexico	2	300	300
Multilateral	103	151	101
Netherlands	5	18	34
Nicaragua	135	190	268
Panama	433	391	437
Paraguay	160	268	337
Spain	1	0	0
Trinidad and Tobago	20	20	70
United States of America	40	1	33
Total	**$2,888**	**$2,971**	**$2,929**

Short-Term Borrowings and Debt, and Repos

The Bank enters into financing transactions under repurchase agreements ("Repos") with international banks from time to time, utilizing its investment securities portfolio as collateral to secure cost-effective funding. Repos are reported as secured financings in the financial statements. As of December 31, 2019, the Bank had outstanding Repos for $41 million, compared to outstanding Repos for $40 million as of December 31, 2018 and no outstanding Repos as of December 31, 2017.

Short- and long-term borrowings and debt provide a global diversification of the Bank's funding sources. The Bank uses these borrowings and debt placements, which generally have longer maturities than deposits, to manage its asset and liability positions.

The Bank's short-term borrowings and debt consist of borrowings from banks and debt instruments from notes issued under the Bank's Euro Medium-Term Note Program that have maturities of up to 365 days.

Short-term borrowings are made available to the Bank on an uncommitted basis for the financing of trade-related loans as well as for general business purposes. The Bank's short- and medium-term borrowings mainly come from international correspondent banks from the United States, Japan, Canada, Europe and multilateral organizations.

As of December 31, 2019, short-term borrowings and debt totaled $1,596 million, a 21% decrease compared to $2,021 million as of December 31, 2018, as the Bank relied more on deposits and longer tenor funding transactions. The average term remaining to maturity of short-term borrowings and debt as of December 31, 2019 was 76 days, compared to 146 days as of December 31, 2018.

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

	As of and for the Year Ended December 31,		
	2019	**2018**	**2017**
	(in $ millions, except percentages)		
Short-term borrowings, debt and Repos			
Advances from banks and financial institutions	$1,596	$2,021	$1,073
Securities sold under repurchase agreements	41	40	0
Total short-term borrowings, debt and Repos	**$1,637**	**$2,061**	**$1,073**
Maximum amount outstanding at any month-end	$1,637	$2,061	$1,073
Amount outstanding at year-end	$1,637	$2,061	$1,073
Average amount outstanding during the year	$1,117	$1,123	$710
Weighted average interest rate on average amount outstanding	3.44%	2.98%	1.66%
Weighted average interest rate on amount outstanding at year end	2.32%	2.93%	2.16%

Long-term borrowings and debt

Long-term borrowings consist of long-term bilateral and syndicated loans obtained from international banks. Debt instruments consist of private issuances under the Bank's Euro Medium-Term Note Program, as well as public issuances in Japan and Mexico and a private placement in the United States.

Interest rates on most long-term borrowings and issuances are adjusted monthly, quarterly or semi-annually based on short-term LIBOR rates plus a credit spread. The credit spread is defined according to several factors, including credit ratings, risk perception, and the original contractual term to maturity. The Bank uses these funds primarily to finance its medium-term and long-term Loan Portfolio, as well as to further enhance the stability of its overall funding base. As of December 31, 2019, gross long-term borrowings and debt increased 2% to $1,526 million, from $1,501 million as of December 31, 2018, as a result of the Bank's commercial lending origination activities and its liquidity position management. As of December 31, 2019, the average term remaining to maturity of the Bank's medium and long-term borrowing and debt was one year and seven months (580 days), compared to two years (735 days) as of December 31, 2018.

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

	As of and for the Year Ended December 31,		
	2019	2018	2017
	(in $ millions, except percentages)		
Long-term borrowings and debt (*)			
Amount outstanding at year-end	$1,526	$1,501	$1,143
Maximum amount outstanding at any month-end	$1,527	$1,501	$2,010
Net average amount outstanding during the year	$1,388	$1,245	$1,478
Weighted average interest rate on average amount outstanding	4.11%	4.09%	3.43%
Weighted average interest rate on amount outstanding at year end	3.56%	4.35%	3.60%

(*) Gross of prepaid commissions of $3.4 million, $3.5 million and $4.2 million as of December 31, 2019, 2018 and 2017, respectively.

Global syndicated loans continue to provide a vehicle to access new sources of financing. As of December 31, 2019, the Bank has two outstanding syndicated loans:

- In August 2018, the Bank increased a syndicated loan previously launched in February 2016 to $175 million, from $156 million, and the maturity of the syndicated loan was extended to August 2021.
- In March 2017, the Bank closed a $193 million syndicated loan with a focus on Asia, which was broadly oversubscribed. The maturity of the syndicated loan was extended up to four years. The lenders on the syndicated loan were a mix of the Bank's existing lenders and new lenders from Japan, Taiwan, Korea and the United States.

Some borrowing agreements include various events of default and covenants related to minimum capital adequacy ratios, incurrence of additional liens, and asset sales, as well as other customary covenants, representations and warranties. As of December 31, 2019, the Bank was in compliance with all covenants.

Debt Capital Markets

Program in Mexico

As of December 31, 2019, the total principal amount outstanding of issuances of "certificados bursátiles" in the Mexican capital markets under this Mexico Program was MXN5.0 billion (five billion Mexican Pesos) equivalent to $253 million, comprised of a three-year tenor issuance of "certificados bursátiles" in the Mexican capital markets: Bladex19 in the initial principal amount of MXN3.0 billion (three billion Mexican Pesos), issued in August 2019, and reopened in October 2019 for an additional principal amount of MXN2.0 billion (two billion Mexican Pesos).

The Program

The Bank has established the Program, which is primarily targeted at non-bank institutional investors and includes multiple placements with short-, medium-, and long-term tenors.

During 2019, the Bank issued $179 million in new private placements; and as of December 31, 2019, private issuances through its Euro Medium-Term Note Program amounted to $222 million, placed in Asia, Europe and Latin America. In addition, the Bank has one outstanding bond which matured in May 2020 issued pursuant to Rule 144A/Regulation S with a total principal amount of $350 million as of December 31, 2019.

Tokyo Pro-Bond Program

In October 2015, the Program was listed on the Tokyo Stock Exchange under the Tokyo Pro-Bond Market. This market offers the possibility of flexible and timely issuances of bonds to a broad base of Japanese investors. The Bank successfully placed its first public issuance listed on this market on June 9, 2016 in a principal amount of JPY8 billion, equivalent to $73 million, which matured on June 10, 2019, and replaced with a three-year term private issuance for a principal amount of JPY7.4 billion, equivalent to $69 million.

Cash Flows

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

The following discussion highlights the major activities and transactions that affected the Bank's cash flows during 2019, 2018 and 2017.

Cash flows from operating activities

The Bank's operating activities mainly include cash generated by profit for the year, adjustments to reconcile profit for the year to net cash provided by or used in operating activities, net changes in operating assets, which predominantly include loans originated by the Bank, and net changes in operating liabilities, primarily from raising deposits from central banks as well as state-owned and private banks and corporations in the Region.

For the year ended December 31, 2019, net cash used by operating activities was $92 million, mainly attributable to a net increase of $112 million in loans.

For the year ended December 31, 2018, net cash used by operating activities was $174 million, mainly attributable to a net increase of $305 million in loans, and partially offset by the cash provided from the $104 million net difference from the interest the Bank received and paid during the year.

For the year ended December 31, 2017, net cash provided by operating activities was $716 million, mainly attributable to a net decrease of $479 million in loans, along with a $126 million net increase due to depositors, $132 million net difference from the interest the Bank received and paid, and the $82 million of profit for the year.

Cash flows from investing activities

The Bank's investing activities include the portfolio of securities at FVOCI and at amortized cost, as well as the cash used on acquisition or proceeds from disposal of equipment and leasehold improvements, and intangible assets. Investing activities can vary significantly in the normal course of business due to the amount and timing of cash flows, which are affected by client-driven activities and demand, market conditions, and business strategies.

For the year ended December 31, 2019, net cash provided by investing activities was $31 million, primarily as a result of the $28 million in net proceeds from maturities of securities at amortized cost, along with $22 million in net proceeds from the sale and redemption of securities at fair value through OCI, which was partially offset by the $18 million cash used in the purchases of securities at amortized cost.

For the year ended December 31, 2018, net cash used in investing activities was $22 million, primarily as a result of the $37 million cash used in the purchases of securities at FVOCI and amortized cost, which was partially offset by the $10 million proceeds from securities maturing during 2018.

For the year ended December 31, 2017, net cash provided by investing activities was $10 million, primarily from $9 million in net proceeds from sales and purchases of securities at FVOCI, and $8 million net proceeds from maturities and purchases of securities at amortized cost, partially offset by the $6 million used in acquisitions of equipment and leasehold improvements, and intangible assets.

Cash flows from financing activities

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

For the year ended December 31, 2019, the net cash used in financing activities was $485 million, which was primarily the result of a $429 million net decrease in short-term borrowings and debt, along with the repayments of $369 million in long-term borrowings and debt, and $59 million paid as cash dividends, partially offset by the $372 million in proceeds from long-term borrowings and debt.

For the year ended December 31, 2018, the net cash provided by financing activities was $1,282 million, which was primarily the result of the $950 million net increase in short-term borrowings and debt and $609 million in proceeds from long-term borrowings and debt, which was partially offset by the repayment of $256 million in long-term borrowings and debt, and $62 million paid as cash dividends.

For the year ended December 31, 2017, net cash of $1,115 million was used in financing activities, mostly the result of $664 million in net cash flow from the repayments of and proceeds from long-term borrowings and debt, a $396 million net decrease in short-term borrowings and debt, and $61 million paid as cash dividends.

Dividends

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

On April 15, 2020, the Board declared a quarterly cash dividend of $0.25 per common share corresponding to the first quarter of 2020. The dividend for the first quarter of 2020 decreased by 35% as a prudent measure in managing the Bank under current market conditions. The cash dividend was paid on May 13, 2020 to the Bank's shareholders of record as of April 27, 2020.

For the year ended December 31, 2019, the Board declared quarterly cash dividends of $0.385 per common share for each quarter of 2019. The cash dividend paid per share to the Bank's shareholders totaled $1.54 per common share in 2019.

No special dividends were declared during three-year period ended December 31, 2019.

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

Payment date	Record date	Dividend per share
May 13, 2020	April 27, 2020	$0.25
March 12, 2020	February 26, 2020	$0.385
November 19, 2019	October 29, 2019	$0.385
August 14, 2019	July 30, 2019	$0.385
May 15, 2019	April 29, 2019	$0.385
March 26, 2019	March 11, 2019	$0.385
November 20, 2018	November 6, 2018	$0.385
August 15, 2018	July 31, 2018	$0.385
May 17, 2018	May 2, 2018	$0.385
February 21, 2018	February 2, 2018	$0.385
November 21, 2017	November 1, 2017	$0.385
August 17, 2017	August 2, 2017	$0.385
May 18, 2017	May 3, 2017	$0.385
February 16, 2017	February 1, 2017	$0.385

The Bank had no preferred shares issued and outstanding as of December 31, 2019.

Cost and Maturity Profile

The following table sets forth certain information regarding the weighted average cost and the remaining maturities of the Bank's gross borrowed funds, including Repos, and placements at fixed and floating interest rate as of December 31, 2019:

	Amount (*)	Weighted Average Cost
	(in $ millions, except percentage)	
Short-term Repos and borrowings at fixed interest rate		
Due in 0 to 30 days	$194	2.18%
Due in 31 to 90 days	404	2.28%
Due in 91 to 180 days	50	2.36%
Total	**$648**	**2.26%**
Short-term borrowings at floating interest rate		

	Amount (*)	Weighted Average Cost
	(in $ millions, except percentage)	
Due in 0 to 30 days	$216	3.15%
Due in 31 to 90 days	525	3.17%
Due in 91 to 180 days	25	2.22%
Due in 181 to 365 days	200	2.16%
Total	**$966**	**2.93%**
Short-term placements at fixed interest rate		
0 to 30 days	$22	0.00%
Total	**$22**	**0.00%**
Medium and long-term borrowings at fixed interest rate		
Due in 0 to 30 days	$1	6.95%
Due in 31 to 90 days	31	3.33%
Due in 91 to 180 days	1	7.00%
Due in 181 to 365 days	4	6.95%
Due in 1 through 6 years	28	3.43%
Total	**$65**	**3.72%**
Medium and long-term borrowings at floating interest rate		
Due in 31 to 90 days	$50	2.56%
Due in 91 to 180 days	20	2.50%
Due in 181 to 365 days	1	9.06%
Due in 1 through 6 years	587	3.04%
Total	**$658**	**3.00%**
Medium and long-term placements at fixed interest rate		
Due in 91 to 180 days	$350	3.25%
Due in 181 to 365 days	21	3.33%
Due in 1 through 6 years	132	1.97%
Total	**$503**	**2.92%**
Medium and long-term placements at floating interest rate		
Due in 1 through 6 years	300	7.55%
Total	**$300**	**7.55%**
Grand Total	**$3,162**	**3.24**

(*) Gross of prepaid commissions of $3.4 million as of December 31, 2019.

See “Risk Factors—Risks Relating to the Bank’s Business--The ongoing COVID-19 pandemic and measures intended to prevent its spread could have material adverse effects on the Bank’s business, results of operations, cash flows and financial condition,” and “Operating and Financial Review and Prospects—Recent Developments.”

Asset/Liability Management

The Bank seeks to manage its assets and liabilities to reduce the potential adverse impact on net interest income that could result from interest rate changes. The Bank controls interest rate risk through systematic monitoring of maturities and repricing mismatches. The Bank’s investment decision-making takes into account not only the rates of return and the respective underlying degrees of risk, but also liquidity requirements, including minimum cash reserves, withdrawal and maturity of deposits and additional demand for funds. For any given period, a matched pricing structure exists when an equal amount of assets and liabilities are repriced. An excess of assets or liabilities over these matched items results in a “gap” or “mismatch,” as shown in the table under “Interest Rate Sensitivity” below. A negative gap denotes liability sensitivity and normally means that a decline in interest rates would have a positive effect on net interest income, while an increase in interest rates would have a negative effect on net interest income. Most of the Bank’s assets and most of its liabilities are denominated in U.S. dollars and, therefore, the Bank has no material foreign exchange risk, nor does it hold significant open foreign exchange positions. The foreign exchange risk is mitigated by the use of derivatives, which, though economically hedged, might give rise to some accounting volatility.

Interest Rate Sensitivity

The Bank uses interest rate swaps as part of its interest rate risk management. Interest rate swaps are contracted either in a single currency or cross-currency for a prescribed period in order to exchange a series of interest payment flows and hedge the risk associated with a portion of the notes issued under its various programs and the funds borrowed through bilateral loans and syndications.

The following table presents the projected maturities and interest rate adjustment periods of the Bank's total assets, liabilities and equity based upon the contractual maturities and rate-adjustment (repricing) dates as of December 31, 2019. The Bank's interest-earning assets and interest-bearing liabilities and the related interest rate sensitivity gap shown in the following table may not reflect positions in subsequent periods.

	Total	0-30 Days	31-90 Days	91-180 Days	181-365 Days	More than 365 Days	Non-Interest Sensitive / without maturity
	(in $ millions, except percentages)						
Interest-earning assets							
Cash and due from banks	$1,155	$1,155	$0	$0	$0	$0	$0
Investment Portfolio (1)	80	10	5	6	5	53	0
Loans(1)	5,893	1,788	2,243	1,096	548	217	0
Total interest-earning assets	**7,128**	**2,953**	**2,248**	**1,103**	**553**	**270**	**0**
Non-interest earning assets, allowance for credit losses and other asset	122	0	0	0	0	0	122
Total assets	**$7,250**	**$2,953**	**$2,248**	**$1,103**	**$553**	**$270**	**$122**
Interest-bearing liabilities							
Deposits	$2,888	$1,796	$775	$197	$120	$0	$0
Securities sold under repurchase agreements	41	0	41	0	0	0	0
Borrowings and debt (2)	3,138	1,885	650	401	25	157	20
Total interest-bearing liabilities	**6,067**	**3,680**	**1,465**	**599**	**146**	**157**	**20**
Non-interest-bearing liabilities and other liabilities	167	0	0	0	0	0	167
Total liabilities	**6,234**	**3,680**	**1,465**	**599**	**146**	**157**	**187**
Total equity	1,016	0	0	0	0	0	1,016
Total liabilities and equity	**$7,250**	**$3,680**	**$1,465**	**$599**	**$146**	**$157**	**$1,203**
Interest rate sensitivity gap	-	(727)	783	504	407	113	(1,081)
Cumulative interest rate sensitivity gap	-	(727)	56	560	968	1,081	0
Cumulative gap as a % of total interest-earning assets	-	-10%	1%	8%	14%	15%	0%

(1) Gross of interest receivable and allowance for losses.
(2) Gross of prepaid commissions.

The Bank's interest rate risk is the exposure of earnings (current and potential) and capital to changes in interest rates. Due to the fact that the significant majority of the Bank's assets and liabilities are either short-term or have short-term US-LIBOR based repricing schedules, the Bank has a relatively low exposure to interest rate volatility, with most interest rate sensitivity being short-term in nature (up to six months). Through an active interest rate management strategy, the Bank has aligned this moderate exposure to profit from an increase in short-term LIBOR rates. The Bank's policy with respect to interest rate risk provides that the Bank establishes limits with regards to: (1) changes in net interest income due to a potential impact, given certain movements in interest rates and (2) changes in the amount of available equity funds of the Bank, given a one basis point movement in interest rates.

Contractual Obligations and Commercial Commitments

The following tables set forth information regarding the Bank's contractual obligations and commercial commitments as of December 31, 2019.

	Payments Due by Period				
Contractual Obligations	**Total**	**Less than 1 year**	**1 – 3 years**	**3 – 5 years**	**More than 5 years**
			(in $ millions)		
Deposits	$2,888	$2,888	$0	$0	$0
Repos	41	41	0	0	0

Short-term borrowings and debt	1,596	1,596	0	0	0
Long-term borrowings and debt [(1)]	1,526	479	925	122	0
Accrued interest payable	16	16	0	0	0
Future contractual interest payable, not yet accrued [(2)]	104	22	62	20	0
Leasehold obligations	20	1	3	3	13
Total contractual obligations	**$6,191**	**$5,043**	**$990**	**$145**	**$13**

(1) Gross of prepaid commissions of $3.4 million as of December 31, 2019. Certain debt obligations are subject to covenants that could accelerate the payment of these obligations.
(2) Consists of future interest payable on interest-bearing liabilities and their hedges, calculated on the basis of their respective interest rates as of December 31, 2019 for the days remaining to maturity. Some of these obligations have floating interest rates which could fluctuate in the future and hence change the value of interest payable accordingly.

	Amount of Commitment Expiration by Period				
Other Commercial Commitments	**Total**	**Less than 1 year**	**1 – 3 years**	**3 – 5 years**	**More than 5 years**
			(in $ millions)		
Letters of credit [(4)]	$285	$285	$0	$0	$0
Stand-by letters of credit	204	194	10	0	0
Guarantees	51	51	0	0	0
Other commercial commitments	69	10	9	50	0
Total Commercial Commitments	**$609**	**$540**	**$19**	**$50**	**$0**

(3) Includes customers' liabilities under acceptances outstanding (on-balance sheet assets) for a total amount of $115.7 million as of December 31, 2019.

The covenants included in some of the Bank's liabilities contracts are standard market covenants. Bladex has been and expects to continue to be in compliance with regard to these covenants.

Asset Quality

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

The Bank assigns to each exposure a risk rating which is defined using quantitative and qualitative factors that are indicative of the risk of loss. This rating is considered for purposes of identifying significant increases in credit risk. These factors may vary depending on the nature of the exposure and the type of borrower. Each exposure is assigned to a risk rating at the time of initial recognition based on the information available about the client and the country. Exposures are subject to continuous monitoring, which may result in the change of an exposure to a different risk rating. A description of the Bank's internal credit risk grades is as follows:

Internal Rating	12 - month average PD %	External Rating [(1)]	Description
1 to 4	0.09	Aaa – Ba1	Exposure to clients or countries with payment ability to satisfy their financial commitments.
5 to 6	2.35	Ba2 – B3	Exposure to clients or countries with payment ability to satisfy their financial commitments, but with more frequent reviews.
7	7.90	Caa1 – Caa3	Exposure to clients whose primary source of payment (operating cash flow) is inadequate, and who show evidence of deterioration in their working capital that does not allow them to satisfy payments on the agreed terms, or in countries where the transaction involves certain risks.
8-9	30.67	Ca	Exposure to clients whose operating cash flow continuously shows insufficiency to service the debt on the originally agreed terms, or in countries where the transaction is limited or restricted to certain terms, structure and types of credits.

Internal Rating	12 - month average PD %	External Rating (1)	Description
10	100	C	Exposure to clients with operating cash flow that does not cover their costs, are in suspension of payments, presumably will also have difficulties fulfilling possible restructuring agreements, are in a state of insolvency, or have filed for bankruptcy, among others.

(1) External rating according to Moody's Investors Services.

In order to periodically monitor the quality of the portfolio, clients and countries are reviewed every three to twelve months, depending on the risk rating.

Impairment of Financial Assets

The Bank considers a financial asset to be in default when it presents any of the following characteristics:

- The debtor is more than 90 days past due in any of its obligations to the Bank, either in loan principal or interest; or when the principal balance with one single balloon payment is more than 30 days past due; or

- Deterioration in the financial condition of the client, or the existence of other factors allowing the Bank to estimate the possibility that the balance of principal and interest on client loans is not fully recoverable.

The above presumptions regarding past due loans may be rebuttable if the Bank has reasonable and supportable information that is available without undue cost or effort, that demonstrates that the credit risk has not increased significantly since initial recognition even though the contractual payments are more than 30 or 90 days past due.

In assessing whether a borrower is in default, the Bank considers qualitative and quantitative indicators that are based on both, data developed internally and information obtained from external sources. Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

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

When a financial asset is modified, the Bank assesses whether this modification results in derecognition. In accordance with the Bank's policies, a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms, the Bank considers the following:

- Qualitative factors, such as contractual cash flows after modification are no longer solely payments of principal and interest, change in currency or change of counterparty, the extent of change in interest rates, maturity and covenants.

- If the qualitative factors do not clearly indicate a substantial modification, then a quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original effective interest rate.

If the difference in present value is greater than 10%, the Bank deems the arrangement is substantially different, leading to derecognition.

In the case where the financial asset is derecognized, the allowance for losses on financial instruments is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month expected credit losses, except in rare cases where the new loan is considered to be originated credit-impaired. This applies only in the case where the fair value of the new loan is recognized at a significant discount to its revised nominal amount because there remains a high risk of default which has not been reduced by the modification. The Bank monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Bank determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

- The remaining lifetime probability of default ("PD") estimated based on data at initial recognition and the original contractual terms; with

- The remaining lifetime PD at the reporting date based on the modified terms.

In the renegotiation or modification of the contractual cash flows of the loan, the Bank shall:

- continue with its current accounting treatment for the existing loan that has been modified;

- record a modification gain or loss by recalculating the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows, discounted at the loan's original effective interest rate;

- assess whether there has been a significant increase in the credit risk of the financial instrument by comparing the risk of a default occurring at the reporting date (based on the modified contractual terms) and the risk of a default occurring at initial recognition (based on the original, unmodified contractual terms); the loan that is modified is not automatically considered to have a lower credit risk; the assessment should consider credit risk over the expected life of the asset based on the historical and forward-looking information, including information about the circumstances that led to the modification; evidence that the criteria for the recognition of lifetime expected credit losses are subsequently no longer met may include a history of up-to-date and timely payment in subsequent periods; a minimum period of observation will be necessary before a financial asset may qualify to return to a 12-month expected credit loss measurement; and

- make the appropriate quantitative and qualitative disclosures required for renegotiated or modified assets to reflect the nature and effect of such modifications (including the effect on the measurement of expected credit losses) and how the Bank monitors these loans that have been modified.

When the Bank has no reasonable expectations of recovering the loan, then the gross carrying amount of the loan is directly reduced in its entirety, thus constituting a derecognition event. This is generally the case when the Bank determines that the borrower does not have assets or sources of income that could generate enough cash flows to repay the amounts subject to the write-off. Nevertheless, the financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amounts due.

If the amount of loss on write-off is greater than the accumulated loss allowance, the difference will be recognized as an additional impairment loss.

The following table sets forth information regarding the impaired credits as of the dates indicated:

	As of December 31,		
	2019	**2018**	**2017**
	(in $ millions, except percentages)		
Credit-impaired loans	$62	$65	$59
Asset-specific allocation from the allowance for loan losses	54	49	28
Credit-impaired loans as a percentage of Loan Portfolio	1.1%	1.1%	1.1%

As of the end of each reported period, the Bank did not have credit-impaired loans in its Loan Portfolio without related allowances.

The following table sets forth the distribution of the Bank's loan write-off by gross carrying amount against the allowance for loan losses by country for the periods indicated:

	For the year ended December 31,					
	2019	%	2018	%	2017	%
	(in $ millions, except percentages)					
Brazil	$2	100%	$37	89%	$29	87%
Colombia	0	0%	0	0%	0	0%
Mexico	0	0%	0	0%	0	0%
Panama	0	0%	0	0%	0	1%
Paraguay	0	0%	4	11%	0	0%
Uruguay	0	0%	0	0%	4	12%
Total	**$2**	**100%**	**$42**	**100%**	**$33**	**100%**

During the year ended December 31, 2019, the Bank had write-offs against the allowance for loan losses totaling $2 million, representing 0.04% of the average Loan Portfolio in 2019, compared to $42 million, representing 0.75% of the average Loan Portfolio in 2018, and compared to $33 million, or 0.61% of the average Loan Portfolio in 2017, explained by the Bank's improved credit quality derived from reduced levels of credit-impaired loans, and lower single-ticket size of the loan charged-off in 2019.

In the three-year period ended December 31, 2019, the Bank disbursed $45,161 million in credits and had write-off loans for $77 million, representing 0.17% of credits disbursed.

The following table summarizes information regarding outstanding credit-impaired balances as of the dates indicated:

	As of December 31,		
	2019	2018	2017
		(in $ thousands)	
Credit-impaired loans:			
Brazil:			
Private corporations	$61,845	$61,844	$54,275
Argentina:			
Private corporations	0	2,857	0
Panama:			
Private corporations	0	0	0
Paraguay:			
Private corporations	0	0	4,484
Uruguay:			
Private corporations	0	0	0
Total credit-impaired loans	**$61,845**	**$64,701**	**$58,759**

As of December 31, 2019, the Bank had credit-impaired loans of $62 million (or 1.05% of the Loan Portfolio), compared to $65 million (or 1.12% of the Loan Portfolio) as of December 31, 2018 and $59 million (or 1.07% of the Loan Portfolio) as of December 31, 2017. Credit-impaired loans decreased in 2019 mainly due to the net effect of (i) the sale of an exposure which resulted in a $0.5 million collection and a $2.4 million write-off against existing individually allocated reserves. Including principal and accrued interest, total loan write-offs against individually allocated credit allowances amounted to $2 million in 2019. As of December 31, 2019, $62 million in credit-impaired loans were to a single borrower in the Brazilian sugar sector, accounting for 100% of the Bank's total impaired loans classified as Stage 3 (under accounting standard IFRS 9) with individually assigned allowance for credit losses.

As of the end of each reported period, the Bank did not have, other than those specified above, accruing loans with principal or interest payments contractually past due by 90 days or more.

Potential problem loans

In order to carefully monitor the credit risk associated with clients, the Bank has established quarterly reports to identify potential problem loans, which are then included on a watch list. In general, these are loans due by clients that could face difficulties meeting their repayment obligations, but who otherwise have had a good payment history. These potential difficulties could be related to factors such as a decline in economic activity, financial weakness or any other event that could affect the client's business. Potential problem loans are primarily those rated as "6" pursuant to our risk rating. As of December 31, 2019, the exposure of six clients for a total of $93.2 million, or 1.6% of total loans, were classified as potential problem loans under these guidelines, compared to six clients for a total of $53.4 million, or 0.9% of total loans as of December 31, 2018.

Allowance for losses on financial instruments

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

	As of December 31,		
	2019	**2018**	**2017**
	(in $ millions, except percentages)		
Components of the allowance for losses			
Allowance for loan losses:			
Balance at beginning of the year	$100.8	$81.3	$106.0
Impairment loss	0.9	61.2	8.9
Recoveries	0.0	0.0	0.0
Loans write-off	(2.4)	(41.7)	(33.6)
Balance at the end of the year	$99.3	$100.8	$81.3
Allowance for loan commitments and financial guarantee contract losses:			
Balance at beginning of the year	$3.3	$6.8	$5.8
Impairment loss (recovery)	(0.2)	(3.5)	1.0
Balance at end of the year	$3.1	$3.3	$6.8
Total credit allowance for losses	**$102.4**	**$104.1**	**$88.1**
Total credit allowance for losses to total Commercial Portfolio	1.57%	1.65%	1.47%
Charge-offs to average Loan Portfolio	0.04%	0.75%	0.61%

The total credit allowance for losses amounted to $102.4 million as of December 31, 2019, representing 1.57% of the total Commercial Portfolio, compared to $104.1 million and 1.65%, respectively, as of December 31, 2018, and $88.1 million and 1.47%, respectively, as of December 31, 2017. The $1.7 million year-over-year decrease in 2019 was mainly related to the sale of an exposure which resulted in a $0.5 million collection and a $2.4 million write-off against existing individually allocated reserves. During the year 2018, the effects of impaired loan restructurings, sale and partial write-offs against existing individually allocated credit allowances were offset by the classification of $65 million loans as credit-impaired, including a $62 million loan to a borrower in the Brazilian sugar sector, which resulted in a year-over-year increase of $15.9 million in total credit allowances for losses in 2018.

The following table sets forth information regarding the Bank's allowance for losses allocated by country of exposure as of the dates indicated:

	As of December 31,					
	2019		**2018**		**2017**	
	Total	**%**	**Total**	**%**	**Total**	**%**
	(in $ millions, except percentages)					
Allowance for ECL on loans at amortized cost						
Argentina	$13.1	13.2	$12.1	12.0	$5.0	6.1
Brazil	58.8	59.2	57.0	56.5	42.4	52.1
Chile	0.4	0.4	0.2	0.2	0.6	0.7

	As of December 31,					
	2019		2018		2017	
	Total	%	Total	%	Total	%
			(in $ millions, except percentages)			
Colombia	2.3	2.3	3.7	3.7	3.5	4.3
Costa Rica	4.4	4.4	6.4	6.4	1.7	2.1
Dominican Republic	0.6	0.6	1.4	1.4	1.2	1.5
Ecuador	5.3	5.3	5.4	5.4	2.7	3.3
El Salvador	1.9	2.0	2.7	2.6	1.3	1.6
Guatemala	1.6	1.6	1.6	1.6	3.3	4.1
Honduras	4.7	4.7	3.4	3.3	6.2	7.6
Jamaica	1.2	1.2	0.7	0.7	0.5	0.6
Mexico	0.8	0.8	0.7	0.7	1.2	1.5
Nicaragua	0.0	0.0	0.0	0.0	2.1	2.6
Panama	2.7	2.7	3.6	3.6	3.6	4.5
Paraguay	0.6	0.6	0.9	0.9	4.8	5.9
Uruguay	0.0	0.0	0.0	0.0	0.0	0.1
Other [(1)]	0.9	1.0	1.0	1.0	1.2	1.4
Total Allowance for loan losses	**$99.3**	**100.0%**	**$100.8**	**100.0%**	**$81.3**	**100.0%**
Allowance for loan commitments and financial guarantee contract losses						
Argentina	0.0	0.0	$0.1	2.9	$0.1	1.1
Colombia	0.1	3.0	0.1	2.7	5.5	80.8
Ecuador	1.7	54.6	2.2	68.1	1.1	15.4
Other [(1)]	1.2	42.4	0.9	26.3	0.1	2.7
Total allowance for loan commitments and financial guarantee contract losses	**$3.0**	**100.0%**	**$3.3**	**100.0%**	**$6.8**	**100.0%**
Total allowance for credit losses						
Argentina	$13.1	12.8	$12.2	11.7	$5.0	5.7
Brazil	59.1	57.7	57.3	55.1	42.4	48.1
Chile	0.4	0.4	0.2	0.2	0.6	0.7
Colombia	2.4	2.4	3.8	3.6	9.1	10.3
Costa Rica	4.9	4.8	6.7	6.5	1.7	1.9
Dominican Republic	0.6	0.5	1.4	1.4	1.2	1.4
Ecuador	7.0	6.8	7.7	7.4	3.8	4.3
El Salvador	2.1	2.0	2.7	2.6	1.3	1.5
Guatemala	1.8	1.7	1.6	1.6	3.3	3.8
Honduras	4.7	4.6	3.4	3.2	6.2	7.0
Jamaica	1.2	1.2	0.7	0.7	0.5	0.6
Mexico	0.8	0.8	0.8	0.7	1.2	1.4
Nicaragua	0.0	0.0	0.0	0.0	2.1	2.4
Panama	2.7	2.6	3.6	3.5	3.7	4.2
Paraguay	0.7	0.7	0.9	0.8	4.8	5.4
Uruguay	0.0	0.0	0.0	0.0	0.0	0.0
Other [(1)]	0.9	1.0	1.1	1.0	1.2	1.3
Total allowance for credit losses	**$102.4**	**100.0%**	**$104.1**	**100.0%**	**$88.1**	**100.0%**

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

The following table sets forth information regarding the Bank's allowance for loan losses, and loan commitments and financial guarantee contract losses, by type of borrower as of the dates indicated:

	As of December 31,					
	2019		2018		2017	
	Total	%	Total	%	Total	%
	(in $ millions, except percentages)					
Private sector commercial banks and Financial Institutions	$18.3	17.8	$19.0	18.3	$17.2	19.6
State-owned commercial banks	3.6	3.5	8.7	8.3	3.6	4.1
Central banks	0.0	0.0	0.0	0.0	0.0	0.0
State-owned organization	5.5	5.4	6.7	6.4	4.3	4.9
Private corporations	75.0	73.3	69.7	67.0	63.0	71.4
Total	**$102.4**	**100.0%**	**$104.1**	**100.0%**	**$88.1**	**100.0%**

Total Revenues per Country

The following table sets forth information regarding the Bank's total revenues by country at the dates indicated, with total revenues calculated as the sum of net interest income plus total other income, net – which includes fees and commissions, net; gain (loss) on financial instruments, net; and other income, net:

	For the year ended December 31,		
	2019	2018	2017
		(in $ millions)	
Argentina	$14.9	$10.0	$7.0
Brazil	13.1	17.9	27.9
Chile	2.8	2.6	2.2
Colombia	10.3	15.4	18.5
Costa Rica	10.7	11.1	11.8
Dominican Republic	5.7	4.1	2.9
Ecuador	13.6	10.4	9.5
El Salvador	1.7	1.5	2.5
Germany	1.6	2.0	2.4
Guatemala	7.9	7.5	7.0
Honduras	2.9	2.4	2.3
Jamaica	1.7	2.1	1.6
Mexico	18.8	14.6	17.5
Panama	8.6	13.9	10.8
Paraguay	2.3	1.6	1.9
Peru	0.5	2.4	5.1
Trinidad and Tobago	8.2	5.0	3.7
Other countries (1)	1.4	3.1	3.7
Total revenues	**$126.7**	**$127.6**	**$138.3**

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

The above table provides total revenues by country, as they are presented in the Bank's Consolidated Financial Statements, and which are generated from the Bank's Commercial and Treasury Business Segments. Given that the Bank's business segments generate revenues not only from net interest income, but from other sources generating other income, net, the Bank adds those corresponding items to net interest income to show total revenues earned before impairment losses and operating expenses.

Net Revenues

During the year ended December 31, 2019, the Bank recorded net revenues totaling $126.7 million, representing a $0.9 million or 1% decrease compared to 2018. The main driver of this decline was attributable to lower average lending volumes, as the Bank improved its portfolio risk profile by reducing unwanted exposures to certain countries, industries and clients, along with decreased average liability deposit balances, which impacted the Bank's overall funding costs. These factors were only partially offset by the net positive effect of higher average LIBOR-based market rates throughout 2019 compared to 2018.

During the year ended December 31, 2018, the Bank recorded net revenues totaling $127.6 million, representing a $10.7 million or 8% decrease compared to 2017. The main country driving this decline was Brazil, whose revenues declined by $10 million, mostly due to a decrease in lending spreads as the Bank increased its lending to financial institutions in the country.

Liquidity

Liquidity refers to the Bank's ability to maintain adequate cash flows to fund operations and meet obligations and other commitments on a timely basis.

As established by the Bank's liquidity policy, the Bank's liquid assets are held in overnight deposits with the Federal Reserve Bank of New York or in the form of interbank deposits with reputable international banks that have A1, P1, or F1 ratings from two of the major internationally recognized rating agencies and are primarily located outside of the Region. In addition, the Bank's liquidity policy allows for investing in negotiable money market instruments, including Euro certificates of deposit, commercial paper, and other liquid instruments with maturities of up to three years. These instruments must be of investment grade quality A or better, must have a liquid secondary market and be considered as such according to Basel III rules.

The Bank performs daily reviews, controls and periodic stress tests on its liquidity position, including the application of a series of limits to restrict its overall liquidity risk and to monitor the liquidity level according to the macroeconomic environment. The Bank determines the level of liquid assets to be held on a daily basis, by adopting an LCR methodology referencing the Basel Committee guidelines. The Bank also monitors the stability of its funding base in alignment with the principles established by Basel's Net Stable Funding Ratio.

In addition, the Bank follows cumulative maturity "gaps" between assets and liabilities, for each maturity classification presented in the Bank's internal liquidity reports and maintains limits for concentrations of deposits taken from any client or economic group and total maximum deposits maturing in one day.

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

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

	As of December 31,		
	2019	**2018**	**2017**
		(in $ millions)	
United States of America	$1,132	$1,650	$612
Other O.E.C.D countries.	4	50	0
Multilateral	20	0	0
Latin America	4	6	7
Total	**$1,160**	**$1,706**	**$619**

The Bank's liquid assets, in the form of cash and cash equivalents, totaled $1,160 million as of December 31, 2019, compared to $1,706 million as of December 31, 2018 as the Bank returned to its historical adequate levels of prudent liquidity management. Liquid assets to total assets ratio amounted to 16% as of December 31, 2019, compared to 22% as of December 31, 2018, while at these same dates, the liquid assets to total deposits ratios were 40% and 57%, respectively. As of December 31, 2019, $1,129 million, or 97%, of the Bank's liquid assets were held in deposits with the Federal Reserve Bank of New York, compared to $1,648 million, or 97%, as of December 31, 2018.

The Bank's liquid assets satisfied the liquidity requirement resulting from the maturities of the Bank's 24-hour deposits from customers (demand deposit accounts and call deposits), which as of December 31, 2019 and 2018 amounted to $86 million and $725 million, respectively, representing 3% and 24% of the Bank's total deposits, respectively.

While the Bank's liabilities generally mature over somewhat shorter periods than its assets, the associated liquidity risk is diminished by the short-term nature of the loan portfolio, as the Bank is engaged primarily in the financing of foreign trade. As of December 31, 2019 and 2018, the Bank's short-term loan and investment securities portfolio (maturing within one year based on original contractual term) totaled $3,485 million and $3,912 million, respectively. As of December 31, 2019 and 2018, it had an average original term to maturity of 189 and 226 days, respectively, and an average remaining term to maturity of 131 days and 118 days, respectively.

Medium-term assets (loans and investment securities maturing beyond one year based on original contractual term) totaled $2,497 million and $1,990 million as of December 31, 2019 and 2018, respectively. As of December 31, 2019 and 2018, the medium-term assets had an average original term to maturity of three years and three months (1,185 days) and three years and nine months (1,350 days), respectively; and an average remaining term to maturity of two years and eight months (990 days), and one year and ten months (692 days), respectively.

Competition

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

The Bank also faces increased competition from local financial institutions which have access to comparable or better resources than the Bank. Local financial institutions are also clients of the Bank and there is complexity in managing the balance when a local financial institution is a client and competitor. Additionally, many local financial institutions are able to gain direct access to the capital markets and low cost funding sources, threatening the Bank's historical role as a provider of U.S. dollar funding.

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

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

Property, Plant and Equipment

The Bank leases its headquarters, which comprises 4,990 square meters of office space, located at Business Park - Tower V, Costa del Este, Panama City, Panama. The Bank leases computer hosting equipment spaces located at Gavilan Street Balboa, Panama City, Panama and 21 square meters of office space and internet access, as a contingency, located at 75E Street San Francisco, Panama City, Panama.

In addition, the Bank leases office space for its representative offices in Mexico City, Mexico; Buenos Aires, Argentina; Bogotá, Colombia; São Paulo, Brazil; and its New York Agency in White Plains, New York.

Legal Proceedings

At the date of this Base Prospectus, there have been no legal or arbitration proceedings, which may have, or have had in the recent past, significant effects on the Bank's financial position or profitability, including proceedings pending or known to be contemplated.

Recent Events

2020 Annual Shareholders' Meeting

At the Annual Shareholders' Meeting held on April 29, 2020, in Panama City, Panama, our shareholders:

- approved the Bank's audited consolidated financial statements for the fiscal year ended December 31, 2020;

- ratified the appointment of KPMG as the Bank's independent registered public accounting firm for the fiscal year ending December 31, 2020;

- re-elected Mr. José Alberto Garzón and Mr. Mario Covo as Directors representing the holders of Class A shares and Class E shares of the Bank's common stock, respectively, and elected Mr. Eduardo Hecker as Director representing the holders of Class A shares of the Bank's common stock;

- approved, on an advisory basis, the compensation of the Bank's executive officers; and

- approved an amendment to Article 12 of the Bank's Articles of Incorporation to delete a provision that required that the Board of Directors always nominate the Chief Executive Officer as one of the two Directors to be elected by the holders of all classes of shares of the Bank's common stock.

Quarterly dividend payment

On April 15, 2020, the Bank announced its Board approved a quarterly common dividend of $0.25 per share corresponding to the first quarter of 2020. The first quarter dividend was paid on May 13, 2020 to shareholders registered as of April 27, 2020.

Credit Ratings

The cost and availability of financing for the Bank are influenced by its credit ratings, among other factors. The credit ratings of the Bank as of the date of this Base Prospectus, were as follows:

	Fitch	Moody's	S&P
Short-Term	F3	P-2	A-2
Long-Term	BBB	Baa2	BBB
Rating Outlook	Negative	Stable	Negative

Credit Rating from Fitch Ratings Ltd. ("Fitch")

On June 18, 2020, Fitch downgraded the Bank's Long-Term Foreign Currency Issuer Default Rating ("IDR") to 'BBB' from 'BBB+', and its Short-Term IDR to 'F3' from 'F2'. The outlook on the Long-Term IDR remains negative.

Credit Rating from Moody's Investors Service, Inc. ("Moody's")

The Bank's credit ratings from Moody's have been unchanged at "Baa2/P-2" since December 19, 2007, with the latest affirmation of the Bank's credit ratings on May 27, 2020. The outlook was revised to stable from negative.

Credit Rating from Standard & Poor's Global Ratings ("S&P")

The credit ratings from S&P have been unchanged at "BBB/A-2" since May 13, 2008, with the most recent confirmation of the Bank's credit ratings on March 31, 2020. The outlook remained negative from S&P.

Critical factors supporting the Bank's investment-grade credit ratings mainly include its prudent risk management, its historically solid asset quality and financial performance, stable funding structure and solid tier one capitalization. Although the Bank closely monitors and manages factors influencing its credit ratings, there is no assurance that such ratings will not be lowered in the future.

REGULATION

General

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

The Superintendency of Banks has signed and executed agreements or letters of understanding with 27 foreign supervisory authorities regarding the sharing of supervisory information under the principles of reciprocity, appropriateness, national agreement and confidentiality. These entities include the Federal Reserve, the Federal Reserve Bank, the Office of the Comptroller of the Currency of the Treasury Department or the OCC and the Federal Deposit Insurance Corporation. In addition, the Statement of Cooperation between the United States and Panama promotes cooperation between U.S. and Panamanian banking regulators and demonstrates the commitment of the U.S. regulators and the Superintendency to the principles of comprehensive and consolidated supervision.

Banks in Panama are subject to the Decree-Law 9 of February 26, 1998, as amended, and banking regulations issued by the Superintendency (the "Banking Law").

Panamanian Law

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

Capital

General License Banks must at all times maintain (i) a paid-in capital of no less than U.S.$10 million and (ii) an adjusted capital of not less than 8% of total risk-weighted assets. The Superintendency has the power to impose additional capital adequacy requirements not contemplated above on any financial institution to secure the stability of Panama's financial system.

Adjusted capital consists of the sum of (i) primary capital (Tier 1 Capital), (ii) secondary capital (Tier 2 Capital) and (iii) the credit balance of the dynamic reserves. Primary capital is further divided into ordinary capital (Common Equity Tier 1) and additional capital (Additional Tier 1).

Primary Capital

(i) *Ordinary Capital* includes paid-in capital in shares, surplus capital, declared reserves, retained earnings, minority interests in equity accounts of consolidated subsidiaries, other items of net total earnings and any other reserves authorized by the Superintendency.

(ii) *Additional Primary Capital* includes instruments issued by a bank that comply with the criteria to be classified as ordinary primary capital and that are not classified as ordinary primary capital, issuance premiums from financial instruments considered ordinary primary capital, financial instruments that are held by a third party and are issued by consolidated affiliates of the bank, and any other financial instrument resulting from capital adjustments of ordinary primary capital.

Secondary Capital

Secondary capital includes (i) financial instruments that comply with the criteria set forth in Rule No. 1-2015 to be classified as secondary capital, (ii) subscription premiums paid on financial instruments that are classified as secondary capital, (iii) financial instruments issued by consolidated affiliates of the bank to third parties, and (iv) reserves for future losses (excluding provisions assigned to the deterioration of assets valued on an individual or collective basis).

Dynamic Reserves

The calculation of the dynamic reserve is equal to (i) the sum of multiplying the outstanding amount of the risk-weighted assets classified as standard by the alpha factor of 1.5%; plus the result of multiplying the variation between quarters of the risk-weighted assets classified as standard by the beta factor of 5%; minus (ii) the quarterly variation of the outstanding amount of the specific reserves (as defined below). The dynamic reserve must be between 1.25% and 2.5% of the risk-weighted assets amount corresponding to the credit facilities classified in the Normal category and cannot decrease in respect to the amount calculated for the previous quarter, except for cases when such decrease is as a result of a conversion from dynamic reserves to specific reserves.

General License Banks are required to maintain a ratio of ordinary primary capital over risk-weighted assets of 4.50%. In addition, General License Banks are required to maintain a ratio of primary capital over risk weighted assets of 6.00%.

Loan Classification and Loan Loss Reserves

Regulations require that banks have loan loss allowances. The calculation of the specific reserves requires that the loan portfolio be classified according to parameters prescribed in the regulation. The regulations set out clear requirements intended to achieve consistent credit classifications of loans based on the type banking portfolio they fall into (i.e., consumer, corporate, etc.) and also establishes rules to calculate specific and general loan loss provisions. There are five categories of loan classifications: Normal, Special Mention, Sub-standard, Doubtful and Unrecoverable. Regulations require banks to suspend accruing interest on impaired loans.

Specific reserves are reserves required in connection with the credit classification of a loan. They are created for individual credit facilities as well as for a consolidated group of credit facilities. The reserve requirements depend on the classification of the loan as follows: Normal loans 0%; Special Mention loans 20%; Sub-standard loans 50%; Doubtful loans 80%; and Unrecoverable 100%. Specific reserve requirements take into account the classification of the loan as well as the guarantees provided by the borrowers to secure such loans. Guarantees are calculated at present value in accordance with the requirements established by banking regulations.

Banks may create their own financial models to determine the amount of the specific reserves, subject to the approval of the Superintendency. In any event, the internal financial models must comply with the minimum specific reserve requirements established in the regulations. Compliance with regulations on loan classification and loan loss reserves are monitored by the Superintendency through reports, as well as on- and off-site examinations.

As a result of the COVID-19 pandemic, the Superintendency of Banks issued Accord 2-2020 as amended by Accord 3-2020 which created a new category of Modified loans. Clients can request a bank to modify the terms and conditions of their loans if they have been directly affected by the COVID-19 pandemic. Loans that are amended are classified as Modified instead of restructured loans. Restructured loans are assigned to the classification that they belonged to prior to its restructuring and must remain in said category for at least 6 months until a new assessment of the loan allows for a reclassification of the loan to a lower risk category. Loans classified as Modified must (i) have new terms and conditions which are financially viable, (ii) be under special supervision by the bank, and (iii) be classified as restructured if there is a non-compliance with the new terms and conditions.

Banks may use up to 80% of their dynamic reserves to create specific reserves required to cover the modified loans.

Liquidity

General License Banks are required to maintain 30% of their total gross deposits in qualifying liquid assets as prescribed by the Superintendency (which include short-term loans to other banks and other liquid assets). Qualifying liquid assets must be free of liens, encumbrances and transfer restrictions. The Superintendency may impose concentration limits and cash requirements, as well as weights per type of liquid assets.

The Superintendency requires general license banks to monitor their liquidity and identify potential liquidity risk events that may affect the bank. Banks must undertake stress tests and active monitoring of their intra-day liquidity.

The stress tests performed by the bank should include at minimum: (a) the simultaneous exhaustion of liquidity in different markets; (b) restrictions on access to secured and unsecured funding; (c) limitations on foreign currency exchange and difficulties on the settlement of foreign currency exchange transactions; and (d) analysis of the possible effects of severe stress scenarios.

Banks are required to have a contingent funding plan which should include: (i) a diversified pool of contingent funding options; (ii) provide detail as to potential amounts and values that could be obtained from each of the funding options; (iii) procedures that detail the priority of the funding sources; and (iv) a flexible framework which will allow the bank to react effectively to different situations.

General license banks are required to calculate and comply with the liquidity coverage ratio ("LCR") established by the Superintendency. The regulation establishes two bands of ratios that can be applicable to banks in Panama. The Superintendency determines, according to internal criteria, the band applicable to each bank. The band 1 banks are required to gradually reach a ratio of 50% and the band 2 banks are required to gradually reach a ratio of 100%, each by December 2022. The Superintendency has confirmed that the band 2 is applicable to the Bank. The Superintendency defines the LCR as the stock of high-quality liquid assets over total net cash outflows over the next 30 calendar days. The definition is based on the Basel III Liquidity Coverage Ratio and liquidity risk monitoring tools published by the Basel Committee on Banking Supervision and adjusted by the Superintendency.

Lending Limits

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

Under the Banking Law, a bank and the ultimate parent of the banking group may not grant loans or issue guarantees or any other obligation to "related parties" that exceed (1) 5% of its total capital, in the case of unsecured transactions, and (2) 10% of its total capital, in the case of collateralized transactions (other than loans secured by deposits in the bank). For these purposes, a "related party" is (a) any one or more of the bank's directors, (b) any shareholder of the bank that directly or indirectly owns 5% or more of the issued and outstanding capital stock of the bank, (c) any company of which one or more of the bank's directors is a director or officer or where one or more of the bank's directors is a guarantor of the loan or credit facility, (d) any company or entity in which the bank or any one of its directors or officers can exercise a controlling influence, (e) any company or entity in which the bank or any one of its directors or officers owns 20% or more of the issue and outstanding capital stock of the company or entity and (f) managers, officers and employees of the bank, or their respective spouses (other than home mortgage loans or guaranteed personal loans under general programs approved by the bank for employees). The Superintendency currently limits the total amount of secured and unsecured Credit Facilities (other than Credit Facilities secured by deposits in the bank) granted by a bank or the ultimate parent of a banking group to related parties to 25% of the total capital of the bank.

The Superintendency of Banks may authorize the total or partial exclusion of loans or credits from the computation of these limitations in cases of unsecured loans and other credits granted by mixed-capital banks with headquarters in Panama whose principal business is the granting of loans to other banks, which is the case of the Bank. This authorization is subject to the following conditions: (1) the ownership of shares in the debtor bank–directly or indirectly–by the shared director or shared officer, may not exceed 5% of the bank's capital, or may not amount to any sum that would ensure his or her majority control over the decisions of the bank; (2) the ownership of shares in the creditor bank–directly or indirectly–by the debtor bank represented in any manner by the shared director or shared officer, may not exceed 5% of the shares outstanding of the creditor bank, or may not amount to any sum that would ensure his or her majority control over the decisions of the bank; (3) the shared director or shared officer must abstain from participating in the deliberations and in the voting process regarding the loan or credit request; and (4) the loan or credit must strictly comply with customary prudential standards set by the grantor bank's credit policy. The

Superintendency will determine the amount of the exclusion in the case of each loan or credit submitted for its consideration.

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

Corporate Governance

The board of directors of a bank must be comprised of at least seven members, with knowledge and experience in the banking business, including at least two independent directors. The majority of the members of the board of directors may not be part of the banks' management nor have material conflicts of interest. Neither the Chief Executive Officer, nor the Chief Operating Officer or Chief Financial Officer may preside over the board of directors. Members of the board of directors who participate in board-established committees shall have specialized knowledge and experience in the areas assigned to the committees in which they participate. The board of directors shall meet at least every three months. The board of directors shall keep detailed minutes of all meetings.

Minimum corporate governance requirements for banking institutions include: (a) documentation of corporate values, strategic objectives and codes of conduct; (b) documentation that evidences compliance with the corporate values and code of conduct of the bank; (c) a defined corporate strategy that can be used to measure the contribution to the bank of each level of the corporate governance structure; (d) the designation of responsibilities and authorized decision-making authorities within the bank, and their individual powers and approval levels; (e) the creation of a system that regulates interaction and cooperation of the board of directors, senior management and external and internal auditors; (f) creation of control systems for independent risk management; (g) prior approval, monitoring and verification of risks for credit facilities with existing conflicts of interest; (h) creation of policies for recruitment, induction, continuous and up-to-date staff training and financial and administrative incentives; (i) existence of internal and public information that guarantee the transparency of the corporate governance system; (j) creation of a direct supervision system for each level of the organizational structure; (k) external audits independent from management and the board of directors; and (l) internal audits independent from management of the bank.

Integral Risk Management

Panamanian banking regulations contain guidelines for integral risk management of financial institutions. Integral risk management is a process intended to identify potential events that can affect banks and to manage those events according to their nature and risk level. These guidelines cover the different risks that could affect banking operations such as: (i) credit risk; (ii) counterparty risk; (iii) liquidity risk; (iv) market risk; (v) operational risk; (vi) reputational risk; (vii) country risk; (viii) contagion risk; (ix) strategic risk; (x) information technology risk; and (xi) concentration risk. Banks are required to have policies for the management and mitigation of all risks to which they are exposed. The board of directors, management and the risk committee of the board of directors are responsible for compliance with the integral risk management policies created to mitigate the exposure of the bank to such risks.

Additional Regulatory Requirements

In addition to the foregoing requirements, there are certain other requirements applicable to General License Banks, including: (1) a requirement that a bank must notify the Superintendency before opening or closing a branch or office in Panama and obtain approval from the Superintendency before opening or closing a branch or subsidiary outside Panama, (2) a requirement that a bank obtain approval from the Superintendency before it liquidates its operations, merges or consolidates with another bank or sells all or substantially all of its assets, (3) a requirement that a bank must designate the certified public accounting firm that it wishes to contract to perform external audit duties for the new fiscal term, within the first three months of each fiscal term, and notify the Superintendency within 7 days of such designation, (4) a requirement that a bank obtain prior approval from the Superintendency of the rating agency it wishes to hire to perform the risk analysis and rating of the bank, (5) a requirement that a bank must publish in a local newspaper the risk rating issued by the rating agency and any risk rating update, and (6) a requirement that a bank must provide written affirmation of the Bank's audited financial statements signed by the Bank's Chairman of the

Board, the Chief Executive Officer and Chief Financial Officer. The subsidiaries of Panamanian banks established in foreign jurisdictions must observe the legal and regulatory provisions applicable in Panama regarding the sufficiency of capital, as prescribed under the Banking Law.

Supervision, Inspection and Reports

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

Panamanian laws and regulations governing Anti-Money Laundering, Terrorism Finance and the Prevention of the Proliferation of Weapons of Mass Destruction

Panama has enacted extensive legislation and regulations to prevent and fight money laundering activities and the financing of terrorism and weapons of mass destruction by financial institutions and certain other businesses.

Financial and non-financial supervised entities are subject to supervision, reporting and compliance requirements by various government agencies. The following entities are deemed to be "financial supervised entities": (i) banks; (ii) bank groups; (iii) trust companies; (iv) leasing companies; (v) factoring companies; (vi) credit, debit or pre-paid card processing entities; (vii) companies engaged in remittances or wire transfers; and (viii) companies that provide any other service related to trust companies. These entities must comply with measures to prevent their operations and/or transactions from being used for money laundering operations, terrorism financing or any other illicit activity. Banks and trust companies are regulated and supervised by Superintendency.

The laws and regulations require supervised entities to perform due diligence reviews on their clients and their transactions. Supervised entities have the obligation to ensure that the information provided by their customers is continuously updated. Clients classified as higher risk clients are required to update their information on a yearly basis. Banks are further required to create a system of client classification by risk profiles, based on factors such as nationality, country of birth or incorporation, domicile, profession or trade, geographic region of the customer's activities, corporate structure, type, amount and frequency of transactions, source of funds, politically exposed persons, products, services and channels. Banks are required to know and keep information about the ultimate beneficial owner of their clients. The disclosure of ultimate beneficiaries is limited to up to 10% ownership if the owner is a natural person; otherwise, further disclosure is required. This requirement does not apply to listed entities. By December 31, 2020, foreign clients of banks must also provide the bank with the foreign tax identification number of the country where the client is a taxpayer and a sworn statement which states that flows of the deposits and disbursements held or issued by the bank will comply with all fiscal obligations in the country or countries where said foreign client has fiscal residence.

Banks are subject to supervision and monitoring measures in order to prevent the use of their banking operations and/or transactions for money laundering operations. These measures include: (i) compliance with "Know Your Customer" policies; (ii) supervision of employee activities; (iii) tracking the movement of every customer's account to be aware of their regular activities and be able to identify unusual transactions; (iv) keeping a registry of every suspicious transaction and notifying suspicious transactions to the Financial Analysis Unit (a Panamanian governmental agency under the Ministry of the Presidency); (v) conducting internal audits at least every six months on accounts with funds exceeding U.S.$10,000, with the purpose of determining if transactions made in these accounts are consistent with the account holder's usual behavior; and (vi) monitoring accounts of clients labelled as politically exposed persons.

Furthermore, banks that provide correspondent banking services to foreign banks must assess, review and monitor the policies and internal controls of such foreign banks to prevent money laundering, terrorism financing or any other illicit activities.

United States Law

The Bank operates the New York Agency and maintains a direct wholly-owned non-banking subsidiary in Delaware, Bladex Holdings, which is not engaged in banking activities. See "Description of Business of Bladex—History and Development of the Company."

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

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

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

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

The IBA also restricts the ability of a foreign bank with a branch or agency in the United States to engage in non-banking activities in the United States, to the same extent as a U.S. bank holding company. Bladex is subject to certain provisions of the Bank Holding Company Act of 1956 (the "BHCA"), because it maintains an agency in the United States. Generally, any nonbanking activity engaged in by Bladex directly or through a subsidiary in the United States is subject to certain limitations under the BHCA. Among other limitations, the provisions of the BHCA include the so-called "Volcker Rule," which may restrict proprietary trading activities conducted by Bladex and its affiliates with

U.S. clients or counterparties, as well as certain private funds-related activities with US nexus. Under the Gramm-Leach-Bliley Financial Modernization Act of 1999 (the "GLB Act"), a foreign bank with a branch or agency in the United States may engage in a broader range of non-banking financial activities, provided it is qualified and has filed a declaration with the U.S. Federal Reserve Board to be a "financial holding company." The application with the U.S. Federal Reserve Board to obtain financial holding company status, filed by the Bank on January 29, 2008, was withdrawn, effective March 2, 2012, as the Bank no longer considered the financial holding company status to be a necessary requirement in order to achieve its long-term strategic goals and objectives. At present, the Bank has a subsidiary in the United States, Bladex Holdings, a wholly-owned corporation incorporated under Delaware law that is not presently engaged in any activity.

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

New York State Law

The New York Agency, established in 1989, is licensed by the Superintendent of Financial Services of the State of New York (the "Superintendent"), under the New York Banking Law. The New York Agency maintains an international banking facility that also is regulated by the Superintendent and the U.S. Federal Reserve Board. The New York Agency is examined by the Department of Financial Services and is subject to banking laws and regulations applicable to a foreign bank that operates a New York agency. New York agencies of foreign banks are regulated substantially the same as, and have similar powers to, New York state-chartered banks, subject to certain exceptions (including with respect to capital requirements and deposit-taking activities).

The Superintendent is empowered by law to require any branch or agency of a foreign bank to maintain in New York specified assets equal to a percentage of the branch's or agency's liabilities, as the Superintendent may designate. Under the current requirement, the New York Agency is required to maintain a pledge of a minimum of U.S.$2 million with respect to its total third-party liabilities and such pledge may be up to 1% of the agency's third party liabilities, or upon meeting eligibility criteria, up to a maximum amount of U.S.$100 million. As of December 31, 2019, the New York Agency maintained a pledge deposit with a carrying value of U.S.$3.5 million with the New York State Department of Financial Services, above the minimum required amount. In addition, the Superintendent retains the authority to impose specific asset maintenance requirements upon individual agencies of foreign banks on a case-by-case basis.

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

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

U.S. Anti-Money Laundering Laws

U.S. anti-money laundering laws, including the Financial Recordkeeping and Reporting of Currency and Foreign Transactions Act of 1970 (commonly known as the Bank Secrecy Act), as amended by the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (commonly referred to as the PATRIOT Act), impose significant compliance and due diligence obligations, on financial institutions doing business in the United States, including, among other things, requiring these financial institutions to maintain appropriate records, file certain reports involving currency transactions, conduct certain due diligence with respect to their customers and establish anti-money laundering compliance programs designed to detect and report suspicious or unusual activity. The New York Agency is a "financial institution" for these purposes. The failure of a financial institution to comply with the requirements of these laws and regulations could have serious legal, reputational and financial consequences for such institution. The New York Agency has adopted risk-based policies and procedures reasonably designed to promote compliance in all material respects with these laws and their implementing regulations.

U.S. Economic or Financial Sanctions, Requirements or Trade Embargoes

The economic or financial sanctions, requirements or trade embargoes (collectively, the "Sanctions") imposed, administered or enforced from time to time by the OFAC and other U.S. governmental authorities, require all U.S. persons, including U.S. branches or agencies of foreign banks operating in the U.S. (such as the New York Agency) to comply with these sanctions, and require U.S. financial institutions to block accounts and other property of, or reject unlicensed trade and financial transactions with specified countries, entities, and individuals. Failure to comply with applicable Sanctions can have serious legal, reputational and financial consequences for an institution subject to these requirements and Sanctions, in general, may have a direct or indirect adverse impact on the business or operations of parties that engage in trade finance or international commerce. The New York Agency has adopted risk-based policies and procedures reasonably designed to promote compliance in all material respects with applicable Sanctions.

Other U.S. Laws/Regulations

The New York Agency's operations are also subject to federal or state laws and regulations applicable to financial institutions which relate to credit transactions and financial privacy. These laws, include, without limitation, the following:

- State usury laws and federal laws concerning interest rates and other charges collected or contracted for by the New York Agency;
- Equal Credit Opportunity Act, prohibiting discrimination on the basis of race, creed or other prohibited factors in extending credit;
- Check Clearing for the 21st Century Act (also known as "Check 21"), which gives "substitute checks," such as digital check images and copies made from that image, the same legal standing as the original paper check; and
- Rules and regulations of the various state and federal agencies charged with the responsibility of implementing such state or federal laws.

Information Security

The Bank has approved policies and implemented procedures defining roles and responsibilities for managing information security as part of the Information Security and Technological Risk Management Framework. These policies and procedures cover any access to data, resource management and information systems by the Bank's employees, providers and suppliers, as well as any other person dealing with the Bank.

The Bank's Information Security Team is responsible for overseeing compliance with the policies and procedures by any person with access to our systems. The Bank also engages independent third-party reviews of its cyber-security program.

The cyber-security program was developed using a holistic approach, which enables us to cover both the technical and strategic measures in one program. This program is based on four fundamental pillars: Perimeter Security, Service and Infrastructure Security, User Security and Data Security.

MANAGEMENT

Directors

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

Name	Country of Citizenship	Position Held with The Bank	Year Term Expires	Director Since	Age
CLASS A					
João Carlos de Nóbrega Pecego Chief Executive Officer Banco Patagonia, Argentina	Brazil	Director	2022	2010	56
José Alberto Garzón Gaitán Legal Vice President and General Secretary Banco de Comercio Exterior de Colombia	Colombia	Director	2023	2017	50
Eduardo Hecker Chairman Banco de la Nación Argentina	Argentina	Director	2023	2020	63
CLASS E					
Ricardo Manuel Arango Senior Partner Arias, Fábrega & Fábrega, Panama	Panama	Director	2022	2016	59
Herminio A. Blanco President IQOM, Mexico	Mexico	Director	2022	2004	69
Mario Covo Founding Partner DanaMar LLC, United States	United States	Director	2023	1999	63
Miguel Heras Castro Managing Director Inversiones Bahia Ltd., Panama	Panama	Chairman of the Board	2021	2015	51
Roland Holst Board Member Sudameris Bank, Paraguay	Paraguay	Director	2022	2017	50
ALL CLASSES OF COMMON STOCK (1)					
Isela Costantini Chief Executive Officer Grupo ST, Argentina	Argentina	Director	2021	2019	48
Alexandra M. Aguirre Partner Morrison & Foerster LLP, United States	United States	Director	2021	2020	44

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

João Carlos de Nóbrega Pecego has served as a Director of the Board since 2010. Mr. Pecego has served as Chief Executive Officer of Banco Patagonia, Argentina since 2014. Mr. Pecego has also served as Vice President of GPAT Compañía Financiera since 2016, Director of Patagonia Valores since 2011, Director of Banco Patagonia Uruguay since 2011 and Director of ABA, Asociación de Bancos de la Argentina since 2018. Mr. Pecego was President of Grupo Brasil from 2015 to 2017 and Director of Visa Argentina, from 2012 to 2017 and Director of ADEBA, Asociación de Bancos Argentinos from 2014 to 2018. Mr. Pecego was also Vice President of Banco Patagonia, Argentina, from 2011 to 2014. He has been employed by Banco do Brasil in various capacities since 1978, holding the positions of Manager of the main agencies in the State of São Paulo, Commercial Superintendent in the South Region of Brasil, Executive Manager responsible for Projects and Corporate Financing and Regional General Director – Head of Latin America of Banco do Brasil based in Argentina from 2009 to 2011. Mr. Pecego holds a degree in Business Administration from Universidad Costa Braga, a postgraduate degree in Business Management from Instituto São Luiz, São Paulo, an MBA in International Business from Fundación Don Cabral, Minais Gerais and in

Marketing from Pontificia Universidade Católica do Rio de Janeiro, (PUC). Mr. Pecego's professional experience in and related to the banking industry qualifies him to serve on the Board.

José Alberto Garzón has served as a Director of the Board since 2017. Mr. Garzón has served as Legal Vice President and General Secretary of Banco de Comercio Exterior de Colombia S.A. (Bancoldex) in Colombia since 2003, as Administrative Vice President from 2016 to 2017 and in various other capacities with Bancoldex since 1995, holding the positions of Director of the Legal Department from 2000 to 2003 and Attorney in the Legal Department from 1995 to 2000. Mr. Garzón has served as a member of the Board of Directors of Fiduciaria Colombiana de Comercio Exterior S.A. (Fiducoldex) in Colombia since 2016, Leasing Bancoldex S.A. Compañía de Financiamiento in Colombia since 2015 and Segurexpo de Colombia, S.A. Aseguradora de Crédito in Colombia since 2000. Previously Mr. Garzón was an Attorney at Legis Editores in Colombia in 1995 and General Manager of Servibolsa Ltda. Servicios Inmobiliarios from 1993 to 1995. He is currently a Professor of Credit Insurance in the Insurance Law Program at Pontificia Universidad Javeriana in Colombia and previously taught History of Political Ideas and Insurance at Fundación Universitaria Jorge Tadeo Lozano in Colombia from 1996 to 2004. Mr. Garzón holds a Law degree and a Master's degree in Financial Law from Universidad del Rosario in Colombia. Mr. Garzón also holds Master's degrees in Commercial Law and Project Finance Studies from Universidad de Los Andes in Colombia and Insurance Law from Pontificia Universidad Javeriana in Colombia. Mr. Garzón is a graduate of Transformative Business Leadership at Centro de Liderazgo y Gestión and of Leading Economic Growth at Harvard's Kennedy School of Government. Mr. Garzón's first-hand experience and vast knowledge of administrative, legal and regulatory matters relating to the banking industry and, in particular, trade finance qualify him to serve on the Board.

Eduardo Hecker has served as a Director of Bladex since 2020. Mr. Hecker is Chairman of Banco de la Nación Argentina, Argentina. He previously served as Director of DEL Consultores, Argentina. Mr. Hecker was President of the Comisión Nacional de Valores, Chairman of Banco de la Ciudad de Buenos Aires, Argentina, Second Vice President of the Asociación de Bancos Públicos y Privados de la República Argentina-ABAPPRA, Director of Red Link, S.A., Argentina, Secretary of Desarrollo Económico de la Ciudad de Buenos Aires and Director del Centro de Estudios para la Producción-Secretaría de Industria, Comercio y Minería de Argentina. He is currently Director of the Program for Specialization in Banking Administration of Universidad de la Matanza (UNLaM), Argentina and is the author of the following books: *Los desafíos del desarrollo, diagnósticos y propuestas* published in 2005, *Hacia del desarrollo económico, ventajas competitivas, actores y políticas en la Cudad de Buenos Aires* published in 2003, *La inversion extranjera en la Argentina en los años ´90* published in 1998, among others. In 2003, Mr. Hecker was recognized by Noticias Urbanas with a Quality Award granted under the topic Best Government Management during his service as Secretary of Economic Development of the city of Buenos Aires. Mr. Hecker holds a degree in Economics from Universidad de Buenos Aires, Argentina. His extensive experience along with his academic and consulting skills, qualify him to serve in the Board.

Ricardo Manuel Arango has served as a Director of the Board since 2016. Mr. Arango is a senior partner of the law firm of Arias, Fábrega & Fábrega in Panama. Since 2004, Mr. Arango has held several leadership positions in the firm, contributing to shape the organization into a leading Latin-American law firm. Mr. Arango has served as a member of the board of directors of the Panama Canal Authority since 2016, and as a member of the board of directors and audit and compliance committees of Banco General since 2012. Mr. Arango served as a member of the board of directors of Corporación La Prensa from 2002 to 2016 and as Chairman of its Editorial Committee from 2011 to 2016. He also served as a member of the board of directors of the Panama Stock Exchange from 1999 to 2016 and as its Chairman from 2007 to 2011. Mr. Arango is a member of the Latin American Business Council (CEAL) and represents his firm before Lex Mundi, the largest network of independent law firms in the world. From 1985 to 1987, Mr. Arango worked at White & Case in New York. From 1987 to 1995, Mr. Arango worked as an associate with Arias, Fábrega & Fábrega in Panama, becoming a partner of the firm in 1995. Mr. Arango's professional practice focuses on finance, capital markets, banking regulations, corporate governance and compliance, and mergers and acquisitions. During his career, Mr. Arango has acted as lead counsel in some of the largest and most complex financial transactions and acquisitions in Panama and Central America. From 1998 to 1999, Mr. Arango headed the Presidential Commission that drafted Panama's current securities act. Mr. Arango holds a Bachelor's degree in Law and Political Science from the University of Panama, a Master of Laws degree from Harvard Law School and a Master of Laws degree from Yale Law School. He was a Fulbright Scholar from 1983 to 1985. Mr. Arango is admitted to practice law in New York and Panama. Mr. Arango's strong knowledge of the regulatory frameworks under which the Bank operates; skills in managing legal, compliance, operational and credit risks of the banking industry; diversified perspective based on his combined legal/business acumen; in-depth understanding of the Bank's business and operations; and experience as a board member for different companies, qualify him to serve on the Board.

Herminio A. Blanco has served as a Director of the Board since 2004. Dr. Blanco has served as President of IQOM since 2005. IQOM offers business solutions on international trade, investment and regulatory affairs. In January 2019 Dr. Blanco and his partners established IQOM Strategic Advisors in Washington D.C. to represent the interests of the Mexican private sector in the U.S. and to provide strategic intelligence, analysis and lobbying of the U.S. Congress and the Federal government. Since January 2017, IQOM has been the lead advisor of the Consejo Coordinador Empresarial, the umbrella organization of the Mexican private sector, in the renegotiation of the NAFTA. Dr. Blanco has been a member of the board of directors for CYDSA since 2004 and of Fibra Uno since 2011, and he is chairman of Arcelor-Mittal Mexico. He has also been a member of the Trilateral Commission since 2001 and of Science and Technology in Society in Kyoto, Japan. Dr. Blanco served as Secretary of Trade and Industry of Mexico from 1994 to 2000, Undersecretary for International Trade and Negotiations and Chief Negotiator of NAFTA from 1990 to 1993. He was also responsible for the negotiation of the free trade agreement with the European Union, with the European Free Trade Area, with various Latin American countries and with Israel from 1994 to 2003 and launched the process that led to the negotiation of the free trade agreement with Japan. Dr. Blanco holds a B.A. in Economics from Instituto Tecnológico de Estudios Superiores de Monterrey, Moterrey Tech, a Ph.D. in economics from University of Chicago, and a Doctor Honoris Causa from Rikkyo University in Japan. Dr. Blanco's extensive experience and background in foreign trade and finance, along with his academic and consulting skills, qualify him to serve on the Board.

Mario Covo has served as a Director of the Board since 1999. Dr. Covo is a Founding Partner of DanaMar LLC in New York, a financial consulting firm established in 2013, and of Larch Lane Partners, an investment advisory firm established in 2019. He was a Founding Partner of Helios Advisors in 2003, a Founding Partner of Finaccess International, Inc. in 2000 and a Founding Partner of Columbus Advisors in 1995. Dr. Covo worked at Merrill Lynch from 1989 to 1995, where he was Head of Emerging Markets-Capital Markets. Prior to working for Merrill Lynch, Dr. Covo worked at Bankers Trust Company of New York from 1985 to 1989 as Vice President in the Latin American Merchant Banking Group, focusing on corporate finance and debt-for-equity swaps. Prior to that Dr. Covo was an International Economist for Chase Econometrics from 1984 to 1985, focusing primarily on Latin America. Dr. Covo holds a Ph.D. in Economics from Rice University and a B.A. with honors from Instituto Tecnológico Autónomo de Mexico. Dr. Covo's extensive background and experience in the financial services industry, and his exposure to the markets in which the Bank operates qualify him to serve on the Board.

Miguel Heras Castro has served as a Director of the Board since 2015 and was elected Chairman of the Board as of July 16, 2019. Mr. Heras is the Founder and Managing Partner of MKH Capital Partners in Florida, U.S.A. Since 1999, he has served as Managing Director and as a member of the Board of Directors of Inversiones Bahia, Ltd. in Panama, the largest investment group in Central America, focusing on the financial, infrastructure, energy, real estate, and communications markets. Mr. Heras currently leads the private equity and venture capital team of the group. Mr. Heras currently serves on the boards of Cable Onda, Gas Natural Atlántico, Sistemas de Generación S.A. (SIGSA), Televisora Nacional and Bahia Motors. He is also a member of The Wharton School of the University of Pennsylvania Executive Board for Latin America, Vice President of the Board of the Panama Food Bank Foundation and was a Director of the Biodiversity Museum. His knowledge and experience in the banking industry consolidated while he served as member of the Board of Directors and Asset-Liability Committee (ALCO) of Banco Continental de Panama for more than five years. Mr. Heras structured the acquisition of several companies and banking institutions, and in 2007 led the negotiation for the integration of the banking businesses of Banco Continental de Panamá and Banco General, which converted Banco General in one of the largest banks in Central America. In addition, Mr. Heras was also a member of the Board of Directors of Amnet Telecommunications Holdings, Cable and Wireless (Panama) Inc. and the Panamanian Stock Exchange. Mr. Heras was Minister of the Treasury of the Republic of Panama and President of the Council on Foreign Trade from 1996 to 1998. He served as Vice Minister of the Treasury from 1994 to 1996. Mr. Heras holds a Bachelor of Science in Economics from the Wharton School of Commerce and Finance of the University of Pennsylvania. Mr. Heras' professional expertise in economics, finance and private equity and his experience as a board member of different companies qualifies him to serve on the Board.

Roland Holst has served as a Director of the Board since November 1, 2017 when he was designated to fill the vacancy created by the retirement of Ms. Maria da Graça França. Dr. Holst was Treasurer and Member Ex-Officio of the Board from May 2017 to October 2017 and was previously a Board member from 2014 to 2017. Dr. Holst has served as a board member of Sudameris Bank, Paraguay since 2017 and served as a Director of the Board of Banco Central del Paraguay from 2012 to 2017. He was Head of Fixed Income Research at State Street Global Markets in Boston, Massachusetts from 2007 to 2011 and Quantitative Analyst at Starmine Corp. in San Francisco, California from 2006 to 2007. He was a Teaching Assistant of Econometrics, Public Finance, Finance, Program Evaluation, Macroeconomics and Labor Economics at the University of Chicago from 2003 to 2006. Dr. Holst worked at Garantia

PFP, a pension fund, as an Investment Manager from 1997 to 2001 and was General Manager of Bolsa de Valores de Asunción, Paraguay from 1995 to 1997. He is the author of Social Security and Policy Risk: Evidence of its effects on welfare costs and savings published in 2007. Dr. Holst holds a Ph.D. in Public Policy and a Master in Economics from the University of Chicago. He also holds a Master in Economics from Universidad Católica de Asunción, Paraguay, degrees in Economics and Agronomy from Universidad Nacional de Asunción, Paraguay and a Financial Risk Manager (FRM) certification. Mr. Holst's professional experience in the fields of finance and economics and his academic accomplishments qualify him to serve on the Board.

Isela Costantini was appointed Director of the Board on July 16, 2019. Ms. Costantini is currently the Chief Executive Officer of GST Financial Services in Argentina. She is a member of the board of San Miguel S.A. and Aracar Group since 2019, IRSA S.A. since 2017, and the Food Bank of Argentina since 2015. In addition, she is a counsel member of CIPPEC (Centro de Implementación de Políticas Públicas para la Equidad y el Crecimiento) since 2017 and executive board member of Novae since 2019. She has previously served as President and Chief Executive Officer of Aerolíneas Argentinas in 2016 and held multiple positions at General Motors, where she began working in 1998 and became President of the company for Argentina, Paraguay and Uruguay from 2012 to 2015. Ms. Costantini holds a Social Communications Degree, with a Major in Advertising from Pontificia Universidade Catolica do Parana (PUC-PR), Brazil and an MBA, with specialization in Marketing and International Business from Loyola University in Chicago. Her professional expertise in restructuring, marketing and communications, and experience as board member and leadership roles in different entities, qualify her to serve on the Board.

Alexandra M. Aguirre was appointed Director of the Board on February 7, 2020. Ms. Aguirre is a partner at Morrison & Foerster, LLP. Previously, Ms. Aguirre was a shareholder at Greenberg Traurig LLP. Ms. Aguirre has been acting as Secretary and General Counsel and Vice-Chair of the Governance and Nominations Committee of Pan American Development Foundation and Director of Fundación Uno since 2015, member of the Presidential Advisory Council (PAC) of INCAE Business School since 2019. She is also a board member of the Women Lawyer's Interest of the International Bar Association since 2019 and Commissioner of Latina Commission of the Hispanic Bar Association since 2018. Ms. Aguirre holds a Bachelor's Degree in Marketing and Entrepreneurial from Babson College and a Juris Doctor from Northeastern University School of Law. Ms. Aguirre has been listed for the awards of "40 under 40" (The M&A Advisor 2015) and the Florida Super Lawyers, Rising Star (Super Lawyers Magazine 2009). She was also a finalist to receive the Top Dealmaker of the Year Award, Corporate Category (Daily Business Review 2012) and recipient of M&A Deal of the Year Award (Latin Lawyers Magazine 2008). Ms. Aguirre is admitted to practice law in Florida, District of Columbia and New York. Her professional expertise in corporate finance law, corporate governance and cross-border financing transactions in Latin America and United States and her experience as board member in different entities, qualify her to serve on the Board.

Executive Officers

The address of our executive officers is Torre V, Business Park, Avenida La Rotonda, Urb. Costa del Este, P.O. Box 0819-08730, Panama City, Republic of Panama. The following table and biographies below sets forth the names of the executive officers of the Bank, their respective positions at the date hereof and positions held by them with the Bank and other entities in prior years:

Name	Position Held with the Bank	Country of Citizenship	Age
Jorge Salas	Chief Executive Officer	Spain	49
Erica Lijtztain	Executive Vice President Chief Operating Officer	Argentina	48
Alejandro Jaramillo	Executive Vice President Chief Commercial Officer	Colombia	44
Ana Graciela de Méndez	Executive Vice President Chief Financial Officer	Panama	53
Eduardo Vivone	Executive Vice President Treasury and Capital Markets	Argentina	55
Alejandro Tizzoni	Executive Vice President Chief Risk Officer	Argentina	43
Jorge Luis Real	Executive Vice President Chief Legal Officer and Corporate Secretary	Panama	47
Jorge Córdoba	Executive Vice President Chief Audit Officer	Panama	46

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

Jorge Salas has been the Chief Executive Officer of the Bank since March 9, 2020. Before joining Bladex, Mr. Salas served as President and Chief Executive Officer of Banesco USA, in Coral Gables Florida for five years, and previously worked in various capacities in the Banesco Financial group since 2000, including as President and Chief Executive Officer of Banesco Panama from 2008 to 2014. Mr. Salas holds a Degree in Business Administration (Banking and Finance) from Universidad Metropolitana, in Caracas, Venezuela, a Diploma for Specialization in Economics from the University of Colorado at Boulder, as well as a Master in Public Policy and an MBA both from the University of Chicago.

Erica Lijtztain was appointed Executive Vice President, Chief Operating Officer in February 2018, and has served as Senior Vice President, Corporate Services, since June 2017. She previously served in various capacities for Banco Patagonia, S.A. in Argentina: Executive Manager – Risk Management from 2015 to 2017, Budget and Information Manager from 2008 to 2015, Manager – Special Projects from 2003 to 2008, and Manager – Commercial Planning and Control from 2001 to 2003. Ms. Lijtztain is a Certified International Investment Analyst, and holds a Master's degree in Business Administration from University Torcuato di Tella, Argentina, and a Bachelor's degree in Economic Science – Actuary from University of Buenos Aires, Argentina.

Alejandro Jaramillo was appointed Executive Vice President, Chief Commercial Officer of the Bank on May 1, 2017. Mr. Jaramillo joined the Bank in 2012, working in the Bank's Treasury department as the Head of Funding. In 2013, he became the Head of Loan Structuring & Distribution, spearheading the growth and development of the Bank's Loan Syndication business. Prior to joining the Bank, Mr. Jaramillo worked for nine years at BNP Paribas, both in New York and in Bogotá, Colombia. At BNP Paribas, he contributed to the development of the bank's Commodity Structured Finance business in Latin America, and he was a Director in the Bank´s Corporate & Investment Banking unit. Before that, he worked at Standard Chartered Bank as a credit analyst in their Bogota, Colombia office, as well as in the Global Commodity Finance unit in New York. Mr. Jaramillo has a Bachelor´s degree in Industrial Engineering from Universidad de los Andes - Bogotá, Colombia, and an MBA from Columbia University in New York.

Ana Graciela de Méndez has served as Executive Vice President, Chief Financial Officer or CFO of the Bank since December 2017. She previously served in various capacities within the Bank, including as Senior Vice President of Finance and the alternate to the CFO from 2014 to 2017, as Vice President of Financial Planning and Analysis from 2002 to 2014, and several other assignments within the Bank's Finance, Commercial and Economic areas since 1990, when she joined the Bank. Mrs. Méndez holds a Master's Degree in Finance from the A.B. Freeman School of Business at Tulane University (USA) and from the Business School at Universidad Francisco Marroquin (Guatemala); completed Panama´s Advanced Management Program from the Haas School of Business at University of California Berkeley (USA); and holds a Bachelor's Degree in Business and Economics with a specialization in Economics and Mathematics from Albertus Magnus College (USA).

Eduardo Vivone was appointed Executive Vice President, Treasury and Capital Markets, in February 2018, and has served as Senior Vice President, Head of Treasury, since September 2013. He also served as Senior Vice President, Funding, from April through August 2013. Before joining the Bank, he served as Head of Global Markets for HSBC Bank Panama from 2010 to 2012, Regional Sector Head, Government Sector – Global Banking, Americas for HSBC Securities, New York from 2007 to 2010, Head of Treasury for HSBC Bank, Spain from 2003 to 2007, Head of Balance Sheet Management and Forward Foreign Exchange for HSBC Bank, Argentina from 1998 to 2003, and he served in diverse capacities for Banco Roberts, Buenos Aires from 1990 to 1998, serving his last two years as Head of Financial Planning. Mr. Vivone is a Certified Public Accountant and holds a Master's degree in Finance from the University of CEMA, Buenos Aires, Argentina, and a Bachelor's degree in Accounting from University of Buenos Aires, Argentina.

Alejandro Tizzoni has served as Executive Vice President, Chief Risk Officer of the Bank since May 2016. He also served in various capacities related to the Bank's risk management since 2006, as Senior Vice President from 2012 to 2016, Vice President from 2008 to 2012 and Senior Analyst from 2006 to 2008. Mr. Tizzoni has served in different capacities in the credit risk area in banking and the international private sector in Argentina from 1997 to 2006. Mr. Tizzoni is a FIBA Anti-Money Laundering certified associate (AMLCA) by Florida International University, performed a fintech programme by Saïd Business School, University of Oxford, holds a Master Degree in Enterprise Risk Management from the NYU Stern School of Business, an MBA from the University of Louisville, and a Bachelor's degree in Business Administration and a Certified Public Accountant, both from the University of Buenos Aires in Argentina.

Jorge Luis Real serves as Executive Vice President, Legal and Corporate Secretary since February 2018. He previously served as Senior Vice President, Chief Legal Officer of the Bank from 2016 to 2018 and was appointed Secretary of the Board of Directors in April of 2016. He previously served as Head of Legal Risk of the Bank from 2014 to 2016. Before joining the Bank, he was Coordinator of Latin American Legal Affairs at BNP Paribas, New York from 2010 to 2014, Head of Legal Department at BNP Paribas Panama from 2005 to 2010, Head of Legal Department Panama Group of BBVA from 2000 to 2005 and Lawyer at Mauad & Mauad in Panama in 2000. Mr. Real has a Law and Political Science degree from Universidad Católica Santa María La Antigua in Panama, holds a Master's degree in Commercial and Corporate Law from Université Panthéon-Assas (Paris II) in France. He was admitted to practice law in Panama by the Panamanian Supreme Court of Justice in 1998. Mr. Real is a Florida International Banker's Association (FIBA) Anti-Money Laundering certified associate (AMLCA), certified by the Florida International University.

Jorge Córdoba joined the Bank as Executive Vice President, Chief Audit Officer in October 2017. Previously, Mr. Córdoba served as Director of Internal Audit LATAM for Credit Andorra Financial Group from 2013 to 2017, where he supervised from Panama the internal audit of the Group business in Panama, Mexico, Peru, Paraguay, Uruguay, Colombia and Miami, U.S.A. Between the years 2002 and 2013, he served as International Internal Auditor for Pan-American Life Insurance Group (PALIG) in charge of the branch offices and affiliates in some Latin American countries and U.S. cities. During 2001 and 2002, he served as Internal Auditor for Dresdner Bank Lateinamerika AG – Panama, and from 1992 to 2001, he served as Senior Auditor for PricewaterhouseCoopers. Mr. Córdoba is a FIBA Anti-Money Laundering Certified Associate (AMLCA) by Florida International University, earned a COSO Internal Control Certificate from the Institute of Internal Auditor, is a Certified Public Accountant and holds a Degree in Accounting from Universidad de Panama. He also holds a Post Graduate Certificate in International Trade Management from St. Clair College of Applied Arts and Technology, Ontario, Canada.

DESCRIPTION OF THE NOTES

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

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

The Final Terms applicable to this Series of Notes may specify other Conditions, which shall, to the extent so specified or to the extent inconsistent with these Conditions, replace or modify these Conditions for the purposes of this Series of Notes. Interest and/or other amounts payable under the Notes may be calculated by reference to certain reference rates. Any such reference rate may constitute a benchmark for the purposes of the Benchmarks Regulation. If any such reference rate does constitute such a benchmark, the applicable Final Terms will indicate whether or not the benchmark is provided by an administrator included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of the Benchmarks Regulation.

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

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

1. Form and Title

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

"Authorized Denominations" means such denominations as may be agreed between the Issuer and the relevant Dealer(s) and as specified in the applicable Final Terms provided that (i) the minimum denomination of each Note will be such as may be allowed or required from time to time by the relevant central bank or regulatory authority (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency (as defined below) and (ii) the minimum denomination of each Note which will be offered to the public within a Member State or which will be admitted to trading on a regulated market situated or operating within such Member State, in each case in circumstances which would require the approval of a prospectus under the Prospectus Regulation, will be EUR100,000 (or its equivalent in any other currency at the date of issue of the Notes).

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

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

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

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

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

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

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

For so long as any of the Notes are represented by a Temporary Global Bearer Note or a Permanent Global Bearer Note, each person who is for the time being shown in the records of Euroclear Bank SA/NV ("Euroclear") or of Clearstream Banking S.A. ("Clearstream, Luxembourg") and/or any other clearing system as may be specified in the relevant Final Terms as the holder of a particular nominal amount of Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg and/or any other clearing system as may be specified in the relevant Final Terms as to the nominal amount of such Notes outstanding to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Trustee and any other Paying Agent as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on the Notes, the right to which shall be vested, as against the Issuer, the Trustee and any other Paying Agent solely in the bearer(s) of each of the relevant Temporary Global Bearer Note or Permanent Global Bearer Note in accordance with and subject to its terms. Notes which are represented by a Temporary Global Bearer Note or a Permanent Global Bearer Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear or of Clearstream, Luxembourg, and/or any other clearing system as may be specified in the relevant Final Terms, as the case may be. Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearance system approved by the Issuer, the Trustee and the Luxembourg Stock Exchange, so long as the Notes of any Series are listed on that exchange.

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

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

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

2. **Status**

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

3. **Interest**

(a) **Interest on Fixed Rate Notes**

Each Fixed Rate Note bears interest from and including the Issue Date, at the Fixed Interest Rate(s) per annum specified in the applicable Final Terms payable in arrears on the interest payment date(s), as specified in the applicable Final Terms (each, a "Fixed Interest Payment Date") in each year and on the Maturity Date so specified in the applicable Final Terms, if such Maturity Date does not fall on a Fixed Interest Payment Date. The first payment of interest will be made on the Interest Payment Date next following the Issue Date.

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

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

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

(b) **Interest on Floating Rate Notes**

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

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

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

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

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

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

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

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

Unless otherwise specified in the applicable Note, interest payable on any Floating Interest Payment Date or Maturity Date with respect to a Floating Rate Note shall be the amount of interest accrued from and including the next preceding Floating Interest Payment Date in respect of which interest has been paid (or from and including the Original Issue Date if no interest has been paid) with respect to such Floating Rate Note to but excluding such Floating Interest Payment Date or such Maturity Date (as to the principal amount due at such Maturity Date). However, unless otherwise specified in the applicable Note, in the case of Floating Rate

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

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

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

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

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

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

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

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

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

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

$$\text{Money Market Yield} = \frac{D \times 360}{360 - (D \times M)} \times 100$$

where "D" refers to the per annum rate for commercial paper quoted on a bank discount basis and expressed as a decimal, and "M" refers to the actual number of days in the period for which interest is being calculated.

Federal Funds Rate: Unless otherwise indicated in the applicable Note, "Federal Funds Rate" means, with respect to any Interest Determination Date relating to a Federal Funds Rate Note (a "Federal Funds Rate Interest Determination Date"), the rate on that date for Federal Funds as published in H.15(519) under the heading "Federal Funds (Effective)" as displayed on Bloomberg BTMM or any successor service, or any other page as may replace the applicable page on that service or, if not so published by 9:00 A.M., New York City time, on the Calculation Date pertaining to such Federal Funds Rate Interest Determination Date, the Federal Funds Rate will be the rate on such Federal Funds Rate Interest Determination Date as published in the H.15 Daily Update under the heading "Federal Funds/Effective Rate." If such rate is not published in either H.15(519) or the H.15 Daily Update by 3:00 P.M., New York City time, on the Calculation Date pertaining to such Federal Funds Rate Interest Determination Date, the Federal Funds Rate for such Federal Funds Rate Interest Determination Date will be calculated by the Calculation Agent and will be the arithmetic mean of the rates for the last transaction in overnight Federal Funds arranged by three leading brokers of Federal Funds transactions in The City of New York (which may include Dealers or any of their affiliates) selected by the Calculation Agent prior to 9:00 A.M., New York City time, on such Federal Funds Rate Interest Determination Date; provided, however, that if the brokers selected as aforesaid by the Calculation Agent are not quoting as described above, the Federal Funds Rate with respect to such Federal Funds Rate Interest Determination Date will be the Federal Funds Rate in effect on the Federal Funds Rate Interest Determination Date immediately preceding such Federal Funds Rate Interest Determination Date.

LIBOR: Unless otherwise indicated in the applicable Note, "LIBOR" means, with respect to any Interest Determination Date relating to a LIBOR Note (a "LIBOR Interest Determination Date"), the rate on that date determined by the Calculation Agent in accordance with the following provisions:

(a) On each LIBOR Interest Determination Date, LIBOR will be the arithmetic mean of the offered rates for deposits in U.S. dollars having the specified Index Maturity which appear on Bloomberg BTMM (as defined below) as of 11:00 A.M., London time, on such LIBOR Interest Determination Date.

(b) If on any LIBOR Interest Determination Date the offered rate for deposits in U.S. dollars having the specified Index Maturity does not appear on Bloomberg BTMM as specified in clause (a) above, LIBOR will be the offered rate for deposits in U.S. dollars having the specified Index Maturity which appears on the Reuters Screen LIBOR01 Page (as defined below) as of 11:00 A.M., London time, on such LIBOR Interest Determination Date.

(c) If on any LIBOR Interest Determination Date the offered rate for deposits in U.S. dollars having the specified Index Maturity does not appear on either Bloomberg BTMM or the Reuters Screen LIBOR01 Page as specified in clauses (a) and (b) above, LIBOR shall be determined on the basis of the rates at which deposits in U.S. dollars having the specified Index Maturity are offered by four major banks in the London interbank market (which may include the Calculation Agent) selected by the Calculation Agent (the "Reference Banks"), at approximately 11:00 A.M., London time, on such LIBOR Interest Determination Date to prime banks in the London interbank market in a principal amount equal to not less than U.S.$1,000,000. The Calculation Agent will request the principal London office of each of the Reference Banks to provide a quotation of its rate. If at least two such quotations are provided, LIBOR will be the arithmetic mean of the quotations rounded to four decimal places, as determined by the Calculation Agent. If fewer than two quotations are provided, LIBOR will be the arithmetic mean of the rates quoted by at least two major banks in New York City (which may include the Calculation Agent), selected by the Calculation Agent, at approximately 11:00 A.M., New York City time, on such LIBOR Interest Determination Date for loans in U.S. dollars having the specified Index Maturity to leading European banks in a principal amount equal to not less than U.S.$1,000,000; provided that if fewer than two banks selected as aforesaid by the Calculation Agent are quoting rates as mentioned above, the interest rate shall be the rate in effect on such LIBOR Interest Determination Date.

"Reuters Screen LIBOR01 Page" means the display page designated as page "LIBOR01" on the Reuters Monitor Money Rates Service (or such other page as may replace the LIBOR01 page on that service for the purpose of displaying interbank offered rates).

Prime Rate: Unless otherwise indicated in the applicable Note, "Prime Rate" means, with respect to any Interest Determination Date relating to a Prime Rate Note (a "Prime Rate Interest Determination Date"), the rate on that day set forth in H.15(519) under the caption "Bank Prime Loan." If such rate is not yet published in H.I5(519) by 3:00 P.M., New York City time, on the Calculation Date, the Prime Rate will be the arithmetic mean of the rates of interest publicly announced by each bank that appears on the Reuters Screen NYMF Page (as defined below) as such bank's prime rate or base lending rate as in effect for that Prime Rate Interest Determination Date. If fewer than four such rates appear on the Reuters Screen NYMF Page for the Prime Rate Interest Determination Date, the Prime Rate will be determined by the Calculation Agent and will be the arithmetic mean of the prime rates quoted on the basis of the actual number of days in the year divided by a 360 day year as of the close of business on such Prime Rate Interest Determination Date by three, or two if only two such rates are quoted, major money center banks in New York City selected by the Calculation Agent (after consultation with the Issuer). If fewer than two such rates are quoted as aforesaid, the Prime Rate will be determined by the Calculation Agent on the basis of the prime rate quotations furnished in New York City by three substitute banks or trust companies organized and doing business under the laws of the United States, or any State thereof, having total equity capital of at least $500 million and being subject to supervision or examination by a Federal or State authority, selected by the Calculation Agent (after consultation with the Issuer) to provide such rate or rates; provided, however, that if fewer than two of such substitute banks or trust companies selected as aforesaid by the Calculation Agent are quoting as mentioned in this sentence, the Prime Rate for such Prime Rate Interest Determination Date will be the Prime Rate determined as of the immediately preceding Prime Rate Interest Determination Date, if any, or the Initial Interest Rate. "Reuters Screen NYMF Page" means the display designated as page "NYMF" on the Reuters Monitor Money Rates Service (or such other page as may replace the NYMF page on that service for the purpose of displaying prime rates or base lending rates of major United States banks).

Treasury Rate: Unless otherwise indicated in the applicable Note, "Treasury Rate" means, with respect to any Interest Determination Date relating to a Treasury Rate Note (a "Treasury Rate Interest Determination Date"), the rate applicable to the most recent auction of direct obligations of the United States ("Treasury Bills") having the Index Maturity specified in the applicable Note as such rate appears under the caption "Investment Rate" on the display on Bloomberg BTMM or any successor service, or any other page as may replace such page on that service or, if not so published by 3:00 P.M., New York City time, on the Calculation Date pertaining to such Treasury Rate Interest Determination Date, the Bond Equivalent Yield of the rate for applicable Treasury Bills as published in the H.15 Daily Update, or other recognized electronic source used for the purpose of displaying the applicable rate, under the caption "U.S. Government Securities/Treasury Bills/Auction High" or, if not so published by 3:00 P.M., New York City time, on the Calculation Date pertaining to such Treasury Rate Interest Determination Date, the Bond Equivalent Yield of the auction rate for applicable Treasury Bills as announced by the United States Department of the Treasury. Treasury Bills are usually sold at auction on Monday of each week unless that day is a legal holiday, in which case the auction is usually held on the following Tuesday, except that such auction may be held on the preceding Friday. In the event that the results of the auction of Treasury Bills having the specified Index Maturity are not reported as provided by 3:00 P.M., New York City time, on such Calculation Date, or if no such auction is held in a particular week, then the Treasury Rate shall be the Bond Equivalent Yield of the rate on such Treasury Rate Interest Determination Date having the Index Maturity specified in the applicable Note published in H.15(519) under the caption "U.S. Government Securities/Treasury Bills/Secondary Market" or, if not so published by 3:00 P.M., New York City time, the rate on such Treasury Rate Interest Determination Date of the applicable Treasury Bills as published in the H.15 Daily Update, or other recognized electronic source used for the purpose of displaying the applicable rate under the caption of "U.S. Government Securities/Treasury Bills/Secondary Market" or, if not so published by 3:00 P.M., New York City time, then the Treasury rate shall be calculated by the Calculation Agent and shall be the Bond Equivalent Yield of the arithmetic mean of the secondary market bid rates, as of approximately 3:30 P.M., New York City time, on such Treasury Rate Interest Determination Date, of three leading primary United States government securities dealers (which may include Dealers or any of their affiliates) selected by the Calculation Agent, for the issue of Treasury Bills with a remaining maturity closest to the applicable Index Maturity; provided, however, that if the dealers selected as aforesaid by the Calculation Agent are not quoting as mentioned in this sentence, the Treasury Rate with respect to such Treasury Rate Interest Determination Date will be the Treasury Rate in effect on the Treasury Rate Interest Determination Date immediately preceding such Treasury Rate Interest Determination Date.

"Bond Equivalent Yield" means a yield (expressed as a percentage) calculated in accordance with the following formula:

$$\text{Bond Equivalent Yield} = \frac{D \times N}{360 - (D \times M)} \times 100$$

where "D" refers to the applicable per annum rate for Treasury Bills quoted on a bank discount basis, "N" refers to 365 or 366, as the case may be, and "M" refers to the actual number of days in the period for which interest is being calculated.

So long as the Notes are listed on the Luxembourg Stock Exchange and/or on any other Stock Exchange and the rules of such exchange shall so require, the applicable interest rate, interest amount and the applicable interest period on any Series of Floating Rate Notes will be communicated to the Luxembourg Stock Exchange by the first day of the applicable interest period or to such other Stock Exchange by the time required (if any) by such other Stock Exchange.

(c) **Zero Coupon Notes**

Where a Zero Coupon Note is repayable prior to its Maturity Date and is not paid when due, the amount due and payable shall be the Amortized Face Amount of such Note as determined in accordance with Condition 4(c). Where a Zero Coupon Note is to be redeemed on its Maturity Date and is not paid when due, any overdue principal of such Note shall bear interest at a rate per annum (expressed as a percentage) equal to the Amortization Yield specified on the face of the Note. Such interest shall continue to accrue (on the same basis as that referred to in Condition 3(a)) (after as well as before judgment) to the relevant date.

(d) **Step up and Step down Notes**

The face of the Notes issued in respect of a Series of Notes bearing interest on a step up or step down basis ("Step up Notes" or "Step down Notes," respectively) shall specify the dates on which interest shall be payable on such Notes, the rate at which the interest payable on each such date shall accrue and/or the basis for calculation thereof and the rate (or the basis of calculation of such rate) at which interest will accrue in respect of any overdue principal. Unless otherwise provided on the face of such Notes, such interest shall in all other respects accrue and shall be payable in accordance with Condition 3(a).

(e) **Variable Coupon Amount Notes**

The face of the Notes issued in respect of a Series of Variable Coupon Amount Notes shall specify the dates on which interest shall be payable on such Notes and the basis for calculation of each amount of interest payable in respect of each such Note on each such date and on any other date on which interest becomes payable in respect of such Note (the "Coupon Amounts") and the rate (on the basis of calculation of such rate) at which interest will accrue in respect of any overdue principal.

4. **Redemption And Purchase**

The Notes shall not be subject to redemption prior to the Maturity Date by the Issuer or the holder of a Note except as specified in the Final Terms and as provided in this Condition 4:

(a) **At Maturity**

Unless otherwise specified in the applicable Final Terms and unless previously redeemed or purchased and cancelled, each Note will be redeemed by the Issuer at its final redemption amount, or, if it is a Variable Redemption Amount Note, its Redemption Amount (as defined in Condition 4(f)) specified in the applicable Final Terms on the Maturity Date specified in the applicable Final Terms.

(b) **Redemption for Tax Reasons**

The Notes of any Series may be redeemed, at the option of the Issuer, as a whole but not in part, on any Floating Interest Payment Date (in the case of Floating Rate Notes), on any date on which interest is payable (in the case of Variable Coupon Amount Notes) or at any time (in the case of any other Notes), upon giving not less than 30 nor more than 60 days' notice to the holders of such Notes (the "Noteholders") (which notice shall be irrevocable), at a redemption price equal to the Principal Amount thereof, together with accrued interest to (or, in the case of Variable Coupon Amount Notes, the Coupon Amount payable on) the date fixed for redemption (or, in the case of Zero Coupon Notes, at the Amortized Face Amount of such Notes as determined in accordance with Condition 4(c) or, in the case of Variable Redemption Amount Notes, at the Redemption Amount of such Notes) and Additional Amounts, if any, if (i) the Issuer determines and certifies to the Trustee immediately prior to the giving of such notice that, as a result of any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of Panama or any political subdivision or taxing authority thereof or therein affecting taxation, or any change in official position regarding the application or interpretation of such laws, regulations or rulings (including a holding by a court of competent jurisdiction), which change, amendment, application or interpretation becomes effective on or after the Issue Date of such Notes, the Issuer pays or would become obligated to pay Additional Amounts in respect of such Notes pursuant to these Conditions and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, **provided**, **that** no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obligated to pay such Additional Amounts if a payment in respect of such Notes was due on such date. Prior to the publication or mailing of any notice of redemption of Notes pursuant to the foregoing, the Issuer shall deliver to the Trustee a certificate signed by two Authorized Officers to the effect that such Issuer's obligation to pay Additional Amounts cannot be avoided by such Issuer taking reasonable measures available to it. The Issuer shall also deliver an opinion of an independent legal counsel (of recognized standing) of such Issuer stating that such Issuer would be obligated to pay Additional Amounts due to changes in tax laws. The Trustee shall accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set forth in clauses (i) and (ii) above, in which event it shall be conclusive and binding on the Noteholders.

(c) **Early Redemption of Zero Coupon Notes**

The amount payable in respect of any Zero Coupon Note upon redemption of such Note pursuant to Condition 4(b) or, if applicable, Condition 4(d) or 4(e) or upon it becoming due and payable as provided in Condition 7, shall be the Amortized Face Amount (calculated as provided below) of such Note.

The Amortized Face Amount of any Zero Coupon Note shall be the sum of (A) the Issue Price specified on the face of such Note and (B) the aggregate amortization of the difference between the Issue Price and the Principal Amount of such Note from the Issue Date to the date on which such Note becomes due.

(d) **Redemption at the Option of the Issuer**

If so provided on the face of any Notes, the Issuer may, subject to compliance with all relevant laws, regulations and directives and any minimum or maximum amounts to be redeemed as specified on the face of such Notes, on giving not more than 60 nor less than 30 days' irrevocable notice to the holders of those Notes redeem all or, if so specified on the face of such Notes, some of such Notes in the Principal Amount specified on the face of such Notes or integral multiples thereof, on the date or dates specified on the face of such Notes (which shall, in the case of a Floating Rate Note, be an Interest Payment Date and in the case of a Variable Coupon Amount Note, a date on which interest is payable thereon) at their Principal Amount or, if applicable, at the premium or premia specified on the face of such Notes or at their Amortized Face Amount (in the case of Zero Coupon Notes) or Redemption Amount (in the case of Variable Redemption Amount Notes) together with interest accrued to (or, in the case of Variable Coupon Amount Notes, the Coupon Amount payable on) the date fixed for redemption; provided, however, that interest due on or prior to the redemption date on Definitive Bearer Notes shall be payable only upon the presentment and surrender of Coupons for such interest.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 4.

In the case of a partial redemption, the notice to Noteholders shall also contain the serial numbers of the Notes to be redeemed, subject to compliance with any applicable laws and stock exchange requirements.

(e) **Redemption at the Option of Noteholders**

If so provided on the face of any Notes, the Issuer shall, subject to compliance with all relevant laws, regulations and directives, at the option of the holder of any such Note, redeem such Note on the date or dates specified on the face of such Notes (which shall, in the case of a Floating Rate Note, be an Interest Payment Date and in the case of a Variable Coupon Amount Note, a date on which interest is payable thereon) at their Principal Amount or, if applicable, at the premium or premia specified on the face of such Notes (or, in the case of Variable Redemption Amount Notes, at their Redemption Amount or, in the case of Zero Coupon Notes, at their Amortized Face Amount) together with interest accrued to (or, in the case of Variable Coupon Amount Notes, the Coupon Amount payable on) the date fixed for redemption; provided, however, that interest due on or prior to the redemption date on Definitive Bearer Notes shall be payable only upon the presentment and surrender of Coupons for such interest.

To exercise such option the holder must deposit such Note with any Paying Agent (in the case of Bearer Notes) or the Registrar or any Transfer Agent (in the case of Registered Notes) at their respective specified offices, together with a duly completed notice of redemption ("Redemption Notice") in the form obtainable from any Agent not more than 60 nor less than 30 days prior to the relevant date for redemption. No Note (or Redemption Notice) so deposited may be withdrawn (except as provided in the Agency Agreement).

(f) **Redemption of Variable Redemption Amount Notes**

The face of any Variable Redemption Amount Notes shall specify the basis for calculation of the amount payable upon redemption of the relevant Notes under Condition 4(a) or (b) or, if applicable, Condition 4(d) or (e) or upon their becoming due and payable as provided in Condition 7 (the "Redemption Amount").

(g) **Purchase of Notes by the Issuer**

The Issuer and its Subsidiaries (as defined in Condition 9(a) hereof) may, directly or indirectly, to the extent permitted by applicable law, purchase Notes in the open market or by tender at any price and at any time. Any Note purchased by either Issuer or any of their respective subsidiaries, directly or indirectly, shall be surrendered to the Trustee for cancellation. Any Notes surrendered as aforesaid may not be reissued or resold and will be cancelled promptly.

(h) **Cancellation**

All Notes redeemed under this Condition 3 will be cancelled and may not be reissued or resold.

5. **Payments**

(a) **Method of Payment**

Unless otherwise specified in the applicable Final Terms, payments of principal of (and premium, if any) and interest on the Notes will be made (i) in respect of payments denominated in a Specified Currency other than Euro, by a check in such Specified Currency drawn on or, at the option of the holder, by transfer to, an account in such Specified Currency with, a bank in the principal financial center of the country of such Specified Currency, or (ii) in respect of Notes denominated in Euro, by credit or transfer to such account specified by the holders with a bank in the principal financial center of a member state of the European Community, subject to the limitations set forth below on payments in the United States in respect of Bearer Notes. Additionally, subject to limitations set forth below with respect to payment of principal and interest in respect of Global Registered Notes, payments in respect of Global Registered Notes registered in the name of, or the name of a nominee for, DTC will be made in accordance with the procedures established by DTC and in accordance with provisions set forth under the Trust Deed.

(b) **Presentation of Notes**

Payments of principal and interest (if any) in respect of the Definitive Bearer Notes (if issued) will (subject as provided below) be made against presentation or surrender of such Notes or Coupons, as the case may be, at any specified office of any Paying Agent outside the United States. If any Definitive Bearer Notes are redeemed or become repayable prior to the Maturity Date in respect thereof, principal will be payable on surrender of each such Note together with all unmatured Coupons appertaining thereto. All payments of interest and principal with respect to Definitive Bearer Notes will be made to accounts located outside the United States except as otherwise provided below.

Payments of principal and interest (if any) in respect of Notes represented by any Temporary Global Bearer Note or Permanent Global Bearer Note, will (subject as provided below and, in the case of any Temporary Global Bearer Note subject to the receipt of the certification of non-U.S. beneficial ownership as provided in the Trust Deed) be made in the manner specified above and otherwise in the manner specified in the relevant Temporary Global Bearer Note or Permanent Global Bearer Note, as the case may be, against presentation or surrender, as the case may be, of such Temporary Global Bearer Note or Permanent Global Bearer Note, as the case may be, at the specified office of any Paying Agent outside the United States. A record of each payment made on such Temporary Global Bearer Note or Permanent Global Bearer Note, as the case may be, distinguishing between any payment of principal and any payment of interest, will be made, or caused to be made, on such Temporary Global Bearer Note or Permanent Global Bearer Note, as the case may be, by the Paying Agent to which such Temporary Global Bearer Note or Permanent Global Bearer Note, as the case may be, is presented for the purpose of making such payment, and such record shall be *prima facie* evidence that payment in question has been made.

No payment of principal or interest in respect of Temporary Global Bearer Notes, Permanent Global Bearer Notes and Definitive Bearer Notes shall be made at an office or agency of Bladex in the United States and no check in payment thereof which is mailed shall be mailed to an address in the United States, nor shall any transfer made in lieu of payment by check be made to an account maintained by the payee with a bank in the United States. Notwithstanding the foregoing, such payments may be made at an office or agency located in the United States (a) if such payments are to be made in U.S. dollars and if payment of the full amount is payable at the office of each Paying Agent outside the United States appointed and maintained pursuant to the Trust Deed is illegal or effectively precluded because of the imposition of exchange controls or other similar restrictions on the full payment or receipt of such amount in U.S. dollars, and (b) at the option of the relevant holder, if such payments are then permitted under United States law without involving, in the opinion of the Issuer, any adverse tax consequences to such Issuer.

The bearer of the relevant Temporary Global Bearer Note or Permanent Global Bearer Note shall be the only person entitled to receive payments in respect of Notes represented by such Temporary Global Bearer Note or Permanent Global Bearer Note, as the case may be, and the Issuer will be discharged by payment to, or to the order of, the bearer of such Temporary Global Bearer Note or Permanent Global Bearer Note, as the case may be, in respect of each amount so paid. Each of the persons shown in the records of Euroclear or of Clearstream, Luxembourg and/or any other clearing system as may be specified in the relevant Final Terms as the bearer of a particular nominal amount of Notes, must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the bearer of the relevant Temporary Global Bearer Note or Permanent Global Bearer Note. No person, other than the bearer of the relevant Temporary Global Bearer Note or Permanent Global Bearer Note, shall have any claim against the Issuer in respect of any payments due on that Temporary Global Bearer Note or Permanent Global Bearer Note, as the case may be.

If any Definitive Bearer Note surrendered for redemption shall not be accompanied by all appurtenant Coupons maturing after the redemption date, such Note may be paid after deducting from the amount otherwise payable an amount equal to the face amount of all such missing Coupons, or the surrender of such missing Coupon or Coupons may be waived by the Issuer and the Trustee if they are furnished with security or indemnity as they may require to save each of them and each other Paying Agent of such Issuer harmless. From and after the redemption date, if monies for the redemption of Notes called for redemption shall have been made available to holders at the principal corporate trust office of the Trustee for redemption on the redemption date, the Notes called for redemption shall cease to bear interest, the Coupons appertaining to the Definitive Bearer Notes maturing subsequent to the redemption date shall be void, and the only right of the holders of such Notes shall be to receive payment of principal and accrued interest on the Notes determined in accordance with these Conditions. If monies for the redemption of the Notes are not made available to holders for payment until after the redemption date, the Notes called for redemption shall not cease to bear interest until such monies have been so made available.

Upon the due date for redemption of any Floating Rate Note in definitive bearer form, all unmatured Coupons (if any) relating to such Note (whether or not attached) shall become void and no payment shall be made in respect to them.

Payments of principal in respect of Definitive Registered Notes and interests in Global Registered Notes will be made against presentation and surrender (or, in the case of part payment of any sum due only, endorsement) of such Notes at the specified office of the Registrar in New York City or at the specified office of any of the Paying Agents.

Payments of interest (other than interest due at maturity or on a date of redemption) in respect of Definitive Registered Notes or interests in Global Registered Notes will be made to the person in whose name such Definitive Registered Note or interest in a Global Registered Note is registered at the close of business on the Record Date prior to the applicable Interest Payment Date. Payments of interest in respect of Registered Global Notes and Definitive Registered Notes due at maturity or on a date of redemption will be payable in the manner in which, and to the person to whom, principal is payable.

(c) **Payment Business Day**

Unless otherwise specified in the applicable Final Terms, any Payment on any Note due on any day which is not a Payment Business Day need not be made on such day, but may be made on the next succeeding Payment Business Day with the same force and effect as if made on the due date, and no interest shall accrue for the period from and after such day. For the purposes of these Conditions, the term "Payment Business Day" means (unless otherwise specified in the applicable Final Terms) a day (a) which is a Business Day and (b) on which commercial banks are open and foreign exchange markets settle payments in the place of presentation and payment of Notes.

For the purposes of these Conditions, the term "Business Day" means (unless otherwise specified in the applicable Final Terms) a day (a) in relation to Notes denominated in a Specified Currency other than Euro, a day on which (i) commercial banks and foreign exchange markets are open for business and carrying out transactions in the relevant financial center of the relevant Specified Currency, and (ii) commercial banks and foreign exchange markets are open for business in London and in the place of business of any other relevant Paying Agent, and (b) in relation to Notes denominated in Euro, a day on which the Trans European Automated Real Time Gross Settlement Express Transfer System (the "TARGET System") is operating.

(d) **Paying Agent**

(i) So long as any Notes are traded on the Euro MTF, the Issuer shall maintain a Paying Agent in Luxembourg, such Paying Agent being specified in the applicable Final Terms.

(ii) The Issuer shall at all times maintain a paying agent in a member state of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments or any law implementing or complying with, or introduced in order to conform to such Directive.

6. **Taxation**

(a) All payments by the Issuer in respect of the Notes and the Coupons shall be made free and clear of and without withholding or deduction for or on account of any present or future taxes, duties, assessments or other governmental charges of whatsoever nature imposed or levied by or on behalf of Panama or any political subdivision or authority thereof or therein having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In the event any withholding or deduction is required by law, the Issuer shall pay such additional amounts ("Additional Amounts") as may be necessary to ensure that the amounts received by the Noteholders or Couponholders after such withholding or deduction shall equal the respective amounts of principal and interest which would have been receivable in respect of the Notes or the Coupons in the absence of such withholding or deduction, except that no such Additional Amounts shall be payable in respect of any Note or Coupon (i) presented for payment more than 30 days after the later of (A) the date on which such payment first became due and (B) if the full amount payable has not been received in New York City by the Trustee on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Noteholders or Couponholders by the Trustee, except to the extent that the Noteholder or Couponholder would have been entitled to such Additional Amounts on presenting such Note or Coupon for payment on the last day of the applicable 30 day period; (ii) held by or on behalf of a Noteholder or Couponholder who is liable for taxes, duties, assessments or governmental charges in respect of such Note or Coupon or any interest therein or rights in respect thereof either (x) by reason of having some connection with Panama (or any political subdivision or authority thereof) other than the mere holding of such Note or Coupon or the receipt of principal or interest in respect thereof or (y) by reason of the failure of such Noteholder or Couponholder (or if such Noteholder or Couponholder is not the beneficial owner of such Note or Coupon, the beneficial owner of such Note or Coupon) to comply with any certification requirement concerning the nationality, residence, identity or connection with Panama, or any political subdivision or taxing authority thereof or therein, of such Noteholder or Couponholder (or if such Noteholder or Couponholder is not the beneficial owner of such Note or Coupon, the beneficial owner of such Note or Coupon) (A) if compliance is required by a statute, treaty or regulation of Panama, or any political subdivision of or taxing authority thereof or therein, or an official interpretation thereof, as a precondition to exemption from, or the reduction in the rate of, such deduction or withholding; (B) such Noteholder or Couponholder, as the case may be, is legally entitled to comply with such certification requirements; and (C) the Issuer has provided the Noteholder or Couponholder, as the case may be, with prior notice of such certification requirements, provided that the foregoing notice requirement shall not apply with respect to any Series of Notes that are Bearer Notes (iii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments or any law implementing or complying with, or introduced in order to conform to such Directive; (iv) (except in the case of Registered Notes) in respect of any Note, Receipt or Coupon presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a member state of the European Union; or (v) any combination of (i), (ii), (iii) and (iv).

(b) Any reference in the Notes to principal and/or interest shall be deemed also to refer to any Additional Amounts which may be payable under the undertakings referred to in this Condition 6.

(c) The Issuer shall pay all stamp and other duties, if any, which may be imposed by Panama, the United States, the United Kingdom, Belgium, Luxembourg or any political subdivision thereof or taxing authority of or in the foregoing with respect to the execution and delivery of the Trust Deed or the issuance of this Note.

(d) Notwithstanding any other provisions contained herein, the relevant Issuer shall be permitted to withhold or deduct any amounts required by the rules of Sections 1471 through 1474 of the U.S. Internal Revenue Code (or any amended or successor provisions) ("FATCA" and "FATCA withholding"), any treaty, law, regulation or other official guidance enacted by Panama implementing FATCA, or any agreement between the Issuer and the United States or any authority thereof implementing FATCA. The relevant Issuer (or, if applicable, the Guarantor) will have no obligation to pay Additional Amounts or otherwise indemnify an investor for any such FATCA withholding deducted or withheld by the Issuer, the paying agent or any other party.

7. **Events of Default**

If one or more of the following events (each an "Event of Default") shall have occurred (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) default shall be made in the due and punctual payment of all or any part of the principal of, or premium (if any) on, any Note, including sums payable as Additional Amounts, when and as the same shall become due and payable, whether at stated maturity, by acceleration, by prepayment or otherwise;

(b) default shall be made in the due and punctual payment of any interest on any Note, when and as the same shall become due and payable, and such default shall have continued for a period of at least five days;

(c) the Issuer shall fail to observe or perform any covenant contained in the Agency Agreement, the Trust Deed or the Notes, and such failure shall continue for 30 days, except in cases where the Issuer cannot remedy such failure to perform for reasons including, but not limited to, a discontinuation of its corporate existence, in which instance such failure to perform will immediately constitute an Event of Default;

(d) any event shall occur or conditions shall exist in respect of any Indebtedness of the Issuer (other than the Notes) or any of its Subsidiaries, or under any evidence of any such Indebtedness or under any mortgage, indenture or other agreement relating thereto, the effect of which is to cause, or permit any holder of such Indebtedness or a trustee to cause, the acceleration of the maturity of such Indebtedness or to require the repayment or repurchase of such Indebtedness, or any such Indebtedness shall not have been paid at the stated maturity thereof and any applicable grace period shall have expired, provided that any such event or conditions or nonpayment in respect of any such Indebtedness of the Issuer or any of its Subsidiaries shall be disregarded for purposes of this Subsection (d) unless the principal amount of such Indebtedness affected by such event, conditions and/or nonpayment shall be at least $10,000,000;

(e) the Issuer or any of its Subsidiaries shall (1) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee, liquidator or administrator of itself or of all or a substantial part of its property, (2) admit in writing its inability to, or be generally unable to, pay its debts as such debts become due, (3) make a general assignment for the benefit of its creditors, (4) commence a voluntary case under the United States Bankruptcy Code (as now or hereafter in effect), (5) file a petition seeking to take advantage of any other law providing for the relief of debtors or relating to bankruptcy, insolvency, reorganization, liquidation, dissolution, arrangement or winding up, or composition or readjustment of debts, (6) fail to controvert in a timely or appropriate manner, or acquiesce in writing to, any petition filed against it in an involuntary case under such Bankruptcy Code, (7) take any action under the laws of its jurisdiction of incorporation (or any other jurisdiction) analogous to any of the foregoing, or (8) take any corporate action for the purpose of effecting any of the foregoing;

(f) a proceeding or case shall be commenced, without the application or consent of the Issuer or any of its Subsidiaries in any court of competent jurisdiction, seeking (1) the liquidation, reorganization, dissolution, arrangement, winding up, or composition or readjustment of its debts, (2) the appointment of a trustee, receiver, custodian, examiner, liquidator, administrator or the like of it or of all or any substantial part of its properties, or (3) similar relief in respect of it, under any law providing for the relief of debtors or relating to bankruptcy, insolvency, reorganization, liquidation, dissolution, arrangement or winding up, or composition or readjustment of debts, and such proceeding or case shall continue undismissed, or unstayed and in effect, for a period of 60 days; or an order for relief shall be entered in an involuntary case under the United States Bankruptcy Code against the Issuer or any of its Subsidiaries; or action under the laws of the jurisdiction of incorporation of the Issuer or any of its Subsidiaries (or any other jurisdiction) analogous to any of the foregoing shall be taken with respect to the Issuer or any of its Subsidiaries and shall continue unstayed and in effect for any period of 60 consecutive days;

(g) there shall occur with respect to the Issuer or any of its Subsidiaries, any event which is grounds for the required submission of the capital restoration plan under 12 U.S.C. § 1831(e)(2) or for seeking the appointment of a receiver or conservator under 12 U.S.C. § 1821(c)(5) or § 1821(c)(9), as amended, or any conservator or receiver shall be appointed under such provisions or any other law applicable to the Issuer or any of its Subsidiaries;

(h) any Bank Regulatory Authority (as defined below) shall issue a cease and desist order to or in respect of the Issuer or any of its Subsidiaries;

(i) the Issuer or any of its Subsidiaries shall cease accepting deposits or making commercial loans on the Instruction of any Bank Regulatory Authority or any other national, Federal, state or other regulatory body with authority to give such instruction other than pursuant to any instruction generally applicable to banks organized under the jurisdiction or organization of such entity;

(j) any event with respect to the Issuer or any of its subsidiaries occurs which, under the laws of any jurisdiction or any political subdivision of any jurisdiction, has an effect similar to any of the foregoing events referred to in Subsections (e) through (k), inclusive; or

(k) any final judgment or judgments of a court or courts of competent jurisdiction shall be rendered against the Issuer or any of its Subsidiaries for the payment of money in excess of $10,000,000 in the aggregate (or the equivalent thereof, as of any date of determination, in any other currency) and any one or more of such judgments exceeding such amount in the aggregate shall not be discharged or execution thereof stayed pending appeal, within 60 days after entry thereof, or, in the event of such a stay, such judgment or judgments shall not be discharged within 60 days after such stay expires;

then (1) upon the occurrence of any Event of Default described in Subsections (e) through (j) above, inclusive, with respect to the Issuer, the unpaid principal amount of all Notes, together with the interest accrued thereon and all other amounts payable by the Issuer hereunder and, to the extent permitted by law, an amount equal to the Additional Amounts, if any, in respect of each such Note shall automatically become immediately due and payable, (2) upon the occurrence of any Event of Default described in Subsection (a) or (b) above with respect to any Note, the holder of such Note may, by written notice to the Issuer, declare the unpaid principal amount of such Note to be, and the same shall forthwith become, due and payable, together with the interest accrued thereon and all other amounts payable by the Issuer hereunder and, to the extent permitted by law, an amount equal to the Additional Amounts, if any, in respect of each such Note or (3) upon the occurrence of any Event of Default other than an Event of Default described in Subsections (e) through (j) above, inclusive, the holder or holders of at least 66 2/3% of the aggregate unpaid principal amount of the Notes may, by written notice to the Issuer, declare the unpaid principal amount of all Notes to be, and the same shall forthwith become, due and payable, together with the interest accrued thereon and all other amounts payable by the Issuer hereunder and, to the extent permitted by law, an amount equal to the Additional Amounts, if any, in respect of each such Note, in each case under the foregoing clauses (1), (2) and (3) without presentment, demand, protest or other requirements of any kind, all of which are hereby expressly waived by the Issuer. If any holder of any Note shall exercise the option specified in clause (2) above, the Issuer will forthwith give written notice thereof to the holders of all other outstanding Notes and each such holder may (whether or not such notice is given or received), by written notice to the Issuer, declare the principal of all Notes held by it to be, and the same shall forthwith become, due and payable, together with the interest accrued thereon and all other amounts payable by the Issuer hereunder and, to the extent permitted by law, an amount equal to the Additional Amounts in respect of each such Note, all without presentment, demand, protest or other requirements of any kind, all of which are hereby expressly waived by the Issuer.

As used herein, "Bank Regulatory Authority" means (i) with respect to Bladex (and any Subsidiary other than the Subsidiary referred to in the following clause (ii)), the Superintendency authorized or provided for by the laws of Panama and all other relevant bank regulatory authorities of any jurisdiction, (ii) with respect to Bladex Cayman, the Governor in Council in the Cayman Islands and the Managing Director of the Cayman Islands Monetary Authority under the Banks and Trust Companies Law (2003 Revision) of the Cayman Islands and all other relevant bank regulatory authorities and (iii) with respect to Bladex's New York Agency, the Board of Governors of the Federal Reserve System, the Superintendent of Banks of the State of New York under the New York Banking Law and all other relevant bank regulatory authorities.

The provisions of this Condition are subject, however, to the condition that if, at any time after any Note shall have become due and payable pursuant to the foregoing clause (3), the Issuer shall pay all arrears of interest on the Notes and all payments on account of the principal of and premium (if any) on the Notes which shall have become due otherwise than by acceleration (with interest on such principal, premium (if any) and, to the extent permitted by law, on overdue payments of interest, at the rate specified in the Notes with respect to overdue payments) and all Events of Default (other than nonpayment of principal of and accrued interest on Notes and amounts equal to the Additional Amounts, due and payable solely by virtue of acceleration) shall be remedied or waived pursuant to Condition 7 herein, then, and in every such case, the holders of at least 75% of the aggregate unpaid principal amount of the Notes by written notice to the Issuer, may rescind and annul any such acceleration and its consequences; but no such action shall affect any subsequent default or Event of Default or impair any right consequent thereon.

8. **Meetings of Noteholders**

The Trust Deed contains provisions for convening meetings of the Noteholders to consider matters affecting their interest. The Trust Deed further provides that, with certain exceptions as therein provided, with the consent of the holders of at least a majority of the principal amount of the Notes outstanding of a Series present at a meeting duly called pursuant thereto or by written consent of such percentage of the principal amount of all Notes outstanding of such Series (disregarding any Notes owned, directly or indirectly, by the Issuer or its Affiliates (as defined below)), the Issuer and the Trustee may modify, amend or supplement the Trust Deed (insofar as respects the Notes of such Series) or the terms of the Notes of such Series or may give consents or waivers or take other actions with respect thereto. No such action may, without the consent of the holder of each Note of such Series affected thereby,

(A) change the due date for the payment of the principal of or any installment of interest on any Note of such Series, (B) reduce the principal amount of any Note of such Series, the portion of such principal amount which is payable upon acceleration of the maturity of such Note of such Series or the interest rate thereon, (C) change the designated currency in which or the required places at which payment with respect to interest or principal in respect of the Notes of such Series is payable, (D) change the Issuer's obligation to pay any Additional Amounts pursuant to Condition 6 hereof, (E) shorten the period during which the Issuer is not permitted to redeem the Notes of such Series, or permit the Issuer to redeem the Notes of such Series if, prior to such action, such Issuer is not permitted so to do, (F) reduce the proportion of the principal amount of Notes of such Series, the vote or consent of the holders of which is necessary to modify, amend or supplement the Trust Deed or the terms and conditions of the Notes of such Series or to make, take or give any request, demand, authorization, direction, notice, consent, waiver or other action provided hereby or thereby to be made, taken or given, (G) reduce the percentage of aggregate principal amount of outstanding Notes of such Series required for a quorum at any meeting of the holders of Notes of such Series or (H) change any provision in the Notes of such Series with respect to redemption at the holders' option in any manner adverse to the interests of any holder of Notes of such Series.

Any such modification, amendment, supplement, consent, waiver or other action shall be conclusive and binding on the holder of this Note of this Series and on all future holders of this Note of this Series and of any Note issued in exchange heretofore or in lieu hereof, whether or not notation thereof is made upon this Note. The Trust Deed and the terms of this Note may be modified or amended by the Issuer and the Trustee without the consent of the holder of this Note, for the purpose of (i) adding to the covenants of either Issuer for the benefit of the holder of this Note, or (ii) surrendering any right or power conferred upon either Issuer, or (iii) securing this Note pursuant to the requirements of this Note or otherwise, or (iv) relaxing or eliminating the restrictions on payment of principal or interest in respect of Bearer Notes in the United States to the extent then permitted under applicable regulations of the United States Department of the Treasury, and provided no adverse tax consequences would result to the Noteholders, or (v) evidencing the succession of another corporation with respect to either Issuer and the assumption by any such successor of the covenants and obligations of such Issuer in the Notes or Coupons appertaining thereto or in the Trust Deed or (vi) curing any ambiguity or correcting or supplementing any defective provision contained in this Note or in the Trust Deed, to all of which the holder of this Note, by acceptance thereof, consents.

9. **Negative Pledge**

The Issuer acknowledges and agrees that for so long as any Note remains outstanding, except for a Permitted Lien (as defined below), such Issuer will not create and will not permit any Subsidiary (as defined below) to create any Lien (as defined below) upon the whole or any part of its property or assets without, at the same time or prior thereto, securing the Notes equally and ratably therewith or providing such other security for the Notes as shall be approved by holders of 51% in principal amount of the then outstanding Notes.

For the purposes of this Condition 9:

(i) "Permitted Lien" means

(A) Liens existing on December 29, 1994;

(B) Liens upon real and/or tangible personal property acquired after the date hereof (by purchase, construction or otherwise) by the Issuer or any of its Subsidiaries, each of which Liens either (1) existed on such property before the time of its acquisition and was not incurred in anticipation thereof) or (2) was created solely for the purpose of securing Indebtedness representing, or incurred to finance, refinance or refund, the cost (including the cost of construction) of the respective property; provided that no such Lien shall extend to or cover any property of the Issuer or such Subsidiary other than the respective property so acquired and improvements thereon; and provided further that the principal amount of the Indebtedness secured by any such Lien shall at no time exceed 80% of the fair market value (as determined in good faith by the chief executive officer, the chief financial officer or any senior vice president of the Issuer) of the respective property at the time it was acquired (by purchase, construction or otherwise);

(C) Liens or deposits which are required by, and arise under, workers' compensation laws, unemployment insurance laws, old age pensions and other similar social security laws;

(D) Liens imposed by law, such as carriers', warehousemen', mechanics', materialmen' and vendors' Liens, each of which was incurred in good faith in the ordinary course of business of the Issuer or its Subsidiaries with respect to obligations not overdue for a period of more than 30 days or which obligations are being contested in good faith by appropriate proceedings for which adequate reserves shall have been established;

(E) Liens for taxes or assessments or governmental charges or levies;

(F) Liens incidental to the normal conduct of the business of the Issuer or any Subsidiary or the ownership of its property (including zoning restrictions, easements, licenses, reservations, restrictions on the use of real property or minor irregularities incident thereto and with respect to leasehold interests, Liens that are incurred, created, assumed or permitted to exist and arise by, through or under or are asserted by a landlord or owner of the leased property, with or without consent of the lessee) that are not incurred in connection with the incurrence of Indebtedness and which do not in the aggregate materially impair the value or use of property used in the business of the Issuer and its Subsidiaries taken as a whole, or the use of such property for the purpose for which it is held;

(G) Liens in respect of litigation, or other similar proceedings (1) which are required by any Order, statute, rule or regulation of any court, arbitrator or Governmental Body (as defined below), (2) the validity of which are being currently contested on a timely basis in good faith by appropriate proceedings (provided that the enforcement of any Liens arising out of such proceedings shall be stayed during such proceedings) and (3) for which adequate reserves shall have been established; and

(H) Liens hereafter granted upon or in respect of any asset of the Issuer or any Subsidiary (other than a Permitted Lien referred to in Clauses (A) through (G) above), provided that the aggregate amount of Indebtedness secured pursuant to this Clause (H) shall not exceed 10% of Bladex's Interest Earning Assets.

(ii) As used herein, "Interest Earning Assets" shall mean the sum of (A) cash and due from banks, (B) interest bearing deposits with banks less allowance for possible loss, (C) investment securities and (D) loans less allowance for possible loan losses and unearned discount, in each case as such amounts appear on the Issuer's most recently available consolidated balance sheet, prepared in accordance with generally accepted accounting principles, as of the date of determination.

(iii) As used herein, "Governmental Body" shall mean any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign.

(iv) As used herein, "Indebtedness" of a Person means, without duplication, (A) all obligations for borrowed money of such Person, (B) all obligations for the deferred purchase price of property acquired by such Person (excluding accounts payable arising in the ordinary course of business but including all obligations of such Person created or arising under any conditional sale or other title retention agreement with respect to any property acquired by such Person), (C) all capital lease obligations of such Person, (D) all obligations for borrowed money secured by any Lien upon or in any property owned by such Person whether or not such Person has assumed or become liable for the payment of such obligations for borrowed money and (E) all obligations of the type described in any of clauses (A) through (D) above which are guaranteed, directly or indirectly, or endorsed (otherwise than for collection or deposit in the ordinary course of business) or discounted with recourse by such Person.

(v) As used herein, "Lien" means, with respect to any Person, any mortgage, lien, pledge, adverse claim, charge, security interest or other encumbrance, or any interest or title of any vendor; lessor, lender or other secured party to or of such Person under any conditional sale or other title retention agreement or capital lease, upon or with respect to any property or asset of such Person, or the signing or filing by or with the consent of such Person of a financing statement that names such Person as debtor, or the signing of any security agreement authorizing any other Person as the secured party to file any financing statement.

(vi) As used herein, "Order" shall mean any order, writ, injunction, decree, judgment, award, determination, direction, demand.

(vii) As used herein, "Person" shall include an individual, a corporation, an association, a partnership, a trust or estate, a government, United States or foreign, and any agency or political subdivision thereof, or any other entity.

(viii) As used herein, "Subsidiary" means with respect to any corporation, partnership or other entity of which or in which such Person and/or its Subsidiaries own directly or indirectly more than 50% of the combined voting power of all classes of voting stock.

Notwithstanding the foregoing, this provision shall not prohibit Bladex and its Subsidiaries from complying with U.S. and state capital equivalency and other similar regulatory requirements.

10. Replacement of Notes, Exchange and Transfer

If any mutilated Note or Coupon is surrendered to the Principal Paying Agent (in the case of Bearer Notes and Coupons) or the Registrar (in the case of Registered Notes), the Issuer shall execute, and the Trustee shall authenticate and deliver in exchange therefor, a new Note or Coupon of like tenor and principal amount, bearing a number not contemporaneously outstanding.

If there be delivered to the Issuer and the Principal Paying Agent (in the case of Bearer Notes and Coupons) or the Registrar (in the case of Registered Notes) (i) evidence to their satisfaction of the destruction, loss or theft of any Note or Coupon, and (ii) such security or indemnity as may be required by them to save each of them and any agent of each of them harmless, then, in the absence of notice to the Issuer or the Trustee that such Note or Coupon has been acquired by a protected purchaser, the Issuer shall execute, and upon its request the Trustee shall authenticate and deliver in lieu of any such destroyed, lost or stolen Note or Coupon, a new Note or Coupon of like tenor and principal amount, bearing a number not contemporaneously outstanding.

Upon the issuance of any new Note or Coupon under this Condition 10, the Issuer may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and the expenses of the Trustee) connected therewith.

Upon the terms and subject to the conditions set forth in the Trust Deed, and subject to Condition 1 of these Conditions, a Registered Note may be transferred in whole or in part (in an Authorized Denomination) by the holder or holders surrendering the Note for registration of transfer at the office of the Registrar or through a Transfer Agent, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Registrar, duly executed by the holder or holders thereof or his or their attorney in fact or attorneys in fact duly authorized in writing and accompanied by any certification required under the Trust Deed.

Transfer, registration and exchange of any Note or Notes shall be permitted and executed as provided in the Trust Deed without any charge to the holder of any such Note or Notes other than any taxes or other governmental charges payable on transfers or any expenses of delivery by other than regular mail, but subject to such reasonable regulations as the Issuer, the Registrar and any transfer agent may prescribe.

The Registrar shall not register the transfer of or exchange of any Notes for a period of 15 days preceding (i) the due date for any payment of principal of or interest on the Notes or (ii) the date notice is given for redemption of the Notes.

Every new Note issued pursuant to this Condition 10 in lieu of any destroyed, lost or stolen Note shall constitute an original contractual obligation of the Issuer, whether or not the destroyed, lost or stolen Note shall be at any time enforceable by anyone. Any new Note delivered pursuant to the provisions of this Condition 10 shall be so dated that neither gain nor loss of interest shall result from such exchange. The provisions of this Condition 10 are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes.

11. Prescription

All claims against the Issuer for payment of principal of or interest (including Additional Amounts) on, or in respect of, the Notes and the Coupons shall be prescribed unless made within ten years (in the case of principal) and five years (in the case of interest (including Additional Amounts)) from the later of (i) the date on which such payment first became due and (ii) if the full amount payable has not been received by the Trustee in New York City on or prior to such due date, the date on which, the full amount having been so received, notice shall have been given to the holders of Notes and Coupons by the Trustee that the full amount has been received.

Any monies deposited with or paid to the Trustee or to a Paying Agent by or on behalf of either Issuer for the payment of the principal of or interest (including Additional Amounts) on any Note or Coupon and not applied but remaining unclaimed for two years after the date upon which such principal or interest (including Additional Amounts) shall have become due and payable shall be repaid upon the written request of the Issuer to or for the account of the Issuer by the Trustee or such Paying Agent and, to the extent permitted by law, the holder of such Note or Coupon shall thereafter look only to the Issuer for any payment which such holder may be entitled to collect, and all liability of the Trustee or such Paying Agent with respect to such monies shall thereupon cease.

12. **Notices**

All notices regarding the Notes shall be given (i) to holders of Definitive Bearer Notes and interests in a Temporary Global Bearer Note or a Permanent Global Bearer Note by publication at least once in a leading daily newspaper in the English language of general circulation in London and, so long as the Notes are traded on the Euro MTF and the rules of the Luxembourg Stock Exchange shall so require, in a daily newspaper of general circulation in Luxembourg (usually the Luxemburger Wort), on the Luxembourg Stock Exchange website (www.bourse.lu), or, if such Luxembourg publication is not practicable, in one other leading English language daily newspaper with general circulation in Europe, and (ii) to holders of Definitive Registered Notes and Global Registered Notes in writing mailed, first class postage prepaid, to each holder of Registered Notes, or portions thereof, or Global Registered Notes so to be redeemed, at its address as it appears in the Register, and, in addition, so long as the Notes are traded on the Euro MTF and the rules of the Luxembourg Stock Exchange shall so require, in a daily newspaper of general circulation in Luxembourg (usually the Luxemburger Wort), provided that the rules of the Luxembourg Stock Exchange have been complied with, for as long as the Notes are traded on the Euro MTF. The term “daily paper” as used herein shall be deemed to mean a newspaper customarily published on each business day, whether or not it shall be published in Saturday, Sunday or holiday editions. If by reason of the suspension of publication of any newspaper or of regular mail service, or by reason of any other cause, it shall be impracticable to give notice to the Noteholders in the manner prescribed herein, then such notification in lieu thereof as shall be made by the Issuer or by the Trustee on behalf of and at the instruction of the Issuer shall constitute sufficient provision of such notice, if such notification shall, so far as may be practicable, approximate the terms and conditions of the publication or mailed notice in lieu of which it is given. Neither the failure to give notice nor any defect in any notice to any particular Noteholder shall affect the sufficiency of any notice with respect to other Notes. Such notices will be deemed to have been given on the date of such publication or mailing or, if published in such newspapers on different dates, on the date of the first such publication.

Notice to be given by any Noteholder shall be in writing and given by forwarding the same, together with the relative Note or Notes, to the Trustee. While any Notes are represented by a Permanent Global Bearer Note, such notice may be given by any holder of an interest in such Permanent Global Bearer Note to the Trustee via Euroclear and/or Clearstream, Luxembourg, and/or any other clearing system as may be specified in the relevant Final Terms, as the case may be, in such manner as the Trustee and Euroclear and/or Clearstream, Luxembourg, and/or any other clearing system as may be specified in the relevant Final Terms, as the case may be, may approve for this purpose.

13. **Currency Indemnity**

All sums payable by the Issuer under or in connection with the Notes and the Coupons, including damages, will be payable in the applicable Specified Currency. Any amount received or recovered in a currency other than the applicable Specified Currency (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding up or dissolution of the Issuer or otherwise) by any Noteholder or Couponholder in respect of any sum expressed to be due to it from either Issuer shall only constitute a discharge of the Issuer to the extent of the amount of the applicable Specified Currency which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that amount of the applicable Specified Currency is less than the amount of the applicable Specified Currency expressed to be due to the recipient under any Note or Coupon, the Issuer shall indemnify it against any loss sustained by it as a result. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition 13, it will be sufficient for the Noteholder or Couponholder to demonstrate that it would have suffered a loss had an actual purchase been made on the date established by this Condition 13. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder or Couponholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or Coupon or any other judgment or order.

14. **Governing Law**

THE NOTES SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, UNITED STATES OF AMERICA.

15. **Jurisdiction**

The Issuer hereby submits to the jurisdiction of any court of the State of New York or federal court sitting in the Borough of Manhattan, The City of New York (the "New York Courts"), with respect to any legal suit, action or proceeding arising out of or relating to this Note. The Issuer waives to the fullest extent permitted by law any immunity from jurisdiction to which it might otherwise be entitled in any suit or proceeding arising out of or relating to this Note and any such suit or proceeding may (at the sole election of the party bringing such suit or proceeding) be instituted by the holder of this Note in any such court.

The Issuer agrees that the process by which any proceedings in the State of New York are begun may be served on it by being delivered to the New York Agency of Bladex, 708 Third Avenue, 16th Floor, New York, New York 10017 (or its other address in New York from time to time). If the appointment of the person mentioned in this Clause ceases to be effective, the Issuer shall forthwith appoint a further person in the State of New York to accept service of process on its behalf in the State of New York and notify the name and address of such person to each Dealer, and failing such appointment within fifteen days, any Dealer shall be entitled to appoint such a person by notice to the Issuer. Nothing contained herein shall affect the right to serve process in any other manner permitted by law.

The submission to the jurisdiction of the New York Courts shall not (and shall not be construed so as to) limit the right of the Issuer, the Dealers or any of them to take proceedings in any other court of competent jurisdiction, nor shall the taking of proceedings in any one or more jurisdictions preclude the taking of proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by applicable law.

16. **Descriptive Headings**

The descriptive headings appearing in these Terms and Conditions are for convenience of reference only and shall not alter, limit or define the provisions hereof.

17. **Further Issues of Notes**

The Issuer may from time to time without the consent of the Noteholders create and issue further notes, bonds or debentures having the same terms and conditions as the Notes in all respect (or in all respects except for the payment of interest on the Notes (i) scheduled and paid prior to the date of issuance of such notes, bonds or debentures or (ii) payable on the first Interest Payment Date following such date of issuance) so that such further issue shall be consolidated and form a single series with the outstanding notes, bonds and debentures of any series (including the Notes); provided that nothing in this paragraph shall prevent the Issuer from creating and issuing further notes, bonds or debentures that do not have the same terms and conditions as the Notes and which are not consolidated with the Notes to form a single series. Any further notes, bonds or debentures forming a single series with the outstanding notes, bonds or debentures of any series (including the Notes) constituted by the Trust Deed or any trust deed supplemental to it shall, and any other notes, bonds or debentures may, be constituted by a trust deed supplemental to the Trust Deed.

EXCHANGE OF GLOBAL NOTES

Unless provided otherwise in the applicable Final Terms, all Notes of a Series in bearer form that are offered and sold outside of the United States will be represented initially by a Temporary Global Bearer Note to be deposited with a common depositary on behalf of Clearstream, Luxembourg and Euroclear and/or any other clearing system as may be specified in the relevant Final Terms for credit to the accounts designated for or on behalf of the purchasers of the Notes on the date of payment for and delivery of the Notes. Upon deposit of the Temporary Global Bearer Note, Euroclear or Clearstream, Luxembourg, and/or any other clearing system as may be specified in the relevant Final Terms, as the case may be, will credit each purchaser with a principal amount of Notes equal to the principal amount thereof for which it has paid. If an Interest Payment Date occurs while a holder has an interest in a Temporary Global Bearer Note, such interest payment will be made on the Temporary Global Bearer Note only to the extent that certification as to beneficial ownership as required by United States Treasury regulations (in the form set out in the Trust Deed and described in the following paragraph) has been received.

The beneficial owner of an interest in a Temporary Global Bearer Note shall, on or after the Exchange Date, exchange all or any portion of such interest for an equal aggregate principal amount of Registered Notes, in Authorized Denominations, or interests in a Permanent Global Bearer Note; provided, however, that such exchange for interests in a Permanent Global Bearer Note will be made only upon the receipt by the Issuer of certification that (i) the owner of such interest in a Permanent Global Bearer Note is not a United States person, (ii) the interest in a Permanent Global Bearer Note is owned by a financial institution for purposes of resale during the restricted period (as defined in United States Treasury Regulations Section 1.163-5(c)(2)(i)(D)(7)) and such financial institution certifies in addition that it has not acquired such interest for purposes of resale directly or indirectly to a United States person or to a person within the United States or (iii) the obligation is owned by a United States person which is either (x) the foreign branch of a United States financial institution (as defined in United States Treasury Regulations Section 1.165-12(c)(l)(iv)) purchasing for its own account or for resale or (y) a United States person who acquired the obligation through the foreign branch of a United States financial institution and who holds the obligation through such financial institution on the date of certification (and in the case of either clause (x) or (y), the financial institution has agreed to comply with the requirements of Section 165(j)(3)(A), (B) or (C) of the United States Internal Revenue Code of 1986, as amended (the "Code"), and the United States Treasury Regulations thereunder). Interests in a Permanent Global Bearer Note may be exchanged for Bearer Notes in definitive form and Registered Notes. For purposes hereof, (i) "Exchange Date" means, for any Series of Notes, a date which is not earlier than the 40th day after the later of the Issue Date or the completion of the resale of the Notes, as determined by Issuer, (ii) "United States person" means any citizen or resident of the United States, any corporation created or organized in or under the laws of the United States or of any state or political subdivision thereof (including the District of Columbia), any estate the income of which is subject to United States federal income taxation regardless of its source and a trust, if both a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust and (iii) "United States" means the United States of America (including the States thereof and the District of Columbia) and its possessions.

The following legend shall appear on all Bearer Notes and Coupons as required: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Code." The sections referred to in such legend provide that a United States taxpayer, with certain exceptions, will not be entitled to deduct any loss on sales of an interest in a Permanent Global Bearer Note or a Definitive Bearer Note and will not be entitled to any capital gains treatment which might otherwise be applicable to any gain or any sale, exchange, redemption or other disposition of such interests in a Permanent Global Bearer Note or Definitive Bearer Note.

In compliance with United States federal tax laws and regulations, Bearer Notes (including interests in a Temporary Global Bearer Note and a Permanent Global Bearer Note) may not be offered or sold during the restricted period (as defined in United States Treasury Regulations Section 1.163-5(c)(2)(i)(D)(7)) within the United States or to United States persons other than to an office located outside the United States of a United States financial institution (as defined in Section 1.165-12(c)(l)(iv) of the United States Treasury Regulations), purchasing for its own account or for resale or for the account of certain customers, that provides a certificate stating that it agrees to comply with the requirements of Section 165(j)(3)(A), (B) or (C) of the Code and the United States Treasury Regulations thereunder, or to certain other persons described in Section 1.163-5(c)(2)(i)(D)(l)(iii)(B) of the United States Treasury Regulations. Moreover, such Bearer Notes may not be delivered by any distributor in connection with their sale within the United States. Any distributor (as defined in Section 1.163-5(c)(2)(i)(D)(4) of the United States Treasury Regulations) participating in the offering or sale of Bearer Notes must covenant that it will not offer or sell during the restricted period any Bearer Notes within the United States or to United States persons (other than to the persons described above), it will not deliver in connection with the sale of Bearer Notes during the restricted period any Bearer Notes within the United States and it has in effect procedures reasonably designed to ensure that its employees and agents who are directly engaged in selling the Bearer Notes are aware of the restrictions on offers and sales described above.

Notes of a Series initially sold in the United States or to U.S. persons will initially be issued in the form of a Global Registered Note and held in book entry form at DTC. Except as expressly provided for in the Trust Deed, the owner of beneficial interests in the Global Registered Notes may not obtain Registered Notes in definitive form. Such Registered Notes, whether in global or definitive form, will be "restricted" securities as defined in Rule 144 under the Securities Act.

For so long as a Series of Notes (or any part of it) is represented by a Temporary Global Bearer Note or a Permanent Global Bearer Note, each person who has for the time being a particular principal amount of the Notes of such Series so represented credited to its securities account in the records of Euroclear or Clearstream, Luxembourg and/or any other clearing system as may be specified in the relevant Final Terms shall be treated as the Noteholder in respect of that principal amount of the relevant Series of Notes for all purposes under the Trust Deed, other than for the purpose of payments.

TAXATION

The following is a general description of certain tax laws relating to the Notes and does not purport to be a comprehensive discussion of the tax treatment of every Series of Notes. Prospective purchasers of any Series of Notes are advised to consult their own tax advisers as to the consequences of the purchase, ownership and disposition of any Series of Notes in light of their particular circumstances, including, but not limited to, the consequences of the receipt of interest and the sale or redemption of any Series of Notes.

Certain U.S. Federal Income Tax Considerations

General

The following is a summary of the principal U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes by a U.S. Holder (as defined below). Except as otherwise indicated, this summary deals only with purchasers of Notes that purchase Notes at original issuance for the price on the cover of the relevant offering materials and that will hold the Notes as capital assets and whose functional currency is the U.S. dollar. The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Notes by particular investors, and does not address state, local, non-U.S. or other tax laws. In particular, this summary does not discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as financial institutions, insurance companies, partners in a partnership that invests in Notes and such partnership, investors liable for the alternative minimum tax, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, dealers or traders in securities or currencies, investors that will hold the Notes as part of straddles, hedging transactions or conversion transactions for U.S. federal income tax purposes, persons required to accelerate the recognition of any item of gross income with respect to the Notes as a result of such income being recognized on an applicable financial statements).

As used herein, the term "U.S. Holder" means a beneficial owner of Notes that is, for U.S. federal income tax purposes, a citizen or resident of the United States, or a domestic corporation, or an estate, or trust the income of which is subject to U.S. federal income tax regardless of source.

If a partnership (or any other entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds the Notes, the tax treatment of the partnership and a partner in such partnership generally will depend on the status of the partner and the activities of the partnership. Such partner or partnership should consult its own tax adviser as to its consequences.

Bearer Notes are not being offered to U.S. Holders. A U.S. Holder who owns a Bearer Note may be subject to limitations under United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the Code.

The summary is based on the tax laws of the United States, including the Code, its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, all as currently in effect and available and all subject to change at any time, possibly with retroactive effect.

The summary of U.S. federal income tax consequences set out below is for general information only. Prospective purchasers should consult their tax advisers as to the particular tax consequences to them of owning the Notes, including the applicability and effect of state, local, non-U.S. and other tax laws and possible changes in tax law.

Characterisation of the Notes

There are no regulations, published rulings or judicial decisions addressing the characterisation for U.S. federal income tax purposes of securities issued under the same circumstances and with substantially the same terms as the Notes. Bladex believes and intends to take the position that the Notes constitute debt for U.S. federal income tax purposes. However, no ruling will be obtained from the IRS with respect to the characterisation of the Notes as debt, and there can be no assurance that the IRS or the courts would agree with this characterisation of the Notes. If, due to the capital structure of Bladex or otherwise, the Notes were treated as equity interests in Bladex, U.S. Holders would be treated as owning interests in a "passive foreign investment company" (a "PFIC"). Prospective investors should consult their tax advisers regarding the characterisation of the Notes and the consequences of owning an equity interest in a PFIC. The discussion below assumes that the Notes will be treated as debt for U.S. federal income tax purposes.

Pre-Issuance Accrued Interest

If a portion of the price paid for a Note is allocable to interest that accrued prior to the date the Note is issued ("**preissuance accrued interest**"), Bladex intends to take the position that, on the first interest payment date, a portion of the interest received in an amount equal to any pre-issuance accrued interest will be treated as a return of the preissuance accrued interest and not as a payment of interest on the Note. In determining the issue price of a Note and the amount paid for a Note, there will be excluded an amount equal to the pre-issuance accrued interest. Amounts treated as a return of pre-issuance accrued interest should not be taxable when received. U.S. Holders should consult their tax advisors with regard to the tax treatment of the pre-issuance accrued interest on a Note.

Interest

The gross amount of interest (other than OID, as defined and discussed under "—Original Issue Discount") and Additional Amounts (if any) on a Note (without reduction for withholding taxes, if any) will be taxable to a U.S. Holder as ordinary income at the time it is received or accrued, depending on the U.S. Holder's method of accounting for tax purposes. Interest paid by Bladex on the Notes and OID, if any, accrued with respect to the Notes (as described below under "—Original Issue Discount") generally will constitute income from sources outside the United States. For U.S. foreign tax credit limitation purposes, interest on the Notes generally will constitute "passive category income," or, in the case of certain U.S. Holders, "general category income" which are treated separately from other types of income in computing the foreign tax credit allowable to U.S. Holders under U.S. federal income tax laws.

Original Issue Discount

General

The following is a summary of the principal U.S. federal income tax consequences of the ownership of Notes issued with original issue discount ("OID"). The following summary does not discuss Notes that are characterised as contingent payment debt instruments for U.S. federal income tax purposes. In the event Bladex issues contingent payment debt instruments, the applicable Final Terms will describe the principal U.S. federal income tax consequences thereof, as appropriate.

A Note, other than a Note with a term of one year or less (a "Short-Term Note"), will be treated as issued with OID (a "Discount Note") if the excess of the Note's "stated redemption price at maturity" over its "issue price" is equal to or more than a *de minimis* amount (0.25 per cent. of the Note's stated redemption price at maturity multiplied by the number of complete years to its maturity (or the weighted average maturity in the case of installment notes)). Generally, the issue price of a Note will be the first price at which a substantial amount of Notes included in the issue of which the Note is a part is sold to persons other than bond houses, brokers, or similar persons or organisations acting in the capacity of underwriters, placement agents, or wholesalers. The stated redemption price at maturity of a Note is the total of all payments provided by the Note that are not payments of "qualified stated interest." The term "qualified stated interest" generally means stated interest that is unconditionally payable at least annually at a single fixed rate (with certain exceptions for lower rates paid during some periods), or, subject to certain conditions, at a variable rate based on one or more interest indices.

U.S. Holders of Discount Notes must include OID in income calculated on a constant yield method before the receipt of cash attributable to the income, and generally will have to include in income increasingly greater amounts of OID over the life of the Discount Notes. The amount of OID includible in income is the sum of the daily portions of OID with respect to the Discount Note for each day during the taxable year or portion of the taxable year in which the U.S. Holder holds the Discount Note ("accrued OID"). The daily portion is determined by allocating to each day in any "accrual period" a *pro rata* portion of the OID allocable to that accrual period. Accrual periods with respect to a Note may be of any length selected by the U.S. Holder and may vary in length over the term of the Note as long as (i) no accrual period is longer than one year and (ii) each scheduled payment of interest or principal on the Note occurs on either the final or first day of an accrual period. The amount of OID allocable to an accrual period equals the excess of (i) the product of the Discount Note's adjusted issue price at the beginning of the accrual period and the Discount Note's yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (ii) the sum of the payments of qualified stated interest on the Note allocable to the accrual period. In the case of a Note that pays a variable rate of interest (a "Variable Interest Rate Note") and that is a Discount Note, both the "yield to maturity" and "qualified stated interest" generally will be determined for these purposes as though the Discount Note will bear interest in all periods at a fixed rate generally equal to the rate that would be applicable to the interest payments on the Note on its date of issue or in the case of certain Variable Interest Rate Notes, the rate that reflects the yield that is reasonably expected for the Note. (Additional rules may apply if interest on a Variable Interest Rate Note is based on more than one interest index.) The "adjusted issue price" of a Discount Note at the beginning of any accrual period is the issue price of the Note increased by (x) the amount of accrued OID for each prior accrual period and decreased by (y) the amount of any payments previously made on the Note that were not qualified stated interest payments.

Acquisition Premium

A U.S. Holder that purchases a Discount Note for an amount less than or equal to the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, but in excess of its adjusted issue price (any such excess being "acquisition premium") and that does not make the election described below under "—Election to Treat All Interest as Original Issue Discount," is permitted to reduce the daily portions of OID by a fraction, the numerator of which is the excess of the U.S. Holder's adjusted basis in the Note immediately after its purchase over the Note's adjusted issue price, and the denominator of which is the excess of the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, over the Note's adjusted issue price.

Market Discount

A Note, other than a Short-Term Note, or upon a further issuance that is a qualified reopening for U.S. federal income tax purposes generally will be treated as purchased at a market discount (a "Market Discount Note") if the Note's stated redemption price at maturity or, in the case of a Discount Note, the Note's adjusted issue price, exceeds the amount for which the U.S. Holder purchased the Note by at least 0.25 per cent. of the Note's stated redemption price at maturity or adjusted issue price, respectively, multiplied by the number of complete years to the Note's maturity (or, in the case of a Note that is an installment obligation, the Note's weighted average maturity). If this excess is not sufficient to cause the Note to be a Market Discount Note, then the excess constitutes "*de minimis* market discount."

Upon disposition or maturity of a Market Discount Note, or upon receipt of a partial principal payment on a Market Discount Note that is an installment obligation, any gain will be treated as ordinary income to the extent that the gain does not exceed the market discount which has not been previously included in gross income and which accrued on the Note while held by such U.S. Holder. In general terms, market discount is accrued on a rateable basis, or, at the U.S. Holder's election, on a constant yield basis. A constant yield election is irrevocable unless the IRS consents to a revocation. Alternatively, a U.S. Holder of a Market Discount Note may elect to include market discount in income currently (on either a rateable or constant yield basis) over the life of the Note. This election will apply to all debt instruments with market discount acquired by the electing U.S. Holder on or after the first day of the first taxable year to which the election applies. This election may not be revoked without the consent of the IRS. A U.S. Holder of a Market Discount Note that does not elect to include market discount in income currently will generally be required to defer deductions for interest on borrowings incurred to purchase or carry a Market Discount Note that is in excess of the interest and OID on the Note includible in the U.S. Holder's income, to the extent that this excess interest expense does not exceed the portion of the market discount allocable to the days on which the Market Discount Note was held by the U.S. Holder.

Election to Treat All Interest as Original Issue Discount

A U.S. Holder may elect to include in gross income all interest that accrues on a Note using the constant yield method described above under "—General," with certain modifications. For purposes of this election, interest includes stated interest, acquisition discount, OID, *de minimis* OID, market discount, *de minimis* market discount and unstated interest, as adjusted by any amortisable bond premium (described below under "—Notes Purchased at a Premium") or acquisition premium. This election generally will apply only to the Note with respect to which it is made and may not be revoked without the consent of the IRS. If the election to apply the constant yield method to all interest on a Note is made with respect to a Market Discount Note, the electing U.S. Holder will be treated as having made the election discussed above under "—Market Discount" to include market discount in income currently over the life of all debt instruments with market discount held or thereafter acquired by the U.S. Holder. U.S. Holders should consult their tax advisers concerning the propriety and consequences of this election.

Short-Term Notes

In general, an individual or other cash basis U.S. Holder of a Short-Term Note is not required to accrue OID (as specially defined below for the purposes of this paragraph) for U.S. federal income tax purposes unless it elects to do so (but may be required to include any stated interest in income as the interest is received). Accrual basis U.S. Holders and certain other U.S. Holders are required to accrue OID on Short-Term Notes on a straight-line basis or, if the U.S. Holder so elects, under the constant-yield method (based on daily compounding). In the case of a U.S. Holder not required and not electing to include OID in income currently, any gain realised on the sale or retirement of the Short-Term Note will be ordinary income to the extent of the OID accrued on a straight-line basis (unless an election is made to accrue the OID under the constant yield method) through the date of sale or retirement. U.S. Holders who are not required and do not elect to accrue OID on Short-Term Notes will be required to defer deductions for interest on borrowings allocable to Short-Term Notes in an amount not exceeding the deferred income until the deferred income is realised.

For purposes of determining the amount of OID subject to these rules, all interest payments on a Short-Term Note are included in the Short-Term Note's stated redemption price at maturity. A U.S. Holder may elect to determine OID on a Short-Term Note as if the Short-Term Note had been originally issued to the U.S. Holder at the U.S. Holder's purchase price for the Short-Term Note. This election shall apply to all obligations with a maturity of one year or less acquired by the U.S. Holder on or after the first day of the first taxable year to which the election applies, and may not be revoked without the consent of the IRS.

Notes Purchased at a Premium

A U.S. Holder that purchases a Note for an amount in excess of its principal amount, or for a Discount Note, its stated redemption price at maturity, may elect to treat the excess as "amortisable bond premium," in which case the amount required to be included in the U.S. Holder's income each year with respect to interest on the Note will be reduced by the amount of amortisable bond premium allocable (based on the Note's yield to maturity) to that year. Any election to amortise bond premium shall apply to all bonds (other than bonds the interest on which is excludable from gross income for U.S. federal income tax purposes) held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and is irrevocable without the consent of the IRS. See also "—Original Issue Discount—Election to Treat All Interest as Original Issue Discount" above.

Purchase, Sale, Exchange and Retirement of Notes

A U.S. Holder generally will recognise gain or loss on the sale, exchange or retirement of a Note equal to the difference between the amount realised on the sale, exchange or retirement (other than accrued but unpaid qualified stated interest which will be taxable as such) and the tax basis of the Note. A U.S. Holder's tax basis in a Note generally will be its cost to the Holder increased by the amount of any OID or market discount included in the U.S. Holder's income with respect to the Notes (whether or not *de minimis*) and reduced by (i) the amount of any payments that are not qualified stated interest payments, and (ii) the amount of any amortisable bond premium applied to reduce interest on the Notes. Except to the extent described above under "—Original Issue Discount—Market Discount" or "—Original Issue Discount—Short-Term Notes" or attributable to accrued but unpaid interest or changes in exchange rates (as discussed below), gain or loss recognised on the sale or retirement of a Note will be capital gain or loss and will be long-term capital gain or loss if the U.S. Holder's holding period in the Notes exceeds one year. Gain or loss realised by a U.S. Holder on the sale or retirement of a Note generally will be U.S. source gain or loss. The deductibility of capital losses is subject to limitations.

Foreign Currency Notes

Interest

If an interest payment is denominated in, or determined by reference to, a foreign currency, the amount of income recognised by a cash basis U.S. Holder will be the U.S. dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars.

An accrual basis U.S. Holder may determine the amount of income recognised with respect to an interest payment denominated in, or determined by reference to, a foreign currency in accordance with either of two methods. Under the first method, the amount of income accrued will be based on the average exchange rate in effect during the interest accrual period (or, in the case of an accrual period that spans two taxable years of a U.S. Holder, the part of the period within the taxable year).

Under the second method, the U.S. Holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year). Additionally, if a payment of interest is actually received within five business days of the last day of the accrual period, an electing accrual basis U.S. Holder may instead translate the accrued interest into U.S. dollars at the exchange rate in effect on the day of actual receipt. Any such election will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and will be irrevocable without the consent of the IRS.

Upon receipt of an interest payment (including a payment attributable to accrued but unpaid interest upon the sale, exchange or retirement of a Note) denominated in, or determined by reference to, a foreign currency, the U.S. Holder may recognise exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars. If a payment received in a foreign currency is not immediately converted into U.S. dollars, the later disposition of the foreign currency may give rise to further exchange gain or loss.

OID

OID for each accrual period on a Discount Note denominated in, or determined by reference to, a foreign currency, will be determined in the foreign currency and then translated into U.S. dollars in the same manner as stated interest accrued by an accrual basis U.S. Holder, as described above. Upon receipt of an amount attributable to OID (whether in connection with a payment on the Note or a sale of the Note), a U.S. Holder may recognise exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

Bond Premium

Bond premium (which for this purpose includes both amortizable bond premium and acquisition premium) on a Note that is denominated in, or determined by reference to, a foreign currency, will be computed in units of the foreign currency, and any such bond premium that is taken into account currently will reduce interest income in units of the foreign currency. On the date bond premium offsets interest income, a U.S. Holder may recognise exchange gain or loss (taxable as ordinary income or loss) measured by the difference between the spot rate in effect on that date, and on the date the Notes were acquired by the U.S. Holder. A U.S. Holder that does not elect to take bond premium (other than acquisition premium) into account currently will recognise a market loss when the Note matures.

Market Discount

Market Discount on a Note that is denominated in, or determined by reference to, a foreign currency, will be accrued in the foreign currency. If the U.S. Holder elects to include market discount in income currently, the accrued market discount will be translated into U.S. dollars at the average exchange rate for the accrual period (or portion thereof within the U.S. Holder's taxable year). Upon the receipt of an amount attributable to accrued market discount, the U.S. Holder may recognise exchange gain or loss (which will be taxable as ordinary income or loss) determined in the same manner as for accrued interest or OID. A U.S. Holder that does not elect to include market discount in income currently will recognise, upon the disposition or maturity of the Note, the U.S. dollar value of the amount accrued, calculated at the spot rate on that date, and no part of this accrued market discount will be treated as exchange gain or loss.

Sale, Exchange or Retirement

As discussed above under "—Purchase, Sale, Exchange and Retirement of Notes," a U.S. Holder generally will recognise gain or loss on the sale, exchange or retirement of a Note equal to the difference between the amount realised on the sale, exchange or retirement and its tax basis in the Note. A U.S. Holder's tax basis in a Note that is denominated in a foreign currency will be determined by reference to the U.S. dollar cost of the Note. The U.S. dollar cost of a

Note purchased with foreign currency will generally be the U.S. dollar value of the purchase price on the date of purchase or, in the case of Notes traded on an established securities market, as defined in the applicable Treasury Regulations, that are purchased by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the purchase.

The amount realised on a sale, exchange or retirement for an amount in foreign currency will be the U.S. dollar value of this amount on the date of sale, exchange or retirement or, in the case of Notes traded on an established securities market, as defined in the applicable Treasury Regulations, sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the sale. Such an election by an accrual basis U.S. Holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS.

A U.S. Holder will recognise exchange rate gain or loss (taxable as ordinary income or loss) on the sale, exchange or retirement of a Note equal to the difference, if any, between the U.S. dollar values of the U.S. Holder's purchase price for the Note (or, if less, the principal amount of the Note) (i) on the date of sale or retirement and (ii) the date on which the U.S. Holder acquired the Note. Any such exchange rate gain or loss will be realised only to the extent of total gain or loss realised on the sale, exchange or retirement.

Disposition of Foreign Currency

Foreign currency received as interest on a Note or on the sale, exchange or retirement of a Note will have a tax basis equal to the U.S. dollar amount taken into account as interest or proceeds from sale, exchange or retirement of a Note. Foreign currency that is purchased will generally have a tax basis equal to the U.S. dollar value of the foreign currency on the date of purchase. Any gain or loss recognised on a sale or other disposition of a foreign currency (including its use to purchase Notes or upon exchange for U.S. dollars) will be ordinary income or loss.

Benchmark Amendments

If the reform or elimination of any benchmark rate requires the manner of which interest is calculated on a note is to be altered, that may result in a deemed exchange of old notes for new notes, which may be taxable to U.S. Holders, or may affect the calculation of OID. Recently released proposed Treasury regulations provide additional circumstances under which the replacement of a benchmark rate would not be treated as a deemed exchange and would not affect the calculation of OID, provided certain conditions are met. It cannot be determined at this time whether the final Treasury regulations on this issue will contain the same standards as the proposed Treasury regulations. U.S. Holders should consult with their tax advisers regarding the potential consequences of a Reference Rate Adjustment.

U.S. Information Reporting and Backup Withholding Tax

A U.S. Holder may be subject to information reporting unless it establishes that payments to it made within the United States or by a U.S. payor or U.S. middleman are exempt from these rules (e.g., payments to corporations generally are exempt from these rules). Payments that are subject to information reporting may be subject to backup withholding if a U.S. Holder does not provide its taxpayer identification number and otherwise comply with the backup withholding rules. Amounts withheld under the backup withholding rules are available to be credited against a U.S. Holder's U.S. federal income tax liability and may be refunded to the extent they exceed such liability, provided the required information is timely provided to the IRS.

Reportable Transactions

U.S. Treasury regulations require a U.S. taxpayer that participates in a "reportable transaction" to disclose such participation to the IRS. The scope and application of these rules is not entirely clear. In the event the acquisition, holding or disposition of Notes constitutes participation in a "reportable transaction" for purposes of these rules, a U.S. Holder will be required to disclose its investment by filing Form 8886 with the IRS and Bladex and its advisers may also be required to disclose the transaction to the IRS. In addition, Bladex and its advisers may be required to maintain a list of U.S. Holders, and to furnish this list and certain other information to the IRS upon written request. Prospective purchasers are urged to consult their tax advisers regarding the application of these rules to the acquisition, holding or disposition of Notes.

3.8% Medicare Tax On "Net Investment Income"

Certain U.S. Holders who are individuals, estates or trusts are required to pay a 3.8% tax on, among other things, interest income and capital gains from the sale or other disposition of Notes.

Foreign Asset Reporting

Certain U.S. Holders are required to report information relating to an interest in the Notes, subject to certain exceptions (including an exception for Notes held in accounts maintained by certain financial institutions, such as a U.S. brokerage account). U.S. Holders are urged to consult their tax advisers regarding the effect, if any, of new U.S. federal income tax legislation on their ownership and disposition of the Notes.

Prospective purchasers of Notes are advised to consult their own tax advisers as to the consequences of a purchase, ownership and disposition of Notes, including, without limitation, the applicability and effect of any state, local or non-U.S. tax laws to which they may be subject, and of any legislative or administrative changes in law.

Panama

Panama's income tax is essentially territorial. Only income deemed to arise from Panamanian sources is subject to income tax in Panama. Income derived by Panamanian or foreign corporations or individuals which is not deemed to be Panamanian source income is not subject to income tax in Panama.

Payments of interest on the Notes to any holder thereof will not be subject to income tax or withholding requirements in Panama, provided that the proceeds received by Bladex upon the original issuance and sale of the Notes are not placed, invested or economically utilized in Panama, and further provided that payments on the Notes are made through a bank paying agent as contemplated in the Agency Agreement. A holder of a Note will not be subject to income tax in Panama on any gain realized on the sale, exchange or retirement of a Note, provided that the proceeds received by Bladex upon the original issuance and sale of the Notes are not placed, invested or economically utilized in Panama. Bladex has represented and agreed that it will not place, invest or economically utilize in Panama the proceeds that it will receive upon the original issuance and sale of the Notes.

There are no other stamp, transfer or inheritance taxes applicable to the issue, transfer or other disposition of the Notes.

Holders of Notes are not required to file a tax return in Panama solely by reason of their ownership, sale or disposition of the Notes.

The above summary is based upon statutes, regulations, rulings and court decisions as in effect on the date hereof.

Proposed EU Financial Transactions Tax ("FTT")

On February 14, 2013, the European Commission published a proposal (the "Commission's Proposal") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "participating Member States"). However, Estonia has since stated it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt. Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

The Dealers have entered into the Dealer Agreement with the Issuer pursuant to which they established with the Issuer a basis upon which they may from time to time agree to purchase the Notes for an indefinite period of time under the Program. Certain additional Dealers may from time to time execute a Dealer Accession Letter with the Issuer in order to purchase Notes from time to time in accordance with the provisions of the Dealer Agreement. In the Dealer Agreement, the Issuer has agreed to reimburse the Dealers for certain expenses in connection with the establishment of the Program and the issue of each Series of Notes under the Program. The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes, including liabilities under the Securities Act.

Some of the Dealers and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. If any of the Dealers or their affiliates have a lending relationship with us, certain of those Dealers or their affiliates routinely hedge, and certain other of those Dealers may hedge, their credit exposure to us consistent with their customary risk management policies. Typically, these Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the notes offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the notes offered hereby. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Notes may be offered and sold in the United States pursuant to Rule 144A. The Dealers have represented and agreed and each further Dealer appointed under the Program will be required to represent and agree, that neither they, nor any of their affiliates nor any person acting on their behalf, has engaged or will engage in any directed selling efforts (as defined in Regulation S) with respect to the Notes or any form of general solicitation or general advertising (as defined in Regulation D under the Securities Act) in connection with any offer or sale of the Notes in the United States. The Bearer Notes are also subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to United States persons, except in certain transactions permitted by U.S. tax regulations.

Until 40 days after the commencement of the offering of each Series of Notes, an offer or sale of Notes of such Series within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

Prohibition of Sales to EEA and UK Retail Investors

Unless the Final Terms in respect of any Notes specifies the "Prohibition of Sales to EEA and UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the EEA or in the UK. For the purposes of this provision:

(a) the expression "*retail investor*" means a person who is one (or more) of the following:

    (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

(ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II;

(b) the expression "*offer*" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes. This Base Prospectus has been prepared on the basis that any offer of Notes in any Member State of the EEA will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of Notes. This Base Prospectus is not a prospectus for the purposes of the Prospectus Regulation.

If the Final Terms in respect of any Notes specifies the "Prohibition of Sales to EEA and UK Retail Investors" as "Not Applicable," in relation to each Member State of the EEA and the UK (each a "Relevant State"), each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to the public in that Relevant State except that it may make an offer of such Notes to the public in that Relevant State:

(a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(b) at any time to fewer than 150, natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(c) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation, or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "*offer of Notes to the public*" in relation to any Notes in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

United Kingdom

Each Dealer has represented and agreed and each further Dealer appointed under the Program will be required to represent and agree, that:

No deposit-taking: in relation to any Notes having a maturity of less than one year:

(i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and

(ii) it has not offered or sold and will not offer or sell the Notes other than to persons:

(A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or

(B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses;

where the issue of the Notes would otherwise constitute a contravention of section 19 of the FSMA by the Issuer.

Financial promotion: it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

General compliance: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

The Netherlands

Zero Coupon Notes in definitive bearer form and other Notes in definitive bearer form on which interest does not become due and payable during their term but only at maturity (savings certificates or *spaarbewijzen* as defined in The Netherlands Savings Certificates Act (*Wet inzake spaarbewijzen*, the "SCA")) may only be transferred and accepted, directly or indirectly, within, from or into The Netherlands through the mediation of either the Issuer or a member of Euronext Amsterdam N.V. with due observance of the provisions of the SCA and its implementing regulations (which include registration requirements). No such mediation is required, however, in respect of (i) the initial issue of such Notes to the first holders thereof, (ii) the transfer and acceptance by individuals who do not act in the conduct of a profession or business and (iii) the issue and trading of such Notes if they are physically issued outside The Netherlands and are not immediately thereafter distributed in The Netherlands.

As used herein "Zero Coupon Notes" are Notes that are in bearer form and that constitute a claim for a fixed sum against the Issuer and on which interest does not become due during their tenor or on which no interest is due whatsoever.

Switzerland

This Base Prospectus is not intended to constitute an offer or solicitation to purchase or invest in the Notes. The Notes may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act ("FinSA") and no application has or will be made to admit the Notes to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this Base Prospectus nor any other offering or marketing material relating to the Notes constitutes a prospectus pursuant to the FinSA, and neither this Base Prospectus nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "FIEA") and, accordingly, each Dealer has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan or to others for re-offering or resale, directly or indirectly, in Japan or to any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and other relevant laws and regulations of Japan. As used in this paragraph, "resident of Japan" means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

Hong Kong

Each Dealer has represented and agreed that:

(1) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "SFO") and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions Ordinance (Cap. 32) of Hong Kong (the "C(WUMP)O") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(2) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Singapore

Each Dealer has acknowledged that this Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed *that* it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Thailand

The Notes have not been and will not be offered or sold, whether directly or indirectly, in the Kingdom of Thailand. Any invitation in the Kingdom of Thailand to subscribe for the Notes has not been and will not be made, whether directly or indirectly, and this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Notes has not been and will not be circulated or distributed, whether directly or indirectly, to any persons in Thailand.

If the Notes are resold into Thailand, such Notes will only be resold to qualified "Institutional Investors," as defined under the Bank of Thailand regulations, in accordance with and subject to the applicable regulations of the Bank of Thailand, in accordance with and subject to the applicable regulations of the Bank of Thailand, and to the extent permitted by the Bank of Thailand to invest in foreign currency denominated debt securities. Such qualified Institutional Investors currently include: (i) The Government Pension Fund, (ii) The Social Security Fund, (iii) provident funds, (iv) mutual funds (excluding private funds), (v) securities companies purchasing Notes for their owns account or other investors' accounts, (vi) insurance companies, (vii) financial institutions established under specific acts, (viii) legal entities whose principal business is manufacturing, trading or services and having assets on their balance sheets of at least Baht 5 Billion, and (ix) companies listed on the Stock Exchange of Thailand.

Taiwan

The Notes have not been and will not be registered with the Financial Supervisory Commission ("FSC") pursuant to relevant securities laws and regulations and may not be sold, issued or offered within Taiwan through a public offering or in circumstances which constitute an offer within the meaning of the Securities and Exchange Act of Taiwan that requires a registration or approval of the FSC. No person or entity in Taiwan has been authorized to offer, sell, give advice regarding or otherwise intermediate the offering and sale of the Notes in Taiwan.

Brazil

The Notes have not been and will not be issued, nor placed, distributed, offered or negotiated in the Brazilian capital markets. The issuance of the Notes has not been nor will be registered with the Securities and Exchange Commission of Brazil (*Comissão de Valores Mobiliários* or "CVM"). Any public offering or distribution, as defined under Brazilian laws and regulations, of the Notes in Brazil is not legal without prior registration under Law No. 6,385, as amended, and Instruction No. 400, issued by the CVM on December 29, 2003, as amended. Documents relating to the securities offered by this Base Prospectus, as well as information contained therein, may not be supplied to the public in Brazil (as the securities offered by this Base Prospectus is not a public offering of the Notes in Brazil), nor be used in connection with any offer for subscription or sale of the Notes to the public in Brazil. Therefore, each of the Dealers has represented, warranted and agreed that it has not offered or sold, and will not offer or sell, the Notes in Brazil, except in circumstances which do not constitute a public offering, placement, distribution or negotiation of securities in the Brazilian capital markets regulated by Brazilian legislation.

Persons wishing to offer or acquire the Notes within Brazil should consult with their own counsel as to the applicability of registration requirements or any exemption therefrom.

Chile

Neither the Issuer nor the Notes are registered in the Securities Registry (*Registro de Valores*) or the Foreign Securities Registry (*Registro de Valores Extranjeros*) of the Chilean Securities and Insurance Commission (*Superintendencia de Valores y Seguros de Chile* or "SVS"), or subject to the control and supervision of the SVS. This Base Prospectus does not constitute a public offer of, or an invitation to subscribe for or purchase, the Notes in the Republic of Chile, other than to individually identified purchasers pursuant to a private offering within the meaning of Article 4 of the Chilean Securities Market Act (*Ley de Mercado de Valores*) (an offer that is not "addressed to the public at large or to a certain sector or specific group of the public").

Colombia

The Notes have not been offered or sold, and will not be offered or sold, in Colombia other than in compliance with applicable laws.

Mexico

The Notes have not been, and will not be, registered with the National Securities Registry maintained by the Mexican National Banking and Securities Commission (*Comisión Nacional Bancaria y de Valores*) and, therefore the Notes may not be publicly offered or sold nor be the subject of intermediation in Mexico, publicly or otherwise, except that Notes may be offered in Mexico to institutional and qualified investors pursuant to the private placement exception set forth in Article 8 of the Mexican Securities Market Law.

Panama

The Notes have not been, and will not be, registered with the Superintendency of Capital Markets of Panama. Accordingly, (i) the Notes cannot be offered or sold in Panama, except in transactions exempted from registration under the securities laws of Panama, (ii) the Superintendency of Capital Markets of Panama has not reviewed the information contained in this Base Prospectus, (iii) the Notes and their offer are not subject to the supervision of the Superintendency of Capital Markets of Panama, and (iv) the Notes do not benefit from the tax incentives provided by the Panamanian securities laws and regulations.

Peru

The Notes and the information contained in this Base Prospectus are not being publicly marketed or offered in Peru and will not be distributed or caused to be distributed to the general public in Peru. Peruvian securities laws and regulations on public offerings will not be applicable to the offering of the Notes and therefore, the disclosure obligations set forth therein will not be applicable to the Issuer or the Dealers of the Notes before or after their acquisition by prospective investors. The Notes and the information contained in this Base Prospectus have not been and will not be reviewed, confirmed, approved or in any way submitted to the Peruvian National Supervisory Commission of Companies and Securities (*Comisión Nacional Supervisora de Empresas y Valores*) nor have they been registered under the Securities Market Law (*Ley del Mercado de Valores*) or any other Peruvian regulations. Accordingly, the Notes cannot be offered or sold within Peruvian territory except to the extent any such offering or sale qualifies as a private offering under Peruvian regulations and complies with the provisions on private offerings set forth therein.

Canada

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Base Prospectus contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal adviser.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts ("NI 33-105"), the dealers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with the offering contemplated by this Base Prospectus.

General

Other than with respect to the admission to listing, trading and/or quotation by such one or more listing authorities, stock exchanges and/or quotation systems as may be specified in the Final Terms, no action has been or will be taken in any country or jurisdiction that would permit a public offering of the Notes or the possession, circulation or distribution of this Base Prospectus or any other material relating to the Issuer or the Notes in any country or jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Base Prospectus nor any other offering material or advertisements in connection with the Notes may be distributed or published, in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification will be set out in the relevant Final Terms in the case of a supplement or modification relevant only to a particular Series of Notes) or (in any other case) in a supplement to this document.

Purchasers of the Notes may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase in addition to the purchase price.

TRANSFER RESTRICTIONS

Notes of a Series may be offered, sold and resold in the United States to qualified institutional buyers in reliance on Rule 144A. Each purchaser of such Notes will be deemed by its acceptance thereof to have represented and agreed as follows (except as otherwise indicated, terms used in the following paragraphs have the meanings given to them by Regulation S or Rule 144A, as applicable):

(1) The purchaser is purchasing such Notes for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a qualified institutional buyer and such Notes are being sold to it in reliance on Rule 144A.

(2) Such Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States or under any state securities laws and may not be reoffered, resold, pledged or otherwise transferred except (A) in compliance with Rule 144A to a person whom the seller reasonably believes is a qualified institutional buyer (as defined in Rule 144A) purchasing for its own account or for the account of a qualified institutional buyer whom the holder has informed, in each case, that the reoffer, resale, pledge or other transfer is being made in reliance on Rule 144A, (B) outside the United States in compliance with Rule 903 or Rule 904 of Regulation S or (C) pursuant to an exemption from registration under the Securities Act, in each case in accordance with any applicable securities laws of any state of the United States and any other jurisdiction.

(3) The Notes have not been, and will not be, registered with the Superintendency of Capital Markets of Panama. Accordingly, (i) the Notes cannot be publicly offered or sold in Panama, except in transactions exempted from registration under the securities laws of Panama, (ii) the Superintendency of Capital Markets of Panama has not reviewed the information contained in this Base Prospectus, (iii) the Notes and its offer are not subject to the supervision of the Superintendency of Capital Markets of Panama, and (iv) the Notes do not benefit from the tax incentives provided by the Panamanian securities laws and regulations. The Dealers acknowledge and each future Dealer appointed under the Program will be required to acknowledge that the Notes have not been, and will not be, registered with the Superintendency of Capital Markets of Panama, and therefore will not offer or sell the Notes in Panama, except in transactions exempted from the registration requirements of the securities laws of Panama.

(4) Such Notes will bear a legend to the following effect unless the Issuer determines otherwise in compliance with applicable law:

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

The Issuer recognizes that none of DTC, Euroclear or Clearstream, Luxembourg and/or any other clearing system as may be specified in the relevant Final Terms in any way undertakes to, and none of DTC, Euroclear or Clearstream, Luxembourg and/or any other clearing system as may be specified in the relevant Final Terms shall have any responsibility to, monitor or ascertain the compliance of any transactions in the Notes with any exemptions from registration under the Securities Act or of any other state or federal securities law.

FINAL TERMS

The Final Terms for each Series of Notes will be in substantially the form set forth in Appendix A to this Base Prospectus and will contain the following information in respect of the Notes of that Series:

(i) the Issuer;

(ii) whether the Notes are to be offered on a syndicated basis and the names of the Dealers;

(iii) the Series number;

(iv) whether the Notes are in bearer or registered form;

(v) the Specified Currency and the Authorized Denomination(s) of the Notes;

(vi) the aggregate principal amount of the Notes to be issued (the "Principal Amount") and the price (expressed as a percentage of the Principal Amount) at which such Notes will be issued (the "Issue Price");

(vii) the date on which such Notes will be issued (the "Issue Date");

(viii) the date on which such Notes (unless previously redeemed or purchased and cancelled) will be redeemed (the "Maturity Date");

(ix) in the case of Variable Redemption Amount Notes, the amount at which the Notes will be redeemed (the "Redemption Amount");

(x) the interest and/or payment basis (the "Interest Basis") of the Notes, which may be one or more of the following:

(a) Notes bearing interest on a fixed rate basis ("Fixed Rate Notes"); or

(b) Notes bearing interest on a floating rate basis ("Floating Rate Notes"); or

(c) Notes bearing interest on a step up or step down basis ("Step up Notes" or "Step down Notes," respectively); or

(d) Notes issued on a non interest bearing basis ("Zero Coupon Notes"); or

(e) Notes bearing interest on a variable rate basis ("Variable Coupon Amount Notes");

(xi) in the case of interest bearing Notes, the date from which such Notes bear interest (which may or may not be the Issue Date) (the "Interest Commencement Date");

(xii) in the case of Fixed Rate Notes:

(a) the rate or rates at which the Notes bear interest (which may remain the same throughout the life of the Notes or increase and/or decrease) (each an "Interest Rate"); and

(b) the date or dates on which interest is payable (which may occur once or more than once in each year and which date or dates may or may not be the same throughout the life of the Notes (each a "Fixed Interest Payment Date");

(xiii) in the case of Floating Rate Notes:

(a) the period to maturity of the instrument or obligation from which the Base Rate is calculated (the "Index Maturity");

(b) the manner in which the rate of interest (the "Rate of Interest") is to be determined, including:

(1) the relevant base rate (the "Base Rate") by which the Rate of Interest is to be determined and the relevant financial center applicable to such Base Rate; and

(2) the spread (the "Spread") (expressed as a percentage rate per annum) specified on the face of such Note as being applicable to the relevant Base Rate (the "Relevant Rate") for such Note and the spread multiplier (the "Spread Multiplier") (expressed as a percentage) specified on the face of such Note as being applicable to the Relevant Rate for such Note;

(c) the minimum interest rate, if any, at which such Notes will bear interest (the "Minimum Interest Rate");

(d) the maximum interest rate, if any, at which such Notes will bear interest (the "Maximum Interest Rate");

(e) the date or dates on which the Rate of Interest will be reset (each, an "Interest Reset Date");

(f) the date on which the Rate of Interest will be determined (each, an "Interest Determination Date") (if different from that set forth in Condition 3);

(g) the applicable definition of "Business Day" (if different from that set forth in Condition 5(c));

(h) any other terms relating to the particular method of calculating interest for such Notes;

(xiv) in the case of Zero Coupon Notes:

(a) the amortization yield (if any) in respect of such Notes (the "Amortization Yield") expressed as a percentage rate per annum; and

(b) any other formula or basis for determining the Amortized Face Amount (as described in Condition 4(c));

(xv) whether such Notes are to be redeemable at the option of the Issuer and/or the Noteholders and, if so, the applicable terms (including each date upon which redemption may occur, the premium (if any) for the Notes, in the case of Notes redeemable by the Issuer in part, the minimum principal amount (if any) of the Notes permitted to be so redeemed at any time and such greater principal amount (if any) of the Notes permitted to be so redeemed at any time);

(xvi) whether or not entitlements to payments of principal and interest are postponed until the following Business Day if the date for payment does not fall on a Business Day;

(xvii) details of any additions or variations to the Conditions;

(xviii) details of any additional selling restrictions which are required;

(xix) additional investment considerations (if any);

(xx) whether or not such Notes are to be traded on the Euro MTF or any other agreed stock exchange;

(xxi) details of any additional or alternative clearance system approved by the Issuer, the Principal Paying Agent and, if applicable, the Registrar and, for listed Notes, the Luxembourg Stock Exchange;

(xxii) details of any other relevant terms of such Notes or special conditions not inconsistent with the provisions of the Trust Deed;

(xxiii) details of the Calculation Agent (if any);

(xxiv) details of the stabilising Dealer (if any);

(xxv) the Common Code for Euroclear and Clearstream, Luxembourg and/or any other clearing system as may be specified in the relevant Final Terms and the relevant ISIN number, and/or the relevant CUSIP and CINS numbers;

(xxvi) the relevant Exchange Date upon which the Temporary Global Bearer Note will be exchangeable for (1) interests in a Permanent Global Bearer Note or (2) Registered Notes;

(xxvii) whether a DTC Restricted or Unrestricted Global Note and/or a Restricted or Unrestricted Global Note will be available; and

(xxviii) commissions and concessions for syndicated issues.

LEGAL MATTERS

Certain legal matters in connection with the offering of the Notes will be passed upon with respect to New York and United States law by Clifford Chance US LLP and with respect to Panamanian law by Arias, Fábrega & Fábrega.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The consolidated financial statements of Banco Latinoamericano de Comercio Exterior, S.A. and subsidiaries as of December 31, 2019 and 2018 and for each of the years in the two-year period ended December 31, 2019, included in this Base Prospectus, and the effectiveness of internal control over financial reporting as of December 31, 2019, have been audited by KPMG, an independent registered public accounting firm, as stated in their reports appearing herein.

With respect to the unaudited condensed consolidated interim financial statements as of March 31, 2020 and for the three-month periods ended March 31, 2020 and 2019 included herein, KPMG, the independent registered public accounting firm, has reported that they applied limited procedures in accordance with professional standards for a review of such information. However, their separate report included herein states that they did not audit and they do not express an opinion on that interim financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied.

GENERAL INFORMATION

1. Application has been made to have the Notes accepted for clearance through the Euroclear and Clearstream, Luxembourg clearance systems. The Common Code for each Series of Notes, together with the relevant ISIN number and the CUSIP number for Notes sold in the United States, will be contained in the Final Terms relating thereto. This Base Prospectus, any supplement to this Base Prospectus and the Final Terms for each Series of Notes will be available for inspection and may be obtained at the office of the Paying Agent, The Bank of New York (Luxembourg) S.A., 2-4 rue Eugène Ruppert, Vertigo Building – Polaris, L-2453 Luxembourg.

2. The Luxembourg Stock Exchange has assigned the Program the number 9654 for listing purposes.

3. Bladex has obtained all necessary consents, approvals and authorizations in Panama in connection with the issue of, and the performance of its obligations under, the Notes. The update of the Program and the issue of the Notes thereunder have been authorized and ratified by resolutions of the Board of Directors of Bladex passed at a meeting held on April 28, 2020.

4. Except as disclosed herein, there has been no material adverse change in the financial position or prospects of the Issuer since December 31, 2019.

5. The Issuer is not involved in any governmental, litigation or arbitration proceedings relating to claims or amounts which are material in the context of the issue of the Notes, nor so far as it is aware is any such litigation or arbitration proceedings pending or threatened.

6. Copies in English of (i) the latest and future consolidated audited annual and unaudited quarterly financial statements of Bladex, (ii) the Trust Deed, (iii) the Agency Agreement (including the forms of Notes) and (iv) any other agreement executed in connection with the Program and any issuance of Notes thereunder will be available for collection and may be obtained at the offices of each of the Paying Agents, including The Bank of New York (Luxembourg) S.A., 2-4 rue Eugène Ruppert, Vertigo Building – Polaris, L-2453 Luxembourg, and at the Issuer's registered office. Bladex does not publish unconsolidated financial statements. Copies of Bladex's by-laws will be available for collection and may be obtained at the Issuer's registered office and at the office of the Luxembourg listing agent, Banque Internationale à Luxembourg S.A.

7. The Issuer's Legal Entity Identifier (LEI) number is 549300CN3134K4LC0651.

APPENDIX A

FORM OF FINAL TERMS

The Final Terms in respect of each Series of Notes will be substantially in the following form, duly supplemented (if necessary), amended (if necessary) and completed to reflect the particular terms of the relevant Notes and their issue. Text in this section appearing in italics does not form part of the form of the Final Terms but denotes directions for completing the Final Terms.

[PROHIBITION OF SALES TO EEA OR UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA") or in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "Insurance Distribution Directive") , where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the United Kingdom has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the United Kingdom may be unlawful under the PRIIPs Regulation.]

[MiFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subject to MiFID II subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.][1]

[Singapore Securities and Futures Act Product Classification – Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) (the "**SFA**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Notes are ["prescribed capital markets products"]/[capital markets products other than "prescribed capital markets products"] (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and ["Excluded Investment Products"]/["Specified Investment Products"] (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).]

Final Terms dated [•]

BANCO LATINOAMERICANO DE COMERCIO EXTERIOR, S.A.
Issue of [Principal Amount of Series] [Title of Notes]
under the U.S.$2,250,000,000
Euro Medium Term Note Program

CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated [•], 2020 [and the supplemental Base Prospectus dated [•]]. This document constitutes the Final Terms relating to the issue of Notes described herein. These Final Terms contain the final terms of the Notes and must be read in conjunction with the Base Prospectus [(as so supplemented)].

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[1] Legend to be included on front of the Final Terms if transaction is in scope of MiFID II and following the ICMA 1 "all bonds to all professionals" target market approach.

Full information on the Issuer and the Notes described herein is only available on the basis of a combination of these Final Terms and the Base Prospectus [(as so supplemented)]. The Base Prospectus [and the supplemental Base Prospectus] [is/are] available for viewing at [[*address*] [and] [*website*]] and copies may be obtained from [*address*].

[*The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.*]

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Base Prospectus dated [•], 2020 [and the supplemental Base Prospectus dated [•]]. These Final Terms contain the final terms of the Notes described herein and must be read in conjunction with the Base Prospectus dated [•], 2020 [and the supplemental Base Prospectus dated [•]], which [together] constitute[s] a Base Prospectus, save in respect of the Conditions which are extracted from the Base Prospectus dated [•] [and the supplemental Base Prospectus dated [•]] and are attached hereto. Full information on the Issuer and the offer of the Notes described herein is only available on the basis of a combination of these Final Terms and the Base Prospectuses dated [•] and [•] and the [supplemental Base Prospectuses dated [•] and [•]]. The Base Prospectuses [and the supplemental Base Prospectuses] are available for viewing at [*address*] [and] [*website*]] and copies may be obtained from [*address*].

[*Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Final Terms.*]

1.	Issuer:		Banco Latinoamericano de Comercio Exterior, S.A.
2.	(i)	Series Number:	[ ]
	(ii)	Series Number: (If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).	[ ]
3.	Specified Currency or Currencies:		[ ]
4.	Principal Amount:		
	[(i)]	[Series:]	[ ]
	[(ii)]	[Tranche:]	[ ]
5.	Issue Price:		[ ] per cent. of the Principal Amount [plus accrued interest from [*insert date*] (*in the case of fungible issues only, if applicable*)]
6.	Authorized Denominations:		[ ] (*N.B. The minimum denomination of each Note admitted to trading on a regulated exchange in the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which would otherwise require the publication of a prospectus under the Prospectus Regulation is EUR100,000* (*or if the Notes are denominated in a currency other than euro, the equivalent amount in such currency*) or *such higher amount as may be allowed or required from time to time by the relevant central bank* (*or equivalent body*) or *any laws or regulations applicable to Specified Currency*)

			(*No Notes may be issued which have a minimum denomination of less than EUR1,000* (*or nearly equivalent in another currency*)).
7.	(i)	Issue Date:	[ ]
	(ii)	Interest Commencement Date:	[ ]
8.		Maturity Date:	[*specify date or* (*for Floating Rate Notes*) *Interest Payment Date falling in or nearest to the relevant month and year*]
			[*If the Maturity Date is less than one year from the Issue Date and either* (*a*) *the issue proceeds are received by the Issuer in the United Kingdom or* (*b*) *the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom,* (*i*) *the Notes must have a minimum redemption value of £100,000* (*or its equivalent in other currencies*) and *be sold only to "professional investors" or* (*ii*) *another applicable exemption from section 19 of the FSMA must be available*.]
9.		Interest Basis:	[● % Fixed Rate Notes] [[*specify reference rate*] +/- ● % Floating Rate Notes] [Zero Coupon Notes] [Index-Linked Interest] [Step Up Notes or Step Down Notes] [Variable Coupon Amount Notes] [Dual Currency] [Other (*specify*)] (further particulars specified below)
10.		Redemption/Payment Basis:	[Redemption at par] [Index-Linked Redemption] [Dual Currency] [Partly Paid] [Instalment] [Other (*specify*)]
11.		Change of Interest or Redemption/ Payment Basis:	[*Specify details of any provision for convertibility of Notes into another interest or redemption/ payment basis*]
12.		Put/Call Options:	[Investor Put] [Issuer Call] [(further particulars specified below)]
13.	(i)	Status of the Notes:	[Senior/[Dated/Perpetual]/Subordinated]
	(ii)	Status of the Guarantee:	[Senior/[Dated/Perpetual]/Subordinated]
	[(iii)]	Date [Board] approval for issuance of Notes obtained:	[ ]
			(*N.B Only relevant where Board (or similar) authorisation is required for the particular Series of Notes*)]
14.		Method of distribution:	[Syndicated/Non-syndicated]

15. Listing

	(i)	Listing:	[Luxembourg/other (*specify*)/None]
	(ii)	Admission to trading:	[Application has been made for the Notes to be admitted to trading on the Euro MTF market of the Luxembourg Stock Exchange]/[other] with effect from [ ].] [Not Applicable.] (*Where documenting a fungible issue need to indicate that original securities are already admitted to trading.*)

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16.	**Fixed Rate Note Provisions**		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Interest Rate(s):	[ ] per cent. per annum [payable [annually/semi- annually/quarterly/ monthly] in arrears]
	(ii)	Fixed Interest Payment Date(s):	[ ] in each year [adjusted in accordance with [*specify Business Day Convention and any applicable Business Centre*(*s*) *for the definition of "Business Day"*]/not adjusted]
	(iii)	Fixed Coupon Amount[(s)]:	[ ] [per Note of [ ] Authorized Denomination and per Note of [ ] Authorized Denomination]
	(iv)	Broken Amount(s):	[*Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount*[(*s*)]]
	(v)	Day Count Fraction:	[30/360 / Actual/Actual (ICMA/ISDA) / other]
	(vi)	Determination Dates:	[ ] in each year (*insert regular interest payment dates, ignoring Issue Date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual* ([*ICMA*]))
	(vii)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	[Not Applicable/give details] (*consider if day count fraction, particularly for euro denominated issues should be on an Actual/ Actual or other basis. Also consider what should happen to unmatured coupons in the event of early redemption of the Notes.*)
17.	**Floating Rate Note Provisions**		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph.*)
	(i)	Interest Period(s):	[ ]
	(ii)	Specified Interest Payment Dates:	[ ]

(iii)	Business Day Convention:	[Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ other (*give details*)] The Business Day Conventions set out above have the following meanings: "FRN Convention," "Floating Rate Convention" or "Eurodollar Convention" means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Final Terms as the Interest Period after the calendar month in which the preceding such date occurred, provided, however, that: (a) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month; (b) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and (c) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred. "Following Business Day Convention" means that the relevant date shall be postponed to the first following day that is a Business Day. "Modified Following Business Day Convention" or "Modified Business Day Convention" means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day. "Preceding Business Day Convention" means that the relevant date shall be brought forward to the first preceding day that is a Business Day.
(iv)	Additional Business Centre(s):	[Not Applicable/*give details*]
(v)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination/other (*give details*)]
(vi)	Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Principal Paying Agent):	[[*Name*] shall be the Calculation Agent (*no need to specify if the Principal Paying Agent is to perform this function*)]

	(vii)	Screen Rate Determination:	
		• Base Rate:	[*For example, LIBOR or EURIBOR*]
		• Relevant Screen Page:	[*For example, Reuters LIBOR 01/EURIBOR 01*]
		• Relevant Time:	[*For example, 11.00 A.M. London time/Brussels time*]
		• Relevant Financial Centre:	[*For example, London/Euro-zone* (*where Euro-zone means the region composed of the countries whose lawful currency is the euro*)]
	(viii)	ISDA Determination:	
		• Floating Rate Option:	[ ]
		• Designated Maturity:	[ ]
	(ix)	Margin(s):	[+/-][ ] per cent. per annum
	(x)	Minimum Interest Rate:	[ ] per cent. per annum
	(xi)	Maximum Interest Rate:	[ ] per cent. per annum
	(xii)	Day Count Fraction:	[ ]
	(xiii)	Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	[ ]
	(xiv)	Index Maturity:	[ ]
	(xv)	Spread:	[ ]
	(xvi)	Spread Multiplier:	[ ]
	(xvii)	Interest Reset Date:	[ ]
	(xviii)	Interest Determination Date:	[ ] (*if different from that set forth in Condition 3*)
	(xix)	Business Day:	[ ] (*if different from that set forth in Condition 5*(*c*))
18.	**Zero Coupon Note Provisions**		[Applicable/Not Applicable]

			(*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(i)	[Amortisation/Accrual] Yield:	[ ] per cent. per annum
	(ii)	Reference Price:	[ ]
	(iii)	Any other formula/basis of determining amount payable:	[*Consider whether it is necessary to specify a Day Count Fraction for the purposes of Condition [4*(*c*)*]*]
19.	**Index-Linked Interest Note Provisions**		[Applicable/Not Applicable]
			(*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(i)	Index/Formula:	[*Give or annex details*]
	(ii)	Calculation Agent responsible for calculating the interest due:	[ ]
	(iii)	Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable:	[ ]
	(iv)	Specified Interest Payment Dates:	[ ]
			(*Specified Period and Specified Interest Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention, insert "Not Applicable."*)
	(v)	Business Day Convention:	[Floating Rate Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]
	(vi)	Additional Business Centre(s):	[ ]
	(vii)	Minimum Rate of Interest:	[ ] per cent. per annum
	(viii)	Maximum Rate of Interest:	[ ] per cent. per annum
	(ix)	Day Count Fraction:	[ ]
20.	**Dual Currency Note Provisions**		[Applicable/Not Applicable]

			(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Rate of Exchange/method of calculating Rate of Exchange:	[*Give details*]
	(ii)	Calculation Agent, if any, responsible for calculating the principal and/or interest due:	[ ]
	(iii)	Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:	[ ]
	(iv)	Person at whose option Specified Currenc(y)(ies) is/are payable:	[ ]

PROVISIONS RELATING TO REDEMPTION

21.	**Early Redemption for Tax Reasons**		[Applicable/Not Applicable]
			(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Early Redemption Amount (Tax):	[ ]
	(ii)	Date after which changes in law, etc. entitle Issuer to redeem:	[*Specify if not the Issue Date*]
22.	**Call Option**		[Applicable/Not Applicable]
			(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Optional Redemption Date(s):	[ ]
	(ii)	Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[ ] per Note of [ ] Authorized Denomination
	(iii)	If redeemable in part:	
		(a) Minimum Redemption Amount:	[ ]

	(b) Maximum Redemption Amount:	[ ]
(iv)	Notice period:	[ ]

23. **Put Option** [Applicable/Not Applicable]

(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)

(i)	Optional Redemption Date(s):	[ ]
(ii)	Optional Redemption Amount(s) and method, if any, of calculation of such amount(s):	
(iii)	Notice period:	[ ]

24. Early Redemption Amount

Early Redemption Amount(s) of each Note payable on redemption on event of default and/or the method of calculating the same (if required or if different from that set out in the Conditions):	[Not Applicable (if the Early Termination Amount is the principal amount of the Notes/specify the Early Termination Amount if different from the principal amount of the Notes)]

25. Redemption Amount: [ ] per note of authorized denomination

GENERAL PROVISIONS APPLICABLE TO THE NOTES

26. **Form of Notes**: **Bearer Notes**:

[Temporary Global Bearer Note exchangeable for a Permanent Global Bearer Note which is exchangeable for Definitive Bearer Notes on

[ ] days' notice/at any time/in the limited circumstances specified in the Permanent Global Bearer Note.]

[Temporary Global Bearer Note exchangeable for Definitive Bearer Notes on [ ] days' notice.]

[Permanent Global Bearer Note exchangeable for Definitive Bearer Notes on [ ] days' notice/at any time/in the limited circumstances specified in the Permanent Global Bearer Note].

(*The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes includes language substantially to the following effect: "€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000". Furthermore, such Specified Denomination construction is not permitted in relation to any*

		issuance of Notes which is to be represented on issue by a Permanent Bearer Global Notes exchangeable for Definitive Notes.) [Exchange Date: [ ]] **Registered Notes**: [Global Registered Note] [Definitive Registered Notes] [DTC Restricted Global Note] [DTC Unrestricted Global Note] [Restricted Global Note] [Unrestricted Global Note]
27.	Additional Financial Centre(s) or other special provisions relating to Payment Dates:	[Not Applicable/*give details. Note that this item relates to the date and place of payment, and not interest period end dates, to which items 16*(*ii*), *17*(*iv*) *and 19*(*vii*) *relate*]
28.	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes/No. *If yes, give details*]
29.	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	[Not Applicable/*give details*]
30.	Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made:	[Not Applicable/*give details*]
31.	[Consolidation provisions:	[Not Applicable/The provisions [in Condition 18 (*Further Issues*)] [annexed to this Final Terms] apply]]
32.	Other terms or special conditions:	[Not Applicable/*give details*] (*When adding any other final terms consideration should be given as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Regulation.*)

DISTRIBUTION

33.	(i)	If syndicated, names and addresses and underwriting commitments of Dealers:	[Not Applicable/*give names*] (*Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names*

		and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.)
	(ii) Date of Subscription Agreement:	[•]
	(iii) Stabilising Dealer (if any):	[Not Applicable/*give name*]
34.	If non-syndicated, name and address of Dealer:	[Not Applicable/*give name and address*]
35.	TEFRA:	[Not Applicable/The [C/D] Rules are applicable
36.	Additional selling restrictions:	**[*Prohibition of Sales to EEA and UK Retail Investors***

Any Notes which are the subject of the offering contemplated by the Base Prospectus as completed by these Final Terms will not be offered, sold or otherwise made available any to any retail investor in the European Economic Area or in the United Kingdom. For the purposes of this provision the expression "**retail investor**" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

(ii) a customer within the meaning Directive (EU) 2016/97 ("**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.]

[*If the "Prohibition of Sales to EEA and UK Retail Investors*" *is "Not Applicable"*:

Public Offer Selling Restriction under the Prospectus Regulation

In relation to each Member State of the European Economic Area and the United Kingdom (each a "**Relevant State**"), the Notes which are the subject of the offering contemplated by the Base Prospectus as completed by these Final Terms has not been and will not be offered to the public in that Relevant State except that an offer of such Notes to the public may be made in that Relevant State:

(c) *Qualified investors*: at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(d) *Fewer than 150 offerees:* at any time to fewer than 150, natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(e) *Other exempt offers:* at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation.

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes and the expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129.]

[*Give further details, if applicable*]

37.	Additional investment considerations:	[Not Applicable/*give details*]
38.	Use of Proceeds:	[*Give details*]

OPERATIONAL INFORMATION

39.	ISIN Code:	[ ]
40.	Common Code:	[ ]
41.	[CUSIP or CINS codes]	[ ]
42.	[CFI Code]	[See the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/ Not Applicable/ Not Available]
43.	[FISN Code]	[See the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/ Not Applicable/ Not Available]
44.	Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A., and the relevant identification number(s):	[Not Applicable/*give name(s) and number*(*s*)]
45.	Delivery:	Delivery [against/free of] payment. [If delivery is against payment, provide wire transfer instructions.]
46.	Names and addresses of additional Paying Agent(s) (if any):	[ ]

47. Calculation Agent: [ ] (*if any*)

ADMISSION TO TRADING

These Final Terms comprise the final terms required for the Notes described herein to be admitted to trading on the Euro MTF market of the Luxembourg Stock Exchange pursuant to the U.S.$2,250,000,000 Euro Medium Term Note Program of Banco Latinoamericano de Comercio Exterior, S.A.

[STABILISING

In connection with the issue of the Notes, [insert name of Stabilisation Manager] (the "**Stabilisation Manager**") (or persons acting on behalf of the Stabilisation Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may cease at any time, but it must be no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over allotment shall be conducted in accordance with applicable law. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or person(s) acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.]

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Final Terms. [[•] has been extracted from [•].] The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [•], no facts have been omitted which would render the reproduced inaccurate or misleading.

Signed on behalf of the Issuer:

By: ____

Duly authorized

APPENDIX B

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF BANCO LATINOAMERICANO DE COMERCIO EXTERIOR, S.A. AND SUBSIDIARIES AS OF DECEMBER 31, 2019 AND 2018, AND RELATED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS, PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME, CHANGES IN EQUITY AND CASH FLOWS FOR EACH OF THE YEARS IN THE TWO-YEAR PERIOD ENDED DECEMBER 31, 2019

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(With the Independent Auditors' Report thereon)

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and Subsidiaries

Consolidated Financial Statements

Contents

KPMG
KPMG
Torre PDC, Ave. Samuel Lewis y
Calle 56 Este, Obarrio
Panamá, República de Panamá

Teléfono: (507) 208-0700
Website: kpmg.com.pa

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
Banco Latinoamericano de Comercio Exterior, S. A.:

Opinion on the Consolidated *Financial Statements*

We have audited the accompanying consolidated statements of financial position of Banco Latinoamericano de Comercio Exterior, S.A. and subsidiaries (the Bank) as of December 31, 2019 and 2018, the related consolidated statements of profit or loss, comprehensive income, changes in equity, and cash flows for each of the years in the two-year period ended December 31, 2019, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Bank as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2019, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Bank's internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated April 30, 2020 expressed an unqualified opinion on the effectiveness of the Bank's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Bank in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Assessment of the allowance for loan losses

As discussed in Notes 4.4 and 5 to the consolidated financial statements, the Bank's allowance for loan losses (ALL) was $99,307 thousand as of December 31, 2019. The Bank applies a three-stage approach to measure the ALL, using an expected credit loss (ECL) methodology. The ECL methodology uses complex models which incorporate inputs and assumptions that involve significant judgment. The ALL is determined as a function of the Bank's assessment of the probability of default (PD), loss given default (LGD) and exposure at default (EAD) associated with the financial asset. It reflects a probability weighted outcome that considers the customer's credit risk rating, the country risk rating, which contemplates multiple economic scenarios, and historical recovery rates. When the Bank determines that there has been a significant increase in credit risk (SICR) since initial recognition or when the financial asset is in default, lifetime ECL is recorded; otherwise, a 12-month ECL is recorded. When the financial asset is in default, the Bank assesses ECL on an individual basis, considering the expected cash flows, discount rates and related collateral valuation.

We identified the assessment of the ALL as a critical audit matter because it involved significant measurement uncertainty requiring substantial auditor judgment, as well as industry knowledge and experience. Significant auditor judgment was required to evaluate the criteria for identifying a SICR, the occurrence of events of default and the Bank's ECL models. Specifically, this included the models for customer and country risk ratings, including the macro-economic forecasts embedded therein, PD and LGD. When assessing the ECL on an individual basis, significant auditor judgment was required to evaluate the expected cash flows, including the recovery through collateral.

The primary procedures we performed to address this critical audit matter included the following:

- We tested certain internal controls over the Bank's ALL process with the involvement of our financial risk management, credit risk and information technology professionals with specialized skills, industry knowledge and relevant experience. These included controls related to: (i) the validation of models that determine PD and LGD; (ii) the review of significant assumptions and judgments used by the Bank to determine customer and country risk ratings, including the forecast macro-economic variables; (iii) the identification of whether there has been SICR or an event of default; (iv) data inputs into the ALL models, including technology controls over its extraction and processing; (v) loan reviews to determine customer credit risk ratings; and (vi) country risk rating reviews.

- We involved financial risk management professionals with specialized skills, industry knowledge and relevant experience, who assisted in: (i) evaluating the methodology and key inputs used in determining the PD and LGD parameters produced by the models; (ii) evaluating the country risk rating models, including the forecast macro-economic variables.

- We involved credit risk professionals with specialized skills, industry knowledge and relevant experience, who assisted in: (i) evaluating, for a sample of customers, the Bank's assigned credit risk rating, and the Bank's judgment on whether there was a SICR or an event of default; and (ii) evaluating the collateral values used in the assessment of ECL on an individual basis.

We have served as the Bank's auditor since 2018.

KPMG

Panama City, Republic of Panama
April 30, 2020

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

Consolidated statement of financial position
December 31, 2019
(In thousands of US dollars)

	Notes	2019	2018
Assets			
Cash and due from banks	7,8	1,178,170	1,745,652
Securities and other financial assets, net	5,7,9	88,794	123,598
Loans		5,892,997	5,778,424
Interest receivable		41,757	41,144
Allowance for loan losses		(99,307)	(100,785)
Unearned interest and deferred fees		(12,114)	(16,525)
Loans, net	5,7,10	5,823,333	5,702,258
Customers' liabilities under acceptances	5,7	115,682	9,696
Derivative financial instruments - assets	5,7,13	11,157	2,688
Equipment and leasehold improvements, net	15	18,752	6,686
Intangibles, net	16	1,427	1,633
Investment properties		3,494	-
Other assets	17	8,857	16,974
Total assets		7,249,666	7,609,185
Liabilities and Equity			
Liabilities:			
Demand deposits		85,786	211,381
Time deposits		2,802,550	2,759,441
	7,18	2,888,336	2,970,822
Interest payable		5,219	12,154
Total deposits		2,893,555	2,982,976
Securities sold under repurchase agreements	5,7,19	40,530	39,767
Borrowings and debt, net	7,20	3,138,310	3,518,446
Interest payable		10,554	13,763
Customers' liabilities under acceptances	5,7	115,682	9,696
Derivative financial instruments - liabilities	5,7,13	14,675	34,043
Allowance for loan commitments and financial guarantees contracts losses	5,7	3,044	3,289
Other liabilities	21	17,149	13,615
Total liabilities		6,233,499	6,615,595
Equity:			
Common stock	23	279,980	279,980
Treasury stock	23	(59,669)	(61,076)
Additional paid-in capital in excess of value assigned to common stock	23	120,362	119,987
Capital reserves	31	95,210	95,210
Regulatory reserves	31	136,019	136,019
Retained earnings		446,083	423,050
Other comprehensive income (loss)	24	(1,818)	420
Total equity		1,016,167	993,590
Total liabilities and equity		7,249,666	7,609,185

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

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

Consolidated statements of profit or loss
For the year ended December 31, 2019
(In thousands of US dollars, except per share data and number of shares)

	Notes	2019	2018	2017
Interest income:				
Deposits		17,011	15,615	10,261
Securities		3,209	2,899	2,492
Loans		253,462	239,976	213,326
Total interest income	26	273,682	258,490	226,079
Interest expense:				
Deposits		(67,435)	(63,146)	(42,847)
Borrowings and debt		(96,732)	(85,601)	(63,417)
Total interest expense	26	(164,167)	(148,747)	(106,264)
Net interest income		109,515	109,743	119,815
Other income (expense):				
Fees and commissions, net	25	15,647	17,185	17,514
Loss on financial instruments, net	12	(1,379)	(1,009)	(739)
Other income, net		2,874	1,670	1,723
Total other income, net	26	17,142	17,846	18,498
Total revenues		126,657	127,589	138,313
Impairment loss on financial instruments	5,26	(430)	(57,515)	(9,439)
Gain (impairment loss) on non-financial assets	14,26	500	(10,018)	-
Operating expenses:				
Salaries and other employee expenses	28	(24,179)	(27,989)	(27,653)
Depreciation of equipment and leasehold improvements	15	(2,854)	(1,282)	(1,578)
Amortization of intangible assets	16	(702)	(1,176)	(838)
Other expenses	29	(12,939)	(18,471)	(16,806)
Total operating expenses	26	(40,674)	(48,918)	(46,875)
Profit for the year		86,053	11,138	81,999
Per share data:				
Basic earnings per share (in US dollars)	22	2.17	0.28	2.09
Diluted earnings per share (in US dollars)	22	2.17	0.28	2.08
Weighted average basic shares (in thousands of shares)	22	39,575	39,543	39,311
Weighted average diluted shares (in thousands of shares)	22	39,575	39,543	39,329

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

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

Consolidated statements of comprehensive income
For the year ended December 31, 2019
(In thousands of US dollars)

	Notes	2019	2018	2017
Profit for the year		86,053	11,138	81,999
Other comprehensive income (loss):				
Items that will not be reclassified subsequently to profit or loss:				
Change in fair value on equity instrument at FVOCI, net of hedging	24	491	(1,224)	187
Items that are or may be reclassified subsequently to profit or loss:				
Change in fair value on debt financial instruments at FVOCI, net of hedging	24	(2,694)	2,667	(3,948)
Reclassification of gains (losses) on financial instruments to the profit or loss	24	261	(1,704)	7,035
Exchange difference in conversion of foreign currency operation	24	(296)	(1,282)	1,490
Other comprehensive income (loss)	24	(2,238)	(1,543)	4,764
Total comprehensive income for the year		83,815	9,595	86,763

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

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

Consolidated statements of changes in equity
For the year ended December 31, 2019
(In thousands of US dollars)

	Common stock	Treasury stock	Additional paid-in capital in excess of value assigned to common stock	Capital reserves	Regulatory reserves	Retained earnings	Other comprehensive income	Total equity
Balances at January 1, 2017	279,980	(69,176)	120,594	95,210	62,459	525,048	(2,801)	1,011,314
Profit for the year	-	-	-	-	-	81,999	-	81,999
Other comprehensive income	-	-	-	-	-	-	4,764	4,764
Issuance of restricted stock	-	1,259	(1,229)	-	-	-	-	30
Compensation cost - stock options and stock units plans	-	-	296	-	-	-	-	296
Exercised options and stock units vested	-	4,697	280	-	-	-	-	4,977
Repurchase of "Class B" and "Class E" common stock	-	(28)	-	-	-	-	-	(28)
Regulatory credit reserve	-	-	-	-	1,865	(1,865)	-	-
Dymanic provision	-	-	-	-	64,930	(64,930)	-	-
Dividends declared	-	-	-	-	-	(60,540)	-	(60,540)
Balances at December 31, 2017	279,980	(63,248)	119,941	95,210	129,254	479,712	1,963	1,042,812
Profit for the year	-	-	-	-	-	11,138	-	11,138
Other comprehensive income (loss)	-	-	-	-	-	-	(1,543)	(1,543)
Issuance of restricted stock	-	1,259	(1,259)	-	-	-	-	-
Compensation cost - stock options and stock units plans	-	-	1,051	-	-	-	-	1,051
Exercised options and stock units vested	-	3,355	254	-	-	-	-	3,609
Repurchase of "Class B" and "Class E" common stock	-	(2,442)	-	-	-	-	-	(2,442)
Regulatory credit reserve	-	-	-	-	(20,498)	20,498	-	-
Dymanic provision	-	-	-	-	27,263	(27,263)	-	-
Dividends declared	-	-	-	-	-	(61,035)	-	(61,035)
Balances at December 31, 2018, previously reported	279,980	(61,076)	119,987	95,210	136,019	423,050	420	993,590
Effect for change in accounting policy	-	-	-	-	-	(1,926)	-	(1,926)
Balances at January 1, 2019, adjusted	279,980	(61,076)	119,987	95,210	136,019	421,124	420	991,664
Profit for the year	-	-	-	-	-	86,053	-	86,053
Other comprehensive income (loss)	-	-	-	-	-	-	(2,389)	(2,389)
Transfer of fair value on equity instrument at FVOCI						(151)	151	-
Issuance of restricted stock	-	1,259	(1,259)	-	-	-	-	-
Compensation cost - stock options and stock units plans	-	-	1,782	-	-	-	-	1,782
Exercised options and stock units vested	-	148	(148)	-	-	-	-	-
Dividends declared	-	-	-	-	-	(60,943)	-	(60,943)
Balances at December 31, 2019	279,980	(59,669)	120,362	95,210	136,019	446,083	(1,818)	1,016,167

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

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

Consolidated statement of cash flows
For the year ended December 31, 2019
(In thousands of US dollars)

	2019	2018	2017
Cash flows from operating activities			
Profit for the year	86,053	11,138	81,999
Adjustments to reconcile profit for the year to net cash provided by (used in) operating activities:			
Depreciation of equipment and leasehold improvements	2,854	1,282	1,578
Amortization of intangible assets	702	1,176	838
Gain on sale of investment properties	(500)	-	-
Impairment loss on financial instruments	430	57,515	9,439
(Gain) loss, net on sale of financial assets at fair value through OCI	(186)	(194)	(249)
Amortization of premium and discount related to securities at amortized cost	1,037	698	732
Compensation cost - share-based payment	1,782	1,051	296
Net changes in hedging position	(18,273)	12,403	(1,833)
Loss for disposal of equipment and leasehold improvements	22	24	2,205
Loss for derecognition of intangible assets	-	2,705	16
Impairment on investment properties at fair value through profit or loss	-	3,849	-
Impairment loss on other assets	-	3,464	-
Unrealized loss on investment instrument "debenture" measured at fair value through profit or loss	2,258	-	-
Interest income	(273,682)	(258,490)	(226,079)
Interest expense	164,167	148,747	106,264
Net decrease (increase) in operating assets:			
Pledged deposits	21,008	13,781	8,571
Loans	(111,967)	(305,464)	479,226
Other assets	7,891	(6,449)	(269)
Net increase (decrease) in operating liabilities:			
Due to depositors	(78,822)	41,978	125,992
Financial liabilities at fair value through profit or loss	-	-	(24)
Other liabilities	3,074	(6,432)	(4,695)
Cash flows provided by (used in) operating activities	(192,152)	(277,218)	584,007
Interest received	274,031	242,276	239,394
Interest paid	(174,311)	(138,646)	(107,051)
Net cash (used in) provided by operating activities	(92,432)	(173,588)	716,350
Cash flows from investing activities:			
Acquisition of equipment and leasehold improvements	(1,028)	(603)	(2,654)
Acquisition of intangible assets	(496)	(58)	(3,370)
Proceeds from the sale in investment properties	500	1,270	-
Proceeds from the sale of securities at fair value through OCI	14,037	-	17,040
Proceeds from the redemption of securities at fair value through OCI	8,094	4,635	-
Proceeds from redemption of securities at amortized cost	28,274	9,807	17,526
Purchases of securities at fair value through OCI	-	(9,875)	(8,402)
Purchases of securities at amortized cost	(18,316)	(26,701)	(9,978)
Net cash provided by (used in) investing activities	31,065	(21,525)	10,162
Cash flows from financing activities:			
Increase in securities sold under repurchase agreements	764	39,767	-
Net increase (decrease) in short-term borrowings and debt	(428,611)	950,259	(396,205)
Proceeds from long-term borrowings and debt	371,536	609,017	219,905
Repayments of long-term borrowings and debt	(368,843)	(256,173)	(883,476)
Payments of leases liabilities	(1,072)	-	-
Dividends paid	(58,881)	(61,539)	(60,605)
Exercised stock options	-	3,609	4,977
Repurchase of common stock	-	(2,442)	(27)
Net cash (used in) provided by financing activities	(485,107)	1,282,498	(1,115,431)
(Decrease) increase net in cash and cash equivalents	(546,474)	1,087,385	(388,919)
Cash and cash equivalents at beginning of the year	1,706,192	618,807	1,007,726
Cash and cash equivalents at end of the year	1,159,718	1,706,192	618,807

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

1. Corporate information

Banco Latinoamericano de Comercio Exterior, S. A. ("Bladex Head Office" and together with its subsidiaries "Bladex" or the "Bank"), headquartered in Panama City, Republic of Panama, is a specialized multinational bank established to support the financing of foreign trade and economic integration in Latin America and the Caribbean (the "Region"). The Bank was established pursuant to a May 1975 proposal presented to the Assembly of Governors of Central Banks in the Region, which recommended the creation of a multinational organization to increase the foreign trade financing capacity of the Region. The Bank was organized in 1977, incorporated in 1978 as a corporation pursuant isto the laws of the Republic of Panama, and initiated operations on January 2, 1979. Under a contract law signed in 1978 between the Republic of Panama and Bladex, the Bank was granted certain privileges by the Republic of Panama, including an exemption from payment of income taxes in Panama.

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

In the Republic of Panama, banks are regulated by the SBP through Executive Decree No. 52 of April 30, 2008, which adopts the unique text of Law Decree No. 9 of February 26, 1998, modified by Law Decree No. 2 of February 22, 2008. Banks are also regulated by resolutions and agreements issued by this entity. The main aspects of this law and its regulations include: the authorization of banking licenses, minimum capital and liquidity requirements, consolidated supervision, procedures for management of credit, liquidity and market risks, measures to prevent money laundering, the financing of terrorism and related illicit activities, and procedures for banking intervention and liquidation, among others.

Bladex Head Office's subsidiaries are the following:

- Bladex Holdings Inc. is a wholly owned subsidiary, incorporated under the laws of the State of Delaware, United States of America (USA), on May 30, 2000. Bladex Holdings Inc. has ownership in Bladex Representaçao Ltda.

- Bladex Representaçao Ltda., incorporated under the laws of Brazil on January 7, 2000, acts as the Bank's representative office in Brazil. Bladex Representaçao Ltda. is 99.999% owned by Bladex Head Office and the remaining 0.001% is owned by Bladex Holdings Inc.

- Bladex Development Corp. was incorporated under the laws of the Republic of Panama on June 5, 2014. Bladex Development Corp. is 100% owned by Bladex Head Office.

- BLX Soluciones, S.A. de C.V., SOFOM, E.N.R.("BLX Soluciones") was incorporated under the laws of Mexico on June 13, 2014. BLX Soluciones is 99.9% owned by Bladex Head Office, and Bladex Development Corp. owns the remaining 0.1%. The company specializes in offering financial leasing and other financial products such as loans and factoring.

Bladex Head Office has an agency in New York City, USA (the "New York Agency"), which began operations on March 27, 1989. The New York Agency is principally engaged in financing transactions related to international trade, mostly the confirmation and financing of letters of credit for customers in the Region. The New York Agency, also has authorization to book transactions through an International Banking Facility ("IBF").

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

These consolidated financial statements were authorized for issue by the Board of Directors on February 7, 2020.

2. Basis of preparation of the consolidated financial statements

2.1 Statement of compliance

The consolidated financial statements of Banco Latinoamericano de Comercio Exterior, S. A. and its subsidiaries have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

2.2 Presentation currency

All amounts presented in the consolidated financial statements and notes are expressed in United States of America dollars (US dollar), which is the functional currency of the Bank.

2.3 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for the following items:

Items	Basis of measurement
Securities and other financial instruments at fair value through other comprehensive income	Fair value
Other financial instruments at fair value through profit or loss	Fair value
Financial assets and financial liabilities designated as hedged items in qualifying fair value hedging relationships	At amortized cost adjusted for the hedge risk components associated to the hedging relationship
Investment properties	Fair value

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of Bladex and its subsidiaries. Bladex consolidates its subsidiaries from the date on which control is transferred to the Bank. All intercompany balances and transactions have been eliminated on consolidation. Specifically, the Bank controls an investee if, and only if, the Bank has the following elements:

- Power over the investee. Existing rights that give it the current ability to direct the relevant activities of the investee.
- Exposure or rights to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Bank has less than the majority of the voting or similar rights of an investee, the Bank considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Bank’s voting rights and potential voting rights.

The Bank re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. The consolidation of the financial statements of a subsidiary begins when the Bank obtains control over the subsidiary and ceases when the Bank loses control of the subsidiary.

Profit or loss and each component of other comprehensive income (“OCI”) are attributed to the equity holders of the Bank and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Bank’s accounting policies.

2. Basis of preparation of the consolidated financial statements (continued)

2.4 Basis of consolidation

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Bank loses control over a subsidiary, it derecognizes the related assets, liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained in the former subsidiary is recognized at fair value.

The fair value of any investment retained in the former subsidiary at the date when control is lost is measured according IFRS 9 – "*Financial Instruments*", or where applicable, at cost on initial recognition of an investment in an associate or a joint venture.

3. Changes in significant accounting policies

3.1 New accounting policies adopted

Leases under IFRS 16

The Bank applied IFRS 16 with effective date of initial application on January 1, 2019. As a result, the Bank has changed its accounting policy for lease contracts using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings at January 1, 2019.

Accounting policy applicable as of January 1, 2019:

At inception of a contract, the Bank assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Bank assesses whether:

- The contract involves the use of an identified asset –this may be specified explicitly or implicitly; and should be physically distinct or represent substantially all of the capacity of a physically distinct asset.

- The Bank has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use.

- The Bank has the right to direct the use of the asset. The Bank has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Bank has the right to direct the use of the asset if either:

    - The Bank has the right to operate the asset; or
    - The Bank designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into, or modified, on or after January 1, 2019.

At inception or on reassessment of a contract that contains a lease component, the bank allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for lease agreements of office spaces in buildings in which the Bank is a lessee, it chose not to separate the components of the contract that do not correspond to the lease and to account for all of them under a single lease component.

3. Changes in significant accounting policies (continued)

3.1 New accounting policies adopted

A. Definition of a lease

Previously, the Bank determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under IFRS 16, the Bank assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 3.1.

On transition to IFRS 16, the Bank elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after January 1, 2019.

B. As a lessee

As a lessee, the Bank previously classified leases as operating or finance leases based on its assessment of whether the leases transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Bank. Under IFRS 16, the Bank recognizes right-of-use assets and lease liabilities for most leases. These leases are presented in the consolidated statement of financial position.

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Bank´s internal funding cost rate as at January 1, 2019. The right-of-use assets are measured at their book value as if IFRS 16 had been applied since the inception date, by discounting total lease payments to present value using the Bank's internal funding cost rate, for the weighted average term of the contract, adjusted for any prepayment, incremental cost, dismantling cost and depreciation that would have been recognized from the beginning of the contract until the date of implementation of the standard.

The right-of-use asset is subsequently depreciated using the straight-line method from the inception date until the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if applicable, and is adjusted for certain new measurements of the lease liability. The Bank presents its right of use assets in equipment and improvements to the leased property and the liability for lease in obligations and debt, net in the consolidated statement of financial position.

The Bank used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- For lease contracts with similar characteristics, the internal funding cost rate of the Bank was applied, according to the average term of the lease.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term, for those contracts that included the option to extend or rescind the lease.

C. As a lessor

The Bank does not require to make any adjustments on transition of IFRS 16 for its leases like a lessor, except when acting as an intermediate lessor. The Bank accounted its leases in accordance with IFRS 16 on the date of initial application.

Under IFRS 16, the Bank should the evaluate the classification of the sublease by reference to the right-of-use assets, and not by reference to the underlying asset. At transition, the Bank revalued the classification of a sublease contract previously classified as an operating lease under IAS 17. The Bank concluded that the sublease is an operating lease under IFRS 16.

On transition to IFRS 16, the right-of-use assets recognized as a result of lease agreements that qualify as investment property are presented in the consolidated statement of financial position and are measured at fair value.

The Bank applied IFRS 15 to revenue from contracts with customers to assign the consideration in the contract to each lease component and that is not a lease.

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

3. Changes in significant accounting policies (continued)

3.1 New accounting policies

Impacts on consolidated financial statements

In transition to IFRS 16, the Bank recognized right-of-use assets and lease liabilities, recognizing the difference in retained earnings.

The impact of transition is as follows:

	January 1, 2019
Right-of-use assets presented in equipment and improvements to leased property	17,435
Deferred liability loss under the methodology of IAS 17	1,604
Leases liabilities	(20,965)
Decrease in retained earnings	1,926

When measuring the lease liabilities, the Bank discounted the lease payments using its internal funding cost rate at January 1, 2019. The weighted average rate applied is 4.81%.

	January 1, 2019
Operating lease commitment disclosed as at December 31, 2018	16,790
Extensions and termination options that are reasonably true of being exercised	11,160
	27,950
Discounted lease liabilities using the internal funding cost rate as at January 1, 2019	20,965

Accounting policy applicable until December 31, 2018:

Leases under NIC 17

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

a. Banks as a lessee

Leases where the lessor does not transfer to the Bank substantially all the risks and benefits incidental to ownership of the leased items are classified as operating leases.

Collections from operating leases are recognized as an income in profit or loss using the straight-line method during the lease term.

b. Bank as a sub-lessor

Leases where the Bank does not transfer substantially all risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Rental income is recognized as revenue as earned. In the event that the contract is cancelable, they are recognized as income over the term of the lease.

3. Changes in significant accounting policies (continued)

3.2 New accounting policies and amendments not yet adopted

In September 2019, the IASB (International Accounting Standards Board) finalized the Phase 1 of the Project of IBOR Reform and issued the document Interest Rate Benchmark Reform ("the Reform"), which contains amendments to IFRS 9 Financial Instruments; to the IAS 39 Financial Instruments: Recognition and Measurement; and IFRS 7 Financial Instruments: Disclosures, as a first reaction to the potential effects the IBOR reform could have on financial reporting to the entities that report IFRS. These amendments provide temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by IBOR reform.

The following summarizes the changes that are made to the Amendments (amendments to IFRS 9, IAS 39 and IFRS 7):

a. Modify specific hedge accounting requirements so that entities would apply those hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of the Reform;

b. Are mandatory for all hedging relationships that are directly affected by the Reform;

c. Are not intended to provide relief from any other consequences arising from the Reform (if a hedging relationship no longer meets the requirements for hedge accounting for reasons other than those specified by the amendments, discontinuation of hedge accounting is required); and

d. Require specific disclosures about the extent to which the entities' hedging relationships are affected by the amendments.

The amendments are effective for annual periods beginning on or after 1 January 2020 and must be applied retrospectively, early application is permitted. The Bank is evaluating possible impact scenarios for its hedging positions, considering the Reform, mainly in those whose maturity exceeds the deadline of the Reform.

4. Significant accounting policies

Significant accounting policies applied consistently by the Bank to all years presented in these consolidated financial statements, are presented as follows.

4.1 Currency and foreign currency transactions

Foreign currency transactions

For each entity, the Bank determines the functional currency; items, included in the consolidated financial statements of each entity, are measured using their respective functional currency.

Transactions and balances

Assets and liabilities of foreign subsidiaries, whose local currency is considered their functional currency, are translated into the reporting currency, US dollars, using month-end spot foreign exchange rates. The Bank uses monthly-averaged exchange rates to translate revenues and expenses from local functional currency into US dollars. The effects of those translation adjustments are reported as a component of other comprehensive income (loss) in the consolidated statement of changes in equity.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate effective at the date on which fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate effective at the date of the transaction.

4. Significant accounting policies (continued)

Transactions whose terms are denominated in a currency other than the functional currency, including transactions denominated in local currency of foreign entities whose functional currency is the US dollar, are recorded at the exchange rate prevailing at the date of the transaction. Assets and liabilities in foreign currency are translated into US dollars using month-end spot foreign exchange rates. The effects of translation of monetary assets and liabilities into US dollar are included in current year's earnings on the line "gain (loss) on financial instruments, net" in profit or loss.

Differences arising on settlement or translation of monetary items are recognized in profit or loss, except for monetary items that are designated as part of the hedge of the Bank's net investment in a foreign operation. These are recognized in accumulated other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in accumulated other comprehensive income, if applicable.

When a foreign operation is disposed of in its entirety or partially such that control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Bank disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, then the relevant proportion of the cumulative amount is attributed to non-controlling interest.

4.2 Interest

Effective interest rate

Interest income and expense are recognized in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to

- the gross carrying amount of the financial asset; or
- the amortized cost of the financial liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not the expected credit loss (ECL). For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Amortized cost and gross carrying amount

The 'amortized cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance. The 'gross carrying amount of a financial asset' is the amortized cost of a financial asset before adjusting for any expected credit loss allowance.

Calculation of interest income and expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset, when the asset is not credit-impaired, or to the amortized cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating-rate instruments to reflect movements in market interest rates.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

4. Significant accounting policies (continued)

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

Presentation

Interest income and interest expense calculated using the effective interest method presented in the consolidated statement of profit or loss includes:

- Interest on financial assets and financial liabilities measured at amortized cost
- Interest on securities measured at fair value through other comprehensive income

Other interest income and expense presented in the consolidated statement of profit or loss includes:

- Interest expense on lease liabilities
- The effective portion of the variability in interest cash flow changes in qualifying hedging derivatives, in the same period as the hedged cash flows affect interest income/expense

4. Significant accounting policies (continued)

4.3 Fees and commissions

Fees, commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are described in note 4.2

Other fees and commissions are recognized as the related services are performed based on the contractual terms set with a customer.

The following table describes the main products and services, other than services for financial intermediation, from which the Bank generates its revenue:

Type of services	Nature and timing of satisfaction of performance obligations, including significant payment terms
Letters of credit	
Opening	Guarantee to honor the estipulated amount agreed to in the terms and conditions entered into with the customer, upon presentation of required documentation.
Negotiation	Review of the shipping documents, by the beneficiary, under presentation and acceptance of payment on demand or on the day the reimbursement is made by the designated bank.
Acceptance	Commitment issued to the beneficiary to pay to a supplier in a future date, once all the shipping documents have been reviewed as to compliance with the terms and conditions of the letter of credit.
Confirmation	Commitment issued to the issuer bank and the beneficiary to honor or negotiate shipping documents.
Amendment	A request to amend the original letter of credit on behalf of the beneficiary modifying the original terms and conditions
Syndications	
Structuring	Advise to the borrower by structuring the terms and conditions of a credit facility, and coordinating among the lenders' and the borrowers' legal counsel all legal aspects relating to the credit facility, among others.
Other services	
Other	Assignment of rights, transferability, reimbursements, payments, discrepancies, courier charges and transfers.

4. Significant accounting policies (continued)

4.4 Financial assets and liabilities

A. Date of recognition and initial measurement

The Bank initially recognizes loans, deposits, securities and financial liabilities on the trade date, the date that the Bank becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace.

Recognized financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, other than financial assets or financial liabilities at fair value through profit or loss (FVTPL), are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

Recognized financial assets and financial liabilities designated as hedged items in qualifying fair value hedging relationships are measured at amortized cost adjusted for the hedge risk components associated to the hedging relationship.

B. Classification

The Bank classifies its financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss based on the Bank's business model for managing the financial assets and the contractual cash flow characteristics of these financial assets, except for those designated as hedged items in qualifying fair value hedging relationships, which are measured at amortized cost adjusted for the hedge risk components associated to the hedging relationship.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss (FVTPL):

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest (SPPI).

A debt instrument is measured at fair value through other comprehensive income (FVOCI) only if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI

Unrealized gains or losses for financial assets at FVOCI are reported as net increases or decreases in other comprehensive income in the consolidated statement of changes in equity until realized. The gains or losses realized on the sale of securities, which are included in the gain (loss) on the sale of financial instruments, are determined individually for each instrument. Exchange gains or losses are recognized in gains or losses.

For an equity instrument designated as measured at FVOCI, the accumulated gain or loss previously recognized in other comprehensive income is not subsequently reclassified to profit or loss but is transferred within equity to retained earnings.

The rest of financial assets are classified at FVTPL.

4. Significant accounting policies (continued)

4.4 Financial assets and liabilities (continued)

However, the following irrevocable election / designation at initial recognition of a financial asset on an asset-by-asset basis may be made:

- It may irrevocably elect to present subsequent changes in fair value of an equity instrument that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination, in other comprehensive income (loss); and
- It may irrevocably designate a debt instrument that meets the amortized cost or at FVOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

The Bank classifies all financial liabilities as subsequently measured at amortized cost, except for those liabilities designated as hedged items in qualifying fair value hedging relationships, which are measured at amortized cost adjusted for the hedge risk components associated to the hedging relationship.

C. Business model assessment

The Bank assesses the objective of the business model in which the financial asset is held at a portfolio level, because this reflects the way the business is managed, and information is provided to management. The information considers the following:

- The Bank's policies and objectives for the portfolio and the operation of those policies in practice. In particular, if the management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;

- How the performance of the portfolio is evaluated and reported to the Bank's management;

- The risks that affect the performance of the business model and how those risks are managed;

- The frequency, volume and timing of sales in prior periods, the reason for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realized.

The Bank's Commercial business comprises primarily the loan portfolio that is held for collecting contractual cash flows. Sales of loans from theses portfolios are very infrequent and lower volume.

Certain debt securities are held by the Bank's Treasury business whose objective is to hold assets to collect the contractual cash flows. These securities may be sold, but such sales are not expected to be more than infrequent. Additionally, certain other debt securities are held in separate portfolios within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. Accordingly, such sales are comprehensive rather than incidental and consequently implies a higher frequency and volume of sale.

An assessment of the business model for managing financial assets is fundamental to the classification of a financial asset. The Bank determines the business model at a level that reflects how financial asset groups are managed together to obtain a particular business objective. The business model does not depend on management's intentions for an individual instrument; therefore, assessment of the business model is done at a higher level of aggregation rather than instrument by instrument.

At the initial recognition of a financial asset, it is determined whether the newly recognized financial asset is part of an existing business model or whether it reflects the start of a new business model. The Bank reassesses its business model at each reporting date to determine whether business models have changed since the previous reporting date.

For the current and previous reporting dates, the Bank has not identified a change in its business model.

4. Significant accounting policies (continued)

4.4 Financial assets and liabilities (continued)

D. Assessment whether contractual cash flows are solely payments of principal and interest (SPPI)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding at a point in time and for other basic lending risks and costs as well as profit margin.

Contractual cash flows that are SPPI are consistent with a basic credit agreement. Contractual terms that originate risk exposure or volatility in the contractual cash flows that are not related to a basic credit agreement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic credit arrangement irrespective of whether it is a credit in its legal form.

In assessing whether the contractual cash flows are SPPI, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows, so that it would not meet this condition. In making the assessment, the Bank considers the following:

- Contingent events that would change the amount and timing of cash flows;
- Leverage features;
- Prepayment and extension terms;
- Terms that limit the Bank's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

E. Reclassification

If the business model under which the Bank holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Bank's financial assets.

During the current fiscal year and previous accounting period there was no change in the business model under which the Bank holds financial assets and therefore no reclassifications were made. Changes in contractual cash flows are considered under the accounting policy on modification and derecognition of financial assets described in the following paragraphs.

F. Derecognition of financial assets and financial liabilities

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired.
- The Bank has transferred its rights to receive cash flows from the asset and either has transferred substantially all risk and rewards of the asset or has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.
- The Bank retains the right to receive cash flows from the asset but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement.
- When the Bank has transferred its rights to receive cash flows from an asset or has entered into a pass–through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Bank's continuing involvement in the asset. In that case, the Bank also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained.

Upon derecognition of a financial asset, the difference between the carrying amount of the derecognized asset, and the sum of the consideration received and any accumulated gain or loss that has been recognized in other comprehensive income is recognized in the consolidated financial statement of profit or loss.

4. Significant accounting policies (continued)

4.4 Financial assets and liabilities (continued)

Any accumulated gain or loss recognized in other comprehensive income regarding equity instruments designated at fair value with changes in other comprehensive income is not recognized in the consolidated statement of profit or loss. Any interest in the transfer of a financial assets that qualify for derecognition, booked or held by the Bank is recognized as a separate asset or liability.

The Bank enters into transactions whereby it transfers assets recognized on its consolidated statement of financial position but retains either all or substantially all the risks and rewards of the transferred asset or portion of them. In such cases, the transferred assets are not derecognized. Examples of such transactions are securities lending and sale-and-repurchase transactions.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is extinguished, when the obligation specified in the contract is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as an extinguishment of the original liability and the recognition of a new liability.

The difference between the carrying value of the original financial liability and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

G. <u>Modified financial asset or liability</u>

Financial assets

A modified financial asset is an instrument whose borrower is experiencing financial difficulties and the renegotiation constitutes a concession to the borrower. A concession may include modification of terms such as an extension of maturity date, reduction in the stated interest rate, rescheduling of future cash flows, and reduction in the face amount of the financial asset or accrued interest, among others.

When a financial asset is modified, the Bank assesses whether this modification results in derecognition. In accordance with the Bank's policies a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms the Bank considers the following:

- Qualitative factors, such as contractual cash flows after modification are no longer SPPI, change in currency or change of counterparty, the extent of change in interest rates, maturity or covenants. If these do not clearly indicate a substantial modification, then;
- A quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original effective interest.

If the difference in present value is more than 10% the Bank deems the arrangement is substantially different leading to derecognition.

In the case where the financial asset is derecognized the loss allowance for expected credit losses (ECL) is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new financial asset is considered to be credit originated impaired. This applies only in the case where the fair value of the new financial asset is recognized at a significant discount to its revised nominal amount because there remains a high risk of default which has not been reduced by the modification. The Bank monitors credit risk of modified or renegotiated financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

4. Significant accounting policies (continued)

4.4 Financial assets and liabilities (continued)

When the contractual terms of a financial asset are modified, and the modification does not result in derecognition, the Bank determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

- The remaining lifetime probability of default (PD) estimated based on data at initial recognition and the original contractual terms; with
- The remaining lifetime PD at the reporting date based on the modified terms.

In the renegotiation or modification of the contractual cash flows of the financial asset, the Bank shall:

- Continue with its current accounting treatment for the existing financial asset that has been modified.
- Record a modification gain or loss by recalculating the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows, discounted at the financial asset's original effective interest rate.
- Assess whether there has been a significant increase in the credit risk of the financial instrument, by comparing the risk of a default occurring at the reporting date (based on the modified contractual terms) and the risk of a default occurring at initial recognition (based on the original, unmodified contractual terms). The financial asset that is modified is not automatically considered to have a lower credit risk. The assessment should consider credit risk over the expected life of the asset based on historical and forward-looking information, including information about the circumstances that led to the modification. Evidence that the criteria for the recognition of lifetime expected credit losses are subsequently no longer met may include a history of up-to-date and timely payment in subsequent periods. A minimum period of observation will be necessary before a financial asset may qualify to return to a 12-month expected credit loss measurement.
- Make the appropriate quantitative and qualitative disclosures required for renegotiated or modified assets to reflect the nature and the effect of such modifications (including the effect on the measurement of expected credit losses) and how the Bank monitors these financial assets that have been modified.

The Bank recognizes a loss allowance for expected credit losses on a financial asset that is measured at amortized cost at each reporting date at an amount equal to the lifetime expected credit losses if the credit risk on that financial asset has increased significantly since initial recognition. If at the reporting date, the credit risk of that financial asset has not increased significantly since initial recognition, an entity shall measure the loss allowance for that financial asset at an amount equal to 12-month expected credit losses.

Financial Liabilities

The Bank derecognizes a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability derecognized and the consideration paid is recognized in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortized cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognized in the consolidated financial statement of profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognized as an adjustment to the carrying amount of the liability and amortized over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

4. Significant accounting policies (continued)

4.4 Financial assets and liabilities (continued)

H. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Bank currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously. Generally, this is not the case with a contractual compensation agreement; therefore, related assets and liabilities are presented with their gross amounts in the consolidated statement of financial position.

Income and expenses are presented on a net basis only when permitted under IFRS Standards, or for gains and losses arising from a group of similar transactions.

I. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction, between market participants at the measurement date or, in its absence, the most advantageous market to which the Bank has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Bank measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as "active" if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Bank uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received.

The Bank recognizes transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

J. Allowances for losses on financial instruments

The allowances for losses on financial instruments are provided for losses derived from the expected credit losses, inherent in the loan portfolio, investment securities and loan commitments and financial guarantee contracts, using the reserve methodology to determine expected credit losses. Additions to the allowance for expected credit losses for financial instruments are recognized in profit or loss or in other comprehensive income depending on classification of the instrument. Incurred credit losses are deducted from the allowance, and subsequent recoveries are added. The allowance is also decreased by reversals of the allowance back to profit or loss. The allowance for expected credit losses for financial instruments at amortized cost is reported as a deduction of financial assets and, the allowance for expected credit losses on loan commitments and financial guarantee contracts, such as letters of credit and guarantees, is presented as a liability.

The Bank assigns to each exposure a risk rating which is defined using quantitative and qualitative factors that are indicative of the risk of loss. This rating is considered for purposes of identifying significant increases in credit risk. These factors may vary depending on the nature of the exposure and the type of borrower.

4. Significant accounting policies (continued)

4.4 Financial assets and liabilities (continued)

Each exposure will be assigned to a risk rating at the time of initial recognition based on the information available about the customer and the country. Exposures will be subject to continuous monitoring, which may result in the change of an exposure to a different risk rating.

The analysis of customer risk considers financial and operational factors, sector / industry, market and managerial, also considering the ratings of international rating agencies, quality of information and other elements of an objective nature, including projections on these indicators.

For the assignment of customer credit ratings, quantitative and qualitative criteria are applied, depending on whether the counterpart corresponds to a financial entity or a corporation, and broken down into several factors, which receive a weighting within the customer's rating.

In the analysis of the country risk, for the establishment of the rating, the assessment of quantitative and qualitative variables specific to the country under analysis is considered, as well as the regional and global macroeconomic environment, considering projections about the future performance of the country environment.

In general, there are three groups of quantitative factors that determine the analysis and that give rise to a quantitative rating of the country (changes in main economic indicators; external payment capacity and access to capital; performance of domestic credit and the financial system), which is later analyzed within the social-political framework of the country (qualitative factors) and may suffer some deterioration for the determination of the final country rating.

i) Measurement of expected credit losses

Calculation of reserve for expected credit losses for financial instruments is made based on the risk rating resulting from the Bank's internal model and considering, generally (certain exceptions apply), the worst among the country risk rating of the transaction and the customer risk rating.

The table below provides a mapping of the Bank’s internal credit risk grades to external ratings.

Internal rating	12 - month average PD [(1)] %	External rating [(2)]	Description
1 - 4	0.09	Aaa – Ba1	Exposure in customers or countries with payment ability to satisfy their financial commitments.
5 - 6	2.35	Ba2 – B3	Exposure in customers or countries with payment ability to satisfy their financial commitments, but with more frequent reviews.
7	7.90	Caa1 - Caa3	Exposure in customers whose primary source of payment (operating cash flow) is inadequate, and who show evidence of deterioration in their working capital that does not allow them to satisfy payments on the agreed terms, or in countries where the operation carries certain risks.
8 - 9	30.67	Ca	Exposure in customers whose operating cash flow continuously shows insufficiency to service the debt on the originally agreed terms, or in countries where the operation is limited or restricted to certain terms, structure and types of credits.
10	100	C	Exposure in customers with operating cash flow that does not cover their costs, are in suspension of payments, presumably will also have difficulties fulfilling possible restructuring agreements, are in a state of insolvency, or have filed for bankruptcy, among others.

(1) Probability of default
(2) Credit rating by Moody’s Investors Service.

4. Significant accounting policies (continued)

4.4 Financial assets and liabilities (continued)

In order to maintain periodical monitoring of the quality of the portfolio, customers and countries are reviewed within a time frequency ranging from 3 to 12 months, depending on the risk rating.

The Bank measures expected credit losses in a way that reflects: a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; b) time value of money; and c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecast of future economic conditions.

The expected credit loss model reflects the general pattern of deterioration or improvement in the credit quality of the financial instrument. The amount of ECL recognized as a loss allowance or provision depends on the extent of credit deterioration since initial recognition. There are two measurement bases:

- Stage 1: 12-month ECL, which applies to all financial instruments (from initial recognition) as long as there is no significant deterioration in credit quality, and

- Stage 2 and 3: Lifetime ECL, which applies when a significant increase in credit risk has occurred on an individual or collective basis. In Stages 2 and 3 interest income is recognized. Under Stage 2 (as under Stage 1), there is a full decoupling between interest recognition and impairment and interest income is calculated on the carrying amount. Under Stage 3, when a financial asset subsequently becomes credit impaired (when a credit event has occurred), interest income is calculated on the amortized cost, net of impairment, i.e. the gross carrying amount after deducting the impairment allowance. In subsequent reporting years, if the credit quality of the financial asset improves so that the financial asset is no longer credit-impaired, and the improvement can be related objectively to the occurrence of an event (such as an improvement in the borrower's credit rating), then the Bank will once again calculate interest income on a gross basis.

The allowance for expected credit losses includes an asset-specific component and a formula-based component. The asset-specific component, or specific allowance, relates to the provision for losses on credits considered impaired and measured individually case-by-case. A specific allowance is established when the discounted cash flows (or observable fair value of collateral) of the credit are lower than the carrying value of that credit. The formula-based component (collective assessment basis), covers the Bank's performing credit portfolio and it is established based on a process that estimates the probable loss inherent in the portfolio, based on statistical analysis and management's qualitative judgment. This assessment considers comprehensive information that incorporates not only past-due data, but other relevant credit information, such as forward looking macro-economic information.

ECL are a probability-weighted estimate of the present value of credit losses. These are measured as the difference in the present value of the cash flows due to the Bank under the contract and the cash flows that the Bank expects to receive arising from weighing of multiple future economic scenarios, discounted at the asset's effective interest rate (EIR). For undrawn loan commitments, the ECL is the difference between the present value of the contractual cash flows that are due to the Bank if the holder of the commitment draws down the loan and the cash flows that the Bank expects to receive if the loan is drawn down; and for financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Bank expects to receive from the holder, the debtor or any other party.

The Bank determines ECL using two methodologies to determine if there is objective evidence of impairment for financial instruments:

- Individually Assessed

The expected credit losses on individually assessed financial instruments are determined by an evaluation of the exposures on a case-by-case basis. This procedure is applied to all credit transaction that are individually significant or not. If it is determined that there is no objective evidence of impairment for an individual credit transaction, it is included in a group of credit transactions with similar characteristics and is collectively assessed to determine whether there is impairment.

4. Significant accounting policies (continued)

4.4 Financial assets and liabilities (continued)

The impairment loss is calculated by comparing the present value of the future expected flows, discounted at the original effective rate of the credit transaction, with its current carrying amount and the amount of any loss is charged as a provision for losses in profit or loss for those measured at amortized cost, and in equity for those operations measured at fair value through other comprehensive income.

- Collectively Assessed

For the purposes of a collective assessment of impairment, financial instruments are grouped according to similar credit risk characteristics. These characteristics are relevant to estimate cash flows for the groups of such assets, being indicative of the debtors' ability to pay the amounts owed according to the contractual terms of the assets that are assessed.

Future cash flows in a group of credit transactions that are collectively assessed to determine whether there is impairment are estimated according to the contractual cash flows of the assets in the group, the historical loss experience for assets with similar credit risk characteristics, within each group, and the experienced management views on whether the current economy and credit conditions can change the real level of historical inherent losses suggested.

ii) Definition of Default

The Bank considers a financial asset to be in default when it presents any of the following characteristics:

- The debtor is past due for more than 90 days in any of its obligations to the Bank, either in the loan principal or interest; or when the principal balance with one single balloon payment was due for more than 30 days;
- Deterioration in the financial condition of the customer, or the existence of other factors allowing to estimate the possibility that the balance of principal and interest on customers' loans will not be fully recovered.

The above presumptions regarding past due loans may be rebuttable if the Bank has reasonable and supportable information that is available without undue cost or effort, that demonstrate that the credit risk has not increased significantly since initial recognition even though the contractual payments are more than 30 or 90 days past due.

In assessing whether a borrower is in default, the Bank considers qualitative and quantitative indicators based on data internally developed and obtained from external sources. Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

iii) Significant increase in credit risk

When assessing whether the credit risk on a financial instrument has increased significantly, the Bank considers the change in the risk of default occurring since initial recognition. For a financial instrument to be considered in default, management considers criteria used in the internal credit risk model and qualitative factors, such as financial covenants, where appropriate.

The Bank continuously assesses significant increases in credit risk based on the change in the risk of a default occurring over the expected life of the credit instrument. In order to make the assessment of whether there has been significant credit deterioration, the Bank considers reasonable and supportable information that is available without undue cost or effort by comparing:

- The risk of a default occurring on the financial instrument at the assessment date, and
- The risk of a default occurring on the financial instrument at initial recognition.

For loan commitments, the Bank considers changes in the risk of a default occurring on the 'potential' financial instrument to which a loan commitment relates, and for financial guarantee contracts, changes in the risk that the specified debtor will default, are taken into consideration.

4. Significant accounting policies (continued)

4.4 Financial assets and liabilities (continued)

For financial instruments measured at fair value through OCI, the expected credit losses do not reduce the carrying amount in the consolidated statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the asset was measured at amortized cost is recognized in profit or loss as the impairment amount. Impairment losses or recoveries are accounted for as an adjustment to the reserve in accumulated other comprehensive income, against profit or loss.

Additionally, to determine if there has been a significant increase in risk, the Bank applies an alert model that considers the international economic environment, the specific financial situation by country and the economic analysis of the industry where the customer generates its income. The model defines a consolidated calculation of risk severity depending on the weighing of the severity to risk of each one of the scenarios under analysis. Also, this depends on the context of the variables or the ratings constructed for each one (by market, country and economic sector).

Impairment on a financial asset is assessed based on numerous factors and its relative importance varies on a case-by-case basis. Factors considered in determining whether there has been a negative impact on the estimated future cash flows of a financial asset include: significant financial difficulties of the issuer; high probability of default; granting a concession to the issuer; disappearance of an active market due to financial difficulties; breach of contract, such as defaults or delays in interest or principal; and, observable data indicating that there is a measurable decrease in estimated future cash flows since initial recognition.

If a security is no longer publicly traded or the entity´s credit rating is downgraded, this is not, by itself, evidence of impairment, but should be considered for impairment together with other information. A decline in the fair value of an investment security below its amortized cost is not necessarily evidence of impairment, as it may be due to an increase in market interest rates. Whether a decline in fair value below cost is considered significant or prolonged, must be assessed on an instrument-by-instrument basis and should be based on both qualitative and quantitative factors. However, the assessment of prolonged decline should not be compared to the entire period that the investment has been or is expected to be held.

In order to determine whether there has been a significant increase in the credit risk of the financial instrument, the assessment is based on quantitative information and qualitative information.

The Bank considers the following factors, among others, when measuring significant increase in credit risk:

- Significant changes in internal indicators of credit risk as a result of a change in credit risk since inception;
- Significant changes in market indicators of credit risk for a particular financial instrument or similar financial instruments with the same expected life;
- An actual or expected significant change in the financial instrument's external credit rating;
- Existing or forecast adverse changes in business, financial or economic conditions;
- An actual or expected significant change in the operating results of the borrower;
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the borrower;
- Significant changes in the value of the collateral supporting the obligation;
- Significant changes, such as reductions in financial support from a parent entity or other affiliate or an actual or expected significant change in the quality of credit enhancements, among other factors incorporated in the Bank's ECL model.

Additionally, management also applies complementary judgment to capture elements of prospective nature or loss expectations based on risks identified in the environment that are not necessarily reflected in the historical data.

4. Significant accounting policies (continued)

4.4 Financial assets and liabilities (continued)

The reserve balances for expected credit losses, for credit exposures, are calculated applying the following formula:

Reserves = $\sum$(E x PD x LGD); where:

- Exposure (E) = the total accounting balance at the end of the period under review.
- Probabilities of Default (PD) = one-year probability of default applied to the portfolio to account for 12-month ECL and lifetime probability of default to account for more than 12-month ECL. Default rates are based on Bladex's historical portfolio performance per rating category, in addition to international rating agency's probabilities of default for categories 6, 7 and 8, in view of the greater robustness of data for such cases.
- Loss Given Default (LGD) = a factor is applied, based on historical information, as well as best practices in the banking industry, volatility and simulated scenarios based on forward-looking information. Management applies judgment and historical loss experience.

K. Write-offs

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Bank determines that the borrower does not have assets or sources of income that could generate enough cash flows to repay the amounts subject to the write-off. Nevertheless, the financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amounts due.

4.5 Derivative financial instruments for risk management purposes and hedge accounting

Derivatives held for risk management purposes include all derivative assets and liabilities that are not classified as trading assets or liabilities. Derivatives held for risk management purposes are measured at fair value in the consolidated statement of financial position. Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain/loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Policy applicable for all hedging relationships

On initial designation of the hedge, the Bank formally documents the relationship between the hedging instrument(s) and hedged item(s), including the risk management objective and strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationship. The Bank makes an assessment, both at inception of the hedge relationship and on an ongoing basis, of whether the hedging instrument(s) is(are) expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged item(s) during the period for which the hedge is designated.

The Bank uses derivative financial instruments for its management of interest rate and foreign currency risks. Interest rate swap contracts, cross-currency swap contracts and foreign exchange forward contracts have been used to manage interest rate and foreign exchange risks respectively associated with debt securities and borrowings with fixed and floating rates, and loans and borrowings in foreign currency.

These derivatives contracts can be classified as fair value and cash flow hedges. In addition, foreign exchange forward contracts are used to hedge exposures to changes in foreign currency in subsidiary companies with functional currencies other than the US dollar. These contracts are classified as net investment hedges.

4. Significant accounting policies (continued)

4.5 Derivative financial instruments for risk management purposes and hedge accounting (continued)

The accounting for changes in value of a derivative depends on whether the contract is for trading purposes or has been designated and qualifies for hedge accounting.

Derivatives held for trading purposes include interest rate swaps, cross-currency swaps and foreign exchange forward contracts used for risk management purposes that do not qualify for hedge accounting. These derivatives are reported as asset or liabilities, as applicable. Changes in realized and unrealized gains and losses from these financial instruments are recognized as gains or losses on financial instruments.

Derivatives for hedging purposes primarily include foreign exchange forward contracts and interest rate swap contracts in US dollar and cross-currency swaps. Derivative contracts designated and qualifying for hedge accounting are reported in the consolidated statement of financial position as derivative financial instruments used for hedging - assets and liabilities, as applicable; and hedge accounting is applied. In order to qualify for hedge accounting, a derivative must be considered highly effective at reducing the risk associated with the exposure being hedged. Each derivative must be designated as a hedge, with documentation of the risk management objective and strategy, including identification of the hedging instrument, the hedged item and the risk exposure, as well as how effectiveness will be assessed prospectively. The hedging instrument should be qualitatively assessed on a quarterly basis in order to determine its effectiveness at achieving offsetting changes in fair value or cash flows. Any ineffectiveness must be reported in current-year earnings.

i) Hedge accounting relationship

As the Bank enters into a hedge accounting relationship, the first requirement is that the hedging instrument and the hedged item must be expected to move in the opposite direction as a result of the change in the hedged risk. This should be based on an economic rationale, as could be the case if the relationship is based only on a statistical correlation. This requirement is fulfilled for many of the hedging relationships carried by the Bank as the underlying of the hedging instrument matches or is closely aligned with the hedged risk. Even when there are differences between the hedged item and the hedging instrument, the economic relationship will often be capable of being demonstrated using a qualitative assessment. The assessment, whether qualitative or quantitative, considers the following: a) maturity; b) nominal amount; c) cash flow dates; d) interest rate basis; and e) credit risk, including the effect of collateral, among others.

ii) Hedge ratio

The hedge ratio is the ratio between the amount of hedged item and the amount of the hedging instrument. For most of the hedging relationships, the hedge ratio is 1:1 as the underlying of the hedging instrument perfectly matches the designated hedged risk. For a hedging relationship with a correlation between the hedged item and the hedging instrument that is not 1:1 relationship, generally set the hedge ratio so as to adjust for the type of relation in order to improve effectiveness.

iii) Discontinuation of hedge accounting

The Bank discontinues hedge accounting prospectively in the following situations:

1. It is determined that the derivative is no longer effective in offsetting changes in the fair value or cash flows of a hedged item.
2. The derivative expires or is sold, terminated or exercised.
3. It is determined that designation of the derivative as a hedging instrument is no longer appropriate.

The Bank carries all derivative financial instruments in the consolidated statement of financial position at fair value.

4. Significant accounting policies (continued)

4.5 Derivative financial instruments for risk management purposes and hedge accounting (continued)

Fair value hedges

When a derivative is designated as the hedging instrument in a hedge of the change in fair value of a recognized asset or liability or a firm commitment that could affect profit or loss, changes in the fair value of the derivative are recognized in profit or loss together with changes in the fair value of the hedged item that are attributable to the hedged risk, except when the hedging instrument hedges an equity instrument designated at FVOCI in which case it is recognized in OCI. The carrying amount of a hedged item not already measured at fair value is adjusted for the fair value change attributable to the hedged risk. For debt instruments measured at FVOCI, the carrying amount is not adjusted as it is already at fair value, but the part of the fair value gain or loss on the hedged item associated with the hedged risk is recognized in profit or loss instead of OCI. When the hedged item is an equity instrument designated at FVOCI, the hedging gain/loss remains in OCI to match that of the hedging instrument.

If the hedge relationship is terminated or exercised, or the hedge no longer meets the criteria for fair value hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively and the fair value adjustment to the hedged item continues to be reported as part of the basis of the item and is amortized to earnings as a yield adjustment where hedging gains/losses are recognized in profit or loss; they are recognized in the same line as the hedged item.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of variability in cash flows attributable to a particular risk associated with a recognized asset or liability that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognized in OCI and recognized in profit or loss when the hedged cash flows affect earnings. The ineffective portion is recognized in profit or loss as loss on financial instruments, net. If the cash flow hedge relationship is terminated or exercised, or the hedge no longer meets the criteria for fair value hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively and the related amounts in OCI are reclassified into profit or loss when hedged cash flows occur.

Net investment hedges

When a derivative instrument or a non-derivative financial item is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of changes in the fair value of the hedging instrument is recognized in OCI and presented in the translation reserve within equity. Any ineffective portion of the changes in the fair value of the derivative is recognized in profit or loss. The amount recognized in OCI is reclassified to profit or loss as a reclassification adjustment when disposal of the foreign operation occurs.

4.6 Cash and cash equivalents

Cash equivalents include demand deposits in banks and interest-bearing deposits in banks with original maturities of three months or less, excluding pledged deposits.

4.7 Loans

Loans are reported at their amortized cost in the consolidated statement of financial position, considering the principal outstanding amounts and interest receivable net of unearned interest, deferred fees and allowance for expected credit losses. The loans recognized and designated as hedged items in qualifying fair value hedging relationships, are measured at amortized cost adjusted for the hedge risk components associated to the hedging relationship.

Purchased loans are recorded at acquisition cost. The difference between the outstanding amount and the acquisition cost of loans, premiums and discounts, is amortized over the life of the loan as an adjustment to the yield. All other costs related to acquisition of loans are also reflected as an adjustment to the yield and are expensed when incurred.

4. Significant accounting policies (continued)

4.8 Securities and other financial assets

Securities and other financial assets caption in the statement of financial position includes:

- Debt investment securities measured at amortized cost; these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortized cost using the effective interest method;
- Debt and equity investment securities measured at FVOCI; and
- Debt investment securities measured at FVTPL

4.9 Deposits, borrowings and repurchase agreements

Liability deposits, borrowings and debt are accounted for at amortized cost, except for those designated as hedged items in qualifying fair value hedging relationships, which are measured at amortized cost adjusted for the hedge risk components associated to the hedging relationship.

Repurchase agreements are transactions in which the Bank sells a security and simultaneously agrees to repurchase that security (or an asset that is substantially identical) at a fixed price on a future date. The Bank continues to recognize the securities in their entirety in the consolidated statement of financial position because it retains substantially all the risks and rewards of ownership. The cash consideration received is recognized as a financial asset and a financial liability is recognized for the obligation to pay the repurchase price.

Because in the repurchase agreements the Bank sells the contractual rights to the cash flows of the securities, it does not have the ability to use the transferred assets during the term of the arrangement.

4.10 Loan commitments and financial guarantee contracts

Letters of credit, stand-by letters of credit and guarantees

The Bank, on behalf of its client's base, issues, confirms and advises letters of credit to facilitate foreign trade transactions. When issuing, confirming and advising letters of credit, the Bank adds its own unqualified assurance that the Bank will pay upon presentation of complying documents as per the terms and conditions established in the letter of credit. The Bank also issues, confirms and advises stand-by letters of credit and guarantees, which are issued on behalf of institutional clients in connection with financing between its clients and third parties. The Bank applies the same credit policies used in its lending process, and once the commitment is issued, it becomes irrevocable and remains valid until its expiration upon the presentation of complying documents on or before the expiry date.

Credit commitments

Commitments to extend credit are binding legal agreements to lend to customers. Commitments generally have fixed expiration dates or other termination clauses and require payment of a fee to the Bank. As some commitments expire without being drawn on, the total commitment amounts do not necessarily represent future cash requirements.

4.11 Equipment and leasehold improvements

Equipment and leasehold improvements are stated at cost excluding the costs of day–to–day maintenance, less accumulated depreciation and impairment losses. Changes in the expected useful life are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.

Depreciation is calculated using the straight–line method to write down the cost of assets and equipment to their residual values over their estimated useful lives. The estimated useful lives are as follows:

	Useful life in years
Furniture and equipment	3 to 5 years
Hardware	3 years
Other equipment	2 to 4 years
Leasehold improvements	3 to 15 years or up to the lease term

4. Significant accounting policies (continued)

4.11 Equipment and leasehold improvements (continued)

Leasehold improvements, under operating leases are amortized on a straight-line basis calculated without exceeding the length of the respective lease contracts.

Right-of-use assets arising from IFRS 16 are included within this caption. The corresponding accounting policy regarding recognition and subsequent measurement is set out in Note 3.1.

Equipment and leasehold improvements are derecognized on disposal or when no future economic benefits are expected from their use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in other income or other expenses in profit or loss in the year that the asset is derecognized.

4.12 Investment property

Property that is held with the intention of generating a return on rent, capital appreciation or under operating lease contracts and that are not occupied by the Bank, are classified as investment properties. Investment properties are initially measured at cost including all costs related to the transaction and, when applicable, the costs associated with their financing, except for those investment properties derived from sublease contracts recognized under IFRS 16 which are recognized at fair value. Subsequent to initial recognition, investment properties are measured at fair value.

Fair value is based on market prices, adjusted, if necessary, for differences in the nature, location or condition of the specific asset. If this information is not available, the Bank uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are performed as of the reporting date by professional appraisers who hold recognized and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the consolidated financial statements.

The fair value of investment property reflects, among other things, rental income from current leases and other assumptions market participants would make when pricing the property under current market conditions.

Subsequent expenditure is capitalized to the asset’s carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Bank and the cost of the item can be measured reliably.

All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized.

Changes in fair value are recognized in profit or loss. Investment property is derecognized when disposed of.

When the Bank disposes of a property at fair value in an arm’s length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in profit or loss as gain (loss) on non-financial assets.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment. Its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

4.13 Intangible assets

An intangible asset is recognized only when its cost can be measured reliably, and it is probable that the expected future economic benefits that are attributable to it will flow to the Bank.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite useful lives are amortized using the straight-line method over the estimated useful lives of the assets. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and they are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is presented as a separate line item in profit or loss.

4. Significant accounting policies (continued)

4.13 Intangible assets (continued)

Bank's intangible assets include the cost of computer software. Amortization is calculated using the straight–line method to write down the cost of intangible assets to their residual values over their estimated useful lives of 5 years. Gains or losses arising from the derecognition of an intangible asset are determined by the Bank as the difference between proceeds from the sale or disposal and the net carrying amount of the intangible asset and recognized in profit or loss for the year in which the transaction occurs.

4.14 Impairment of non-financial assets

A non-financial asset is impaired when an entity will not be able to recover that asset's carrying value, either through its use or sale. If circumstances arise which indicate that a non-financial asset might be impaired, a review should be undertaken of its cash generating abilities through use or sale. This review will produce an amount which should be compared with the asset's carrying value, and if the carrying value is higher, the difference must be written off as impairment in profit or loss. On the other hand, if there is any indication that previously recognized impairment losses may no longer exist or may have decreased, the Bank makes an estimate of the recoverable amount. In that case, the carrying amount of the asset is increased to its recoverable amount. This increase cannot exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss.

4.15 Provisions

Provisions are recognized when the Bank has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in profit or loss, net of any reimbursement.

4.16 Share-based payments

Compensation cost is based on the grant date fair value of both stock and options and is recognized over the requisite service period of the employee. The fair value of each option is estimated at the grant date using a binomial option-pricing model. When stocks options and restricted stock units vested are exercised, the Bank's policy is to sale treasury stock.

4.17 Equity

Reserves

Regulatory and capital reserves are established as appropriations from retained earnings and, as such, form part of retained earnings. Reductions of regulatory and capital reserves require the approval of the Bank's Board of Directors and the SBP.

Other capital reserves, presented as other comprehensive income include:

- Translation reserve: The translation reserve comprises all foreign currency differences arising from the translation of the consolidated financial statements of foreign operations when the functional currency of the foreign operation is different from the US dollars, as well as the effective portion of any foreign currency differences arising from hedges of a net investment in a foreign operation.

- Hedging reserve: The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows affect profit or loss.

- Fair value reserve: The fair value reserve comprises the cumulative net change in the fair value of investment securities measured at FVOCI, less the ECL allowance recognized in profit or loss.

4. Significant accounting policies (continued)

4.17 Equity (continued)

Treasury stock and contracts on own shares

The own equity instruments of the Bank which are acquired by it or by any of its subsidiaries (treasury stock) are deducted from equity and accounted for at weighted average cost. Consideration paid or received on the purchase, sale, issue or cancellation of the Bank's own equity instruments is recognized directly in equity.

No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of own equity instruments, but is recognized directly in equity.

4.18 Earnings per share

Basic earnings per share is computed by dividing the profit for the year (the numerator) by the weighted average number of common shares outstanding (the denominator) during the year. Diluted earnings per share measure performance incorporating the effect that potential common shares, such as stock options and restricted stock units outstanding during the same period, would have on earnings per share. The computation of diluted earnings per share is similar to the computation of basic earnings per share, except for the denominator, which is increased to include the number of additional common shares that would have been issued if the beneficiaries of stock purchase options and restricted stock units plans could exercise their options.

4.19 Taxes

Income taxes

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. Tax laws and regulations used to compute the amount are those that are enacted or substantively enacted by the reporting date.

- Bladex Head Office is exempted from payment of income taxes in Panama in accordance with the contract law signed between the Republic of Panama and Bladex.
- Bladex Representacao Ltda. is subject to income taxes in Brazil.
- Bladex Development Corp. is subject to income taxes in Panama.
- BLX Soluciones, S.A. de C.V., SOFOM, is subject to income taxes in Mexico.
- The New York Agency and Bladex Holdings, Inc. incorporated in USA are subject to federal and local taxation in USA based on the portion of income that is effectively connected with its operations in that country.

Current and deferred tax

The current tax for the reporting date as well as for the deferred tax, result in a minimal amount, whereby the changes are presented in profit or loss as other operating expenses.

As of January 1st, 2019, IFRIC 23 – Uncertainty over income tax treatment took effect and it was applicable to the financial statements to be issued as of December 31st, 2019.

The Bank, together with its tax experts, have carried out the corresponding assessment to the applicable laws and regulations in its different jurisdictions concluding that there is no uncertainty about the tax treatments applied in each tax legislation.

4.20 Segment reporting

The Bank's segment reporting is based on the following business segments: Commercial, which incorporates the Bank's core business of financial intermediation and fee generation activities relating to the Bank's commercial portfolio; and Treasury, which is responsible for the Bank's funding and liquidity management, including its activities in investment securities, as well as management of the Bank's interest rate, liquidity, price, and currency risks.

4. Significant accounting policies (continued)

4.21 Judgments, estimates and significant accounting assumptions

A. Judgments

The preparation of the consolidated financial statements requires management to make estimates and use assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the reporting date and the reported amounts of revenues and expenses during the year.

Material estimates that are particularly susceptible to significant changes relate to the determination of the allowances for expected credit losses, impairment of securities, and the fair value of financial instruments. Actual results could differ from those estimates. Management believes these estimates are adequate.

In the process of applying the Bank's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Determining the reserve for expected credit losses

When establishing ECL, judgment is applied by management in order to assess the amount and opportunity of the future cash flows with the purpose of evaluating whether credit risk has significantly increased since initial recognition, taking into account the characteristics of the financial asset and the former patterns pre-established for similar financial assets. The changes in risk of default occurring within the next 12 months can be a reasonable approach of the changes in the risk measure according to the lifetime of the instrument. The Bank uses the changes in risk of default occurring within the next 12 months to determine if the credit risk has significantly increased since initial recognition, unless the circumstances indicate an assessment during the lifetime of the instrument is necessary.

i. Significant increase of credit risk

For the financial assets in stage 1, ECL are measured as an allowance equal to 12-month ECL on stage 1 assets, or lifetime ECL assets on stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. In assessing whether the credit risk of an asset has significantly increased the Bank takes into account reasonable and supportable forward-looking qualitative and quantitative information.

ii. Establishing groups of assets with similar credit risk characteristics

When ECL are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics.

The Bank monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that when credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets. Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month ECL to lifetime ECL, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month ECL or lifetime ECL but the amount of ECL changes because the credit risk of the portfolios differs.

Determining the fair value on financial instruments

i. Models and assumptions used

The Bank uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgment is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

4. Significant accounting policies (continued)

4.21 Judgments, estimates and significant accounting assumptions (continued)

ii. Fair value measurement

When the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but if this is not available, judgment is required to establish fair values. The judgments include considerations of liquidity and model inputs such as volatility for longer–dated derivatives and discount rates, prepayment rates and default rate assumptions for asset-backed securities. The valuation of financial instruments is described in more detail in Note 7.

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Bank determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated and their performance is measured, and the risks that affect the performance of the assets and how they are managed. The Bank monitors financial assets measured at amortized cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held.

B. Estimates and assumptions

The key assumptions concerning the future and other key sources of estimating uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Bank based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances beyond the control of the Bank. Such changes are reflected in the assumptions when they occur.

Going concern

The Bank's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern, even considering the events set out in Note 32. Therefore, the consolidated financial statements continue to be prepared on a going concern basis.

Impairment losses on loans at amortized cost

The Bank individually assesses all credit impaired loans at amortized cost at each reporting date to assess whether an impairment loss should be recorded in profit or loss. Management's judgment is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about several factors and actual results that may vary, resulting in future changes to the allowance. Loans at amortized cost that do not give rise to credit impairment individually are assessed in groups of assets with similar risk characteristics. This is to determine whether a provision should be made due to incurred loss events for which there is objective evidence, but which effects are not yet evident. The collective assessment takes into account data from the loan portfolio (such as levels of arrears, credit utilization, loan-to-collateral ratios, etc.), and judgments on the effect of concentrations of risks and economic data (including levels of unemployment, real estate price indices, country risk and the performance of various individual groups).

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

5. Financial Risk

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

A. Credit risk

i. Credit quality analysis

The following tables set out information about the credit quality of financial assets measured at amortized cost, and securities at FVOCI. Unless specifically indicated, for financial assets the amounts in the table represent gross carrying amounts. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively. Explanation of the terms 'Stage 1', 'Stage 2' and 'Stage 3' is included in Note 4.4 (J).

Loans

December 31, 2019

	PD Ranges	Stage 1	Stage 2	Stage 3	Total
Grades 1 - 4	0.03 - 0.74	2,928,401	-	-	2,928,401
Grades 5 - 6	0.75 - 3.95	2,330,150	85,173	-	2,415,323
Grades 7 - 8	3.96 - 30.67	343,606	143,822	-	487,428
Grades 9 - 10	30.68 - 100	-	-	61,845	61,845
		5,602,157	228,995	61,845	5,892,997
Loss allowance		(28,892)	(15,842)	(54,573)	(99,307)
Total		**5,573,265**	**213,153**	**7,272**	**5,793,690**

December 31, 2018

	PD Ranges	Stage 1	Stage 2	Stage 3	Total
Grades 1 - 4	0.03 - 0.80	2,268,324	-	-	2,268,324
Grades 5 - 6	0.81 - 4.12	2,791,410	368,735	-	3,160,145
Grades 7 - 8	4.13 - 30.43	281,017	4,237	-	285,254
Grades 9 - 10	30.44 - 100	-	-	64,701	64,701
		5,340,751	372,972	64,701	5,778,424
Loss allowance		(34,957)	(16,389)	(49,439)	(100,785)
Total		**5,305,794**	**356,583**	**15,262**	**5,677,639**

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

5. Financial Risk (continued)

A. Credit risk (continued)

Loan commitments and financial guarantees issued

December 31, 2019	12-month PD Ranges	Stage 1	Stage 2	Stage 3	Total
Commitments and contingencies					
Grades 1 - 4	0.03 - 0.74	153,874	-	-	153,874
Grades 5 - 6	0.75 - 3.95	150,631	27,446	-	178,077
Grades 7 - 8	3.96 - 30.67	161,421	-	-	161,421
		465,926	27,446	-	493,372
Customers' liabilities under acceptances					
Grades 1 - 4	0.03 - 0.74	13,367	-	-	13,367
Grades 5 - 6	0.75 - 3.95	5,491	-	-	5,491
Grades 7 - 8	3.96 - 30.67	96,824	-	-	96,824
		115,682	-	-	115,682
		581,608	**27,446**	-	**609,054**
Loss allowance		(2,683)	(361)	-	(3,044)
Total		**578,925**	**27,085**	**-**	**606,010**

December 31, 2018	12-month PD Ranges	Stage 1	Stage 2	Stage 3	Total
Commitments and contingencies					
Grades 1 - 4	0.03 - 0.80	111,224	-	-	111,224
Grades 5 - 6	0.81 - 4.12	126,046	16,318	-	142,364
Grades 7 - 8	4.13 - 30.43	248,299	-	-	248,299
		485,569	16,318	-	501,887
Customers' liabilities under acceptances					
Grades 1 - 4	0.03 - 0.80	7,750	-	-	7,750
Grades 5 - 6	0.81 - 4.12	-	-	-	-
Grades 7 - 8	4.13 - 30.43	1,946	-	-	1,946
		9,696	-	-	9,696
		495,265	**16,318**	-	**511,583**
Loss allowance		(3,089)	(200)	-	(3,289)
Total		**492,176**	**16,118**	**-**	**508,294**

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

5. Financial Risk (continued)

A. Credit risk (continued)

Securities at amortized cost

	December 31, 2019				
	12-month PD Ranges	Stage 1	Stage 2	Stage 3	Total
Grades 1 - 4	0.03 - 0.74	73,047	-	-	73,047
Grades 5 - 6	0.75 - 3.95	-	1,500	-	1,500
		73,047	1,500	-	74,547
Loss allowance		(103)	(10)	-	(113)
Total		**72,944**	**1,490**	**-**	**74,434**

	December 31, 2018				
	12-month PD Ranges	Stage 1	Stage 2	Stage 3	Total
Grades 1 - 4	0.03 - 0.80	83,835	-	-	83,835
Grades 5 - 6	0.81 - 4.12	-	1,491	-	1,491
		83,835	1,491	-	85,326
Loss allowance		(113)	(27)	-	(140)
Total		**83,722**	**1,464**	**-**	**85,186**

Securities at fair value through other comprehensive income (FVOCI)

	December 31, 2019				
	12-month PD Ranges	Stage 1	Stage 2	Stage 3	Total
Grades 1 - 4	0.03 - 0.74	5,094	-	-	5,094
		5,094	-	-	5,094
Loss allowance		-	-	-	-
Total		**5,094**	**-**	**-**	**5,094**

	December 31, 2018				
	12-month PD Ranges	Stage 1	Stage 2	Stage 3	Total
Grades 1 - 4	0.03 - 0.80	18,911	-	-	18,911
Grades 5 - 6	0.81 - 4.12	-	2,887	-	2,887
		18,911	2,887	-	21,798
Loss allowance		(33)	(140)	-	(173)
Total		**18,878**	**2,747**	**-**	**21,625**

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

5. Financial Risk (continued)

A. Credit risk (continued)

The following table presents information of the current and past due balances of loans in stages 1, 2 and 3:

	December 31, 2019			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount				
Current	5,602,157	228,995	47,169	5,878,321
Past due				
90-120 days	-	-	3,724	3,724
151-180 days	-	-	-	-
More than 180 days	-	-	10,952	10,952
Total past due	-	-	14,676	14,676
Total	**5,602,157**	**228,995**	**61,845**	**5,892,997**

	December 31, 2018			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount				
Current	5,340,751	372,972	57,025	5,770,748
Past due				
90-120 days	-	-	2,410	2,410
151-180 days	-	-	2,857	2,857
More than 180 days	-	-	2,409	2,409
Total past due	-	-	7,676	7,676
Total	**5,340,751**	**372,972**	**64,701**	**5,778,424**

As of December 31, 2019 and 2018, other financial assets were no past due or impaired balances.

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

	December 31, 2019		
	Notional value USD	Derivative financial instrument - fair value asset	Derivative financial instrument - fair value liabilities
Interest rate swaps	521,333	407	(1,903)
Cross-currency swaps	369,869	10,125	(10,197)
Foreign exchange forwards	74,471	625	(2,575)
Total	**965,673**	**11,157**	**(14,675)**

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

5. Financial Risk (continued)

A. Credit risk (continued)

	December 31, 2018		
	Notional value USD	**Derivative financial instrument - fair value asset**	**Derivative financial instrument - fair value liabilities**
Interest rate swaps	893,500	621	(9,410)
Cross-currency swaps	249,782	1,134	(17,378)
Foreign exchange forwards	182,494	933	(7,255)
Total	**1,325,776**	**2,688**	**(34,043)**

ii. Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral.

Derivatives and repurchase agreements

In the ordinary course of business, the Bank enters into derivative financial instrument transactions and securities sold under repurchase agreements under industry standards agreements. Depending on the collateral requirements stated in the contracts, the Bank and counterparties can receive or deliver collateral based on the fair value of the financial instruments transacted between parties. Collateral typically consists of pledged cash deposits and securities. The master netting agreements include clauses that, in the event of default, provide for close-out netting, which allows all positions with the defaulting counterparty to be terminated and net settled with a single payment amount.

The International Swaps and Derivatives Association master agreement ("ISDA") and similar master netting arrangements do not meet the criteria for offsetting in the consolidated statement of financial position. This is because they create for the parties to the agreement a right of set-off of recognized amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Bank or the counterparties or following other predetermined events.

Such arrangements provide for single net settlement of all financial instruments covered by the agreements in the event of default on any one contract. Master netting arrangements do not normally result in an offset of balance–sheet assets and liabilities unless certain conditions for offsetting are met.

Although master netting arrangements may significantly reduce credit risk, it should be noted that:

- Credit risk is eliminated only to the extent that amounts due to the same counterparty will be settled after the assets are realized.
- The extent to which overall credit risk is reduced may change substantially within a short period because the exposure is affected by each transaction subject to the arrangement.

Loans

The main types of collateral obtained are, as follows:

- For commercial lending, liens on real estate property, inventory and trade receivables.

The Bank also obtains guarantees from parent companies for loans to their subsidiaries. Management monitors the market value of collateral and will request additional collateral in accordance with the underlying agreement. It is the Bank's policy to dispose of repossessed property in an orderly fashion. The proceeds are used to reduce or repay the outstanding claim. In general, the Bank does not occupy repossessed property for business use.

5. Financial Risk (continued)

A. Credit risk (continued)

The Bank holds guarantees and other financial credit enhancements against certain exposures in the loan portfolio. As of December 31, 2019, and 2018, the coverage ratio to the carrying amount of the loan portfolio was 12% and 8% respectively.

iii. Implementation of forward-looking information

The Bank incorporates information of the economic environments on a forward-looking view, when assessing whether the credit risk of a financial instrument has significantly increased since initial recognition through customer and country rating models which include projections of the inputs under analysis.

Supplementary, for the expected credit loss measurement the results of the alert model can be considered, which are analyzed through a severity indicator to total risk resulting from the estimates and assumptions of several macroeconomics factors. These estimates and assumptions are supported by a base scenario associated to a probability of occurrence of 95%. Other scenarios represent optimistic and pessimistic results. The implementation and interpretation of the outcomes of the alert are based on the expert judgement of management, based on suggestions of areas such as Credit Risk, Economic Studies and Loan Recovery of the Bank.

The external information could include economic data and projections published by governmental committees, monetary agencies (e.g., Federal Reserve Bank and from countries where the Bank operates), supranational organizations (International Monetary Fund, The World Bank, World Trade Organization), private sector, academic projections, credit rating agencies, among other.

Principal macroeconomies variables of the country rating model with forward-looking scenarios are:

Variables	Description
GDP Growth (Var. %)	% Variation in the growth of the Gross Domestic Product (GDP)
ComEx Growth (Var. %)	% Variation in foreign trade growth (Exp. + Imp.)

The model uses, as main inputs, the following macroeconomic variables: the percentage variation of the gross domestic product of Latin America and the percentage of the foreign trade index growth. The main movements and changes in the variables are analyzed, in general and in particular for each country in the region. This historical and projected information over a period of five years allows Management a complementary means to estimate the macroeconomic effects in the Bank's portfolio.

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

5. Financial Risk (continued)

A. Credit risk (continued)

The table below lists the macroeconomic assumptions by country used in the base, optimistic and pessimistic scenarios over the five-year average forecast period.

		Variable			
		GDP Growth (Var.%)		ComEx Growth Index (Var.%)	
Country	**Scenario**	**2019**	**2018**	**2019**	**2018**
Brazil	Central	2.0%	1.7%	4.1%	5.6%
	Upside	3.0%	2.7%	7.6%	9.1%
	Downside	0.6%	0.3%	0.1%	1.6%
Colombia	Central	3.4%	3.1%	6.6%	7.3%
	Upside	4.5%	4.2%	9.6%	10.3%
	Downside	2.1%	1.8%	3.1%	3.8%
Mexico	Central	1.5%	1.5%	2.2%	3.0%
	Upside	2.5%	2.5%	6.2%	7.0%
	Downside	0.3%	0.3%	-2.3%	-1.5%
Chile	Central	2.2%	2.4%	3.1%	4.1%
	Upside	3.3%	3.5%	6.6%	7.6%
	Downside	1.0%	1.2%	-0.9%	0.1%
Ecuador	Central	1.3%	1.1%	4.6%	6.3%
	Upside	2.3%	2.1%	7.6%	9.3%
	Downside	-0.2%	-0.4%	1.1%	2.8%
Guatemala	Central	3.5%	3.4%	4.1%	3.4%
	Upside	4.5%	4.4%	7.1%	6.4%
	Downside	2.3%	2.2%	0.6%	-0.1%
Dominican Republic	Central	5.0%	5.4%	5.8%	6.4%
	Upside	6.2%	6.6%	9.3%	9.9%
	Downside	3.7%	4.1%	1.8%	2.4%
Panama	Central	4.6%	4.3%	3.0%	3.3%
	Upside	6.1%	5.8%	6.0%	6.3%
	Downside	3.2%	2.9%	-0.5%	-0.2%

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

5. Financial Risk (continued)

A. Credit risk (continued)

iv. Loss allowances

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument. The basis for determining transfers due to changes in credit risk is set out in our accounting policy; see Note 4.4(J)

Loans

	Stage 1	Stage 2	Stage 3	Total
Allowance for expected credit losses as of December 31, 2018	**34,957**	**16,389**	**49,439**	**100,785**
Transfer to lifetime expected credit losses	(2,488)	2,488	-	-
Net effect of changes in allowance for expected credit losses	(2,154)	5,881	7,987	11,714
Financial instruments that have been derecognized during the year	(27,118)	(8,916)	(500)	(36,534)
New financial assets originated or purchased	25,695	-	-	25,695
Write-offs	-	-	(2,405)	(2,405)
Recoveries	-	-	52	52
Allowance for expected credit losses as of December 31, 2019	**28,892**	**15,842**	**54,573**	**99,307**

	Stage 1	Stage 2	Stage 3	Total
Allowance for expected credit losses as of December 31, 2017	**19,821**	**33,477**	**27,996**	**81,294**
Transfer to lifetime expected credit losses	(514)	514	-	-
Transfer to credit-impaired financial instruments	(111)	(7,864)	7,975	-
Transfer to 12-month expected credit losses	4,471	(4,471)	-	-
Net effect of changes in reserve for expected credit losses	(4,665)	5,823	55,153	56,311
Financial instruments that have been derecognized during the year	(16,400)	(11,090)	-	(27,490)
New financial assets originated or purchased	32,355	-	-	32,355
Write-offs	-	-	(41,686)	(41,686)
Recoveries	-	-	1	1
Allowance for expected credit losses as of December 31, 2018	**34,957**	**16,389**	**49,439**	**100,785**

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

5. Financial Risk (continued)

A. Credit risk (continued)

Securities at amortized cost

	Stage 1	Stage 2	Stage 3	Total
Allowance for expected credit losses as of December 31, 2018	**113**	**27**	**-**	**140**
Net effect of changes in allowance for expected credit losses	(1)	(17)	-	(18)
Financial instruments that have been derecognized during the year	(46)	-	-	(46)
New financial assets originated or purchased	37	-	-	37
Allowance for expected credit losses as of December 31, 2019	**103**	**10**	**-**	**113**

	Stage 1	Stage 2	Stage 3	Total
Allowance for expected credit losses as of December 31, 2017	**144**	**52**	**-**	**196**
Net effect of changes in reserve for expected credit losses	(23)	(25)	-	(48)
Financial instruments that have been derecognized during the year	(64)	-	-	(64)
New financial assets originated or purchased	56	-	-	56
Allowance for expected credit losses as of December 31, 2018	**113**	**27**	**-**	**140**

Securities at fair value through other comprehensive income (FVOCI)

	Stage 1	Stage 2	Stage 3	Total
Allowance for expected credit losses as of December 31, 2018	**33**	**140**	**-**	**173**
Financial instruments that have been derecognized during the year	(33)	(140)	-	(173)
Allowance for expected credit losses as of December 31, 2019	**-**	**-**	**-**	**-**

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

5. Financial Risk (continued)

A. Credit risk (continued)

	Stage 1	Stage 2	Stage 3	Total
Allowance for expected credit losses as of December 31, 2017	**24**	**198**	**-**	**222**
Transfer to lifetime expected credit losses	(5)	(58)	-	(63)
New financial assets originated or purchased	14	-	-	14
Allowance for expected credit losses as of December 31, 2018	**33**	**140**	**-**	**173**

Loan commitments and financial guarantee contracts

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

	Stage 1	Stage 2	Stage 3	Total
Allowance for expected credit losses as of December 31, 2018	**3,089**	**200**	**-**	**3,289**
Net effect of changes in reserve for expected credit loss	(17)	170	-	153
Financial instruments that have been derecognized during the year	(2,497)	(9)	-	(2,506)
New instruments originated or purchased	2,108	-	-	2,108
Allowance for expected credit losses as of December 30, 2019	**2,683**	**361**	**-**	**3,044**

	Stage 1	Stage 2	Stage 3	Total
Allowance for expected credit losses as of December 31, 2017	**1,358**	**5,487**	**-**	**6,845**
Transfer to lifetime expected credit losses	(31)	31	-	-
Net effect of changes in reserve for expected credit loss	13	169	-	182
Financial instruments that have been derecognized during the year	(1,179)	(5,487)	-	(6,666)
New instruments originated or purchased	2,928	-	-	2,928
Allowance for expected credit losses as of December 31, 2018	**3,089**	**200**	**-**	**3,289**

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

5. Financial Risk (continued)

A. Credit risk (continued)

The following table provides a reconciliation between:

- Amounts shown in the previous tables reconciling opening and closing balances of loss allowance per class of financial instrument; and
- The 'impairment losses on financial instruments' line item in the consolidated statement of profit or loss and other comprehensive income.

December 31, 2019	Loans	Loan commitments and financial guarantee contracts	Securities At amortized cost	Securities FVOCI	Total
Net effect of changes in allowance for expected credit losses	11,714	153	(18)	-	11,849
Financial instruments that have been derecognized during the year	(36,534)	(2,506)	(46)	(173)	(39,259)
New financial assets originated or purchased	25,695	2,108	37	-	27,840
Total	**875**	**(245)**	**(27)**	**(173)**	**430**

December 31, 2018	Loans	Loan commitments and financial guarantee contracts	Securities At amortized cost	Securities FVOCI	Total
Net effect of changes in allowance for expected credit losses	56,311	182	(48)	(63)	56,382
Financial instruments that have been derecognized during the year	(27,490)	(6,666)	(64)	-	(34,220)
New financial assets originated or purchased	32,355	2,928	56	14	35,353
Total	**61,176**	**(3,556)**	**(56)**	**(49)**	**57,515**

December 31, 2017	Loans	Loan commitments and financial guarantee contracts	Securities At amortized cost	Securities FVOCI	Total
Net effect of changes in allowance for expected credit losses	35,584	799	(45)	(71)	36,267
Financial instruments that have been derecognized during the year	(44,088)	(971)	(440)	(12)	(45,511)
New financial assets originated or purchased	17,363	1,241	79	-	18,683
Total	**8,859**	**1,069**	**(406)**	**(83)**	**9,439**

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

5. Financial Risk (continued)

A. Credit risk (continued)

v. Credit-impaired financial assets

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

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

	2019	**2018**
Credit-impaired loans and advances at January 1,	49,439	27,996
Classified as credit-impaired during the year	-	7,975
Change in expected credit losses allowance	7,664	54,342
Release for asset sale	(500)	-
Recoveries of amounts previously written off	52	1
Interest income	323	811
Write-offs	(2,405)	(41,686)
Credit-impaired loans and advances at December 31,	**54,573**	**49,439**

vi. Modified financial assets

As of December 31, 2018, the Bank received a new financial asset (debentures) with a fair value of $8.8 million as part of a restructured loan with a book value of $35 million. The remaining balance of $26.2 million was written off against the allowance for loan losses.

vii. Concentrations of credit risk

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

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

5. Financial Risk (continued)

A. Credit risk (continued)

Concentration by sector and industry

	Loans		Securities				Loan commitments and financial guarantee contracts	
			At amortized cost		FVOCI			
	2019	2018	2019	2018	2019	2018	2019	2018
Carrying amount - principal	5,892,997	5,778,424	74,547	85,326	5,094	21,798	115,682	9,696
Amount committed/guaranteed	-	-	-	-	-	-	493,372	501,887
Concentration by sector								
Corporations:								
Private	1,782,808	1,893,696	2,998	7,264	-	-	213,161	196,663
State-owned	780,491	742,912	23,792	23,816	-	7,743	69,822	97,142
Financial institutions:								
Private	2,692,787	2,458,690	19,276	12,642	-	6,157	75,130	13,093
State-owned	589,690	624,100	-	-	-	2,887	250,941	204,685
Sovereign	47,221	59,026	28,481	41,604	5,094	5,011	-	-
Total	**5,892,997**	**5,778,424**	**74,547**	**85,326**	**5,094**	**21,798**	**609,054**	**511,583**
Concentration by industry								
Financial institutions	3,282,477	3,082,790	19,276	12,642	-	9,044	326,071	217,778
Industrial	925,375	986,262	21,658	25,826	-	-	143,560	66,117
Oil and petroleum derived products	561,068	634,615	5,132	5,254	-	7,743	71,571	94,271
Agricultural	327,288	446,960	-	-	-	-	-	-
Services	370,753	393,925	-	-	-	-	20,497	47,137
Mining	162,364	20,000	-	-	-	-	-	-
Sovereign	47,221	59,026	28,481	41,604	5,094	5,011	-	-
Other	216,451	154,846	-	-	-	-	47,355	86,280
Total	**5,892,997**	**5,778,424**	**74,547**	**85,326**	**5,094**	**21,798**	**609,054**	**511,583**

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

5. Financial Risk (continued)

A. Credit risk (continued)

Risk rating and concentration by country

			Securities					
	Loans		At amortized cost		FVOCI		Loan commitments and financial guarantee contracts	
	2019	2018	2019	2018	2019	2018	2019	2018
Carrying amount - principal	5,892,997	5,778,424	74,547	85,326	5,094	21,798	115,682	9,696
Amount committed/guaranteed	-	-	-	-	-	-	493,372	501,887
Rating								
1-4	2,928,401	2,268,324	73,047	83,835	5,094	18,911	167,241	118,974
5-6	2,415,323	3,160,145	1,500	1,491	-	2,887	183,568	142,364
7-8	487,428	285,254	-	-	-	-	258,245	250,245
9	-	64,701	-	-	-	-	-	-
10	61,845	-	-	-	-	-	-	-
Total	**5,892,997**	**5,778,424**	**74,547**	**85,326**	**5,094**	**21,798**	**609,054**	**511,583**
Concentration by country								
Argentina	226,481	604,112	-	-	-	-	-	6,980
Belgium	13,742	13,278	-	-	-	-	-	-
Bolivia	7,000	14,187	-	-	-	-	400	293
Brazil	1,015,316	1,156,223	1,500	1,491	-	2,887	50,000	50,000
Canada	-	-	-	-	-	-	657	422
Chile	683,132	176,976	-	-	5,094	5,011	8	-
Colombia	906,091	625,932	15,338	28,183	-	-	50,610	52,000
Costa Rica	220,380	370,087	-	-	-	-	59,161	38,598
Dominican Republic	289,853	301,067	-	-	-	-	16,500	16,500
Ecuador	174,267	188,445	-	-	-	-	252,391	249,170
El Salvador	54,232	70,048	-	-	-	-	5,555	824
France	152,530	-	-	-	-	-	47,906	-
Germany	34,613	17,500	-	-	-	-	-	18,000
Guatemala	278,557	328,830	-	-	-	-	44,200	15,293
Honduras	128,937	89,205	-	-	-	-	300	250
Hong Kong	10,400	-	-	-	-	-	-	-
Jamaica	38,312	21,727	-	-	-	-	-	-
Luxembourg	59,813	17,664	-	-	-	-	-	-
Mexico	754,465	867,441	21,505	27,123	-	-	27,377	22,731
Panama	268,355	485,546	36,204	28,529	-	6,157	25,304	34,897
Paraguay	127,970	158,685	-	-	-	-	10,652	-
Peru	150,301	78,191	-	-	-	-	8,033	4,875
Singapore	90,955	38,500	-	-	-	-	-	-
Switzerland	-	-	-	-	-	-	10,000	-
Trinidad and Tobago	181,676	144,874	-	-	-	7,743	-	-
United States of America	25,000	-	-	-	-	-	-	-
Uruguay	619	9,906	-	-	-	-	-	750
Total	**5,892,997**	**5,778,424**	**74,547**	**85,326**	**5,094**	**21,798**	**609,054**	**511,583**

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

5. Financial Risk (continued)

A. Credit risk (continued)

vii. Offsetting financial assets and liabilities

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

a) Derivative financial instruments – assets

December 31, 2019

Description	Gross amounts of assets	Gross amounts offset in the consolidated statement of financial position	Net amount of assets presented in the consolidated statement of financial position	Gross amounts not offset in the consolidated statement of financial position: Financial instruments	Gross amounts not offset in the consolidated statement of financial position: Cash collateral received	Net Amount
Derivative financial instruments used for hedging	11,157	-	11,157	-	(9,350)	1,807
Total	**11,157**	**-**	**11,157**	**-**	**(9,350)**	**1,807**

December 31, 2018

Description	Gross amounts of assets	Gross amounts offset in the consolidated statement of financial position	Net amount of assets presented in the consolidated statement of financial position	Gross amounts not offset in the consolidated statement of financial position: Financial instruments	Gross amounts not offset in the consolidated statement of financial position: Cash collateral received	Net Amount
Derivative financial instruments used for hedging	2,688	-	2,688	-	(1,496)	1,192
Total	**2,688**	**-**	**2,688**	**-**	**(1,496)**	**1,192**

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

5. Financial Risk (continued)

A. Credit risk (continued)

b) Securities sold under repurchase and derivative financial instruments – liabilities

December 31, 2019

Description	Gross amounts of liabilities	Gross amounts offset in the consolidated statement of financial position	Net amount of liabilities presented in the consolidated statement of financial position	Gross amounts not offset in the consolidated statement of financial position		Net Amount
				Financial instruments	Cash collateral pledged	
Securities sold under repurchase agreements	(40,530)	-	(40,530)	41,937	320	1,727
Derivative financial instruments used for hedging	(14,675)	-	(14,675)	-	14,632	(43)
Total	**(55,205)**	**-**	**(55,205)**	**41,937**	**14,952**	**1,684**

December 31, 2018

Description	Gross amounts of liabilities	Gross amounts offset in the consolidated statement of financial position	Net amount of liabilities presented in the consolidated statement of financial position	Gross amounts not offset in the consolidated statement of financial position		Net Amount
				Financial instruments	Cash collateral pledged	
Securities sold under repurchase agreements	(39,767)	-	(39,767)	43,628	-	3,861
Derivative financial instruments used for hedging	(34,043)	-	(34,043)	-	35,960	1,917
Total	**(73,810)**	**-**	**(73,810)**	**43,628**	**35,960**	**5,778**

5. Financial Risk (continued)

B. Liquidity risk

i. Exposure to liquidity risk

The key measure used by the Bank for managing liquidity risk is the ratio of net liquid assets to deposits from customers and short-term funding. For this purpose, 'net liquid assets' includes cash and cash equivalents which consist of deposits from banks, customers, debt securities issued, other borrowings and commitments maturing within the next month.

The following table details the Bank's liquidity ratios, described in the previous paragraph, as of December 31, 2019 and 2018, respectively, along with average information for the year:

	December 31, 2019	December 31, 2018
At December 31,	52.48%	92.83%
Year average	37.82%	52.17%
Maximum of the year	53.38%	112.96%
Minimum of the year	23.23%	21.98%

The following table include the Bank's liquid assets by geographical location:

(in millions of USD dollars)	December 31, 2019	December 31, 2018
United State of America	1,132	1,650
Other O.E.C.D countries	4	50
Latin America	4	6
Other countries	20	-
Total	**1,160**	**1,706**

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

(in millions of USD dollars)	December 31, 2019	December 31, 2018
Demand liabilities and "overnight"	86	725
% Demand liabilities and "overnight" of total deposits	2.97%	24.00%

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

(in millions of USD dollars)	December 31, 2019	December 31, 2018
Total liquid assets	1,160	1,706
% Total assets of total liabilities	40.15%	57.00%
% Total liquid assets in the U.S. Federal Reserve	97.37%	97.00%

5. Financial Risk (continued)

B. Liquidity risk (continued)

The remaining liquid assets were composed of short-term deposits in other banks.

While the Bank's liabilities generally expire in shorter periods than their assets, the associated liquidity risk is diminished by the short-term nature of the loan portfolio, because the Bank is primarily engaged in financing foreign trade.

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

(in millions of USD dollars)	December 31, 2019	December 31, 2018
Loan portfolio and investment portfolio less than/equal to 1 year according to its original term	3,485	3,912
Average term (days)	189	226

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

(in millions of USD dollars)	December 31, 2019	December 31, 2018
Loan portfolio and investment portfolio greater to 1 year according to its original term	2,497	1,990
Average term (days)	1,185	1,350

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

5. Financial Risk (continued)

B. Liquidity risk

ii. Maturity analysis for financial liabilities and financial assets

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

Description	December 31, 2019						
	Up to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	More than 5 years	Gross Inflow (outflow)	Carrying amount
Assets							
Cash and due from banks	1,178,288	-	-	-	-	1,178,288	1,178,170
Securities and other financial assets, net	16,684	6,457	7,293	54,544	6,492	91,470	88,794
Loans, net	1,960,381	967,594	1,207,469	1,822,519	150,742	6,108,705	5,823,333
Derivative financial instruments - assets	-	625	-	10,532	-	11,157	11,157
Total	**3,155,353**	**974,676**	**1,214,762**	**1,887,595**	**157,234**	**7,389,620**	**7,101,454**
Liabilities							
Deposits	(2,574,180)	(198,786)	(122,680)	-	-	(2,895,646)	(2,893,555)
Securities sold under repurchase agreements	(40,691)	-	-	-	-	(40,691)	(40,530)
Borrowings and debt, net	(1,407,612)	(451,736)	(230,776)	(1,147,699)	(13,422)	(3,251,245)	(3,148,864)
Derivative financial instruments - liabilities	(2,425)	(775)	(1,711)	(12,014)	-	(16,925)	(14,675)
Total	**(4,024,908)**	**(651,297)**	**(355,167)**	**(1,159,713)**	**(13,422)**	**(6,204,507)**	**(6,097,624)**
Contingencies							
Confirmed lettes of credit	84,235	77,493	7,592	-	-	169,320	169,320
Stand-by letters of credit and guaranteed	35,906	95,440	114,078	10,057	-	255,481	255,481
Credit commitments	-	-	-	68,571	-	68,571	68,571
Total	**120,141**	**172,933**	**121,670**	**78,628**	**-**	**493,372**	**493,372**
Net position	**(989,696)**	**150,446**	**737,925**	**649,254**	**143,812**	**691,741**	**510,458**

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

5. Financial Risk (continued)

B. Liquidity risk (continued)

Description	Up to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	More than 5 years	Gross Inflow (outflow)	Carrying amount
	December 31, 2018						
Assets							
Cash and due from banks	1,745,671	-	-	-	-	1,745,671	1,745,652
Securities and other financial assets, net	14,870	5,152	21,702	69,802	13,993	125,519	123,598
Loans, net	1,873,995	1,434,229	972,201	1,611,558	19,785	5,911,768	5,702,258
Derivative financial instruments - assets	(2,104)	19	78	1,111	-	(896)	2,688
Total	**3,632,432**	**1,439,400**	**993,981**	**1,682,471**	**33,778**	**7,782,062**	**7,574,196**
Liabilities							
Deposits	(2,515,096)	(291,804)	(184,360)	-	-	(2,991,260)	(2,982,976)
Securities sold under repurchase agreements	(11,604)	-	(28,873)	-	-	(40,477)	(39,767)
Borrowings and debt, net	(956,634)	(402,871)	(958,442)	(1,281,454)	(68,464)	(3,667,865)	(3,532,209)
Derivative financial instruments - liabilities	(4,421)	(8,516)	(3,946)	(8,634)	(3,260)	(28,777)	(34,043)
Total	**(3,487,755)**	**(703,191)**	**(1,175,621)**	**(1,290,088)**	**(71,724)**	**(6,728,379)**	**(6,588,995)**
Contingencies							
Confirmed letters of credit	75,720	141,985	1,283	-	-	218,988	218,988
Stand-by letters of credit and guaranteed	75,273	31,107	73,176	200	-	179,756	179,756
Credit commitments	36,000	-	-	67,143	-	103,143	103,143
Total	**186,993**	**173,092**	**74,459**	**67,343**	**-**	**501,887**	**501,887**
Net position	**(42,316)**	**563,117**	**(256,099)**	**325,040**	**(37,946)**	**551,796**	**483,314**

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

Type of financial instrument	**Basis on which amounts are compiled**
Financial assets and liabilities	Undiscounted cash flows, which include estimated interest payments.
Issued financial guarantee contracts, and loan commitments	Earliest possible contractual maturity. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.
Derivative financial liabilities and financial assets	Contractual undiscounted cash flows. The amounts shown are the gross nominal inflows and outflows for derivatives that have simultaneous gross and the net amounts for derivatives that are net settled.

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

5. Financial Risk (continued)

B. Liquidity risk (continued)

iii. Liquidity reserves

As part of management of liquidity risk arising from financial liabilities, the Bank holds liquid assets comprising cash and cash equivalents, which can be readily sold to meet liquidity requirements. In addition, the Bank maintains agreed lines of credit with other banks and holds unencumbered assets eligible for use as collateral with banks.

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

	December 31, 2019		December 31, 2018	
	Amount	**Fair Value**	**Amount**	**Fair Value**
Balance with Central Banks	1,129,016	1,129,016	1,648,306	1,648,306
Cash and balances with other bank	49,154	49,154	97,346	97,346
Undrawn credit lines granted by others banks, unannounced	1,773,000	1,773,000	1,365,000	1,365,000
Total Liquidity reserves	**2,951,170**	**2,951,170**	**3,110,652**	**3,110,652**

iv. Financial assets available to support future funding

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

December 31, 2019	**Guaranteed**	**Available as collateral**
Cash and due from banks	18,452	1,159,718
Notional of investment securities	40,531	38,045
Loan portfolio	-	5,823,333
Total assets	**58,983**	**7,021,096**

December 31, 2018	**Guaranteed**	**Available as collateral**
Cash and due from banks	39,460	1,706,192
Notional of investment securities	39,767	66,601
Loan portfolio	-	5,702,258
Total assets	**79,227**	**7,475,051**

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

5. Financial Risk (continued)

C. Market risk

For the definition of market risk and information on how the Bank manages the market risks of trading and non-trading portfolios, see note 6.

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

	December 31, 2019						
Description	**Up to 3 months**	**3 to 6 months**	**6 months to 1 year**	**1 to 5 years**	**More than 5 years**	**Non interest rate risk**	**Total**
Assets							
Demand deposits and time deposits	1,155,155	-	-	-	-	-	1,155,155
Securities and other financial assets	14,935	6,351	5,055	53,300	-	-	79,641
Loans	4,031,432	1,096,355	548,028	208,443	8,739	-	5,892,997
Total assets	5,201,522	1,102,706	553,083	261,743	8,739	-	7,127,793
Liabilities							
Demand deposits and time deposits	(2,570,324)	(197,300)	(120,419)	-	-	(293)	(2,888,336)
Securities sold repurchase agreements	(40,530)	-	-	-	-	-	(40,530)
Borrowings and debt	(2,534,382)	(401,432)	(25,261)	(157,321)	-	(19,914)	(3,138,310)
Total liabilities	(5,145,236)	(598,732)	(145,680)	(157,321)	-	(20,207)	(6,067,176)
Net effect of derivative financial instruments held for interest risk management	(2,425)	(150)	(1,711)	(1,482)	-	-	(5,768)
Total interest rate sensitivity	**53,861**	**503,824**	**405,692**	**102,940**	**8,739**	**(20,207)**	**1,054,849**

	December 31, 2018						
Description	**Up to 3 months**	**3 to 6 months**	**6 months to 1 year**	**1 to 5 years**	**More than 5 years**	**Non interest rate risk**	**Total**
Assets							
Demand deposits and time deposits	1,736,008	-	-	-	-	-	1,736,008
Securities and other financial assets	12,833	3,279	20,182	64,673	6,157	-	107,124
Loans	4,002,558	1,259,088	331,875	177,301	7,602	-	5,778,424
Total assets	5,751,399	1,262,367	352,057	241,974	13,759	-	7,621,556
Liabilities							
Demand deposits and time deposits	(2,504,077)	(285,492)	(181,253)	-	-	-	(2,970,822)
Securities sold under repurchase agreements	(11,535)	-	(28,232)	-	-	-	(39,767)
Borrowings and debt	(2,827,219)	(142,799)	(78,572)	(409,541)	(60,315)	-	(3,518,446)
Total liabilities	(5,342,831)	(428,291)	(288,057)	(409,541)	(60,315)	-	(6,529,035)
Net effect of derivative financial instruments held for interest risk management	(139,362)	58,748	(159,500)	160,037	57,188	-	(22,889)
Total interest rate sensitivity	**269,206**	**892,824**	**(95,500)**	**(7,530)**	**10,632**	**-**	**1,069,632**

Management of interest rate risk is complemented by monitoring the sensitivity of the Bank's financial assets and liabilities to various standard interest rate scenarios. Standard scenarios that are considered on a monthly basis include a 50bps, 100bps and 200bps, respectively, parallel fall or rise in all yield curves which are assessed accordingly to market conditions.

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

5. Financial Risk (continued)

C. Market risk (continued)

The following is an analysis of the Bank's sensitivity to an increase or decrease in market interest rates, assuming no asymmetrical movements in yield curves and a constant financial position:

	Change in interest rate	Effect on profit or loss	Effect on Equity
December 31, 2019	+200 bps	14,297	(66,840)
	-200 bps	(14,297)	66,840
December 31, 2018	+200 bps	5,881	(20,508)
	-200 bps	(5,298)	20,508

Interest rate movements affect reported equity in the following ways:

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

This sensitivity provides a consideration of changes in interest rates, considering last year interest rate volatility.

i. Exposure to currency risk

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

	December 31, 2019						
	Brazilian Real	**European Euro**	**Japanese Yen**	**Colombian Peso**	**Mexican Peso**	**Other Currencies (1)**	**Total**
Exchance rate	4.02	1.12	108.67	3,287.50	18.88		
Assets							
Cash and due from banks	274	17	4	34	4,243	58	4,630
Loans	-	-	-	-	473,729	-	473,729
Total Assets	**274**	**17**	**4**	**34**	**477,972**	**58**	**478,359**
Liabilities							
Borrowings and debt	-	-	-	-	(478,038)	-	(478,038)
Total liabilities	**-**	**-**	**-**	**-**	**(478,038)**	**-**	**(478,038)**
Net currency position	**274**	**17**	**4**	**34**	**(66)**	**58**	**321**

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

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

5. Financial Risk (continued)

C. Market risk (continued)

	December 31, 2018						
	Brazilian Real	European Euro	Japanese Yen	Colombian Peso	Mexican Peso	Other Currencies (1)	Total
Exchance rate	3.87	1.14	109.98	3,253.00	19.66		
Assets							
Cash and due from banks	291	16	1	62	505	44	919
Loans	-	-	-	-	173,953	-	173,953
Total Assets	**291**	**16**	**1**	**62**	**174,458**	**44**	**174,872**
Liabilities							
Borrowings and debt	-	-	-	-	(173,577)	-	(173,577)
Total liabilities	**-**	**-**	**-**	**-**	**(173,577)**	**-**	**(173,577)**
Net currency position	**291**	**16**	**1**	**62**	**881**	**44**	**1,295**

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

6. Financial risk management

The risk is inherent to the Bank's activities. Risks are classified into two categories: financial and non-financial risks. Financial risks are those associated within the Bank's business model, with impact in the Bank's consolidated statement of financial position and profit or loss, as follows: country risk, credit risk, market risk and liquidity risk. Non-financial risks are those related to the Bank's operating model and the regulatory environment that may affect the integrity of the information, the Bank's reputation and also its profit or loss accounts, as follows: operational, technological, cyber security, compliance (know your customer, money laundering, terrorism financing), environmental, fraud risks, among others.

Lead by the Head of Integral Risk Management, an ongoing process of identification, measurement, monitoring, control, mitigation and reporting to all operating areas within the Bank is carried out continuously, considering the different types of risk to which the Bank is exposed according to the size and complexity of its operations, products and services.

The Bank has in place policies, standards and procedures, structures, and manuals associated to the integral risk management, designed to identify potential events that may affect it, all of which are consistent with the risk profile of the business, considering the complexity and the volume of its operations.

The Board of Directors is responsible for establishing the Bank's acceptable risk profile, for which it has the knowledge and understanding of the risks to which the Bank is exposed to. The Board of Directors designate the members of the Risk Policy and Assessment Committee (CPER, for its Spanish acronym), which is responsible for overseeing the overall risk process within the Bank.

CPER oversees the assessment and recommendation for approval to the Board of Directors of all the policies related to a reasonable Risk Management. Furthermore, the Committee also reviews and assesses the exposure, within the risk levels stated in its policies, by which the Bank is willing to assume the various risks it faces through the business management.

The Head of Integral Risk Management directly reports to the CEO and the CPER, and has as a main duty to ensure the comprehensive risk management of the Bank's operating model and IT platform, as well as for the financial and credit related risks, being responsible for implementing and maintaining risk-related procedures in place to ensure that an independent control process is kept, monitoring the compliance of the risk principles, policies and limits at all levels throughout the Bank. The Head of Integral Risk Management works closely with CPER to ensure that procedures are consistent with the Integral Risk Management Governance Framework.

6. Financial risk management (continued)

Risk Management Committees:

- Operational and Information Security Risk Committee
- Country Risk Committee
- Credit Committee (Management Credit Committee / Board of Directors Delegate Credit Committee / CPER)
- Management and monitoring Committee
- Asset and Liability Committee (ALCO)

A. Credit risk

As part of the embedded risk, the Bank will incur in losses and/or its assets will be impaired as a result of the failure of its borrowers to comply in a timely manner or to meet the terms of credit agreements.

The Bank's customer base consists primarily of corporations, large companies, local and regional financial institutions, as well as state-owned enterprises. The Bank focuses its risk assessment on an in-depth analysis of the entity or economic group that involves: the nature of the business, the countries where it operates, types of products offered, duration of the relationship, track record and reputation, among others.

Credit risk management comprises two main stages: origination and monitoring. The credit origination process involves the activities of identifying and analyzing the customer's creditworthiness and approving the terms and conditions for credit extensions. The monitoring process consists of annual credit reviews of existing exposures, "ad hoc" reviews on a case-by-case basis when conditions so require, and portfolio reviews by the Bank's credit committees. The objective is to maximize the risk-adjusted rate of return by keeping credit risk exposures within acceptable parameters. This process involves the Risk and Business Units under the supervision of the Board of Directors, through the Risk Policy and Assessment Committee (CPER).

The Bank has developed internally a loss model to determine the required level of expected credit losses associated with potential losses in financial instruments, based on IFRS 9 - Financial Instruments.

Individually assessed reserves

The Bank individually assesses the appropriate reserves for certain significant financial asset, by considering interest payment delays, credit rating downgrading or any breach of the original contractual terms. Factors considered when determining a reserve include the sustainability of the counterparty's business plan, its ability to improve performance when facing a difficult financial situation, projected payments and expected results in the event of bankruptcy, the availability of other financial support, the realizable value of collateral, and the timing of expected cash flows. Impairment loss is assessed at each report date, unless unforeseen circumstances require special attention.

Collectively assessed reserves

Reserves are separately assessed at each reporting date for each portfolio. The collective assessment is made for groups of assets with similar risk characteristics, to determine whether it is appropriate to provide for, due to incurred loss events for which there is objective evidence, but the effects of which are not yet evident in individual loan assessments. The collective assessment considers either portfolio information (e.g. historical losses in the portfolio, delinquency levels, credit utilization, loan-to-collateral ratios and expected collections and recoveries after impairment) or economic data (such as current economic conditions, unemployment, local or industry-specific situations).

The Bank generally supports its assessment on historical experience and forward-looking information. However, when significant market, regional and/or global events occur, the Bank includes these macroeconomic factors in its assessments. Depending on the characteristics of the individual or collective assessment, these factors include: unemployment rates, current levels of impaired debt, changes in law, changes in regulation, bankruptcy trends and other consumer data. The Bank may use the above factors, as appropriate, to adjust for impairment.

The time elapsed since a loss is incurred and a specific individual reserve requirement its identified should be taken into consideration for the evaluation. The impairment reserve is reviewed by credit management to ensure alignment with the Bank's general policy.

6. Financial risk management (continued)

A. Credit risk (continued)

Financial guarantees and letters of credit are assessed in a similar manner to amortized cost loans.

A supplemental qualitative review may result in adjustments to the level of provisions, based on prospective reviews of potential risk scenarios for businesses or loans not yet captured in the Bank's historical information.

The Bank has developed an internal customer, counterparty and country rating model, which allows for proactive risk management in terms of exposure limits, transaction typology and time limits, among others.

Derivative financial instruments

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded in the consolidated statement of financial position at fair value. With derivatives that are settled gross, the Bank is also exposed to settlement risk, which is the risk that the Bank will honor its obligation, but the counterparty will be unable to deliver the value of the consideration.

Credit Commitments.

The Bank makes available to its customers guarantees that may require the Bank to make payments on behalf of these customers and to take on commitments to issue lines of credit to ensure their liquidity needs. Letters of credit and guarantees (including standby letters of credit) commit the Bank to make payments on behalf of customers for a specific event, usually related to the import or export of goods. Such commitments expose the Bank to risks similar to those loans which are mitigated by the same controls established in processes and policies.

B. Liquidity risk

Liquidity risk is the possibility of an economic loss to the Bank due to the difficulty in liquidating assets or obtaining financial resources on normal terms.

The Bank conducts daily reviews of the Liquidity Coverage Ratio (LCR). The LCR methodology follows local standards and guidelines recommended by the Basel Committee. The Bank also monitors the Net Stable Funding Rate (NSFR), to maintain an adequate funding structure over the long term.

Liquidity is controlled through the periodic review of:

- The maturity schedule to identify maturity "gaps" in the various time frames.
- Deposit concentration report to identify possible increases in amounts and maturities that may affect the Bank's liquidity.

The Bank has a Liquidity Contingency Plan in place, which was designed to monitor a series of indicators that could trigger a liquidity event, with possible impact on the Bank's operations and establishes an action plan so that the Bank's liquidity is always assured.

C. Market risk

Market risk is the risk that the value of the Bank's assets and liabilities will decline due to changes in market conditions that may adversely affect its income. The risk is inherent in the financial instruments associated with the Bank's operations and activities, including: loans, investments and securities, liabilities and debt, derivatives, etc. The main risks include: interest rate risk and foreign exchange risk, which can affect asset prices and result in losses for the Bank.

With respect to interest rate risk management, the Bank's policy requires Management to assess the asset and liability positions in order to reduce potential adverse impacts on net interest income due to market interest rates fluctuations.

6. Financial risk management (continued)

The Bank manages interest rate risk by closely monitoring the appreciation of the assets and liabilities through hedging to reduce potential negative impacts on earnings and capital.

Management conducts periodic sensitivity analyses simulating market changes in interest rates to determine potential impacts on net interest income (both upward and downward). In addition, the Bank monitors the DV01 limit, for which a parallel 1-base point shock is applied to the interest rate curve and assesses if there is any impact on capital.

Foreign exchange risk is the risk of change in the market value of a financial instrument due to fluctuations in the exchange rate of a given currency. The Bank operates primarily in U.S. dollars, so exposure to this type of risk is minimized. For transactions in currencies other than the US dollar, the Bank manages the exchange rate risk by arranging derivative instruments for hedging purposes, or by establishing natural hedges matching assets and liabilities expressed in the same currency. For liquidity positions, the Bank has established thresholds in order to limit the maximum level of exposure.

D. Operational risk

Operational risk is the possibility of incurring losses due to deficiencies, failures or inadequacies in human resources, processes, technology, infrastructure, management information, models used, or the occurrence of external events. If this occurs, it can damage the Bank's reputation and result in regulatory sanctions, which can lead to financial losses. The Bank, like any other financial institution, is exposed to operational risks.

Bladex's main objective with Operational Risk Management is to reduce losses generated from operational risk and maintain an adequate administration thereof through the use of established management tools such as: risk profile, risk mapping, global and specific limits, operational risk indicators, and using as well the analysis of what is recorded in the Events and Incidents Database in order to monitor action plans of the actual or potential risks.

The Bank emphasizes the awareness of its employees, promoting a Risk Management culture that has continuity over time and that allows them to understand and assimilate the importance of this concept from each of the processes that are executed within their areas. This is done throughout the training of all employees on an annual basis to raise their awareness in general terms of operational risks and to include updates on the standard or regulatory laws as required.

E. Fraud risk

Fraud is any intentional act or omission designed to deceive others, resulting in a loss for the victim and/or a gain for the perpetrator.

Identification of fraud risk considers both internal and external factors, and their impact on the achievement of the Bank's objectives. Internal fraud is related to losses arising from any type of action, involving Bank employees, aimed at defrauding, misappropriating property or violating regulations, laws or internal policies. External fraud is related to losses arising from any type of action by a third party aimed at defrauding, misappropriating property or infringing the law.

To manage this risk, the Bank has a general fraud risk management program in place, which includes: establishing fraud risk governance policies, evaluating fraud risk, designing and developing control activities to prevent and detect fraud, and investigating fraud, in addition to monitoring and evaluating the fraud risk management program.

F. Cybersecurity

Cybersecurity or information technology security refers to the procedures designed, and measures implemented to protect computers, networks, programs and data against cyber-attacks, in other words, unauthorized access or attacks aimed at operating, or misusing, the Bank's technology platform to access the financial system. The Bank has approved policies and implemented procedures defining roles and responsibilities for managing information security as part of the IT security and technology risk management framework. These policies and procedures apply throughout the Bank and cover all relationships between the workforce, vendors and suppliers, as well as any other individual who, on a permanent or temporary basis with the Bank, has some form of access to data, resource management and IT systems.

6. Financial risk management (continued)

F. Cybersecurity (continued)

The Bank's Information Security Officer is responsible for ensuring compliance with policies and procedures by anyone with access to our systems.

The Bank's cybersecurity program has been developed with a holistic approach, allowing us to encompass both technical and strategic measures in a single framework.

7. Fair value of financial instruments

The Bank determines the fair value of its financial instruments using the fair value hierarchy established in IFRS 13 - Fair Value Measurements and Disclosure, which requires the Bank to maximize the use of observable inputs (those that reflect the assumptions that market participants would use in pricing the asset or liability developed based on market information obtained from sources independent of the reporting entity) and to minimize the use of unobservable inputs (those that reflect the reporting entity's own assumptions about the inputs that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances) when measuring fair value. Fair value is used on a recurring basis to measure assets and liabilities in which fair value is the primary basis of accounting. Additionally, fair value is used on a non-recurring basis to assess assets and liabilities for impairment or for disclosure purposes. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Depending on the nature of the asset or liability, the Bank uses some valuation techniques and assumptions when estimating fair value.

The Bank applied the following fair value hierarchy:

Level 1 – Assets or liabilities for which an identical instrument is traded in an active market, such as publicly-traded instruments or futures contracts.

Level 2 – Assets or liabilities valued based on observable market data for similar instruments, quoted prices in markets that are not active; or other observable inputs that can be corroborated by observable market data for substantially the full term of the asset or liability.

Level 3 – Assets or liabilities for which significant valuation inputs are not readily observable in the market; instruments measured based on the best available information, which might include some internally-developed data, and considers risk premiums that a market participant would require.

When determining the fair value measurements for assets and liabilities that are required or permitted to be recorded at fair value, the Bank considers the principal or most advantageous market in which it would transact and considers the inputs that market participants would use when pricing the asset or liability. When possible, the Bank uses active markets and observable prices to value identical assets or liabilities.

When identical assets and liabilities are not traded in active markets, the Bank uses observable market information for similar assets and liabilities. However, certain assets and liabilities are not actively traded in observable markets and the Bank must use alternative valuation techniques to determine the fair value measurement. The frequency of transactions, the size of the bid-ask spread, and the size of the investment are factors considered in determining the liquidity of markets and the relevance of observed prices in those markets.

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

7. Fair value of financial instruments (continued)

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

A. Recurring valuation

Financial instruments at FVTPL and FVOCI

Financial instruments at FVTPL and FVOCI are carried at fair value, which is based upon quoted prices when available, or if quoted market prices are not available, on discounted expected cash flows using market rates commensurate with the credit quality and maturity of the security.

When quoted prices are available in an active market, financial instruments at FVTPL and financial instruments at FVOCI are classified in level 1 of the fair value hierarchy. If quoted market prices are not available or they are available in markets that are not active, then fair values are estimated based upon quoted prices for similar instruments, or where these are not available, by using internal valuation techniques, principally discounted cash flows models. Such securities are classified within levels 2 and 3 of the fair value hierarchy.

Derivative financial instruments and hedged items that qualify as a fair value hedging relationship

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

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

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

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

Financial instruments assets and liabilities recognized and designated as hedged items that qualify as a fair value hedging relationship are measured at amortized cost and adjusted for the effect of the risks covered in the hedging relationship.

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

7. Fair value of financial instruments (continued)

A. Recurring valuation (continued)

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

	December 31, 2019			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Securities and other financial assets:				
Securities at FVOCI - Corporate debt	-	-	-	-
Securities at FVOCI - Sovereign debt	-	5,094	-	5,094
Equity instrument at FVOCI	-	1,889	-	1,889
Debt instrument at fair value through profit or loss	-	-	6,492	6,492
Total securities and other financial assets	-	6,983	6,492	13,475
Derivative financial instruments - assets:				
Interest rate swaps	-	407	-	407
Cross-currency swaps	-	10,125	-	10,125
Foreign exchange forwards	-	625	-	625
Total derivative financial instrument assets	-	11,157	-	11,157
Total assets at fair value	**-**	**18,140**	**6,492**	**24,632**
Liabilities				
Derivative financial instruments - liabilities:				
Interest rate swaps	-	1,903	-	1,903
Cross-currency swaps	-	10,197	-	10,197
Foreign exchange forwards	-	2,575	-	2,575
Total derivative financial instruments - liabilities	-	14,675	-	14,675
Total liabilities at fair value	**-**	**14,675**	**-**	**14,675**

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

7. Fair value of financial instruments (continued)

A. Recurring valuation (continued)

	December 31, 2018			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Securities and other financial assets:				
Securities at FVOCI - Corporate debt [(1)]	-	6,157	-	6,157
Securities at FVOCI - Sovereign debt [(1)]	-	15,641	-	15,641
Equity instrument at FVOCI [(1)]	-	6,273	-	6,273
Debt instrument at fair value through profit or loss	-	-	8,750	8,750
Total securities and other financial assets	-	28,071	8,750	36,821
Derivative financial instruments - assets:				
Interest rate swaps	-	621	-	621
Cross-currency swaps	-	1,134	-	1,134
Foreign exchange forwards	-	933	-	933
Total derivative financial instrument assets	-	2,688	-	2,688
Total assets at fair value	**-**	**30,759**	**8,750**	**39,509**
Liabilities				
Derivative financial instruments - liabilities:				
Interest rate swaps	-	9,410	-	9,410
Cross-currency swaps	-	17,378	-	17,378
Foreign exchange forwards	-	7,255	-	7,255
Total derivative financial instruments - liabilities	-	34,043	-	34,043
Total liabilities at fair value	**-**	**34,043**	**-**	**34,043**

[(1)] At December 31, 2018, investment securities and equity instrument at FVOCI for $21.8 million were reclassified from Level 1 to Level 2 of the fair value hierarchy due to changes in market conditions causing that the quoted prices were no longer active for these financial instruments.

Fair value calculations are provided only for a limited portion of assets and liabilities. Due to the wide range of valuation techniques and the degree of subjectivity used for estimates, comparisons of fair value information disclosed by the Bank with those of other companies may not be meaningful for comparative analysis.

7. Fair value of financial instruments (continued)

B. Non-recurring valuation

The following methods and inputs were used by the Bank's management in estimating the fair values of financial instruments whose fair value is not measured on a recurring basis:

Financial instruments with carrying value that approximates fair value

The carrying value of certain financial assets, including cash and due from banks, interest-bearing deposits in banks, customers' liabilities under acceptances, interest receivable and certain financial liabilities including customer's demand and time deposits, securities sold under repurchase agreements, interest payable, and acceptances outstanding, due to their short-term nature, is considered to approximate their fair value. These instruments are classified in Level 2.

Securities at amortized cost

The fair value has been estimated upon current market quotations, where available. If quoted market prices are not available, fair value has been estimated based upon quoted prices of similar instruments, or where these are not available, on discounted expected future cash flows using market rates commensurate with the credit quality and maturity of the security. These securities are classified in Levels 2 and 3.

Loans

The fair value of the loan portfolio, including impaired loans, is estimated by discounting expected future cash flows using the current rates at which loans would be made to borrowers with similar credit ratings and for the same remaining maturities, considering the contractual terms in effect as of December 31 of the relevant year. These assets are classified in Levels 2 and 3.

Transfer of financial assets

Gains or losses on sale of loans depend in part on the carrying amount of the financial assets involved in the transfer, and their fair value at the date of transfer. The fair value of these instruments is determined based upon quoted market prices when available or is based on the present value of future expected cash flows using information related to credit losses, prepayment speeds, forward yield curves, and discounted rates commensurate with the risk involved.

Short and long-term borrowings and debt

The fair value of short and long-term borrowings and debt is estimated using discounted contractual future cash flows based on the current incremental borrowing rates for similar types of borrowing arrangements, considering the changes in the Bank's credit margin. These liabilities are classified in Level 2.

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

7. Fair value of financial instruments (continued)

B. Non-recurring valuation (continued)

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

	December 31, 2019				
	Carrying value	Fair value	Level 1	Level 2	Level 3
Assets					
Cash and deposits on banks	1,178,170	1,178,170	-	1,178,170	-
Securities at amortized cost [(1)]	75,271	75,724	-	56,914	18,810
Loans, net [(2)]	5,823,333	6,162,885	-	6,101,040	61,845
Customers' liabilities under acceptances	115,682	115,682	-	115,682	-
Investment properties	3,494	3,494	-	-	3,494
Liabilities					
Deposits	2,888,336	2,888,336	-	2,888,336	-
Securities sold under repurchase agreements	40,530	40,530	-	40,530	-
Borrowings and debt, net [(3)]	3,118,396	3,126,333	-	3,126,333	-
Customers' liabilities under acceptances	115,682	115,682	-	115,682	-

	December 31, 2018				
	Carrying value	Fair value	Level 1	Level 2	Level 3
Assets					
Cash and deposits on banks	1,745,652	1,745,652	-	1,745,652	-
Securities at amortized cost [(1)]	86,326	85,036	-	73,869	11,167
Loans, net [(2)]	5,702,258	5,958,540	-	5,884,527	74,013
Customers' liabilities under acceptances	9,696	9,696	-	9,696	-
Liabilities					
Deposits	2,970,822	2,970,822	-	2,970,822	-
Securities sold under repurchase agreements	39,767	39,767	-	39,767	-
Borrowings and debt, net	3,518,446	3,558,763	-	3,558,763	-
Customers' liabilities under acceptances	9,696	9,696	-	9,696	-

(1) The carrying value of securities at amortized cost is net of the accrued interest receivable of $0.8 million and the allowance for expected credit losses of $0.1 million as of December 31, 2019 and the accrued interest receivable of $1.1 million and the allowance for expected credit losses $0.1 million as of December 31, 2018.

(2) The carrying value of loans at amortized cost is net of the accrued interest receivable of $41.7 million, the allowance for expected credit losses of $99.3 million and unearned interest and deferred fees of $12.1 million for December 31, 2019, and the accrued interest receivable of $41.1 million, the allowance for expected credit losses of $100.8 million and unearned interest and deferred fees of $16.5 million for December 31, 2018.

(3) The borrowings and debt exclude the lease liabilities for an amount of $19.9 million.

At December 31, 2018, investment securities at amortized cost were reclassified from Level 1 to Level 2 of the fair value hierarchy due to changes in market conditions causing that the quoted prices were no longer active for these financial instruments.

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

7. Fair value of financial instruments (continued)

C. Valuation framework

The Bank has an established control framework for the measurement of fair values, which is independent of front office management, to verify the valuation of significant fair value measurements of derivative financial instruments, securities and other financial instrument. Specific controls include:

- Verification of observable pricing.
- Validation of performance of valuation models.
- A review and approval process for new models and changes to existing models.
- Analysis and assessment of significant valuation fluctuations.
- Review of significant unobservable inputs, valuation adjustments and changes to fair value measurement of Level 3 instruments.

D. Level 3 - Fair value measurement

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

Carrying amount as of January 1, 2018	-
Origination	8,750
Carrying amount as of December 31, 2018	8,750
Unrealized loss	(2,258)
Carrying amount as of December 31,2019	**6,492**

Significant inputs used to determine fair value for Level 3 financial instruments

The following table presents the significant inputs used to determine the fair value for Level 3 financial instruments:

2019	2018
Unobservable inputs	***Unobservable inputs***
Discount rate for similar companies of the same business line adjusted due to the debt-equity structure of the issuer	- Discount rate for similar companies of the same business line adjusted due to the debt-equity structure of the issuer
Observable inputs	
Average recovery factor for companies that reported default – Moody's	- Premium or liquidity rate from liquidity analysis carried out by experts

	Range of estimates	
Fair value measurement sensitivity to unobservable inputs	**2019**	**2018**
A significant increase in volatility would result in a lower fair value	12.97% a 27.50%	18.28% a 45.00%

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

7. Fair value of financial instruments (continued)

D. Level 3 - Fair value measurement (continued)

During 2018, a premium or liquidity rate obtained from liquidity cost studies carried out by experts was used as part of the inputs to measure fair value, and for the year 2019, as a result of obtaining better observable data, a recovery factor with respect to historical average data provided by Moody's for defaulted companies in Brazil was obtained.

The effect of unobservable inputs on fair value measurement

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

Debentures at fair value through profit or loss	*Effect on profit or loss*
+ 100 bps to the observable and unobservable inputs	(230)
- 100 bps to the unobservable and observable inputs	240

8. Cash and due from banks

	December 31, 2019	**December 31, 2018**
Cash and due from banks	23,015	9,644
Interest-bearing deposits in banks	1,155,155	1,736,008
Total	1,178,170	1,745,652
Less:		
Pledged deposits	18,452	39,460
Total cash and cash equivalents	**1,159,718**	**1,706,192**

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

	December 31, 2019		**December 31, 2018**	
	Amount	**Interest rate range**	**Amount**	**Interest rate range**
Interest-bearing deposits in banks:				
Demand deposits [1]	1,135,155	1.55% a 5.10%	1,686,008	2.43% to 6.5%
Time deposits	20,000	-	50,000	-
Total	**1,155,155**		**1,736,008**	
Pledged deposits	**18,452**	1.55%	**39,460**	2.40%

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

8. Cash and due from banks (continued)

The following table provides a breakdown of pledged deposits by country risk:

	December 31, 2019	December 31, 2018
Country:		
Switzerland	9,567	8,697
United States of America [(2)]	5,645	19,078
France	1,770	-
Japan	1,470	2,451
Netherlands	-	494
Spain	-	8,740
Total	**18,452**	**39,460**

(1) Interest-bearing demand deposits based on daily rates determined by banks. In addition, rates of 5.10% and 6.5% corresponds to a deposit placed in MXN – México.

(2) Includes pledged deposits of $3.5 million and $3.0 million at December 31, 2019 and 2018, respectively, with the New York State Banking Department under March 1994 legislation and deposits pledged to guarantee derivative financial instrument transactions.

9. Securities and other financial assets, net

All securities and other financial assets as of December 31, 2019 and 2018 are presented as follows:

At December 31, 2019		At fair value			
		With changes in other comprehensive income (loss)			
Carrying amount	Amortized cost	Recyclable to profit and loss	Non-recyclable to profit and loss	With changes in profit or loss	Total securities and other financial assets, net
Principal	74,547	5,094	1,889	6,492	88,022
Interest receivable	837	48	-	-	885
Reserves	(113)	-	-	-	(113)
	75,271	5,142	1,889	6,492	88,794

At December 31, 2018		At fair value			
		With changes in other comprehensive income (loss)			
Carrying amount	Amortized cost	Recyclable to profit and loss	Non-recyclable to profit and loss	With changes in profit or loss	Total securities and other financial assets, net
Principal	85,326	21,798	6,273	8,750	122,147
Interest receivable	1,140	451	-	-	1,591
Reserves	(140)	-	-	-	(140)
	86,326	22,249	6,273	8,750	123,598

In 2019, the Bank sold 767,301 shares which were designated in their initial recognition at fair value with changes in other comprehensive income due to market changes affecting the liquidity of the instrument. The cumulative fair value of the shares sold was $4.8 million and the cumulative loss recognized in OCI was $151 thousand, which was transferred to retained earnings.

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

9. Securities and other financial assets, net (continued)

Securities and other financial assets by contractual maturity are shown in the following table:

At December 31, 2019		At fair value			
		With changes in other comprehemsive income			
	Amortized cost	Recyclabe to profit ans loss	Non-recyclable to profit and loss	With changes in profit or loss	Total securities and other financial assets, net
Due within 1 year	28,295	-	1,889	-	30,184
After 1 year but within 5 years	46,252	5,094	-	-	51,346
After 5 years but within 10 years	-	-	-	-	-
Non maturity	-	-	-	6,492	6,492
Balance - principal	**74,547**	**5,094**	**1,889**	**6,492**	**88,022**

At December 31, 2018		At fair value			
		With changes in other comprehemsive income			
	Amortized cost	Recyclabe to profit ans loss	Non-recyclable to profit and loss	With changes in profit or loss	Total securities and other financial assets, net
Due within 1 year	28,551	7,743	6,273	-	42,567
After 1 year but within 5 years	56,775	7,898	-	-	64,673
After 5 years but within 10 years	-	6,157	-	-	6,157
Non maturity	-	-	-	8,750	8,750
Balance - principal	**85,326**	**21,798**	**6,273**	**8,750**	**122,147**

The following table includes the securities pledge to secure repurchase transactions accounted for as secured pledged:

	December 31, 2019			December 31, 2018		
	Amortized cost	Fair value	Total	Amortized cost	Fair value	Total
Securities pledged to secure repurchase transactions	36,843	5,094	41,937	38,618	5,010	43,628
Securities sold under repurchase agreements	(35,647)	(4,883)	(40,530)	(35,114)	(4,653)	(39,767)

The following table presents the realized gains or losses on sale of securities at fair value through other comprehensive income:

	Year ended December 31		
	2019	2018	2017
Realized gain on sale of securities	266	194	766
Realized loss on sale of securities	(80)	-	(517)
Net gain on sale of securities at FVOCI	**186**	**194**	**249**

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

10. Loans

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

	December 31, 2019	December 31, 2018
Fixed interest rates	2,757,333	2,706,834
Floating interest rates	3,135,664	3,071,590
Total	**5,892,997**	**5,778,424**

As of December 31, 2019, and 2018, 74% and 82% of the loan portfolio at fixed interest rates has remaining maturities of less than 180 days.

As of December 31, 2019, the range of interest rates on loans fluctuates from 1.20% to 13.93% (December 31, 2018 1.20% to 12.25%).

As of December 31, 2019, and 2018, the Bank had credit transactions in the normal course of business with 11% and 17%, respectively, of its Class “A” and “B” stockholders. All transactions were made based on arm’s-length terms and subject to prevailing commercial criteria and market rates and were subject to all of the Bank’s Corporate Governance and control procedures. As of December 31, 2019, and 2018, approximately 11% and 9%, respectively, of the outstanding loan portfolio was placed with the Bank’s Class “A” and “B” stockholders and their related parties. As of December 31, 2019, the Bank was not directly or indirectly owned or controlled by another corporation or any foreign government, and no Class “A” or “B” shareholder was the owner of record of more than 3.5% of the total outstanding shares of the voting capital stock of the Bank.

<u>Recognition and derecognition of financial assets</u>

During the years ended December 31, 2019, 2018 and 2017, the Bank sold loans measured at amortized cost. These sales were made based on compliance with the Bank's strategy to optimize credit risk of its loan portfolio.

The carrying amounts and gains arising from the derecognition of these financial instruments are presented in the following table. These gains are presented within the line “Gain (loss) on financial instruments, net” in the consolidated statement of profit or loss.

	Assignments and participations	Gains (losses)
Carrying amount as of December 31, 2019	15,000	21
Carrying amount as of December 31, 2018	61,667	(625)
Carrying amount as of December 31, 2017	77,400	181

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

11. Loan commitments and financial guarantee contracts

In the normal course of business, to meet the financing needs of its customers, the Bank is party to loan commitments and financial guarantee contracts. These instruments involve, to varying degrees, elements of credit and market risk in excess of the amount recognized in the consolidated statement of financial position. Credit risk represents the possibility of loss resulting from the failure of a customer to perform in accordance with the terms of a contract.

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

	December 31, 2019	December 31, 2018
Documentary letters of credit	169,320	218,988
Stand-by letters of credit and guarantees - commercial risk	255,481	179,756
Credit commitments	68,571	103,143
Total loans commitments and financial guarantee contracts	**493,372**	**501,887**

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

Maturities	December 31, 2019	December 31, 2018
Up to 1 year	424,744	434,544
From 1 to 2 years	8,628	200
From 2 to 5 years	60,000	67,143
Total	**493,372**	**501,887**

12. Gain (loss) on financial instruments, net

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

	December 31st		
	2019	2018	2017
Gain (loss) on derivative financial instruments and changes in foreign currency, net	672	(1,226)	(437)
(Loss) Gain on financial instruments at fair value through profit or loss	(2,258)	648	(732)
Realized gain on sale of a financial instruments at FVOCI	186	194	249
Gain (loss) on sale of loans	21	(625)	181
	(1,379)	**(1,009)**	**(739)**

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

13. Derivative financial instruments

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

	December 31, 2019		
	Nominal amount	Carrying amount of hedging instruments	
		Asset [1]	Liability [2]
Interest rate risk			
Fair value hedges	398,333	407	(805)
Cash flow hedges	123,000	-	(1,098)
Interest rate and foreign exchange risk			
Fair value hedges	346,844	10,125	(8,527)
Cash flow hedges	23,025	-	(1,670)
Foreign exchange risk			
Cash flow hedges	72,391	625	(2,552)
Net investment	2,080	-	(23)
	965,673	**11,157**	**(14,675)**

	December 31, 2018		
	Nominal amount	Carrying amount of hedging instruments	
		Asset [1]	Liability [2]
Interest rate risk			
Fair value hedges	433,500	108	(6,134)
Cash flow hedges	460,000	513	(3,276)
Interest rate and foreign exchange risk			
Fair value hedges	226,757	1,134	(15,994)
Cash flow hedges	23,025	-	(1,384)
Foreign exchange risk			
Cash flow hedges	176,311	933	(7,177)
Net investment	6,183	-	(78)
	1,325,776	**2,688**	**(34,043)**

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

13. Derivative financial instruments (continued)

The hedging instruments detailed in the tables above are presented in the consolidated statement of financial position as derivative financial instruments - assets or derivative financial instruments - liabilities.

As part of the financial risk management, the Bank uses the following hedging relationships:

- Fair value hedge
- Cash flow hedge
- Net investment hedge

For control purposes, derivative instruments are recorded at their nominal amount in memoranda accounts. Interest rate swaps are made either in a single currency or cross currency for a prescribed period to exchange a series of interest rate flows, which involve fixed for floating interest payments, and vice versa. The Bank also engages in certain foreign exchange forward contracts to serve customers' transaction needs and to manage foreign currency risk. All such positions are hedged with an offsetting contract for the same currency.

The Bank manages and controls the risks on these foreign exchange trades by establishing counterparty credit limits by customer and by adopting policies that do not allow for open positions in the loan and investment portfolio. The Bank also uses foreign exchange forward contracts to hedge the foreign exchange risk associated with the Bank's equity investment in a non-U.S. dollar functional currency foreign entity. Derivative and foreign exchange forward instruments negotiated by the Bank are executed mainly over-the-counter (OTC). These contracts are executed between two counterparties that negotiate specific agreement terms, including notional amount, exercise price and maturity.

A. Fair value hedge

This type of hedge is used to mitigate the risk of changes in foreign exchange currency rates, as well as changes in interest rate risk. Within the derivative financial instruments used by the Bank for fair value hedging are interest rate swap contracts whereby a series of interest rate flows in a single currency are exchanged over a prescribed period and cross currency swaps contracts that generally involve the exchange of both interest and principal amounts in two different currencies.

The Bank's exposure to interest rate risk is disclosed in Note 5(C)(i). Interest rate risk to which the Bank applies hedge accounting arises from fixed-rate euro medium term notes and other long-term notes issuances ("Certificados Bursatiles"), fixed-rate loans and advances, whose fair value fluctuates when benchmark interest rates change. The Bank hedges interest rate risk only to the extent of benchmark interest rates because the changes in fair value of a fixed-rate note or loan are significantly influenced by changes in the benchmark interest rate. Hedge accounting is applied where economic hedging relationships meet the hedge accounting criteria.

Before fair value hedge accounting is applied by the Bank, the Bank determines whether an economic relationship between the hedged item and the hedging instrument exists based on an assessment of the qualitative characteristics of these items and the hedged risk that is supported by quantitative analysis. The Bank considers whether the critical terms of the hedged item and hedging instrument closely align when assessing the presence of an economic relationship. The Bank assesses whether the fair value of the hedged item and the hedging instrument respond similarly to similar risks. The Bank further supports this qualitative assessment by using regression analysis to assess whether the hedging instrument is expected to be and has been highly effective in offsetting changes in the fair value of the hedged item. The sources of ineffectiveness mainly come from forward rates, discount rates and cross currency basis (cost of the operation).

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

13. Derivative financial instruments (continued)

A. Fair value hedge (continued)

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

	December 31, 2019				
	Nominal amount	Carrying amount of hedging instruments		Changes in fair value used to calculate hedge ineffectiveness [3]	Ineffectiveness recognized in profit or loss [3]
		Asset [1]	Liability [2]		
Interest rate risk					
Loans	13,333	-	(166)	(127)	(9)
Securities at FVOCI	5,000	-	(45)	(97)	(17)
Borrowings and debt	380,000	407	(594)	5,203	(65)
Interest rate and foreign exchange risk					
Loans	6,430	276	-	(482)	(214)
Borrowings and debt	340,414	9,849	(8,527)	7,234	55
Total	**745,177**	**10,532**	**(9,332)**	**11,731**	**(250)**

	December 31, 2018				
	Nominal amount	Carrying amount of hedging instruments		Changes in fair value used to calculate hedge ineffectiveness [3]	Ineffectiveness recognized in profit or loss [3]
		Asset [1]	Liability [2]		
Interest rate risk					
Loans	66,000	10	(64)	(66)	31
Securities at FVOCI	12,500	98	-	114	(228)
Borrowings and debt	355,000	-	(6,070)	(1,118)	43
Interest rate and foreign exchange risk					
Loans	11,484	1,134	-	(310)	(610)
Borrowings and debt	215,273	-	(15,994)	(1,085)	(323)
Total	**660,257**	**1,242**	**(22,128)**	**(2,465)**	**(1,087)**

(1) Included in the consolidated statement of financial position under the line Derivative financial instruments - assets.
(2) Included in the consolidated statement of financial position under the line Derivative financial instruments - liabilities.
(3) Included in the consolidated statement of profit or loss is the line Loss on financial instruments, net.

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

13. Derivative financial instruments (continued)

A. Fair value hedge (continued)

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

	December 31, 2019				
	Carrying amount of hedged items		Line in the consolidated statement of financial position that includes the carrying amount of the hedged items	Accumulated amount of fair value hedge adjustments included in the carrying amount of the hedged items	Change in fair value of the hedged items used to calculate hedge ineffectiveness[(1)]
	Asset	Liability			
Interest rate risk					
Loans	13,583	-	Loans, net	158	118
Securities at FVOCI	5,142	-	Securities and other financial assets, net financieros, netos	94	80
Borrowings and debt	-	(381,587)	Borrowings and debt, net	18	(5,268)
Interest rate and foreign exchange risk	-	-			-
Loans	6,202	-	Loans, net	(495)	268
Borrowings and debt	-	(336,117)	Borrowings and debt, net	(973)	(7,179)
Total	**24,927**	**(717,704)**		**(1,198)**	**(11,981)**

	December 31, 2018				
	Carrying amount of hedged items		Line in the consolidated statement of financial position that includes the carrying amount of the hedged items	Accumulated amount of fair value hedge adjustments included in the carrying amount of the hedged items	Change in fair value of the hedged items used to calculate hedge ineffectiveness[(1)]
	Asset	Liability			
Interest rate risk					
Loans	66,208	-	Loans, net	97	97
Securities at FVOCI	11,958	-	Securities and other financial assets, net financieros, netos	(298)	(342)
Borrowings and debt	-	(350,263)	Borrowings and debt, net	5,286	1,161
Interest rate and foreign exchange risk	-	-			
Loans	10,616	-	Loans, net	(1,148)	(300)
Borrowings and debt	-	(199,901)	Borrowings and debt, net	15,005	762
Total	**88,782**	**(550,164)**		**18,942**	**1,378**

[(1)] Included in the consolidated statement of profit or loss is the line Loss on financial instruments, net.

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

13. Derivative financial instruments (continued)

A. Fair value hedge (continued)

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

	December 31, 2019		
Maturity	**Interest rate swaps**	**Foreign exchange and interest rate risks**	**Total**
Fair value hedge			
Less than 1 year	350,000	-	350,000
1 to 2 years	48,333	-	48,333
2 to 5 years	-	346,844	346,844
Total	**398,333**	**346,844**	**745,177**

	December 31, 2018		
Maturity	**Interest rate swaps**	**Foreign exchange and interest rate risks**	**Total**
Fair value hedge			
Less than 1 year	4,500	146,505	151,005
1 to 2 years	400,000	-	400,000
2 to 5 years	29,000	10,419	39,419
More than 5 years	-	68,768	68,768
Total	**433,500**	**225,692**	**659,192**

B. Cash flow hedge

This type of hedge is used to mitigate the risk of changes in foreign exchange currency rates, as well as changes in interest rate risk, that could include variability in the future cash flows. Within the derivative financial instruments used by the Bank for a cash flow hedging are interest rate swaps contracts whereby a series of interest rate flows in a single currency are exchanged over a prescribed period, cross currency swaps contracts that generally involve the exchange of both interest and principal amounts in two different currencies, and foreign exchange forward contracts, an agreement to purchase or sell foreign currency at a future date at agreed-upon terms.

The Bank's exposure to market risk is disclosed in Note 5 (C) (ii). The Bank determines the amount of the exposure to which it applies hedge accounting by assessing the potential impact of changes in interest rates and foreign currency exchange rates on the future cash flows. This assessment is performed using analytical techniques, such as cash flow sensitivity analysis. As noted above for fair value hedges, by using derivative financial instruments to hedge exposures to changes in interest rates and foreign currency exchange rates, the Bank exposes itself to credit risk of the counterparties to the derivatives, which is not offset by the hedged items. This exposure is managed similarly to that off fair value hedges.

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

13. Derivative financial instruments (continued)

B. Cash flow hedge (continued)

The Bank determines whether an economic relationship exists between the cash flows of the hedged item and hedging instrument based on an assessment of the qualitative characteristics of these items and the hedged risk that is supported by quantitative analysis. The Bank considers whether the critical terms of the hedged item and hedging instrument closely align when assessing the presence of an economic relationship. The Bank assesses whether the cash flows of the hedged item and the hedging instrument respond similarly to the hedged risk, such as the benchmark interest rate or foreign currency. The Bank further supports this qualitative assessment by using sensitivity analysis to assess whether the hedging instrument is expected to be and has been highly effective in offsetting changes in the present value of the hedged item. The Bank assesses hedge effectiveness using the hypothetical derivative method, which creates a derivative instrument to serve as a proxy for the hedged transaction. The terms of the hypothetical derivative match the critical terms of the hedged item and it has a fair value of zero at inception. The sources of ineffectiveness arise mainly because of the differences in discount rates (OIS - Overnight Index Swap).

The maximum length of time over which the Bank has hedged its exposure to the variability in future cash flows on forecasted transactions is 8.3 years.

The Bank recognized the lifetime associated cost of the foreign exchange forward contracts into interest income, in profit or loss, as an adjustment to the yield on hedged items creating an accumulated reserve in OCI, reclassified to profit or loss at their maturity. The Bank estimates that approximately $241 thousand are expected to be reclassified into profit or loss during the year ending December 31, 2020.

The Bank recognized the lifetime associated cost of the foreign exchange forward contracts into interest expense, in profit or loss, as an adjustment to the yield on hedge items creating an accumulated reserve in OCI, reclassified to profit or loss at their maturity. The Bank estimates that approximately $6 thousand are expected to be reclassified into profit or loss during the year ending December 31, 2020.

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

	December 31, 2019						
	Nominal amount	Carrying amount of hedging instruments		Change in fair value used for calculating hedge ineffectiveness	Changes in the fair value of the hedging instruments recognized in OCI (3)	Ineffectiveness recognized in profit or loss (4)	Amount reclassified from the hedge reserve to profit or loss (4)
		Asset (1)	Liability (2)				
Interest rate risk							
Borrowings and debt	123,000	-	(1,098)	(1,459)	(1,458)	1	39
Interest rate and foreign exchange risk							
Borrowings and debt	23,025	-	(1,670)	(284)	(283)	1	-
Foreign exchange risk							
Loans	72,391	625	(2,552)	(2,346)	(2,344)	2	(1,070)
Deposits	-	-	-	-	-	-	(5,545)
Total	**218,416**	**625**	**(5,320)**	**(4,089)**	**(4,085)**	**4**	**(6,576)**

(1) Included in the consolidated statement of financial position under the line Derivative financial instruments - assets.
(2) Included in the consolidated statement of financial position under the line Derivative financial instruments - liabilities.
(3) Included in equity in the consolidated statement of financial position on the line Other comprehensive income
(4) Included in the consolidated statement of profit or loss under the line Loss on financial instruments, net.

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

13. Derivative financial instruments (continued)

B. Cash flow hedge (continued)

	December 31, 2018						
	Nominal amount	Carrying amount of hedging instruments		Change in fair value used for calculating hedge ineffectiveness	Changes in the fair value of the hedging instruments recognized in OCI [3]	Ineffectiveness recognized in profit or loss [4]	Amount reclassified from the hedge reserve to profit or loss [4]
		Asset [1]	Liability [2]				
Interest rate risk							
Borrowings and debt	460,000	513	(3,276)	847	847	-	183
Interest rate and foreign exchange risk							
Borrowings and debt	23,025	-	(1,384)	(2,246)	(2,246)	-	-
Foreign exchange risk							
Loans	51,962	814	(1,513)	(626)	(626)	-	2,700
Deposits	124,349	119	(5,664)	(7,196)	(7,196)	-	4,414
Total	**659,336**	**1,446**	**(11,837)**	**(9,221)**	**(9,221)**	**-**	**7,297**

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

	December 31, 2019				
	Carrying amount of hedged items		Line in the consolidated statement of financial position that includes the carrying amount of the hedged items	Change in the fair value of the hedged items used to calculate the hedge ineffectiveness [4]	Cash flow hedge reserve
	Asset	Liability			
Interest rate risk					
Borrowings and debt	-	(70,110)	Borrowings and debt, net	1,458	1,072
Interest rate and foreign exchange risk					
Borrowings and debt	-	(21,234)	Borrowings and debt, net	283	(5)
Foreign exchange risk					
Loans	73,861	-	Loans, net	2,344	263
Deposits	-	-	Deposit	-	-
Total	**73,861**	**(91,344)**		**4,085**	**1,330**

(1) Included in the consolidated statement of financial position under the line Derivative financial instruments - assets.
(2) Included in the consolidated statement of financial position under the line Derivative financial instruments - liabilities.
(3) Included in equity in the consolidated statement of financial position on the line Other comprehensive income.
(4) Included in the consolidated statement of profit or loss under the line of Loss on financial instruments, net.

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

13. Derivative financial instruments (continued)

B. Cash flow hedge (continued)

	December 31, 2018				
	Carrying amount of hedged items		Line in the consolidated statement of financial position that includes the carrying amount of the hedged items	Change in the fair value of the hedged items used to calculate the hedge ineffectiveness [(1)]	Cash flow hedge reserve
	Asset	Liability			
Interest rate risk					
Borrowings and debt	-	(390,516)	Borrowings and debt, net	(847)	(427)
Interest rate and foreign exchange risk		-			
Borrowings and debt	-	(42,554)	Borrowings and debt, net	2,246	(19)
Foreign exchange risk					
Loans	52,128	-	Loans, net	626	(19)
Deposits		(108,422)	Deposit	7,196	2,373
Total	**52,128**	**(541,492)**		**9,221**	**1,908**

[(1)] Included in the consolidated statement of profit and loss or the line Loss on financial instruments, net.

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

	December 31, 2019			
Maturity	**Foreign exchange risk**	**Interest rate swaps**	**Foreign exchange and interest rate risks**	**Total**
Cash flow hedge				
Less than 1 year	74,471	63,000	23,025	160,496
1 to 2 years	-	40,000	-	40,000
2 to 5 years	-	20,000	-	20,000
Total	**74,471**	**123,000**	**23,025**	**220,496**

	December 31, 2018			
Maturity	**Foreign exchange risk**	**Interest rate swaps**	**Foreign exchange and interest rate risks**	**Total**
Cash flow hedge				
Less than 1 year	177,333	337,000	-	514,333
1 to 2 years	5,161	63,000	23,025	91,186
2 to 5 years	-	60,000	-	60,000
Total	**182,494**	**460,000**	**23,025**	**665,519**

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

13. Derivative financial instruments (continued)

C. Net investment hedge

A foreign currency exposure arises from a net investment either in a subsidiary that has a different functional currency from that of the Bank or in a financial instrument in a foreign currency designated at FVOCI. The hedge risk in the net investment hedge is the variability in the US dollar against any other foreign currency that will result in a reduction in the carrying amount.

The Bank's policy is to hedge the net investment only to the extent of the debt principal; therefore, the hedge ratio is established by aligning the principal amount in foreign currency of the debt with the carrying amount of the net investment that is designated.

When the hedging instrument is a forward foreign exchange contract, the Bank establishes a hedge relationship where the notional of the forward foreign exchange contract matches the carrying amount of the designated net investment. The Bank ensures that the foreign currency in which the hedging instrument is denominated is the same as the functional currency of the net investment. The only source of ineffectiveness that is expected to arise from these hedging relationships is due to the effect of the counterparty and the Bank's own credit risk on the fair value of the derivative.

The following table details the notional amount and carrying amount of the derivative instruments used as net investment hedge by type of risk and hedged item, along with changes during the period used to determine and recognize the ineffectiveness of the hedge:

	December 31, 2019						
	Nominal amount	Carrying amount of hedging instruments		Change in fair value used for calculating hedge ineffectiveness	Changes in the fair value of the hedging instruments recognized in OCI (3)	Ineffectiveness recognized in profit or loss (4)	Amount reclassified from the hedge reserve to profit or loss (4)
		Asset (1)	Liability (2)				
Foreign exchange risk							
Net investment	2,080	-	(23)	(23)	(23)	-	(78)
Total	**2,080**	**-**	**(23)**	**(23)**	**(23)**	**-**	**(78)**

	December 31, 2018						
	Nominal amount	Carrying amount of hedging instruments		Change in fair value used ford calculating hedge ineffectiveness	Changes in the fair value of the hedging instruments recognized in OCI (3)	Ineffectiveness recognized in profit or loss (4)	Amount reclassified from the hedge reserve to profit or loss (4)
		Asset (1)	Liability (2)				
Foreign exchange risk							
Net investment	6,183	-	(78)	(78)	(78)	-	50
Total	**6,183**	**-**	**(78)**	**(78)**	**(78)**	**-**	**50**

Derivative instruments used in net investment hedges at the period ending in 2019 and 2018 have a maturity of less than 30 days.

(1) Included in the consolidated statement of financial position under the line Derivative financial instruments - assets.
(2) Included in the consolidated statement of financial position under the line Derivative financial instruments - liabilities.
(3) Included in equity in the consolidated statement of financial position on the line Other comprehensive income.
(4) Included in the consolidated statement of profit or loss under the line of Loss on financial instruments, net.

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

13. Derivative financial instruments (continued)

C. Net investment hedge (continued)

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

	December 31, 2019				
	Carrying amount of hedged items		Line in the consolidated statement of financial position that includes the carrying amount of the hedged items	Change in the fair value of the hedged items used to calculate the hedge ineffectiveness (1)	Cash flow hedge reserve
	Asset	Liability			
Foreign exchange risk					
Net investment	1,889	-	Securities and other financial assets, net	23	23
Total	**1,889**	**-**		**23**	**23**

	December 31, 2018				
	Carrying amount of hedged items		Line in the consolidated statement of financial position that includes the carrying amount of the hedged items	Change in the fair value of the hedged items used to calculate the hedge ineffectiveness (1)	Cash flow hedge reserve
	Asset	Liability			
Foreign exchange risk					
Net investment	6,273		Securities and other financial assets, net	78	78
Total	**6,273**	**-**		**78**	**78**

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

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

14. Gain (loss) on non - financial assets, net

The gain or loss on non-financial assets is presented as follows:

	December 31,	
	2019	**2018**
Profit on sale of investment property	500	-
Impairment loss on other assets	-	(3,464)
Impairment loss on investment property	-	(3,849)
Write off on intangible assets	-	(2,705)
	500	**(10,018)**

During 2019, the Bank realized the sale of an investment property, which results in a gain of $500 thousand.

As of December 31, 2018, the Bank made write offs corresponding mainly to technological projects classified as intangible assets by $2.7 million and other assets under development with a book value of $1.3 million. In addition, the storage silos received as payment for a restructured loan operation that were recorded as investment property with a carrying amount of $3.8 million and other assets under development of the deed with a carrying amount of $1.7 million, were assessed by the Bank, determining a fair value of zero. As of December 31, 2017, no impairment losses were reported.

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

15. Equipment and leasehold improvements

The following table provides a summary of the items include in equipment and leasehold improvement:

	December 31, 2019	December 31, 2018
Equipment and leasehold improvements, net	6,230	6,686
Right-of-use assets	12,522	-
	18,752	**6,686**

A breakdown of cost, accumulated depreciation, additions and disposals of equipment and leasehold improvements is as follows:

	IT equipment	Furniture and fixtures	Leasehold improvements	Other equipment	Total
Cost:					
Balance as of January 1, 2017	4,386	3,778	6,771	618	15,553
Additions	246	461	39	1,908	2,654
Disposals	(462)	(2,255)	-	(21)	(2,738)
Balance as of December 31, 2017	4,170	1,984	6,810	2,505	15,469
Additions	411	12	111	69	603
Disposals	(253)	(97)	(80)	(62)	(492)
Reclassifications	10	-	-	-	10
Balance as of December 31, 2018	4,338	1,899	6,841	2,512	15,590
Additions	683	36	185	124	1,028
Disposals	(63)	(102)	(176)	(33)	(374)
Effect of movements in exchange rates	(53)	(62)	(47)	(14)	(176)
Balance as of December 31, 2019	**4,905**	**1,771**	**6,803**	**2,589**	**16,068**
Accumulated depreciation:					
Balance as of January 1, 2017	2,742	1,645	2,174	443	7,004
Amortization	587	149	474	368	1,578
Disposals	(459)	(54)	-	(20)	(533)
Balance as of December 31, 2017	2,870	1,740	2,648	791	8,049
Amortization	516	64	480	222	1,282
Disposals	(159)	(89)	(127)	(94)	(469)
Reclassifications	42	-	-	-	42
Balance as of December 31, 2018	3,269	1,715	3,001	919	8,904
Amortization	584	62	508	260	1,414
Disposals	(59)	(97)	(175)	(21)	(352)
Effect of movements in exchange rates	(40)	(53)	(35)	-	(128)
Balance as of December 31, 2019	**3,754**	**1,627**	**3,299**	**1,158**	**9,838**
Carrying amounts as of:					
December 31, 2019	**1,151**	**144**	**3,504**	**1,431**	**6,230**
December 31, 2018	**1,069**	**184**	**3,840**	**1,593**	**6,686**
December 31, 2017	**1,300**	**244**	**4,162**	**1,714**	**7,420**

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

15. Equipment and leasehold improvements

Leases

In accordance with the accounting policy described in note 3.1, the Bank has applied IFRS 16, under the modified retrospective method. The following is the detail of the movement of right-of-use assets on the leases for which the Bank is a lessee:

	Building
Balance at January 1, 2019	17,435
Additions	14
Depreciation of right-of-use assets	(1,440)
Revaluation currency effect	7
Reclassification to investment property	(3,494)
Balance at December 31, 2019	**12,522**

The Bank leases office spaces in buildings. The lease of main office space typically runs for a period of 15 years, and for the representative offices from 3 to 5 years. Some leases include an option to renew the lease for a similar additional period after the end of the contract term.

The Bank sub-leases some of its property under operating leases.

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

16. Intangible assets

A breakdown of software cost, accumulated amortization, additions, sales and disposals for intangible assets is as follows:

Costs:	
Balance as of January 1, 2017	13,883
Additions	3,370
Disposals	(81)
Balance as of December 31, 2017	17,172
Additions	58
Disposals	(3,315)
Reclassifications	(10)
Balance as of December 31, 2018	13,905
Additions	496
Balance as of December 31, 2019	**14,401**
Accumulated amortization:	
Balance as of January 1, 2017	10,974
Amortization	838
Disposals	(65)
Balance as of December 31, 2017	11,747
Amortization	1,176
Disposals	(609)
Reclassifications	(42)
Balance as of December 31, 2018	12,272
Amortization	702
Balance as of December 31, 2019	**12,974**
Carrying amounts as of:	
December 31, 2019	**1,427**
December 31, 2018	**1,633**
December 31, 2017	**5,425**

Expenses related to the amortization of intangible assets are presented as part of amortization of intangible assets in the consolidated statement of profit or loss. Disposals during 2018 correspond to technological projects.

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

17. Other assets

Following is a summary of other assets:

	December 31, 2019	December 31, 2018
Accounts receivable [(1)]	3,549	13,333
Interest receivable - deposits	26	281
IT projects under development	521	357
Other	4,761	3,003
	8,857	**16,974**

[(1)] As of December 31, 2018, the sale of financial assets was for $ 12.4 million and related payment was received in January 2019.

18. Deposits

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

	December 31, 2019	December 31, 2018
Demand	85,786	211,381
Up to 1 month	1,285,949	1,192,252
From 1 month to 3 months	628,981	412,638
From 3 months to 6 months	593,431	533,135
From 6 months to 1 year	289,189	462,156
From 1 year to 2 years	5,000	70,047
From 2 years to 5 years	-	89,213
	2,888,336	**2,970,822**

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

	December 31, 2019	December 31, 2018
Aggregate amounts of $100,000 or more	2,888,043	2,970,438
Aggregate amounts of deposits in the New York Agency	240,003	265,349

	December 31th		
	2019	2018	2017
Interest expense on deposits made in the New York Agency	6,277	5,937	2,524

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

19. Securities sold under repurchase agreements

As of December 31, 2019 and 2018, the Bank has financing transactions under repurchase agreements for $40.5 million and $39.8 million, respectively.

During the year ended December 31, 2019 and 2018, interest expense related to financing transactions under repurchase agreements totaled $1.1 million and $635 thousand, respectively. These expenses are included as interest expense – borrowings and debt line in the consolidated statement of profit or loss.

20. Borrowings and debt

Borrowings consist of bilateral funding and syndicated loans obtained from international banks. Debt instruments consist of public and private issuances under the Bank's Euro Medium Term Notes Program ("EMTN") as well as public issuances in the Mexican and Japanese markets.

The Bank's funding activities include: (i) EMTN, which may be used to issue notes for up to $2.250 million, with maturities from 7 days up to a maximum of 30 years, at fixed or floating interest rates, or at discount, and in various currencies. The notes are generally issued in bearer or registered form through one or more authorized financial institutions; (ii) Short-and Long-Term Notes ("Certificados Bursatiles") Program (the "Mexican Program") in the Mexican local market, registered with the Mexican National Registry of Securities administered by the National Banking and Securities Commission in Mexico ("CNBV", for its acronym in Spanish), for an authorized aggregate principal amount of 10 billion Mexican pesos with maturities from 1 day to 30 years.

Some borrowing agreements include various events of default and covenants related to minimum capital adequacy ratios, incurrence of additional liens, and asset sales, as well as other customary covenants, representations and warranties. As of December 31, 2019, the Bank was in compliance with all those covenants.

Borrowings and debt are detailed as follows:

	December 31, 2019						
	Short-Term			Long-term			
Carrying amount	Borrowings	Debt	Lease Liabilities	Borrowings	Debt	Lease Liabilities	Total
Principal	1,573,663	22,000	1,145	723,419	802,676	18,769	3,141,672
Prepaid commissions	-	-	-	(1,456)	(1,906)	-	(3,362)
	1,573,663	**22,000**	**1,145**	**721,963**	**800,770**	**18,769**	**3,138,310**

	December 31, 2018						
	Short-Term			Long-term			
Carrying amount	Borrowings	Debt	Lease Liabilities	Borrowings	Debt	Lease Liabilities	Total
Principal	1,975,174	45,930	-	886,384	614,505	-	3,521,993
Prepaid commissions	-	-	-	(2,790)	(757)	-	(3,547)
	1,975,174	**45,930**	**-**	**883,594**	**613,748**	**-**	**3,518,446**

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

20. Borrowings and debt (continued)

Short-term borrowings and debt

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

	December 31, 2019	December 31, 2018
Short-term borrowings:		
At fixed interest rates	607,500	695,500
At floating interest rates	966,163	1,279,674
Total borrowings	1,573,663	1,975,174
Short-term debt:		
At fixed interest rates	22,000	2,700
At floating interest rates	-	43,230
Total debt	22,000	45,930
Total short-term borrowings and debt	**1,595,663**	**2,021,104**
Maximum balance at any month-end	1,595,663	2,021,104
Range of fixed interest rates on borrowings and debt in U.S. dollars	2.07% to 2.52%	2.74% to 3.30%
Range of floating interest rates on borrowings in U.S. dollars	2.09% to 2.35%	2.72% to 3.41%
Range of fixed interest rates on borrowings in Mexican pesos	8.08%	-
Range of floating interest rates on borrowings in Mexican pesos	7.71% to 8.31%	8.49% to 9.39%

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

	December 31, 2019	December 31, 2018
Currency		
US dollar	1,476,000	1,926,000
Mexican peso	119,663	95,104
Total	**1,595,663**	**2,021,104**

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

20. Borrowings and debt (continued)

Long-term borrowings and debt

The breakdown of borrowings and long-term debt (original maturity of more than one year), along with contractual interest rates, plus prepaid commissions of $3.5 million and $4.2 million as of December 31, 2019 and December 31, 2018, respectively, are as follows (excludes lease liabilities):

Long-term borrowings:	**December 31, 2019**	**December 31, 2018**
At fixed interest rates with due dates from October 2020 to February 2022	65,435	63,367
At floating interest rates with due dates from February 2020 to August 2023	657,984	823,017
Total long-term borrowings	723,419	886,384
Long-term debt:		
At fixed interest rates with due dates from May 2020 to March 2024	502,880	503,229
At floating interest rates with due dates from March 2022 to June 2023	299,796	111,276
Total long-term debt	802,676	614,505
Total long-term borrowings and debt	1,526,095	1,500,889
Less: Prepaid commissions	(3,362)	(3,547)
Total long-term borrowings and debt, net	**1,522,733**	**1,497,342**
Maximum outstanding balance at any month – end	1,527,126	1,500,889
Range of fixed interest rates on borrowings and debt in U.S. dollars	2.56% to 3.25%	2.25% to 3.25%
Range of floating interest rates on borrowings and debt in U.S. dollars	2.46% to 3.36%	3.26% to 4.46%
Range of fixed interest rates on borrowings in Mexican pesos	5.73% to 9.09%	5.25% to 9.09%
Range of floating interest rates on borrowings and debt in Mexican pesos	8.14% to 9.13%	9.19% to 9.71%
Range of fixed interest rates on debt in Japanese yens	0.52%	0.46%
Range of fixed interest rates on debt in Euros	3.75%	3.75%
Range of fixed interest rates on debt in Australian dollars	3.33%	3.33%

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

20. Borrowings and debt (continued)

Long-term borrowings and debt (continued)

The balances of long-term borrowings and debt by currency, excluding prepaid commissions, are as follows:

	December 31, 2019	December 31, 2018
Currency		
US dollar	1,097,611	1,203,101
Mexican peso	280,105	143,661
Japanese yen	67,831	72,670
Euro	59,465	60,315
Australian dollar	21,083	21,142
Total	**1,526,095**	**1,500,889**

Future payments of long-term borrowings and debt outstanding as of December 31, 2019, are as follows:

Payments	Outstanding
2020	478,817
2021	530,094
2022	395,219
2023	62,500
2024	59,465
	1,526,095

<u>Reconciliation of movements of borrowings and debt arising from financing activities, as presented in the consolidated statements of cash flows</u>:

	2019	2018	2017
Balance as of January 1,	**3,518,446**	**2,211,567**	**3,246,813**
Net (decrease) increase in short-term borrowings and debt	(428,611)	950,259	(396,205)
Proceeds from long-term borrowings and debt	371,536	609,017	219,905
Repayments of long-term borrowings and debt	(368,843)	(256,173)	(883,476)
Payment of lease liabilities	(1,072)	-	-
Recognition of lease liabilities	20,979	-	-
Change in foreign currency	20,044	1,903	23,487
Adjustment of fair value for hedge accounting relationship	4,943	753	(483)
Other adjustments	888	1,120	1,525
Balance as of December 31,	**3,138,310**	**3,518,446**	**2,211,567**

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

20. Borrowings and debt (continued)

Lease liabilities

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

	December 31, 2019
Due within 1 year	2,005
After 1 year but within 5 years	10,470
After 5 years but within 10 years	13,492
Total undiscounted lease liabilities	**25,967**
Short-term	1,145
Long-term	18,769
Lease liabilities included in the consolidated statement of financial position	**19,914**

Amounts recognized in the statement of cash flows

	December 31, 2019
Cash outflow for leases	**1,072**

Amounts recognized in profit or loss

	December 31, 2019
Interest on lease liabilities	**912**
Income from sub-leasing right-of-use assets	**(1,661)**

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

21. Other liabilities

Following is a summary of other liabilities:

	December 31, 2019	December 31, 2018
Accruals and other accumulated expenses	11,901	8,602
Accounts payable	2,526	453
Others	2,722	4,560
	17,149	**13,615**

22. Earnings per share

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

	December 31, 2019	December 31, 2018	December 31, 2017
(Thousands of U.S. dollars)			
Profit for the year	86,053	11,138	81,999
(U.S. dollars)			
Basic earnings per share	2.17	0.28	2.09
Diluted earnings per share	2.17	0.28	2.08
(Thousands of shares)			
Weighted average of common shares outstanding applicable to basic EPS	39,575	39,543	39,311
Effect of diluted securities:			
Stock options and restricted stock units plan	-	-	18
Adjusted weighted average of common shares outstanding applicable to diluted EPS	**39,575**	**39,543**	**39,329**

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

23. Capital and Reserves

A. Common stock and additional paid-in capital

Common stock

The Bank's common stock is divided into four categories:

1) "Class A"; shares may only be issued to Latin American Central Banks or banks in which the state or other government agency is the majority shareholder.
2) "Class B"; shares may only be issued to banks or financial institutions.
3) "Class E"; shares may be issued to any person whether a natural person or a legal entity.
4) "Class F"; may only be issued to state entities and agencies of non-Latin American countries, including, among others, central banks and majority state-owned banks in those countries, and multilateral financial institutions either international or regional institutions.

The holders of "Class B" shares have the right to convert or exchange their "Class B" shares, at any time, and without restriction, for "Class E" shares, exchanging one share for another share.

The following table provides detailed information on the movement of the shares by class for each of the years ended December 31, 2019, 2018 and 2017:

(Share units)	"Class A"	"Class B"	"Class E"	"Class F"	Total
Authorized	**40,000,000**	**40,000,000**	**100,000,000**	**100,000,000**	**280,000,000**
Outstanding at January 1, 2017	6,342,189	2,474,468	30,343,390	-	39,160,047
Conversions	-	(64,663)	64,663	-	-
Repurchased common stock	-	(1,000)	-	-	(1,000)
Restricted stock issued – directors	-	-	57,000	-	57,000
Exercised stock options - compensation plans	-	-	142,268	-	142,268
Restricted stock units – vested	-	-	70,519	-	70,519
Outstanding at December 31, 2017	**6,342,189**	**2,408,805**	**30,677,840**	**-**	**39,428,834**
Conversions	-	(64,386)	64,386	-	-
Repurchased common stock	-	(99,193)	(64)	-	(99,257)
Restricted stock issued – directors	-	-	57,000	-	57,000
Exercised stock options - compensation plans	-	-	102,918	-	102,918
Restricted stock units – vested	-	-	49,055	-	49,055
Outstanding at December 31, 2018	**6,342,189**	**2,245,226**	**30,951,135**	**-**	**39,538,550**
Conversions	-	(62,799)	62,799	-	-
Repurchased common stock	-	(1)	1	-	-
Restricted stock issued – directors	-	-	57,000	-	57,000
Restricted stock units – vested	-	-	6,727	-	6,727
Outstanding at December 31, 2019	**6,342,189**	**2,182,426**	**31,077,662**	**-**	**39,602,277**

Additional paid-in capital

As of December 31, 2019, 2018 and 2017, the additional paid-in capital consists of additional cash contributions to the common capital paid by shareholders.

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

23. Capital and Reserves

B. Treasury stock

The following table presents information regarding shares repurchased but not retired by the Bank and accordingly classified as treasury stock:

	"Class A"		"Class B"		"Class E"		Total	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
Outstanding at January 1, 2017	318,140	10,708	589,174	16,242	1,912,477	42,226	2,819,791	69,176
Repurchase of common stock	-	-	1,000	28	-	-	1,000	28
Restricted stock issued – directors	-	-	-	-	(57,000)	(1,259)	(57,000)	(1,259)
Exercised stock options - compensation plans	-	-	-	-	(142,268)	(3,140)	(142,268)	(3,140)
Restricted stock units – vested	-	-	-	-	(70,519)	(1,557)	(70,519)	(1,557)
Outstanding at December 31, 2017	**318,140**	**10,708**	**590,174**	**16,270**	**1,642,690**	**36,270**	**2,551,004**	**63,248**
Repurchase of common stock	-	-	99,193	2,441	64	1	99,257	2,442
Restricted stock issued - directors	-	-	-	-	(57,000)	(1,259)	(57,000)	(1,259)
Exercised stock options - compensation plans	-	-	-	-	(102,918)	(2,272)	(102,918)	(2,272)
Restricted stock units - vested	-	-	-	-	(49,055)	(1,083)	(49,055)	(1,083)
Outstanding at December 31, 2018	**318,140**	**10,708**	**689,367**	**18,711**	**1,433,781**	**31,657**	**2,441,288**	**61,076**
Repurchase of common stock	-	-	-	-	-	-	-	-
Restricted stock issued - directors	-	-	-	-	(57,000)	(1,259)	(57,000)	(1,259)
Restricted stock units - vested	-	-	-	-	(6,727)	(148)	(6,727)	(148)
Outstanding at December 31, 2019	**318,140**	**10,708**	**689,367**	**18,711**	**1,370,054**	**30,250**	**2,377,561**	**59,669**

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

24. Other comprehensive income

The breakdown of other comprehensive income (loss) relating to financial instruments at FVOCI, derivative financial instruments, and foreign currency translation is as follows:

	Financial instruments FVH	Financial Instruments CFH	Foreign currency translation adjustment	Total
Balance as of January 1, 2017	**(581)**	**(2,220)**	**-**	**(2,801)**
Change in fair value of debt instruments, net of hedging	976	(4,924)	-	(3,948)
Change in fair value of equity instruments at FVOCI, net of hedging	187	-	-	187
Reclassification of gains (losses) on financial instruments included in profit or loss [(1)]	(279)	7,314	-	7,035
Exchange difference in conversion of foreign operating currency	-	-	1,490	1,490
Other comprehensive income (loss) for the year	884	2,390	1,490	4,764
Balance as of December 31, 2017	**303**	**170**	**1,490**	**1,963**
Change in fair value of debt instruments, net of hedging	(174)	2,841	-	2,667
Change in fair value of equity instruments at FVOCI, net of hedging	(1,224)	-	-	(1,224)
Reclassification of gains (losses) on financial instruments included in profit or loss [(1)]	(170)	(1,534)	-	(1,704)
Exchange difference in conversion of foreign operating currency	-	-	(1,282)	(1,282)
Other comprehensive income (loss) for the year	(1,568)	1,307	(1,282)	(1,543)
Balance as of December 31, 2018	**(1,265)**	**1,477**	**208**	**420**
Change in fair value of debt instruments, net of hedging	4	(2,698)	-	(2,694)
Change in fair value of equity instruments at FVOCI, net of hedging	491	-	-	491
Reclassification of gains (losses) on financial instruments included in profit or loss [(1)]	157	104	-	261
Exchange difference in conversion of foreign operating currency	-	-	(296)	(296)
Other comprehensive income (loss) for the year	652	(2,594)	(296)	(2,238)
Balance as of December 31, 2019	**(613)**	**(1,117)**	**(88)**	**(1,818)**

[(1)] Reclassification adjustments include amounts recognized in profit or loss of the year that had been part of other comprehensive income in this and prior years.

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

24. Other comprehensive income (continued)

The following table presents amounts reclassified from other comprehensive income to profit or loss:

Details about other comprehensive income components	Amount reclassified from other comprehensive income			Line item affected in the consolidated statement of profit or loss
	December 31,			
	2019	2018	2017	
Realized gains (losses) on securities at FVOCI:	157	87	84	Net gain (loss) on financial instruments
Gains (losses) on derivative financial instruments:				
Foreign exchange forwards	(3,261)	(2,502)	(7,611)	Interest income – loans
	(1,733)	(1,650)	(2,102)	Interest expense – borrowings and deposits
	(61)	(1,530)	7,216	Net gain (loss) on foreign currency exchange
Interest rate swaps	56	4	86	Net gain (loss) on interest rate swaps
Cross-currency swaps	(9)	-	12	Net gain (loss) on cross-currency swaps
	(5,008)	**(5,678)**	**(2,399)**	

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

25. Fee and commission income

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

	December 31, 2019			
	Syndications	Documentary and stand-by letters of credit	Other Commissions, net	Total
Openning and confirmation	-	8,381	1,312	9,693
Negotiation and acceptance	-	399	-	399
Amendment	-	632	(27)	605
Structuring	5,622	-	-	5,622
Other	-	94	(766)	(672)
	5,622	**9,506**	**519**	**15,647**

	December 31, 2018			
	Syndications	Documentary and stand-by letters of credit	Other Commissions, net	Total
Openning and confirmation	-	9,281	1,738	11,019
Negotiation and acceptance	-	379	-	379
Amendment	-	1,020	(151)	869
Structuring	4,950	-	-	4,950
Others	-	87	(119)	(32)
	4,950	**10,767**	**1,468**	**17,185**

Fees and commission income from contracts with customers recognized under IAS 18 as of December 31, 2017 are detailed below:

	December 31, 2017
Commission income – Loans & commitments, net	476
Commission income - Letters of credit	10,430
Commission income - Arrangements	6,608
Total	**17,514**

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

25. Fee and commission income (continued)

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

	Up to 1 year	1 to 2 years	More than 2 years	Total
Ordinary income expected to be recognized on the contracts as of December 31, 2019	1,462	95	1,026	2,583

	Up to 1 year	1 to 2 years	More than 2 years	Total
Ordinary income expected to be recognized on the contracts as of December 31, 2018	1,655	377	761	2,793

26. Business segment information

The Bank's activities are managed and executed in two business segments: Commercial and Treasury. Information related to each reportable segment is set out below. Business segment results are based on the Bank's managerial accounting process, which assigns assets, liabilities, revenue and expense items to each business segment on a systematic basis. The maximum decision-making operating authority of the Bank is represented by the Chief Executive Officer and the Executive Committee, who review the internal management reports for each division at least every six months. Segment profit, as included in the internal management reports is used to measure performance as management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate within the same industry.

The Bank's net interest income represents the main driver of profits; therefore, the Bank presents its interest-earning assets by business segment, to give an indication of the size of business generating net interest income. Interest-earning assets also generate gains and losses on sales, mainly from financial instruments at fair value through OCI and financial instruments at fair value through profit or loss, which are included in net other income. The Bank also discloses its other assets and contingencies by business segment, to give an indication of the size of business that generates net fees and commissions, also included in net other income.

The Commercial Business Segment encompasses the Bank's core business of financial intermediation and fee generating activities developed to cater to corporations, financial institutions and investors in Latin America. These activities include the origination of bilateral short-term and medium-term loans, structured and syndicated credits, loan commitments, and financial guarantee contracts such as issued and confirmed letters of credit, stand-by letters of credit, guarantees covering commercial risk, and other assets consisting of customers' liabilities under acceptances.

Profits from the Commercial Business Segment include (i) net interest income from loans; (ii) fees and commissions from the issuance, confirmation and negotiation of letters of credit, guarantees and loan commitments, and through loan structuring and syndication activities; (iii) gain on sale of loans generated through loan intermediation activities, such as sales in the secondary market and distribution in the primary market; (iv) recovery or impairment loss on financial instruments, as well as gain (loss) in other non-financial assets, net; and (v) direct and allocated operating expenses.

The Treasury Business Segment focuses on managing the Bank's investment portfolio, and the overall structure of its assets and liabilities to achieve more efficient funding and liquidity positions for the Bank, mitigating the traditional financial risks associated with the balance sheet, such as interest rate, liquidity, price and currency risks. Interest-earning assets managed by the Treasury Business Segment include liquidity positions in cash and cash equivalents, and financial instruments related to the investment management activities, consisting of securities at FVOCI and securities at amortized cost. The Treasury Business Segment also manages the Bank's interest-bearing liabilities, which constitute its funding sources, mainly deposits, short- and long-term borrowings and debt.

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

26. Business segment information (continued)

Profits from the Treasury Business Segment include net interest income derived from the above mentioned treasury assets and liabilities, and related net other income (net results from derivative financial instruments and foreign currency exchange, gain (loss) on financial instruments at FVTPL, gain (loss) on sale of securities at FVOCI, and other income), recovery or impairment loss on financial instruments, and direct and allocated operating expenses.

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

	December 31, 2019		
	Commercial	**Treasury**	**Total**
Interest income	253,462	20,220	273,682
Interest expense	(730)	(163,437)	(164,167)
Inter-segment net interest income	(144,334)	144,334	-
Net interest income	108,398	1,117	109,515
Other income (expense), net	17,835	(693)	17,142
Total income	126,233	424	126,657
Impairment loss on financial assets	(744)	314	(430)
Gain (impairment loss) on non-financial assets	500	-	500
Operating expenses	(31,183)	(9,491)	(40,674)
Segment profit (loss)	**94,806**	**(8,753)**	**86,053**
Segment assets	**5,967,157**	**1,273,678**	**7,240,835**
Segment liabilities	**134,657**	**6,081,693**	**6,216,350**

	December 31, 2018		
	Commercial	**Treasury**	**Total**
Interest income	239,976	18,514	258,490
Interest expense	-	(148,747)	(148,747)
Inter-segment net interest income	(130,195)	130,195	-
Net interest income	109,781	(38)	109,743
Other income (expense), net	18,002	(156)	17,846
Total income	127,783	(194)	127,589
Impairment loss on financial assets	(57,621)	106	(57,515)
Impairment loss on non-financial assets	(5,967)	-	(5,967)
Operating expenses	(37,436)	(11,482)	(48,918)
Segment profit (loss)	**26,759**	**(11,570)**	**15,189**
Segment assets	**5,734,159**	**1,858,333**	**7,592,492**
Segment liabilities	**12,985**	**6,588,995**	**6,601,980**

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

26. Business segment information (continued)

	December 31, 2017		
	Commercial	Treasury	Total
Interest income	213,326	12,753	226,079
Interest expense	-	(106,264)	(106,264)
Inter-segment net interest income	(92,745)	92,745	-
Net interest income	120,581	(766)	119,815
Other income (expense), net	18,926	(428)	18,498
Total income	139,507	(1,194)	138,313
Impairment loss (gain) on financial assets	(9,928)	489	(9,439)
Gain (impairment loss) on non-financial assets	-	-	-
Operating expenses	(35,916)	(10,959)	(46,875)
Segment profit (loss)	**93,663**	**(11,664)**	**81,999**
Segment assets	**5,481,628**	**774,681**	**6,256,309**
Segment liabilities	**13,214**	**5,191,170**	**5,204,384**

Reconciliation on informatiln on reportable segments

	2019	2018	2017
Profit (loss) for the period	86,053	15,189	81,999
Impairment loss on non-financial assets - unallocated	-	(4,051)	-
Total profit (loss) for the period	86,053	11,138	81,999
Assets:			
Assets from reportable segments	7,240,835	7,592,492	6,256,309
Other assets - unallocated	8,831	16,693	11,438
Total assets	7,249,666	7,609,185	6,267,747
Liabilities:			
Liabilities from reportable segments	6,216,350	6,601,980	5,204,384
Other liabilities - unallocated	17,149	13,615	20,551
Total Liabilities	6,233,499	6,615,595	5,224,935

The Bank applied IFRS 16, as of January 1, 2019, using the modified retrospective approach to recognize right-of-use assets for $17.4 million presented within equipment and leasehold improvements and lease liabilities for $20.9 million.

As of December 31, 2019 assets and liabilities were allocated between Commercial and Treasury segments.

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

26. Business segment information (continued)

As a result of the adoption of the new standard, certain amounts related to equipment and leasehold improvements and intangibles were reclassified for presentation purposes in the consolidated financial statement.

Geographic information

The geographic information analyses the Bank's revenue and non-current assets by the Bank's country of domicile and other countries. In presenting the geographic information below, segment revenue is based on customer's country risk and segment non-current assets are based on the geographic location of the assets.

2019	Panama	Brazil	Mexico	Colombia	Costa Rica	Ecuador	Argentina	Other	Total
Total revenues	8,649	13,122	18,757	10,348	10,702	13,640	14,889	36,550	126,657
Non-current assets*	20,976	222	1,510	55	-	-	185	725	23,673
2018	Panama	Brazil	Mexico	Colombia	Costa Rica	Ecuador	Argentina	Other	Other
Total revenues	13,913	17,887	14,577	15,440	11,115	10,414	9,959	34,284	127,589
Non-current assets*	6,520	126	1,495	7	-	-	37	134	8,319
2017	Panama	Brazil	Mexico	Colombia	Costa Rica	Ecuador	Argentina	Other	Other
Total revenues	10,829	27,908	17,451	18,465	11,814	9,545	6,975	35,326	138,313
Non-current assets*	15,934	88	1,702	16	-	-	33	192	17,965

* Includes equipment and lesehold improvements, intangibles and investment property

Disaggregation of revenue from contract with customers

As of December 31, 2019, 2018, and 2017, respectively, the Bank has no customer, either individually or as group of companies, that represents more than 10% of the total revenues.

27. Related party transactions

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

	December 31, 2019	Decembre 31, 2018
Assets		
Demand deposits	3,812	5,179
Loans, net	49,101	201,762
Securities at fair value through other comprehensive income, net	-	2,913
Total asset	**52,913**	**209,854**
Liabilities		
Demand deposits	-	200,000
Time deposits	120,000	40,000
Total liabilities	**120,000**	**240,000**
Contingencies		
Stand-by letters of credit	20,000	-
Loss allowance	(49)	-

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

27. Related party transactions (continued)

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

	December, 31		
	2019	**2018**	**2017**
Interest income			
Loans	2,837	2,751	985
Interest expense			
Deposits	(3,927)	(984)	(530)
Borrowings and debt (1)	(645)	-	-
Total interest expense	(4,572)	(984)	(530)
Net interest income (expenses)	**(1,735)**	**1,767**	**455**
Other income (expense)			
Fees and commissions, net	132	1	-
(Loss) gain on financial instruments, net	(41)	41	-
Other income, net	-	1	-
Total other income, net	91	43	-
Operating expenses			
Depreciation of equipment and leasehold improvements	(899)	-	-
Other expenses	(409)	(2,287)	-
Total operating expenses	(1,308)	(2,287)	-
Net income from related parties	**(2,952)**	**(477)**	**455**

(1) This caption includes the financial cost relating to leases and depreciation expense for the right-of-use assets that rises from the lease contract with related parties where the Bank acts as a lessee through September 30, 2019.

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

	December 31,		
	2019	**2018**	**2017**
Expenses:			
Compensation costs to directors	2,289	2,331	2,581
Compensation costs to executives	3,244	4,943	3,299

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

28. Salaries and other employee expenses

	December 31, 2019	**December 31, 2018**	**December 31, 2017**
Wages and salaries	13,232	18,487	16,191
Payroll taxes	1,721	2,120	2,629
Personnel benefits	8,867	6,732	8,644
Share–based payments	359	650	189
Total	**24,179**	**27,989**	**27,653**

28. Salaries and other employee expenses (continued)

A. Cash and stock-based compensation plans

The Bank has established equity compensation plans under which it manages restricted stock, restricted stock units and stock purchase option plans to attract, retain and motivate directors and top employees and compensate them for their contributions to the growth and profitability of the Bank. Vesting conditions for each of the Bank's plans are only comprised of specified requisite service periods.

i. 2015 Stock Incentive Plan – Directors and Executives

In February 2008, the Board of Directors of the Bank approved an incentive plan for directors and executives allowing the Bank to grant restricted stock, restricted stock units, stock purchase options, and/or other similar compensation instruments. The maximum aggregate number of shares which may be granted under this plan is three million "Class E" common shares. The 2008 Stock Incentive Plan is administered by the Board of Directors who has the authority at its discretion to select the directors and executives to whom the awards may be granted; to determine whether and to what extent awards are granted, and to amend the terms of any outstanding award under this plan. This plan was updated in October 2015, modified and renamed as "2015 Stock Incentive Plan"

Restricted stocks are issued at the grant date but are withheld by the Bank until the vesting date. Restricted stock is entitled to receive dividends. A restricted stock unit is a grant valued in terms of the Bank's stock, but no stock is issued at the grant date. Restricted stock units are not entitled to dividends. The Bank issues or disposes of treasury stock and delivers common stock at the vesting date of the restricted stock units.

During 2019, 2018 and 2017, the Board of Directors approved the grant of restricted stock to directors and stock options and restricted stock units to certain executives of the Bank, as follows:

Restricted stock – Directors

During the years 2019, 2018 and 2017, the Board of Directors granted 57,000, each year, of "Class E" common shares. The fair value of restricted stock granted was based on the stock closing price in the New York Stock Exchange of the "Class E" shares on April 17, 2019, April 11, 2018 and April 19, 2017. The fair value of restricted stock granted totaled $1.3 million in 2019, $1.6 million in 2018, and $1.6 million in 2017, of which $570 thousand, $739 thousand and $788 thousand were recognized in profit or loss during 2019, 2018 and 2017, respectively.

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

28. Salaries and other employee expenses

A. Cash and stock-based compensation plan

Restricted stock – Directors (continued)

The total expense recognized in profit or loss during 2019, 2018 and 2017 of restricted stock – directors amounted $1.4 million, $1.5 million and $1.7 million, respectively. The remaining cost pending amortization of $1.1 million at December 31, 2019 will be amortized over 2.3 years.

Restricted stock loses their restriction from the year following the anniversary date, as follows: 35% in the first and second year, and 30% in the third year.

A summary of restricted stock granted to Directors is presented below:

	Shares	Weighted average grant date fair value
Outstanding at January 1, 2017	96,900	27.86
Granted	57,000	27.80
Vested	(61,950)	28.50
Outstanding at December 31, 2017	91,950	27.40
Granted	57,000	28.70
Vested	(45,300)	28.07
Outstanding at December 31, 2018	103,650	27.82
Granted	57,000	22.68
Vested	(51,300)	27.19
Outstanding at December 31, 2019	109,350	25.44
Expected to vest	109,350	

The fair value of vested stock during the years 2019, 2018 and 2017 was $1.4 million, $1.3 million and $1.8 million, respectively.

Restricted Stock Units and Stock Purchase Options granted to certain Executives

The Board of Directors approved the grant of stock purchase options and restricted stock units to certain executives of the Bank with a grant date fair value of $355 thousand in 2019, $581 thousand in 2018 and $650 thousand in 2017. The distribution of the fair value was in restricted stock units.

Restricted stock units

The fair value of the restricted stock units was based on the "Class E" stock closing price in the New York Stock Exchange on the grant date. These stock units vest 25% each year on the grant date's anniversary. The restricted stock units are exchanged at a ratio of 1: 1 for common shares "Class E".

Compensation costs of the restricted stock units are amortized during the period of restriction by the accelerated method. During 2019, 2018 and 2017, the cost recognized in profit or loss as a result of the amortization of these grants totaled $359 thousand, $503 thousand and $811 thousand, respectively. The remaining compensation cost pending amortization of $321 thousand in 2019 will be amortized over 3.1 years.

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

28. Salaries and other employee expenses

A. Cash and stock-based compensation plan

Restricted Stock Units and Stock Purchase Options granted to certain Executives (continued)

A summary of the restricted stock units granted to certain executives is presented below:

	Shares	Weighted average grant date fair value	Weighted average remaining contractual term	Aggregate intrinsic value
Outstanding at January 1, 2017	167,436	19.35		
Granted	25,289	25.70		
Forfeited	(71,401)	18.61		
Vested	(70,519)	19.76		
Outstanding at December 31, 2017	50,805	21.07		
Granted	23,412	24.80		
Forfeited	-	-		
Vested	(49,055)	20.90		
Outstanding at December 31, 2018	25,162	24.86		
Granted	23,743	14.95		
Forfeited	-	-		
Vested	(6,727)	24.92		
Outstanding at December 31, 2019	42,178	19.27	2.64 years	153.20
Expected to vest	42,178	19.27	2.63 years	153.20

The fair value of vested stock during the years 2019, 2018 and 2017 is $168 thousands, $1.0 million, and $1.4 million, respectively.

Stock purchase options

The Bank´s policy indicates that options expire seven years after the grant date and are exercisable at a rate of 25% each year on the grant date’s anniversary.

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

28. Salaries and other employee expenses

A. Cash and stock-based compensation plan

Restricted Stock Units and Stock Purchase Options granted to certain Executives (continued)

Related cost recognized in profit or loss during 2018 and 2017 as a result of the amortization of these plans that amounted to $14 thousand and $118 thousand, respectively.

A summary of stock options granted is presented below:

	Options	Weighted average exercise price	Weighted average remaining contractual term	Aggregate intrinsic value
Outstanding at January 1, 2017	485,845	26.87		
Granted	-	-		
Forfeited	(69,934)	28.63		
Exercised	(142,268)	24.84		
Outstanding at December 31, 2017	273,643	27.48		
Granted	-	-		
Forfeited	(28,315)	29.25		
Exercised	(102,918)	24.55		
Outstanding at December 31, 2018	142,410	29.25		
Granted	-	-		
Forfeited	-	-		
Exercised	-	-		
Outstanding at December 31, 2019	142,410	29.25	2.11 years	-
Exercisable	142,410	29.25	2.11 years	-
Expected to vest	142,410	29.25	2.11 years	-

During 2019 there were no options exercised. The intrinsic value of exercised options during the years 2018 and 2017 was $406 thousand and $593 thousand, respectively.

During 2018 and 2017, the Bank received $2.5 million and $3.5 million, respectively from exercised options.

B. Other plans - Expatriate Top Executives Plan

The Bank sponsors a defined contribution plan for its expatriate top executives based in Panama, which are not eligible to participate in the Panamanian social security system. The Bank's contributions are determined as a percentage of the annual salaries of top executives eligible for the plan, each contributing an additional amount withheld from their salary. Contributions to this plan are managed by a fund manager through a trust. The executives are entitled to the Bank's contributions after completing at least three years of service in the Bank. During the years 2019, 2018 and 2017, the Bank charged to salaries expense $87 thousand, $102 thousand and $163 thousand, respectively, that correspond to the Bank's contributions to this plan.

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

29. Other expenses

	December 31, 2019	December 31, 2018	December 31, 2017
Administrative	5,560	6,391	6,846
Professional services	3,487	4,293	3,911
Maintenance and repairs	1,770	2,912	1,673
Regulatory fees	994	1,246	977
Rental - office and equipment	658	2,913	2,394
Advertising and marketing	290	337	683
Other	180	379	322
Total	**12,939**	**18,471**	**16,806**

30. Litigation

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

31. Applicable laws and regulations

Liquidity index

Rule No. 2-2018 issued by the Superintendence of Banks of Panama (SBP) establishes that every general license or international license bank must guarantee, with a higher level of confidence, that it is in the position to face its intraday liquidity obligations in a period when liquidity pressure may affect the lending market. For that purpose, the Superintendence of Banks of Panama has established a short-term liquidity coverage ratio known as "Liquidity Coverage Ratio or LCR". This ratio is measured through the quotient of two amounts, the first one corresponds to the high-quality liquid assets and the second one corresponds to the net cash outflows in 30 days.

As of December 31, 2019 and 2018, the minimum LCR to be reported to the SBP was 25% for both periods. The Bank´s LCR as of December 31, 2019 and 2018 was 131% and 238%, respectively.

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

$$\frac{\text{Liquid assets}}{\text{Liabilities (Deposits Received)}} \times 100 = X\% \text{ (Liquidity ratio)}$$

As of December 31, 2019 and 2018, the percentage of the liquidity index reported by the Bank to the regulator was 100.36% and 124.39%, respectively.

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

31. Applicable laws and regulations (continued)

Capital adequacy

The Banking Law in the Republic of Panama and the Rules No. 01-2015 and 03-2016 require that the general license banks maintain a total capital adequacy index that shall not be lower, at any time, than 8% of total assets and off-balance sheet irrevocable contingency transactions, weighted according to their risks; and ordinary primary capital that shall not be less than 4.5% of its assets and off-balance sheet transactions that represent an irrevocable contingency, weighted based on their risks; and a primary capital that shall not be less than 6% of its assets and off-balance sheet transactions that represent an irrevocable contingency, weighted based on their risks.

The primary objectives of the Bank's capital management policy are to ensure that the Bank complies with capital requirements imposed by local regulator and maintains strong credit ratings and healthy capital ratios to support its business and to maximize shareholder value.

The Bank manages its capital structure and adjusts it according to changes in economic conditions and the risk characteristics of its activities. To maintain or adjust the capital structure, the Bank may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

	December 31, 2019	December 31, 2018
Tier 1 capital	1,026,125	995,743
Risk weighted assets	5,937,648	5,830,875
Tier 1 capital ratio	17.28%	17.08%

Leverage ratio

Article 17 of the Rule No. 1-2015 establishes the leverage ratio of a regulated entity by means of the quotient between the ordinary primary capital and the total exposure for non-risk-weighted assets inside and outside the statement of financial position established by the SBP. For the determination of the exposure of off-balance-sheet operations, the criteria established for credit and counterparty credit risk positions will be used. The exposure of the derivatives will be the fair value at which it is recorded in the entity's assets.

The leverage ratio cannot be lower, at any time, than 3%. The Bank will inform to SBP as often as the compliance with the leverage ratio is determined.

	December 31, 2019	December 31, 2018
Ordinary capital	890,106	859,725
Non-risk-weighted assets	7,323,187	7,779,919
Leverage ratio	12.15%	11.05%

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

31. Applicable laws and regulations (continued)

Specific credit provisions

Rule No. 4-2013, modified by Rule No. 8-2014, states that the specific provisions are originated from the objective and concrete evidence of impairment. These provisions must be established for credit facilities classified according to the risk categories denominated as: special mention, substandard, doubtful, or unrecoverable, both for individual credit facilities as for a group of such facilities. In the case of a group, it corresponds to circumstances that indicate the existence of deterioration in credit quality, although individual identification is still not possible.

Banks must calculate and maintain at all times the amount of the specific provisions determined by the methodology specified in this Rule, which takes into account the balance owed of each credit facility classified in any of the categories subject to provision, mentioned in the paragraph above; the present value of each guarantee available in order to mitigate risk, as established by type of collateral; and a weighting table that applies to the net exposure balance subject to loss of such credit facilities.

Article 34 of this Rule establishes that all credits must be classified in the following five (5) categories, according to their default risk and loan conditions, and establishes a minimum reserve for each classification: normal 0%, special mention 20%, substandard 50%, doubtful 80%, and unrecoverable 100%.

If there is an excess in the specific provision, calculated in accordance with this Rule, compared to the provision calculated in accordance with IFRS, this excess will be accounted for as a regulatory credit reserve in equity and will increase or decrease with appropriations from/to retained earnings. The balance of the regulatory credit reserve will not be considered as capital funds for calculating certain ratios or prudential indicators mentioned in the Rule.

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

	December 31, 2019					
Loans	**Normal**	**Special Mention**	**Substandard**	**Doubtful**	**Unrecoverable**	**Total**
Corporations	2,487,859	13,595	-	-	61,845	2,563,299
Banks:						
Private	2,692,787	-	-	-	-	2,692,787
State-owned	589,690	-	-	-	-	589,690
	3,282,477	-	-	-	-	3,282,477
Sovereign	47,221	-	-	-	-	47,221
Total	**5,817,557**	**13,595**	**-**	**-**	**61,845**	**5,892,997**
Allowance for loan losses IFRS (*):	**42,396**	**2,338**	**-**	**-**	**54,573**	**99,307**

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

31. Applicable laws and regulations (continued)

Specific credit provisions (continued)

	December 31, 2018					
Loans	**Normal**	**Special Mention**	**Substandard**	**Doubtful**	**Unrecoverable**	**Total**
Corporations	2,571,907	-	-	64,701	-	2,636,608
Banks:						
Private	2,458,690	-	-	-	-	2,458,690
State-owned	624,100	-	-	-	-	624,100
	3,082,790	-	-	-	-	3,082,790
Sovereign	59,026	-	-	-	-	59,026
Total	**5,713,723**	**-**	**-**	**64,701**	**-**	**5,778,424**
Allowance for loan losses IFRS (*):	**51,346**	**-**	**-**	**49,439**	**-**	**100,785**

As of December 31, 2019, there are no restructured loans. As of December 31, 2018, the total restructured loans amounted to $9.0 million.

(*) As of December 31, 2019 and December 31, 2018, there is no excess in the specific provision calculated in accordance with Agreement No. 8-2014 of the SBP, over the provision calculated in accordance with IFRS.

Specific credit provisions (continued)

For statutory purposes only, non-accruing loans are presented by category as follows:

	December 31, 2019					
Non-accruing loans	**Normal**	**Special Mention**	**Substandard**	**Doubtful**	**Unrecoverable**	**Total**
Impaired loans	-	-	-	-	61,845	61,845
Total	**-**	**-**	**-**	**-**	**61,845**	**61,845**

	December 31, 2018					
Non-accruing loans	**Normal**	**Special Mention**	**Substandard**	**Doubtful**	**Unrecoverable**	**Total**
Impaired loans	-	-	-	64,701	-	64,701
Total	**-**	**-**	**-**	**64,701**	**-**	**64,701**

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

31. Applicable laws and regulations (continued)

Specific credit provisions (continued)

Credit risk coverage - dynamic provision

	December 31, 2019	December 31, 2018
Non-accruing loans:		
Private corporations	61,845	64,701
Total non-accruing loans	**61,845**	**64,701**
Interest that would be reversed if the loans had been classified as non-accruing loans	1,379	1,056
Income from collected interest on non-accruing loans	631	2,879

The SBP by means of Rule No. 4-2013, establishes the compulsory constitution of a dynamic provision in addition to the specific credit provision as part of the total provisions for the credit risk coverage.

The dynamic provision is an equity item associated to the regulatory capital but does not replace or offset the capital adequacy requirements established by the SBP.

Methodology for the constitution of the regulatory credit reserve

The Superintendence of Banks of Panama by means of the General Resolution of Board of Directors SBP-GJD-0003-2013 of July 9, 2013, establishes the accounting methodology for differences that arise between the application of the International Financial Reporting Standards (IFRS) and the application of prudential regulations issued by the SBP; as well as the additional disclosures required to be included in the notes to the consolidated financial statements.

The parameters established in this methodology are the following:

1. The calculations of accounting balances in accordance with IFRS and the prudential standards issued by the SBP will be carried out and the respective figures will be compared.

2. When the calculation made in accordance with IFRS results in a greater reserve or provision for the bank compared to the one resulting from the use of the prudential standards issued by the SBP, the Bank will account the IFRS figures.

3. When the impact of the use of prudential standards results in a greater reserve or provision for the Bank, the effect of the application of IFRS will be recognized in profit or loss, and the difference between IFRS calculation compared to the prudential standards calculation will be appropriated from retained earnings as a regulatory credit reserve. If the bank does not have sufficient retained earnings, the difference will be presented as an accumulated deficit account.

4. The regulatory credit reserve mentioned in paragraph 3 of this Rule may not be reversed against the retained earnings as long as there are differences between IFRS and the originated prudential regulations.

Considering that the Bank presents its consolidated financial statements under IFRS, specifically for its expected credit reserves under IFRS 9, the line "Regulatory credit reserve" established by the SBP has been used to present the difference between the application of the accounting standard used and the prudential regulations of the SBP to comply with the requirements of Rule No. 4-2013.

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

31. Applicable laws and regulations (continued)

As of December 31, 2019 and December 31, 2018, the total amount of the dynamic provision and the regulatory credit reserve calculated according to the guidelines of Rule No. 4-2013 of the SBP is $136.0 million for both periods, appropriated from retained earnings for purposes of compliance with local regulatory requirements. This appropriation is restricted from dividend distribution in order to comply with local regulations. The provision and reserve are detailed as follows:

	December 31, 2019	**December 31, 2018**
Dynamic provision	136,019	136,019
Regulatory credit reserve	-	-
	136,019	**136,019**

Capital reserve

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

32. Subsequent Events

Bladex announced a quarterly cash dividend of $0.385 US dollar cents per share corresponding to the results of the fourth quarter of 2019. The cash dividend was approved by the Board of Directors at its meeting held on February 7, 2020 and it was payable on March 12, 2020 to the Bank's stockholders as of February 26, 2020 record date.

As part of an orderly and programmed succession plan, the Board announced on January 27, 2020, that, effective March 9, 2020, Mr. N. Gabriel Tolchinsky will step down as Chief Executive Officer, and will be succeeded by Mr. Jorge Salas.

Bladex announced a quarterly cash dividend of $0.25 US dollar cents per share corresponding to the results of the first quarter of 2020. The cash dividend was approved by the Board of Directors at its meeting held on April 8, 2020 and it will be payable on May 13, 2020 to the Bank's stockholders as of April 27, 2020 record date.

The outbreak of the novel Coronavirus disease, also known as COVID-19, initially reported in December of 2019, has spread rapidly as a pandemic among the world´s population during the first quarter of 2020. The COVID-19 has negatively affected the economic conditions of companies in most of the countries in the world, causing global uncertainty which can significantly affect Bladex's operations, as well as the operations of its customers, counterparties and suppliers. The duration and severity of the impacts of COVID-19 are uncertain at this time, and the Bank cannot predict the impact it may have in its operations and financial situation, which could be material and adverse. The Bank's Management will continue to monitor and modify the operating and financial strategies in order to mitigate the possible risks that could affect the business.

APPENDIX C

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF BANCO LATINOAMERICANO DE COMERCIO EXTERIOR, S.A. AND SUBSIDIARIES AS OF MARCH 31, 2020, AND THE RELATED UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS, COMPREHENSIVE INCOME, CHANGES IN EQUITY, AND CASH FLOWS FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2020 AND 2019, AND THE RELATED NOTES

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(With Independent Auditor's Report on Review of Condensed Consolidated Interim Financial Information)

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

Independent Auditor's Review Report

Contents

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INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

To the Stockholders and Board of Directors
Banco Latinoamericano de Comercio Exterior, S. A.

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Banco Latinoamericano de Comercio Exterior, S. A. ("the Bank") as at March 31, 2020, the condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three-month period then ended, and notes to the interim financial information ("the condensed consolidated interim financial information"). Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at March 31, 2020 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG

Panama, Republic of Panama
July 13, 2020

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

Condensed consolidated interim statement of financial position
March 31, 2020 and December 31, 2019
(In thousands of US dollars)

	Notes	March 31, 2020 (Unaudited)	December 31, 2019
Assets			
Cash and due from banks	6,7	1,353,018	1,178,170
Securities and other financial assets, net	5,6,8	86,326	88,794
Loans		5,337,487	5,892,997
Interest receivable		40,613	41,757
Allowance for loans losses		(99,941)	(99,307)
Unearned interest and deferred fees		(11,095)	(12,114)
Loans, net	5,6,9	5,267,064	5,823,333
Customers' liabilities under acceptances	5,6	66,657	115,682
Derivative financial instruments - assets	5,6,12	17,044	11,157
Equipment and leasehold improvements, net		18,110	18,752
Intangibles, net		1,236	1,427
Investment properties		3,494	3,494
Other assets	13	9,574	8,857
Total assets		6,822,523	7,249,666
Liabilities and Equity			
Liabilities:			
Demand deposits		302,442	85,786
Time deposits		2,165,154	2,802,550
	6,14	2,467,596	2,888,336
Interest payable		5,048	5,219
Total deposits		2,472,644	2,893,555
Securities sold under repurchase agreements	6,15	53,888	40,530
Borrowings and debt, net	6,16	3,137,018	3,138,310
Interest payable		10,045	10,554
Customers' liabilities under acceptances	5,6	66,657	115,682
Derivative financial instruments - liabilities	5,6,12	49,095	14,675
Allowance for loan commitments and financial guarantees contracts losses	5	2,443	3,044
Other liabilities	17	12,245	17,149
Total liabilities		5,804,035	6,233,499
Equity:			
Common stock		279,980	279,980
Treasury stock		(59,409)	(59,669)
Additional paid-in capital in excess of value assigned to common stock		120,586	120,362
Capital reserves		95,210	95,210
Regulatory reserves	23	136,019	136,019
Retained earnings		448,762	446,083
Other comprehensive loss		(2,660)	(1,818)
Total equity		1,018,488	1,016,167
Total liabilities and equity		6,822,523	7,249,666

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

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

Condensed consolidated interim statements of profit or loss
For the three months ended March 31, 2020 and 2019
(In thousands of US dollars, except per share data and number of shares)

	Notes	(Unaudited) March 31, 2020	(Unaudited) March 31, 2019
Interest income:			
Deposits		2,459	5,357
Securities		640	942
Loans		55,891	67,255
Total interest income	20	58,990	73,554
Interest expense:			
Deposits		(11,462)	(17,694)
Borrowings and debt		(21,727)	(27,841)
Total interest expense	20	(33,189)	(45,534)
Net interest income		25,801	28,020
Other income (expense):			
Fees and commissions, net	19,20	3,073	2,350
Loss (gain) on financial instruments, net	11,20	(358)	756
Other income, net		240	945
Total other income, net	20	2,955	4,051
Total revenues		28,756	32,071
Impairment loss on financial instruments	5,20	89	(942)
Operating expenses:			
Salaries and other employee expenses		(7,007)	(6,311)
Depreciation of equipment and leasehold improvements		(735)	(691)
Amortization of intangible assets		(191)	(164)
Other expenses		(2,610)	(2,718)
Total operating expenses	20	(10,543)	(9,884)
Profit for the period		18,302	21,245
Per share data:			
Basic earnings per share (in US dollars)	18	0.46	0.54
Diluted earnings per share (in US dollars)	18	0.46	0.54
Weighted average basic shares (in thousands of shares)	18	39,609	39,542
Weighted average diluted shares (in thousands of shares)	18	39,609	39,542

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

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

Condensed consolidated interim statements of comprehensive income
For the three months ended March 31, 2020 and 2019
(In thousands of US dollars)

	(Unaudited) March 31,	
	2020	**2019**
Profit for the period	18,302	21,245
Other comprehensive loss:		
Items that will not be reclassified subsequently to profit or loss:		
Change in fair value on equity instrument at FVOCI, net of hedging	320	257
Items that are or may be reclassified subsequently to profit or loss:		
Change in fair value on debt financial instruments at FVOCI, net of hedging	(1,230)	(1,781)
Reclassification of gains (losses) on financial instruments to the profit or loss	(117)	470
Exchange difference in conversion of foreign currency operation	185	(76)
Other comprehensive loss	(842)	(1,130)
Total comprehensive income for the period	17,460	20,115

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

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

Condensed consolidated interim statements of changes in stockholders's equity
For the three months ended March 31, 2020 and 2019
(In thousands of US dollars)

	Common stock	Treasury stock	Additional paid-in capital in excess of value assigned to common stock	Capital reserves	Regulatory reserves	Retained earnings	Other comprehensive	Total equity
Balances at January 1, 2019	279,980	(61,076)	119,987	95,210	136,019	423,050	420	993,590
Effect for change in accounting policy	-	-	-	-	-	(1,926)	-	(1,926)
Balance at January 1, 2019, adjusted	279,980	(61,076)	119,987	95,210	136,019	421,124	420	991,664
Profit for the period	-	-	-	-	-	21,245	-	21,245
Other comprehensive income (loss)	-	-	-	-	-	-	(1,130)	(1,130)
Compensation cost - stock options and stock units plans	-	-	460	-	-	-	-	460
Exercised options and stock units vested	-	129	(129)	-	-	-	-	-
Dividends declared	-	-	-	-	-	(15,225)	-	(15,225)
Balances at March 31, 2019 (Unaudited)	279,980	(60,947)	120,318	95,210	136,019	427,144	(710)	997,014
Balances at January 1, 2020	279,980	(59,669)	120,362	95,210	136,019	446,083	(1,818)	1,016,167
Profit for the period	-	-	-	-	-	18,302	-	18,302
Other comprehensive income (loss)	-	-	-	-	-	-	(1,218)	(1,218)
Transfer of fair value on equity instrument at FVOCI						(376)	376	-
Compensation cost - stock options and stock units plans	-	-	484	-	-	-	-	484
Exercised options and stock units vested	-	260	(260)	-	-	-	-	-
Dividends declared	-	-	-	-	-	(15,247)	-	(15,247)
Balances at March 31, 2020 (Unaudited)	279,980	(59,409)	120,586	95,210	136,019	448,762	(2,660)	1,018,488

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

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

Condensed consolidated interim statements of cash flows
For the three months ended March 31, 2020 and 2019
(In thousands of US dollars)

	(Unaudited) March 31,	
	2020	**2019**
Cash flows from operating activities		
Profit for the period	18,302	21,245
Adjustments to reconcile profit for the year to net cash provided by (used in) operating activities:		
Depreciation of equipment and leasehold improvements	735	691
Amortization of intangible assets	191	164
Impairment (gain) loss on financial instruments	(89)	942
Gain, net on sale of financial assets at fair value through OCI	-	(109)
Amortization of premium and discount related to securities at amortized cost	100	92
Compensation cost - share-based payment	484	460
Net changes in hedging position and foreign currency	(2,527)	394
Interest income	(58,990)	(73,554)
Interest expense	33,189	45,534
Net decrease (increase) in operating assets:		
Pledged deposits	(37,149)	6,551
Loans	511,523	297,671
Other assets	(723)	10,737
Net increase (decrease) in operating liabilities:		
Due to depositors	(420,740)	(223,247)
Other liabilities	(4,986)	76
Cash flows provided by operating activities	39,320	87,647
Interest received	60,350	67,663
Interest paid	(33,869)	(48,756)
Net cash provided by operating activities	65,801	106,554
Cash flows from investing activities:		
Acquisition of equipment and leasehold improvements	(9)	(25)
Proceeds from the sale of securities at fair value through OCI	1,882	4,200
Proceeds from redemption of securities at amortized cost	14,825	12,700
Purchases of securities at amortized cost	(14,549)	(200)
Net cash provided by investing activities	2,149	16,675
Cash flows from financing activities:		
Increase (decrease) in securities sold under repurchase agreements	13,358	(11,535)
Net increase (decrease) in short-term borrowings and debt	103,460	(868,016)
Proceeds from long-term borrowings and debt	50,000	470,159
Repayments of long-term borrowings and debt	(81,631)	(633,752)
Payments of leases liabilities	(273)	(254)
Dividends paid	(15,165)	(15,383)
Net cash provided by (used in) financing activities	69,749	(1,058,781)
Increase (decrease) net in cash and cash equivalents	137,699	(935,552)
Cash and cash equivalents at beginning of the period	1,159,718	1,706,192
Cash and cash equivalents at end of the period	1,297,417	770,640

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

1. Corporate information

Banco Latinoamericano de Comercio Exterior, S. A. ("Bladex Head Office" and together with its subsidiaries "Bladex" or the "Bank"), headquartered in Panama City, Republic of Panama, is a specialized multinational bank established to support the financing of foreign trade and economic integration in Latin America and the Caribbean (the "Region"). The Bank was established pursuant to a May 1975 proposal presented to the Assembly of Governors of Central Banks in the Region, which recommended the creation of a multinational organization to increase the foreign trade financing capacity of the Region. The Bank was organized in 1977, incorporated in 1978 as a corporation pursuant is to the laws of the Republic of Panama, and initiated operations on January 2, 1979. Under a contract law signed in 1978 between the Republic of Panama and Bladex, the Bank was granted certain privileges by the Republic of Panama, including an exemption from payment of income taxes in Panama.

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

In the Republic of Panama, banks are regulated by the SBP through Executive Decree No. 52 of April 30, 2008, which adopts the unique text of Law Decree No. 9 of February 26, 1998, modified by Law Decree No. 2 of February 22, 2008. Banks are also regulated by resolutions and agreements issued by this entity. The main aspects of this law and its regulations include: the authorization of banking licenses, minimum capital and liquidity requirements, consolidated supervision, procedures for management of credit, liquidity and market risks, measures to prevent money laundering, the financing of terrorism and related illicit activities, and procedures for banking intervention and liquidation, among others.

Bladex Head Office's subsidiaries are the following:

- Bladex Holdings Inc. is a wholly owned subsidiary, incorporated under the laws of the State of Delaware, United States of America (USA), on May 30, 2000. Bladex Holdings Inc. has ownership in Bladex Representaçao Ltda.

- Bladex Representaçao Ltda. incorporated under the laws of Brazil on January 7, 2000, acts as the Bank's representative office in Brazil. Bladex Representaçao Ltda. is 99.999% owned by Bladex Head Office and the remaining 0.001% is owned by Bladex Holdings Inc.

- Bladex Development Corp. was incorporated under the laws of the Republic of Panama on June 5, 2014. Bladex Development Corp. is 100% owned by Bladex Head Office.

- BLX Soluciones, S.A. de C.V., SOFOM, E.N.R. ("BLX Soluciones") was incorporated under the laws of Mexico on June 13, 2014. BLX Soluciones is 99.9% owned by Bladex Head Office, and Bladex Development Corp. owns the remaining 0.1%. The company specializes in offering financial leasing and other financial products such as loans and factoring.

Bladex Head Office has an agency in New York City, USA (the "New York Agency"), which began operations on March 27, 1989. The New York Agency is principally engaged in financing transactions related to international trade, mostly the confirmation and financing of letters of credit for customers in the Region. The New York Agency also has authorization to book transactions through an International Banking Facility ("IBF").

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

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on April 8, 2020.

On July 9, 2020, Management has assessed and approved the additional disclosures included in Note 24 – Subsequent events.

2. Basis of preparation of the condensed consolidated interim financial statements

2.1 Statement of compliance

These condensed consolidated interim financial statements of Banco Latinoamericano de Comercio Exterior, S. A. and its subsidiaries have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (IAS 34) issued by the International Accounting Standards Board ("IASB"). As all the disclosures required by IFRS for annual period consolidated financial statements are not included herein, these condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements and the notes thereto as of and for the year ended December 31, 2019, contained in the Bank's annual audited consolidated financial statements. The condensed consolidated interim statements of profit or loss, other comprehensive income, changes in equity and cash flows for the periods presented are not necessarily indicative of results expected for any future period.

3. Changes in significant accounting policies

3.1 New accounting policies and amendments not yet adopted

The Bank has initially adopted Interest Rate Benchmark Reform (Amendments to IFRS 9, and IFRS 7) from January 1, 2020. This change in accounting policy is also expected to be reflected in the Bank's consolidated financial statements as at and for the year ending December 31, 2020. The Bank has applied the interest rate benchmark reform amendments to hedging relationships that existed at January 1, 2020 or were designated thereafter and that are directly affected by interest rate benchmark reform. These amendments also apply to the gain or loss recognized in OCI that existed at January 1, 2020.

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

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). Due to the nature of its business, the Bank portfolio is predominantly made up of short-term fixed rate assets and liabilities. However, the Bank has exposures to IBORs (USD Libor only) on its financial instruments that will be replaced or reformed as part of these market-wide initiatives. There is uncertainty over the timing and the methods of transition. The Bank anticipates that IBOR reform will impact its risk management and hedge accounting.

The Libor Transition Steering Committee (LTSC) monitors and manages the transition to alternative rates. The committee evaluates the extent to which contracts reference IBOR cash flows, whether such contracts will need to be amended as a result of IBOR reform and how to manage communication about IBOR reform with counterparties. The committee reports to the Board of directors and collaborates with other business functions as needed. It provides periodic reports to management of interest rate risk and risks arising from IBOR reform.

Derivatives held for risk management purposes and hedge accounting

Derivatives

The Bank holds interest rate swaps for risk management purposes, which are designated in cash flow hedging relationships. The interest rate swaps have floating legs that are indexed to USD Libor. The Bank's derivative instruments are governed by the International Swaps and Derivatives Association (ISDA)'s Master Agreement.

ISDA is currently reviewing its standardized contracts in the light of IBOR reform. When ISDA has completed its review, the Bank expects to negotiate the inclusion of new fallback clauses with its derivative counterparties. No derivative instruments have been modified as at March 31, 2020.

3. Changes in significant accounting policies (continued)

3.1 New accounting policies and amendments not yet adopted (continued)

Hedge accounting

The Bank evaluated the extent to which its cash flow hedging relationships are subject to uncertainty driven by IBOR reform as at March 31, 2020. The Bank's hedged items and hedging instruments continue to be indexed to IBOR benchmark rates, i.e. USD Libor. IBOR benchmark rates are quoted each day and IBOR cash flows are exchanged with its counterparties as usual. However, the Bank's cash flow hedging relationships extend beyond the anticipated cessation date for USD LIBOR. The Bank expects that USD LIBOR will be discontinued after the end of 2021. The preferred alternative reference rate is Secured Overnight Financing Rate (SOFR). However, there is uncertainty as to when and how replacement may occur with respect to the relevant hedged item and hedging instrument. Such uncertainty may impact the hedging relationship and its effectiveness assessment. The Bank applies the amendments to IFRS 9 issued in September 2019 to those hedging relationships directly affected by IBOR reform.

Hedging relationships impacted by IBOR reform may experience ineffectiveness attributable to market participants' expectations of when the shift from the existing IBOR benchmark rate to an alternative benchmark interest rate will occur. This transition may occur at different times for the hedged item and hedging instrument, which may lead to hedge ineffectiveness. The Bank has measured its hedging instrument indexed to USD LIBOR using available quoted market rates for LIBOR-based instruments of the same tenor and similar maturity and has measured the cumulative change in present value of hedged cash flows on a similar basis

The Bank's exposure to USD LIBOR designated in a hedging relationship is US$20million nominal amount at March 31, 2020 attributable to the interest rate swap hedging USD LIBOR cash flows on the same principal amount of the Bank's USD-denominated bond issuances maturing in 2023.

For the purpose of evaluating whether there is an economic relationship between the hedged item(s) and the hedging instrument(s), the Bank assumes that the benchmark interest rate is not altered as a result of IBOR reform.

The Bank will cease to apply the amendments to its assessment of the economic relationship between the hedged item and the hedging instrument when the uncertainty arising from IBOR reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows of the hedged item or hedging instrument, or when the hedging relationship is discontinued. For its highly probable assessment of the hedged item, the Bank will no longer apply the amendments when the uncertainty arising from IBOR reform about the timing and amount of the interest rate benchmark-based future cash flows of the hedged item is no longer present, or when the hedging relationship is discontinued.

4. Significant accounting policies

4.1. Judgments, estimates and significant accounting assumptions

A. Estimates and assumptions

The key assumptions concerning the future and other key sources of estimating uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Bank based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances beyond the control of the Bank. Such changes are reflected in the assumptions when they occur.

B. Going concern

The Bank's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Therefore, the condensed consolidated financial statements continue to be prepared on a going concern basis.

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

5. Financial risk

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

A. Credit risk

i. Credit quality analysis

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

The Bank's Management has not made any adjustment to the methodology and key inputs used to determine the PD and LGD parameters produced by the model.

Loans

March 31, 2020

	PD Ranges	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Grades 1 - 4	0.03 - 0.74	2,543,852	-	-	2,543,852
Grades 5 - 6	0.75 - 3.95	2,044,471	228,209	-	2,272,680
Grades 7 - 8	3.96 - 30.67	340,782	118,328	-	459,110
Grades 9 - 10	30.68 - 100	-	-	61,845	61,845
		4,929,105	346,537	61,845	5,337,487
Loss allowance		(27,326)	(17,871)	(54,744)	(99,941)
Total		**4,901,779**	**328,666**	**7,101**	**5,237,546**

December 31, 2019

	PD Ranges	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Grades 1 - 4	0.03 - 0.74	2,928,401	-	-	2,928,401
Grades 5 - 6	0.75 - 3.95	2,330,150	85,173	-	2,415,323
Grades 7 - 8	3.96 - 30.67	343,606	143,822	-	487,428
Grades 9 - 10	30.68 - 100	-	-	61,845	61,845
		5,602,157	228,995	61,845	5,892,997
Loss allowance		(28,892)	(15,842)	(54,573)	(99,307)
Total		**5,573,265**	**213,153**	**7,272**	**5,793,690**

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

5. Financial risk (continued)

A. Credit risk (continued)

Loan commitments, financial guarantees issued and customers' liabilities under acceptances

March 31, 2020

	12-month PD Ranges	Stage 1	Stage 2	Stage 3	Total
Commitments and contingencies					
Grades 1 - 4	0.03 - 0.74	157,231	-	-	157,231
Grades 5 - 6	0.75 - 3.95	104,085	35,843	-	139,928
Grades 7 - 8	3.96 - 30.67	130,441	-	-	130,441
		391,757	35,843	-	427,600
Customers' liabilities under acceptances					
Grades 1 - 4	0.03 - 0.74	4,983	-	-	4,983
Grades 5 - 6	0.75 - 3.95	-	-	-	-
Grades 7 - 8	3.96 - 30.67	61,674	-	-	61,674
		66,657	-	-	66,657
		458,414	**35,843**	-	**494,257**
Loss allowance		(2,052)	(391)	-	(2,443)
Total		**456,362**	**35,452**	**-**	**491,814**

December 31, 2019

	12-month PD Ranges	Stage 1	Stage 2	Stage 3	Total
Commitments and contingencies					
Grades 1 - 4	0.03 - 0.74	153,874	-	-	153,874
Grades 5 - 6	0.75 - 3.95	150,631	27,446	-	178,077
Grades 7 - 8	4.13 - 30.43	161,421	-	-	161,421
		465,926	27,446	-	493,372
Customers' liabilities under acceptances					
Grades 1 - 4	0.03 - 0.74	13,367	-	-	13,367
Grades 5 - 6	0.75 - 3.95	5,491	-	-	5,491
Grades 7 - 8	4.13 - 30.43	96,824	-	-	96,824
		115,682	-	-	115,682
		581,608	**27,446**	-	**609,054**
Loss allowance		(2,683)	(361)	-	(3,044)
Total		**578,925**	**27,085**	**-**	**606,010**

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

5. Financial risk (continued)

A. Credit risk (continued)

Securities at amortized cost

March 31, 2020

	12-month PD Ranges	Stage 1	Stage 2	Stage 3	Total
Grades 1 - 4	0.03 - 0.74	74,200	-	-	74,200
		74,200	-	-	74,200
Loss allowance		(106)	-	-	(106)
Total		**74,094**	**-**	**-**	**74,094**

December 31, 2019

	12-month PD Ranges	Stage 1	Stage 2	Stage 3	Total
Grades 1 - 4	0.03 - 0.74	73,047	-	-	73,047
Grades 5 - 6	0.75 - 3.95	-	1,500	-	1,500
		73,047	1,500	-	74,547
Loss allowance		(103)	(10)	-	(113)
Total		**72,944**	**1,490**	**-**	**74,434**

Securities at fair value through other comprehensive income (FVOCI)

March 31, 2020

	12-month PD Ranges	Stage 1	Stage 2	Stage 3	Total
Grades 1 - 4	0.03 - 0.74	5,065	-	-	5,065
		5,065	-	-	5,065
Loss allowance		-	-	-	-
Total		**5,065**	**-**	**-**	**5,065**

December 31, 2019

	12-month PD Ranges	Stage 1	Stage 2	Stage 3	Total
Grades 1 - 4	0.03 - 0.74	5,094	-	-	5,094
		5,094	-	-	5,094
Loss allowance		-	-	-	-
Total		**5,094**	**-**	**-**	**5,094**

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

5. Financial risk (continued)

A. Credit risk (continued)

The following table presents the outstanding balances of the current and past due balances of loans in stages 1, 2 and 3:

	March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total
Current	4,929,105	346,537	43,445	5,319,087
Past due				
90-120 days	-	-	3,724	3,724
151-180 days	-	-	-	-
More than 180 days	-	-	14,676	14,676
Total past due	-	-	18,400	18,400
Total	**4,929,105**	**346,537**	**61,845**	**5,337,487**

	December 31, 2019			
	Stage 1	Stage 2	Stage 3	Total
Current	5,602,157	228,995	47,169	5,878,321
Past due				
90-120 days	-	-	3,724	3,724
151-180 days	-	-	-	-
More than 180 days	-	-	10,952	10,952
Total past due	-	-	14,676	14,676
Total	**5,602,157**	**228,995**	**61,845**	**5,892,997**

As of March 31, 2020 and December 31, 2019, other financial assets were no past due or impaired balances.

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

	March 31,		
	Notional value USD	Derivative financial instrument - fair value asset	Derivative financial instrument - fair value liabilities
Interest rate swaps	470,667	3,675	(2,696)
Cross-currency swaps	401,721	2,346	(46,399)
Foreign exchange forwards	57,194	11,023	-
Total	**929,582**	**17,044**	**(49,095)**

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

5. Financial risk (continued)

A. Credit risk (continued)

	December 31, 2019		
	Notional value USD	Derivative financial instrument - fair value asset	Derivative financial instrument - fair value liabilities
Interest rate swaps	521,333	407	(1,903)
Cross-currency swaps	369,869	10,125	(10,197)
Foreign exchange forwards	74,471	625	(2,575)
Total	**965,673**	**11,157**	**(14,675)**

ii. Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral.

Derivatives and repurchase agreements

In the ordinary course of business, the Bank enters into derivative financial instrument transactions and securities sold under repurchase agreements under industry standards agreements. Depending on the collateral requirements stated in the contracts, the Bank and counterparties can receive or deliver collateral based on the fair value of the financial instruments transacted between parties. Collateral typically consists of pledged cash deposits and securities. The master netting agreements include clauses that, in the event of default, provide for close-out netting, which allows all positions with the defaulting counterparty to be terminated and net settled with a single payment amount.

The International Swaps and Derivatives Association master agreement ("ISDA") and similar master netting arrangements do not meet the criteria for offsetting in the consolidated statement of financial position. This is because they create for the parties to the agreement a right of set-off of recognized amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Bank or the counterparties or following other predetermined events.

Such arrangements provide for single net settlement of all financial instruments covered by the agreements in the event of default on any one contract. Master netting arrangements do not normally result in an offset of balance–sheet assets and liabilities unless certain conditions for offsetting are met.

Although master netting arrangements may significantly reduce credit risk, it should be noted that:

- Credit risk is eliminated only to the extent that amounts due to the same counterparty will be settled after the assets are realized.
- The extent to which overall credit risk is reduced may change substantially within a short period because the exposure is affected by each transaction subject to the arrangement.

Loans

The main types of collateral obtained are, as follows:

- For commercial lending, liens on real estate property, inventory and trade receivables.

The Bank also obtains guarantees from parent companies for loans to their subsidiaries. Management monitors the market value of collateral and will request additional collateral in accordance with the underlying agreement. It is the Bank's policy to dispose of repossessed property in an orderly fashion. The proceeds are used to reduce or repay the outstanding claim. In general, the Bank does not occupy repossessed property for business use.

5. Financial risk (continued)

A. Credit risk (continued)

The Bank holds guarantees and other financial credit enhancements against certain exposures in the loan portfolio. As of March 31, 2020, and December 31, 2019, the coverage ratio to the carrying amount of the loan portfolio was 13% and 12% respectively.

iii. Implementation of forward-looking information

The Bank incorporates information of the economic environments on a forward-looking view, when assessing whether the credit risk of a financial instrument has significantly increased since initial recognition through customer and country rating models which include projections of the inputs under analysis.

Supplementary, for the expected credit loss measurement the results of the alert model can be considered, which are analyzed through a severity indicator to total risk resulting from the estimates and assumptions of several macroeconomics factors. These estimates and assumptions are supported by a base scenario associated to a probability of occurrence of 95%. Other scenarios represent optimistic and pessimistic results. The implementation and interpretation of the outcomes of the alert are based on the expert judgement of management, based on suggestions of areas such as Credit Risk, Economic Studies and Loan Recovery of the Bank.

The external information could include economic data and projections published by governmental committees, monetary agencies (e.g., Federal Reserve Bank and from countries where the Bank operates), supranational organizations (International Monetary Fund, The World Bank, World Trade Organization), private sector, academic projections, credit rating agencies, among other.

Principal macroeconomies variables of the country rating model with forward-looking scenarios are:

Variables	Description
GDP Growth (Var. %)	% Variation in the growth of the Gross Domestic Product (GDP)
ComEx Growth (Var. %)	% Variation in foreign trade growth (Exp. + Imp.)

The model uses, as main inputs, the following macroeconomic variables: the percentage variation of the gross domestic product of Latin America and the percentage of the foreign trade index growth. The main movements and changes in the variables are analyzed, in general and in particular for each country in the region. This historical and projected information over a period of five years allows Management a complementary means to estimate the macroeconomic effects in the Bank's portfolio.

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

5. Financial risk (continued)

A. Credit risk (continued)

The table below lists the macroeconomic assumptions by country used in the base, optimistic and pessimistic scenarios over the five-year forecasted average available for each reporting period.

		Variable			
		GDP Growth (Var.%) (1)		ComEx Growth Index (Var.%)	
Country	Scenario	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
Brazil	Central	2.3%	2.0%	6.2%	4.1%
	Upside	3.3%	3.0%	9.7%	7.6%
	Downside	0.9%	0.6%	2.2%	0.1%
Colombia	Central	3.5%	3.4%	7.3%	6.6%
	Upside	4.6%	4.5%	10.3%	9.6%
	Downside	2.2%	2.1%	3.8%	3.1%
Mexico	Central	1.8%	1.5%	3.8%	2.2%
	Upside	2.8%	2.5%	7.8%	6.2%
	Downside	0.6%	0.3%	-0.7%	-2.3%
Chile	Central	2.6%	2.2%	5.6%	3.1%
	Upside	3.7%	3.3%	9.1%	6.6%
	Downside	1.4%	1.0%	1.6%	-0.9%
Ecuador	Central	1.8%	1.3%	4.7%	4.6%
	Upside	2.8%	2.3%	7.7%	7.6%
	Downside	0.3%	-0.2%	1.2%	1.1%
Guatemala	Central	3.4%	3.5%	5.4%	4.1%
	Upside	4.4%	4.5%	8.4%	7.1%
	Downside	2.2%	2.3%	1.9%	0.6%
Dominican Republic	Central	3.1%	5.0%	7.4%	5.8%
	Upside	4.1%	6.2%	10.9%	9.3%
	Downside	1.8%	3.7%	3.4%	1.8%
Panama	Central	4.8%	4.6%	5.3%	3.0%
	Upside	6.3%	6.1%	8.3%	6.0%
	Downside	3.4%	3.2%	1.8%	-0.5%

[1] See Note 24 – Subsequent events which include the updated forecast macro-economic variables

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

5. Financial risk (continued)

A. Credit risk (continued)

iv. Loss allowances

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

Loans

	Stage 1	Stage 2	Stage 3	Total
Allowance for expected credit losses as of December 31, 2019	**28,892**	**15,842**	**54,573**	**99,307**
Transfer to lifetime expected credit losses	(183)	183	-	-
Net effect of changes in allowance for expected credit losses	(383)	2,748	56	2,421
Financial instruments that have been derecognized during the period	(8,296)	(902)	-	(9,198)
New financial assets originated or purchased	7,296	-	-	7,296
Write-offs	-	-	-	-
Recoveries	-	-	115	115
Allowance for expected credit losses as of March 31, 2020	**27,326**	**17,871**	**54,744**	**99,941**

	Stage 1	Stage 2	Stage 3	Total
Allowance for expected credit losses as of December 31, 2018	**34,957**	**16,389**	**49,439**	**100,785**
Transfer to lifetime expected credit losses	(2,488)	2,488	-	-
Net effect of changes in allowance for expected credit losses	(2,154)	5,881	7,987	11,714
Financial instruments that have been derecognized during the year	(27,118)	(8,916)	(500)	(36,534)
New financial assets originated or purchased	25,695	-	-	25,695
Write-offs	-	-	(2,405)	(2,405)
Recoveries	-	-	52	52
Allowance for expected credit losses as of December 31, 2019	**28,892**	**15,842**	**54,573**	**99,307**

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

5. Financial risk (continued)

A. Credit risk (continued)

Loan commitments, financial guarantee contracts and customers' liabilities under acceptances

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

	Stage 1	**Stage 2**	**Stage 3**	**Total**
Allowance for expected credit losses as of December 31, 2019	**2,683**	**361**	**-**	**3,044**
Net effect of changes in reserve for expected credit loss	(238)	30	-	(208)
Financial instruments that have been derecognized during the period	(1,580)	-	-	(1,580)
New instruments originated or purchased	1,187	-	-	1,187
Allowance for expected credit losses as of March 31, 2020	**2,052**	**391**	**-**	**2,443**

	Stage 1	**Stage 2**	**Stage 3**	**Total**
Allowance for expected credit losses as of December 31, 2018	**3,089**	**200**	**-**	**3,289**
Net effect of changes in reserve for expected credit loss	(17)	170	-	153
Financial instruments that have been derecognized during the year	(2,497)	(9)	-	(2,506)
New instruments originated or purchased	2,108	-	-	2,108
Allowance for expected credit losses as of December 31, 2019	**2,683**	**361**	**-**	**3,044**

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

5. Financial risk (continued)

A. Credit risk (continued)

Securities at amortized cost

	Stage 1	Stage 2	Stage 3	Total
Allowance for expected credit losses as of December 31, 2019	**103**	**10**	**-**	**113**
Net effect of changes in allowance for expected credit losses	-	-	-	-
Financial instruments that have been derecognized during the period	(27)	(10)	-	(37)
New financial assets originated or purchased	30	-	-	30
Allowance for expected credit losses as of March 31, 2020	**106**	**-**	**-**	**106**

	Stage 1	Stage 2	Stage 3	Total
Allowance for expected credit losses as of December 31, 2018	**113**	**27**	**-**	**140**
Net effect of changes in allowance for expected credit losses	(1)	(17)	-	(18)
Financial instruments that have been derecognized during the year	(46)	-	-	(46)
New financial assets originated or purchased	37	-	-	37
Allowance for expected credit losses as of December 31, 2019	**103**	**10**	**-**	**113**

Securities at fair value through other comprehensive income (FVOCI)

	Stage 1	Stage 2	Stage 3	Total
Allowance for expected credit losses as of December 31, 2019	**-**	**-**	**-**	**-**
Financial instruments that have been derecognized during the period	-	-	-	-
Allowance for expected credit losses as of March 31, 2020	**-**	**-**	**-**	**-**

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

5. Financial risk (continued)

A. Credit risk (continued)

	Stage 1	Stage 2	Stage 3	Total
Allowance for expected credit losses as of December 31, 2018	**33**	**140**	**-**	**173**
Financial instruments that have been derecognized during the year	(33)	(140)	-	(173)
Allowance for expected credit losses as of December 31, 2019	**-**	**-**	**-**	**-**

The following table provides a reconciliation between:

- Amounts shown in the previous tables reconciling opening and closing balances of loss allowance per class of financial instrument; and
- The 'impairment losses on financial instruments' line item in the condensed consolidated interim statement of profit or loss and other comprehensive income.

			Securities		
March 31, 2020	Loans	Loan commitments and financial guarantee contracts	At amortized cost	FVOCI	Total
Net effect of changes in allowance for expected credit losses	2,421	(208)	-	-	2,213
Financial instruments that have been derecognized during the year	(9,198)	(1,580)	(37)	-	(10,815)
New financial assets originated or purchased	7,296	1,187	30	-	8,513
Total	**519**	**(601)**	**(7)**	**-**	**(89)**

			Securities		
March 31, 2019	Loans	Loan commitments and financial guarantee contracts	At amortized cost	FVOCI	Total
Net effect of changes in allowance for expected credit losses	9,360	(266)	(7)	(8)	9,079
Financial instruments that have been derecognized during the year	(15,569)	(1,802)	(10)	-	(17,381)
New financial assets originated or purchased	7,763	1,481	-	-	9,244
Total	**1,554**	**(587)**	**(17)**	**(8)**	**942**

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

5. Financial risk (continued)

A. Credit risk (continued)

v. Credit-impaired financial assets

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

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

	March 31, 2020	**December 31, 2019**
Credit-impaired loans and advances at beginning of period	54,573	49,439
Classified as credit-impaired during the period	-	-
Change in expected credit losses allowance	(115)	7,664
Release for asset sale	-	(500)
Recoveries of amounts previously written off	115	52
Interest income	171	323
Write-offs	-	(2,405)
Credit-impaired loans and advances at end of period	**54,744**	**54,573**

vi. Concentrations of credit risk

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

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

5. Financial risk (continued)

A. Credit risk (continued)

Concentration by sector and industry

	Loans		Securities				Loan commitments and financial guarantee contracts	
			At amortized cost		FVOCI			
	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
Carrying amount - principal	5,337,487	5,892,997	74,200	74,547	5,065	5,094	66,657	115,682
Amount committed/guaranteed	-	-	-	-	-	-	427,600	493,372
Concentration by sector								
Corporations:								
Private	1,611,790	1,782,808	6,998	2,998	-	-	160,810	213,161
State-owned	757,042	780,491	28,809	23,792	-	-	69,718	69,822
Financial institutions:								
Private	2,522,994	2,692,787	18,000	19,276	-	-	77,521	75,130
State-owned	398,440	589,690	-	-	-	-	186,208	250,941
Sovereign	47,221	47,221	20,393	28,481	5,065	5,094	-	-
Total	**5,337,487**	**5,892,997**	**74,200**	**74,547**	**5,065**	**5,094**	**494,257**	**609,054**
Concentration by industry								
Financial institutions	2,921,434	3,282,477	18,000	19,276	-	-	263,729	326,071
Industrial	875,826	925,375	30,706	21,658	-	-	127,381	143,560
Oil and petroleum derived products	530,687	561,068	5,101	5,132	-	-	46,492	71,571
Agricultural	265,337	327,288	-	-	-	-	-	-
Services	431,478	370,753	-	-	-	-	5,224	20,497
Mining	102,366	162,364	-	-	-	-	-	-
Sovereign	47,221	47,221	20,393	28,481	5,065	5,094	-	-
Other	163,138	216,451	-	-	-	-	51,431	47,355
Total	**5,337,487**	**5,892,997**	**74,200**	**74,547**	**5,065**	**5,094**	**494,257**	**609,054**

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

5. Financial risk (continued)

A. Credit risk (continued)

Risk rating and concentration by country

	Loans		Securities - At amortized cost		Securities - FVOCI		Loan commitments and financial guarantee contracts	
	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
Carrying amount - principal	5,337,487	5,892,997	74,200	74,547	5,065	5,094	66,657	115,682
Amount committed/guaranteed	-	-	-	-	-	-	427,600	493,372
Rating								
1-4	2,543,852	2,928,401	74,200	73,047	5,065	5,094	162,214	167,241
5-6	2,272,680	2,415,323	-	1,500	-	-	139,928	183,568
7-8	459,110	487,428	-	-	-	-	192,115	258,245
10	61,845	61,845	-	-	-	-	-	-
Total	**5,337,487**	**5,892,997**	**74,200**	**74,547**	**5,065**	**5,094**	**494,257**	**609,054**
Concentration by country								
Argentina	194,526	226,481	-	-	-	-	-	-
Belgium	14,105	13,742	-	-	-	-	-	-
Bolivia	5,000	7,000	-	-	-	-	3,079	400
Brazil	959,464	1,015,316	-	1,500	-	-	-	50,000
Canada	-	-	-	-	-	-	657	657
Chile	578,710	683,132	-	-	5,065	5,094	8,388	8
Colombia	834,401	906,093	15,282	15,338	-	-	37,000	50,610
Costa Rica	221,288	220,380	-	-	-	-	59,752	59,161
Dominican Republic	104,139	289,853	-	-	-	-	16,500	16,500
Ecuador	169,761	174,267	-	-	-	-	185,253	252,391
El Salvador	64,900	54,234	-	-	-	-	5,596	5,555
France	149,144	152,530	-	-	-	-	47,906	47,906
Germany	33,725	34,613	-	-	-	-	-	-
Guatemala	295,270	278,557	-	-	-	-	44,808	44,200
Honduras	126,441	128,937	-	-	-	-	1,265	300
Hong Kong	-	10,400	-	-	-	-	-	-
Jamaica	31,603	38,312	-	-	-	-	-	-
Luxembourg	58,225	59,813	-	-	-	-	-	-
Mexico	485,150	754,465	21,416	21,505	-	-	30,000	27,377
Panama	379,455	268,357	37,502	36,204	-	-	26,659	25,304
Paraguay	120,348	127,970	-	-	-	-	10,652	10,652
Peru	196,976	150,301	-	-	-	-	6,742	8,033
Singapore	50,259	90,955	-	-	-	-	-	-
Switzerland	-	-	-	-	-	-	10,000	10,000
Trinidad and Tobago	181,676	181,676	-	-	-	-	-	-
United States of America	25,000	25,000	-	-	-	-	-	-
Uruguay	57,921	619	-	-	-	-	-	-
Total	**5,337,487**	**5,893,000**	**74,200**	**74,547**	**5,065**	**5,094**	**494,257**	**609,054**

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

5. Financial risk (continued)

A. Credit risk (continued)

vii. Offsetting financial assets and liabilities

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

a) Derivative financial instruments – assets

March 31, 2020

Description	Gross amounts of assets	Gross amounts offset in the consolidated statement of financial position	Net amount of assets presented in the consolidated statement of financial position	Gross amounts not offset in the consolidated statement of financial position		Net Amount
				Financial instruments	Cash collateral received	
Derivative financial instruments used for hedging	17,044	-	17,044	-	(12,006)	5,038
Total	**17,044**	**-**	**17,044**	**-**	**(12,006)**	**5,038**

December 31, 2019

Description	Gross amounts of assets	Gross amounts offset in the consolidated statement of financial position	Net amount of assets presented in the consolidated statement of financial position	Gross amounts not offset in the consolidated statement of financial position		Net Amount
				Financial instruments	Cash collateral received	
Derivative financial instruments used for hedging	11,157	-	11,157	-	(9,350)	1,807
Total	**11,157**	**-**	**11,157**	**-**	**(9,350)**	**1,807**

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

5. Financial risk (continued)

A. Credit risk (continued)

b) Securities sold under repurchase and derivative financial instruments – liabilities

March 31, 2020

Description	Gross amounts of liabilities	Gross amounts offset in the consolidated statement of financial position	Net amount of liabilities presented in the consolidated statement of financial position	Gross amounts not offset in the consolidated statement of financial position		Net Amount
				Financial instruments	Cash collateral pledged	
Securities sold under repurchase agreements	(53,888)	-	(53,888)	56,265	2,685	5,062
Derivative financial instruments used for hedging	(49,095)	-	(49,095)	-	47,916	(1,179)
Total	**(102,983)**	**-**	**(102,983)**	**56,265**	**50,601**	**3,883**

December 31, 2019

Description	Gross amounts of liabilities	Gross amounts offset in the consolidated statement of financial position	Net amount of liabilities presented in the consolidated statement of financial position	Gross amounts not offset in the consolidated statement of financial position		Net Amount
				Financial instruments	Cash collateral pledged	
Securities sold under repurchase agreements	(40,530)	-	(40,530)	41,937	320	1,727
Derivative financial instruments used for hedging	(14,675)	-	(14,675)	-	14,632	(43)
Total	**(55,205)**	**-**	**(55,205)**	**41,937**	**14,952**	**1,684**

5. Financial risk (continued)

B. Liquidity risk

i. Exposure to liquidity risk

The key measure used by the Bank for managing liquidity risk is the ratio of net liquid assets to deposits from customers and short-term funding. For this purpose, 'net liquid assets' includes cash and cash equivalents which consist of deposits from banks, customers, debt securities issued, other borrowings and commitments maturing within the next month.

The following table details the Bank's liquidity ratios, described in the previous paragraph, for the three months period ended on March 31, 2020 and for the year ended December 31, 2019, respectively, along with average information for the period:

	March 31, 2020	December 31, 2019
At the end of the period	121.05%	52.48%
Period average	90.58%	37.82%
Maximum of the period	185.50%	53.38%
Minimum of the period	53.26%	23.23%

The following table include the Bank's liquid assets by geographical location:

(in millions of USD dollars)	March 31, 2020	December 31, 2019
United State of America	1,288	1,132
Other O.E.C.D countries	-	4
Latin America	9	4
Other countries	-	20
Total	**1,297**	**1,160**

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

	March 31, 2020	December 31, 2019
(in millions of USD dollars)		
Demand liabilities and "overnight"	596	86
% Demand liabilities and "overnight" of total deposits	24.12%	2.97%

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

(in millions of USD dollars)	March 31, 2020	December 31, 2019
Total liquid assets	1,297	1,160
% Total assets of total liabilities	52.45%	40.15%
% Total liquid assets in the U.S. Federal Reserve	99.31%	97.37%

5. Financial risk (continued)

B. Liquidity risk (continued)

The remaining liquid assets were composed of short-term deposits in other banks.

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

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

(in millions of USD dollars)	**March 31, 2020**	**December 31, 2019**
Loan portfolio and investment portfolio less than/equal to 1 year according to its original term	2,981	3,485
Average term (days)	282	189

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

(in millions of USD dollars)	**March 31, 2020**	**December 31, 2019**
Loan portfolio and investment portfolio greater than/equal to 1 year according to its original term	2,442	2,497
Average term (days)	1,980	1,185

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

5. Financial risk (continued)

B. Liquidity risk (continued)

ii. Maturity analysis for financial liabilities and financial assets

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

Description	March 31, 2020						
	Up to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	More than 5 years	Gross Inflow (outflow)	Carrying amount
Assets							
Cash and due from banks	1,353,018	-	-	-	-	1,353,018	1,353,018
Securities and other financial assets, net	11,457	9,233	12,971	60,947	-	94,608	86,326
Loans, net	1,390,815	909,647	1,319,462	1,768,660	156,134	5,544,718	5,267,064
Derivative financial instruments - assets	10,661	3,879	-	2,504	-	17,044	17,115
Total	**2,765,951**	**922,759**	**1,332,433**	**1,832,111**	**156,134**	**7,009,388**	**6,723,523**
Liabilities							
Deposits	(2,231,628)	(123,534)	(121,910)	-	-	(2,477,072)	(2,472,644)
Securities sold under repurchase agreements	(49,344)	(4,732)	-	-	-	(54,076)	(53,888)
Borrowings and debt, net	(1,237,027)	(734,905)	(316,380)	(914,777)	(13,006)	(3,216,095)	(3,137,018)
Derivative financial instruments - liabilities	(128)	-	(4,620)	(44,347)	-	(49,095)	(49,095)
Total	**(3,518,127)**	**(863,171)**	**(442,910)**	**(959,124)**	**(13,006)**	**(5,796,338)**	**(5,712,645)**
Contingencies							
Confirmed lettes of credit	117,252	10,426	9,802	-	-	137,480	137,480
Stand-by letters of credit and guaranteed	90,465	65,491	94,032	10,132	-	260,120	260,120
Credit commitments	-	-	-	30,000	-	30,000	30,000
Total	**207,717**	**75,917**	**103,834**	**40,132**	**-**	**427,600**	**427,600**
Net position	**(959,893)**	**(16,329)**	**785,689**	**832,855**	**143,128**	**785,450**	**583,278**

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

5. Financial risk (continued)

B. Liquidity risk (continued)

Description	December 31, 2019 Up to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	More than 5 years	Gross Inflow (outflow)	Carrying amount
Assets							
Cash and due from banks	1,178,288	-	-	-	-	1,178,288	1,178,170
Securities and other financial assets, net	16,684	6,457	7,293	54,544	6,492	91,470	88,794
Loans, net	1,960,381	967,594	1,207,469	1,822,519	150,742	6,108,705	5,823,333
Derivative financial instruments - assets	-	625	-	10,532	-	11,157	11,157
Total	**3,155,353**	**974,676**	**1,214,762**	**1,887,595**	**157,234**	**7,389,620**	**7,101,454**
Liabilities							
Deposits	(2,574,180)	(198,786)	(122,680)	-	-	(2,895,646)	(2,893,555)
Securities sold under repurchase agreements	(40,691)	-	-	-	-	(40,691)	(40,530)
Borrowings and debt, net	(1,407,612)	(451,736)	(230,776)	(1,147,699)	(13,422)	(3,251,245)	(3,148,864)
Derivative financial instruments - liabilities	(2,425)	(775)	(1,711)	(12,014)	-	(16,925)	(14,675)
Total	**(4,024,908)**	**(651,297)**	**(355,167)**	**(1,159,713)**	**(13,422)**	**(6,204,507)**	**(6,097,624)**
Contingencies							
Confirmed lettes of credit	84,235	77,493	7,592	-	-	169,320	169,320
Stand-by letters of credit and guaranteed	35,906	95,440	114,078	10,057	-	255,481	255,481
Credit commitments	-	-	-	68,571	-	68,571	68,571
Total	**120,141**	**172,933**	**121,670**	**78,628**	**-**	**493,372**	**493,372**
Net position	**(989,696)**	**150,446**	**737,925**	**649,254**	**143,812**	**691,741**	**510,458**

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

Type of financial instrument	**Basis on which amounts are compiled**
Financial assets and liabilities	Undiscounted cash flows, which include estimated interest payments.
Issued financial guarantee contracts, and loan commitments	Earliest possible contractual maturity. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.
Derivative financial liabilities and financial assets	Contractual undiscounted cash flows. The amounts shown are the gross nominal inflows and outflows for derivatives that have simultaneous gross and the net amounts for derivatives that are net settled.

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

5. Financial risk (continued)

B. Liquidity risk (continued)

iii. Liquidity reserves

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

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

	March 31, 2020		December 31, 2019	
	Amount	**Fair Value**	**Amount**	**Fair Value**
Balance with Central Banks	1,267,730	1,267,730	1,129,016	1,129,016
Cash and balances with other bank	85,288	85,288	49,154	49,154
Total Liquidity reserves	**1,353,018**	**1,353,018**	**1,178,170**	**1,178,170**

iv. Financial assets available to support future funding

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

March 31, 2020		
	Guaranteed	**Available as collateral**
Cash and due from banks	55,601	1,297,685
Notional of investment securities	55,300	23,000
Loan portfolio	-	5,337,487
Total assets	**110,901**	**6,658,172**

December 31, 2019		
	Guaranteed	**Available as collateral**
Cash and due from banks	18,452	1,159,718
Notional of investment securities	40,531	38,045
Loan portfolio	-	5,823,333
Total assets	**58,983**	**7,021,096**

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

5. Financial risk (continued)

C. Market risk

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

i. Interest rate risk

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

	March 31, 2020						
Description	**Up to 3 months**	**3 to 6 months**	**6 months to 1 year**	**1 to 5 years**	**More than 5 years**	**Non interest rate risk**	**Total**
Assets							
Demand deposits and time deposits	1,344,692	-	-	-	-	-	1,344,692
Securities and other financial assets	6,351	22,063	50,851	-	-	-	79,265
Loans	3,445,944	882,223	813,510	195,810	-	-	5,337,487
Total assets	4,796,987	904,286	864,361	195,810	-	-	6,761,444
Liabilities							
Demand deposits and time deposits	(2,224,511)	(122,783)	(120,302)	-	-	-	(2,467,596)
Securities sold repurchase agreements	(49,213)	(4,675)	-	-	-	-	(53,888)
Borrowings and debt	(2,672,021)	(218,044)	(73,392)	(153,965)	-	(19,596)	(3,137,018)
Total liabilities	(4,945,745)	(345,502)	(193,694)	(153,965)	-	(19,596)	(5,658,502)
Net effect of derivative financial instruments held for interest risk management	(128)	844	(4,620)	(45,443)	-	-	(49,347)
Total interest rate sensitivity	**(148,886)**	**559,628**	**666,047**	**(3,598)**	**-**	**(19,596)**	**1,053,595**

	December 31, 2019						
Description	**Up to 3 months**	**3 to 6 months**	**6 months to 1 year**	**1 to 5 years**	**More than 5 years**	**Non interest rate risk**	**Total**
Assets							
Demand deposits and time deposits	1,170,092	-	-	-	-	-	1,170,092
Securities and other financial assets	14,935	6,351	5,055	53,300	-	-	79,641
Loans	4,031,432	1,096,355	548,028	208,443	8,739	-	5,892,997
Total assets	5,216,459	1,102,706	553,083	261,743	8,739	-	7,142,730
Liabilities							
Demand deposits and time deposits	(2,570,324)	(197,300)	(120,419)	-	-	(293)	(2,888,336)
Securities sold repurchase agreements	(40,530)	-	-	-	-	-	(40,530)
Borrowings and debt	(2,534,382)	(401,432)	(25,261)	(157,321)	-	(19,914)	(3,138,310)
Total liabilities	(5,145,236)	(598,732)	(145,680)	(157,321)	-	(20,207)	(6,067,176)
Net effect of derivative financial instruments held for interest risk management	(2,425)	(150)	(1,711)	(1,482)	-	-	(5,768)
Total interest rate sensitivity	**68,798**	**503,824**	**405,692**	**102,940**	**8,739**	**(20,207)**	**1,069,786**

Management of interest rate risk is complemented by monitoring the sensitivity of the Bank's financial assets and liabilities to various standard interest rate scenarios. Standard scenarios that are considered on a monthly basis include a 50bps, 100bps and 200bps, respectively, parallel fall or rise in all yield curves which are assessed accordingly to market conditions.

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

5. Financial risk (continued)

C. Market risk (continued)

i. Interest rate risk (continued)

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

	Change in interest rate	Effect on profit or loss	Effect on Equity
March 31, 2020	+50 bps	(2,844)	(8,085)
	-50 bps	2,696	7,937
December 31, 2019	+50 bps	3,064	7,461
	-50 bps	(3,064)	(7,461)

Interest rate movements affect reported equity in the following ways:

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

This sensitivity provides a consideration of changes in interest rates, considering last period interest rate volatility.

i. Exposure to currency risk

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

	March 31, 2020						
	Brazilian Real	European Euro	Japanese Yen	Colombian Peso	Mexican Peso	Other Currencies (1)	Total
Exchance rate	5.19	1.10	107.68	4,965.38	23.60		
Assets							
Cash and due from banks	146	15	5	66	6,884	66	7,182
Loans	-	-	-	-	345,677	-	345,677
Total Assets	**146**	**15**	**5**	**66**	**352,561**	**66**	**352,859**
Liabilities							
Borrowings and debt	-	-	-	-	(352,187)	-	(352,187)
Total liabilities	**-**	**-**	**-**	**-**	**(352,187)**	**-**	**(352,187)**
Net currency position	**146**	**15**		**66**	**374**	**66**	**672**

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

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

5. Financial risk (continued)

C. Market risk (continued)

ii. Foreign exchange risk

	December 31, 2019						
	Brazilian Real	European Euro	Japanese Yen	Colombian Peso	Mexican Peso	Other Currencies (1)	Total
Exchance rate	4.02	1.12	108.67	3,287.50	18.88		
Assets							
Cash and due from banks	274	17	4	34	4,243	58	4,630
Loans	-	-	-	-	473,729	-	473,729
Total Assets	**274**	**17**	**4**	**34**	**477,972**	**58**	**478,359**
Liabilities							
Borrowings and debt	-	-	-	-	(478,038)	-	(478,038)
Total liabilities	**-**	**-**	**-**	**-**	**(478,038)**	**-**	**(478,038)**
Net currency position	**274**	**17**	**4**	**34**	**(66)**	**58**	**321**

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

6. Fair value of financial instruments

The Bank determines the fair value of its financial instruments using the fair value hierarchy established in IFRS 13 - Fair Value Measurements and Disclosure, which requires the Bank to maximize the use of observable inputs (those that reflect the assumptions that market participants would use in pricing the asset or liability developed based on market information obtained from sources independent of the reporting entity) and to minimize the use of unobservable inputs (those that reflect the reporting entity's own assumptions about the inputs that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances) when measuring fair value. Fair value is used on a recurring basis to measure assets and liabilities in which fair value is the primary basis of accounting. Additionally, fair value is used on a non-recurring basis to assess assets and liabilities for impairment or for disclosure purposes. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Depending on the nature of the asset or liability, the Bank uses some valuation techniques and assumptions when estimating fair value.

The Bank applied the following fair value hierarchy:

Level 1 – Assets or liabilities for which an identical instrument is traded in an active market, such as publicly-traded instruments or futures contracts.

Level 2 – Assets or liabilities valued based on observable market data for similar instruments, quoted prices in markets that are not active; or other observable inputs that can be corroborated by observable market data for substantially the full term of the asset or liability.

Level 3 – Assets or liabilities for which significant valuation inputs are not readily observable in the market; instruments measured based on the best available information, which might include some internally-developed data, and considers risk premiums that a market participant would require.

When determining the fair value measurements for assets and liabilities that are required or permitted to be recorded at fair value, the Bank considers the principal or most advantageous market in which it would transact and considers the inputs that market participants would use when pricing the asset or liability. When possible, the Bank uses active markets and observable prices to value identical assets or liabilities.

6. Fair value of financial instruments (continued)

When identical assets and liabilities are not traded in active markets, the Bank uses observable market information for similar assets and liabilities. However, certain assets and liabilities are not actively traded in observable markets and the Bank must use alternative valuation techniques to determine the fair value measurement. The frequency of transactions, the size of the bid-ask spread, and the size of the investment are factors considered in determining the liquidity of markets and the relevance of observed prices in those markets.

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

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

A. Recurring valuation

Financial instruments at FVTPL and FVOCI

Financial instruments at FVTPL and FVOCI are carried at fair value, which is based upon quoted prices when available, or if quoted market prices are not available, on discounted expected cash flows using market rates commensurate with the credit quality and maturity of the security.

When quoted prices are available in an active market, financial instruments at FVTPL and financial instruments at FVOCI are classified in level 1 of the fair value hierarchy. If quoted market prices are not available or they are available in markets that are not active, then fair values are estimated based upon quoted prices for similar instruments, or where these are not available, by using internal valuation techniques, principally discounted cash flows models. Such securities are classified within levels 2 and 3 of the fair value hierarchy.

Derivative financial instruments and hedged items that qualify as a fair value hedging relationship

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

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

The fair value adjustments applied by the Bank to its derivative carrying values include credit valuation adjustments (“CVA”), which are applied to OTC derivative instruments, in which the base valuation generally discounts expected cash flows using the Overnight Index Swap (“OIS”) interest rate curves. Because not all counterparties have the same credit risk as that implied by the relevant OIS curve, a CVA is necessary to incorporate the market view of both, counterparty credit risk and the Bank’s own credit risk, in the valuation.

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

Financial instruments assets and liabilities recognized and designated as hedged items that qualify as a fair value hedging relationship are measured at amortized cost and adjusted for the effect of the risks covered in the hedging relationship.

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

6. Fair value of financial instruments (continued)

A. Recurring valuation (continued)

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

	March 31, 2020			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Securities and other financial assets:				
Securities at FVOCI - Sovereign debt	-	5,065	-	5,065
Debt instrument at fair value through profit or loss	-	-	6,492	6,492
Total securities and other financial assets	-	5,065	6,492	11,557
Derivative financial instruments - assets:				
Interest rate swaps	-	3,675	-	3,675
Cross-currency swaps	-	2,346	-	2,346
Foreign exchange forwards	-	11,023	-	11,023
Total derivative financial instrument assets	-	17,044	-	17,044
Total assets at fair value	**-**	**22,109**	**6,492**	**28,601**
Liabilities				
Derivative financial instruments - liabilities:				
Interest rate swaps	-	2,696	-	2,696
Cross-currency swaps	-	46,399	-	46,399
Total derivative financial instruments - liabilities	-	49,095	-	49,095
Total liabilities at fair value	**-**	**49,095**	**-**	**49,095**

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

6. Fair value of financial instruments (continued)

A. Recurring valuation (continued)

	December 31, 2019			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Securities and other financial assets:				
Securities at FVOCI - Sovereign debt	-	5,094	-	5,094
Equity instrument at FVOCI	-	1,889	-	1,889
Debt instrument at fair value through profit or loss	-	-	6,492	6,492
Total securities and other financial assets	-	6,983	6,492	13,475
Derivative financial instruments - assets:				
Interest rate swaps	-	407	-	407
Cross-currency swaps	-	10,125	-	10,125
Foreign exchange forwards	-	625	-	625
Total derivative financial instrument assets	-	11,157	-	11,157
Total assets at fair value	**-**	**18,140**	**6,492**	**24,632**
Liabilities				
Derivative financial instruments - liabilities:				
Interest rate swaps	-	1,903	-	1,903
Cross-currency swaps	-	10,197	-	10,197
Foreign exchange forwards	-	2,575	-	2,575
Total derivative financial instruments - liabilities	-	14,675	-	14,675
Total liabilities at fair value	**-**	**14,675**	**-**	**14,675**

Fair value calculations are provided only for a limited portion of assets and liabilities. Due to the wide range of valuation techniques and the degree of subjectivity used for estimates, comparisons of fair value information disclosed by the Bank with those of other companies may not be meaningful for comparative analysis.

6. Fair value of financial instruments (continued)

B. Non-recurring valuation

The following methods and inputs were used by the Bank's management in estimating the fair values of financial instruments whose fair value is not measured on a recurring basis:

Financial instruments with carrying value that approximates fair value

The carrying value of certain financial assets, including cash and due from banks, interest-bearing deposits in banks, customers' liabilities under acceptances and certain financial liabilities including customer's demand and time deposits, securities sold under repurchase agreements and acceptances outstanding, due to their short-term nature, is considered to approximate their fair value. These instruments are classified in Level 2.

Securities at amortized cost

The fair value has been estimated upon current market quotations, where available. If quoted market prices are not available, fair value has been estimated based upon quoted prices of similar instruments, or where these are not available, on discounted expected future cash flows using market rates commensurate with the credit quality and maturity of the security. These securities are classified in Levels 2 and 3.

Loans

The fair value of the loan portfolio, including impaired loans, is estimated by discounting expected future cash flows using the current rates at which loans would be made to borrowers with similar credit ratings and for the same remaining maturities, considering the contractual terms in effect as of March 31 of the relevant year. These assets are classified in Levels 2 and 3.

Transfer of financial assets

Gains or losses on sale of loans depend in part on the carrying amount of the financial assets involved in the transfer, and their fair value at the date of transfer. The fair value of these instruments is determined based upon quoted market prices when available or is based on the present value of future expected cash flows using information related to credit losses, prepayment speeds, forward yield curves, and discounted rates commensurate with the risk involved.

Short and long-term borrowings and debt

The fair value of short and long-term borrowings and debt is estimated using discounted contractual future cash flows based on the current incremental borrowing rates for similar types of borrowing arrangements, considering the changes in the Bank's credit margin. These liabilities are classified in Level 2.

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

6. Fair value of financial instruments (continued)

B. Non-recurring valuation (continued)

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

	March 31, 2020				
	Carrying value	Fair value	Level 1	Level 2	Level 3
Assets					
Cash and deposits on banks	1,353,018	1,353,018	-	1,353,018	-
Securities at amortized cost (1)	74,761	72,557	-	49,526	23,031
Loans, net (2)	5,267,064	5,240,179	-	5,174,056	66,123
Customers' liabilities under acceptances	66,657	66,657	-	66,657	-
Investment properties	3,494	3,494	-	-	3,494
Liabilities					
Deposits	2,467,596	2,467,596	-	2,467,596	-
Securities sold under repurchase agreements	53,888	53,888	-	53,888	-
Borrowings and debt, net (3)	3,117,422	3,069,353	-	3,069,353	-
Customers' liabilities under acceptances	66,657	66,657	-	66,657	-

	December 31, 2019				
	Carrying value	Fair value	Level 1	Level 2	Level 3
Assets					
Cash and deposits on banks	1,178,170	1,178,170	-	1,178,170	-
Securities at amortized cost (1)	75,271	75,724	-	56,914	18,810
Loans, net (2)	5,823,333	6,162,885	-	6,101,040	61,845
Customers' liabilities under acceptances	115,682	115,682	-	115,682	-
Investment properties	3,494	3,494	-	-	3,494
Liabilities					
Deposits	2,888,336	2,888,336	-	2,888,336	-
Securities sold under repurchase agreements	40,530	40,530	-	40,530	-
Borrowings and debt, net (3)	3,118,396	3,126,333	-	3,126,333	-
Customers' liabilities under acceptances	115,682	115,682	-	115,682	-

(1) The carrying value of securities at amortized cost is net of the accrued interest receivable of $0.6 million and the allowance for expected credit losses of $0.1 million as of March 31, 2020 and the accrued interest receivable of $0.8 million and the allowance for expected credit losses of $0.1 million as of December 31, 2019.

(2) The carrying value of loans at amortized cost is net of the accrued interest receivable of $40.6 million, the allowance for expected credit losses of $99.9 million and unearned interest and deferred fees of $11 million for March 31, 2020, and the accrued interest receivable of $41.7 million, the allowance for expected credit losses of $99.3 million and unearned interest and deferred fees of $12.1 million for December 31, 2019.

(3) Borrowings and debt excludes the lease liabilities for an amount of $19.6 million and $19.9 million as of March 31, 2020 and December 31, 2019, respectively.

6. Fair value of financial instruments (continued)

C. Valuation framework

The Bank has an established control framework for the measurement of fair values, which is independent of front office management, to verify the valuation of significant fair value measurements of derivative financial instruments, securities and other financial instrument. Specific controls include:

- Verification of observable pricing.
- Validation of performance of valuation models.
- A review and approval process for new models and changes to existing models.
- Analysis and assessment of significant valuation fluctuations.
- Review of significant unobservable inputs, valuation adjustments and changes to fair value measurement of Level 3 instruments.

D. Level 3 - Fair value measurement

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

Carrying amount as of December 31, 2019	6,492
Unrealized loss	-
Carrying amount as of March 31, 2020	**6,492**

Significant inputs used to determine fair value for Level 3 financial instruments

The following table presents the significant inputs used to determine the fair value for Level 3 financial instruments:

Unobservable inputs	***Observable inputs***
· Discount rate for similar companies of the same business line adjusted due to the debt-equity structure of the issuer	· Average recovery factor for companies that reported default – Moody's

Fair value measurement sensitivity to unobservable inputs	**Range of estimates**
A significant increase in volatility would result in a lower fair value	12.97% a 27.50%

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

6. Fair value of financial instruments (continued)

D. Level 3 - Fair value measurement (continued)

The effect of unobservable inputs on fair value measurement

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

Debentures at fair value through profit or loss	*Effect on profit or loss*
+ 100 bps to the observable and unobservable inputs	(230)
- 100 bps to the unobservable and observable inputs	240

7. Cash and due from banks

	March 31, 2020	December 31, 2019
Cash and due from banks	8,326	8,078
Interest-bearing deposits in banks	1,344,692	1,170,092
Total	1,353,018	1,178,170
Less:		
Pledged deposits	55,601	18,452
Total cash and cash equivalents	**1,297,417**	**1,159,718**

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

	March 31, 2020		December 31, 2019	
	Amount	Interest rate range	Amount	Interest rate range
Interest-bearing deposits in banks:				
Demand deposits (1)	1,329,692	0.05% a 4.69%	1,150,092	1.55% a 5.10%
Time deposits	15,000	-	20,000	-
Total	**1,344,692**		**1,170,092**	
Pledged deposits	**55,601**	0.09%	**18,452**	1.55%

(1) Interest-bearing demand deposits based on daily rates determined by banks. In addition, rates of 4.69% and 5.10% corresponds to a deposit placed in MXN – México.

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

7. Cash and due from banks (continued)

The following table provides a breakdown of pledged deposits by country risk:

	March 31, 2020	December 31, 2019
Country:		
Netherlands	17,364	-
Switzerland	11,307	9,567
Mexico	7,750	-
Spain	7,290	-
Japan	3,850	1,470
United States of America [(1)]	6,706	5,645
France	1,334	1,770
Total	**55,601**	**18,452**

(1) Includes pledged deposits of $5 million at March 31, 2020 and $3.5 million at December 31, 2019, with the New York State Banking Department under March 1994 legislation and deposits pledged to guarantee derivative financial instrument transactions.

8. Securities and other financial assets, net

All securities and other financial assets as of March 31, 2020 and December 31, 2019 are presented as follows:

At March 31, 2020		At fair value			
		With changes in other comprehensive income (loss)			
Carrying amount	**Amortized cost**	**Recyclable to profit and loss**	**Non-recyclable to profit and loss**	**With changes in profit or loss**	**Total securities and other financial assets, net**
Principal	74,200	5,065	-	6,492	85,757
Interest receivable	667	8	-	-	675
Reserves	(106)	-	-	-	(106)
	74,761	5,073	-	6,492	86,326

At December 31, 2019		At fair value			
		With changes in other comprehensive income (loss)			
Carrying amount	**Amortized cost**	**Recyclable to profit and loss**	**Non-recyclable to profit and loss**	**With changes in profit or loss**	**Total securities and other financial assets, net**
Principal	74,547	5,094	1,889	6,492	88,022
Interest receivable	837	48	-	-	885
Reserves	(113)	-	-	-	(113)
	75,271	5,142	1,889	6,492	88,794

As of March 31, 2020, and December 31, 2019, the Bank sold 261,164 and 767,301 shares, respectively, which were designated in their initial recognition at fair value with changes in other comprehensive income due to market changes affecting the liquidity of the instrument. The cumulative fair value of the shares sold was $1.7 million and $4.8 million, respectively, and the cumulative loss recognized in OCI was $376 thousand and $151 thousand, respectively, transferred to retained earnings.

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

8. Securities and other financial assets, net (continued)

Securities and other financial assets by contractual maturity are shown in the following table:

At March 31, 2020		At fair value			
		With changes in other comprehemsive income			
	Amortized cost	Recyclabe to profit ans loss	Non-recyclable to profit and loss	With changes in profit or loss	Total securities and other financial assets, net
Due within 1 year	28,101	-	-	-	28,101
After 1 year but within 5 years	46,099	5,065	-	-	51,164
After 5 years but within 10 years	-	-	-	-	-
Non maturity	-	-	-	6,492	6,492
Balance - principal	**74,200**	**5,065**	**-**	**6,492**	**85,757**

At December 31, 2019		At fair value			
		With changes in other comprehemsive income			
	Amortized cost	Recyclabe to profit ans loss	Non-recyclable to profit and loss	With changes in profit or loss	Total securities and other financial assets, net
Due within 1 year	28,295	-	1,889	-	30,184
After 1 year but within 5 years	46,252	5,094	-	-	51,346
After 5 years but within 10 years	-	-	-	-	-
Non maturity	-	-	-	6,492	6,492
Balance - principal	**74,547**	**5,094**	**1,889**	**6,492**	**88,022**

The following table includes the securities pledge to secure repurchase transactions accounted for as secured pledged:

	March 31, 2020			December 31, 2019		
	Amortized cost	Fair value	Total	Amortized cost	Fair value	Total
Securities pledged to secure repurchase transactions	51,200	5,065	56,265	36,843	5,094	41,937
Securities sold under repurchase agreements	(49,013)	(4,875)	(53,888)	(35,647)	(4,883)	(40,530)

The following table presents the realized gains or losses on sale of securities at fair value through other comprehensive income:

	Three months ended March 31th	
	2020	2019
Realized gain on sale of securities	-	109
Realized loss on sale of securities	-	-
Net gain on sale of securities at FVOCI	**-**	**109**

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

9. Loans

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

	March 31, 2020	December 31, 2019
Fixed interest rates	2,566,052	2,757,333
Floating interest rates	2,771,435	3,135,664
Total	**5,337,487**	**5,892,997**

As of March 31, 2020, and December 31, 2019, 63% and 74% of the loan portfolio at fixed interest rates has remaining maturities of less than 180 days.

As of March 31, 2020, the range of interest rates on loans fluctuates from 1.20% to 13.93% (December 31, 2019 1.20% to 13.93%).

As of March 31, 2020, and December 31, 2019, the Bank had credit transactions in the normal course of business with 12% and 11%, respectively, of its Class “A” and “B” stockholders. All transactions were made based on arm’s-length terms and subject to prevailing commercial criteria and market rates and were subject to all of the Bank’s Corporate Governance and control procedures. As of March 31, 2020, and December 31, 2019, approximately 13% and 11%, respectively, of the outstanding loan portfolio was placed with the Bank’s Class “A” and “B” stockholders and their related parties. As of March 31, 2020, the Bank was not directly or indirectly owned or controlled by another corporation or any foreign government, and no Class “A” or “B” shareholder was the owner of record of more than 3.5% of the total outstanding shares of the voting capital stock of the Bank.

Recognition and derecognition of financial assets

During the period ended March 31, 2020 and December 31, 2019, the Bank sold loans measured at amortized cost. These sales were made based on compliance with the Bank's strategy to optimize credit risk of its loan portfolio.

The carrying amounts and gains arising from the derecognition of these financial instruments are presented in the following table. These gains are presented within the line “Gain (loss) on financial instruments, net” in the consolidated statement of profit or loss.

	Assignments and participations	Gains (losses)
Carrying amount as of March 31, 2019	5,000	-

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

10. Loan commitments and financial guarantee contracts

In the normal course of business, to meet the financing needs of its customers, the Bank is party to loan commitments and financial guarantee contracts. These instruments involve, to varying degrees, elements of credit and market risk in excess of the amount recognized in the consolidated statement of financial position. Credit risk represents the possibility of loss resulting from the failure of a customer to perform in accordance with the terms of a contract.

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

	March 31, 2020	**December 31, 2019**
Documentary letters of credit	137,479	169,320
Stand-by letters of credit and guarantees - commercial risk	260,121	255,481
Credit commitments	30,000	68,571
Total loans commitments and financial guarantee contracts	**427,600**	**493,372**

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

Maturities	**March 31, 2020**	**December 31, 2019**
Up to 1 year	387,468	424,744
From 1 to 2 years	30,132	8,628
From 2 to 5 years	10,000	60,000
Total	**427,600**	**493,372**

11. Gain (loss) on financial instruments, net

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

	For the three months ended March 31,	
	2020	**2019**
(Loss) gain on derivative financial instruments and changes in foreign currency, net	(1,191)	270
Gain on financial instruments at fair value through profit or loss	833	377
Realized gain on sale of a financial instruments at FVOCI	-	109
	(358)	**756**

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

12. Derivative financial instruments

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

	March 31, 2020		
	Nominal amount	Carrying amount of hedging instruments	
		Asset (1)	Liability (2)
Interest rate risk			
Fair value hedges	397,667	3,675	(401)
Cash flow hedges	73,000	-	(2,295)
Interest rate and foreign exchange risk			
Fair value hedges	346,506	1,511	(41,824)
Cash flow hedges	55,215	835	(4,575)
Foreign exchange risk			
Cash flow hedges	57,194	11,023	-
	929,582	**17,044**	**(49,095)**

	December 31, 2019		
	Nominal amount	Carrying amount of hedging instruments	
		Asset (1)	Liability (2)
Interest rate risk			
Fair value hedges	398,333	407	(805)
Cash flow hedges	123,000	-	(1,098)
Interest rate and foreign exchange risk			
Fair value hedges	346,844	10,125	(8,527)
Cash flow hedges	23,025	-	(1,670)
Foreign exchange risk			
Cash flow hedges	72,391	625	(2,552)
Net investment hedges	2,080	-	(23)
	965,673	**11,157**	**(14,675)**

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

12. Derivative financial instruments (continued)

The hedging instruments detailed in the tables above are presented in the consolidated statement of financial position as derivative financial instruments - assets or derivative financial instruments - liabilities.

As part of the financial risk management, the Bank uses the following hedging relationships:

- Fair value hedge
- Cash flow hedge
- Net investment hedge

For control purposes, derivative instruments are recorded at their nominal amount in memoranda accounts. Interest rate swaps are made either in a single currency or cross currency for a prescribed period to exchange a series of interest rate flows, which involve fixed for floating interest payments, and vice versa. The Bank also engages in certain foreign exchange forward contracts to serve customers' transaction needs and to manage foreign currency risk. All such positions are hedged with an offsetting contract for the same currency.

The Bank manages and controls the risks on these foreign exchange trades by establishing counterparty credit limits by customer and by adopting policies that do not allow for open positions in the loan and investment portfolio. The Bank also uses foreign exchange forward contracts to hedge the foreign exchange risk associated with the Bank's equity investment in a non-U.S. dollar functional currency foreign entity. Derivative and foreign exchange forward instruments negotiated by the Bank are executed mainly over-the-counter (OTC). These contracts are executed between two counterparties that negotiate specific agreement terms, including notional amount, exercise price and maturity.

A. Fair value hedge

This type of hedge is used to mitigate the risk of changes in foreign exchange currency rates, as well as changes in interest rate risk. Within the derivative financial instruments used by the Bank for fair value hedging are interest rate swap contracts whereby a series of interest rate flows in a single currency are exchanged over a prescribed period and cross currency swaps contracts that generally involve the exchange of both interest and principal amounts in two different currencies.

The Bank's exposure to interest rate risk is disclosed in Note 5(C)(i). Interest rate risk to which the Bank applies hedge accounting arises from fixed-rate euro medium term notes and other long-term notes issuances ("Certificados Bursatiles"), fixed-rate loans and advances, whose fair value fluctuates when benchmark interest rates change. The Bank hedges interest rate risk only to the extent of benchmark interest rates because the changes in fair value of a fixed-rate note or loan are significantly influenced by changes in the benchmark interest rate. Hedge accounting is applied where economic hedging relationships meet the hedge accounting criteria.

Before fair value hedge accounting is applied by the Bank, the Bank determines whether an economic relationship between the hedged item and the hedging instrument exists based on an assessment of the qualitative characteristics of these items and the hedged risk that is supported by quantitative analysis. The Bank considers whether the critical terms of the hedged item and hedging instrument closely align when assessing the presence of an economic relationship. The Bank assesses whether the fair value of the hedged item and the hedging instrument respond similarly to similar risks. The Bank further supports this qualitative assessment by using regression analysis to assess whether the hedging instrument is expected to be and has been highly effective in offsetting changes in the fair value of the hedged item. The sources of ineffectiveness mainly come from forward rates, discount rates and cross currency basis (cost of the operation).

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

12. Derivative financial instruments (continued)

A. Fair value hedge (continued)

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

	March 31, 2020				
	Nominal amount	Carrying amount of hedging instruments		Changes in fair value used to calculate hedge ineffectiveness (3)	Ineffectiveness recognized in profit or loss (3)
		Asset (1)	Liability (2)		
Interest rate risk					
Loans	12,667	-	(269)	(97)	(3)
Securities at FVOCI	5,000	-	(132)	(87)	(17)
Borrowings and debt	380,000	3,675	-	750	(171)
Interest rate and foreign exchange risk					
Loans	6,092	1,511	-	1,227	268
Borrowings and debt	340,414	-	(41,824)	(42,532)	(112)
Total	**744,173**	**5,186**	**(42,225)**	**(40,739)**	**(35)**

	December 31, 2019				
	Nominal amount	Carrying amount of hedging instruments		Changes in fair value used to calculate hedge ineffectiveness (3)	Ineffectiveness recognized in profit or loss (3)
		Asset (1)	Liability (2)		
Interest rate risk					
Loans	13,333	-	(166)	(127)	(9)
Securities at FVOCI	5,000	-	(45)	(97)	(17)
Borrowings and debt	380,000	407	(594)	5,203	(65)
Interest rate and foreign exchange risk					
Loans	6,430	276	-	(482)	(214)
Borrowings and debt	340,414	9,849	(8,527)	7,234	55
Total	**745,177**	**10,532**	**(9,332)**	**11,731**	**(250)**

(1) Included in the condensed consolidated interim statement of financial position under the line Derivative financial instruments - assets.
(2) Included in the condensed consolidated interim statement of financial position under the line Derivative financial instruments - liabilities.
(3) Included in the condensed consolidated interim statement of profit or loss is the line Loss on financial instruments, net.

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

12. Derivative financial instruments (continued)

A. Fair value hedge (continued)

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

	March 31, 2020				
	Carrying amount of hedged items		Line in the consolidated statement of financial position that includes the carrying amount of the hedged items	Accumulated amount of fair value hedge adjustments included in the carrying amount of the hedged items	Change in fair value of the hedged items used to calculate hedge ineffectiveness(1)
	Asset	Liability			
Interest rate risk					
Loans	13,011	-	Loans, net	252	94
Securities at FVOCI	5,065	-	Securities and other financial assets, net	24	70
Borrowings and debt	-	(385,712)	Borrowings and debt, net	(903)	(921)
Interest rate and foreign exchange risk					
Loans	4,750	-	Loans, net	(1,287)	(959)
Borrowings and debt	-	(297,707)	Borrowings and debt, net	41,280	42,420
Total	**22,826**	**(683,419)**		**39,366**	**40,704**

	December 31, 2019				
	Carrying amount of hedged items		Line in the consolidated statement of financial position that includes the carrying amount of the hedged items	Accumulated amount of fair value hedge adjustments included in the carrying amount of the hedged items	Change in fair value of the hedged items used to calculate hedge ineffectiveness(1)
	Asset	Liability			
Interest rate risk					
Loans	13,583	-	Loans, net	158	118
Securities at FVOCI	5,142	-	Securities and other financial assets, net financieros, netos	94	80
Borrowings and debt	-	(381,587)	Borrowings and debt, net	18	(5,268)
Interest rate and foreign exchange risk	-	-			-
Loans	6,202	-	Loans, net	(495)	268
Borrowings and debt	-	(336,117)	Borrowings and debt, net	(973)	(7,179)
Total	**24,927**	**(717,704)**		**(1,198)**	**(11,981)**

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

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

12. Derivative financial instruments (continued)

A. Fair value hedge (continued)

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

	March 31, 2020		
Maturity	**Interest rate swaps**	**Foreign exchange and interest rate risks**	**Total**
Fair value hedge			
Less to 1 year	352,667	-	352,667
1 to 2 years	45,000	-	45,000
2 to 5 years	-	346,506	346,506
Total	**397,667**	**346,506**	**744,173**

	December 31, 2019		
Maturity	**Interest rate swaps**	**Foreign exchange and interest rate risks**	**Total**
Fair value hedge			
Less than 1 year	350,000	-	350,000
1 to 2 years	48,333	-	48,333
2 to 5 years	-	346,844	346,844
Total	**398,333**	**346,844**	**745,177**

B. Cash flow hedge

This type of hedge is used to mitigate the risk of changes in foreign exchange currency rates, as well as changes in interest rate risk, that could include variability in the future cash flows. Within the derivative financial instruments used by the Bank for a cash flow hedging are interest rate swaps contracts whereby a series of interest rate flows in a single currency are exchanged over a prescribed period, cross currency swaps contracts that generally involve the exchange of both interest and principal amounts in two different currencies, and foreign exchange forward contracts, an agreement to purchase or sell foreign currency at a future date at agreed-upon terms.

The Bank's exposure to market risk is disclosed in Note 5 (C) (ii). The Bank determines the amount of the exposure to which it applies hedge accounting by assessing the potential impact of changes in interest rates and foreign currency exchange rates on the future cash flows. This assessment is performed using analytical techniques, such as cash flow sensitivity analysis. As noted above for fair value hedges, by using derivative financial instruments to hedge exposures to changes in interest rates and foreign currency exchange rates, the Bank exposes itself to credit risk of the counterparties to the derivatives, which is not offset by the hedged items. This exposure is managed similarly to that off fair value hedges.

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

12. Derivative financial instruments (continued)

B. Cash flow hedge (continued)

The Bank determines whether an economic relationship exists between the cash flows of the hedged item and hedging instrument based on an assessment of the qualitative characteristics of these items and the hedged risk that is supported by quantitative analysis. The Bank considers whether the critical terms of the hedged item and hedging instrument closely align when assessing the presence of an economic relationship. The Bank assesses whether the cash flows of the hedged item and the hedging instrument respond similarly to the hedged risk, such as the benchmark interest rate or foreign currency. The Bank further supports this qualitative assessment by using sensitivity analysis to assess whether the hedging instrument is expected to be and has been highly effective in offsetting changes in the present value of the hedged item. The Bank assesses hedge effectiveness using the hypothetical derivative method, which creates a derivative instrument to serve as a proxy for the hedged transaction. The terms of the hypothetical derivative match the critical terms of the hedged item and it has a fair value of zero at inception. The sources of ineffectiveness arise mainly because of the differences in discount rates (OIS - Overnight Index Swap).

The maximum length of time over which the Bank has hedged its exposure to the variability in future cash flows on forecasted transactions is 3 years.

The Bank recognized the lifetime associated cost of the foreign exchange forward contracts into interest income, in profit or loss, as an adjustment to the yield on hedged items creating an accumulated reserve in OCI, reclassified to profit or loss at their maturity. The Bank estimates that approximately $187 thousand are expected to be reclassified into profit or loss during the year ending March 31, 2021.

The Bank recognized the lifetime associated cost of the foreign exchange forward contracts into interest expense, in profit or loss, as an adjustment to the yield on hedge items creating an accumulated reserve in OCI, reclassified to profit or loss at their maturity. The Bank estimates that approximately $6 thousand are expected to be reclassified into profit or loss during the year ending March 31, 2021.

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

	March 31, 2020						
	Nominal amount	Carrying amount of hedging instruments		Change in fair value used for calculating hedge ineffectiveness	Changes in the fair value of the hedging instruments recognized in OCI (3)	Ineffectiveness recognized in profit or loss (4)	Amount reclassified from the hedge reserve to profit or loss (4)
		Asset (1)	Liability (2)				
Interest rate risk							
Borrowings and debt	73,000	-	(2,295)	(1,228)	(1,227)	1	(46)
Interest rate and foreign exchange risk							
Borrowings and debt	55,215	835	(4,575)	(2,040)	(2,042)	(2)	-
Foreign exchange risk							
Loans	57,194	11,023	-	10,593	10,594	1	(2,414)
Borrowings and debt	-	-	-	-	-	-	-
Total	**185,409**	**11,858**	**(6,870)**	**7,325**	**7,325**	**-**	**(2,460)**

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

12. Derivative financial instruments (continued)

B. Cash flow hedge (continued)

	December 31, 2019						
	Nominal amount	Carrying amount of hedging instruments		Change in fair value used for calculating hedge ineffectiveness	Changes in the fair value of the hedging instruments recognized in OCI [3]	Ineffectiveness recognized in profit or loss [4]	Amount reclassified from the hedge reserve to profit or loss [4]
		Asset [1]	Liability [2]				
Interest rate risk							
Borrowings and debt	123,000	-	(1,098)	(1,459)	(1,458)	1	39
Interest rate and foreign exchange risk							
Borrowings and debt	23,025	-	(1,670)	(284)	(283)	1	-
Foreign exchange risk							
Loans	72,391	625	(2,552)	(2,346)	(2,344)	2	(1,070)
Borrowings and debt	-	-	-	-	-	-	(5,545)
Total	**218,416**	**625**	**(5,320)**	**(4,089)**	**(4,085)**	**4**	**(6,576)**

(1) Included in the condensed consolidated interim statement of financial position under the line Derivative financial instruments - assets.
(2) Included in the condensed consolidated interim statement of financial position under the line Derivative financial instruments - liabilities.
(3) Included in equity in the condensed consolidated interim statement of financial position on the line Other comprehensive income.
(4) Included in the condensed consolidated interim statement of profit or loss under the line Loss on financial instruments, net.

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

	March 31, 2020				
	Carrying amount of hedged items		Line in the consolidated statement of financial position that includes the carrying amount of the hedged items	Change in the fair value of the hedged items used to calculate the hedge ineffectiveness [4]	Cash flow hedge reserve
	Asset	Liability			
Interest rate risk					
Borrowings and debt	-	(20,099)	Borrowings and debt, net	1,227	2,255
Interest rate and foreign exchange risk					
Borrowings and debt	-	(51,771)	Borrowings and debt, net	2,042	204
Foreign exchange risk					
Loans	45,899	-	Loans, net	(10,594)	24
Deposits	-	-	Deposit	-	-
Total	**45,899**	**(71,870)**		**(7,325)**	**2,483**

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

12. Derivative financial instruments (continued)

B. Cash flow hedge (continued)

	December 31, 2019				
	Carrying amount of hedged items		Line in the consolidated statement of financial position that includes the carrying amount of the hedged items	Change in the fair value of the hedged items used to calculate the hedge ineffectiveness (4)	Cash flow hedge reserve
	Asset	Liability			
Interest rate risk					
Borrowings and debt	-	(70,110)	Borrowings and debt, net	1,458	1,072
Interest rate and foreign exchange risk					
Borrowings and debt	-	(21,234)	Borrowings and debt, net	283	(5)
Foreign exchange risk					
Loans	73,861	-	Loans, net	2,344	263
Deposits	-	-	Deposit	-	-
Total	**73,861**	**(91,344)**		**4,085**	**1,330**

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

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

	March 31, 2020			
Maturity	**Foreign exchange risk**	**Interest rate swaps**	**Foreign exchange and interest rate risks**	**Total**
Cash flow hedge				
Less to 1 year	57,194	13,000	55,215	125,409
1 to 2 years	-	40,000	-	40,000
2 to 5 years	-	20,000	-	20,000
Total	**57,194**	**73,000**	**55,215**	**185,409**

	December 31, 2019			
Maturity	**Foreign exchange risk**	**Interest rate swaps**	**Foreign exchange and interest rate risks**	**Total**
Cash flow hedge				
Less than 1 year	74,471	63,000	23,025	160,496
1 to 2 years	-	40,000	-	40,000
2 to 5 years	-	20,000	-	20,000
Total	**74,471**	**123,000**	**23,025**	**220,496**

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

12. Derivative financial instruments (continued)

C. Net investment hedge

A foreign currency exposure arises from a net investment either in a subsidiary that has a different functional currency from that of the Bank or in a financial instrument in a foreign currency designated at FVOCI. The hedge risk in the net investment hedge is the variability in the US dollar against any other foreign currency that will result in a reduction in the carrying amount.

The Bank's policy is to hedge the net investment only to the extent of the debt principal; therefore, the hedge ratio is established by aligning the principal amount in foreign currency of the debt with the carrying amount of the net investment that is designated.

When the hedging instrument is a forward foreign exchange contract, the Bank establishes a hedge relationship where the notional of the forward foreign exchange contract matches the carrying amount of the designated net investment. The Bank ensures that the foreign currency in which the hedging instrument is denominated is the same as the functional currency of the net investment. The only source of ineffectiveness that is expected to arise from these hedging relationships is due to the effect of the counterparty and the Bank's own credit risk on the fair value of the derivative.

The following table details the notional amount and carrying amount of the derivative instruments used as net investment hedge by type of risk and hedged item, along with changes during the period used to determine and recognize the ineffectiveness of the hedge:

	December 31, 2019						
	Nominal amount	Carrying amount of hedging instruments		Change in fair value used for calculating hedge ineffectiveness	Changes in the fair value of the hedging instruments recognized in OCI (3)	Ineffectiveness recognized in profit or loss (4)	Amount reclassified from the hedge reserve to profit or loss (4)
		Asset (1)	Liability (2)				
Foreign exchange risk							
Net investment	2,080	-	(23)	(23)	(23)	-	(78)
Total	**2,080**	**-**	**(23)**	**(23)**	**(23)**	**-**	**(78)**

Derivative instruments used in net investment hedges at December 31, 2019 have a maturity of less than 30 days.

(1) Included in the condensed consolidated interim statement of financial position under the line Derivative financial instruments - assets.
(2) Included in the condensed consolidated interim statement of financial position under the line Derivative financial instruments - liabilities.
(3) Included in equity in the condensed consolidated interim statement of financial position on the line Other comprehensive income.
(4) Included in the condensed consolidated interim statement of profit or loss under the line of Loss on financial instruments, net.

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

12. Derivative financial instruments (continued)

C. Net investment hedge (continued)

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

	December 31, 2019				
	Carrying amount of hedged items		Line in the consolidated statement of financial position that includes the carrying amount of the hedged items	Change in the fair value of the hedged items used to calculate the hedge ineffectiveness (1)	Cash flow hedge reserve
	Asset	Liability			
Foreign exchange risk					
Net investment	1,889	-	Securities and other financial assets, net	23	23
Total	**1,889**	**-**		**23**	**23**

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

13. Other assets

Following is a summary of other assets:

	March 31, 2020	December 31, 2019
Accounts receivable	2,791	3,549
Interest receivable - deposits	20	26
IT projects under development	1,040	521
Other	5,723	4,761
	9,574	**8,857**

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

14. Deposits

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

	March 31, 2020	December 31, 2019
Demand	302,442	85,786
Up to 1 month	780,789	1,285,949
From 1 month to 3 months	619,790	628,981
From 3 months to 6 months	496,974	593,431
From 6 months to 1 year	262,601	289,189
From 1 year to 2 years	5,000	5,000
	2,467,596	**2,888,336**

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

	March 31, 2020	December 31, 2019
Aggregate amounts of $100,000 or more	2,467,417	2,888,043
Aggregate amounts of deposits in the New York Agency	343,372	240,003

	March 31,	
	2020	**2019**
Interest expense on deposits made in the New York Agency	4,714	1,732

15. Securities sold under repurchase agreements

As of March 31, 2020, and December 31, 2019, the Bank has financing transactions under repurchase agreements for $53.9 million and $40.5 million, respectively.

During the period ended March 31, 2020 and December 31, 2019, interest expense related to financing transactions under repurchase agreements totaled $193 thousand and $287 thousand, respectively. These expenses are included as interest expense – borrowings and debt line in the consolidated statement of profit or loss.

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

16. Borrowings and debt

Borrowings consist of bilateral funding and syndicated loans obtained from international banks. Debt instruments consist of public and private issuances under the Bank's Euro Medium Term Notes Program ("EMTN") as well as public issuances in the Mexican and Japanese markets.

The Bank's funding activities include: (i) EMTN, which may be used to issue notes for up to $2.250 million, with maturities from 7 days up to a maximum of 30 years, at fixed or floating interest rates, or at discount, and in various currencies. The notes are generally issued in bearer or registered form through one or more authorized financial institutions; (ii) Short-and Long-Term Notes ("Certificados Bursatiles") Program (the "Mexican Program") in the Mexican local market, registered with the Mexican National Registry of Securities administered by the National Banking and Securities Commission in Mexico ("CNBV", for its acronym in Spanish), for an authorized aggregate principal amount of 10 billion Mexican pesos with maturities from 1 day to 30 years.

Some borrowing agreements include various events of default and covenants related to minimum capital adequacy ratios, incurrence of additional liens, and asset sales, as well as other customary covenants, representations and warranties. As of March 31, 2020, the Bank was in compliance with all those covenants.

Borrowings and debt are detailed as follows:

	March 31, 2020						
	Short-term			Long-term			
Carrying amount	Borrowings	Debt	Lease liabilities	Borrowings	Debt	Lease liabilities	Total
Principal	1,678,125	5,000	1,169	689,321	747,482	18,427	3,139,524
Prepaid commissions	-	-	-	(1,153)	(1,353)	-	(2,506)
	1,678,125	**5,000**	**1,169**	**688,168**	**746,129**	**18,427**	**3,137,018**

	December 31, 2019						
	Short-term			Long-term			
Carrying amount	Borrowings	Debt	Lease liabilities	Borrowings	Debt	Lease liabilities	Total
Principal	1,573,663	22,000	1,145	723,419	802,676	18,769	3,141,672
Prepaid commissions	-	-	-	(1,456)	(1,906)	-	(3,362)
	1,573,663	**22,000**	**1,145**	**721,963**	**800,770**	**18,769**	**3,138,310**

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

16. Borrowings and debt (continued)

Short-term borrowings and debt

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

	March 31, 2020	December 31, 2019
Short-term borrowings:		
At fixed interest rates	941,082	607,500
At floating interest rates	737,043	966,163
Total borrowings	1,678,125	1,573,663
Short-term debt:		
At fixed interest rates	5,000	22,000
At floating interest rates	-	-
Total debt	5,000	22,000
Total short-term borrowings and debt	**1,683,125**	**1,595,663**
Maximum balance at any month-end	1,683,125	1,595,663
Range of fixed interest rates on borrowings and debt in U.S. dollars	1.05% to 3.47%	2.07% to 2.52%
Range of floating interest rates on borrowings in U.S. dollars	0.99% to 2.35%	2.09% to 2.35%
Range of fixed interest rates on borrowings in Mexican pesos	7.52%	8.08%
Range of floating interest rates on borrowings in Mexican pesos	7.06% to 8.55%	7.71% to 8.31%
Range of fixed interest rates on borrowings in Euros	1.00%	-

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

	March 31, 2020	December 31, 2019
Currency		
US dollar	1,566,350	1,476,000
Mexican peso	83,725	119,663
Euro	33,050	-
Total	**1,683,125**	**1,595,663**

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

16. Borrowings and debt (continued)

Long-term borrowings and debt

The breakdown of borrowings and long-term debt (original maturity of more than one year), along with contractual interest rates, plus prepaid commissions as of March 31, 2020 and December 31, 2019, respectively, are as follows (excludes lease liabilities):

	March 31, 2020	December 31, 2019
Long-term borrowings:		
At fixed interest rates with due dates from April 2020 to February 2022	32,417	65,435
At floating interest rates with due dates from May 2020 to August 2023	656,904	657,984
Total long-term borrowings	689,321	723,419
Long-term debt:		
At fixed interest rates with due dates from May 2020 to March 2024	500,505	502,880
At floating interest rates with due dates from March 2022 to June 2023	246,977	299,796
Total long-term debt	747,482	802,676
Total long-term borrowings and debt	1,436,803	1,526,095
Less: Prepaid commissions	(2,506)	(3,362)
Total long-term borrowings and debt, net	**1,434,297**	**1,522,733**
Maximum outstanding balance at any month – end	1,525,103	1,527,126
Range of fixed interest rates on borrowings and debt in U.S. dollars	2.56% to 3.25%	2.56% to 3.25%
Range of floating interest rates on borrowings and debt in U.S. dollars	1.1% to 3.03%	2.46% to 3.36%
Range of fixed interest rates on borrowings in Mexican pesos	5.73% to 9.09%	5.73% to 9.09%
Range of floating interest rates on borrowings and debt in Mexican pesos	7.64% to 8.65%	8.14% to 9.13%
Range of fixed interest rates on debt in Japanese yens	0.52%	0.52%
Range of fixed interest rates on debt in Euros	3.75%	3.75%
Range of fixed interest rates on debt in Australian dollars	3.33%	3.33%

The balances of long-term borrowings and debt by currency, excluding prepaid commissions, are as follows:

	March 31, 2020	December 31, 2019
Currency		
US dollar	1,068,593	1,097,611
Mexican peso	222,860	280,105
Japanese yen	68,569	67,831
Euro	58,365	59,465
Australian dollar	18,416	21,083
Total	**1,436,803**	**1,526,095**

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

16. Borrowings and debt (continued)

Long-term borrowings and debt (continued)

Future payments of long-term borrowings and debt outstanding as of March 31, 2020, are as follows:

Payments	Outstanding
2020	393,722
2021	529,597
2022	392,620
2023	62,500
2024	58,364
	1,436,803

Reconciliation of movements of borrowings and debt arising from financing activities, as presented in the consolidated statements of cash flows:

	2020	2019
Balance as of January 1,	**3,138,310**	**3,518,446**
Net increase (decrease) in short-term borrowings and debt	103,460	(868,016)
Proceeds from long-term borrowings and debt	50,000	470,159
Repayments of long-term borrowings and debt	(81,631)	(633,752)
Payment of lease liabilities	(273)	(254)
Recognition of lease liabilities	-	20,734
Change in foreign currency	(74,745)	3,076
Adjustment of fair value for hedge accounting relationship	948	2,153
Other adjustments	949	662
Balance as of March 31,	**3,137,018**	**2,513,208**

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

16. Borrowings and debt (continued)

Lease liabilities

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

	March 31, 2020	December 31, 2019
Due within 1 year	10,481	2,005
After 1 year but within 5 years	12,953	10,470
After 5 years but within 10 years	2,036	13,492
Total undiscounted lease liabilities	**25,470**	**25,967**
Short-term	1,169	1,145
Long-term	18,427	18,769
Lease liabilities included in the consolidated statement of financial position	**19,596**	**19,914**

Amounts recognized in the statement of cash flows

	March 31, 2020	December 31, 2019
Cash outflow for leases	**273**	**1,072**

Amounts recognized in profit or loss

	March 31, 2020	March 31, 2019
Interest on lease liabilities	**220**	**243**
Income from sub-leasing right-of-use assets	**94**	**75**

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

17. Other liabilities

Following is a summary of other liabilities:

	March 31, 2020	December 31, 2019
Accruals and other accumulated expenses	7,297	11,901
Accounts payable	2,149	2,526
Others	2,799	2,722
	12,245	**17,149**

18. Earnings per share

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

	For the three months ended March 31	
	2020	2019
(Thousands of U.S. dollars)		
Profit for the period	18,302	21,245
(U.S. dollars)		
Basic earnings per share	0.46	0.54
Diluted earnings per share	0.46	0.54
(Thousands of shares)		
Weighted average of common shares outstanding applicable to basic EPS	39,609	39,542
Effect of diluted securities:		
Stock options and restricted stock units plan	-	-
Adjusted weighted average of common shares outstanding applicable to diluted EPS	**39,609**	**39,542**

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

19. Fee and commission income

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

	March 31, 2020			
	Syndications	**Documentary and standby letters of credit**	**Other Commissions, net**	**Total**
Openning and confirmation	-	2,146	291	2,437
Negotiation and acceptance	-	145	-	145
Amendment	-	142	-	142
Structuring	396	-	-	396
Other	-	31	(78)	(47)
	396	**2,464**	**213**	**3,073**

	March 31, 2019			
	Syndications	**Documentary and standby letters of credit**	**Other Commissions, net**	**Total**
Openning and confirmation	-	1,846	209	2,055
Negotiation and acceptance	-	163	-	163
Amendment	-	93	-	93
Structuring	-	-	-	-
Others	-	63	(24)	39
	-	**2,165**	**185**	**2,350**

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

	Up to 1 year	**1 to 2 years**	**More than 2 years**	**Total**
Ordinary income expected to be recognized on the contracts as of March 31, 2020	1,640	-	1,022	2,662

	Up to 1 year	**1 to 2 years**	**More than 2 years**	**Total**
Ordinary income expected to be recognized on the contracts as of March 31, 2019	1,622	377	673	2,672

20. Business segment information

The Bank's activities are managed and executed in two business segments: Commercial and Treasury. Information related to each reportable segment is set out below. Business segment results are based on the Bank's managerial accounting process, which assigns assets, liabilities, revenue and expense items to each business segment on a systematic basis. The maximum decision-making operating authority of the Bank is represented by the Chief Executive Officer and the Executive Committee, who review the internal management reports for each division at least every six months. Segment profit, as included in the internal management reports is used to measure performance as management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate within the same industry.

The Bank's net interest income represents the main driver of profits; therefore, the Bank presents its interest-earning assets by business segment, to give an indication of the size of business generating net interest income. Interest-earning assets also generate gains and losses on sales, mainly from financial instruments at fair value through OCI and financial instruments at fair value through profit or loss, which are included in net other income. The Bank also discloses its other assets and contingencies by business segment, to give an indication of the size of business that generates net fees and commissions, also included in net other income.

The Commercial Business Segment encompasses the Bank's core business of financial intermediation and fee generating activities developed to cater to corporations, financial institutions and investors in Latin America. These activities include the origination of bilateral short-term and medium-term loans, structured and syndicated credits, loan commitments, and financial guarantee contracts such as issued and confirmed letters of credit, stand-by letters of credit, guarantees covering commercial risk, and other assets consisting of customers' liabilities under acceptances.

Profits from the Commercial Business Segment include (i) net interest income from loans; (ii) fees and commissions from the issuance, confirmation and negotiation of letters of credit, guarantees and loan commitments, and through loan structuring and syndication activities; (iii) gain on sale of loans generated through loan intermediation activities, such as sales in the secondary market and distribution in the primary market; (iv) recovery or impairment loss on financial instruments, as well as gain (loss) in other non-financial assets, net; and (v) direct and allocated operating expenses.

The Treasury Business Segment focuses on managing the Bank's investment portfolio, and the overall structure of its assets and liabilities to achieve more efficient funding and liquidity positions for the Bank, mitigating the traditional financial risks associated with the balance sheet, such as interest rate, liquidity, price and currency risks. Interest-earning assets managed by the Treasury Business Segment include liquidity positions in cash and cash equivalents, and financial instruments related to the investment management activities, consisting of securities at FVOCI and securities at amortized cost. The Treasury Business Segment also manages the Bank's interest-bearing liabilities, which constitute its funding sources, mainly deposits, short- and long-term borrowings and debt.

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

20. Business segment information (continued)

Profits from the Treasury Business Segment include net interest income derived from the above mentioned treasury assets and liabilities, and related net other income (net results from derivative financial instruments and foreign currency exchange, gain (loss) on financial instruments at FVTPL, gain (loss) on sale of securities at FVOCI, and other income), recovery or impairment loss on financial instruments, and direct and allocated operating expenses.

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

	March 31, 2020		
	Commercial	**Treasury**	**Total**
Interest income	55,891	3,099	58,990
Interest expense	(176)	(33,013)	(33,189)
Inter-segment net interest income	(30,948)	30,948	-
Net interest income	24,767	1,034	25,801
Other income (expense), net	3,349	(394)	2,955
Total income	28,116	640	28,756
Impairment loss on financial assets	89	-	89
Operating expenses	(7,341)	(3,202)	(10,543)
Segment profit (loss)	**20,864**	**(2,562)**	**18,302**
Segment assets	**5,359,398**	**1,453,571**	**6,812,969**
Segment liabilities	**84,777**	**5,707,013**	**5,791,790**

	March 31, 2019		
	Commercial	**Treasury**	**Total**
Interest income	67,255	6,299	73,554
Interest expense	(194)	(45,340)	(45,534)
Inter-segment net interest income	(39,274)	39,274	-
Net interest income	27,787	233	28,020
Other income (expense), net	2,598	1,453	4,051
Total income	30,385	1,686	32,071
Impairment (loss) profit on financial assets	(968)	26	(942)
Operating expenses	(7,310)	(2,574)	(9,884)
Segment profit (loss)	**22,107**	**(862)**	**21,245**
Segment assets	**5,542,644**	**901,751**	**6,444,395**
Segment liabilities	**116,892**	**5,324,586**	**5,441,478**

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

20. Business segment information (continued)

Reconciliation on information on reportable segments

	March 31, 2020	March 31, 2019
Profit for the period	**18,302**	**21,245**
Assets:		
Assets from reportable segments	6,812,969	6,444,395
Other assets - unallocated	9,554	5,947
Total assets	**6,822,523**	**6,450,342**
Liabilities:		
Liabilities from reportable segments	5,791,790	5,441,478
Other liabilities - unallocated	12,245	11,930
Total liabilities	**5,804,035**	**5,453,408**

The Bank applied IFRS 16, as of January 1, 2019, using the modified retrospective approach to recognize right-of-use assets for $17.4 million presented within equipment and leasehold improvements and lease liabilities for $20.9 million. As of March 31, 2020, assets and liabilities were allocated between Commercial and Treasury segments.

As a result of the adoption of the new standard in the period 2019, certain amounts related to equipment and leasehold improvements and intangibles were reclassified for presentation purposes in the consolidated financial statement.

21. Related party transactions

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

	March 31, 2020	December 31, 2019
Assets		
Demand deposits	1,868	3,812
Loans, net	66,714	49,101
Total asset	**68,582**	**52,913**
Liabilities		
Time deposits	80,000	120,000
Total liabilities	**80,000**	**120,000**
Contingencies		
Stand-by letters of credit	20,000	20,000
Loss allowance	(49)	(49)

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

21. Related party transactions (continued)

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

	March 31, 2020	March 31, 2019
Interest income		
Loans	540	750
Interest expense		
Deposits	(467)	(292)
Borrowing and debt (1)	-	(226)
Total interest expense	(467)	(518)
Net interest income (expenses)	**73**	**232**
Other income (expense)		
Fees and commissions, net	88	-
Gain on financial instruments, net	-	32
Total other income, net	88	32
Operating expenses		
Depreciation of equipment and leasehold improvements	-	(293)
Other expenses	-	(91)
Total operating expenses	-	(384)
Net income from related parties	**161**	**(120)**

(1) This caption includes the financial cost relating to leases and depreciation expense for the right-of-use assets that rises from the lease contract with related parties where the Bank acts as a lessee through March 31, 2019.

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

	March 31, 2020	March 31, 2019
Expenses:		
Compensation costs to directors	348	409
Compensation costs to executives	3,274	1,828

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

22. Litigation

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

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

23. Applicable laws and regulations

Liquidity index

Rule No. 2-2018 issued by the Superintendence of Banks of Panama (SBP) establishes that every general license or international license bank must guarantee, with a higher level of confidence, that it is in the position to face its intraday liquidity obligations in a period when liquidity pressure may affect the lending market. For that purpose, the Superintendence of Banks of Panama has established a short-term liquidity coverage ratio known as "Liquidity Coverage Ratio or LCR". This ratio is measured through the quotient of two amounts, the first one corresponds to the high-quality liquid assets and the second one corresponds to the net cash outflows in 30 days.

As of March 31, 2020 and December 31, 2019, the minimum LCR to be reported to the SBP was 25% for both periods. The Bank´s LCR as of March 31, 2020 and December 31, 2019 was 121% and 131%, respectively.

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

$$\frac{\text{Liquid assets}}{\text{Liabilities (Deposits Received)}} \times 100 = X\% \text{ (Liquidity ratio)}$$

As of March 31, 2020, and December 31, 2019, the percentage of the liquidity index reported by the Bank to the regulator was 109.85% and 100.36%, respectively.

Capital adequacy

The Banking Law in the Republic of Panama and the Rules No. 01-2015 and 03-2016 require that the general license banks maintain a total capital adequacy index that shall not be lower, at any time, than 8% of total assets and off-balance sheet irrevocable contingency transactions, weighted according to their risks; and ordinary primary capital that shall not be less than 4.5% of its assets and off-balance sheet transactions that represent an irrevocable contingency, weighted based on their risks; and a primary capital that shall not be less than 6% of its assets and off-balance sheet transactions that represent an irrevocable contingency, weighted based on their risks.

The primary objectives of the Bank's capital management policy are to ensure that the Bank complies with capital requirements imposed by local regulator and maintains strong credit ratings and healthy capital ratios to support its business and to maximize shareholder value.

The Bank manages its capital structure and adjusts it according to changes in economic conditions and the risk characteristics of its activities. To maintain or adjust the capital structure, the Bank may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous periods. However, they are under constant review by the Board.

	March 31, 2020	December 31, 2019
Tier 1 capital	1,029,928	1,026,125
Risk weighted assets	5,373,187	5,937,648
Tier 1 capital ratio	19.17%	17.28%

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

23. Applicable laws and regulations (continued)

Leverage ratio

Article No. 17 of the Rule No. 1-2015 establishes the leverage ratio of a regulated entity by means of the quotient between the ordinary primary capital and the total exposure for non-risk-weighted assets inside and outside the statement of financial position established by the SBP. For the determination of the exposure of off-balance-sheet operations, the criteria established for credit and counterparty credit risk positions will be used. The exposure of the derivatives will be the fair value at which it is recorded in the entity's assets.

The leverage ratio cannot be lower, at any time, than 3%. The Bank will inform to SBP as often as the compliance with the leverage ratio is determined.

	March 31, 2020	December 31, 2019
Ordinary capital	893,909	890,106
Non-risk-weighted assets	6,925,528	7,323,187
Leverage ratio	12.91%	12.15%

Specific credit provisions

Rule No. 4-2013, modified by Rule No. 8-2014, states that the specific provisions are originated from the objective and concrete evidence of impairment. These provisions must be established for credit facilities classified according to the risk categories denominated as: special mention, substandard, doubtful, or unrecoverable, both for individual credit facilities as for a group of such facilities. In the case of a group, it corresponds to circumstances that indicate the existence of deterioration in credit quality, although individual identification is still not possible.

Banks must calculate and maintain at all times the amount of the specific provisions determined by the methodology specified in this Rule, which takes into account the balance owed of each credit facility classified in any of the categories subject to provision, mentioned in the paragraph above; the present value of each guarantee available in order to mitigate risk, as established by type of collateral; and a weighting table that applies to the net exposure balance subject to loss of such credit facilities.

Article No. 34 of this Rule establishes that all credits must be classified in the following five (5) categories, according to their default risk and loan conditions, and establishes a minimum reserve for each classification: normal 0%, special mention 20%, substandard 50%, doubtful 80%, and unrecoverable 100%.

If there is an excess in the specific provision, calculated in accordance with this Rule, compared to the provision calculated in accordance with IFRS, this excess will be accounted for as a regulatory credit reserve in equity and will increase or decrease with appropriations from/to retained earnings. The balance of the regulatory credit reserve will not be considered as capital funds for calculating certain ratios or prudential indicators mentioned in the Rule.

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

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

23. Applicable laws and regulations (continued)

Specific credit provisions (continued)

	March 31, 2020					
Loans	**Normal**	**Special Mention**	**Substandard**	**Doubtful**	**Unrecoverable**	**Total**
Corporations	2,294,446	12,541	-	-	61,845	2,368,832
Banks:						
Private	2,522,994	-	-	-	-	2,522,994
State-owned	398,440	-	-	-	-	398,440
	2,921,434	-	-	-	-	2,921,434
Sovereign	47,221	-	-	-	-	47,221
Total	**5,263,101**	**12,541**	**-**	**-**	**61,845**	**5,337,487**
Allowance for loan losses IFRS (*):	**42,706**	**2,491**	**-**	**-**	**54,744**	**99,941**

	December 31, 2019					
Loans	**Normal**	**Special Mention**	**Substandard**	**Doubtful**	**Unrecoverable**	**Total**
Corporations	2,487,859	13,595	-	-	61,845	2,563,299
Banks:						
Private	2,692,787	-	-	-	-	2,692,787
State-owned	589,690	-	-	-	-	589,690
	3,282,477	-	-	-	-	3,282,477
Sovereign	47,221	-	-	-	-	47,221
Total	**5,817,557**	**13,595**	**-**	**-**	**61,845**	**5,892,997**
Allowance for loan losses IFRS (*):	**42,396**	**2,338**	**-**	**-**	**54,573**	**99,307**

As of March 31, 2020 and December 31, 2019, there are no restructured loans.

(*) As of March 31, 2020, and December 31, 2019, there is no excess in the specific provision calculated in accordance with Agreement No. 8-2014 of the SBP, over the provision calculated in accordance with IFRS.

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

23. Applicable laws and regulations (continued)

Specific credit provisions (continued)

For statutory purposes only, non-accruing loans are presented by category as follows:

	March 31, 2020					
Non-accruing loans	**Normal**	**Special Mention**	**Substandard**	**Doubtful**	**Unrecoverable**	**Total**
Impaired loans	-	-	-	-	61,845	61,845
Total	**-**	**-**	**-**	**-**	**61,845**	**61,845**

	December 31, 2019					
Non-accruing loans	**Normal**	**Special Mention**	**Substandard**	**Doubtful**	**Unrecoverable**	**Total**
Impaired loans	-	-	-	-	61,845	61,845
Total	**-**	**-**	**-**	**-**	**61,845**	**61,845**

Credit risk coverage - dynamic provision

	March 31, 2020	**December 31, 2019**
Non-accruing loans:		
Private corporations	61,845	61,845
Total non-accruing loans	**61,845**	**61,845**
Interest that would be reversed if the loans had been classified as non-accruing loans	1,550	1,379
Income from collected interest on non-accruing loans	-	631

The SBP by means of Rule No. 4-2013, establishes the compulsory constitution of a dynamic provision in addition to the specific credit provision as part of the total provisions for the credit risk coverage.

The dynamic provision is an equity item associated to the regulatory capital but does not replace or offset the capital adequacy requirements established by the SBP.

Methodology for the constitution of the regulatory credit reserve

The Superintendence of Banks of Panama by means of the General Resolution of Board of Directors SBP-GJD-0003-2013 of July 9, 2013, establishes the accounting methodology for differences that arise between the application of the International Financial Reporting Standards (IFRS) and the application of prudential regulations issued by the SBP; as well as the additional disclosures required to be included in the notes to the consolidated financial statements.

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

23. Applicable laws and regulations (continued)

Methodology for the constitution of the regulatory credit reserve (continued)

The parameters established in this methodology are the following:

1. The calculations of accounting balances in accordance with IFRS and the prudential standards issued by the SBP will be carried out and the respective figures will be compared.

2. When the calculation made in accordance with IFRS results in a greater reserve or provision for the bank compared to the one resulting from the use of the prudential standards issued by the SBP, the Bank will account the IFRS figures.

3. When the impact of the use of prudential standards results in a greater reserve or provision for the Bank, the effect of the application of IFRS will be recognized in profit or loss, and the difference between IFRS calculation compared to the prudential standards calculation will be appropriated from retained earnings as a regulatory credit reserve. If the bank does not have sufficient retained earnings, the difference will be presented as an accumulated deficit account.

4. The regulatory credit reserve mentioned in paragraph 3 of this Rule may not be reversed against the retained earnings as long as there are differences between IFRS and the originated prudential regulations.

Considering that the Bank presents its consolidated financial statements under IFRS, specifically for its expected credit reserves under IFRS 9, the line "Regulatory credit reserve" established by the SBP has been used to present the difference between the application of the accounting standard used and the prudential regulations of the SBP to comply with the requirements of Rule No. 4-2013.

As of March 31, 2020 and December 31, 2019, the total amount of the dynamic provision and the regulatory credit reserve calculated according to the guidelines of Rule No. 4-2013 of the SBP is $136.0 million for both periods, appropriated from retained earnings for purposes of compliance with local regulatory requirements. This appropriation is restricted from dividend distribution in order to comply with local regulations. The provision and reserve are detailed as follows:

	March 31, 2020	**December 31, 2019**
Dynamic provision	136,019	136,019
Regulatory credit reserve	-	-
	136,019	**136,019**

Capital reserve

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

24. Subsequent events

Dividend announcement:

On April 8, 2020, the Bank's Board of Directors approved the payment of a cash dividend at a rate of $ 0.25 US cents per common share, which will be paid on May 13, 2020 to the Bank's stockholders as of April 27, 2020 record date.

Impacts and actions implemented in the context of COVID-19

The COVID-19 pandemic and the measures implemented globally to prevent its spread could negatively impact the Bank's business in a number of ways. These impacts may include, among others, reduced business volumes, restricted access to funding sources, insufficient liquidity, delayed or defaulted payments from the Bank's customers or from the Bank´s financial counterparties, increased levels of indebtedness or the unavailability of sufficient financing for the Bank's borrowers, and other factors which are beyond the Bank's control.

In this context, and in order to mitigate these risks, the Bank has implemented a series of measures and actions described below.

i. Leasing

After the reporting period and as of to date hereof, there have been no changes in the signed lease and sublease contracts.

ii. Liquidity Risk

Following the COVID-19 pandemic and its potential impact on the availability of resources, the Bank activated its Liquidity Contingency Plan, based on internally designed market triggers, in order to ensure a robust position given the situation caused by the pandemic. This led the Bank to adjust the scenario of its internal liquidity coverage ratio "LCR" from a regular level of 1 to a level of 3, which implies more restrictive assumptions for inflows and outflows of cash, with a downward adjustment of the percentages of funding sources renewals and of loan portfolio collections. Other additional elements included in the Liquidity Contingency Plan are, among others, the collection of all loan maturities and the case-by-case approval of all new credit disbursements by the Credit Committee, establishing at least biweekly meetings.

Following the execution of the previously described Liquidity Contingency Plan, Bladex achieved a significant increase in its cash position in a short period of time, managing to continuously maintain a robust level of liquidity, exceeding regulatory requirements.

The Bank's capacity to maintain these strong liquidity levels, even in the current context, is attributable to historically diversified and stable funding sources, including deposits from central banks in Latin America and the Caribbean, who are also the Bank's Class A shareholders. In addition, the Bank has maintained a fluid access to a significant base of correspondent banks and investors from debt capital markets across the globe, which have maintained and even increased their availability of funding to the Bank in the last few months. Furthermore, the Bank has been able to collect on the majority of scheduled maturities of its loan portfolio and has then disbursed new transactions on a selective basis, prioritizing prudent risk management over loan growth, with a focus on adequate levels of risk / return.

The Bank intends to maintain this additional level of liquidity as long as the current environment of volatility and uncertainty remains, therefore it will continue to give preference to maintaining a resilient and robust liquidity position over the growth of its balance sheet and / or its profitability.

The Bank determines the appropriate level of allowances for expected credit losses based on a forward-looking process that estimates the probable loss inherent in its Credit Portfolio, which is the result of a statistical analysis supported by the Bank's historical portfolio performance, external sources, and the judgment of the Bank's management. This level of allowance reflects assumptions and estimates made in the context of changing political and economic conditions in the Region, including but not limited to the impact of recent ongoing turmoil related to COVID-19.

24. Subsequent events (continued)

iii. Credit Risk

The Bank has a Business Model mainly focused on financial institutions and large corporations, a portion of which represents "quasi-sovereign" risks, with an average short-term duration, allowing an agile adjustment of exposure in adverse scenarios.

Actions implemented due to the COVID-19 pandemic

In late March 2020, due to the context, Bladex elaborated a heat map including each country and industry in which it maintains exposure. This allowed the Bank to identify customers with higher levels of risk depending on the country, industry and financial position.

Four main variables were used to assign the level of customer risk:

Financial Institutions

a) COVID-19 business impact
b) Portfolio quality and coverage levels
c) Solvency level
d) Liquidity position

Corporations

a) COVID-19 business impact
b) Foreign currency exchange risk
c) Commodity risk
d) Liquidity position

The Bank's Management holds conference and video calls frequently with its customers, focusing on those operating in higher risk industries. Any relevant information is presented to the Credit Committee.

Since the beginning of the crisis, in mid-March 2020, the loan portfolio has been reduced, as a result of the Bank's strategy to prioritize liquidity and to adjust the portfolio's credit risk. Under the Liquidity Contingency Plan, all operations are approved on a case-by-case basis by the Credit Committee with a meeting frequency of at least twice per week.

The permanent review of transactions maturing in a 90-day horizon, has allowed the Bank to take quick actions to collect and to identify cases with a higher level of risk. Moreover, the Bank is assessing on a periodic basis the adequacy of the allowances for credit losses.

iv. Market Risk

The Bank's Management has not made any material adjustments to the Market Risk valuation metrics and models.

v. Cybersecurity Risk

Actions implemented due to the COVID-19 pandemic

The Bank successfully implemented its Business Continuity Plan, implicating among other things, that 100% of its staff is working remotely (Telecommuting).

This has increased the frequency of risks associated with Cybersecurity, among them:

- Increased e-mail attack attempts.
- Increased attack attempts due to the widespread use of remote connection protocols.

To counteract these risks, the Bank's Management has reinforced the controls as follows:

- Monitoring of main attack vectors was expanded: e-mail and end-user devices.
- Awareness and training activities within the organization were reinforced.
- Frequency of vulnerability scans has been intensified.

ISSUER

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Panama City, Republic of Panama

APPENDIX C
FINAL TERMS

[See following page]

FINAL TERMS

PROHIBITION OF SALES TO EEA OR UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA") or in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "Insurance Distribution Directive") , where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the United Kingdom has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the United Kingdom may be unlawful under the PRIIPs Regulation.

Singapore Securities and Futures Act Product Classification – Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) (the "**SFA**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Notes are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018).

Final Terms dated September 9, 2020

BANCO LATINOAMERICANO DE COMERCIO EXTERIOR, S.A.
Issue of U.S.$400,000,000 Fixed Rate Notes due 2025
under the U.S.$2,250,000,000
Euro Medium Term Note Program

CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated July 16, 2020 and the Prospectus Supplement dated September 9, 2020. This document constitutes the Final Terms relating to the issue of Notes described herein. These Final Terms contain the final terms of the Notes and must be read in conjunction with the Base Prospectus (as so supplemented).

Full information on the Issuer and the Notes described herein is only available on the basis of a combination of these Final Terms and the Base Prospectus (as so supplemented). The Base Prospectus and the Prospectus Supplement are available for viewing at Torre V, Business Park, Avenida La Rotonda, Urb. Costa del Este, Panama City, Republic of Panama and https://www.bladex.com/en/investors/euro-medium-term-notes-program and copies may be obtained from ir@bladex.com and/or funding@bladex.com.

1.	Issuer:		Banco Latinoamericano de Comercio Exterior, S.A.
2.	(i)	Series Number:	437
3.	Specified Currency or Currencies:		U.S. Dollars (U.S.$)
4.	Principal Amount:		U.S.$400,000,000
5.	Issue Price:		99.518 per cent. of the Principal Amount plus accrued interest, if any, from September 14, 2020
6.	Authorized Denominations:		U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.
7.	(i)	Issue Date:	September 14, 2020 (T+3)
	(ii)	Interest Commencement Date:	September 14, 2020

8.	Maturity Date:		September 14, 2025
9.	Interest Basis:		2.375% Fixed Rate Notes
10.	Redemption/Payment Basis:		Redemption at par
11.	Change of Interest or Redemption/ Payment Basis:		Not Applicable
12.	Put/Call Options:		Not Applicable
13.	(i)	Status of the Notes:	Senior
	(ii)	Status of the Guarantee:	Not Applicable
	(iii)	Date Board approval for issuance of Notes obtained:	April 28, 2020
14.	Method of distribution:		Syndicated
15.	Listing		
	(i)	Listing:	Luxembourg Stock Exchange (Euro MTF Market)
	(ii)	Admission to trading:	Application has been made for the Notes to be admitted to trading on the Euro MTF market of the Luxembourg Stock Exchange

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16.	Fixed Rate Note Provisions:		Applicable
	(i)	Interest Rate(s):	2.375 per cent. per annum payable semi-annually in arrears
	(ii)	Fixed Interest Payment Date(s):	March 14 and September 14 in each year, commencing on March 14, 2021
	(iii)	Fixed Coupon Amount:	U.S.$11.875 per U.S.$1,000 of Notes semi-annually
	(iv)	Broken Amount(s):	Not Applicable
	(v)	Day Count Fraction:	30/360
	(vi)	Determination Dates:	Not Applicable
	(vii)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	Not Applicable
17.	Floating Rate Note Provisions:		Not Applicable
18.	Zero Coupon Note Provisions:		Not Applicable
19.	Index-Linked Interest Note Provisions:		Not Applicable

20.	Dual Currency Note Provisions:		Not Applicable

PROVISIONS RELATING TO REDEMPTION

21.	Early Redemption for Tax Reasons:		Applicable
	(i)	Early Redemption Amount (Tax):	Outstanding principal amount, plus accrued and unpaid interest and additional amounts, if any
	(ii)	Date after which changes in law, etc. entitle Issuer to redeem:	Issue Date of the original tranche
22.	Call Option:		Applicable
	(i)	Optional Redemption Date(s):	***Optional Redemption at Par***: At any time or from time to time on or after August 14, 2025 (one month prior to the maturity date of the Notes) (the "**Par Call Date**"). ***Optional Redemption with "Make-Whole" Amount***: Any date from and including the Issue Date to but excluding the Par Call Date.
	(ii)	Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	***Optional Redemption at Par*** The Notes may be redeemed in whole or in part, at the Issuer's option, at a redemption price equal to 100% of the outstanding principal amount of the Notes; plus any interest accrued but not paid and additional amounts, if any, to, but excluding, the date of redemption. ***Optional Redemption with "Make-Whole" Amount*** The Notes may be redeemed in whole or in part at any time, at the Issuer's option, at a "make whole" redemption price, calculated by the Independent Investment Banker, equal to the greater of: (i) 100% of the principal amount of the Notes to be redeemed; and (ii) the sum of the present value of the remaining scheduled payments of principal and interest on the Notes from the Optional Redemption Date to the Par Call Date (exclusive of any interest accrued and unpaid to the date of redemption) discounted, in each case, to the Optional Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 35 basis points; plus any interest accrued but not paid and additional amounts, if any, to, but excluding, the date of redemption. "**Independent Investment Banker**" means one of the Reference Treasury Dealers appointed by the Issuer. "**Optional Redemption Date**" means an optional date of redemption of the Notes pursuant to Condition 4(d) of the Conditions of the Notes. "**Treasury Rate**" means, with respect to any Optional Redemption Date for the Notes, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated

yield to maturity of the Comparable Treasury Issue, as determined by a Reference Treasury Dealer appointed by the Issuer, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for that Optional Redemption Date. The Treasury Rate will be calculated on and as of the third business day preceding the Optional Redemption Date.

"**Reference Treasury Dealer**" means at least three primary U.S. government securities dealers in New York City, New York designated by the Issuer not later than the fifth business day preceding such redemption date.

"**Comparable Treasury Issue**" means the United States Treasury security or securities selected by an Independent Investment Banker as having an actual or interpolated maturity comparable to the Par Call Date that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a comparable maturity to the Par Call Date.

"**Comparable Treasury Price**" means, with respect to any redemption date, (A) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (B) if the Independent Investment Banker obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

"**Reference Treasury Dealer Quotations**" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by such Reference Treasury Dealer at 3:30 p.m. New York time on the third business day preceding such redemption date.

	(iii)	If redeemable in part:	
	(a)	Minimum Redemption Amount:	Not Applicable
	(b)	Maximum Redemption Amount:	Not Applicable
	(iv)	Notice period:	As specified in the Conditions.
23.		Put Option:	Not Applicable
24.		Early Redemption Amount:	Redemption at par
25.		Redemption Amount:	Not Applicable

GENERAL PROVISIONS APPLICABLE TO THE NOTES

26.	Form of Notes:	Registered Notes. Restricted Global Registered Note will be exchangeable for Definitive Registered Notes under the circumstances specified in the Restricted Global Registered Note. Unrestricted Global Registered Note will be exchangeable for Definitive Registered Notes under the circumstances specified in the Unrestricted Global Registered Note.
27.	Additional Financial Centre(s) or other special provisions relating to Payment Dates:	Not Applicable
28.	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	No
29.	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	Not Applicable
30.	Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made:	Not Applicable
31.	Consolidation provisions:	The provisions in Condition 18 (*Further Issues*) apply
32.	Other terms or special conditions:	The Issuer agrees to the following additional covenant:

Consolidation, Merger or Sales of Assets

The Issuer will not, without the consent of the holders of two-thirds in principal amount of the outstanding Notes, consolidate with or merge with or into any other Person, or sell, convey or transfer, in one transaction or a series of transactions, directly or indirectly, all or substantially all of its properties or assets (determined on a consolidated basis) to any other Person unless:

(i) the Person formed by such consolidation or the Person with or into which the Issuer is merged or the Person which acquired by sale, conveyance or transfer of all or substantially all of the properties or assets of the Issuer (determined on a consolidated basis) (the "Successor Corporation") shall expressly assume by supplemental trust deed the due and punctual payment of the principal of and interest on all the outstanding Notes, the performance or observance of every covenant of the Issuer and all other obligations of the Issuer under the Trust Deed, the Agency Agreement, the Dealer Agreement and the Notes;

(ii) immediately after giving effect to such transaction, no Event of Default with respect to any Note shall have occurred and be continuing;

(iii) the Issuer or the Successor Corporation, as the case may be, shall deliver to the Trustee an opinion of independent counsel of recognized standing to the effect that such consolidation, merger, sale, conveyance or transfer and such supplemental Trust Deed comply with the Conditions, that such amendment has been duly authorized, executed and delivered and is valid and enforceable against the Successor Corporation; and

(iv) the Successor Corporation shall expressly agree to pay any additional amounts as may be necessary in order that the net amounts received by holders of the Notes after any withholding or deduction of any such tax, duty or assessment or other governmental charge imposed by any authority having power to tax to which the Successor Corporation is subject shall equal the respective amounts of principal and interest which would have been receivable in respect of the Notes in the absence of such consolidation, merger, sale, conveyance, transfer or lease.

No Successor Corporation shall have the right to redeem the Notes unless the Issuer would have been entitled to redeem the Notes in the same circumstances provided that with respect to a redemption for tax reasons in accordance with Condition 4(b), the Notes may only be redeemed by a Successor Corporation following any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of the jurisdiction of incorporation of the Successor Corporation or any political subdivision or taxing authority thereof or therein affecting taxation, or any change in official position regarding the application or interpretation of such laws, regulations or rulings (including a holding by a court of competent jurisdiction), which change, amendment, application or interpretation becomes effective after the date that the Successor Corporation assumes the Issuer's obligations as described in item (i) above, and as a result of which the Successor Corporation pays or would become obligated to pay Additional Amounts in respect of the Notes pursuant to the Conditions.

Upon any consolidation, merger, sale, conveyance or transfer in accordance herewith, the Successor Corporation shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer as obligor under the Notes with the same effect as if the Successor Corporation had been named as the original Issuer of the Notes. Upon the assumption of the Issuer's obligations by any Successor Corporation in such circumstances, the Issuer will be discharged from all

			obligations under the Notes, the Trust Deed, the Agency Agreement and the Dealer Agreement.

DISTRIBUTION

33.	(i)	If syndicated, names of the Joint Lead Managers:	BofA Securities, Inc. Mizuho Securities USA LLC SMBC Nikko Securities America, Inc.
	(ii)	Date of Subscription Agreement:	September 9, 2020
	(iii)	Stabilising Dealer (if any):	Not Applicable
34.	If non-syndicated, name and address of Dealer:		Not Applicable
35.	TEFRA:		Not Applicable
36.	Additional selling restrictions:		***Prohibition of Sales to EEA and UK Retail Investors*** Any Notes which are the subject of the offering contemplated by the Base Prospectus as completed by these Final Terms will not be offered, sold or otherwise made available any to any retail investor in the European Economic Area or in the United Kingdom. For the purposes of this provision the expression "**retail investor**" means a person who is one (or more) of the following: (a) a retail client as defined in point (11) of MiFID II; or (b) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.
37.	Additional investment considerations:		Not Applicable
38.	Use of Proceeds:		General corporate purposes

OPERATIONAL INFORMATION

39.	ISIN Code:	144A: US05968CAC64 Regulation S: USP1393HAC27
40.	[Reserved]	
41.	CUSIP Code:	144A: 05968C AC6 Regulation S: P1393H AC2
42.	CFI Code:	Not Applicable

43.	FISN Code:	Not Applicable
44.	Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A., and the relevant identification number(s):	The Notes will be held by a custodian for the account of The Depositary Trust Company
45.	Delivery:	Investors: Delivery versus payment.
46.	Names and addresses of additional Paying Agent(s) (if any):	Not Applicable
47.	Calculation Agent:	Not Applicable

ADMISSION TO TRADING

These Final Terms comprise the final terms required for the Notes described herein to be admitted to trading on the Euro MTF market of the Luxembourg Stock Exchange pursuant to the U.S.$2,250,000,000 Euro Medium Term Note Program of Banco Latinoamericano de Comercio Exterior, S.A.

ADDITIONAL ISSUER DISCLOSURE

The text on page 9 of the Prospectus Supplement under the caption "Portfolio Quality and Provision for Credit Losses" is amended as follows:

"Overall, the Bank's total Allowance for Credit Losses represented ~~nearly~~ 1% of the total Credit Portfolio as of June 30, 2020, 100% of which remained current."

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Final Terms. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain that no facts have been omitted which would render the reproduced inaccurate or misleading.

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Signed on behalf of the Issuer:

By: ______________________
Eduardo Vivone

Executive Vice President, Treasury and Capital Markets

By: ______________________
Jorge Salas

Chief Executive Officer

Signed on behalf of the Issuer:

By: ______________________________
Eduardo Vivone

Executive Vice President, Treasury and Capital Markets

By: ______________________________
Jorge Salas

Chief Executive Officer

ISSUER

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AND PAYING AGENT

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AND TRANSFER AGENT

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