FOREIGN TRADE BANK OF LATIN AMERICA, INC.
Form 20-F
April 23, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 20-F

¨ REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF

THE SECURITIES EXCHANGE ACT OF 1934

OR

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF

THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2014

OR

¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF

THE SECURITIES EXCHANGE ACT OF 1934

OR

¨ SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF

THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report……………………………

For the transition period from ______ to _______

Commission File Number 1-11414

BANCO LATINOAMERICANO DE COMERCIO EXTERIOR, S.A.

(Exact name of Registrant as specified in its charter)

FOREIGN TRADE BANK OF LATIN AMERICA, INC.	**REPUBLIC OF PANAMA**
(Translation of Registrant's name into English)	*(Jurisdiction of incorporation or organization)*

Torre V, Business Park

Avenida La Rotonda, Urb. Costa del Este

P.O. Box 0819-08730

Panama City, Republic of Panama

(Address of principal executive offices)

Christopher Schech

Chief Financial Officer

+507 210-8500

Email address: cschech@bladex.com

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

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

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

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

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None

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

6,342,189	Shares of Class A Common Stock
2,479,050	Shares of Class B Common Stock
29,956,100	Shares of Class E Common Stock
0	Shares of Class F Common Stock
38,777,339	Total Shares of Common Stock

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

x Yes ¨ No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

¨ Yes x No

Note – Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

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

x Yes ¨ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

x Yes ¨ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of “accelerated filer and large accelerated filer” in Rule 12b-2 of the Exchange Act. (Check one):

x Large Accelerated Filer ¨ Accelerated Filer ¨ Non-accelerated Filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

x U.S. GAAP ¨ International Financial Reporting Standards as issued by the International Accounting Standards Board ¨ Other

If “Other” has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

¨ Item 17 ¨ Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

¨ Yes x No

BANCO LATINOAMERICANO DE COMERCIO EXTERIOR, S.A.

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In this Annual Report on Form 20-F, or this Annual Report, references to the “Bank” or “Bladex” are to Banco Latinoamericano de Comercio Exterior, S.A., a specialized multinational bank incorporated under the laws of the Republic of Panama (“Panama”), and its consolidated subsidiaries. References to “Bladex Head Office” are to Banco Latinoamericano de Comercio Exterior, S.A. in its individual capacity. References to “U.S. dollars” or “$” are to United States (“U.S.”), dollars. References to the “Region” are to Latin America and the Caribbean. The Bank accepts deposits and raises funds principally in U.S. dollars, grants loans mostly in U.S. dollars and publishes its consolidated financial statements in U.S. dollars. The numbers and percentages set forth in this Annual Report have been rounded and, accordingly, may not total exactly.

Upon written or oral request, the Bank will provide without charge to each person to whom this Annual Report is delivered, a copy of any or all of the documents listed as exhibits to this Annual Report (other than exhibits to those documents, unless the exhibits are specifically incorporated by reference in the documents). Written requests for copies should be directed to the attention of Christopher Schech, Chief Financial Officer, Bladex, as follows: (1) if by regular mail, to P.O. Box 0819-08730, Panama City, Republic of Panama, and (2) if by courier, to Torre V, Business Park, Avenida La Rotonda, Urb. Costa del Este, Panama City, Republic of Panama. Telephone requests may be directed to Mr. Schech at +507 210-8630. Written requests may also be sent via e-mail to cschech@bladex.com.

Forward-Looking Statements

In addition to historical information, this Annual Report contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Forward-looking statements may appear throughout this Annual Report. The Bank uses words such as “believe,” “intend,” “expect,” “anticipate,” “plan,” “may,” “will,” “should,” “estimate,” “potential,” “project” and similar expressions to identify forward-looking statements. Such statements include, among others, those concerning the Bank’s expected financial performance and strategic and operational plans, as well as all assumptions, expectations, predictions, intentions or beliefs about future events. 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.” Forward-looking statements include statements regarding:

- the growth of the Bank’s credit portfolio, including its trade finance portfolio;
- 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 the Region on the Bank’s financial condition;
- the execution of the Bank’s strategies and initiatives, including its revenue diversification strategy;
- anticipated operating income and return on equity in future periods;
- the Bank’s level of capitalization and debt;
- the implied volatility of the Bank’s Treasury revenues;

- levels of defaults by borrowers and the adequacy of the Bank's allowance and provisions for credit losses;
- 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;
- existing and future governmental banking and tax regulations, including Basel II and Basel III capital and leverage requirements and Basel Committee on Banking Supervision liquidity requirements as adopted in the countries in which the Bank does business, and the impact of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") on the Bank's business, business practices, and costs of operation as a foreign bank with offices in the United States of America ("United States" or "USA");
- credit and other risks of lending and investment activities; and

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- the Bank’s ability to sustain or improve its operating performance.

In addition, the statements included under the headings “Item 4.B. Business Overview—Strategies for 2015 and Subsequent Years” and “Item 5.D. Trend Information” are forward-looking statements. Given the risks and uncertainties surrounding forward-looking statements, undue reliance should not be placed on these statements. Many of these factors are beyond the Bank’s ability to control or predict. The Bank’s forward-looking statements speak only as of the date of this Annual Report. Other than as required by law, the Bank undertakes no obligation to update or revise forward-looking statements, whether as a result of new information, future events, or otherwise.

PART I

Item 1. Identity of Directors, Senior Management and Advisers

Not required in this Annual Report.

Item 2. Offer Statistics and Expected Timetable

Not required in this Annual Report.

Item 3. Key Information

A. Selected Financial Data

The following table presents selected consolidated financial data for the Bank. The financial data presented below are at and for the years ended December 31, 2014, 2013, 2012, 2011, and 2010, and are derived from the Bank's consolidated financial statements for the years indicated, which were prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and are stated in U.S. dollars. The consolidated financial statements for the years ended December 31, 2014, 2013, 2012, 2011, and 2010 were audited by the independent registered public accounting firm Deloitte, Inc. ("Deloitte"). The consolidated financial statements of the Bank for each of the three years in the period ended December 31, 2014 (the "Consolidated Financial Statements") are included in this Annual Report, together with the report of the independent registered public accounting firm Deloitte. The information below is qualified in its entirety by the detailed information included elsewhere herein and should be read in conjunction with Item 4, "Information on the Company," Item 5, "Operating and Financial Review and Prospects," and the Consolidated Financial Statements and notes thereto included in this Annual Report.

Consolidated Selected Financial Information

	As of and for the Year Ended December 31,				
	2014	2013	2012	2011	2010
	(in $ thousands, except per share data and ratios)				
Income Statement Data:					
Interest income	$212,730	$205,303	$192,437	$157,427	119,478
Interest expense	71,599	82,211	87,460	54,717	44,975

Net interest income	141,131	123,092	104,977	102,710	74,503
Reversal of provision (provision) for loan losses [(1)]	(6,895)	1,598	8,343	(8,841)	(9,091)
Net interest income, after reversal of provision (provision) for loan losses	134,236	124,690	113,320	93,869	65,412
Reversal of provision (provision) for losses on off-balance sheet credit risk [(1)]	(1,627)	(381)	4,046	4,448	13,926
Fees and commissions, net	17,502	13,669	10,021	10,619	9,811
Derivative financial instruments and hedging	106	353	71	2,923	(1,446)
Recoveries, net of impairment of assets	7	108	0	(57)	233
Net gain (loss) from investment fund trading	3,409	(6,702)	7,011	20,314	(7,995)
Net gain (loss) from trading securities	(393)	3,221	11,234	(6,494)	(3,603)
Net gain on sale of securities available-for-sale	1,871	1,522	6,030	3,413	2,346
Net gain on sale of loans	2,546	588	1,147	64	201
Net gain (loss) on foreign currency exchange	766	(3,834)	(10,525)	4,269	1,870
Gain on sale of premises and equipment	0	0	5,626	0	0
Other income, net	1,744	1,644	1,839	995	1,081
Net other income	25,931	10,188	36,500	40,494	16,422
Total operating expenses	53,702	54,306	55,814	50,087	42,218
Net income from continuing operations	106,465	80,572	94,006	84,276	39,615
Net income (loss) from discontinued operations [(2)]	0	(4)	(681)	(420)	206
Net income	106,465	80,568	93,325	83,856	39,821
Net income (loss) attributable to the redeemable noncontrolling interest	(475)	(4,185)	293	676	(2,423)
Net income attributable to Bladex stockholders	$106,940	$84,753	$93,032	$83,180	$42,244
Balance Sheet Data:					
Interest-bearing deposits in banks	775,530	837,557	700,312	830,670	431,144

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Consolidated Selected Financial Information

	As of and for the Year Ended December 31,				
	2014	2013	2012	2011	2010
	(in $ thousands, except per share data and ratios)				
Trading assets	0	0	5,265	20,436	50,412
Securities available-for-sale	338,973	334,368	183,017	416,300	353,250
Securities held-to-maturity	54,180	33,759	34,113	26,536	33,181
Investment funds	57,574	118,661	105,888	120,425	167,291
Loans	6,686,244	6,148,298	5,715,556	4,959,573	4,064,332
Allowance for loan losses	79,675	72,751	72,976	88,547	78,615
Total assets	8,025,272	7,471,312	6,756,396	6,360,032	5,100,087
Total deposits	2,506,694	2,361,336	2,317,260	2,303,506	1,820,925
Trading liabilities	52	72	32,304	5,584	3,938
Securities sold under repurchase agreements and short-term borrowings and debt	2,993,056	2,991,527	1,607,397	1,700,468	1,360,327
Long-term borrowings and debt	1,405,519	1,153,871	1,905,540	1,487,548	1,075,140
Total liabilities	7,114,209	6,563,461	5,926,537	5,595,203	4,384,087
Common stock	279,980	279,980	279,980	279,980	279,980
Total stockholders' equity	911,063	857,952	826,475	759,282	697,050
Weighted average basic shares	38,693	38,406	37,824	36,969	36,647
Weighted average diluted shares	38,839	38,533	37,938	37,145	36,814
Basic shares period end	38,777	38,573	38,145	37,132	36,711
Per Common Share Data:					
Basic earnings per share from continuing operations	2.76	2.21	2.48	2.26	1.15
Basic earnings per share	2.76	2.21	2.46	2.25	1.15
Diluted earnings per share	2.75	2.20	2.45	2.24	1.15
Book value per share (period end)	23.49	22.24	21.67	20.45	18.99
Regular cash dividends declared per share	1.435	1.25	1.10	0.85	0.67
Special cash dividends declared per share	0.00	0.00	0.00	0.00	0.00
Selected Financial Ratios:					
Performance Ratios:					
Return on average assets [3]	1.41 %	1.20 %	1.51 %	1.46 %	0.97 %
Return on average stockholders' equity[3]	11.95 %	10.02 %	11.57 %	11.40 %	6.21 %
Net interest margin [4]	1.87 %	1.75 %	1.70 %	1.81 %	1.70 %
Net interest spread [4]	1.71 %	1.55 %	1.44 %	1.62 %	1.43 %
Total operating expenses to total average assets [3]	0.71 %	0.77 %	0.90 %	0.88 %	0.97 %
Regular cash dividend payout ratio	51.92 %	56.64 %	44.72 %	37.78 %	58.12 %
Special cash dividend payout ratio	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Liquidity Ratios:					
Liquid assets [5] / total assets	9.24 %	11.12 %	10.21 %	12.36 %	8.25 %
Liquid assets [5] / total deposits	29.57 %	35.18 %	29.78 %	34.11 %	23.10 %
Asset Quality Ratios:					
Non-accrual loans to total loans [6]	0.06 %	0.05 %	0.00 %	0.65 %	0.71 %

Impaired loans to total loans [(6)]	0.06	%	0.05	%	0.00	%	0.65	%	0.71	%
Charged-off loans to total loans, net of unearned income and deferred fees	0.00	%	0.00	%	0.13	%	0.02	%	0.13	%
Allowance for loan losses to total loans, net of unearned income and deferred fees	1.19	%	1.18	%	1.28	%	1.79	%	1.94	%
Allowance for losses on off-balance sheet credit risk to total contingencies	1.37	%	1.08	%	2.05	%	2.45	%	3.50	%
Capital Ratios:										
Stockholders' equity to total assets	11.35	%	11.48	%	12.23	%	11.94	%	13.67	%
Average stockholders' equity to total average assets [(3)]	11.81	%	12.01	%	13.03	%	12.83	%	15.62	%
Leverage ratio [(7)]	8.8	x	8.7	x	8.2	x	8.4	x	7.3	x
Tier 1 capital to risk-weighted assets [(8)]	15.3	%	15.9	%	17.9	%	18.6	%	20.5	%
Total capital to risk-weighted assets [(9)]	16.5	%	17.1	%	19.2	%	19.9	%	21.8	%
Risk-weighted assets [(8)]	$6,027,352		$5,472,589		$4,609,221		$4,090,333		$3,416,782	

(1) For information regarding reversal of provision (provision) for credit losses, see Item 5, "Operating and Financial Review and Prospects—Operating Results."

(2) On April 2, 2013 the Bank reached a final agreement to sell its Asset Management Unit to Alpha4X Asset Management, LLC and its related companies ("Alpha4X"). The Bank applied discontinued operations accounting to the operations of the Asset Management Unit in accordance with ASC Topic 205-20 – Presentation of Financial Statements – Discontinued Operations. On April 2014, the Bank redeemed $13.9 million of its investment in the Feeder (defined below), a variable interest entity, that had been consolidated until March 31, 2014, following the requirements of ASC 810-10- Consolidation, prior to the implementation of FAS 167 (FIN 46 (R) (ASU 2009-17 – Consolidation of Variable Interest Entities). After this redemption, the Bank ceased to be the primary beneficiary of that variable interest entity; and therefore ceased to consolidate its investment in the Feeder. See Item 4.B, "Business Overview-Overview", for a discussion of the Asset Management Unit, and Item 18, "Financial Statements" Notes 3 and 6 to the Audited Financial Statements.

(3) Average assets and average stockholders' equity are calculated on the basis of unaudited daily average balances.

(4) For information regarding calculation of the net interest margin and the net interest spread, see Item 5.A, "Operating and Financial Review and Prospects—Operating Results—Net Interest Income and Margins."

(5) Liquid assets consist of investment-grade "A" securities, cash and due from banks, and interest-bearing deposits in banks, excluding margin calls and pledged regulatory deposits. See Item 5.B. "Operating and Financial Review and Prospects—Liquidity and Capital Resources—Liquidity" and Item 18, "Financial Statements" Note 4 to the Audited Financial Statements.

(6) As of December 31, 2014 and 2013 the Bank had $4 million and $3 million in non-accrual status, respectively, all of which corresponded to impaired loans. As of December 31, 2012, the Bank did not have any loans in non-accrual status. As of December 31, 2011 and 2010 non-accrual loans amounted $32 million and $29 million, respectively, all of which corresponded to impaired loans. 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. Total loans is presented net of unearned income and deferred loan fees.

(7) Leverage ratio is the ratio of total assets to stockholders' equity.

(8) Tier 1 capital is calculated according to Basel I capital adequacy guidelines, and is equivalent to stockholders' equity, excluding the Other Comprehensive Income account effect of the available-for-sale portfolio. The Tier 1 capital ratio is calculated as a percentage of risk-weighted assets. Risk-weighted assets are, in turn, also calculated based on Basel I capital adequacy guidelines. The Bank's Tier 1 capital ratio according to Basel III, which updated in 2013 the original guidance on a number of regulatory reforms to the regulatory capital framework in order to strengthen minimum capital requirements, was 15.6% as of December 31, 2014.

(9) Total capital refers to Tier 1 capital plus Tier 2 capital, based on Basel I capital adequacy guidelines. Total capital refers to the total capital ratio as a percentage of risk-weighted assets.

B. Capitalization and Indebtedness

Not required in this Annual Report.

C. Reasons for the Offer and Use of Proceeds

Not required in this Annual Report.

D. Risk Factors

Risks Relating to the Bank's Business

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, being the risk of not being able to maintain adequate cash flow to repay its deposits and borrowings and fund its credit portfolio on a timely basis. Failure to adequately manage its liquidity risk could produce an available funds shortage as a result of which the Bank would not be able to repay its obligations as they become due.

As of December 31, 2014, 36% of the Bank's funding represents short-term borrowings and debt from international private banks, which compete with the Bank in its credit extension activity. If these international banks cease to provide funding to the Bank, the Bank would have to seek funding from other sources, which may not be available, or if available, may be at a higher cost.

Financial turmoil in the international markets could negatively impact liquidity in the financial markets, reducing the Bank's access to credit or increasing its cost of funding, which could lead to tighter lending standards. An example of this situation is the liquidity constraint experienced in the second half of 2007 in the international financial markets, which intensified during the third quarter of 2008, driven first by the subprime mortgage crisis in the United States and then followed by the credit crisis, and in the ongoing European sovereign debt crisis. The reoccurrence of such unfavorable market conditions could have a material adverse effect on the Bank's liquidity.

As of December 31, 2014, approximately 75% of the Bank's total deposits represented deposits from central and state-owned banks, and 16% of the Bank's deposits represented deposits from private sector commercial banks and financial institutions.

As a U.S. dollar-based economy, Panama does not have a central bank, and there is no lender of last resort to the banking system in the country.

The credit ratings of Bladex are an important factor in maintaining the Bank's liquidity. A reduction in the Bank's credit rating could reduce the Bank's access to debt markets or materially increase the cost of issuing debt, trigger additional collateral or funding requirements, and decrease the number of investors and counterparties willing or permitted, contractually or otherwise, to do business with or lend to the Bank. This in turn could reduce the Bank's liquidity and negatively impact its operating results and financial position.

The Bank's allowances for credit losses could be inadequate to cover credit losses related to its loans and contingencies.

The Bank determines the appropriate level of allowances for credit losses based on a process that estimates the probable loss inherent in its 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 allowances could be inadequate to cover losses in its Commercial Portfolio due to exposure concentration or deterioration in certain sectors or countries, which in turn could have a material adverse effect on the Bank's financial condition, results of operations and cash flows. As stated above, the Bank's "Commercial Portfolio" includes the loan portfolio, selected deposits placed, customers' liabilities under acceptances, and contingencies (including confirmed and stand-by letters of credit, guarantees covering commercial risk, and credit commitments).

The Bank's businesses are subject to market risk.

Market risk generally represents the risk that 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, deposits, investment and trading securities, short- and long-term borrowings and debt, derivatives and trading positions. Among many other market conditions that may shift from time to time are fluctuations in interest rates and currency exchange rates, 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. 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.

See Item 11, "Quantitative and Qualitative Disclosures About Market Risk."

The Bank faces interest rate risk that is 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 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 credit portfolio may decrease or may not continue to grow at the present rate or at a similar rate. Additionally, growth in the Bank's credit portfolio may expose the Bank to an increase in allowance for loan losses.

It is difficult to predict whether the Bank's credit portfolio, including the Bank's foreign trade portfolio, will continue to grow in the future at historical rates. A reversal in the growth rate of the Region's economy and trade volumes could adversely affect the growth rate of the Bank's credit portfolio. Additionally, the future expansion of Bladex's credit portfolio may expose the Bank to higher levels of potential or actual losses and require an increase in credit risk reserves, which could negatively impact the Bank's operating results and financial position. Non-performing or low credit quality loans can 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 non-performing and/or non-accruing loans may increase in the future as a result of growth in its loan portfolio, including loan portfolios that the Bank may acquire in the future, or factors beyond the Bank's control, such as the impact of economies trends and political events affecting the Region, events affecting certain industries or events affecting financial markets and global economies.

Increased competition and banking industry consolidation could limit the Bank's ability to grow and may adversely affect results of operations.

Most of the competition the Bank faces in the trade finance business comes from domestic and international banks, the majority of which are European and North American institutions. Many of these banks have substantially greater resources than the Bank and enjoy 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, and this trend continued accelerating in recent years as the credit crisis led to numerous mergers and asset acquisitions among industry participants and in certain cases reorganization, restructuring, or even bankruptcy. 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 participants 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 geographic regions, 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, is affected by these competitive pressures.

The Bank's businesses rely heavily on data collection, management and processing, and information systems, the failure of which could have a material adverse effect on the Bank, including the effectiveness of the Bank's risk management and internal control 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 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, the Bank's 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 an effective data collection, management and processing system, it may be materially and adversely affected.

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. The Bank may experience operational problems

with its information systems as a result of system failures (including failure to update systems), viruses, computer "hackers" or other causes. 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. In the future, 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.

Operational problems or errors can have a material adverse impact on the Bank's business, financial condition, results of operations and cash flows.

Bladex, like all financial institutions, is exposed to operational risks, including the risk of fraud by employees and outsiders, failure to obtain proper internal authorizations, failure to properly document transactions, equipment failures, and errors by employees, and any failure, interruption or breach in the security or operation of the Bank's information technology systems could result in interruptions in such activities. Operational problems or errors may occur, and their occurrence may have a material adverse impact on the Bank's business, financial condition, 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 the initiatives.

Part of the Bank's strategy is to diversify income sources through 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. 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.

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.

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, participation of multiple parties in any given trade finance transaction can make the process of due diligence difficult. Further, because trade finance can be more document-based 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 is alert to 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.

***Panamanian laws and regulations, including future government restrictions on interest rates or changes in reserves and capitalization requirements, may have a material adverse effect on the Bank*.**

The Bank is subject to extensive laws and regulations regarding the Bank organization, operations, lending and funding activities, capitalization and other matters. In 2010, the Basel Committee on Banking Regulations and Supervisory Practices (the “Basel Committee”) proposed comprehensive changes to the liquidity coverage ratio and liquidity risk monitoring tools, known as Basel III. 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 has adopted Basel III criteria to determine capitalization levels, and determined the Bank’s Tier 1 Basel III capital ratio to be 15.6% as of December 31, 2014.

***Legislation regarding the financial services industry may subject the Bank to significant and extensive regulation, which may have an impact on the Bank's operations*.**

On July 21, 2010, the Dodd-Frank Act was signed into law in the United States. The Dodd-Frank Act is intended primarily to overhaul the financial regulatory framework in the United States following the global financial crisis and may impact substantially all financial institutions including the Bank. The Dodd-Frank Act, among other things, imposes higher prudential standards, including more stringent risk-based capital, leverage, liquidity and risk-management requirements, establishes a Bureau of Consumer Financial Protection, establishes a systemic risk regulator, consolidates 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. The Bank is closely monitoring this rulemaking process, and analyzing, the impact of new rules on the Bank's business.

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 a transition period and 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. After the transition period, the Volcker Rule prohibitions and restrictions will apply to banking entities, including the Bank, unless an exception applies. Based on analysis of applicable regulations, 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 Bladex'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 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.

As of May 1, 2014, Panama has been treated by the U.S. Department of the Treasury as has having a Model 1 intergovernmental agreement ("Panama IGA") in effect 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.

Risks Relating to the Region

The Bank's credit portfolio is concentrated in the Region. The Bank also faces borrower concentration. 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 credit activities are concentrated in the Region, which is a reflection of the Bank's mission and strategy. Historically, economies of countries in the Region have occasionally experienced significant volatility characterized, in some cases, by political uncertainty, slow growth or recessions, declining investments, government and private sector debt defaults and restructurings, and significant inflation and/or currency devaluation. Global economic changes, including fluctuations in oil prices, commodities prices, U.S. dollar interest rates and the U.S. dollar exchange rate, and slower economic growth in industrialized countries, could have a significant adverse effect on the economic condition of countries in the Region, including Panama and the other countries where the Bank operates. In turn, adverse changes affecting the economies of countries in the Region could have a significant adverse impact on the quality of the Bank's credit portfolio, including increased loan loss provisions, debt restructuring, and loan losses. As a result, this could also have an adverse impact on the Bank's asset growth, asset quality, prospects, profitability and financial condition.

The Bank's credit activities are concentrated in a number of countries. Adverse changes affecting the economies in one or more of those countries could have an 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, 2014, 66% of the Bank's credit portfolio was outstanding to borrowers in the following five countries: Brazil ($2,067 million, or 27%), Mexico ($1,030 million, or 14%), Colombia ($869 million, or 12%), Peru ($632 million, or 8%), and Panama ($387 million, or 5%).

In addition, as of December 31, 2014, of the Bank's total credit portfolio balances, 7% were to five borrowers in Brazil, 5% were to five borrowers in Colombia, 4% were to five borrowers in Mexico, 4% were to five borrowers in Peru, and 3% were to five borrowers in Panama. A significant deterioration of the financial or economic condition of any of these countries or borrowers could have an adverse impact on the Bank's credit portfolio, requiring the Bank to create additional allowances for credit losses, or suffer credit losses with the effect being accentuated because of this concentration.

See Item 4.B. "Information on the Company—Business Overview—Developments During 2014".

Local country foreign exchange controls or currency devaluation 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 country foreign exchange controls will restrict the ability of the Bank's borrowers, even if they are exporters, to acquire dollars to repay loans on a timely basis, 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.

Increased risk perception in countries in the Region where the Bank has large credit exposure could have an adverse impact on the Bank's credit ratings, funding activities and funding costs.

Increased risk perception in any country in the Region where the Bank has large exposures could trigger downgrades to the Bank's credit ratings. A credit rating downgrade would likely increase the Bank's funding costs, and reduce its deposit base and access to the debt capital markets. In that case, the Bank's ability to obtain the necessary funding to carry on its financing activities in the Region at meaningful levels could be affected in an important way.

Item 4. Information on the Company

A. History and Development of the Company

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 trade finance in 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 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 Panama.

The Bank offers its services through its head office in Panama City, its agency in New York City ("the New York Agency"), its subsidiaries in Brazil and Mexico, and its representative offices in Buenos Aires, Argentina, Mexico City, D.F. and Monterrey, Mexico, Sao Paulo, Brazil, Lima, Peru and Bogotá, Colombia, as well as through a worldwide network of correspondent banks. The Bank's international administrative office located in Miami, Florida (the "Florida Administrative Office"), ceased operations during the first quarter of 2015.

Bladex's headquarters office is located at Torre V, Business Park, Avenida La Rotonda, Urb. Costa del Este, Panama City, Panama, and its telephone number is +507 210-8500. Bladex's New York Agency is located at 370 Lexington Avenue, Suite 500, New York, NY 10017, and its telephone number is (212) 754-9191.

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

The following is a description of the Bank's subsidiaries:

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Bladex Holdings Inc. (“Bladex Holdings”) is a wholly owned subsidiary, incorporated under the laws of the State of Delaware, USA, on May 30, 2000. Bladex Holdings maintains ownership in two subsidiaries: Bladex Representação Ltda. and Bladex Investimentos Ltda.

o 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%.

o Bladex Investimentos Ltda. was incorporated under the laws of Brazil on May 3, 2011. Bladex Head Office owns 99% of Bladex Investimentos Ltda. and Bladex Holdings owns the remaining 1%. Bladex Investimentos Ltda. has invested substantially all of its assets in an investment fund incorporated in Brazil (“the Brazilian Fund”), which is registered with the Brazilian Securities Commission, (Comissão de Valores Mobiliários (the “CVM”)). The Brazilian Fund is a non-consolidated variable interest entity (“VIE”). The objective of the Brazilian Fund is to achieve capital gains by dealing in the interest, currency, securities, commodities and debt markets, and by trading instruments available in the spot and derivative markets.

· 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.

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- 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 products, such as loans and factoring.

Bladex Holdings had previously exercised control over Bladex Asset Management Inc. (“Bladex Asset Management”), incorporated on May 24, 2006 under the laws of the State of Delaware, USA, which, until its dissolution on September 18, 2013, provided investment management services to Bladex Offshore Feeder Fund and Bladex Capital Growth Fund, both incorporated under the laws of the Cayman Islands.

On April 2, 2013, Bladex reached a definitive agreement to sell its Asset Management Unit. The Asset Management Unit was sold to Alpha4X Asset Management, LLC (“Alpha4X”), a company majority-owned by former executives of the Asset Management Unit. The Bank has a commitment to remain an investor in these funds, net of annual contractual redemptions, until March 31, 2016. As part of the agreement, a subsidiary of XL Group plc will also become an anchor investor in the Bladex Capital Growth Fund under Alpha4X’s management. In connection with the sale: (i) Bladex Offshore Feeder Fund became Alpha4X Feeder Fund (the “Feeder”), (ii) Bladex Capital Growth Fund became Alpha4X Capital Growth Fund (the “Fund”), and (iii) Bladex Latam Fundo de Investimento Multimercado became Alpha4X Latam Fundo de Investimento Multimercado.

The sale agreement included, among other terms:

- the transfer of the Bank's participation in BLX Brazil Ltd., incorporated under the laws of the Cayman Islands on October 5, 2010, and Bladex Asset Management Brazil – Gestora de Recursos Ltda. (“BAM Brazil”), incorporated under the laws of Brazil on January 6, 2011;
- the sale of “Class C” shares of the Fund owned by BCG PA LLC (“BCG”), a company incorporated under the laws of the State of Delaware, USA and dissolved on August 14, 2013; and
- the termination of the investment advisory contracts among Bladex Asset Management, the Feeder and the Fund.

Bladex Head Office has a remaining participation of 49.61% in the Feeder, that invests substantially all its assets in the Fund. The Feeder is a VIE that was included in the consolidated financial statements of the Bank until March 31, 2014. Due to its drop in participation to less than 50%, the Bank ceased to be the primary beneficiary of the Feeder, and therefore ceased to consolidate its investment in the Feeder in its consolidated financial statements. Both the Feeder and the Fund are registered with the Cayman Island Monetary Authority (“CIMA”), under the Mutual Funds Law of the Cayman Islands. The objective of these Funds is to achieve capital appreciation by investing in Latin American debt securities, stock indexes, currencies, and trading derivative instruments.

The Bank’s financial statements are prepared in accordance with U.S. GAAP.

See Item 18. “Financial Statements,” notes 1, 2(a), 3 and 6.

B. Business Overview

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 regional integration across the Region. 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.

First, the Commercial Division is responsible for the Bank's core business of financial intermediation and fee generation activities relating to the Commercial Portfolio. The Commercial Division's portfolio includes the loan portfolio (bilateral and syndicated trade and non-trade finance lending, short and medium term loans), selected deposits placed, customers' liabilities under acceptances ("acceptances"), and contingencies (including confirmed and stand-by letters of credit, guarantees covering commercial risk and credit commitments). The majority of the Bank's loans are extended in connection with specifically identified foreign trade transactions. Through its revenue diversification strategy, the Bank's Commercial Division 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.

Second, the Treasury Division is responsible for the Bank's funding and liquidity management, along with the management of its activities in investment securities, which comprise trading assets, securities available-for-sale, and securities held-to-maturity, as well as the management of the Bank's interest rate, liquidity, price and currency risks. Following the sale of the Bladex Asset Management unit in April 2013, the Treasury Division also comprises the Bank's remaining participation in the investment funds.

Historically, trade finance has been afforded favorable treatment under Latin American debt restructurings. 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 some exceptions on U.S. dollar convertibility and transfer limitations imposed on the servicing of external obligations, or preferred creditor status. Although the Bank maintains its focus both on trade finance and its Class A shareholders, it cannot guarantee that such exceptions will be granted in all future debt restructurings.

As of December 31, 2014, the Bank had 64 employees, or 33% of its total employees, across its offices responsible for marketing the Bank's financial products and services to existing and potential customers.

Developments During 2014

2014 was a challenging year for the global economy, which experienced overall heightened volatility resulting from a gradual decrease in the monetary stimulus of the U.S. Federal Reserve. World GDP growth in 2014 was similar to that of 2013, but growth performance differed among larger economies. The U.S. economy experienced an upturn, as did the eurozone. However, unlike the U.S. and parts of Europe, other larger global economies, such as Japan and China experienced a lower rate of growth in 2014.

The moderation of growth in the Chinese economy influenced other emerging economies, given the significance of Chinese demand in global commodity markets. The sustainability of growth in China continues to be of concern due to the negative impact lower growth rates could have on long-term trends in the raw materials markets and the negative impact that a general downturn in the Chinese economy could have on the global economy.

Similarly, the pace of growth of external aggregate demand for the principal products produced in Latin America and the Caribbean has decreased. The Region saw a significant slowdown in its 2014 average GDP growth rate, impacted by stagnating growth in its largest economy, Brazil, which had GDP growth in 2014 of 0.1%. Generally, the Region experienced a downward trend in prices for raw materials. In 2014, the Region's overall exports decreased year-on-year. However, the performance of countries in the Region was not uniform. Those economies more heavily engaged in trade with the U.S. benefitted more than those with a greater dependence on trade relations with other parts of the world.

Despite the challenging nature of the 2014 economic backdrop, the Bank's year-end 2014 financial results show improved earnings and operating performance. The Bank achieved a number of financial milestones in 2014, including: surpassing $100 million in total net income; achieving deposits of over $3 billion on several dates during the year, which increased average deposit levels by more than 8%; significantly improving core efficiency levels while maintaining cost discipline; more than doubling income derived from structuring and distribution activities; and achieving 12% return on average stockholders' equity, and 14% total shareholders return (dividends and annual stock price appreciation).

Net income attributable to Bladex amounted to $106.9 million in 2014, an increase of $22 million, or 26%, compared to $84.8 million in 2013. This increase was driven by the positive performance of the Bank's core business activities, with growth in the Commercial Portfolio, net margins and revenue, and improved efficiency on lower expenses, while maintaining strong asset quality. These factors were complemented by a positive trend in non-core results from the Bank's participation in investment funds.

Net interest income rose by $18.0 million, or 15%, to $141.1 million in 2014 from $123.1 million in 2013. This growth was driven by a $12.2 million overall increase in net interest income due to the higher average balances of the Bank's interest-earning assets (+7%), which was partially offset by higher average balances on the Bank's interest-bearing liabilities (+8%), and a $5.8 million overall increase in net interest income on lower average funding costs (-26 basis points) which more than offset the 10 basis point decrease in the average yield of interest-earning assets. Net interest margin stood at 1.87% for 2014, compared to 1.75% for 2013.

Fees and other income includes the fee income associated with letters of credit and other off-balance sheet assets, such as guarantees and credit commitments, as well as fee income derived from two business streams: loan structuring and syndication, and loan intermediation and distribution. Fees and other income amounted to $21.8 million in 2014, compared to $15.9 million in 2013. The $5.9 million or 37% increase resulted from higher loan structuring and syndication fees, as well as fees and net gains associated with loan intermediation and distribution, along with higher fees and commissions from letters of credit and guarantees. The average balance of the Bank's off-balance sheet portfolio (acceptances and contingencies) amounted to $0.5 billion in 2014, compared to $0.4 billion in 2013, an increase of 25%.

See Item 5, "Operating and Financial Review and Prospects—Operating Results—Net Income Attributable to Bladex" and Item 18, "Financial Statements," note 27.

Strategies for 2015 and Subsequent Years

Further extend 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 placed 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 client base

The Bank's strategy to participate in a broad range of activities and further diversify its client base includes targeting clients that offer the potential for longstanding relationships and a wider presence in the Region, such as financial institutions, corporations and middle-market companies. This may be achieved through the Bank's participation in bilateral and co-financed transactions. The Bank intends to continue enhancing existing client relationships and establishing new ones through its Region-wide expertise, product knowledge, the quality of the Bank's services and the Bank's agile decision-making process.

Enhance current products and services by providing relevant sector-specific solutions in the Region

The Bank intends to continue its focus on the development of expertise in the sectors in which the Bank currently operates, while strategically targeting industries with significant growth potential by offering sector-specific products and solutions to clients in these industries. These sectors include some of the most profitable industries in the Region, such as oil & gas, food processing, manufacturing and agribusiness commodities, as well as growth commercial flows such as Latin American intra-regional trade. Bladex also intends to continue exploring key regional and local partnerships to bolster its range of services and increase its presence in key economic sectors throughout the Region.

Increase the range of products and services that the Bank offers

Due to the Bank's relationships throughout, and knowledge of, the Region, the Bank is strongly positioned to strategically identify key additional 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, such as factoring and vendor finance, leasing, debt intermediation in primary and secondary markets, and structured financing, including export insurance programs, that complement the Bank's expertise in foreign trade finance and risk management.

Lending Policies

The Bank extends credit directly to financial institutions, corporations and middle-market companies within the Region. The distinction between corporations and middle-market companies is based on the particular client's volumes of annual sales, as well as country risk, and certain other criteria. The Bank finances import and export transactions for all types of goods and products, excepting 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/sellers in countries both inside and outside the Region. The Bank analyzes credit requests from eligible borrowers 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.

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Bladex has a methodology for capital allocation by country and its risk weights for assets. The Risk Policy and Assessment Committee (the "CPER") of the Bank's Board of Directors (the "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 approved by the CPER.

The amount of capital allocated to a transaction is based on customer type (sovereign, state-owned or private, middle-market companies, corporate or financial institution), 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 stockholders' 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 a request from the borrower for financing, usually related to foreign trade, which accounted for 56% of such credit as of December 31, 2014. 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 one borrower and borrower group, in the case of corporate, sovereign and middle-market companies. As of December 31, 2014, the legal lending limit prescribed by Panamanian law for corporations, sovereign borrowers and middle-market companies amounted to $225.8 million, and for financial institutions and financial groups amounted to $270.9 million. 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. On a quarterly basis, the CPER reviews the impaired portfolio, if any, along with certain non-impaired credits. As of December 31, 2014, the Bank was in compliance with regulatory legal lending limits.

See Item 4.B, "Information on the Company—Business Overview—Regulations—Panamanian Law."

Credit Portfolio

The Bank’s credit portfolio, which consists of the Commercial Portfolio and investment securities portfolio, increased to $7,580 million as of December 31, 2014, from $6,998 million as of December 31, 2013, and from $6,170 million as of December 31, 2012. The $582 million, or 8%, credit portfolio increase during 2014 was largely attributable to increased business activity from the Bank’s established client base of corporations ($692 million, or 19%), along with stable credit balances from financial institutions, partially offset by decreased exposures to middle-market companies ($125 million, or 20%).

Commercial Portfolio

The Commercial Portfolio includes the loan portfolio, selected deposits placed, customers' liabilities under acceptances, and contingencies (including confirmed and stand-by letters of credit, guarantees covering commercial risk, and credit commitments).

The Bank's Commercial Portfolio increased to $7,187 million as of December 31, 2014, an 8% increase from $6,630 million as of December 31, 2013, and a 21% increase from $5,953 million as of December 31, 2012. The increase in 2014 was largely attributable to growing demand from the Bank's established client base of corporations (which grew by $607 million, or 17%) and financial institutions (by $74 million, or 3%), which was partially offset by decreased activity in middle-market companies ($125 million, or 20%).

As of December 31, 2014, 56% of the Bank's Commercial Portfolio consisted of trade-related credits, and the remaining balance consisted primarily of lending to financial institutions and corporations involved in foreign trade. 57% of the Bank's Commercial Portfolio is represented by corporations, of which 60% is trade financing.

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,									
	2014[(1)]	%	**2013**[(2)]	%	**2012**[(3)]	%	**2011**[(4)]	%	**2010**[(5)]	%
	(in $ million, except percentages)									
Loans	$6,686	93.0	$6,148	92.7	$5,716	96.0	$4,960	92.6	$4,064	91.4
Selected deposits placed	0	0.0	0	0.0	0	0.0	30	0.6	0	0.0
Contingencies and other assets	501	7.0	482	7.3	237	4.0	364	6.8	382	8.6
Total	$7,187	100.0	$6,630	100.0	$5,953	100.0	$5,354	100.0	$4,446	100.0

(1) Includes non-accrual loans for $4 million as of December 31, 2014.
(2) Includes non-accrual loans for $3 million as of December 31, 2013.
(3) There were zero non-accrual loans as of December 31, 2012.
(4) Includes non-accrual loans for $32 million as of December 31, 2011.
(5) Includes non-accrual loans for $29 million as of December 31, 2010.

Loan Portfolio

As of December 31, 2014, the Bank's total loans amounted to $6,686 million, compared to $6,148 million as of December 31, 2013 and compared to $5,716 million as of December 31, 2012. As of December 31, 2014, 72% of the Bank's loans were scheduled to mature within one year.

As of December 31, 2014, the Bank had non-accrual loans of $4 million (or 0.06% of the loan portfolio), compared to $3 million (or 0.05% of the loan portfolio) as of December 31, 2013, and compared to zero non-accrual loans as of December 31, 2012.

For more detailed information, see Item 5, "Operating and Financial Review and Prospects-Operating Results—Changes in Financial Condition" and "Operating and Financial Review and Prospects—Operating Results—Asset Quality and Allowance for Credit Losses," and Item 18, "Financial Statements," notes 2(n), 7 and 8.

For more information about non-accrual loans, see Item 18 "Financial Statements," notes 2(l) and 7.

Loans by Country Risk

The following table sets forth the distribution of the Bank's loans by country risk at the dates indicated:

	As of December 31,									
	2014	% of Total Loans	2013	% of Total Loans	2012	% of Total Loans	2011	% of Total Loans	2010	% of Total Loans
	(in $ million, except percentages)									
Argentina	$185	2.8	$190	3.1	$222	3.9	$390	7.9	$237	5.8
Belgium	0	0.0	0	0.0	31	0.5	0	0.0	0	0.0
Bolivia	10	0.1	0	0.0	0	0.0	0	0.0	0	0.0
Brazil (1)	1,972	29.5	1,709	27.8	1,773	31.0	1,852	37.3	1,583	38.9
Chile	157	2.4	491	8.0	310	5.4	376	7.6	328	8.1
Colombia	726	10.9	702	11.4	450	7.9	734	14.8	585	14.4
Costa Rica	321	4.8	410	6.7	197	3.4	109	2.2	88	2.2
Dominican Republic	243	3.6	191	3.1	111	1.9	118	2.4	135	3.3
Ecuador	120	1.8	126	2.0	174	3.0	22	0.4	18	0.4
El Salvador	116	1.7	123	2.0	66	1.2	21	0.4	39	1.0
France	6	0.1	101	1.6	60	1.0	0	0.0	0	0.0
Germany	100	1.5	0	0.0	0	0.0	5	0.1	0	0.0
Guatemala	263	3.9	200	3.3	273	4.8	161	3.2	92	2.3
Honduras	93	1.4	74	1.2	71	1.2	46	0.9	38	0.9
Jamaica	16	0.2	61	1.0	10	0.2	2	0.0	64	1.6
Mexico (2)	868	13.0	517	8.4	496	8.7	416	8.4	404	9.9
Netherlands	10	0.2	15	0.2	77	1.4	20	0.4	0	0.0
Nicaragua	8	0.1	8	0.1	10	0.2	10	0.2	0	0.0
Panama	321	4.8	224	3.6	277	4.8	119	2.4	47	1.2
Paraguay	132	2.0	102	1.7	27	0.5	30	0.6	0	0.0
Peru	590	8.8	581	9.4	841	14.7	342	6.9	343	8.4
Spain	0	0.0	0	0.0	10	0.2	0	0.0	0	0.0
Switzerland	50	0.7	0	0.0	0	0.0	0	0.0	0	0.0
Trinidad & Tobago	165	2.5	143	2.3	119	2.1	76	1.5	63	1.6
United States of America	55	0.8	28	0.5	3	0.1	0	0.0	0	0.0
Uruguay	160	2.4	155	2.5	109	1.9	110	2.2	0	0.0
Total	$6,686	100.0	$6,148	100.0	$5,716	100.0	$4,960	100.0	$4,064	100.0

(1) Includes non-accrual loans in Brazil of $3 million in 2014 and 2013, respectively, and $1 million in 2010.
(2) Includes non-accrual loans in Mexico of $1 million in 2014, $32 million in 2011, and $28 million in 2010.

As of December 31, 2014, the Bank's loans extended in European countries represented $166 million or 2.49% of the total loan portfolio, compared to $116 million or 1.88% as of December 31, 2013. These loans consisted primarily of

loans extended to subsidiaries of multinational corporations established in Latin America, and typically include head-office loan guarantees.

Loans by Type of Borrower

The following table sets forth the amounts of the Bank's loans by type of borrower at the dates indicated:

	As of December 31,									
	2014	% of Total Loans	2013	% of Total Loans	2012	% of Total Loans	2011	% of Total Loans	2010	% of Total Loans
	(in $ million, except percentages)									
Private sector commercial banks and financial institutions	$1,891	28.3	$1,786	29.0	$1,776	31.1	$1,716	34.6	$1,381	34.0
State-owned commercial banks	445	6.7	449	7.3	416	7.3	448	9.0	320	7.9
Central banks	35	0.5	25	0.4	0	0.0	0	0.0	0	0.0
Sovereign debt	0	0.0	0	0.0	100	1.8	27	0.5	54	1.3
State-owned organizations	712	10.6	939	15.3	539	9.4	233	4.7	312	7.7
Private middle-market companies	483	7.2	574	9.3	682	11.9	446	9.0	225	5.5
Private corporations	3,120	46.7	2,375	38.6	2,203	38.5	2,090	42.1	1,772	43.6
Total [1]	$6,686	100.0	$6,148	100.0	$5,716	100.0	$4,960	100.0	$4,064	100.0

[1] Includes $4 million, $3 million, $32 million, and $29 million in non-accrual loans in 2014, 2013, 2011 and 2010, respectively.

The Bank did not have any exposure to European sovereign debt as of December 31, 2014, 2013 and 2012.

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As of December 31, 2014, the Bank's loan portfolio amounted to $6,686 million, an increase of $538 million, or 9%, from $6,148 million, as of December 31, 2013. The increase resulted from a higher demand for the Bank's lending products, as the Bank´s core competencies allowed it to compete effectively, despite less significant growth seen in the Region´s markets compared to previous years.

As of December 31, 2014, the Bank's loan portfolio industry exposure mainly included: (i) 35% in the financial institutions sector; (ii) 20% in the industrial sector, comprised mainly of metal manufacturing, food and beverage, and other manufacturing industries; (iii) 17% in the agricultural sector, comprising grains and oilseeds, coffee and sugar, among others; and (iv) 15% in the oil and gas sector, which in turn was divided into downstream (7%), integrated (6%), and upstream (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, 2014, by type of rate and type of borrower:

	As of December 31, 2014 (in $ million)			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Total
FIXED RATE				
Private sector commercial banks and financial institutions	$723	$ 11	$ 0	$734
State-owned commercial banks	301	30	0	331
State-owned organizations	461	0	0	461
Private middle-market companies	255	19	0	274
Private corporations	1,455	67	0	1,522
Sub-total	$3,195	$ 127	$ 0	$3,323
FLOATING RATE				
Private sector commercial banks and financial institutions	$617	$ 538	$ 2	$1,157
State-owned commercial banks	32	82	0	114
Central banks	35	0	0	35
State-owned organizations	220	31	0	251
Private middle-market companies	100	109	0	209
Private corporations	596	973	29	1,598
Sub-total	$1,599	$ 1,733	$ 31	$3,363
Total	$4,795	$ 1,860	$ 31	$6,686

Contingencies and Other Assets

The Bank's contingencies and other assets included in the Commercial Portfolio consist of selected financial instruments with off-balance sheet credit risk, such as letters of credit, credit commitments and guarantees covering commercial risk, customers' liabilities under acceptances, and an equity investment.

The Bank, on behalf of its client base, advises and confirms letters of credit to facilitate foreign trade transactions. The Bank also provides stand-by letters of credit, guarantees, and commitments to extend credit, which are binding legal agreements to lend to a customer, subject to the customers compliance with customary conditions precedent.

The Bank applies the same credit policies used in its lending process to its evaluation of these instruments, and, once issued, the commitment is irrevocable and remains valid until its expiration.

As of December 31, 2014, total contingencies and other assets in the Commercial Portfolio amounted to $501 million (7% of the total Commercial Portfolio), of which 61% corresponded to letters of credit.

As of December 31, 2013 and 2012, total contingencies and other assets in the Commercial Portfolio amounted to $482 million and $237 million, respectively (7% and 4%, respectively, of the total Commercial Portfolio), of which 64% and 56%, respectively, corresponded to letters of credit.

The following table presents the amount of contingencies and other assets, as of December 31 of each year:

	As of December 31,					
	2014		2013		2012	
	Amount	% of Total Contingencies and other assets	Amount	% of Total Contingencies and other assets	Amount	% of Total Contingencies and other assets
	(in $ million, except percentages)					
Customers' liabilities under acceptances	$114	22.8	$1	0.2	$1	0.5
Contingencies						
Argentina	0	0.0	0	0.1	0	0.0
Bolivia	0	0.0	0	0.0	1	0.3
Brazil	20	3.9	23	4.7	24	10.0
Chile	28	5.6	0	0.0	6	2.6
Colombia	54	10.8	39	8.0	9	3.8
Costa Rica	0	0.0	1	0.2	1	0.4
Dominican Republic	15	3.0	0	0.0	2	0.6
Ecuador	87	17.3	153	31.8	80	33.6
El Salvador	0	0.0	0	0.0	1	0.3
Guatemala	38	7.6	44	9.0	0	0.1
Honduras	0	0.1	0	0.1	1	0.2
Jamaica	0	0.1	0	0.1	0	0.0
Mexico	65	13.0	21	4.5	28	11.9
Netherlands	0	0.0	18	3.7	0	0.0
Panama	21	4.1	97	20.1	58	24.6
Paraguay	0	0.1	0	0.0	0	0.0
Peru	16	3.2	41	8.5	3	1.2
Switzerland	1	0.2	1	0.2	0	0.0
Uruguay	41	8.2	41	8.5	0	0.0
Venezuela	1	0.2	2	0.4	23	9.8
Total Contingencies	$387	77.2	$481	99.8	$236	99.5
Total Contingencies and Other Assets	$501	100.0	$482	100.0	$237	100.0

See Item 18, “Financial Statements,” note 19.

Investment Securities Portfolio

The Bank's investment securities portfolio consists of debt securities available-for-sale, securities held-to-maturity, and excludes the Bank's investments in the investment funds.

In the normal course of business, the Bank utilizes interest rate swaps for hedging purposes with respect to its asset (mainly its investment securities) and liability management activities.

The following table sets forth information regarding the carrying value of the Bank's investment securities portfolio at the dates indicated.

	As of December 31,		
	2014	2013	2012
	(in $ millions)		
Securities available-for-sale	$339	$334	$183
Securities held-to-maturity	54	34	34
Total investment securities	$393	$368	$217

The following tables set forth the distribution of the Bank's investment securities portfolio (securities available-for-sale and securities held-to-maturity) by country risk, type of borrower and contractual maturity at the dates indicated:

	As of December 31,					
	2014		2013		2012	
	Amount	%	Amount	%	Amount	%
	(in $ millions, except percentages)					
Brazil	$75	19.1	$74	20.0	$44	20.5
Chile	23	5.9	41	11.2	3	1.4
Colombia	89	22.8	98	26.6	29	13.5
Costa Rica	0	0.0	2	0.5	0	0.0
Mexico	97	24.6	33	9.0	22	10.3
Panama	45	11.5	34	9.2	54	25.0
Peru	26	6.6	40	11.0	1	0.3
Trinidad and Tobago	10	2.4	5	1.2	0	0.0
Multilateral Organizations	28	7.0	41	11.2	63	29.0
Total	$393	100.0	$368	100.0	$217	100.0

	As of December 31,					
	2014		2013		2012	
	Amount	%	Amount	%	Amount	%
	(in $ millions, except percentages)					
Private sector commercial banks and financial institutions	$93	23.7	$139	37.7	$26	12.2
State-owned commercial banks	18	4.6	18	4.9	4	1.9
Sovereign debt	157	40.0	105	28.4	102	46.9
State-owned organizations	105	26.6	99	27.0	81	37.4
Private corporations	20	5.0	7	1.9	4	1.7
Total	$393	100.0	$368	100.0	$217	100.0

	As of December 31,					
	2014		2013		2012	
	Amount	%	Amount	%	Amount	%
	(in $ millions, except percentages)					
In one year	$120	30.5	$45	12.2	$54	24.8
After one year through five years	156	39.6	192	52.1	155	71.3
After five years through ten years	118	29.9	131	35.7	9	3.9

Total	$393	100.0	$368	100.0	$217	100.0

As of December 31, 2014, 2013, and 2012, securities held by the Bank of no single issuer exceeded 10% of the Bank’s stockholders equity.

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Securities available-for-sale

As of December 31, 2014, the Bank's securities available-for-sale amounted to $339 million and consisted of investments in securities of issuers in the Region, of which 74% corresponded to multilateral, sovereign and state-owned issuers, and 26% corresponded to private corporations and banks. During the year ended December 31, 2014, the Bank purchased $322 million of investments and sold $223 million (generating gains of $1.9 million), and redeemed $63 million of investment securities available-for-sale. As of December 31, 2014, securities available-for-sale with a carrying value of $308 million were pledged to secure repurchase transactions accounted for as secured financings.

As of December 31, 2013, the Bank's securities available-for-sale amounted to $334 million and consisted of investments with issuers in the Region, of which 61% corresponded to sovereign and state owned borrowers, and 39% corresponded to private corporations and banks. The $151 million increase in the securities available-for-sale portfolio as of December 31, 2013, compared to December 31, 2012, reflects the net effect of: (i) $313.0 million in investment securities acquired during 2013, (ii) the sale of securities with $105.9 million in book value ($102.5 million in nominal value) which generated gains of $1.5 million during 2013, (iii) the redemption of $34.3 million of investment securities, (iv) a negative $16.7 million variance of the fair market value of the available-for-sale securities portfolio, and (v) a $5.3 million decrease in amortization of premiums and discounts.

As of December 31, 2012, the Bank's securities available-for-sale amounted to $183 million and consisted of investments with issuers in the Region, of which 47% corresponded to sovereign borrowers, and 14% corresponded to private corporations and banks. The $233 million decrease in the securities available-for-sale portfolio during 2012 compared to 2011 reflects the net effect of: (i) $40.0 million in investment securities acquired during 2012, (ii) the sale of securities with $254.8 million in book value ($239.6 million in nominal value) which generated gains of $6.0 million during 2012, (iii) redemption of $15.3 million of investment securities, (iv) a $0.3 million variance of fair value of the available for sale securities portfolio, and (v) a $3.0 million decrease in amortization of premiums and discounts.

See Item 18, "Financial Statements," notes 2(i) and 5.

Securities held-to-maturity

The held-to-maturity portfolio amounted to $54 million as of December 31, 2014, compared to $34 million as of December 31, 2013, and compared to $34 million as of December 31, 2012. The $20 million increase in the securities held-to-maturity portfolio reflects the net effect of: (i) $22 million in investment securities acquired during 2014, (ii) the redemption of $20 million of matured investment securities, and (iii) the $18 million bond reclassification as

held-to-maturity formerly held in the available-for-sale portfolio.

See Item 18, “Financial Statements,” notes 2(i) and 5.

Investment Funds

The Bank’s investment funds consist of its investment in the Feeder and the Brazilian Funds, which are managed by a third party, Alpha4x Asset Management LLC, following the sale of the Bladex Asset Management Unit which concluded in the second quarter of 2013.

The funds’ net assets are composed of cash, investments in equity, debt instruments, and derivative financial instruments, all of which are quoted and traded in active markets. The funds report trading gains and losses from negotiation of these instruments as realized and unrealized gains and losses on investments.

As of December 31, 2014, the investment funds’ net asset value totaled $58 million, compared to $119 million as of December 31, 2013, and compared to $106 million as of December 31, 2012, of which the redeemable noncontrolling interest in the investment funds amounted to zero, $50 million, and $3 million, respectively. The Bank’s participation in the “Feeder” was 49.61% as of December 31, 2014, compared to 55.87% as of December 31, 2013, and 98.06% as of December 31, 2012, with the remaining balances owned by third party investors. The redemptions from the investment in the funds amounted to $14 million in 2014, $36 million in 2013, and $15 million in 2012.

See Item 4.A. – "Information on the Company – History and Development of the Company", and Item 18, "Financial Statements," notes 2(c), 2(d), 2(j), 3, 6, and 24.

Total Outstandings by Country

The following table sets forth the aggregate amount of the Bank's cross-border outstandings, consisting of cash and due from banks, interest-bearing deposits in banks, investment securities, loans, and investment funds outstanding balances and accrued interest receivable, but not including contingencies as of December 31 of each year:

	As of December 31,					
	2014		2013		2012	
	Amount	% of Total Outstandings	Amount	% of Total Outstandings	Amount	% of Total Outstandings
	(in $ million, except percentages)					
Argentina	$189	2.4	$192	2.6	$225	3.3
Brazil	2,066	25.9	1,798	23.9	1,837	27.1
Chile	181	2.3	534	7.1	313	4.6
Colombia	820	10.3	804	10.7	482	7.1
Costa Rica	323	4.1	414	5.5	199	2.9
Dominican Republic	244	3.1	191	2.5	112	1.6
Ecuador	120	1.5	126	1.7	174	2.6
El Salvador	117	1.5	124	1.7	66	1.0
France	10	0.1	102	1.4	60	0.9
Germany	100	1.3	0	0.0	0	0.0
Guatemala	264	3.3	201	2.7	274	4.0
Honduras	94	1.2	74	1.0	71	1.0
Mexico	980	12.3	557	7.4	523	7.7
Netherlands	10	0.1	15	0.2	77	1.1
Panama	368	4.6	259	3.4	333	4.9
Paraguay	134	1.7	104	1.4	27	0.4
Peru	620	7.8	626	8.3	846	12.5
Trinidad & Tobago	176	2.2	148	2.0	120	1.8
United States of America	779	9.8	801	10.7	681	10.0
Uruguay	160	2.0	155	2.1	109	1.6
Other countries [(1)]	152	1.9	172	2.3	146	2.1
Sub-Total	$7,908	99.3	$7,397	98.4	$6,678	98.4
Investment funds	58	0.7	119	1.6	111	1.6
Total [(2)]	$7,965	100.0	$7,516	100.0	$6,789	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 2014 was comprised of $54 million in Switzerland, $48

million in Multilateral Organizations, $16 million in Jamaica, $12 million in the United Kingdom, $10 million in Bolivia, $8 million in Nicaragua and $5 million in Spain. Other countries in 2013 was comprised of $61 million in Jamaica, $60 million in Japan, $42 million in Multilateral Organizations, $8 million in Nicaragua and $2 million in United Kingdom. Other countries in 2012 was comprised of $64 million in Multilateral Organizations, $31 million in Belgium, $20 million in Japan, $10 million in Jamaica, $10 million in Nicaragua, $10 million in Spain and $2 million in United Kingdom.

(2) The outstandings by country does not include contingencies. See Item 4.B, “Business Overview—Contingencies and Other Assets.”

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 analysis.

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The composition of the outstandings per country portfolio has increased over the last three years. Some exposures in certain countries have been adjusted in accordance with the Bank's risk perception.

Cross-border outstandings in countries outside the Region correspond principally to the Bank's liquidity placements, and credits extended to subsidiaries of multinational corporations established in the Region, with the respective head office guarantee. See Item 5, "Operating and Financial Review and Prospects—Liquidity and Capital Resources—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,		
	2014	2013	2012
		(in $ million)	
Private sector commercial banks and financial institutions	$2,141	$ 2,042	$1,828
State-owned commercial banks and financial institutions	466	469	424
Central banks	651	761	653
Sovereign debt	159	106	203
State-owned organizations	845	1,043	623
Private middle-market companies	487	579	727
Private corporations	3,159	2,397	2,218
Sub-Total	$7,908	$ 7,397	$6,678
Investment funds	58	119	111
Total	$7,965	$ 7,516	$6,789

Net Revenues Per Country

The following table sets forth information regarding the Bank's net revenues by country at the dates indicated, with net revenues calculated as the sum of net interest income, net fees and commissions, derivative financial instruments and hedging, net gain (loss) from investment funds trading, net gain (loss) from trading securities, net gain (loss) on sale of securities available-for-sale, net gain on sale of loans, net gain (loss) on foreign currency exchange, and other income (expense):

	For the year ended December 31,		
	2014	2013	2012
	(in $ million)		
Argentina	$ 10.7	$ 11.4	$ 10.3
Brazil	47.5	40.3	40.5

Chile	7.3	6.6	3.8
Colombia	15.9	9.4	9.3
Costa Rica	7.1	8.3	3.9
Dominican Republic	1.9	2.9	2.5
Ecuador	7.6	6.8	5.9
El Salvador	2.6	1.6	0.6
Guatemala	5.3	6.8	3.4
Honduras	2.5	2.2	1.7
Jamaica	1.6	1.1	1.3
Mexico	20.0	15.1	16.6
Panama	9.2	4.9	2.2
Paraguay	3.2	1.8	0.8
Peru	16.4	16.2	12.2
Trinidad and Tobago	1.0	0.8	1.6

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	For the year ended December 31,		
	2014	2013	2012
	(in $ million)		
Uruguay	3.8	2.5	1.7
Venezuela	0.6	0.4	1.5
Other countries [(1)]	1.1	1.0	3.8
Investment funds	3.4	(6.6)	8.3
Total net revenues	$ 168.7	$ 133.6	$ 131.8
Reversal of provision (provision) for credit losses	(8.5)	1.2	12.4
Recoveries, net of impairment of assets	0.0	0.1	0.0
Operating expenses	(53.7)	(54.3)	(55.8)
Net income – business segment	$ 106.5	$ 80.6	$ 88.4
Net income (loss) attributable to the redeemable non-controlling interest	(0.5)	(4.2)	0.3
Net income attributable to Bladex stockholders – business segment	$ 106.9	$ 84.8	$ 88.1
Other income unallocated — Gain on sale of premises and equipment	0.0	0.0	5.6
Net loss from discontinued operations	0.0	0.0	(0.7)
Net income attributable to Bladex stockholders	$ 106.9	$ 84.8	$ 93.0

(1) Other countries consists of net revenues per country in which net revenues did not exceed $1 million for any of the periods indicated above.

The above table provides a reconciliation of net revenues (as previously defined) to the Bank’s net income. Net revenues do not include the effects of reversal of provision (provision) for credit losses, recoveries on assets, net of impairments, operating expenses, the income (loss) attributable to the redeemable non-controlling interest, other income not allocated to any business segment, a gain on sale of premises and equipment realized in 2012, and net income (loss) from discontinued operations. The purpose of the aforementioned table is to show net revenues before operating expenses generated from the Bank’s Commercial and Treasury Division, on a by-country basis. Given that the Bank’s business segments generate revenues not only from net interest income, but from other sources including fees and commissions, gains and losses on investments, gains on sale of loans and derivative financial instruments, which form part of other income rather than net interest income, the Bank adds those corresponding items to net interest income to show net revenues earned before operating expenses. Reversal of provision (provision) for credit losses, and recoveries, net of impairment of assets, are not included as part of net revenues, as the Bank believes such items, which are based on management estimates, may distort trend analysis. Thus, the Bank believes excluding such items from net revenues provides a more accurate indicator of the Bank’s performance within its two business segments for each country, and thus provides a better basis for analysis of the efficiency of the Bank. The Bank also believes the presentation of net revenues helps facilitate comparisons of performance between periods. However, net revenues should not be considered a substitute for, or superior to, financial measures calculated differently on a U.S. GAAP basis. Furthermore, net revenues may be calculated differently by other companies in the financial industry.

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 or North American, 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.

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 Item 3.D., "Key Information—Risk Factors."

Regulations

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"). The Florida International Administrative Office was regulated, supervised and examined by the Florida Office of Financial Regulation and the U.S. Federal Reserve Board until the Bank´s decision to close that office in early 2015. 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 Panamanian 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 25 foreign supervisory authorities for the sharing of supervisory information under the principles of reciprocity, appropriateness, national agreement, and confidentiality. These 25 entities include the U.S. Federal Reserve Board, the Office of the Comptroller of Currency of the Treasury Department or the OCC, the Federal Deposit Insurance Corporation and the Office of the Thrift Supervision. 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.

Panamanian Law

The Bank operates in Panama under a General Banking License issued by the National Banking Commission, predecessor of the Superintendency of Banks. 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.

All banking institutions in Panama are governed by Decree-Law 9 of February 26, 1998, as amended, and banking regulations issued by the Superintendency pursuant thereto (the "Banking Law").

Under the Banking Law, a bank's capital composition includes primary, secondary and tertiary capital. Primary capital is made up of ordinary capital and additional capital. Primary ordinary capital includes paid-in capital, paid-in capital surplus, declared reserves, retained earnings, accumulated other comprehensive income, minority interests in consolidating subsidiaries, and certain reserves and adjustments authorized by the Superintendency. Primary additional capital includes certain perpetual, subordinated instruments of debt and equity, paid-in surpluses on these instruments, certain instrument issued by consolidated subsidiaries, and certain adjustments authorized by the Superintendency. Secondary capital is made up of reserves to absorb future unforeseen losses, certain subordinated debt instruments, paid-in surpluses on these instruments, certain instruments issued by subsidiaries, and certain adjustments authorized by the Superintendency. Tertiary capital is made up of short-term subordinated debt incurred for the management of market risk. Under the Banking Law, the sum of secondary and tertiary capital cannot exceed primary capital.

General License Banks must have paid-in capital of not less than $10 million. Additionally, they must maintain a minimum total capital of 8% of their total risk-weighted assets, and a primary ordinary capital equal to or greater than 4.5% of their risk-weighted assets. In addition, total primary capital may not be less than 6% of the bank's risk-weighted assets. Some of these capital requirements will enter into effect on January 1, 2016 and minimum requirements set forth before will by fully in place by 2019. The Superintendency is authorized to take into account market risks, operational risks and country risks, among others, to evaluate capital adequacy. In addition, the Superintendency is authorized to increase the minimum capital requirement percentage in Panama in the event that generally accepted international capitalization standards (such as the standards set by the Basel Committee on Banking Supervision) become more stringent.

General License Banks are required to maintain 30% of their global deposits in liquid assets (which include short-term loans to other banks and other liquid assets) of the type prescribed by the Superintendency. Under the Banking Law, deposits from central banks and other similar depositories of the international reserves of sovereign states are immune from attachment or seizure proceedings.

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, middle-market companies 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 stockholder of the bank who 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 sessions held by the creditor bank regarding the loan or credit request; and (4) the loan or credit must strictly comply with customary standards of discretion 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 stockholders 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.

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 carry out the duty of external auditing 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 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.

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 Anti-Money Laundering laws and regulations

In Panama, all banks and trust corporations must take necessary measures to prevent their operations and/or transactions from being used to commit the felony of money laundering, terrorism financing or any other illicit

activity contemplated in the laws and regulations addressing this matter.

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United States Law

The Bank operates a New York state-licensed agency in New York, New York and maintains a direct wholly-owned non-banking subsidiary in Delaware, Bladex Holdings, which is not engaged in banking activities. On October 30, 2006, the Bank established the Florida International Administrative Office in Miami, Florida, which ceased operations during the first quarter of 2015. See Item 4.A "Information on the Company—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 and was applicable to the Florida International Administrative Office prior to its closure in early 2015. This description is not intended to describe all laws and regulations applicable to the New York Agency and the Florida International Administrative Office. 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 Federal Reserve Board, the FDIC and the OCC) 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.

Federal Law

In addition to being subject to New York and Florida state laws and regulations, the New York Agency is, and the Florida International Administrative Office was, subject to federal regulations, primarily under the International Banking Act of 1978, as amended ("IBA"), and are 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 the provisions of the Federal 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 subsidiaries in the United States, Bladex Holdings, a wholly-owned corporation incorporated under Delaware law that is not presently engaged in any activity, and which formerly owned Bladex Asset Management, a Delaware corporation and BCG, a fifty percent (50%) owned subsidiary incorporated under the laws of Delaware. Bladex Asset Management and BCG were dissolved on September 18, 2013, and August 14, 2013, respectively.

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.

Finally, under the regulations of the Office of Foreign Asset Control (“OFAC”), the Bank is generally required to monitor and block or reject transactions with certain targeted foreign countries and “specially designated nationals” which OFAC has determined pose a risk to U.S. national security.

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, except 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 $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 $100 million. As of December 31, 2014, the New York Agency maintained a pledge deposit with a carrying value of $3.0 million with the New York State Department of Financial Services, complying with 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. No special requirement has been prescribed for the New York Agency.

The New York Banking Law generally limits the amount of loans to any one person to 15 percent 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.

Florida Law

The Florida International Administrative Office, established in October 2006, ceased operations during the first quarter of 2015. Prior to that, the Florida Administrative Office was licensed and supervised by the Florida Office of Financial Regulation under the Florida Financial Institutions Codes. The activities of the Florida International Administrative Office were subject to the restrictions described below as well as to Florida banking laws and regulations that were applicable generally to foreign banks that operate offices in Florida. The Florida International Administrative Office was also subject to regulation by the U.S. Federal Reserve Board under the IBA.

Pursuant to Florida law, the Florida International Administrative Office was authorized to conduct certain "back office" functions on behalf of the Bank, including administration of the Bank's personnel and operations, data processing and record keeping activities, and negotiating and servicing loans or extensions of credit and investments. Under the provisions of the Florida Financial Institutions Codes, as well as the IBA and the regulations of the U.S. Federal Reserve Board, the Florida International Administrative Office was also permitted to function as a representative office of the Bank.

Anti-Money Laundering Laws

U.S. anti-money laundering laws, as amended by the USA PATRIOT Act of 2001, impose significant compliance and due diligence obligations, on financial institutions doing business in the United States. Both the New York Agency is, and the Florida International Administrative Office were, "financial institutions" for these purposes. Failure of a financial institution to comply with the requirements of these laws and regulations could have serious legal and reputational consequences for an institution. The New York Agency and the Florida International Administrative Office have adopted comprehensive policies and procedures to address and comply with these requirements.

C. Organizational Structure

For information regarding the Bank's organizational structure, see Item 18, "Financial Statements," note 1.

D. Property, Plant and Equipment

The Bank leases its headquarters, with 4,990 square meters of office space located at Business Park - Tower V, Costa del Este, Panama City, Panama. The Bank leases 11 square meters of computer equipment hosting, 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, in Panama City, Panama. The Bank also leases, as contingency, 10 square meters of computer equipment hosting, located at Cable & Wireless Howard IDC, Brujas Street (Perimetral Oeste), behind the International Business Park, Arraijan, Panama.

In addition, the Bank leases office space for its representative offices in Mexico City and Monterrey, Mexico, Buenos Aires, Argentina, Lima, Peru, Bogotá, Colombia, São Paulo, Brazil, its New York Agency in New York City, New York, and in Miami, Florida in connection with the former Florida International Administrative Office.

See Item 18, “Financial Statements,” notes 2(p), 9 and 20.

Item 4A. Unresolved Staff Comments

None.

Item 5. Operating and Financial Review and Prospects

The following discussion should be read in conjunction with the Bank’s Consolidated Financial Statements and the notes thereto included elsewhere in this Annual Report. See Item 18, “Financial Statements.”

Nature of Earnings

The Bank derives income from net interest income, fees and commissions, derivative financial instruments and hedging, recoveries, net of impairment of assets, net gain (loss) from investment funds trading, net gain (loss) from trading securities, net gain on sale of securities available-for-sale, net gain on sale of loans, net gain (loss) on foreign currency exchange, 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 it 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 and guarantees, and through loan intermediation, structuring and syndication activities, while other loan intermediation activities, such as sales in the secondary market and distribution in the primary market are registered as net gains on the sale of loans.

A. Operating Results

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

	For the Year Ended December 31,		
	2014	2013	2012
	(in $ thousands, except per share amounts and percentages)		
Total interest income	$ 212,730	$ 205,303	$ 192,437
Total interest expense	71,599	82,211	87,460
Net interest income	141,131	123,092	104,977
Reversal of provision (provision) for loan losses	(6,895)	1,598	8,343
Net interest income, after reversal of provision (provision) for loan losses	134,236	124,690	113,320
Other income (expense):			
Reversal of provision (provision) for losses on off-balance sheet credit risk	(1,627)	(381)	4,046

	For the Year Ended December 31,		
	2014	2013	2012
	(in $ thousands, except per share amounts and percentages)		
Fees and commissions, net	17,502	13,669	10,021
Derivative financial instruments and hedging	106	353	71
Recoveries, net of impairment of assets	7	108	0
Net gain (loss) from investment funds trading	3,409	(6,702)	7,011
Net gain (loss) from trading securities	(393)	3,221	11,234
Net gain on sale of securities available-for-sale	1,871	1,522	6,030
Net gain on sale of loans	2,546	588	1,147
Net gain (loss) on foreign currency exchange	766	(3,834)	(10,525)
Gain on sale of premises and equipment	0	0	5,626
Other income, net	1,744	1,644	1,839
Net other income	25,931	10,188	36,500
Total operating expenses	(53,702)	(54,306)	(55,814)
Net income from continuing operations	106,465	80,572	94,006
Net loss from discontinued operations [1]	0	(4)	(681)
Net income	106,465	80,568	93,325
Net income (loss) attributable to the redeemable noncontrolling interest	(475)	(4,185)	293
Net income attributable to Bladex stockholders	$ 106,940	$ 84,753	$ 93,032
Net income from continuing operations	106,940	84,757	93,713
Net loss from discontinued operations [1]	0	(4)	(681)
Basic earnings per share	$ 2.76	$ 2.21	$ 2.46
Diluted earnings per share	$ 2.75	$ 2.20	$ 2.45
Return on average assets [2]	1.41 %	1.20 %	1.51 %
Return on average stockholders' equity[3]	11.95 %	10.02 %	11.57 %

(1) See Item 4 – "Information on the Company – History and Development of the Company", and Item 18, "Financial Statements," notes 2(c), 2(d), 2(j), 3, 6, and 24.

(2) Average assets calculated on the basis of unaudited daily average balances.

(3) Average stockholders' equity calculated on the basis of unaudited daily average balances.

Business Segment Analysis

The Bank's activities are operated and managed in two business segments: the Commercial Division and the Treasury Division.

The business segment results are determined based on the Bank's managerial accounting process, which assigns consolidated balance sheets, revenue and expense items to each reportable segment on a systemic basis.

The Bank incorporates net operating income by business segment in order to disclose the revenue and expense items related to its normal course of business, segregating from net income the impact of provisions or reversals of provisions for loan losses and off-balance sheet credit risk, and recoveries, net of impairment of assets. In addition, the Bank's net interest income represents the main driver of net operating income. The current interest expense allocation methodology reflects allocated funding on a matched-funded basis, net of risk adjusted capital allocated by business segment. The current operating expense allocation methodology assigns overhead expenses based on resource consumption by business segment. The following table summarizes net operating income of the Bank, both by business segment and on a consolidated basis for the periods indicated:

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	For the Year Ended December 31,		
	2014	2013	2012
	(in $ thousands, except percentages)		
COMMERCIAL DIVISION:			
Net interest income	$ 122,234	$ 115,048	$ 109,967
Non-interest operating income	21,068	15,338	12,216
Operating expenses	(42,508)	(40,945)	(38,322)
Net operating income	100,794	89,441	83,861
Reversal of provision (provision) for loan and off-balance sheet credit losses, net	(8,522)	1,217	12,389
Recoveries, net of impairment of assets	7	108	0
NET INCOME ATTRIBUTABLE TO BLADEX STOCKHOLDERS	$ 92,279	$ 90,766	$ 96,250
TREASURY DIVISION:			
Net interest income	$ 18,897	$ 8,044	$ (4,990)
Non-interest operating income (loss)	6,483	(4,877)	14,612
Operating expenses	(11,194)	(13,361)	(17,492)
Net operating income (loss)	14,186	(10,194)	(7,870)
Net income (loss)	14,186	(10,194)	(7,870)
Net income (loss) attributable to the redeemable noncontrolling interest	(475)	(4,185)	293
NET INCOME (LOSS) ATTRIBUTABLE TO BLADEX STOCKHOLDERS	$ 14,661	$ (6,009)	$ (8,163)
CONSOLIDATED:			
Net interest income	$ 141,131	$ 123,092	$ 104,977
Non-interest operating income	27,551	10,461	26,828
Operating expenses	(53,702)	(54,306)	(55,814)
Net operating income	114,980	79,247	75,991
Reversal of provision (provision) for loan and off-balance sheet credit losses, net	(8,522)	1,217	12,389
Recoveries, net of impairment of assets	7	108	0
Net income – business segment	106,465	80,572	88,380
Net income (loss) attributable to the redeemable non-controlling interest	(475)	(4,185)	293
NET INCOME ATTRIBUTABLE TO BLADEX STOCKHOLDERS – BUSINESS SEGMENT	106,940	84,757	88,087
Other income unallocated – Gain on sale of premises and equipment	0	0	5,626
Net loss from discontinued operations.	0	(4)	(681)
NET INCOME ATTRIBUTABLE TO BLADEX STOCKHOLDERS	$ 106,940	$ 84,753	$ 93,032

For further information on net income by business segment, see Item 18, “Financial Statements,” notes 3 and 27.

The Commercial Division

The Commercial Division is responsible for the Bank's core business of financial intermediation and fee generation activities relating to the Bank's Commercial Portfolio activities. These activities include the origination of bilateral and syndicated credits, short- and medium-term loans, acceptances and contingent credits. *See Item 4. "Information on the Company – Business Overview – Commercial Portfolio"*. The Commercial Division's net income includes net interest income from loans, fees and other income, allocated operating expenses, the provisions or the reversal of provisions for credit losses, and any recoveries, net of impairment of assets.

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Year 2014 vs. Year 2013

In 2014, the Commercial Division achieved a 13% increase in net operating income, driven primarily by (i) a $7.1 million, or 6% increase in net interest income primarily due to increased average loan portfolio balances of 9%, and (ii) a $5.8 million, or 38% increase in non-interest operating income primarily from higher fees from loan structuring and syndication activity (the Bank acted as mandated lead arranger and book-runner in 10 transactions out of a total of 14 structured transactions), along with an increase of $2.0 million in loan intermediation and distribution income, and higher commissions from letters of credit and guarantees. After credit provision charges of $8.5 million, mainly associated with an 8% end-of period Commercial Portfolio growth, while reaching a total portfolio credit provision coverage ratio of 1.20%, the Commercial Division's net income reached $92.3 million in the year ended December 31, 2014, compared to $90.8 million in 2013, a $1.5 million or 2% year-on-year increase. The Commercial Division's asset quality and portfolio risk profile remained solid, as evidenced by a 0.06% ratio of non-performing loans to total Commercial Portfolio as of December 31, 2014, compared to 0.05% as of December 31, 2013.

As of December 31, 2014, the Commercial Portfolio amounted to $7.2 billion, an increase of $0.6 billion, or 8% year-on-year compared to $6.6 billion as of December 31, 2013. Average Commercial Portfolio balances for 2014 and 2013 were $6.9 billion and $6.3 billion, respectively, resulting in a $0.6 billion, or 10% year-on-year increase.

As of December 31, 2014, the Commercial Portfolio continued to be short-term and trade-related in nature, with $5.2 billion, or 72% of the Commercial Portfolio scheduled to mature within one year. Trade financing operations represented 56% of the Commercial Portfolio, while the remaining balance consisted primarily of lending to financial institutions and corporations involved in foreign trade.

The loan portfolio represented 93% of the Commercial Portfolio as of December 31, 2014, totaling $6.7 billion, compared to $6.1 billion as of December 31, 2013, an increase of 9% year-on-year, or $0.5 billion. As of December 31, 2014, 72% of the total loan portfolio had a remaining term of one year or less.

Year 2013 vs. Year 2012

The Commercial Division's net income amounted to $90.8 million for the year ended December 31, 2013, compared to $96.3 million for the year ended December 31, 2012. The decrease for the year was mainly the result of reversals of provisions for credit losses during 2012, mostly related to the resolution of a non-accruing loan exposure. Excluding the effect of reversals (provisions) for credit losses, the Commercial Division's net operating income improved by 7% during 2013 to $89.5 million, compared to $83.9 million in 2012, reflecting increased core revenues from higher average portfolio balances and fee generating activities. Higher average loan balances (+17%) resulted in a $5.1 million, or 5%, increase in the Commercial Division's net interest income, while increased letters of credit activity

along with the growth of the Bank's structuring and syndication platform resulted in a $3.6 million, or 36% increase in fee income, partially offset by a $2.6 million, or 7% increase in allocated operating expenses.

The Commercial Division's portfolio balances totaled $6,630 million as of December 31, 2013, an 11% increase from $5,953 million as of December 31, 2012. The year-on-year increase was mainly attributable to growing demand in the Bank's client base of corporations (+20%), and financial institutions (+9%). On an average annual basis, in 2013 the Commercial Portfolio reached $6,337 million, an increase of $926 million, or 17% compared to average balances of $5,411 million during 2012.

As of December 31, 2013, the Commercial Portfolio continued to be short-term and trade-related in nature, with $4,846 million, or 73%, of the Commercial Portfolio maturing within one year. Trade financing operations represented 58% of the portfolio, while the remaining balance consisted primarily of lending to banks and corporations involved in foreign trade.

Credit disbursements in 2013 increased by 26% to $14,276 million, a record level for the Bank, compared to $11,338 million disbursed in 2012, as overall demand for credit strengthened. The non-accrual portfolio amounted to $3.1 million representing 0.05% of the loan portfolio as of December 31, 2013, compared to a balance of zero as of December 31, 2012.

The Treasury Division

The Treasury Division is responsible for the Bank's funding and liquidity management, along with the management of its activities in investment securities, which comprise trading assets, securities available-for-sale and securities held-to-maturity, as well as the management of the Bank's interest rate, liquidity, price and currency risks. Following the 2013 sale of the former Bladex Asset Management unit, the Treasury Division also continues to incorporate the Bank's remaining participation in investment funds, which ceased to be consolidated in the Bank's financial statements as of April 2014, as the Bank exercised its right to redeem, bringing its participation in the Feeder to below 50%.

The Treasury Division's net income is presented net of allocated operating expenses, and includes net interest income from treasury activities, net of allocated cost of funds, as well as related net other income (expense), including net results from derivative financial instruments and hedging, net gain (loss) from investment funds, net gain (loss) from trading securities, net gain (loss) on sale of securities available-for-sale, and net gain (loss) on foreign currency exchange.

Year 2014 vs. Year 2013

Treasury Division reported net income of $14.6 million in 2014, compared to a net loss of $6.0 million in 2013, due to the combined effects of: (i) an $11.2 million increase in non-interest operating income, mainly driven by improved performance from its participation in investment funds, (ii) a $10.9 million increase in net interest income primarily attributable to the decrease in average funding costs to 1.07% from 1.33% , and (iii) a $2.2 million decrease in allocated operating expenses, mainly associated with expenses from the investment funds that ceased to be consolidated in the Bank's financial statements as of April 2014.

Liquid assets stood at $0.7 billion as of December 31, 2014, compared to $0.8 billion as of December 31, 2013, as the Bank maintained its proactive liquidity management as a preventive measure in the face of heightened market volatility. The liquidity ratio (liquid assets to total assets) was 9.2% as of December 31, 2014, compared to 11.1% as of December 31, 2013.

The securities available-for-sale portfolio totaled $0.3 billion as of December 31, 2014. This was broadly unchanged from the same level as of December 31, 2013. The securities available-for-sale portfolio consisted of readily-quoted Latin American securities, 74% of which represented multilateral, sovereign or state-owned risk.

The Bank surpassed the $3 billion mark in deposits several times during 2014, before ending the year at $2,507 million in deposit balances as of December 31, 2014, an increase of 6% compared to $2,361 million as of December 31, 2013. Total deposits represented 35% of total financial liabilities as of December 31, 2014, compared to 36% as of December 31, 2013. Short-term borrowings and debt, including securities sold under repurchase agreements, ("repos"), totaled $3.0 billion as of December 31, 2014, nearly unchanged compared to $3.0 billion as of December 31, 2013, while long-term borrowings and debt totaled $1.4 billion as of December 31, 2014, an increase of 22% compared to $1.2 billion as of December 31, 2013.

Year 2013 vs. Year 2012

For the year 2013 the Treasury Division reported a net loss of $6.0 million compared to a net loss of $8.2 million during 2012. The Treasury Division's net loss during 2013 was attributable to a decrease of $19.4 million in non-interest operating income, mainly related to net losses from the remaining participation in investment funds and lower gains on the sale of securities available-for-sale, which was partially offset by the combined effects of: (i) a $13.0 million increase in net interest income, which resulted from an effective interest rate gap management, higher net interest income from increased average investment securities balances, and lower average cost of funds; (ii) a $4.1 million decrease in allocated operating expenses; and (iii) a $4.5 million positive variation in net income attributable to the redeemable non-controlling interest in the funds.

Liquid assets amounted to $831 million as of December 31, 2013, compared to $690 million as of December 31, 2012, as the Bank maintained its proactive approach to liquidity management, increasing its liquidity position as a response to heightened market volatility. Liquid assets as of December 31, 2013 represented 11.1% of total assets and 12.7% of total liabilities, compared to 10.2% and 11.6%, respectively, as of December 31, 2012.

Deposit balances increased $44 million, or 2%, to $2,361 million as of December 31, 2013, compared to $2,317 million as of December 31, 2012. Deposits represented 36% of total liabilities as of December 31, 2013, compared to 39% as of December 31, 2012. Short-term borrowings and debt, including repos, totaled $2,991 million as of December 31, 2013, an 86% year-on-year increase, while long-term borrowings and debt totaled $1,154 million, a 39% year-on-year decrease, as the Bank opted to pre-pay certain medium-term obligations with remaining tenors of less than a year, as part of its proactive funding and interest rate position management. Consequently, weighted average funding costs for the year ended December 31, 2013 reached 1.33%, a decrease of 30 basis points, or 18%, compared to 1.63% for the year ended December 31, 2012.

Net Income Attributable to Bladex

During 2014, the Bank experienced increased demand for its lending products, as the Bank's core competencies allowed it to compete effectively within challenging market conditions, in which the prices of many commodities continued to decline, the growth rates of the Region's domestic markets was lower than in previous years, and the significant reduction in oil prices added to global market volatility.

The Bank's net income totaled $106.9 million in 2014, an increase of $22 million or 26% compared to $84.8 million in 2013. This increase was driven by the positive performance of the Bank's core business activities, with growth in its Commercial Portfolio, net margins and revenue, and improved efficiency on lower expenses, all while maintaining strong asset quality. These factors were complemented by a positive trend in non-core results from its participation in

investment funds.

The Bank's net income reached $84.8 million in 2013, compared to $93.0 million in 2012. The 2013 results were negatively impacted by the remaining participation in investment funds pertaining to the Asset Management unit sold in 2013, offsetting improved performance from business activities: higher net interest income from robust average portfolio growth, improving net interest margin and fee income, strong portfolio quality and lower operating expenses.

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,		
	2014	2013	2012
	(in $ million, except percentages)		
Net interest income (loss)			
Commercial Division	$ 122.2	$ 115.1	$ 110.0
Treasury Division	18.9	8.0	(5.0)
Total Net Interest Income	$ 141.1	$ 123.1	$ 105.0
Net interest margin	1.87 %	1.75 %	1.70 %
Net interest spread	1.71 %	1.55 %	1.44 %

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

The following table presents the distribution of consolidated average assets, liabilities and stockholders' 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 consolidated daily average balances:

	For the Year ended December 31,								
	2014			2013			2012		
Description	Average balance	Interest	Average yield/rate	Average balance	Interest	Average yield/rate	Average balance	Interest	Average yield/rate
	(in $ million, except percentages)								
Interest-Earning Assets									
Interest bearing deposits with banks	$639	$1.5	0.24 %	$635	$1.5	0.24 %	$711	$1.9	0.26 %
Loans, net of unearned income & deferred loan fees	6,437	201.9	3.09 %	5,934	193.0	3.21 %	5,064	181.1	3.52 %
Non-accrual loans (1)	4	0.0	0.16 %	0	0.0	n.m. (*)	23	2.1	9.17 %
Trading assets	0	0.0	0.00 %	2	0.0	0.00 %	7	0.1	0.94 %
Investment securities (2)	389	9.3	2.34 %	346	8.5	2.43 %	254	6.4	2.48 %
Investment funds	75	0.0	0.03 %	113	2.3	2.01 %	117	0.9	0.74 %
Total interest-earning assets	$7,544	$212.7	2.78 %	$7,028	$205.3	2.88 %	$6,177	$192.4	3.06 %
Non-interest-earning assets	88			77			55		
Allowance for loan losses	(75)			(71)			(82)		
Other assets	16			13			20		
Total Assets	$7,573			$7,048			$6,169		
Interest-Bearing Liabilities									
Demand Deposits (3)	$89	$0.1	0.07 %	$95	$0.2	0.19 %	$137	$0.4	0.29 %
Time Deposits (3)	2,634	11.1	0.42 %	2,418	12.2	0.50 %	2,121	12.5	0.58 %
Deposits (3)	2,723	11.2	0.41 %	2,513	12.4	0.49 %	2,258	12.9	0.56 %
Trading liabilities	0	0.0	0.00 %	7	0.0	0.00 %	10	0.0	0.00 %
Investment funds	0	0.0	n.m. (*)	0	1.8	n.m. (*)	0	0.1	n.m. (*)

Securities sold under repurchase agreements	280	2.1	0.75 %	227	1.3	0.56 %	153	1.6	1.05 %
Short-term borrowings and debt	2,191	21.8	0.98 %	2,048	25.7	1.24 %	973	19.0	1.92 %
Long-term borrowings and debt	1,389	36.4	2.59 %	1,318	41.0	3.07 %	1,892	53.7	2.79 %
Total interest-bearing liabilities	$6,583	$71.6	1.07 %	$6,112	$82.2	1.33 %	$5,285	$87.5	1.63 %
Non-interest bearing liabilities and other liabilities	$79			$61			$76		
Total Liabilities	$6,663			$6,173			$5,361		
Redeemable noncontrolling interest	16			29			4		
Stockholders' equity	895			846			804		
Total Liabilities and Stockholders' Equity	$7,573			$7,048			$6,169		
Net interest spread			1.71 %			1.55 %			1.44 %
Net interest income and net interest margin		$141.1	1.87 %		$123.1	1.75 %		$105.0	1.70 %

(1) Interest received on non-accrual loans is only recorded as earned when collected.

(2) The average yield of the investment securities portfolio (including securities available-for-sale and securities held to maturity) using cost-based average balances, would have been 2.46%, 2.55%, and 2.64%, for 2014, 2013 and 2012, respectively.

(3) The Bank obtains deposits in the form of demand deposits and time deposits from its central bank shareholders, commercial banks and corporations.

Note: Interest income and/or expense includes the effect of derivative financial instruments used for hedging.

(*) "n.m." means not meaningful.

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 accrued 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 average interest-earning asset and interest-bearing liability volume and changes in average interest rates for 2014 compared to 2013 and for 2013 compared to 2012. Volume and rate variances have been calculated based on daily movements in average balances over the period and changes in interest rates on average interest-earning assets and average interest-bearing liabilities.

	2014 vs. 2013			2013 vs. 2012		
	Volume(*)	**Rate(*)**	Net Change	**Volume(*)**	**Rate(*)**	Net Change
	(in $ thousand)					
Increase (decrease) in interest income						
Interest bearing deposits with banks	$10	$10	$ 20	$(186)	$(164)	$ (350)
Accruing loans, net	15,802	(6,879)	8,923	28,021	(16,109)	11,912
Non-accrual loans	6	0	6	(3)	(2,146)	(2,149)
Trading assets	0	0	0	(0)	(69)	(69)
Investment securities	1,044	(284)	760	2,247	(146)	2,101
Investment funds	(10)	(2,271)	(2,281)	(86)	1,507	1,421
Total increase (decrease)	$16,852	$(9,424)	$ 7,428	$29,993	$(17,127)	$ 12,866
Increase (decrease) in interest expense						
Deposits	(869)	2,004	1,135	(1,240)	1,803	563
Investment funds	16	1,791	1,807	630	(2,365)	(1,735)
Securities sold under repurchase agreement and Short-term borrowings and debt	(1,902)	4,953	3,051	(13,577)	7,306	(6,271)
Long-term borrowings and debt	(1,850)	6,468	4,618	17,943	(5,251)	12,692
Total increase (decrease)	$(4,605)	$15,216	$ 10,611	$3,756	$1,493	$ 5,249
Increase (decrease) in net interest income	$12,247	$5,792	$ 18,039	$33,749	$(15,634)	$ 18,115

(*) 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.

Net Interest Income and Net Interest Margin Variation

2014 vs. 2013

For the year ended December 31, 2014, the Bank's net interest income reached $141.1 million, compared to $123.1 million during the year ended December 31, 2013. The $18.0 million, or 15%, increase in net interest income was mainly driven by:

i. A $12.2 million overall increase in net interest income due to higher average balances of the Bank's interest-earning assets, mainly from higher average loan portfolio balances (+9%) and investment securities balances (+12%), partially offset by higher average balances of the Bank's interest-bearing liabilities (+8%).
ii. A $5.8 million overall increase in net interest income on lower average funding costs (-26 basis points), which more than offset the 10 basis point decrease in average interest-earning rates.

Net interest margin increased 12 basis points to 1.87% in the year ended December 31, 2014, compared to 1.75% in the year ended December 31, 2013, mainly attributable to lower funding costs (-26 basis points) and higher average loan portfolio balances (+9%).

2013 vs. 2012

The Bank's net interest income for the year ended December 31, 2013 totaled $123.1 million, compared to $105.0 million for the year ended December 31, 2012. The $18.1 million, or 17% increase in net interest income for the year ended December 31, 2013 was primarily driven by:

i. A $33.7 million overall increase in net interest income, mainly driven by higher average interest-earning assets, mostly from higher average balances in the loan portfolio (+17%) and in investment securities (+33%), along with lower average long-term debt and borrowings (-30%), partially offset by higher short-term interest-bearing liabilities (deposits +11%, borrowings and repo's +102%), as the Bank shifted its funding composition to shorter tenors.

ii. A $15.6 million overall decrease in net interest income as a result of lower average interest rates on the Bank's assets (-18 basis points), partly offset by lower rates paid on the Bank's liabilities (-30 basis points).

Net interest margin increased 5 basis points to 1.75% in 2013 compared to 1.70% in 2012, mainly as a result of lower cost of funds.

Reversal (Provision) for Loan Losses

	For the year ended December 31,		
	2014	2013	2012
	(in $ million)		
Net Brazil specific reserve reversals (provisions)	(1.2)	(1.0)	0.0
Net Mexico specific reserve reversals (provisions)	(0.2)	0.0	7.3
Total specific reserve reversals (provisions)	(1.4)	(1.0)	7.3
Generic reserve reversals (provisions) — due to changes in credit portfolio composition and risk levels and loan recoveries	(5.5)	2.6	1.0
Total generic reserve reversals (provisions)	(5.5)	2.6	1.0
Total reversals (provisions) of allowance for loan losses	$ (6.9)	$ 1.6	$ 8.3

As of December 31, 2014, the Bank had $4.0 million in non-accrual loans, compared to $3.1 million in non-accrual loans as of December 31, 2013, and compared to zero loans in non-accrual status as of December 31, 2012, all of which corresponded to impaired loans for which specific reserves of $2.4 million and $1.0 million were allocated in 2014 and 2013, respectively.

The $6.9 million provision for loan losses during the year ended December 31, 2014 was the result of a $5.5 million provision of generic reserves mainly attributable to the Bank's loan portfolio growth during the year (+$538 million, or +9%), and an increase of $1.4 million related to the specific loan loss reserve, totaling $2.4 million at December 31,

2014, which was assigned to non-accruing loans for $4.0 million at the same date.

The $1.6 million reversal of provision for loan losses during the year ended December 31, 2013 was the result of a $2.6 million reversal of generic reserves mainly associated with the improved risk profile of the Bank's loan portfolio (+$1.2 million), and recoveries from previous years charge-off loans (+$1.4 million), which was partially offset by a $1.0 million specific loan loss reserve assigned to a $3.1 million loan as of December 31, 2013.

During the year ended December 31, 2012, the Bank reversed $8.3 million in provisions for loan losses, as a result of the release of specific reserves associated with the exit of a non-accruing loan exposure, along with a reversal of generic reserves associated with the improved risk profile of the Bank's loan portfolio.

The Bank's loan loss reserve coverage was 1.19% as of December 31, 2014, an increase from 1.18% as of December 31, 2013, and a decrease from 1.28% as of December 31, 2012. The annual increase in the loan loss reserve coverage compared to 2013 reflects the impact of changes in the composition of the Bank's loan portfolio as measured in the Bank's reserve model.

For more detailed information, see Item 5, "Operating and Financial Review and Prospects/Operating Results/Asset Quality and Allowance for Credit Losses," and Item 18, "Financial Statements," notes 2(n) and 8.

For more detailed information about Non-Accrual Loans, see Item 18 "Financial Statements," notes 2(l) and 7.

Reversals (Provisions) for Losses on Off-Balance Sheet Credit Risk

The $1.6 million of provisions for losses on off-balance sheet credit risk in 2014 was the result of portfolio growth in the off-balance sheet exposures and higher risk coverage associated with the Bank's portfolio composition.

During the year ended December 31, 2013, the Bank accrued $0.4 million on provision for losses on off-balance sheet credit risk mainly due to higher balances in the off-balance sheet exposures in the Commercial Portfolio, partially mitigated by an improvement of the risk profile of the Region.

The $4.0 million reversal of provision for losses on off-balance sheet credit risk in the year ended December 31, 2012 was primarily the result of lower balances in the off-balance sheet exposures in the Commercial Portfolio and improved risk profile of the Bank's portfolio composition.

The off-balance sheet reserve coverage was 1.37% as of December 31, 2014, compared to 1.08% as of December 31, 2013, and compared to 2.05% as of December 31, 2012.

For more detailed information, see Item 5, "Operating and Financial Review and Prospects/Operating Results/Asset Quality and Allowance for Credit Losses," and Item 18, "Financial Statements," notes 2(n) and 8.

Fees and Commissions, net

The Bank generates fee and commission income primarily from letters of credit confirmations, the issuance of guarantees (including commercial risk coverage), and 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,		
	2014	2013	2012
	(in $ thousand)		
Letters of credit	$ 9,372	$ 9,244	$ 7,617
Guarantees	1,065	142	184
Loan Fees	7,209	4,220	2,153
Other [1]	(144)	63	67
Fees and commissions, net	$ 17,502	$ 13,669	$ 10,021

[1] Net of commission expense.

During the year ended December 31, 2014, fees and commissions amounted to $17.5 million, compared to $13.7 million in the year ended December 31, 2013. The $3.8 million, or 28% increase was mostly driven by increased loan structuring and syndication activities, where the Bank acted as mandated lead arranger and book-runner in 10 transactions out of a total of 14 structured transactions, along with increased commissions from higher average letters of credit portfolio balances and guarantee issuances.

Fees and commissions totaled $13.7 million for the year ended December 31, 2013, compared to $10.0 million for the year ended December 31, 2012. The $3.6 million, or 36% growth resulted from higher loan intermediation fees mainly from mandated transactions, reflecting the Bank's progress in establishing a track record as lead arranger of syndications, and an increase in the activity of the letter of credit business.

For more information, see Item 18, "Financial Statements," note 2(o).

Derivative Financial Instruments and Hedging

The Bank recorded net gains of $0.1 million, $0.4 million, and $0.1 million in 2014, 2013, and 2012, respectively, in derivative financial instruments and hedging.

For additional information, see Item 11, "Quantitative and Qualitative Disclosure about Market Risk," and Item 18, "Financial Statements," notes 2(t) and 21.

Net Gain (Loss) from Investment Funds Trading

Net gain from investment funds trading totaled $3.4 million in the year ended December 31, 2014, compared to a net loss of $6.7 million in the year ended December 31, 2013, and a net income of $7.0 million in the year ended December 31, 2012, related to the performance of trading activities from the Bank's remaining participation in the investment funds.

For additional information, see Item 18, "Financial Statements," notes 6 and 24.

Net Gain (Loss) from Trading Securities

During the year ended December 31, 2014, the Bank recorded a net loss from trading securities of $0.4 million, compared to net gains of $3.2 million, and $11.2 million, for the years ended December 31, 2013 and 2012, respectively.

The $0.4 million loss for the year ended December 31, 2014 and the $3.2 million gain for the year ended December 31, 2013 were mainly attributable to changes in valuations of derivative instruments used for risk management purposes that did not qualify for hedge accounting and/or in respect of which hedge accounting was discontinued.

The $11.2 million gain in the year ended December 31, 2012 was mainly due to valuations of financial derivative instruments for which hedge accounting was discontinued during the year ended December 31, 2012.

Net Gain on Sale of Securities Available-for-Sale

The Bank purchases debt instruments with the intention of selling them prior to maturity. These debt instruments are classified as securities available-for-sale and are included as part of the Bank’s credit portfolio.

The Bank’s net gain on sale of securities available-for-sale for the year ended December 31, 2014 was $1.9 million, compared to $1.5 million for the year ended December 31, 2013, and compared to $6.0 million for the year ended December 31, 2012. Detail of the net gains is as follows:

	For the year ended December 31,		
	2014	2013	2012
	(in $ millions)		
Nominal amount	$ 218.1	$ 102.5	$ 239.6
Amortized cost	$ (228.2)	$ (105.9)	$ (254.8)
Proceeds	230.1	109.8	262.2
Net effect of unwinding hedging derivatives of the available for-sale securities portfolio	0.0	(2.4)	(1.4)
Total net gain on sale of securities available-for-sale	$ 1.9	$ 1.5	$ 6.0

For additional information, see Item 18, “Financial Statements,” note 5.

Net Gain on Sale of Loans

The net gain on sale of loans corresponds to income derived from the Bank’s business stream of loan intermediation and distribution activities in the primary and secondary markets.

During the years ended December 31, 2014, 2013 and 2012, the Bank sold loans on the secondary market with a book value of $515.6 million, $89.5 million and $146.2 million, respectively, generating net gains on sale of loans of $2.2 million, $0.4 million and $1.1 million, respectively.

During the year ended December 31, 2014, the Bank assigned $246 million of originated loans to the International Finance Corporation (“IFC”), which generated a net gain of $0.4 million, as part of a risk-sharing facility agreement with the IFC of up to $350 million, established to expand access to trade finance for agribusiness in Latin America and to contribute to regional food security.

Gain (Loss) on Foreign Currency Exchange

The Bank recorded a net gain of $0.8 million on foreign currency exchange during the year ended December 31, 2014, compared to net losses of $3.8 million and $10.5 million, in 2013 and 2012, respectively. The results reflect the effects of currency exchanges in assets and liabilities economically hedged with derivatives that do not qualify for hedge accounting, the impact of which is shown under Net Gain (Loss) from Trading Securities.

Operating Expenses

The following table shows a breakdown of the components of the Bank's total operating expenses for the periods indicated:

	For the Year Ended December 31,		
	2014	2013	2012
	(in $ thousand)		
Salaries and other employee expenses	$ 31,339	$ 31,702	$ 33,171
Depreciation and amortization of equipment and leasehold improvements	2,487	2,747	2,269
Professional services	5,177	4,010	4,053
Maintenance and repairs	1,544	1,529	1,936
Expenses from investment funds	416	2,589	2,953
Other operating expenses	12,739	11,729	11,432
Total operating expenses	$ 53,702	$ 54,306	$ 55,814

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During the year ended December 31, 2014, the Bank's operating expenses totaled $53.7 million, compared to $54.3 million in 2013. The $0.6 million, or 1% decrease in operating expenses over the year was primarily attributable to the deconsolidation of fund-related expenses, along with a reduction in salaries and other employee expenses related primarily to a decrease in the average number of full-time employees, which was partially offset by higher professional fees and other expenses mainly related to business projects.

During the year ended December 31, 2013, the Bank's operating expenses totaled $54.3 million, compared to $55.8 million in 2012. The $1.5 million, or 3% year-on-year decrease in operating expenses was mainly attributable to lower salary and other employee expenses.

Changes in Financial Condition

The following table presents components of the Bank's balance sheet at the dates indicated:

	As of December 31,		
	2014	2013	2012
	(in $ thousand)		
Assets			
Cash and due from banks	$4,985	$2,161	$6,718
Interest-bearing deposits in banks	775,530	837,557	700,312
Trading assets	0	0	5,265
Securities available-for-sale	338,973	334,368	183,017
Securities held-to-maturity	54,180	33,759	34,113
Investment funds	57,574	118,661	105,888
Loans	6,686,244	6,148,298	5,715,556
Less:			
Allowance for loan losses	79,675	72,751	72,976
Unearned income and deferred fees	8,509	6,668	7,100
Loans, net	6,598,060	6,068,879	5,635,480
Customers' liabilities under acceptances	114,018	1,128	1,157
Accrued interest receivable	47,938	40,727	37,819
Equipment and leasehold improvements, net	8,129	10,466	12,808
Derivative financial instruments used for hedging — receivable	12,324	15,217	19,239
Other assets	13,561	8,389	14,580
Total Assets	$8,025,272	$7,471,312	$6,756,396
Liabilities and Stockholders' Equity			
Deposits	$2,506,694	$2,361,336	$2,317,260
Trading liabilities	52	72	32,304
Securities sold under repurchase agreement	300,519	286,162	158,374
Short-term borrowings and debt	2,692,537	2,705,365	1,449,023

Acceptances outstanding	114,018	1,128	1,157
Accrued interest payable	14,855	13,786	17,943
Long-term borrowings and debt	1,405,519	1,153,871	1,905,540
Derivative financial instruments used for hedging - payable	40,287	8,572	11,747
Reserve for losses on off-balance sheet credit risk	6,849	5,222	4,841
Other liabilities	32,879	27,947	28,348
Total Liabilities	$7,114,209	$6,563,461	$5,926,537
Redeemable noncontrolling interest	0	49,899	3,384
Stockholders' Equity			
Common stock, no par value	279,980	279,980	279,980
Additional paid-in capital in excess of assigned value of common stock	117,339	118,646	121,419
Capital reserves	95,210	95,210	95,210
Retained earnings	510,046	458,699	422,048
Accumulated other comprehensive loss	(13,885)	(12,575)	(730)
Treasury stock	(77,627)	(82,008)	(91,452)
Total Stockholders' Equity	$911,063	$857,952	$826,475
Total Liabilities and Stockholders' Equity	$8,025,272	$7,471,312	$6,756,396

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<u>*2014 vs. 2013*</u>

The Bank's total assets amounted to $8,025 million as of December 31, 2014, a $554 million, or 7% increase from $7,471 million as of December 31, 2013. This increase was primarily the result of a $538 million, or 9% increase in the Bank's loan portfolio, and a $113 million increase in customers' liabilities under acceptances, partially offset by lower interest-bearing deposits in banks (which decreased by $62 million) and the deconsolidation of the investment funds (which decreased by $61 million).

As of December 31, 2014, the Bank's loan portfolio amounted to $6,686 million, with an average remaining maturity term of 317 days, as 72% of the loan portfolio was scheduled to mature within one year. Trade financing operations represented 56% of the loan portfolio, while the remaining balance consisted primarily of lending to financial institutions and corporations engaged in foreign trade.

As of December 31, 2014, the Bank's liquidity amounted to $741 million, compared to $831 million as of December 31, 2013, in line with the Bank's long-standing approach to prudent and proactive liquidity management, with requirements determined according to the Basel III Liquidity Coverage Ratio ("LCR") methodology. As of December 31, 2014, $616 million, or 83%, of liquid assets were deposited at the Federal Reserve Bank of New York, while the remaining liquid assets consisted of short-term funds deposited with other banks.

The increase in assets during 2014 was accompanied by a $551 million increase in liabilities, mainly as a result of a $251 million, or 22%, increase in long-term borrowings and debt, a $146 million, or 6%, increase in total deposits, and a $113 million increase in acceptances outstanding.

<u>*2013 vs. 2012*</u>

The Bank's total assets amounted to $7,471 million as of December 31, 2013, a $715 million, or 11% increase from $6,756 million as of December 31, 2012, mainly as a result of increased balances related to the loan portfolio (an increase of $432 million), securities available-for-sale (an increase of $151 million) and cash and due from banks (an increase of $133 million). As of December 31, 2013, the Bank's loan portfolio amounted to $6,148 million, with an average remaining maturity term of 289 days, as 73% of the portfolio was scheduled to mature within one year. Trade financing operations represented 58% of the loan portfolio, while the remaining balance consisted primarily of lending to banks and corporations involved in foreign trade.

The Bank's liquidity amounted to $831 million as of December 31, 2013, compared to $690 million as of December 31, 2012, as the Bank maintained its proactive approach to liquidity management.

The 2013 increase in assets resulted in a $637 million increase in liabilities, mainly in short-term borrowings and debt (which increased by $1,256 million, or 87%), and repos (which increased by $128 million, or 81%), partially offset by the decrease in long-term borrowings and debt (which decreased by $752 million, or 39%), as the Bank opted to pre-pay certain medium-term obligations with remaining tenors of less than a year, as part of its proactive funding and interest rate position management.

Asset Quality

The Bank believes that its 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 loan 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 maintains a system of internal credit quality indicators. These indicators are assigned depending on several factors which include: profitability, quality of assets, liquidity and cash flows, capitalization and indebtedness, economic environment and positioning, regulatory framework and/or industry, sensitivity scenarios and the quality of borrower's management and shareholders. A description of these indicators is as follows:

Rating	**Classification**	**Description**
1 to 6	Normal	Clients with payment ability to satisfy their financial commitments.
7	Special Mention	Clients exposed to systemic risks specific to the country or the industry in which they are located, facing adverse situations in their operation or financial condition. At this level, access to new funding is uncertain.
8	Substandard	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, endangering recovery of unpaid balances.
9	Doubtful	Clients whose operating cash flow continuously shows insufficiency to service the debt on the originally agreed terms. Due to the fact that the borrower presents an impaired financial and economic situation, the likelihood of recovery is low.
10	Unrecoverable	Clients with operating cash flow that does not cover their costs, are in suspension of payments, presumably they will also have difficulties to fulfill possible restructuring agreements, are in a state of insolvency, or have filed for bankruptcy, among others.

Impaired Assets and Contingencies

The Bank's assets that are subject to impairment consist mainly of loans and securities. For more information on impaired loans, see Item 18, "Financial Statements", Notes 2(l) and 7. For information on impaired securities, see Item 18, "Financial Statements," notes 2(i) and 5. For more information on contingencies, see Item 18, "Financial Statements", note 19, and see Item 5, "Operating and Financial Review and Prospects—Operating Results—Reversal (Provision) for

Loan Losses."

The Bank identifies loans as delinquent when no debt service and/or interest payment has been received for 30 days after such payments were due. The outstanding balance of a loan is considered past due when the total principal balance with one single balloon payment has not been received within 30 days after such payment was due, or when no agreed-upon periodic payment has been received for a period of 90 days after the agreed-upon date.

Loans are placed in a non-accrual status when interest or principal is overdue for 90 days or more, or before if the Bank's management believes there is an uncertainty with respect to the ultimate collection of principal or interest. Any interest receivable on non-accruing loans is reversed and charged-off against earnings. Interest on these loans is only recorded as earned when collected. Non-accruing loans are returned to an accrual status when (1) all contractual principal and interest amounts are current; (2) there is a sustained period of repayment performance in accordance with the contractual terms of at least six months; and (3) if in the Bank management's opinion the loan is fully collectible.

A modified loan is considered a troubled debt restructuring when the borrower is experiencing financial difficulties and if the restructuring 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 debt or reduction of accrued interest, among others.

Marketable securities received in exchange for loans under troubled debt restructurings are initially recorded at fair value, with any gain or loss recorded as a recovery or charge to the allowance, and are subsequently accounted for as securities available-for-sale.

A loan is considered impaired, and also placed on a non-accrual basis, when based on current information and events, it is probable that the Bank will be unable to collect all amounts due according to original contractual terms of the loan agreement. Factors considered by the Bank’s management in determining impairment include collection status, collateral value, and economic conditions in the borrower’s country of residence. Impaired loans also include those modified loans considered troubled debt restructurings. When current events or available information confirm that specific impaired loans or portions thereof are uncollectible, such impaired loans are charged-off against the allowance for loan losses.

The reserve for losses on impaired loans is determined considering all available evidence, including the present value of expected future cash flows discounted at the loan's original contractual interest rate and/or the fair value of the collateral, if applicable. If the loan’s repayment is dependent on the sale of the collateral, the fair value considers costs to sell.

The following table sets forth information regarding the Bank’s impaired assets and contingencies at the dates indicated:

	As of December 31,				
	2014	2013	2012	2011	2010
	(in $ million, except percentages)				
Impaired loans	$4	$3	$0	$32	$29
Allocation from the allowance for loan losses	2	1	0	15	12
Impaired loans as a percentage of total loans, net of unearned income and deferred commission	0.1%	0.1%	0.0%	0.6%	0.7%
Impaired contingencies	$0	$0	$0	$0	$0
Allocation from the reserve for losses on off balance-sheet credit risks	0	0	0	0	0
Impaired contingencies as a percentage of total contingencies	0.0%	0.0%	0.0%	0.0%	0.0%
Impaired securities (par value)	$0	$0	$0	$0	$0
Estimated fair value adjustments on options and impaired securities (1)	0	0	0	0	0
Estimated fair value of impaired securities	$0	$0	$0	$0	$0

Impaired securities as a percentage of total securities [2]	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Impaired assets and contingencies as a percentage of total credit portfolio [3]	0.1 %	0.0 %	0.0 %	0.6 %	0.6 %

(1) Includes impairment losses on securities, estimated unrealized gain (loss) on impaired securities, premiums and discounts.

(2) Total securities consist of investment securities considered part of the Bank's credit portfolio.

(3) The total credit portfolio includes loans net of unearned income and deferred loan fees, selected commercial deposits placed, fair value of investment securities (including securities available-for-sale and securities held-to-maturity), customers' liabilities under acceptances, and contingencies (including confirmed and stand-by letters of credit, guarantees covering commercial risk and credit commitments).

The Bank did not have impaired loans in its loan portfolio without related allowances as of December 31, 2014, 2013 or 2012.

As of December 31, 2014, the Bank had troubled debt restructuring loans of $1 million reported as impaired loans in non-accrual status. The Bank had no troubled debt restructurings for the years ended December 31, 2013 and 2012.

The following table sets forth the distribution of the Bank's loans charged-off against the allowance for loan losses by country as of December 31 of each year:

	As of December 31,									
	2014	%	2013	%	2012	%	2011	%	2010	%
	(in $ million, except percentages)									
Brazil	$0	0.0	$ 0	0.0	$ 0	0.0	$ 1	100.0	$ 2	40.5
Mexico	0	0.0	0	0.0	7	100.0	0	0.0	3	59.5
Total	$0	0.0	$ 0	0.0	$ 7	100.0	$ 1	100.0	$ 5	100.0

During the year ended December 31, 2014 and 2013, the Bank had no loans charged-off against the allowance for loan losses, compared to charge-offs totaling $7 million in 2012, representing 0.13% of total loan portfolio as of December 31, 2012.

In the five-year period ended December 31, 2014, the Bank had disbursed $57 billion in credits and had charged-off credits for $13 million, which represents 0.02% of total credits disbursed.

The following table summarizes information regarding loans in non-accrual status, and interest amounts on non-accrual loans:

	For the year ended December 31,		
	2014	2013	2012
	(in $ thousands)		
Loans in non-accrual status:			
Private corporations	$ 3,125	$ 3,125	$ 0
Private middle-market companies	909	0	0
Total loans in non-accrual status	$ 4,034	$ 3,125	$ 0
Interest which would have been recorded if the loans had not been in a non-accrual status	191	67	0
Interest income collected on non-accruing loans	6	0	2,288

Allowance for Credit Losses

The allowance for credit losses, which includes the allowance for loan losses and the reserve for losses on off-balance sheet credit risk, covers the credit risk on loans and contingencies. The allowance for credit losses is provided for losses derived from the credit extension process, inherent in the loan portfolio and off-balance sheet financial instruments, using the reserve method of providing for credit losses. Additions to the allowance for credit losses are made by debiting earnings. 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 attributable to loans is reported as a deduction of loans and the allowance for off-balance sheet credit risk, such as, letters of credit and guarantees, is reported as a liability.

The allowance for 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, or generic allowance, covers the Bank's performing credit portfolio and is established based in a process that estimates the probable loss inherent in the portfolio, based on statistical analysis and management's qualitative judgment.

The statistical calculation is a product of internal risk classifications, probabilities of default and loss given default. The probability of default is supported by Bladex's historical portfolio performance, complemented by probabilities of default provided by external sources, in view of the greater robustness of this external data for some cases. The loss given default is based on Bladex's historical losses experience and best practices.

The reserve balances, for both on and off-balance sheet credit exposures, are calculated by applying the following formula:

Reserves = S(E x PD x LGD); where:

a) Exposure (E) = the total accounting balance (on- and off-balance sheet) at the end of the period under review.
b) Probabilities of Default (PD) = one-year probability of default applied to the portfolio. Default rates are based on the Bank's historical portfolio performance per rating category, complemented by an international rating agency's probabilities of default for categories 6, 7 and 8, in view of the greater robustness of data for such cases.
c) Loss Given Default (LGD) = a factor utilized, based on historical information, same as based on best practices in the banking industry. Management applies judgment and historical loss experience.

Management can also apply 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.

The allowance policy is applicable to all classes of loans and off-balance sheet financial instruments of the Bank.

For additional information regarding allowance for credit losses, see Item 18, "Financial Statements," notes 2(n) and 8.

The following table sets forth information regarding the Bank's allowance for credit losses with respect to the total Commercial Portfolio outstanding as of December 31 of each year:

	As of December 31,				
	2014	2013	2012	2011	2010
	(in $ million, except percentages)				
Components of the allowance for credit losses					
Allowance for loan losses:					
Balance at beginning of the year	$72.8	$73.0	$88.5	$78.6	$73.8
Provision (reversal)	6.9	(1.6)	(8.3)	8.8	9.1
Recoveries	0.0	1.4	0.3	2.2	1.0
Loans charged-off	0.0	0.0	(7.5)	(1.1)	(5.3)
Balance at the end of the year	$79.7	$72.8	$73.0	88.5	78.6
Reserve for losses on off-balance sheet credit risk:					
Balance at beginning of the year	$5.2	$4.8	$8.9	$13.3	$27.3
Provision (reversal)	1.6	0.4	(4.0)	(4.4)	(13.9)
Balance at end of the year	$6.8	$5.2	$4.8	$8.9	$13.3
Total allowance for credit losses	$86.5	$78.0	$77.8	$97.4	$92.0

Allowance for credit losses to total Commercial Portfolio	1.20%	1.18%	1.31%	1.83%	2.07 %
Net charge offs to average loans outstanding.	0.00%	0.00%	0.15%	0.02%	0.16 %

The allowance for credit losses to total Commercial Portfolio amounted to 1.20% as of December 31, 2014, compared to 1.18% as of December 31, 2013, and 1.31% as of December 31, 2012. The year-on-year increase of 2 basis points in 2014 was mainly associated with the risk profile of the Bank's portfolio composition.

The decrease of 13 basis points in 2013 compared to 2012 is mainly associated with an improved risk profile of the Bank's portfolio composition in terms of client and country exposures.

The annual variation in 2012 compared to 2011 in the allowance for credit losses to total Commercial Portfolio was primarily due to the release of specific reserves associated with the reduction in exposure from non-accruing loans, the reversal of provisions for losses on off-balance sheet credit risk as total contingencies declined during the year, and an improved risk profile in the composition of the Bank's portfolio.

The following table sets forth information regarding the Bank's allowance for credit losses allocated by country of exposure as of December 31 of each year:

	As of December 31,					
	2014		2013		2012	
	Total	%	Total	%	Total	%
	(in $ million, except percentages)					
Allowance for loan losses						
Argentina	$14.7	18.4	$5.8	8.0	$9.2	12.7
Brazil	9.0	11.3	17.5	24.0	12.0	16.4
Chile	0.6	0.8	7.6	10.4	1.2	1.6
Colombia	6.4	8.0	4.7	6.5	5.2	7.2
Costa Rica	11.5	14.5	8.5	11.7	5.3	7.2
Dominican Republic	5.2	6.5	3.1	4.2	4.6	6.3
Ecuador	3.7	4.6	2.4	3.3	8.3	11.4
El Salvador	4.0	5.0	2.9	3.9	1.8	2.4
Germany	3.1	3.9	0.0	0.0	0.0	0.0
Guatemala	1.5	1.9	4.6	6.3	7.3	10.0
Honduras	3.2	4.0	2.5	3.5	2.9	4.0
Jamaica	0.2	0.3	1.0	1.3	0.3	0.5
Mexico	7.9	9.9	4.5	6.2	3.9	5.3
Nicaragua	0.3	0.3	0.3	0.4	1.3	1.7
Panama	2.7	3.4	0.7	1.0	1.4	1.9
Paraguay	2.3	2.9	2.4	3.3	0.7	1.0
Peru	2.4	3.0	3.4	4.6	4.3	5.9
Uruguay	0.5	0.6	0.6	0.8	2.9	4.0
Other (1)	0.5	0.7	0.3	0.5	0.4	0.5
Total Allowance for loan losses	$79.7	100.0	$72.8	100.0	$73.0	100.0
Reserve for losses on off-balance sheet credit risk						
Colombia	$1.0	14.0	$0.3	6.2	$0.0	1.0
Dominican Republic	1.7	25.0	0.0	0.1	0.1	1.3
Ecuador	2.6	38.3	2.1	39.7	2.8	57.2
Guatemala	0.1	1.9	1.0	19.1	0.0	0.2
Mexico	0.8	11.7	0.3	5.2	0.2	3.4
Panama	0.1	1.0	0.5	9.8	0.4	8.6
Venezuela	0.1	1.7	0.2	4.0	0.8	16.5
Other (1)	0.4	6.4	0.8	15.9	0.5	11.8
Total Reserve for losses on off-balance sheet credit risk	$6.8	100.0	$5.2	100.0	$4.8	100.0

Allowance for credit losses						
Argentina	$14.7	17.0	$5.8	7.5	$9.2	11.9
Brazil	9.1	10.6	17.9	22.9	12.3	15.9
Chile	0.7	0.8	7.6	9.7	1.2	1.6
Colombia	7.4	8.5	5.1	6.5	5.3	6.8
Costa Rica	11.5	13.4	8.6	11.0	5.3	6.8
Dominican Republic	6.9	8.0	3.1	3.9	4.6	6.0
Ecuador	6.3	7.3	4.5	5.7	11.1	14.3
El Salvador	4.0	4.6	2.9	3.7	1.8	2.3

	As of December 31,					
	2014		2013		2012	
	Total	%	Total	%	Total	%
	(in $ million, except percentages)					
Germany	3.1	3.6	0.0	0.0	0.0	0.0
Guatemala	1.6	1.9	5.6	7.2	7.3	9.4
Honduras	3.2	3.7	2.6	3.3	2.9	3.8
Jamaica	0.2	0.2	1.0	1.2	0.3	0.4
Mexico	8.7	10.0	4.8	6.2	4.1	5.2
Nicaragua	0.3	0.3	0.3	0.4	1.3	1.6
Panama	2.8	3.2	1.2	1.6	1.8	2.3
Paraguay	2.3	2.6	2.4	3.1	0.7	0.9
Peru	2.4	2.8	3.6	4.6	4.4	5.6
Uruguay	0.6	0.7	0.8	1.0	2.9	3.7
Venezuela	0.1	0.1	0.2	0.3	0.8	1.0
Other [(1)]	0.6	0.7	0.3	0.4	0.4	0.5
Total Allowance for credit losses	$86.5	100.0	$78.0	100.0	$77.8	100.0

(1) Other consists of allowances for credit losses allocated to countries in which allowances for credit 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 by type of borrower as of December 31 of each year:

	As of December 31,					
	2014		2013		2012	
	Total	%	Total	%	Total	%
	(in $ million, except percentages)					
Private sector commercial banks and Financial Institutions	$24	29.8	$25	34.4	$20	26.9
State-owned commercial banks	7	8.2	5	7.2	9	12.6
Central banks	1	1.5	1	0.8	0	0.0
Sovereign debt	0	0.0	0	0.0	1	1.0
State-owned organization	10	12.9	5	6.2	2	3.3
Private middle - market companies	5	6.8	10	14.3	11	14.9
Private corporations	33	40.8	27	37.2	30	41.2
Total	$80	100.0	$73	100.0	$73	100.0

Critical Accounting Policies

General

The Bank prepares its consolidated financial statements in conformity with U.S. GAAP. As a result, the Bank is required to make estimates, judgments and assumptions in applying its accounting policies that have a significant impact on the results it reports in its consolidated financial statements. Some of the Bank's accounting policies require management to use subjective judgment, often as a result of the need to make estimates of matters that are inherently uncertain. The Bank's Management bases its estimates on historical experience and on various other assumptions that it believes to be reasonable under the circumstances. Actual results may differ from the estimates.

The Bank's critical accounting estimates include assessments of allowances for fair value of certain financial instruments, credit losses, and impairment of securities available-for-sale and held-to-maturity. For information regarding the Bank's significant accounting policies, see Item 18, "Financial Statements," note 2.

Variable interest entities

VIEs are entities that have either a total equity investment that is insufficient to permit the entity to finance its activities without additional subordinated financial support, or whose equity investors lack the characteristics of a controlling financial interest.

Investors that finance the VIE through debt or equity interests or other counterparties that provide other forms of support, such as guarantees, or certain types of derivative contracts, are variable interest holders in the entity.

The variable interest holder, if any, that has a controlling financial interest in a VIE is deemed to be the primary beneficiary and must consolidate the VIE. The Bank would be deemed to have a controlling financial interest and be the primary beneficiary if it has both of the following characteristics:

– power to direct the activities of a VIE that most significantly impact the entity's economic performance; and

– obligation to absorb losses of the entity that could potentially be significant to the VIE or right to receive benefits from the entity that could potentially be significant to the VIE.

See Item 18, "Financial Statements," note 2(c).

Fair Value of Financial Instruments

The Bank determines the fair value of its financial instruments using the fair value hierarchy established in ASC Topic 820 – 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 assumptions 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 evaluate 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 various 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 assumptions 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 assumptions that market participants would use when pricing the asset or liability. When possible, the Bank uses active and observable markets to price 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 volume or 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.

Additionally, as of December 31, 2014, 4.22% of the Bank's assets were accounted for at fair value using quoted market prices in an active market, and 0.87% of total assets were accounted for at fair value using internally developed models with significant observable market information.

The Bank's management uses its best judgment in estimating the fair value of the Bank's financial instruments; however, there are limitations in any estimation technique. The estimated fair value amounts have been measured as of their respective year-ends, and have not been re-expressed or updated subsequent to the dates of these consolidated financial statements. As a result, the estimated fair values of these financial instruments subsequent to the respective reporting dates may be different than the amounts reported at each year-end.

Fair value calculations are only provided for a limited portion of the Bank's financial assets and liabilities. Due to a wide range of valuation techniques and the degree of subjectivity used in making the estimates, comparison of fair value information of the Bank and other companies may not be meaningful for comparative analysis.

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:

Trading assets and liabilities and securities available-for-sale

Trading assets and liabilities 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.

Securities available-for-sale are carried at fair value, based on quoted market prices when available, or if quoted market prices are not available, based 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, available-for-sale securities and trading assets and liabilities 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 of similar instruments, or where these are not available, by using internal valuation techniques, principally discounted cash flows models. Such securities are classified within level 2 of the fair value hierarchy.

Investment Funds

The investment funds invest in trading assets and liabilities that are carried at fair value, which are based upon quoted market prices when available. For financial instruments for which quoted prices are not available, the investment funds use independent valuations from pricing providers that use their own proprietary valuation models that take into consideration discounted expected cash flows, using market rates commensurate with the credit quality and maturity of the security. These prices are compared to independent valuations from counterparties.

The investment funds are not traded in an active market and, therefore, representative market quotes are not readily available. Their fair value is adjusted on a monthly basis based on its financial results, its operating performance, its liquidity and the fair value of its long and short investment portfolio that are quoted and traded in active markets. Such investment is classified within level 2 of the fair value hierarchy.

Derivative financial instruments

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 over-the-counter derivative instruments, in which the base valuation generally discounts expected cash flows using the London Interbank Offered Rate (“LIBOR”), interest rate curves. Because not all counterparties have the same credit risk as that implied by the relevant LIBOR 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.

Notwithstanding the level of subjectivity inherent in determining fair value, the Bank's management believes that its estimates of fair value are adequate. The use of different models or assumptions could lead to changes in the Bank's reported results. See Item 18, "Financial Statements," notes 21 and 24.

Allowance for Credit Losses

The classification of the Bank's credit portfolio for allowances for credit losses under U.S. GAAP is determined by risk management and approved by the CPER of the Bank's Board through statistical modeling, internal risk ratings and estimates. Informed judgments must be made when identifying impaired loans, the probability of default, the expected loss, the value of collateral and current economic conditions. Even though the Bank's management considers its allowances for credit losses to be adequate, the use of different estimates and assumptions could produce different allowances for credit losses, 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. In addition, risk management has established and maintains reserves for the probable credit losses related to the Bank's off-balance sheet exposures. See Item 18, "Financial Statements," note 2(n).

The estimates of the inherent risks of the Bank's portfolio and overall recovery vary with changes in the economy, individual industries or sectors, and countries and individual borrowers' or counterparties' concentrations, ability, capacity and willingness to repay their obligations. The degree to which any particular assumption affects the allowance for credit losses depends on the severity of the change and its relationship to the other assumptions. See Item 5, "Operating and Financial Review and Prospects/Operating Results/Allowance for Credit Losses."

Impairment of Securities

The Bank conducts periodic reviews of all securities with unrealized losses to evaluate whether the impairment is other-than-temporary. Impairment of securities is evaluated considering numerous factors, and their relative significance varies case-by-case. Factors considered in determining whether unrealized losses are temporary include: (1) the length of time and extent to which the fair value has been less than cost, (2) the severity of the impairment, (3) the cause of the impairment and the financial condition of the issuer, (4) activity in the market of the issuer which may indicate adverse credit conditions, (5) the intent and ability of the Bank to retain the security for a sufficient period of time to allow for an anticipated recovery in the fair value (with respect to equity securities) and (6) the intent and probability of the Bank to sell the security before the recovery of its amortized cost (with respect to debt securities). If, based on the analysis, it is determined that the impairment is other-than-temporary, the security is written down to its fair value, and a loss is recognized through earnings as impairment loss on assets.

In cases where the Bank does not intend to sell a debt security and estimates that it will not be required to sell the security before the recovery of its amortized cost basis, the Bank periodically estimates if it will recover the amortized cost of the security through the present value of expected cash flows. If the present value of expected cash flows is less than the amortized cost of the security, it is determined that an other-than-temporary impairment has occurred. The amount of this impairment representing credit loss is recognized through earnings and the residual of the other-than-temporary impairment related to non-credit factors is recognized in other comprehensive income (loss).

In periods subsequent to the recognition of the other-than-temporary impairment, the difference between the new amortized cost and the expected cash flows to be collected is accreted as interest income. The present value of the expected cash flows is estimated over the life of the investment security.

The other-than-temporary impairment of securities held-to-maturity that has been recognized in other comprehensive income (loss) is accreted to the amortized cost of the debt security prospectively over its remaining life.

Interest accrual is suspended on securities that are in default, or on which it is likely that future interest payments will not be received as scheduled.

See Item 18, “Financial Statements,” note 2(i).

Recently Issued Accounting Standards

As of December 31, 2014, new accounting standards, modifications, interpretations, and updates to standards, ("ASU"), applicable to the Bank, have been issued but are not in effect. These standards establish the following:

ASU 2014-08 – Presentation of Financial Statements (Topic 205) and Property, Plant and Equipment (Topic 360)

The amendments in this update change the requirements for reporting discontinued operations in Sub-Topic 205-20. A disposal of a component of an entity or a group of components of an entity is required to be reported in discontinued operations if the disposal represents a strategic shift that has, or will have, a major effect on an entity's operations and financial results when any of the following occurs:

1. The component of the entity or group of components of the entity meets the criteria to be classified as held for sale.
2. The component of the entity or group of components of the entity is disposed of by sale.
3. The component of the entity or group of components of the entity is disposed of other than by sale (spin-off).

The amendments are effective for all disposals (or classifications as held for sale) of components of the entity that occur within annual periods beginning on or after December 15, 2014, and interim periods within annual periods beginning on or after December 31, 2015. Early adoption is permitted, but only for disposals (or classifications as held for sale) that have not been reported in its consolidated financial statements previously issued. The Bank does not anticipate any material impact on its consolidated financial statements upon adoption of this update.

ASU 2014-11 – Transfers and Servicing (Topic 860)

The amendments in this update require two accounting changes. First, the change in the accounting for repurchase-to-maturity transactions to secured borrowings accounting. Second, for repurchase financing agreements, the amendments require separate accounting for a transfer of a financial asset executed contemporaneously with a repurchase agreement with the same counterparty, which will result in secured borrowing accounting for a repurchase agreement.

The accounting changes in this update are effective for public business entities for the first interim or annual period beginning after December 15, 2014. Entities are required to present changes in accounting for transactions outstanding on the effective date of this update as a cumulative-effect adjustment to retained earnings at the beginning of the

period of adoption. Early application for public business entities is prohibited. The Bank is currently evaluating the potential impact of this update in its consolidated financial statements.

B. Liquidity and Capital Resources

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. The Bank maintains its liquid assets mainly in demand deposits, overnight funds and time deposits with well-known international banks. These liquid assets are adequate to cover 24-hour deposits from customers, which theoretically could be withdrawn on the same day. As of December 31, 2014, the Bank's 24-hour deposits from customers (demand deposit accounts and call deposits) amounted to $84 million, representing 3% of the Bank's total deposits. The liquidity requirement resulting from these maturities is satisfied by the Bank's liquid assets, which as of December 31, 2014 were $741 million (representing 30% of total deposits) of which $20 million corresponds to time deposits.

As established by the Bank's liquidity policy, the Bank's liquid assets are held 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. These banks must have a correspondent relationship with the Bank. In addition, the Bank's liquidity policy allows for investing in negotiable money market instruments, including Euro certificates of deposit, commercial paper, bankers' acceptances and other liquid instruments with maturities of up to three years. These instruments must be of investment grade quality A or better and must have a liquid secondary market.

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, adopting a Liquidity Coverage Ratio methodology referencing the Basel Committee guidelines. Additionally, specific limits have been established to control (1) cumulative maturity "gaps" between assets and liabilities, for each maturity classification presented in the Bank's internal liquidity reports, and (2) concentrations of deposits taken from any client or economic group maturing in one day and total maximum deposits maturing in one day.

The Bank follows a Contingent Liquidity Plan. The plan contemplates the regular monitoring of several quantified internal and external reference benchmarks (such as deposit level, quality of assets, Emerging Markets Bonds Index Plus, cost of funds, 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,		
	2014	2013	2012
	(in $ million)		
Europe	$0	$0	$0
United States of America	719	769	668
Other O.E.C.D.	1	62	21
Multilateral	20	0	0
Other	1	0	1
Total	$741	$831	$690

As of December 31, 2014, liquidity amounted to $741 million. $616 million, or 83%, of liquid assets were deposited at the Federal Reserve Bank of New York. The remaining liquid assets consisted of short-term funds deposited with other banks.

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, 2014, the Bank’s short-term loan and investment securities portfolio (maturing within one year based on original contractual term) totaled $3,638 million, (which comprised $79 million of investment securities and the remaining $3,559 million of loans) and had an average original term to maturity of 208 days and an average remaining term to maturity of 94 days.

Medium-term assets (loans and investment securities maturing beyond one year based on original contractual term) totaled $3,442 million as of December 31, 2014. Of that amount, $282 million corresponded to the Bank's securities available-for-sale portfolio and $33 million corresponded to securities held to maturity. The remaining $3,127 million in medium-term assets corresponded to the Bank's loan portfolio. As of December 31, 2014, the medium-term assets had an average original term to maturity of three years and ten months, and an average remaining term to maturity of one year and ten months (660 days).

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 December 31, 2014, were as follows:

	As of December 31, 2014		
	Fitch	Moody's	Standard & Poor's
Short-Term	F2	P-2	A-2
Long-Term	BBB+	Baa2	BBB
Rating Outlook	Stable	Stable	Stable

Credit Rating from Fitch Ratings Ltd.

On July 29, 2014, Fitch Ratings Ltd. ("Fitch"), confirmed the Bank's Issuer Default Rating ("IDR"), at "BBB+", which had been upgraded on July 31, 2012, with a stable outlook.

Credit Rating from Moody's Investor Service, Inc.

The credit ratings from Moody's Investor Service, Inc. ("Moody's"), have been unchanged since December 19, 2007, and on November 12, 2014, Moody's confirmed the Bank's credit ratings with a stable outlook.

Credit Rating from Standard & Poor's

The credit ratings from Standard & Poor's ("S&P"), have been unchanged since May 13, 2008, and on July 2, 2014, S&P confirmed the Bank's credit ratings with a stable outlook.

Critical factors supporting the Bank's investment-grade credit ratings include a substantial and continuous expansion in its core earnings, its historically solid asset quality, and strong 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.

Funding Sources

The Bank's principal sources of funds are deposits, 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 upon future economic and market conditions. The following table shows the Bank's funding distribution as of December 31 of each year:

	As of December 31,		
	2014	2013	2012
	(in percentages)		
Interbank deposits	35.2 %	36.0 %	39.1 %
Securities sold under repurchase agreements	4.2	4.4	2.7
Borrowings and debts	57.6	58.8	56.6
Other liabilities	2.9	0.9	1.6
Total liabilities	100.0%	100.0%	100.0%

Short- and long-term borrowings and debt are important funding sources for the Bank's loan portfolio because they allow the Bank to diversify its funding sources outside the Region, and because the Bank uses these borrowings and placements, which generally have longer maturities than deposits, to manage its asset and liability positions. See "Cash—Asset—Liability Management."

The Bank's short- and medium-term borrowings mainly come from international correspondent banks from the United States, Europe and Asia. Among those European banks with credit lines in favor of Bladex, the largest country concentrations are from banks located in the United Kingdom and Germany.

Deposits

The Bank obtains deposits principally from central and commercial banks primarily located in the Region. As of December 31, 2014, 75% of the deposits held by the Bank were deposits made by central and state owned banks, and 16% of the Bank's deposits represented deposits from private sector commercial banks and financial institutions. Many of these banks deposit a portion of their dollar reserves with the Bank. The average term remaining to maturity of deposits from central and state owned banks as of December 31, 2014, 2013, and 2012, was 54 days, 45 days, and 58 days, respectively. As of December 31, 2014, deposits from the Bank's five largest depositors, all of which were central banks in the Region, represented 51% of the Bank's total deposits. See Item 18, "Financial Statements," note 11.

The following table analyzes the Bank's deposits by country as of December 31 of each year:

	As of December 31,		
	2014	2013	2012
		(in $ million)	
Argentina	$68	$ 60	$68
Bahamas	2	2	2
Barbados	15	30	33
Bolivia	1	1	2
Brazil	254	371	386
Cayman Island	20	19	21
Colombia	19	23	49
Costa Rica	20	18	0
Dominican Republic	6	0	0
Ecuador	567	598	471
El Salvador	30	25	25
France	0	1	2
Germany	53	50	0

Guatemala	70	70	20
Haiti	44	44	181
Honduras	161	138	86
Jamaica	1	1	1
Mexico	100	50	50
Multilateral	57	32	0
Nicaragua	76	72	59
Panama	406	372	235
Paraguay	269	274	275
Peru	17	0	30
Trinidad and Tobago	19	19	29
United Kingdom	0	0	74
United States of America	38	1	28
Venezuela	193	91	191
Total	$2,507	$ 2,361	$2,317

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Securities Sold Under Repurchase Agreements and Short-Term Borrowings and Debt

The Bank enters into repos with international banks, utilizing its investment securities portfolio as collateral to secure cost-effective funding. Repos are accounted as secured financings in the financial statements. As of December 31, 2014, repos amounted to $300 million, an increase of $14 million from $286 million as of December 31, 2013, and an increase of $142 million from $158 million as of December 31, 2012. See Item 18, “Financial Statements,” note 13.

The Bank’s short-term borrowings and debt consist of borrowings from banks that have maturities of up to 365 days, and debt instruments from notes issued under the Bank’s Euro Medium-Term Note Program. Short-term borrowings are made available to the Bank on an uncommitted basis for the financing of trade-related loans. Approximately twelve European banks, seven North American banks, four Latin American banks, three Asian banks, and one multilateral bank provide these short-term borrowings to the Bank.

During 2014, the Bank issued short-term private placements through its Euro Medium-Term Note Program. As of December 31 2014, short-term issuances under the program amounted to $88 million, placed primarily in Asia, Europe, Japan, Middle East and Latin America.

As of December 31, 2014, short-term borrowings and debt amounted to $2,693 million, a decrease of $12 million compared to $2,705 million as of December 31, 2013. The average term remaining to maturity of short-term borrowings and debt as of December 31, 2014 was 130 days. See Item 18, “Financial Statements,” notes 13 and 14.

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,		
	2014	2013	2012
	(in $ million, except percentages)		
Short-term borrowings, debt and securities sold under repurchase agreements			
Advances from banks and financial institutions	$ 2,693	$ 2,705	$ 1,449
Securities sold under repurchase agreements	300	286	158
Total short-term borrowings, debt and securities sold under repurchase agreements	$ 2,993	$ 2,991	$ 1,607
Maximum amount outstanding at any month-end	$ 2,993	$ 2,991	$ 1,607

Amount outstanding at year-end	$ 2,993	$ 2,991	$ 1,607
Average amount outstanding	$ 2,471	$ 2,275	$ 1,126
Weighted average interest rate on average amount outstanding	0.95 %	1.17 %	1.81 %
Weighted average interest rate on amount outstanding at year end	0.79 %	0.89 %	1.27 %

Long-term borrowings and debt

Borrowings consist of long-term and syndicated loans obtained from international banks. Debt instruments consist of notes issued under the Bank's Euro Medium-Term Note Program, and local currency bond issuances in Latin America.

Interest rates on most long-term borrowings are adjusted 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 of December 31, 2014, the average term remaining to maturity of the Bank's medium and long-term borrowing and debt was two years and four months (862 days).

The following table presents information regarding the amounts outstanding under, and interest rates on, the Bank's long-term borrowings and debt at the dates and during the periods indicated. See Item 18, "Financial Statements," Consolidated Balance Sheets as of December 31, 2014 and 2013, and notes 15 and 21, and Item 11, "Quantitative and Qualitative Disclosure About Market Risk."

	As of and for the Year Ended December 31,		
	2014	2013	2012
	(in $ million, except percentages)		
Borrowings and long-term debt			
Amount outstanding at year-end	$ 1,405	$ 1,154	$ 1,906
Maximum amount outstanding at any month-end	$ 1,587	$ 1,893	$ 2,153
Average amount outstanding	$ 1,389	$ 1,318	$ 1,894
Weighted average interest rate on average amount outstanding	2.86 %	3.08 %	2.79 %
Weighted average interest rate on amount outstanding at year end	2.71 %	3.06 %	2.92 %

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 programs.

On May 7, 2014, the Bank successfully closed a $250 million three-and-a-half year global syndicated loan. This transaction further enhanced the Bank's successful track record of global syndications in support of the Bank's medium-term lending activities.

On October 1, 2013, the Bank successfully closed a $103 million three-year syndicated loan structured placed in the Asian financial markets. The transaction further enhanced the Bank's presence in Asian markets.

The Bank is a party to certain financing agreements which contain financial covenants and minimum required ratios related to capital adequacy, loan loss reserves to non-performing loans, non-performing loans to total loans, allowance for credit losses to Commercial Portfolio, and short-term assets to short-term liabilities, with which the Bank must comply. The Bank is, and has remained, in compliance with such financial covenants.

Debt Capital Markets

Program in Mexico

In 2012, the Bank established a short- and long-term notes program, ("Mexico Program"), in the Mexican local market, registered with "Mexican National Registry of Securities" *(Registro Nacional de Valores)* maintained by the "National Banking and Securities Commission" *(Comisión Nacional Bancaria y de Valores),* for an authorized aggregate principal amount of 10 billion Mexican Pesos or its equivalent in "Investment Unit" *(Unidades de Inversión),* U.S. dollars or Euros, and with maturities from one day to 30 years. As of December 31, 2014, the total amount outstanding under this program was Pesos 4.0 billion (four billion Mexican Pesos) or approximately $272 million U.S. dollar equivalent, consisting of two issuances of "certificados bursátiles" in the Mexican capital markets as follows: (i) Bladex12 in the principal amount of Pesos 2.0 billion (two billion Mexican pesos) or approximately $136 million U.S. dollar equivalent, issued in March 2012 and due in March 2015, and (ii) Bladex14 in the principal amount of Pesos 2.0 billion (two billion Mexican pesos) or approximately $136 million U.S. dollar equivalent, issued in July 2014, and due in January 2018.

Euro Medium Term Note Program

The Bank has established a Euro Medium-Term Note Program, which is primarily targeted at non-bank institutional investors and includes multiple placements with short-, medium-, and long-term tenors. As of December 31, 2014, total outstanding amount under this program was $577 million, which included a Rule 144A/Regulation S offering with an aggregate principal amount of $400 million due in 2017. During 2014, the Bank issued short-term private placements through its Euro Medium-Term Note Program. As of December 31 2014, short-term issuances under the program amounted to $88 million, placed primarily in Asia, Europe, Japan, Middle East and Latin America.

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

The following table sets forth certain information regarding the weighted average cost and the remaining maturities of the Bank's borrowed funds and floating and fixed-rate placements (including repos) as of December 31, 2014:

	Amount	Weighted Average Cost	
	(in $ million, except percentage)		
Short-term borrowings and Securities sold under repurchase agreements at fixed interest rate			
Due in 0 to 30 days	$ 255	0.82	%
Due in 31 to 90 days	858	0.77	%
Due in 91 to 180 days	212	0.82	%
Due in 181 to 365 days	232	1.07	%
Total	$ 1,557	0.83	%
Short-term borrowings at floating interest rate			
Due in 0 to 30 days	$ 95	0.71	%
Due in 31 to 90 days	363	0.73	%
Due in 91 to 180 days	431	0.80	%
Due in 181 to 365 days	459	0.83	%
Total	$ 1,348	0.78	%
Short-term fixed-rate placements			
Due in 0 to 30 days	$ 8	1.04	%
Due in 31 to 90 days	9	0.90	%
Due in 181 to 365 days	61	0.62	%
Total	$ 78	0.70	%
Short-term floating-rate placements			
Due in 181 to 365 days	$ 10	0.99	%
Total	$ 10	0.99	%
Medium and long-term borrowings at fixed interest rate			
Due in 91 to 180 days	$ 25	1.50	%
Due in 1 through 6 years	40	1.52	%
Total	$ 65	1.51	%
Medium and long-term borrowings at floating interest rate			
Due in 91 to 180 days	$ 15	0.93	%
Due in 181 to 365 days	60	1.18	%
Due in 1 through 6 years	504	1.58	%
Total	$ 579	1.52	%

Medium and long-term fixed-rate placements			
Due in 181 to 365 days	$ 401	3.75	%
Due in 1 through 6 years	64	3.75	%
Total	$ 465	3.75	%
Medium and long-term floating-rate placements			
Due in 31 to 90 days	$ 136	3.96	%
Due in 1 through 6 years	161	3.37	%
Total	$ 297	3.64	%
Grand Total	$ 4,399	1.41	%

Cash flows

Management believes that cash flows from operations, the Bank's adequate reserve coverage levels, and its ability to generate cash through its financing activities (such as deposits and short and long-term borrowings and debt) are sufficient to fund its investing activities (which are mainly comprised of the Bank's 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 2014, 2013, and 2012.

Cash flows from operating activities

The Bank's operating activities mainly include cash generated by net income, adjustments converting the items reported on the income statement from the accrual basis of accounting to cash, net changes in non-interest-earning assets or operating assets, and net changes in non-interest-bearing liabilities or operating liabilities.

For the year ended December 31, 2014, net cash provided by operating activities was $170.5 million. Net cash was mainly provided by net income of $106.5 million during the year 2014, along with the net increase of $116.5 million in other liabilities, mainly in acceptances outstanding, and the net variance of $33.3 million in derivatives financial instruments, partially offset by the net increase of $118.1 million in other assets, mainly in customers' liabilities under acceptances.

For the year ended December 31, 2013, net cash provided by operating activities was $54.6 million. Net cash was mainly provided by net income of $80.6 million during the period, partially offset by a net decrease of $32.2 million in trading liabilities.

For the year ended December 31, 2012, net cash provided by operating activities was $97.1 million, resulting primarily from net income of $93.3 million, a net decrease in the portfolio of the Fund by $14.5 million (mainly due to redemptions of a portion of the Bank's interest therein), and the net variance in derivatives financial instruments of $47.7 million. This was partially offset by a net increase of $26.7 million in trading liabilities, which were mainly composed of freestanding derivative financial instruments and a net decrease of $14.3 million in trading assets.

Cash flows from investing activities

The Bank's investing activities predominantly include loans originated by the Bank, as well as the portfolio of securities available-for-sale and securities held-to-maturity. 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, 2014, net cash of $605 million was used in investing activities, mainly from a net increase in loans of $1,052 million, and the purchase of $344 million of investment securities, partially offset by inflows from the sale of loans and securities available-for-sale of $516 million and $223 million, respectively.

For the year ended December 31, 2013, net cash of $602 million was used in investing activities, primarily as a result of a net increase in loans of $521 million from increased commercial activity, and an increase of $333 million in available-for-sale and held-to-maturity investment securities, which were partially offset by inflows from the net sale of loans and investment securities of $89 million and $106 million, respectively, and proceeds of $20 million from securities held-to-maturity which matured during the year.

For the year ended December 31, 2012, net cash of $504 million was used in investing activities, mostly in the form of a net increase in loans of $909 million as a result of increased commercial activity, which was partially offset by inflows from the net sale of $146 million of loans and the sale of investment securities of $255 million.

Cash flows from financing activities

The Bank’s financing activities primarily reflect cash flows related to raising deposits from central banks as well as state-owned and private banks and corporations in the Region, short-term borrowings and debt from international correspondent banks, secured financing from repos, 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.

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For the year ended December 31, 2014, net cash provided by financing activities was $345 million, which was primarily the result of a net cash increase of $641 million on proceeds from long-term borrowings and debt, and a net increase of $145 million from depositors, which was partially offset by net repayments of $389 million in long-term borrowings and debt and $54 million paid as cash dividends.

For the year ended December 31, 2013, net cash provided by financing activities was $685 million, as the net cash increase of $1,384 million provided by short-term borrowings and debt and repos more than offset the net repayments of $752 million in long-term borrowings and debt.

In 2012, net cash provided by financing activities was $310 million. This was mainly due to a net increase in borrowings and long-term debt of $418 million, offset by a decrease in short-term borrowings and repos of $93 million.

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 maturity 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. The foreign exchange risk is mitigated by the use of derivatives, which, though economically perfectly hedged, might give rise to some accounting volatility.

Interest Rate Sensitivity

The Bank actively 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, which generally involve swapping fixed for floating-rate.

The following table presents the projected maturities and interest rate adjustment periods of the Bank's assets, liabilities and stockholders' equity based upon the contractual maturities and rate-adjustment (repricing) dates as of December 31, 2014. 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 $ million, except percentages)						
Interest-earning assets							
Cash, due from banks & interest-bearing deposits with banks	780	780	0	0	0	0	0
Securities available-for-sale	339	46	37	68	3	185	0
Securities held to maturity	54	22	3	9	8	12	0
Investment funds	58	0	0	0	0	0	58
Loans, net	6,686	1,860	2,608	1,834	315	69	0
Total interest-earning assets	7,917	2,708	2,648	1,912	325	266	58
Non-interest earning assets, allowance for loan losses and other asset	108	0	0	0	0	0	108
Total assets	8,025	2,708	2,648	1,912	325	266	166

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	Total	0-30 Days	31-90 Days	91-180 Days	181-365 Days	More than 365 Days	Non-Interest Sensitive / without maturity
	(in $ million, except percentages)						
Interest-bearing liabilities							
Deposits	2,507	1,603	455	277	147	25	0
Securities sold under repurchase agreements	300	46	249	5	0	0	0
Borrowings and debt	4,098	1,288	1,242	938	516	114	0
Total interest-bearing liabilities	6,905	2,937	1,946	1,220	663	139	0
Non-interest-bearing liabilities	209	0	0	0	0	0	209
Total liabilities	7,114	2,937	1,946	1,220	663	139	209
Stockholders' equity	911	0	0	0	0	0	911
Total liabilities and stockholders' equity	8,025	2,937	1,946	1,220	663	139	1,120
Interest rate sensitivity gap	0	(228)	702	692	(338)	127	(955)
Cumulative interest rate sensitivity gap		(228)	474	1,166	827	955	0
Cumulative gap as a % of total interest-earning assets		-3 %	6 %	15 %	10 %	12 %	0 %

The Bank's interest rate risk is the exposure of earnings (current and potential) and capital to adverse changes in interest rates and is managed by attempting to match the term and repricing characteristics of the Bank's interest rate sensitive assets and liabilities. The Bank's interest rate risk typically arises from the Bank's liability sensitive short-term position, which means that the Bank's interest-bearing liabilities tend to reprice more quickly than the Bank's interest-earning assets. This is offset by the short-term nature of the Bank's interest-earning assets, namely liquid assets and loan portfolio, and the fact that most of the assets and liabilities pricing is based on short-term market rates (LIBOR-based) with contractual re-pricing schedules for longer term transactions. As a result, there is a potential adverse impact on the Bank's net interest income from interest rate increases in the very short term (up to 30 days as of December 31, 2014), which reverts in the following 31-to-90-days period, when the cumulative interest rate gap becomes asset-sensitive, with a potential positive impact on net interest income from that period on. 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.

See Item 11 "Quantitative and Qualitative Disclosure About Market Risk."

Stockholders' Equity

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

	As of December 31,		
	2014	2013	2012
	(in $ thousand)		
Common stock	$279,980	$279,980	$279,980
Additional paid-in capital in excess of assigned value of common stock	117,339	118,646	121,419
Capital reserves	95,210	95,210	95,210
Retained earnings	510,046	458,699	422,048
Accumulated other comprehensive loss	(13,885)	(12,575)	(730)
Treasury stock	(77,627)	(82,008)	(91,452)
Total stockholders’ equity	$911,063	$857,952	$826,475

As of December 31, 2014, stockholders’ equity amounted to $911 million, compared to $858 million as of December 31, 2013 and compared to $826 million as of December 31, 2012.

During 2014, stockholders' equity increased $53 million compared to 2013. This increase was primarily due to a $51 million increase in retained earnings as a result of net income attributable to the Bank's stockholders of $107 million for the year ended December 31, 2014, which was partially offset by $56 million declared as cash dividends.

During 2013, stockholders' equity increased $32 million compared to 2012, mainly as a result of: (i) a $37 million increase in retained earnings due to the $85 million net income attributable to the Bank's stockholders, which was partially offset by $48 million declared as cash dividends and (ii) a $9 million decrease in treasury stock. These increases were partially offset by a $12 million decrease in accumulated other comprehensive losses from a decrease in the fair market value of securities and/or hedging instruments associated with such securities.

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 Panamanian banking authorities.

As of December 31, 2014, the capital ratio of total stockholders' equity to total assets was 11.4%, and the Bank's Tier 1 and total capital ratios calculated according to Basel I capital adequacy guidelines were 15.3% and 16.5%, respectively. As of December 31, 2014, the Bank's total capital to risk-weighted asset ratio, calculated according to the guidelines of the Banking Law, was 15.14%.

The Bank has adopted Basel III capital adequacy guidelines and determined the Bank's Tier 1 Basel III capital ratio to be 15.6% as of December 31, 2014.

See Item 4, "Information on the Company—Business Overview—Regulations," and Item 18, "Financial Statements," notes 26 and 28.

C. Research and Development, Patents and Licenses, etc.

Not applicable.

D. Trend Information

The following are the most important trends, uncertainties and events that the Bank's management believes are likely to materially affect the Bank or that could cause the financial information disclosed herein not to be indicative of the Bank's future operating results or financial condition:

- Changes in global economic conditions, including the prices of oil and other commodities, the U.S. dollar exchange rate, interest rates, slower economic growth in developed countries and trading partners, and the effect that these changes may have on the economic condition of countries in the Region, including the Region's foreign trade growth, and, therefore, the growth of the Bank's trade financing business;
- The Region may be impacted by growth in high-income economies that is lower than anticipated, which could affect the Region's growth prospects in export industries;
- The outlook assumes a decline in the prices of raw materials. The moderation of growth in the Chinese economy continues to impact other emerging economies, in particular given the significance of Chinese demand in global commodities markets. The sustainability of elevated growth in China continues to be of a concern because of the negative impact decreased levels of growth could have on long-term trends in the markets for commodities and raw materials, as well as the negative impact that a general slowdown in the Chinese economy could have on the global economy.

- A continued gradual decrease in monetary stimuli could result in an increase in global interest rates. As a result, capital flows to the Region could be significantly curtailed. A slowdown in capital flows could potentially destabilize exchange rates and the financing of current account balances, which may cause inflationary pressures and tighter monetary policies. A resulting economic slowdown or related political events in the Region could have an adverse effect on the growth prospects in the Region, and the Bank's asset quality and operations.
- Risk perception in the markets in which the Bank operates, increased competition, and U.S. dollar liquidity, which could affect spreads over the cost of funds on the Bank's loan portfolio and, in turn, impact the Bank's net interest spreads.
- A continued downturn in global capital markets, or a continued downturn in investor confidence, which could affect the Bank's access to funding or increase its cost of funding.

Year 2014

Global economic growth was relatively unstable in 2014, given the disparate level of growth between the different economies throughout the world and the shifting of capital flows from emerging markets to more mature markets. Oil prices began to fall sharply in July 2014, accelerating downward toward the end of the year, which added further volatility to the global economy, and the economies of the Region in particular. This also resulted in decreased prices and demand for other significant export commodities from the Region. Together with greater exchange rate volatility, this adversely impacted Latin American foreign trade flows, which exhibited only minor growth in 2014.

In 2014, the Bank's net income amounted to $106.9 million, an increase of $22 million, or 26% compared to $84.8 million in 2013. This increase was driven by the positive performance of the Bank's core business activities, with growth in the Commercial Portfolio, net margins and revenue, and improved efficiency on lower expenses, while maintaining strong asset quality. These factors were complemented by a positive trend in non-core results from the Bank's participation in investment funds.

The Bank's Commercial Portfolio increased to $7.2 billion as of December 31, 2014, an 8% increase from $6.6 billion as of December 31, 2013, which reflected increased demand for the Bank's lending products. As of December 31, 2014, the Bank's non-accrual portfolio amounted to $4.0 million or 0.06% of total loan portfolio balances, compared to $3.1 million or 0.05% of total loan portfolio balances as of December 31, 2013. The allowance for credit losses to Commercial Portfolio coverage ratio was 1.20% as of December 31, 2014, compared to 1.18% as of December 31, 2013.

Deposit balances stood at $2.5 billion as of December 31, 2014, representing 35% of total liabilities, compared to $2.4 billion, or 36% of total liabilities as of December 31, 2013. Short-term borrowings and debt, including repos, totaled $3.0 billion as of December 31, 2014, nearly unchanged compared to December 31, 2013, while long-term borrowings and debt totaled $1.4 billion as of December 31, 2014, up 22% year-on-year. Weighted average funding costs for the year ended December 31, 2014 was 1.07%, a decrease of 26 basis points, compared to 1.33% for the year ended December 31, 2013.

Year 2013

The Bank's net income totaled $84.8 million in 2013, compared to $93.0 million in 2012.

As of December 31, 2013, the Bank's Commercial Portfolio amounted to $6,630 million, an increase of $677 million, or 11% compared to $5,953 million as of December 31, 2012. This reflected an increased demand for the Bank's lending products, as the Bank's core competencies allowed it to compete effectively within a challenging financial sector and debt capital markets conditions, along with moderate economic growth in the Region. The non-accrual portfolio amounted to $3.1 million as of December 31, 2013, compared to zero as of December 31, 2012. The reserve to Commercial Portfolio coverage ratio was 1.18% as of December 31, 2013 compared to 1.31% as of December 31, 2012, a reflection of the improved risk profile of the Bank's portfolio composition. The deposits balance amounted to $2,361 million, an annual increase of 2%, and represented 36% of total financial liabilities as of December 31, 2013. Short-term borrowings and debt, including repos, totaled $2,991 million as of December 31, 2013, while long-term borrowings and debt totaled $1,154 million as of December 31, 2013, a 39% decrease over the year, as the Bank opted to pre-pay certain medium-term obligations with remaining tenors of less than a year, as part of its proactive funding and interest rate position management. Consequently, weighted average funding costs for the year ended December 31, 2013 were 1.33%, a decrease of 30 basis points compared to 1.63% for the year ended December 31, 2012.

In addition, see Item 3.D. “Key Information—Risk Factors,” for a discussion of the risks the Bank faces, which could affect the Bank’s business, results of operations and/or financial condition.

E. 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 financial instruments with off-balance sheet credit risk. As of December 31, 2014, the Bank’s off-balance sheet arrangements included confirmed letters of credit, stand-by letters of credit, guarantees (covering commercial risk), and credit commitments (including unused commitments and other commitments). 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. Such off-balance sheet arrangements are exposed to credit and market risk. Therefore, a reserve for losses on off-balance sheet credit risk is recognized on the balance sheet, with the resulting provision recorded in the income statement. As of December 31, 2014, total reserves for losses on off-balance sheet arrangements amounted to $7 million, compared to $5 million as of December 31, 2013 and 2012. See Item 18, “Financial Statements,” notes 8 and 19.

As of December 31, 2014, the total off-balance sheet portfolio amounted $386 million, compared to $480 million as of December 31, 2013, and $235 million as of December 31, 2012.

Fees and commission income from off-balance sheet arrangements amounted to $10 million for the years ended December 31, 2014, and 2013, respectively, compared to $8 million for the year ended December 31, 2012.

For additional information, see Item 5 “Operating and Financial Review and Prospects—Operating Results—Fees and Commissions, net.”

No obligations have arisen from variable interest entities as defined in U.S. GAAP, including indemnification agreements with the Bank’s executive officers and directors. The Bank provides indemnity insurance pursuant to which directors and officers are indemnified or insured against liability or loss under certain circumstances, including liabilities or related losses arising under the Securities Act and the Exchange Act.

F. Tabular Disclosure of Contractual Obligations

The following tables set forth information regarding the Bank’s contractual obligations and commercial commitments as of December 31, 2014.

Contractual Obligations	Payments Due by Period				
	Total	Less than 1 year	1 – 3 years	3 – 5 years	More than 5 years
	(in $ million)				
Deposits	$2,507	$ 2,482	$ 25	$ 0	$ 0
Securities sold under repurchase agreement	300	300	0	0	0
Short-term borrowings and debt	2,693	2,693	0	0	0
Long-term borrowings and debt [(1)]	1,405	236	1,075	30	64
Accrued interest payable	15	15	0	0	0
Future contractual interest payable, not yet accrued [(2)]	108	13	64	6	26
Leasehold obligations [(3)]	23	2	5	3	12
Total contractual obligations	$7,051	$ 5,741	$ 1,169	$ 39	$ 102

(1) 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, 2014 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.

(3) Obligations under the agreement for the leasing of the Bank's new offices commenced in June of 2012. Minimum payments have not been reduced by minimum sublease rentals of $2.1 million due in the future under non-cancelable subleases.

	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 $ million)				
Letters of credit [4]	$ 252	$ 252	$ 0	$ 0	$ 0
Stand-by letters of credit	53	31	21	0	0
Guarantees	37	31	6	0	0
Other commercial commitments	159	93	53	12	1
Total Commercial Commitments	$ 501	$ 407	$ 81	$ 12	$ 1

(4) Includes customers' liabilities under acceptances outstanding (on-balance sheet assets) for a total amount of $114 million as of December 31, 2014.

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 regards to these covenants.

See Item 18, "Financial Statements," notes 19 and 20.

Item 6. Directors, Executive Officers and Employees

A. Directors and Executive Officers

Directors

The following table sets forth certain information concerning the Directors of the Bank as of the date of this Annual Report.

Name	Country of Citizenship	Position Held with The Bank	Year Term Expires	Director Since	Age
CLASS A					
Esteban Alejandro Acerbo Second Vice President Banco de la Nación Argentina, Argentina	Argentina	Director	2017	2010	53
Roland Holst Director Banco Central de Paraguay, Paraguay	Paraguay	Director	2017	2014	45
João Carlos de Nóbrega Pecego Chief Executive Officer Banco Patagonia, Argentina	Brazil	Director	2016	2010	51
CLASS E					
Mario Covo Managing Partner DanaMar LLC, U.S.A.	U.S.A.	Director	2017	1999	57
Herminio A. Blanco Chief Executive Officer Soluciones Estratégicas Consultoría, Mexico	Mexico	Director	2016	2004	64
Maria da Graça França Brazil	Brazil	Director	2016	2004	66
William D. Hayes President Whaleco, Inc., U.S.A.	U.S.A.	Director	2016	2004	71

Name	Country of Citizenship	Position Held with The Bank	Year Term Expires	Director Since	Age
Miguel Heras Executive Director Inversiones Bahia Ltd., Panama	Panama	Director	2018	2015	46
ALL CLASSES OF COMMON STOCK [1]					
Gonzalo Menéndez Duque Director Banco de Chile, Chile	Chile	Chairman of the Board	2018	1990	66
Rubens V. Amaral Jr. Chief Executive Officer Bladex, Panama	Brazil	Director	2018	2012	55

[1] Denotes class(es) of common stock of the Bank that elect the directors listed.

Esteban Alejandro Acerbo has served as a Director of the Board since 2010. Mr. Acerbo has served as Second Vice President of Banco de la Nación Argentina since 2012, President of Nación Factoring S.A. and Vice President of the General Auditing, Legal and Operations Committee of Banco de la Nación Argentina since 2014, Director of Banco de la Nación Argentina from 2006 to 2012 and President of Nación Leasing from 2006 to 2014. Mr. Acerbo has also served as main advisor of the Administrative Council on behalf of the partners and members of Garantizar – Sociedad de Garantías Recíprocas, President of Nación Reaseguros S.A., Compañía de Reaseguros from 2011 to 2012. Mr. Acerbo is President of the following Commissions of Banco de la Nación Argentina: Commercial and Individual Banking since 2010 and from 2006 until 2008, Risk and Collection from 2008 to 2010 and Planning and Control from 2009 until 2010. He also has served as Vice President of the International Relations and Foreign Trade Commission of Banco de la Nación Argentina from 2008 to 2014 and was Vice President of the Finance and Credit Policy Commission from 2006 to 2008. Mr. Acerbo was an Associate of the Treasury Division of the Ministry of Economy of Argentina in 2005, Advisor and associate in accounting, taxes and finance to the Chamber of Commerce, Industry and Production, Daireaux, Argentina from 1991 to 2001. Prior to that, Mr. Acerbo was Principal of Estudio Acerbo y Asociados from 1989 to 2005, member of the Development Commission of the Production Office of the Daireaux Municipality, Argentina from 2001 to 2004 and associate in tax policy for the creation of industrial parks in different districts of the Buenos Aires Province in Argentina from 1991 to 2001. Mr. Acerbo holds a degree of Public Accountant from Universidad Nacional del Sur, Argentina, and a degree of Chartered Accountant with honors from Colegio Nacional y Sección Comercial Anexa de Daireaux, Argentina. Mr. Acerbo's professional experience in the fields of tax, accounting and finance qualifies him to serve on the Board.

Roland Holst has served as Director of the Board since 2014. Dr. Holst has served as Director of the Board of Banco Central del Paraguay since 2012. He was Head of Fixed Income Research at State Street Global Markets in Boston, MA from 2007 to 2011 and Quantitative Analyst at Starmine Corp. in San Francisco, CA from 2006 to 2007. He was 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 Investment Manager from 1997 to 2001 and 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 skills qualify him to serve on the Board.

João Carlos de Nóbrega Pecego has served as Director of the Board since 2010. Mr. Pecego has served as Chief Executive Officer of Banco Patagonia, Argentina since 2014, Director of Visa Argentina since 2012, Vice President of Banco Patagonia, Argentina from 2011 to 2014, President of GPAT Compañía Financiera from 2012 to 2014 and Regional General Manager – Head of Latin America of Banco do Brasil based in Argentina since 2009. He has been employed by Banco do Brasil in various capacities since 1978, holding the positions of Executive Regional Manager of the South Region of Brazil (Rio Grande do Sul, Santa Catarina and Parana) from 2006 to 2009, Executive Manager responsible for Corporate and Project Finance from 2003 to 2006, Executive Manager of the Corporate Area of Banco do Brasil in Sao Paulo from 2000 to 2003, Regional Superintendent of the Sao Paulo Unit from 1995 to 2000, General Manager of the main agencies of Banco do Brasil in Sao Paulo from 1990 to 1995, and in various other capacities from 1978 to 1990. Mr. Pecego holds a degree in Business Administration from Universidad Costa Braga, Sao Paulo, a postgraduate degree in Business Management from Instituto San Luiz, Sao Paulo and an MBA in International Business from Fundación Don Cabral, Minais Gerais and in Marketing from Pontificia Universidade Católica do Rio de Janeiro –PUC-, Rio de Janeiro. Mr. Pecego's professional experience related to the banking industry qualifies him to serve on the Board.

Mario Covo has served as a Director of the Board since 1999. Dr. Covo is the Founding Partner of DanaMar LLC in New York, a financial consulting corporation established in 2013. He was Founding Partner of Helios Advisors in 2003, Founding Partner of Finaccess International, Inc. in 2000 and of Columbus Advisors in 1995, in New York. 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 Venezuela and Colombia. 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 where the Bank operates qualify him to serve on the Board.

Herminio A. Blanco has served as a Director of the Board since 2004. Dr. Blanco is the founder and CEO of Soluciones Estratégicas Consultoría, in Mexico City. Since October 2014, he has been the Chairman of the Board of IBERDROLA Mexico. Dr. Blanco is a founder of IQOM, a consulting corporation and a daily analytical electronic newspaper specializing in international trade in Latin America. Dr. Blanco has served on the boards of Banorte and CYDSA since 2006 and Arcelor Mittal Steel U.S. since 2004. He has been a member of the International Advisory Committee of Mitsubishi Corporation and the Trilateral Commission since 2000. He was the Secretary of Trade and Industry of Mexico from 1994 to 2000, the Undersecretary for International Negotiations from 1993 to 1994 and Mexico's Chief Negotiator of the North American Free Trade Agreement (NAFTA) from 1990 to 1993. Dr. Blanco was a member of the Council of Economic Advisors to the President of Mexico from 1985 to 1988. He was also responsible for the negotiation of a free trade agreement with the European Union and the European Free Trade Area and various other free trade agreements with Latin American countries and with Israel. Dr. Blanco also contributed to the launching of negotiations for the free trade agreement with Japan. He was Assistant Professor of Economics at Rice University, in Houston, Texas from 1980 to 1985. Dr. Blanco served as senior advisor to the Finance Minister of Mexico from 1978 to 1980. Dr. Blanco holds a B.A. in Economics from Instituto Tecnológico de Estudios Superiores de Monterrey, a M.A. and a Ph.D. in Economics from University of Chicago. Dr. Blanco's extensive experience and background in foreign trade along with his academic and consulting skills qualify him to serve on the Board.

Maria da Graça França has served as a Director of the Board since 2004. Ms. França served as Director of Internal Control of Banco do Brasil from 2006 to 2007. She also served in various other capacities during her tenure with Banco do Brasil, since 1971, as Head of North America and General Manager of Banco do Brasil, New York Branch from 2004 to 2005, Executive General Manager of the International Division in Brasilia, Brazil from 2002 to 2003, Regional Manager for the operations of the Bank in South America based in Argentina in 2002, General Manager of Banco do Brasil, Paris Branch from 1999 to 2002, Deputy General Manager of Banco do Brasil, Miami Branch from 1993 to 1999, General Manager of the department responsible for Banco do Brasil's foreign network from 1992 to 1993, Deputy General Manager for foreign exchange from 1989 to 1992, Assistant Manager within the Risk Management Area from 1988 to 1989, Assistant Manager for foreign exchange internal controls from 1984 to 1987 and employee in the Foreign Exchange Department from 1971 to 1984. Ms. França holds a degree in Economics and Accounting from Universidad Federal de Uberlandia-Minais Gerais, Brazil. Ms. França's experience managing operations and internal controls in international banking as well as her extensive tenure with Banco do Brasil, provide her unique insight, and qualify her to serve on the Board.

William Dick Hayes has served as a Director of the Board since 2004 and as a Director of Bladex Asset Management from 2008 to 2013. Mr. Hayes has served as President of Whaleco, Inc., New York since 1994, as Managing Director of MacGregor Design Development, LLC, Connecticut since 2006 and as Chairman and charter member of the Board of Directors and the Investment Committee of Tricon Forfaiting Fund Limited, Bermuda since 2000. He served as Managing Director-Emerging Markets and Global Head of Emerging Market Fixed Income Sales and in other Latin American regional capacities, based in London and New York, for West Merchant Bank, Chartered WestLB and Standard Chartered Merchant Bank from 1987 to 2000. Mr. Hayes served as Senior Vice President - Trading for Libra Bank Limited, New York Agency from 1986 to 1987, Principal of W.D. Hayes and Associates, California from 1984 to 1986, and in numerous administrative, lending and Latin American investment banking functions for Wells Fargo Bank, N.A., San Francisco, California from 1969 to 1984. Mr. Hayes holds a B.A. and MBA from Stanford University and he pursued additional graduate studies at Instituto Tecnológico y de Estudios Superiores de Monterrey. Mr. Hayes' diversified financial services industry experience, including his experience in emerging markets and exposure to international capital markets qualify him to serve on the Board.

Miguel Heras has served as a Director of the Board since April 16, 2015. Since 1999, Mr. Heras has served as Executive Director and a member board of Inversiones Bahia, Ltd. in Panama, the largest investment group in Central America, focusing on the financial, infrastructure, real estate, and communications areas. He leads the private equity and venture capital efforts of the group. He also serves on various other boards throughout Latin America, including Cable Onda since 2009, Sistemas de Generación S.A. (SIGSA) and the Biodiversity Museum since 2008, Televisora Nacional and Bahia Motors since 2007, and Industrias Panama Boston since 1999. Mr. Heras has served as Director of Banco Continental de Panama from 2002 to 2007 and was also a member of its ALCO Committee. In addition, Mr. Heras was the negotiator for the acquisition of several banking institutions and in 2007 he led the negotiation for the merger of Banco Continental with Banco General to create one of the largest banks in Central America. He was also a member of the board of directors of Amnet Telecommunications Holdings, the leading provider of pay TV and triple play services in Central America from 2005 to 2008, Tricom from 2009 to 2014, Vice Chairman of the board of Cable and Wireless (Panama) Inc. from 1997 to 1999 and a member of the board of the Panamanian Stock Exchange from 1999 to 2005. Mr. Heras was Minister of the Treasury of the Republic of Panama from 1996 to 1998 and President of the Council on Foreign Trade. He also served as Vice Minister of the Treasury from 1994 to 1996. Mr. Heras holds a Bachelor Degree in Economics from the Wharton School of Commerce and Finance at the University of Pennsylvania. Mr. Heras' professional expertise in economics, finance and private equity and his experience as a board member in different companies, qualify him to serve on the Board.

Gonzalo Menéndez Duque has served as a Director of the Board since 1990 and Chairman of the Board since 2002. Mr. Menéndez Duque is a senior director of the Luksic companies in Chile and serves as Director of the following Luksic group holding companies: Banco de Chile since 2001, Aguas de Antofagasta S.A. since 2004, Andsberg Investment Ltd. since 2007, Andsberg Ltd. since 2007, Antofagasta Group since 1997, Antofagasta PLC since 1985, Holdings Quiñenco since 1996, Socofin S.A. since 2010, Compañía Sudamericana de Vapores S.A. and SAAM since 2011, Sociedad Matriz SAAM S.A., since 2012 and Empresa Nacional de Energia Enex S.A. since 2013. In addition, he has served as President of Inversiones Vita S.A. and Director of Inversiones Vita Bis since 2000, all Luksic group companies. He also serves as Vice Chairman of Fundación Andrónico Luksic A. and Fundación Educacional Luksic since 2005, and Director of Inmobiliaria e Inversiones Rio Claro S.A. since 2013. Previously, Mr. Menéndez Duque served as Director and President of several companies related to Grupo Luksic since 1985, including the following: Banco de A. Edwards and related companies, Banco Santiago, Empresas Lucchetti, S.A., Banco O'Higgins, Banchile Corredores de Bolsa S.A. and Banchile Administradora General de Fondos. Mr. Menéndez Duque was previously the

Chairman of the Board of Bladex from 1995 to 1997. Mr. Menéndez holds a degree in Business Administration and Accounting with honors from Universidad de Chile. Mr. Menéndez Duque's skills, leadership and managerial experience in large complex organizations in various extensively regulated industries, and his experience as a board member in different companies, qualify him to serve on the Board.

Rubens V. Amaral Jr. has served as a Director of the Board and Chief Executive Officer of the Bank since August 2012. Prior to his appointment as the Chief Executive Officer, Mr. Amaral was Executive Vice President, Chief Commercial Officer of the Bank, and the alternate to the Chief Executive Officer since April 2004. He previously served as General Manager and Managing Director for North America at Banco do Brasil, New York Branch, and a Director of the Board of Bladex from 2000 to 2004. Mr. Amaral served in various capacities with Banco do Brasil since 1975, holding the positions of Managing Director of the International Division and alternate member of the board of directors in 1998, among others. Mr. Amaral also served as a representative in banking supervision for the Central Bank of Brazil from 1982 to 1988, and in various roles at institutions in the banking industry, including Honorary President of the Global Network of Exim Banks and Development Finance Institutions (G-Nexid) since 2013, Trustee of the Board of Trustees of the Institute of International Bankers - IIB, a member of the Advisory Board of the Center for Latin America Studies at the George Washington University, a member of the International Advisory Council at the Bankers Association for Finance and Trade - BAFT, and a Director of the Brazilian American Chamber of Commerce, in New York. He is a graduate in Economics, and he holds a special certification from the Association of Alumni of the Brazilian Superior School of War in Political and Economic Affairs. Mr. Amaral's extensive knowledge of Bladex in different capacities, his expertise in the financial services industry, as well as his managerial experience and strong leadership skills qualify him to serve on the Board.

See Item 10, "Additional Information – Memorandum and Articles of Association" for a description of the stockholders' voting rights with respect to the election of directors.

Executive Officers

The following table and information 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
Rubens V. Amaral Jr.	Chief Executive Officer	Brazil	55
Ulysses Marciano	Executive Vice President Chief Commercial Officer	Brazil	47
Daniel Otero	Executive Vice President Chief Risk Officer	Argentina	45
Miguel Moreno	Executive Vice President Chief Operating Officer	Colombia	61
Christopher Schech	Executive Vice President Chief Financial Officer	Germany	50
Gustavo Díaz	Executive Vice President Chief Audit Officer	Colombia	52

Presented below is a brief biographical description of each executive officer that is not a member of the Bank's Board:

Rubens V. Amaral Jr. Please see the information provided under “Directors” discussed above.

Ulysses Marciano Jr. has served as Executive Vice President, Chief Commercial Officer of the Bank since May 2012. Mr. Marciano previously served as Director of Corporate Banking & Governments of the Bank from 2008 to 2011. Prior to his reincorporation to Bladex, he was Executive Director of Corporate Banking of BBVA Representative Office, São Paulo, Brazil. He has served in various capacities with Banco Santander Brasil S/A since 2003, holding the positions of Senior Banker – Corporate & Investment Banking from 2006 to 2008, Senior Relationship Manager – Corporate & Investment Banking Group from 2004 to 2006. Mr. Marciano has an MBA degree from Instituto Brasileiro de Mercado de Capitais - IBMEC, a Post Graduate in Business Administration from Escola de Administração de Empresas da Fundação Getulio Vargas - FGV, and a B.S. degree in Economics from Oswaldo Cruz – São Paulo.

Daniel Otero has served as Executive Vice President, Chief Risk Officer of the Bank since August 2012. Mr. Otero has over 23 years of international financial experience. Prior to joining the Bank, he was Chief Risk Officer of Centro Financiero BHD, Santo Domingo, Dominican Republic from 2006 to 2012. Prior to that, he has served in various capacities with PricewaterhouseCoopers Buenos Aires, PricewaterhouseCoopers Santiago de Chile, and PricewaterhouseCoopers London since 1990. Mr. Otero is founder director of the Global Association of Risk Professionals and the Professional Risk Managers International Association, both in Argentina. He is a Certified Public Accountant from Universidad de Buenos Aires, Argentina.

Miguel Moreno has served as Executive Vice President, Chief Operating Officer of the Bank since July 2007. He previously served as Senior Vice President and Controller of the Bank since September 2001. He was a Management Consulting Partner for PricewaterhouseCoopers LLP, Bogotá, Colombia, from 1988 to 2001, and served as Vice President of Information Technology and Operations for Banco de Crédito, Bogotá, Colombia, from 1987 to 1988. Mr. Moreno served as Chief Executive Officer of TM Ingeniería, Bogotá, Colombia, from 1983 to 1987, and as Head of Industrial Engineering Department, Universidad de Los Andes, Colombia, from 1982 to 1984. Mr. Moreno was employed by SENA, Colombia, as Chief of the Organization and Systems Office, from 1977 to 1981, and served as Advisor to the Minister for the Finance and Public Credit Ministry of Colombia, from 1976 to 1977. Mr. Moreno holds a B.S. degree and a M.S. degree in Industrial Engineering, both from Universidad de Los Andes, in Colombia.

Christopher Schech has served as Executive Vice President, Chief Financial Officer of the Bank since 2012, and as Senior Vice President and Chief Financial Officer of the Bank since September 2009. Previously, Mr. Schech served as Chief Financial Officer in the Region International division at Volvo Financial Services, part of AB Volvo Group based in Gothenburg, Sweden, covering operations in Latin America, Eastern Europe, Asia and Australia. Prior to that, Mr. Schech served in various capacities in Audit, Finance, and Business Development at General Electric Company (GE), from 1996 to 2008. Mr. Schech's background also includes serving in various positions in the Financial Services Audit Division at Coopers & Lybrand Deutsche Revision in Frankfurt, Germany, from 1990 to 1996. Mr. Schech is a certified Public Tax Advisor, and holds a M.S. degree in Economic Studies from the University of Konstanz, Germany.

Gustavo Díaz has served as Executive Vice President, Chief Audit Officer of the Bank since February 2014. He previously served as Senior Vice President and Controller of the Bank since September 2009. Prior to joining the Bank, he served as Chief Audit Executive for Central American Bank for Economic Integration (CABEI) in Honduras covering operations in Central America, from 2000 to 2009. Prior to that, he served as Director of Internal Audit and Chief Compliance Officer for Corporación Financiera del Valle (Corfivalle) in Colombia, from 1994 to 2000. Mr. Díaz served in various capacities with KPMG Colombia and KPMG Chile, from 1985 to 1994 specializing in the financial industry. Mr. Díaz has an MBA and a M.S. degree in Professional Management, both from the University of Miami, a Postgraduate in Finance with a specialization in International Business from Universidad ICESI, Colombia, and B.S. degree in Accounting from Universidad Jorge Tadeo Lozano, Colombia. Mr. Díaz has CIA, CFSA, and CCSA certifications, granted by The Institute of Internal Auditors (IIA), and AML/CA certification granted by Florida International Bankers Association (FIBA) and Florida International University (FIU).

B. Compensation

Compensation Consultant

The Nomination and Compensation Committee has authority to retain compensation consulting firms to assist it in the evaluation of executive officer and employee compensation and benefit programs. During 2014, the Nomination and Compensation Committee did not retain or obtain the advice of any compensation consultant.

Cash and Stock-Based Compensation

Executive Officers Compensation

Annually, in order to incentivize the alignment and collaboration of all areas of the Bank, the Bank pays to its executive officers variable compensation, based on the extent to which each officer meets certain individual and corporate objectives which are defined by the Board of Directors. This variable compensation is paid in both cash and in stock options and/or restricted stock units.

The aggregate amount of cash compensation paid by the Bank during the year ended December 31, 2014, to the executive officers employed in the Bank's Head Office as a group for services in all capacities was $2,541,734. During the fiscal year ended December 31, 2014, the Bank accrued, and paid on February 19, 2015, performance-based bonuses to the Bank's executive officers in the aggregate amount of $1,364,931.

In February 2008, the Board approved the 2008 Stock Incentive Plan (the "2008 Plan"), which allows the Bank, from time to time, to grant restricted shares, restricted stock units, stock options and/or other stock-based awards to the directors, executive officers and non-executive employees of the Bank.

On February 11, 2014, the Bank granted to current executive officers 47,737 restricted stock units and 315,971 stock options. These stock options have an exercise price of $25.15 and an expiration date of February 11, 2021. The restricted stock units vest 25% per year, measured from the award date, on each anniversary of the award date. The options vest 25% per year, measured from the award date, on each anniversary of the award date. As of December 31, 2014, the compensation cost charged against the Bank's 2014 income in connection with these restricted stock units and stock options was $354,184. The total remaining compensation cost of $1,246,773 will be charged over a period of 3.12 years.

The Bank sponsors a defined contribution plan for its expatriate officers. The Bank's contributions are determined as a percentage of the eligible officer's annual salary, with each officer contributing an additional amount withheld from his salary. All contributions are administered by a trust through an independent third party. During 2014, the Bank charged to salaries expense $133,493 with respect to the contribution plan. As of December 31, 2014, the total amount set aside or accrued by the Bank under this plan amounted to $222,102.

2014 Chief Executive Officer Compensation

The 2014 compensation of the Bank's Chief Executive Officer included an annual base salary of $350,000, a performance-based cash bonus of $350,000, a performance-based restricted stock units grant with a value of $630,000, an aggregate of $14,000 from the Bank to the Chief Executive Officer’s contribution plan, and limited perquisites and other benefits amounting to $14,105. In addition, the Chief Executive Officer has a contractual severance payment of $350,000 in the event of his termination without cause.

Results of the 2014 Advisory Vote on Compensation of Executive Officers

At the Company’s annual meeting of shareholders held on April 16, 2014, our shareholders were asked to approve, on an advisory basis, the Bank's fiscal 2013 executive officers’ compensation programs (commonly referred to as “say on pay” proposal). A substantial majority (81.09%) of the votes cast on the say on pay proposal at that meeting were voted in favor of the proposal. The Nomination and Compensation Committee believes that these results affirm our shareholders’ support for the Bank’s approach to executive compensation, and therefore did not change its approach in 2014. The Nomination and Compensation Committee will continue working to ensure that the design of the Bank’s executive officers’ compensation program is focused on long-term shareholder value creation and emphasizes pay for performance.

Compensation and Risk

The Bank reviews and monitors the extent to which compensation practices and programs for senior executives and employees whose activities, individually or as a group, may create incentives for excessive risk taking.

In light of the actions referred to above, the Bank and the Board have not identified any risks arising from the Bank's compensation policies and practices that are reasonably likely to have a material adverse effect on the Bank. Furthermore, certain aspects of the Bank's executive compensation programs, such as the combination of performance-based short-term cash bonuses and performance-based long-term equity awards, reduce the likelihood of excessive risk-taking, and instead create incentives for senior executives to work for long-term growth of the Bank.

Board of Directors Compensation

Each non-employee director of the Bank receives an annual cash retainer of $85,000 for his or her services as a director and the Chairman of the Board receives an annual cash retainer in the amount of $135,000.

The Chairman of the Audit and Compliance Committee receives an additional annual retainer of $8,500 and the Chairmen of the Nomination and Compensation Committee, Risk Policy and Assessment Committee, and Finance and Business Committee (formerly the Assets and Liabilities Committee), each receives an additional annual retainer of $5,000. The non-Chairman members of the Audit and Compliance Committee receive an additional annual retainer of $3,000.

The aggregate amount of cash compensation paid by the Bank during the year ended December 31, 2014 to the directors of the Bank as a group for their services as directors was $1,134,875.

As approved by the Board of Directors on December 9, 2014, each non-employee director of the Bank receives an annual equity compensation of 6,000 restricted shares and the Chairman of the Board receives an annual equity compensation of 9,000 restricted shares, granted once a year under the 2008 Plan.

The aggregate number of restricted shares awarded during the year ended December 31, 2014, to non-employee directors of the Bank as a group under the 2008 Plan was 28,500 class E shares. As of December 31, 2014, the total cost for these restricted shares amounted to $862,125 of which $139,711 was registered during 2014, and the

remaining compensation cost of $722,414 for these restricted shares will be charged against income over a period of 2.54 years.

Beneficial Ownership

As of December 31, 2014, the Bank's executive officers and directors as a group, beneficially owned an aggregate of 358,987 class E shares, representing approximately 1.2% (based on 29,956,100 class E shares outstanding as of December 31, 2014) of all issued and outstanding class E shares as of such date. "Beneficial ownership" means the sole or shared power to vote or direct the voting or to dispose or direct the disposition of any security. A person is deemed to be the beneficial owner of securities that can be acquired within 60 days from December 31, 2014 through the exercise of any option or through the vesting of any restricted stock or restricted stock units. Ordinary shares subject to options that are currently exercisable or exercisable within 60 days, or that constitute restricted stock or restricted stock units that will vest within 60 days, are deemed outstanding for computing the beneficial ownership percentage of the person holding such options, restricted stock or restricted stock units, but are not deemed outstanding for computing the ownership percentage of any other person.

The following table sets forth information regarding beneficial ownership of the Bank's class E shares, including stock options, deferred equity units, and restricted stock units and holdings of unvested stock options, unvested deferred equity units, and unvested restricted stock units by the Bank's executive officers as of December 31, 2014. Except where noted, all holders listed below have sole voting power and investment power over the shares beneficially owned by them. Unless otherwise noted, the address of each person listed below is c/o Torre V, Business Park, Avenida La Rotonda, Urb. Costa del Este, Panama, Republic of Panama.

Name and Position of Executive Officer	**Number of Shares Owned as of Dec. 31, 2014** [(1)]	**Number of Shares that may be acquired within 60 days of Dec. 31, 2014** [(2)]	Total Number of Shares Beneficially Owned	Percent of Class Beneficially Owned	**Stock Options** [(3)]	**Unvested Restricted Stock Units (2008 Stock Incentive Plan)** [(4)]
Rubens V. Amaral Jr. Chief Executive Officer	94,525	91,687	186,212	*	218,750	23,523
Ulysses Marciano Jr. Executive Vice President Chief Commercial Officer	0	9,809	9,809	*	0	24,233
Miguel Moreno Executive Vice President Chief Operating Officer	0	13,975	13,975	*	6,396	14,210
Daniel Otero Executive Vice President Chief Risk Officer	0	3,026	3,026	*	0	7,549
Christopher Schech Executive Vice President Chief Financial Officer	265	14,192	14,457	*	18,229	13,221
Gustavo Díaz Executive Vice President Chief Audit Officer	2,300	4,181	6,481	*	0	6,556
Total	97,090	136,870	233,960		243,375	89,292

* Less than one percent of the outstanding class E shares.

(1) Includes shares purchased by the executive and restricted stock units or Deferred Equity Units vested and transferred to the executive as of such date.

(2) Includes vested traditional stock options, as well as options, restricted stock units that will vest within 60 days of December 31, 2014.

(3) Includes 236,979 and 6,396 stock options granted to executives officers on February 11, 2014 and February 14, 2012, respectively, under the 2008 Plan. Also, an aggregate amount of 27,808 and 3,319 stock options were granted

to other non-executive employees under the 2008 Plan on February 14, 2012 and February 15, 2011, respectively. The exercise price and expiration date of these stock options are as follows: Grant of February 11, 2014, exercise price of $25.15 and expiration date of February 11, 2021, Grant of February 14, 2012, exercise price of $18.93 and expiration date of February 14, 2019; Grant of February 15, 2011, exercise price of $17.81 and expiration date of February 15, 2018. Any unvested portion of the grants referenced above that will not vest within 60 days of December 31, 2014, is not deemed to be beneficially owned by the individuals listed in the table.

(4) Includes 35,805, 45,377 and 8,110 unvested restricted stock units granted to executive officers on February 11, 2014, February 5, 2013, and February 14, 2012, respectively, under the 2008 Plan; these restricted stock units vest 25% each year on the relevant grant date's anniversary. Also, an aggregate amount of 20,195, and 2,742 restricted stock units were granted to other non-executive officers under the 2008 Plan on February 14, 2012, and February 15, 2011, respectively. Any unvested portion of the grants referenced above that will not vest within 60 days of December 31, 2014, is not deemed to be beneficially owned by the individuals listed in the table.

The following table sets forth information regarding beneficial ownership of the Bank's class E shares, including restricted shares, indexed stock options, and stock options and holdings of unvested restricted shares, unvested indexed stock options, and unvested stock options by members of the Bank's Board, as of December 31, 2014:

Name of Director	**Number of Shares Owned as of Dec. 31, 2014 (1)**	**Number of Shares that may be acquired within 60 days of Dec. 31, 2014 (2)**	Total Number of Shares Beneficially Owned	Percent of Class Beneficially Owned	**Restricted Shares (3)**
Esteban Alejandro Acerbo (4)	0	0	0	*	0
João Carlos de Nóbrega Pecego (5)	0	0	0	*	0
Roland Holst	0	0	0	*	3,000
Mario Covo	21,765	0	21,765	*	8,362
Herminio Blanco	47,494	0	47,494	*	8,362
Maria da Graça França	14,040	0	14,040	*	8,362
William D. Hayes	8,127	0	8,127	*	8,362
Guillermo Güémez García(6)	3,762	0	3,762	*	7,260
Gonzalo Menéndez Duque	29,839	0	29,839	*	12,542
Total	125,027	0	125,027	*	56,250

* Less than one percent of the outstanding class E shares.

(1) Includes class E shares purchased by the director or restricted shares vested and transferred to the director pursuant to the 2003 Restricted Stock Plan and the 2008 Plan as of such date.

(2) Includes vested / unexercised traditional stock options.

(3) Includes unvested restricted class E shares granted under the Bank's 2008 Plan. An aggregate amount of 28,500 restricted shares were granted to directors on July 15, 2014; these restricted shares vest 35% in the first and second year and 30% in the third year on the relevant grant date's anniversary.

(4) 15,779 class E shares corresponding to Mr. Acerbo's entitlement under the 2008 Plan have been issued to his employer, Banco de la Nación Argentina.

(5) 15,779 class E shares corresponding to Mr. Pecego's entitlement under the 2008 Plan have been issued to his employer, Banco do Brasil.

(6) Mr. García ceased serving as a director on April 16, 2015.

Stock Ownership Policy for Directors and Executive Officers

Since October 2013, the Board of Directors has adopted share ownership guidelines for directors and executive officers. This policy enables the Bank to meet its objective of aligning directors' and executives' interests with those of the shareholders.

Under these guidelines each director, within three years of joining the Board, is required to accumulate 4,500 shares (6,750 for the Chairman of the Board), and to maintain at least this ownership level while serving as a member of the Board. Presently, all Board members are in compliance with the guidelines as they apply to them.

The Chief Executive Officer is required to own shares of the Bank's common stock worth at least two and a half times his annual base salary. Other executive officers are required to own stock equal to one time their annual base salary. These executive officers have up to seven years to comply with this share ownership requirement, measured from the later of the date of adoption of these guidelines or the date that they became subject to the guidelines. All executive officers named in the Beneficial Ownership table in this Annual Report on Form 20-F are in compliance with the guidelines as they apply to them.

The following elements are included in determining the director's and executive's share ownership for purposes of these guidelines: shares owned individually and by minor dependents or spouses; unvested restricted shares and restricted stock units, and vested or unvested stock options.

For additional information regarding stock options granted to executive officers and directors, see Item 18, "Financial Statements," note 17.

C. Board Practices

Non-Executive Officers of the Board, ("Dignatarios")

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

Name	Country of Citizenship	Position held by Dignatario with the Bank	Age
Gonzalo Menéndez Duque Director Banco de Chile, Chile	Chile	Chairman of the Board	66
Maria da Graça França	Brazil	Treasurer	66
Ricardo Manuel Arango Partner Arias, Fábrega & Fábrega	Panama	Secretary	54

For information regarding the date of expiration of the current term of office of the members of the Board and the period during which the directors have served in that office, see Item 6 "Directors and Executive Officers."

Committees of the Board

During the fiscal year ended December 31, 2014, the Board held seven meetings. Directors attended an average of 99% of the total number of Board meetings held during the fiscal year ended December 31, 2014.

The committees of the Board are composed of directors and executive officers of the Bank. The following table sets forth the five committees, of which four committees are currently outstanding, established by the Board, the number of director members of each committee, the total number of participants of each committee and the total number of meetings held by each committee during the fiscal year ended December 31, 2014:

Committee

	Number of director members	**Total number of participants (*)**	Total number of meetings held
Audit and Compliance Committee	5	7	6
Risk Policy and Assessment Committee	5	9	5
Assets and Liabilities Committee (**)	5	6	3
Finance and Business Committee (**)	4	6	2
Nomination and Compensation Committee	4	5	6

(*) In addition to director members, each committee is comprised of certain non-member participants, as described with respect to each committee below.

(**) On July 14, 2014 the Assets and Liabilities Committee was replaced by the Finance and Business Committee.

Audit and Compliance Committee

The Audit and Compliance Committee is a standing committee of the Board. According to its Charter, the Audit and Compliance Committee must be comprised of at least three directors. The current members of the Audit and Compliance Committee are Esteban Alejandro Acerbo (Chairman), Gonzalo Menéndez Duque, Herminio Blanco and Maria da Graça França. The current non-member participants of the Audit and Compliance Committee are Gustavo Díaz, Executive Vice President, Chief Audit Officer and Julio Javier Antelo, Vice President of Compliance.

The Board has determined that all members of the Audit and Compliance Committee are independent directors under the terms defined by applicable laws and regulations, including rules promulgated by the SEC under the Sarbanes-Oxley Act, Section 303A of the Manual for Companies listed on the NYSE-Euronext, and Rules No. 05-2011 and 05-2014 of the Superintendency of Banks of Panama. In addition, at least one of the members of the Audit and Compliance Committee is an "audit committee financial expert," as defined by the SEC in Item 407 of Regulation S-K. The Audit and Compliance Committee's financial expert is Gonzalo Menéndez Duque.

The purpose of the Audit and Compliance Committee is to provide assistance to the Board in fulfilling its oversight responsibilities regarding the processing of the Bank's financial information, the integrity of the Bank's financial statements, the Bank's system of internal controls over financial reporting, the performance of both the internal audit and the independent registered public accounting firm, the Bank's corporate governance, compliance with legal and regulatory requirements and the Bank's Code of Ethics. The Audit and Compliance Committee meets with each of the internal and independent auditors and the Bank's management to discuss the Bank's audited consolidated financial statements and management's discussion and analysis of financial condition and results of operations.

The Audit and Compliance Committee meets at least six times per year, as required by the Superintendency, or more often if the circumstances so require. During the fiscal year ended December 31, 2014, the committee met six times.

The Audit and Compliance Committee, in its capacity as a committee of the Board, is directly responsible for recommending to the shareholders the renewal or replacement of the Bank's independent auditors at the Annual Shareholders' Meeting, the compensation of the independent auditors (including the pre-approval of all audit and non-audit services) and oversight of the independent auditors, including the resolution of disagreements regarding financial reporting between the Bank's management and the independent auditors. The Bank's independent auditors are required to report directly to the committee.

The Charter of the Audit and Compliance Committee requires an annual self-evaluation of the committee's performance.

The Audit and Compliance Committee pre-approved all audit and non-audit services of the Bank's independent auditors in 2014.

The Audit and Compliance Committee's Charter may be found on the Bank's website at http://www.bladex.com/investors/Committees-bod-charters.

Risk Policy and Assessment Committee

The Risk Policy and Assessment Committee is a standing committee of the Board. The current members of the Risk Policy and Assessment Committee are Herminio Blanco (Chairman), Gonzalo Menéndez Duque, Mario Covo, William D. Hayes and Miguel Heras. The current non-member participants of the Risk Policy and Assessment Committee are Rubens V. Amaral Jr., Chief Executive Officer, Ulysses Marciano Jr., Executive Vice President, Chief Commercial Officer, Daniel Otero, Executive Vice President, Chief Risk Officer, and Christopher Schech, Executive Vice President, Chief Financial Officer.

The Risk Policy and Assessment Committee is responsible for reviewing and recommending to the Board, for their approval, all policies related to the prudent enterprise risk management of the Bank (credit, operational and market risk). The committee also reviews and evaluates the exposures, within the risk levels the Bank is willing to take, depending on the Bank's business management, including the quality and profile of the Bank's Credit Facilities, the exposure and analysis to market risks and operational risks, which take into account the legal risks associated with the Bank's products and services.

The Risk Policy and Assessment Committee performs its duties through the review of periodic reports from Risk Management, and by way of its interaction with the Chief Risk Officer and other members of the Bank's management. The Risk Policy and Assessment Committee meets at least four times per year. During the fiscal period ended December 31, 2014, the Risk Policy and Assessment Committee held five meetings.

The Risk Policy and Assessment Committee Charter may be found on the Bank's website at http://www.bladex.com/investors/Committees-bod-charters.

Assets and Liabilities Committee

The Assets and Liabilities Committee was a standing committee of the Board until its dissolution on July 14, 2014, by decision of the Board of Directors. The Assets and Liabilities Committee was replaced by the Finance and Business Committee.

The members of the Assets and Liabilities Committee were Guillermo Güémez García (Chairman), Mario Covo, William Dick Hayes, João Carlos de Nóbrega Pecego and Roland Holst.

The Assets and Liabilities Committee was responsible for reviewing and recommending to the Board all policies related to the Bank's management of assets and liabilities to meet profitability, liquidity, and market risk control objectives. As part of its responsibilities, the committee reviewed and recommended to the Board, among other things, policies related to the Bank's funding, interest rate and liquidity gaps, liquidity investments, securities investments, derivative positions, funding strategies, and market risk.

The Assets and Liabilities Committee carried out its duties by reviewing periodic reports received from the Bank's management, and by way of its interaction with the Executive Vice President-Chief Financial Officer and other members of the Bank's management. During the fiscal year ended December 31, 2014, the Assets and Liabilities Committee held three meetings.

Finance and Business Committee

The Finance and Business Committee is a standing committee of the Board. The Finance and Business Committee was created on July 14, 2014. The Finance and Business Committee replaced the Assets and Liabilities Committee of

the Board.

The current members of the Finance and Business Committee are Mario Covo (Chairman), William D. Hayes, Roland Holst, João Carlos de Nóbrega Pecego and Miguel Heras. The current non-member participants of the Finance and Business Committee are Ulysses Marciano Jr., Executive Vice President, Chief Commercial Officer and Christopher Schech, Executive Vice President, Chief Financial Officer.

The Finance and Business Committee meets at least five times per year. During the fiscal year ended December 31, 2014, the committee held two meetings, since its creation on July 14, 2014.

The fundamental role of the Finance and Business Committee is to review and analyze all issues related to the development and execution of the Bank's business and its financial management, including, among others, capital management, portfolio management (assets and liabilities), liquidity management, gap and funding management, tax related matters and, the financial performance of the Bank in general.

The Finance and Business Committee Charter may be found on the Bank's website at http://www.bladex.com/investors/Committees-bod-charters.

Nomination and Compensation Committee

The Nomination and Compensation Committee is a standing committee of the Board. No member of the Nomination and Compensation Committee can be an employee of the Bank. The Board has determined that all members of the Nomination and Compensation Committee are independent under the terms defined by applicable laws and regulations, including rules promulgated by the SEC under the Sarbanes-Oxley Act, Section 303A of the Manual for Companies listed on the NYSE-Euronext, and Rules No. 05-2011 and 05-2014 of the Superintendency of Banks of Panama. The current members of the Nomination and Compensation Committee are João Carlos de Nóbrega Pecego (Chairman), Esteban Alejandro Acerbo, Maria da Graça França and Roland Holst. The current non-member participant of the Nomination and Compensation Committee is Miguel Moreno, Executive Vice President, Chief Operating Officer.

The Nomination and Compensation Committee meets at least five times per year. During the fiscal year ended December 31, 2014, the Nomination and Compensation Committee held six meetings.

The Nomination and Compensation Committee's primary responsibilities are to assist the Board by identifying candidates to become Board members and recommending nominees for the annual meetings of shareholders; by making recommendations to the Board concerning candidates for Chief Executive Officer and counseling on succession planning for executive officers; by recommending compensation for Board members and committee members, including cash and equity compensation; by recommending compensation policies for executive officers and employees of the Bank, including cash and equity compensation, policies for senior management and employee benefit programs and plans; by reviewing and recommending changes to the Bank's Code of Ethics; and by advising executive officers on issues related to the Bank's personnel.

The Nomination and Compensation Committee will consider qualified director candidates recommended by shareholders. All director candidates will be evaluated in the same manner regardless of how they are recommended, including recommendations by shareholders. For the current director nominees, the committee considers candidate qualifications and other factors, including, but not limited to, diversity in background and experience, industry knowledge, educational level and the needs of the Bank. Shareholders can mail any recommendations and an explanation of the qualifications of the candidates to the Secretary of the Bank at Torre V, Business Park, P.O. Box 0819-08730, Panama City, Republic of Panama.

Although the Bank does not have a formal policy or specific guidelines for the consideration of diversity by the Nomination and Compensation Committee in identifying nominees for director, diversity is one of the factors the Nomination and Compensation Committee considers. The Nomination and Compensation Committee generally views and values diversity from the perspective of professional and life experiences, and recognizes that diversity in professional and life experiences may include considerations of gender, race, national origin or other characteristics, in identifying individuals who possess the qualifications that the Committee believes are important to be represented on

the Board. The current composition of the Bank's Board of Directors, where out of a total of ten members, six different nationalities are represented, reflects the importance given to diversity by the Nomination and Compensation Committee.

The Charter of the Nomination and Compensation Committee requires an annual self-evaluation of the committee's performance.

The Nomination and Compensation Committee Charter may be found on the Bank's website at http://www.bladex.com/investors/Committees-bod-charters.

Mr. Rubens V. Amaral Jr. is the only executive officer who serves as a member of the Board. None of the Bank's executive officers serve as a director or a member of the Nomination and Compensation Committee, or any other committee serving an equivalent function, of any other entity that has one or more of its executive officers serving as a member of the Board or the Nomination and Compensation Committee. None of the members of the Nomination and Compensation Committee has ever been an employee of the Bank.

Corporate Governance Practices

The Board has decided not to establish a corporate governance committee. Given the importance that corporate governance has for the Bank, the Board decided to address all matters related to corporate governance at the Board level. Further, the Audit and Compliance Committee is responsible for promoting continued improvement in the Bank's corporate governance and verifying compliance with all applicable policies.

The Bank has included the information regarding its corporate governance practices necessary to comply with Section 303A of the NYSE's Listed Company Manual/Corporate Governance Rules on its website at http://www.bladex.com.

Shareholders, employees of the Bank, and other interested parties may communicate directly with the Board by corresponding to the address below:

Board of Directors of Banco Latinoamericano de Comercio Exterior, S.A.
c/o Mr. Gonzalo Menéndez Duque

Director and Chairman of the Board of Directors
Torre V, Business Park

Avenida La Rotonda, Urb. Costa del Este

P.O. Box 0819-08730

Panama City, Republic of Panama

In addition, the Bank has selected EthicsPoint, an on-line reporting system, to provide shareholders, employees of the Bank, and other interested parties with an alternative channel to report anonymously, any actual or possible violations of the Bank's Code of Ethics, as well as other work-related situations or irregular or suspicious transactions, accounting matters, internal audit or accounting controls. In order to file a report, a link is provided on the Bank's website at http://www.bladex.com.

Advisory Council

The Advisory Council was created by the Board in April 2000 pursuant to the powers granted to the Board under the Bank's Articles of Incorporation. On December 9, 2014 the Board of Directors decided to dismiss the Advisory Council, until such time as the Board has evaluated its role. The duties of Advisory Council members consisted primarily of providing advice to the Board with respect to the business of the Bank in their areas of expertise. Each member of the Advisory Council received $5,000 for each Advisory Council meeting attended. The aggregate amount of fees for services rendered by the Advisory Council during the fiscal year ended December 31, 2014 amounted to $30,000 corresponding to the participation of six members. During the fiscal year ended December 31, 2014, the Advisory Council met once. The following table sets forth the names, positions, countries of citizenship and ages of the members of the Advisory Council of the Bank during 2014 until its dissolution December 9, 2014:

Name	Position	Country of Citizenship	Age
Roberto Feletti	Member of the National Chamber of Deputies, President of the Congressional Budgetary and Treasury Commission of Argentina	Argentina	56
Roberto Teixeira da Costa	Board Member Sul America, S.A.	Brazil	80
Carlos Martabit	General Manager, Finance Division BancoEstado	Chile	61
Santiago Perdomo	President Banco Colpatria, Multibanca Colpatria	Colombia	57
Alberto Motta, Jr.	President Inversiones Bahía Ltd.	Panama	68
Enrique Cornejo	Director Soluciones Consultores Internacionales SAC	Peru	58
Jaime Rivera	Former Chief Executive Officer of Bladex Panama	Guatemala	61

D. Employees

The following table presents the total number of permanent employees, geographically distributed, at the dates indicated:

	As of December 31,		
	2014	2013	2012
Bladex Head Office in Panama	140	136	137
New York Agency	4	4	4
Bladex Asset Management	0	0	7
Representative Office in Argentina	6	6	4
Representative Office in Brazil	14	15	17
Representative Office in Mexico	14	13	14
Florida International Administrative Office (*)	6	7	9
Representative Office in Colombia	4	4	3
Representative Office in Peru	7	6	6
Total Number of Permanent Employees	195	191	201

(*) The Bank’s international administrative office located in Miami ceased operations during the first quarter of 2015.

E. Share Ownership

See Item 6.B, “Directors, Executive Officers and Employees/Compensation/Beneficial Ownership.”

Item 7. Major Stockholders and Related Party Transactions

A. Major Stockholders

As of December 31, 2014, the Bank was not directly or indirectly owned or controlled by another corporation or any foreign government, and no person was the registered owner of more than 6.7% of the total outstanding shares of voting capital stock of the Bank.

The following table sets forth information regarding the Bank's shareholders that are the beneficial owners of 5% or more of any one class of the Bank's voting stock, on December 31, 2014:

	As of December 31, 2014		
	Number of Shares	% of Class	% of Total Common Stock
Class A Common Stock			
Banco de la Nación Argentina [1] Bartolomé Mitre 326 1036 Buenos Aires, Argentina	1,045,348	16.5	2.7
Banco do Brasil [2] SBS ED. Sede 111-24º Andar CEP 70.073—901 Brasilia, Brazil	974,551	15.4	2.5
Banco de Comercio Exterior de Colombia Edif. Centro de Comercio Internacional Calle 28 No. 13A-15 Bogotá, Colombia	488,547	7.7	1.3
Banco de la Nación (Perú) Ave. Republica de Panamá 3664 San Isidro, Lima, Perú	446,556	7.0	1.2
Banco Central del Paraguay Federación Rusa y Augusto Roa Bastos Asunción, Paraguay	434,658	6.9	1.1
Banco Central del Ecuador Ave. 10 de Agosto N11- 409 y Briceño Quito, Ecuador	431,217	6.8	1.1
Banco del Estado de Chile Ave. Libertador Bernardo O'Higgins 1111 Santiago, Chile	323,413	5.1	0.8
Sub-total shares of Class A Common Stock	4,144,290	65.4	10.7
Total Shares of Class A Common Stock	6,342,189	100.0	16.4

Class B Common Stock	Number of Shares	% of Class	% of Total Common Stock
Banco de la Provincia de Buenos Aires. San Martin 137 C1004AAC Buenos Aires, Argentina	884,461	35.7	2.3
Banco de la Nación Argentina Bartolomé Mitre 326	295,945	11.9	0.8

1036 Buenos Aires, Argentina			
The Korea Exchange Bank			
181, Euljiro 2GA	147,173	5.9	0.4
Jungu, Seoul, Korea			
Sub-total shares of Class B Common Stock	1,327,579	53.6	3.4
Total Shares of Class B Common Stock	2,479,050	100.0	6.4

Class E Common Stock	Number of Shares	% of Class	% of Total Common Stock
First Trust Portfolios LP [3]			
120 East Liberty Drive, Suite 400	2,586,468	8.7	6.7
Wheaton, Illinois 60187			
LSV Asset Management [4]			
155 N. Wacker Drive, Suite 4600	1,596,638	5.3	4.1
Chicago, Illinois 60606			
Sub-total shares of Class E Common Stock	4,183,106	14.0	10.8
Total Shares of Class E Common Stock	29,956,100	100.0	77.2

Class F Common Stock	Number of Shares	% of Class	% of Total Common Stock
Total Shares of Class F Common Stock	0	0.0	0.0
Total Shares of Common Stock	38,777,339		100.0

(1) Does not include an aggregate of 23,061 Class E shares corresponding to former Directors' entitlements under the 2008 Stock Incentive Plan, that were issued to their employer, Banco de la Nación Argentina.

(2) Does not include an aggregate of 24,259 Class E shares corresponding to former Directors' entitlements under the 2003 Restricted Stock Plan and the 2008 Stock Incentive Plan that were issued to their employer, Banco do Brasil.

(3) Source: Schedule 13G/A (Amendment No. 1) filing with the U.S. Securities and Exchange Commission dated January 27, 2015.

(4) Source: Schedule 13F – HR filing with the U.S. Securities and Exchange Commission dated February 4, 2015.

All common shares have the same rights and privileges regardless of their class, except that:

- The affirmative vote of three-quarters (3/4) of the issued and outstanding Class A shares is required (1) to dissolve and liquidate the Bank, (2) to amend certain material provisions of the Articles of Incorporation, (3) to merge or consolidate the Bank with another entity and (4) to authorize the Bank to engage in activities other than those described in its Articles of Incorporation;
- The Class E shares are freely transferable without restriction to any person, while the Class A shares, Class B shares and Class F shares can only be transferred to qualified holders of each class;
- The Class B shares and Class F shares may be converted into Class E shares;
- The holders of Class A shares, Class B shares and Class F shares benefit from pre-emptive rights in respect of shares of the same class of shares owned by them that may be issued by virtue of a capital increase, in proportion to the shares of the class owned by them, but the holders of Class E shares do not; and
- All classes vote separately for their respective directors. The holders of the Class A common shares have the right to elect three (3) Directors; the holders of the Class E common shares can elect five (5) Directors; and the holders of the Class F common shares have the right to elect one (1) Director, so long as the number of issued and outstanding Class F common shares is equal to or greater than fifteen per cent (15%) of the total number of issued and outstanding common shares of the corporation.

Set forth below are the number of shares of each class of the Bank's stock issued and outstanding as of the dates hereto:

Class of Shares	Number of Shares Outstanding as of December 31, 2014	Number of Shares Outstanding as of December 31, 2013
Class A Common Shares	6,342,189	6,342,189
Class B Common Shares	2,479,050	2,520,422
Class E Common Shares	29,956,100	29,710,556
Class F Common Shares	0	0
Total Common Shares	38,777,339	38,573,167

As of December 31, 2014, the Bank's Class A common shares outstanding stood at the same level as of December 31, 2013. Class B common shares were nearly unchanged from 2013 except for minor conversions to Class E common shares in 2014. Class E common shares outstanding increased by 0.2 million shares during the same period mostly as a result of exercised of stock options of Bank's executive officers and directors.

As of December 31, 2014, there were a total of 61 holders of record of our Class E shares, of which 17 were registered with addresses in the United States. Such United States record holders were, as of such date, the holders of record of approximately 99.3% of our outstanding Class E shares. The number of record holders in the United States is not representative of the number of beneficial holders nor is it representative of where such beneficial holders are resident since many of these ordinary shares were held of record by brokers or other nominees. None of our Class A shares or Class B shares are held in the United States.

The Bank had no preferred stock issued and outstanding as of December 31, 2014.

B. Related Party Transactions

Certain directors of the Bank are also directors and executive officers of banks and/or other companies located in Latin America, the Caribbean and elsewhere. Certain banks and/or other companies own shares of the Bank's common stock.

As of December 31, 2014, the Bank had extended loans, in the ordinary course of business, to two entities whose directors and/or executive officers are also directors of the Bank. These entities were:

i) Ingenio Presidente Benito Juarez, in which the Bank's former director Guillermo Güémez García is also a director of one of such borrower's parent companies. Two loans were made to Ingenio Presidente Benito Juarez on August 20, 2014 and November 26, 2014, respectively, in the total principal amount of $40 million, with a weighted average interest rate of 4.08%.

ii) Valores Quimicos, S.A., in which the Bank's director Herminio Blanco is also a director of one of such borrower's parent companies. Two loans were made to Valores Quimicos, S.A. on December 9, 2014, in the total principal amount of $19 million, with a weighted average interest rate of 2.61%.

All of the abovementioned loans were granted for commercial business purposes. The terms and conditions of the loan transactions, including interest rates and collateral requirements, are the same as the terms and conditions of comparable loan transactions entered into with other persons under similar market conditions. As a matter of policy, directors of the Bank do not participate in the approval process for Credit Facilities extended to institutions in which they are executive officers or directors, nor do they participate with respect to decisions regarding country exposure limits in countries in which the institutions are domiciled.

As of December 31, 2014 and 2013, the Bank had credit transactions in the normal course of business with 15% and 20%, respectively, of its Class "A" and "B" stockholders. All transactions are made based on arm's-length terms and subject to prevailing commercial criteria and market rates and are subject to all of the Bank's Corporate Governance and control procedures. As of December 31, 2014 and 2013, approximately 8% and 12%, respectively, of the outstanding loan portfolio is placed with the Bank's Class "A" and "B" stockholders and their related parties. As of December 31, 2014, 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 registered owner of more than 3.5% of the total outstanding shares of the voting capital stock of the Bank.

C. Interests of Experts and Counsel

Not required in this Annual Report.

Item 8. Financial Information

A. Consolidated Statements and Other Financial Information

The information included in Item 18 of this Annual Report is referred to and incorporated by reference into this Item 8.A.

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.

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 December 8, 2014, the Bank’s Board, approved an increase in quarterly dividends distributed to holders of common shares from $0.35 to $0.385 per share pertaining to the fourth quarter of 2014. This $0.035 or 10%, increase in quarterly dividends underlined the Board’s commitment to continue its established dividend approach that reflects the development and growth of the Bank’s core business.

On December 10, 2013, the Bank's Board, approved an increase in quarterly dividends distributed to holders of common shares from $0.30 to $0.35 per share pertaining to the fourth quarter of 2013. This 17% increase in quarterly dividends reaffirmed the Bank's commitment to continuing its established dividend approach that reflects the development and growth of the Bank's core business.

On January 17, 2012 the Bank increased quarterly dividends from $0.20 to $0.25 per share of common stock, corresponding to the fourth quarter of 2011, and from $0.25 to $0.30 per share of common stock in the third quarter of 2012.

During 2014, Bladex declared $55.6 million in quarterly dividends, compared to $48.1 million in 2013, and $43.6 million in 2012.

No special dividends were declared during 2014, 2013 and 2012.

The following table presents information about common dividends paid on the dates indicated:

Payment date	Record date	Dividend per share	
January 13, 2015	January 5, 2015	$	0.385
November 7, 2014	October 27, 2014	$	0.35
August 5, 2014	July 28, 2014	$	0.35
May 6, 2014	April 28, 2014	$	0.35
January 14, 2014	January 6, 2014	$	0.35
November 6, 2013	October 28, 2013	$	0.30
August 6, 2013	July 29, 2013	$	0.30
May 7, 2013	April 29, 2013	$	0.30
February 8, 2013	February 1, 2013	$	0.30
November 1, 2012	October 26, 2012	$	0.30
August 7, 2012	July 30, 2012	$	0.25
May 10, 2012	April 30, 2012	$	0.25
February 9, 2012	January 31, 2012	$	0.25
November 8, 2011	October 31, 2011	$	0.20
August 9, 2011	August 1, 2011	$	0.20
May 9, 2011	May 2, 2011	$	0.20
February 11, 2011	February 3, 2011	$	0.20

The following table presents information about preferred dividends paid on the dates indicated:

Payment date	Record date	Dividend per share
May 15, 2006	April 28, 2006	$ 2.22
November 15, 2005	October 31, 2005	$ 2.18
May 16, 2005	April 29, 2005	$ 2.15
November 15, 2004	November 8, 2004	$ 1.90
May 17, 2004	April 30, 2004	$ 0.40

The Bank has no preferred shares issued and outstanding as of December 31, 2014.

B. Significant Changes

The Bank's international administrative office located in Miami, or the Florida Administrative Office, ceased operations during the first quarter of 2015. No other significant change has occurred since the date of the annual financial statements (December 31, 2014).

Item 9. The Offer and Listing

A. Offer and Listing Details

The Bank's Class E shares are listed on the NYSE under the symbol "BLX." The following table shows the high and low market prices of the Class E shares on the NYSE for the periods indicated:

	Price per Class E Share (in $) [1]	
	High	Low
2014	34.90	24.29
2013	28.82	21.70
2012	23.15	16.00
2011	19.03	14.84
2010	18.99	11.87
2015:		
March	33.34	30.82
February	32.37	27.81
January	30.46	26.66
2014:		
December	33.27	30.01
November	34.53	31.40
October	33.80	29.38
2015:		
First Quarter	33.34	26.66
2014:		
First Quarter	27.74	24.29
Second Quarter	29.81	24.90
Third Quarter	34.90	29.25
Fourth Quarter	34.53	29.38
2013:		
First Quarter	25.39	21.79
Second Quarter	25.29	21.70
Third Quarter	26.37	22.37
Fourth Quarter	28.82	24.30

[1] Corresponds to the highest and lowest sales price of the stock at any time during any given trading day. Source from NYSE Euronext.

B. Plan of Distribution

Not required in this Annual Report.

C. Markets

The Bank's Class A shares and Class B shares were sold in private placements or sold in connection with the Bank's 2003 rights offering, are not listed on any exchange and are not publicly traded. The Bank's Class E shares, which constitute the only class of shares publicly traded (listed on the NYSE), represent 77.2% of the total shares of the Bank's common stock issued and outstanding as of December 31, 2014. The Bank's Class B shares are convertible into Class E shares on a one-to-one basis. There are no issued or outstanding shares regarding the Class F shares.

D. Selling Shareholders

Not required in this Annual Report.

E. Dilution

Not required in this Annual Report.

F. Expenses of the Issue

Not required in this Annual Report.

Item 10. Additional Information

A. Share Capital

Not required in this Annual Report.

B. Memorandum and Articles of Association

Articles of Incorporation

Bladex is a bank organized under the laws of the Republic of Panama, and its Articles of Incorporation are recorded in the Public Registry Office of Panama, Republic of Panama, Section of Mercantile Persons, at microjacket 021666, roll 1050 and frame 0002.

Article 2 of Bladex's Articles of Incorporation states that the purpose of the Bank is to promote the economic development and foreign trade of Latin American countries. To achieve this purpose, the Bank may engage in any banking or financial business, investment or other activity intended to promote the foreign trade and economic development of countries in Latin America. The Articles of Incorporation provide that Bladex may engage in activities beyond those described above provided that it has obtained stockholder approval in a resolution adopted upon the affirmative majority vote of the common shares, either present or represented, in a meeting of stockholders called to obtain such authorization, including the affirmative vote of the holders of three-fourths (3/4) of the Class A shares issued and outstanding.

Bladex's Articles of Incorporation provide that the Board shall direct and control the business and management of the assets of the Bank, except for those matters specifically reserved to stockholders by law or the Articles of Incorporation. The Board, however, may grant general and special powers of attorney authorizing directors, officers and employees of the Bank or other persons to transact such business and affairs within the competence of the Board, as the Board may deem convenient to entrust to such persons.

The Articles of Incorporation of Bladex do not contain provisions limiting the ability of the Board to approve a proposal, arrangement or contract in which a Director is materially interested, or limiting the ability of the Board to fix the compensation of its members. In addition, the Articles of Incorporation of Bladex do not contain provisions requiring the mandatory retirement of a Director at any prescribed age, or requiring a person to own a certain number of shares to qualify as a Director.

The Board consists of ten members: three Directors elected by the holders of the Class A common shares; five Directors elected by the holders of the Class E common shares; and two Directors elected by the holders of all common shares. For so long as the number of Class F common shares issued and outstanding is equal to or greater than fifteen percent (15%) of the total number of common shares issued and outstanding, the holders of the Class F common shares will have the right to elect one director and the Board will consist of eleven members. As of December 31, 2014, no Class F shares or preferred shares were issued and outstanding.

The Directors are elected by stockholders for periods of three (3) years and they may be re-elected. The holders of the Class A, Class E and Class F shares vote separately as a class in the election of Directors representing their respective class. In the election of Directors, each stockholder of each class electing a Director has a number of votes equal to the number of shares of such class held by such stockholder multiplied by the number of Directors to be elected by such class. The stockholder may cast all votes in favor of one candidate or distribute them among two or more of the Directors to be elected, as the shareholder may decide.

All common shares have the same rights and privileges regardless of their class, except that:

- the affirmative vote of three-quarters (3/4) of the issued and outstanding Class A shares is required (A) to dissolve and liquidate the Bank, (B) to amend certain material provisions of the Articles of Incorporation, (C) to merge or consolidate the Bank with another entity and (D) to authorize the Bank to engage in activities other than those described as the purposes of the Bank in its Articles of Incorporation;
- the Class E shares are freely transferable, but the Class A shares, Class B shares and Class F shares may only be transferred to qualified holders;
- the Class B shares and Class F shares may be converted into Class E shares;
- the holders of Class A shares, Class B shares and Class F shares benefit from pre-emptive rights, but the holders of Class E shares do not;
- the classes vote separately for their representative directors; and
- the rights, preferences, privileges and obligations of the preferred shares are determined by the Board at the time of their issuance in a certificate of designation.

Under the Bank's Articles of Incorporation, preferred shares have no voting rights, except in accordance with their certificate of designation mentioned above. Holders of preferred shares will have the right to elect one Director only upon a default in the terms of such preferred shares and only if contemplated in the certificate of designation. In the event the holders of the preferred shares are entitled to elect a Director, the total number of Directors in the Board will be increased by one. The rights of the holders of the common shares may be changed by an amendment to the Articles of Incorporation of the Bank.

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

The Articles of Incorporation of Bladex provide that there will be a general meeting of holders of the common shares every year, on such date and in such place as may be determined by resolution of the Board, to elect Directors and transact any other business duly submitted to the meeting by the Board. In addition, extraordinary meetings of holders of the common shares may be called by the Board, as it deems necessary. The Board or the Chairman of the Board must call an extraordinary meeting of holders of the common shares when requested in writing by one or more holders of common shares representing at least one-twentieth (1/20) of the issued and outstanding capital.

Notice of meetings of stockholders, whether ordinary or extraordinary, are personally delivered to each registered shareholder or sent by fax, telex, courier, air mail or any other means authorized by the Board of the Directors, at least 30 days before the date of the meeting, counted from the date that the notice is sent. The notice of the meeting must include the agenda of the meeting. At any meeting of stockholders, stockholders with a right to vote may be represented by a proxy, who need not be a shareholder and who may be appointed by public or private document, with or without power of substitution.

Upon request to the Board or the Chairman of the Board, stockholders representing at least one-twentieth (1/20) of the issued and outstanding shares of any given class may hold a meeting separately as a class for the purpose of considering any matter which, in accordance with the provisions of the Articles of Incorporation and the By-laws, is within their competence. In order to have a quorum at any meeting of stockholders, a majority of the common shares issued and outstanding must be represented at the meeting. Whenever a quorum is not obtained at a meeting of stockholders, the meeting shall be held on the second date set forth in the notice of the meeting. All resolutions of stockholders shall be adopted by the affirmative majority vote of the common shares represented at the meeting where the resolution was adopted, except where a super-majority vote of the Class A shareholders is required, as described above.

Class A shares may be issued only as registered shares in the name of the following entities in Latin American countries: (i) central banks, (ii) banks in which the State is the majority shareholder or (iii) other government agencies. Class B shares may be issued only in the name of banks or financial institutions. Class E shares and preferred shares may be issued in the name of any person, whether a natural person or a legal entity. Class F shares may be issued only (i) in the name of state entities or agencies of countries that are not Latin American countries, including central banks and banks in which the State is the majority shareholder or (ii) in the name of multilateral financial institutions, whether international or regional.

Neither Bladex's Articles of Incorporation nor its By-laws contain any provision requiring disclosure with respect to a shareholder's ownership above a certain threshold.

The Amended and Restated Articles of Incorporation were filed as an exhibit to the Form 20-F for the fiscal year ended December 31, 2008 filed with the SEC on June 26, 2009 and the By-Laws were filed as an exhibit to the Form 20-F for the fiscal year ended December 31, 2009 filed with the SEC on June 11, 2010.

C. Material Contracts

The Bank has not entered into any material contract outside the ordinary course of business during the two-year period immediately preceding the date of this Annual Report.

D. Exchange Controls

Currently, there are no restrictions or limitations under Panamanian law on the export or import of capital, including foreign exchange controls, the payment of dividends or interest, or the rights of foreign stockholders to hold or vote stock.

E. Taxation

The following is a summary of certain U.S. federal and Panamanian tax matters that may be relevant with respect to the acquisition, ownership and disposition of the Bank's Class E shares. Prospective purchasers of Class E shares should consult their own tax advisors as to the United States, Panamanian or other tax consequences of the acquisition, ownership and disposition of Class E shares. The Bank may be subject to the tax regime of other countries or jurisdictions due to its operations.

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

United States Taxes

This summary describes the material U.S. federal income tax consequences of the ownership and disposition of the Class E shares, but does not purport to be a comprehensive description of all of the tax considerations that may be relevant to holders of Class E shares. This summary applies only to current holders that hold Class E shares as capital assets for U.S. federal income tax purposes and does not address classes of holders that are subject to special treatment under the United States Internal Revenue Code of 1986, as amended (the "Code") such as dealers in securities or currencies, financial institutions, tax-exempt entities, regulated investment companies, insurance companies, securities traders that elect mark-to-market tax accounting, persons subject to the alternative minimum tax, certain U.S. expatriates, persons holding Class E shares as part of a hedging, constructive ownership or conversion transaction or a straddle, holders whose functional currency is not the U.S. dollar, or a holder that owns 10% or more (directly, indirectly or constructively) of the voting shares of the Bank.

This summary is based upon the Code, existing, temporary and proposed regulations promulgated thereunder, judicial decisions and administrative pronouncements, all as in effect on the date of this Annual Report and which are subject to change (possibly on a retroactive basis) and to differing interpretations. Purchasers or holders of Class E shares should consult their own tax advisors as to the U.S. federal, state and local, and foreign tax consequences of the ownership and disposition of Class E shares in their particular circumstances.

As used herein, a “U.S. Holder” refers to a beneficial holder of Class E shares that is, for U.S. federal income tax purposes, (1) an individual citizen or resident of the United States, (2) a corporation, or an entity treated as a corporation, organized or created in or under the laws of the United States or any political subdivision thereof, (3) an estate the income of which is subject to U.S. federal income taxation without regard to the source of its income, (4) a trust, if both (A) a court within the United States is able to exercise primary supervision over the administration of the trust and (B) one or more U.S. persons (as defined in the Code) have the authority to control all substantial decisions of the trust, or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust, and (5) any holder otherwise subject to U.S. federal income taxation on net income basis with respect to Class E shares (including a non-resident alien individual or foreign corporation that holds, or is deemed to hold, any Class E share in connection with the conduct of a U.S. trade or business). If a partnership (including for this purpose any entity treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of Class E shares, the U.S. federal income tax consequences to a partner in the partnership will generally depend on the status of the partner and the activities of the partnership. A holder of Class E shares that is a partnership and the partners in such partnership should consult their own tax advisors regarding the U.S. federal income tax consequences of the ownership and disposition of Class E shares.

Taxation of Distributions

Subject to the “Passive Foreign Investment Company Status” discussion below, to the extent paid out of current or accumulated earnings and profits of the Bank as determined under U.S. federal income tax principles (“earnings and profits”), distributions made with respect to Class E shares (other than certain pro rata distributions of capital stock of the Bank or rights to subscribe for shares of capital stock of the Bank) will be includable in income of a U.S. Holder as ordinary dividend income in accordance with the U.S. Holder’s regular method of accounting for U.S. federal income tax purposes whether paid in cash or Class E shares. To the extent that a distribution exceeds the Bank’s earnings and profits, such distribution will be treated, first, as a nontaxable return of capital to the extent of the U.S. Holder’s tax basis in the Class E shares and will reduce the U.S. Holder’s tax basis in such shares, and thereafter as a capital gain from the sale or disposition of Class E shares. See Item 10, “Additional Information/Taxation/United States Taxes-Taxation of Capital Gains.” The amount of the distribution will equal the gross amount of the distribution received by the U.S. Holder, including any Panamanian taxes withheld from such distribution.

Distributions made with respect to Class E shares out of earnings and profits generally will be treated as dividend income from sources outside the United States. U.S. Holders that are corporations will not be entitled to the “dividends received deduction” under Section 243 of the Code with respect to such dividends. Dividends may be eligible for special rates applicable to “qualified dividend income” received by an individual, provided, that (1) the Bank is not a

"passive foreign investment company" in the year in which the dividend is paid nor in the immediately preceding year, (2) the class of stock with respect to which the dividend is paid is readily tradable on an established securities market in the United States, and (3) the U.S. Holder held his shares for more than 60 days during the 121-day period beginning 60 days prior to the ex-dividend date and meets other holding period requirements. Subject to certain conditions and limitations, Panamanian tax withheld from dividends will be treated as a foreign income tax eligible for deduction from taxable income or as a credit against a U.S. Holder's U.S. federal income tax liability. Distributions of dividend income made with respect to Class E shares generally will be treated as "passive" income or, in the case of certain U.S. Holders, "general category income," for purposes of computing a U.S. Holder's U.S. foreign tax credit.

Less than 25% of the Bank’s gross income is effectively connected with the conduct of a trade or business in the United States, and the Bank expects this to remain true. If this remains the case, a holder of Class E shares that is not a U.S. Holder (“non-U.S. Holder”) generally will not be subject to U.S. federal income tax or withholding tax on distributions received on Class E shares that are treated as dividend income for U.S. federal income tax purposes. Special rules may apply in the case of non-U.S. Holders (1) that are engaged in a U.S. trade or business, (2) that are former citizens or long-term residents of the United States, “controlled foreign corporations,” corporations that accumulate earnings to avoid U.S. federal income tax, and certain foreign charitable organizations, each within the meaning of the Code, or (3) certain non-resident alien individuals who are present in the United States for 183 days or more during a taxable year. Such persons should consult their own tax advisors as to the U.S. federal income or other tax consequences of the ownership and disposition of Class E shares.

Taxation of Capital Gains

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

A non-U.S. Holder of Class E shares will generally not be subject to U.S. federal income tax or withholding tax on gain realized on the sale or other disposition of Class E shares. However, special rules may apply in the case of non-U.S. Holders (1) that are engaged in a U.S. trade or business, (2) that are former citizens or long-term residents of the United States, “controlled foreign corporations,” corporations which accumulate earnings to avoid U.S. federal income tax, and certain foreign charitable organizations, each within the meaning of the Code, or (3) certain non-resident alien individuals who are present in the United States for 183 days or more during a taxable year. Such persons should consult their own tax advisors as to the United States or other tax consequences of the purchase, ownership and disposition of the Class E shares.

Passive Foreign Investment Company Status

Under the Code, certain rules apply to an entity classified as a "passive foreign investment company" ("PFIC"). A PFIC is defined as any foreign (i.e., non-U.S.) corporation if either (1) 75% or more of its gross income for the taxable year is passive income (generally including, among other types of income, dividends, interest and gains from the sale of stock and securities) or (2) 50% or more of its assets (by value) produce, or are held for the production of, passive income. The application of the PFIC rules to banks is not entirely clear under present U.S. federal income tax law. Banks generally derive a substantial part of their income from assets that are interest bearing or that otherwise could be considered passive under the PFIC rules. The Internal Revenue Service ("IRS") issued a notice in 1989 (the "Notice"), and has proposed regulations, the Proposed Regulations, that exclude from passive income any income derived in the active conduct of a banking business by a qualifying foreign bank, or the "active bank exception". The Notice and the Proposed Regulations have different requirements for qualifying as an active foreign bank, and for determining the banking income that may be excluded from passive income under the active bank exception. Moreover, the Proposed Regulations have been outstanding since 1994 and will not be effective unless finalized.

While the Bank conducts, and intends to continue to conduct, a significant banking business, there can be no assurance that the Bank will satisfy the specific requirements for the active bank exception under either the Notice or the Proposed Regulations. However, based on certain estimates of the Bank's gross income and gross assets and the nature of its business, the Bank does not qualify as a PFIC for the taxable year ending December 31, 2014.

If the Bank were to become a PFIC for purposes of the Code, unless a U.S. Holder makes one of the elections described below, a U.S. Holder generally will be subject to a special tax charge with respect to (a) any gain realized on the sale or other disposition of Class E shares and (b) any "excess distribution" by the Bank to the U.S. Holder (generally, any distributions including return of capital distributions, received by the U.S. Holder on the Class E shares in a taxable year that are greater than 125% of the average annual distributions received by the U.S. Holder in the three preceding taxable years, or, if shorter, the U.S. Holder's holding period). Under these rules (1) the gain or excess distribution would be allocated ratably over the U.S. Holder's holding period for the Class E shares, (2) the amount allocated to the current taxable year would be treated as ordinary income, (3) the amount allocated to each prior taxable year generally would be subject to tax at the highest rate in effect for that year, and (4) an interest charge at the rate generally applicable to underpayments of tax would be imposed with respect to the resulting tax attributable to each such prior taxable year. For purposes of the foregoing rules, a U.S. Holder of Class E shares that uses such stock as security for a loan will be treated as having disposed of such stock.

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

If the Bank were to become a PFIC, a U.S. Holder could make an election, provided the Bank complies with certain reporting requirements, to have the Bank treated, with respect to such U.S. Holder, as a "qualified electing fund", hereinafter referred to as a QEF election, in which case, the electing U.S. Holder would be required to include annually in gross income the U.S. Holder's proportionate share of the Bank's ordinary earnings and net capital gains, whether or not such amounts are actually distributed. If the Bank were to become a PFIC, the Bank intends to so notify each U.S. Holder and to comply with all reporting requirements necessary for a U.S. Holder to make a QEF election and will provide to record U.S. Holders of Class E shares such information as may be required to make such QEF election.

If the Bank were to become a PFIC in any year, a U.S. Holder that beneficially owns Class E shares during such year must make an annual return on IRS Form 8621, which describes the income received (or deemed to be received if a QEF election is in effect) from the Bank. The Bank will, if applicable, provide all information necessary for a U.S. Holder of record to make an annual return on IRS Form 8621.

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

Information Reporting and Backup Withholding

Each U.S. payor making payments in respect of Class E shares will generally be required to provide the IRS with certain information, including the name, address and taxpayer identification number of the beneficial owner of Class E shares, and the aggregate amount of dividends paid to such beneficial owner during the calendar year. Under the backup withholding rules, a holder may be subject to backup withholding at a current rate of 28% with respect to proceeds received on the sale or exchange of Class E shares within the United States by non-corporate U.S. Holders and to dividends paid, unless such holder (1) is a corporation or comes within certain other exempt categories (including securities broker-dealers, other financial institutions, tax-exempt organizations, qualified pension and profit sharing trusts and individual retirement accounts), and, when required, demonstrates this fact or (2) provides a taxpayer identification number, certifies as to no loss of exemption and otherwise complies with the applicable requirements of the backup withholding rules. Non-U.S. Holders generally are exempt from information reporting and backup withholding, but may be required to provide a properly completed IRS Form W-8BEN or W-8BEN-E (or other similar form) or otherwise comply with applicable certification and identification procedures in order to prove their exemption. Backup withholding is not an additional tax and any amounts withheld from a payment to a holder of Class E shares will be refunded (or credited against such holder's U.S. federal income tax liability, if any) provided that the required information is timely furnished to the IRS.

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

3.8% Medicare Tax On "Net Investment Income"

Certain U.S. Holders who are individuals, estates or trusts may be required to pay an additional 3.8% tax on, among other things, dividends and capital gains from the sale or other disposition of Class E shares.

Foreign Asset Reporting

Certain U.S. Holders who are individuals are required to report information relating to an interest in the Bank's Class E shares, subject to certain exceptions (including an exception for Class E shares held in custodial accounts maintained by United States financial institutions) by filing IRS Form 8938 with their annual U.S. federal income tax return. U.S. Holders are urged to consult their tax advisors regarding their information reporting obligations with respect to their ownership and disposition of the Class E shares.

The above description is not intended to constitute a complete analysis of all tax consequences relating to the acquisition, ownership and disposition of the Class E shares. Prospective purchasers should consult their own tax advisors to determine the tax consequences of their particular situations.

Panamanian Taxes

The following is a summary of the principal Panamanian tax consequences arising in connection with the ownership and disposition of the Bank's Class E shares. This summary is based upon the laws and regulations of Panama, as well as court precedents and interpretative rulings, in effect as of the date of this Annual Report, all of which are subject to prospective and retroactive change.

General Principle

The Bank is exempt from income tax in Panama under a special exemption granted to the Bank pursuant to Contract 103-78 of July 25, 1978 between Panama and Bladex. In addition, under general rules of income tax in Panama, only income that is deemed to be Panamanian source income is subject to taxation in Panama. Accordingly, since the Bank's income is derived primarily from sources outside of Panama and is not deemed to be Panamanian source income, even in the absence of the special exemption, the Bank would have limited income tax liability in Panama.

Taxation of Distributions

Dividends, whether cash or in kind, paid by the Bank in respect of its shares are also exempt from dividend tax or other withholding under the special exemption described above. In the absence of this special exemption, there would be a 10% withholding tax on dividends or distributions paid in respect of the Bank's registered shares to the extent the dividends were paid from income derived by the Bank from Panamanian sources, and a 5% withholding tax on dividends or distributions paid from income derived by the Bank from non-Panamanian sources.

Taxation of Capital Gains

Since the Class E shares are listed on the NYSE, any capital gains realized by an individual or a corporation, regardless of its nationality or residency, on the sale or other disposition of such shares on the NYSE would be exempted from capital gains taxes in Panama.

F. Dividends and Paying Agents

Not required in this Annual Report.

G. Statement by Experts

Not required in this Annual Report.

H. Documents on Display

Upon written or oral request, the Bank will provide without charge to each person to whom this Annual Report is delivered, a copy of any or all of the documents listed as exhibits to this Annual Report (other than exhibits to those documents, unless the exhibits are specifically incorporated by reference in the documents). Written requests for copies should be directed to the attention of Mr. Christopher Schech, Chief Financial Officer, Bladex, as follows: (1) if by regular mail, to P.O. Box 0819-08730, Panama City, Republic of Panama, and (2) if by courier, to Torre V, Business Park, Avenida La Rotonda, Urb. Costa del Este, Panama City, Republic of Panama. Telephone requests may be directed to Mr. Schech at +507 210-8630. Written requests may also be sent via e-mail to cschech@bladex.com. Information is also available on the Bank's website at: http://www.bladex.com.

I. Subsidiary Information

Not applicable.

Item 11. Quantitative and Qualitative Disclosure About Market Risk

The Bank’s risk management policies, as approved by the Board from time to time, are designed to identify and control the Bank’s credit and market risks by establishing and monitoring appropriate limits on the Bank’s credit and market exposures. Certain members of the Board constitute the Finance and Business Committee (formerly the Assets and Liabilities Committee), which meets on a regular basis and monitors and controls the risks in each specific area. At the management level, the Bank has a Risk Management Department that measures and controls overall risk management of the Bank (credit, operational and market risk).

The Bank’s businesses are subject to market risk. The components of this market risk are interest rate risk inherent in the Bank’s balance sheet, foreign exchange risk, and the price risk in the Bank’s investment portfolio and in the Bank’s trading portfolios.

For quantitative information relating to the Bank’s interest rate risk and information relating to the Bank’s management of interest rate risk, see Item 5, “Operating and Financial Review and Prospects/Liquidity and Capital Resources.”

For information regarding derivative financial instruments, see Item 18, “Financial Statements,” notes 2(t) and 21.

For information regarding investment securities, see Item 4, “Information on the Company/Business Overview/Investment Securities,” and Item 18, “Financial Statements,” note 5.

Interest Rate Risk Management and Sensitivity

The table below lists for each of the years from 2015 to 2019 the notional amounts and weighted interest rates, as of December 31, 2014, for derivative financial instruments and other financial instruments that are sensitive to changes in interest rates, including the Bank’s investment securities, loans, borrowings and placements, interest rate swaps, cross currency swaps, forward currency exchange agreements, and trading assets and liabilities. Amounts presented below exclude the Bank’s remaining participation in the funds. With a remaining participation of less than 50%, the Bank ceased to be the primary beneficiary of that VIE; and therefore ceased to consolidate its investment in Alpha4X Feeder Fund from the “Investment funds” line in the consolidated balance sheet; see Item 18, “Financial Statements”, notes 2(d), 3 and 6.

As of December 31, 2014

Expected maturity date

	2015	2016	2017	2018	2019	There-after	Without maturity	Total 2014	Fair value 2014
($ Equivalent in thousand)									
ASSETS:									
Investment Securities									
Fixed rate									
U.S. Dollars	34,373	22,945	22,350	26,500	67,460	112,248	-	285,876	299,798
Average fixed rate	5.01 %	5.30 %	4.19 %	4.38 %	7.74 %	4.98 %	-	5.54 %	
Mexican Peso	57,664	-	-	-	-	-	-	57,664	57,317
Average fixed rate	2.91 %	-	-	-	-	-	-	2.91 %	
Floating rate									
U.S. Dollars	28,000	-	-	-	8,000	-	-	36,000	35,153
Average floating rate	2.04 %	-	-	-	2.27 %	-	-	2.09 %	
Loans									
Fixed rate									
U.S. Dollars	3,079,811	87,805	31,359	2,281	1,084	-	-	3,202,339	3,217,110

Expected maturity date

	2015	**2016**	**2017**	**2018**	**2019**	**There-after**	**Without maturity**	**Total 2014**	**Fair value 2014**
($ Equivalent in thousand)									
Average fixed rate	2.59 %	4.16 %	4.06 %	4.61 %	5.19 %	-	-	2.65 %	
Mexican Peso	115,521	3,037	1,902	17	-	-	-	120,478	121,510
Average fixed rate	4.77 %	7.44 %	7.75 %	7.43 %	-	-	-	4.89 %	
Floating rate									
U.S. Dollars	1,570,116	877,947	501,953	208,604	96,520	23,108	-	3,278,248	3,393,378
Average floating rate	2.98 %	3.50 %	3.55 %	3.73 %	4.02 %	4.79 %	-	3.30 %	
Mexican Peso	28,722	24,468	11,662	9,108	2,971	8,248	-	85,179	88,733
Average floating rate	5.98 %	5.99 %	6.47 %	6.42 %	6.29 %	6.30 %	-	6.14 %	
LIABILITIES:									
Borrowings and Placements [(1)]									
Fixed rate									
U.S. Dollars	1,570,448	40,000	400,465	-	-	-	-	2,010,913	2,027,834
Average fixed rate	0.79 %	1.52 %	3.75 %	-	-	-	-	1.39 %	
Mexican Peso	34,483	-	-	-	-	-	-	34,483	34,497
Average fixed rate	3.37 %	-	-	-	-	-	-	3.37 %	
Swiss franc	50,510	-	-	-	-	-	-	50,510	50,407
Average fixed rate	0.55 %	-	-	-	-	-	-	0.55 %	
Euro Dollar	-	-	-	-	-	64,265	-	64,265	63,113
Average fixed rate	-	-	-	-	-	3.75 %	-	3.75 %	
Japanese Yen	4,185	-	-	-	-	-	-	4,185	4,184
Average fixed rate	0.75 %	-	-	-	-	-	-	0.75 %	
Floating rate									
U.S. Dollars	1,431,955	248,455	250,045	-	30,000	-	-	1,960,456	1,965,781
Average floating rate	0.80 %	1.49 %	1.67 %	-	1.78 %	-	-	1.01 %	
Mexican Peso	137,847	-	-	135,917	-	-	-	273,764	271,627
Average floating rate	3.96 %	-	-	3.67 %	-	-	-	3.81 %	
INTEREST SWAPS:									

Interest Rate Swaps – Investment Securities									
U.S. Dollars fixed to floating	13,050	-	4,000	5,000	8,500	37,200	-	67,750	(1,172)
Average pay rate	7.73%	-	3.88%	6.37%	8.75%	4.48%	-	5.74%	
Average receive rate	3.47%	-	3.12%	5.16%	6.92%	2.41%	-	3.43%	
Interest Rate Swaps – Loans									
U.S. Dollars fixed to floating	14,327	65,843	19,944	-	-	-	-	100,115	(96)
Average pay rate	3.76%	4.09%	3.77%	-	-	-	-	3.98%	
Average receive rate	3.30%	3.62%	3.33%	-	-	-	-	3.52%	
Interest Rate Swaps – Borrowings									
U.S. Dollars fixed to floating	421,500	-	-	-	17,000	53,000	-	491,500	(1,769)
Average pay rate	0.91%	-	-	-	1.87%	2.26%	-	1.09%	
Average receive rate	0.84%	-	-	-	0.17%	0.17%	-	0.74%	
Interest Rate Swaps – Issuances									
U.S. Dollars fixed to floating	-	-	400,000	-	-	-	-	400,000	2,655
Average pay rate	-	-	2.76%	-	-	-	-	2.76%	
Average receive rate	-	-	3.75%	-	-	-	-	3.75%	
CROSS CURRENCY SWAPS: Cross Currency Swaps									
Receive U.S. Dollars	9,056	831	1,585	-	-	-	-	11,471	1,062
U.S. Dollars fixed rate	-	-	-	-	-	-	-	-	
U.S. Dollars floating rate	2.79%	3.30%	4.29%	-	-	-	-	3.03%	
Pay US Dollars	218,251	-	-	40,000	-	68,768	-	327,019	(37,102)
	1.08%	-	-	-	-	-	-	1.08%	

U.S. Dollars fixed rate								
U.S. Dollars floating rate	1.95 %	-	-	1.43 %	-	2.83 %	-	2.09 %
Receive Mexican Peso	157,356	-	-	40,000	-	-	-	197,356
Mexican Peso floating rate	3.96 %	-	-	3.67 %	-	-	-	3.90 %

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Expected maturity date

	2015	2016	2017	2018	2019	There-after	Without maturity	Total 2014	Fair value 2014
($ Equivalent in thousand)									
Pay Mexican Peso	9,056	831	1,585	-	-	-	-	11,471	
Mexican Peso fixed rate	6.01%	6.50%	6.37%	-	-	-	-	6.10%	
Receive Euro Dollar	-	-	-	-	-	68,768	-	68,768	
Euro Dollar fixed rate	-	-	-	-	-	3.75%	-	3.75%	
Receive Swiss franc	56,000	-	-	-	-	-	-	56,000	
Swiss franc fixed rate	0.55%	-	-	-	-	-	-	0.55%	
Receive Japanese Yen	4,895	-	-	-	-	-	-	4,895	
Japanese Yen fixed rate	0.75%	-	-	-	-	-	-	0.75%	
FORWARD CURRENCY EXCHANGE AGREEMENTS:									
Receive U.S. Dollars/ Pay Mexican Pesos	126,058	-	-	-	-	-	-	126,058	8,555
Average exchange rate	13.78							13.78	
Receive U.S. Dollars/ Pay Brazilian Reales	5,146	-	-	-	-	-	-	5,146	(94)
Average exchange rate	2.72	-	-	-	-	-	-	2.72	
TRADING:									
Trading Liabilities									
Interest rate swaps:									
U.S. Dollars fixed to floating	-	14,000	-	-	-	-	-	14,000	(52)
Average pay rate	-	5.54%	-	-	-	-	-	5.54%	
Average receive rate	-	5.02%	-	-	-	-	-	5.02%	

(1) Borrowings and placements include repos and short and long-term borrowings and debt.

As of December 31, 2013

Expected maturity date

	2014	2015	2016	2017	2018	There-after	Without maturity	Total 2013	Fair value 2013
($ Equivalent in thousand)									
ASSETS:									
Investment Securities									
Fixed rate									
U.S. Dollars	43,583	17,050	61,500	47,000	32,500	124,544	-	326,177	340,235

Average fixed rate	6.10 %	7.63 %	5.47 %	4.16 %	3.85 %	5.84 %	-	5.46 %	
Floating rate									
U.S. Dollars	-	28,000	-	-	-	-	-	28,000	27,768
Average floating rate	-	2.03 %	-	-	-	-	-	2.03 %	
Loans									
Fixed rate									
U.S. Dollars	3,096,904	8,479	12,491	4,072	6,856	-	-	3,128,802	3,140,065
Average fixed rate	2.60 %	4.38 %	3.83 %	4.16 %	4.02 %	-	-	2.61 %	
Mexican Peso	113,503	7,789	2,187	31	19	-	-	123,529	125,520
Average fixed rate	5.63 %	6.01 %	6.78 %	7.43 %	7.43 %	-	-	5.67 %	
Floating rate									
U.S. Dollars	1,249,002	906,445	420,998	146,189	75,981	-	-	2,798,616	2,899,300
Average floating rate	3.17 %	3.30 %	3.70 %	3.62 %	3.36 %	-	-	3.32 %	
Mexican Peso	31,900	22,739	20,676	15,136	6,899	-	-	97,351	99,739
Average floating rate	5.93 %	6.32 %	6.46 %	6.58 %	7.17 %	-	-	6.32 %	
LIABILITIES:									
Borrowings and Placements [(1)]									
Fixed rate									
U.S. Dollars	1,737,507	25,000	-	400,739	-	-	-	2,163,246	2,187,252
Average fixed rate	0.91 %	1.50 %	-	3.75 %	-	-	-	1.44 %	

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Expected maturity date

	2014	2015	2016	2017	2018	There-after	Without maturity	Total 2013	Fair value 2013
($ Equivalent in thousand)									
Mexican Peso	31,906	-	-	-	-	-	-	31,906	32,013
Average fixed rate	4.30 %	-	-	-	-	-	-	4.30 %	
Peruvian Soles	43,980	-	-	-	-	-	-	43,980	46,241
Average fixed rate	6.50 %	-	-	-	-	-	-	6.50 %	
Swiss franc	89,837	-	-	-	-	-	-	89,837	90,017
Average fixed rate	0.80 %	-	-	-	-	-	-	0.80 %	
Japanese Yen	4,749	-	-	-	-	-	-	4,749	4,758
Average fixed rate	0.75 %	-	-	-	-	-	-	0.75 %	
Floating rate									
U.S. Dollars	1,323,590	58	203,058	-	-	-	-	1,526,706	1,532,709
Average floating rate	1.05 %	0.75 %	1.50 %	-	-	-	-	1.11 %	
Mexican Peso	112,042	172,930	-	-	-	-	-	284,973	285,986
Average floating rate	4.83 %	4.47 %	-	-	-	-	-	4.61 %	
INTEREST SWAPS:									
Interest Rate Swaps – Investment Securities									
U.S. Dollars fixed to floating	10,000	13,050	-	9,500	5,000	43,000	-	80,550	(298)
Average pay rate	7.75 %	7.73 %	-	4.31 %	6.37 %	5.04 %	-	5.81 %	
Average receive rate	2.74 %	3.53 %	-	3.61 %	5.16 %	3.12 %	-	3.32 %	
Interest Rate Swaps – Loans									
U.S. Dollars fixed to floating	-	-	-	14,008	-	-	-	14,008	(13)
Average pay rate	-	-	-	3.73 %	-	-	-	3.73 %	
Average receive rate	-	-	-	3.26 %	-	-	-	3.26 %	
Interest Rate Swaps –									

Borrowings									
U.S. Dollars fixed to floating	383,000	-	-	-	-	79,000	-	453,000	151
Average pay rate	1.26 %	-	-	-	-	2.16 %	-	1.32 %	
Average receive rate	1.16 %	-	-	-	-	0.16 %	-	1.04 %	
Interest Rate Swaps – Issuances									
U.S. Dollars fixed to floating	-	-	-	400,000	-	-	-	400,000	3,533
Average pay rate	-	-	-	2.81 %	-	-	-	2.81 %	
Average receive rate	-	-	-	3.75 %	-	-	-	3.75 %	
CROSS CURRENCY SWAPS:									
Cross Currency Swaps									
Receive U.S. Dollars	19,208	19,108	1,024	367	-	-	-	39,707	(495)
U.S. Dollars fixed rate	-	-							