

FOREIGN TRADE BANK OF LATIN AMERICA, INC.  
Form 6-K  
April 28, 2015

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 6-K**

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

For the month of April, 2015

**BANCO LATINOAMERICANO DE COMERCIO EXTERIOR, S.A.**

(Exact name of Registrant as specified in its Charter)

**FOREIGN TRADE BANK OF LATIN AMERICA, INC.**

(Translation of Registrant's name into English)

Business Park Torre V, Ave. La Rotonda, Costa del Este

P.O. Box 0819-08730

Panama City, Republic of Panama

(Address of Registrant's Principal Executive Offices)

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

Form 20-F  Form 40-F

(Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing information to the Commission pursuant to Rule 12g-3-2(b) under the Securities Exchange Act of 1934.)

Yes  No

(If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b). 82\_\_.)

**SIGNATURES**

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

April 27, 2015

FOREIGN TRADE BANK OF LATIN AMERICA, INC.

By: /s/ Pierre Dulin

Name: Pierre Dulin

Title: General Manager

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

Consolidated Balance Sheets as of March 31, 2015 (Unaudited) and December 31, 2014, and Related Consolidated Statements of Income, Comprehensive Income, Stockholders' Equity and Redeemable Non Controlling Interest and Cash Flows (Unaudited) for the Three Months Ended March 31, 2015 and 2014.

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

**Consolidated Financial Statements**

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**Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries****Consolidated balance sheets****March 31, 2015 and December 31, 2014**

(In US\$ thousand, except share amounts)

|  | Notes        | March 31,<br>2015<br>(Unaudited) | December 31,<br>2014<br>(Audited) |
|--|--------------|----------------------------------|-----------------------------------|
| <b>Assets</b>  |              |                                  |                                   |
| Cash and due from banks  | 3,18         | 27,796                           | 4,985                             |
| Interest-bearing deposits in banks (including pledged deposits of \$26,201 in 2015 and \$39,210 in 2014)   | 3,18         | 917,351                          | 775,530                           |
| Securities available-for-sale (including pledged securities to creditors of \$284,073 in 2015 and \$307,530 in 2014)   | 4,18         | 331,829                          | 338,973                           |
| Securities held-to-maturity (fair value of \$60,255 in 2015 and \$53,295 in 2014) (including pledged securities to creditors of \$25,802 in 2015 and \$13,004 in 2014) | 4,18         | 61,628                           | 54,180                            |
| Investment funds   | 5,18         | 57,339                           | 57,574                            |
| Loans  | 6,18         | 6,568,934                        | 6,686,244                         |
| Less:  |              |                                  |                                   |
| Allowance for loan losses  | 7,18         | 77,692                           | 79,675                            |
| Unearned income and deferred fees  |              | 7,839                            | 8,509                             |
| Loans, net   |              | 6,483,403                        | 6,598,060                         |
| Customers' liabilities under acceptances   | 18           | 659                              | 114,018                           |
| Accrued interest receivable  | 18           | 40,488                           | 47,938                            |
| Equipment and leasehold improvements (net of accumulated depreciation and amortization of \$16,477 in 2015 and \$16,203 in 2014)                                       |              | 7,757                            | 8,129                             |
| Derivative financial instruments used for hedging - receivable   | 15,17,18     | 13,682                           | 12,324                            |
| Other assets   |              | 13,532                           | 13,561                            |
| Total assets   |              | 7,955,464                        | 8,025,272                         |
| <b>Liabilities and stockholders' equity</b>  |              |                                  |                                   |
| Deposits:  |              |                                  |                                   |
|  | 8,18         |                                  |                                   |
| Noninterest-bearing - Demand   |              | 1,987                            | 394                               |
| Interest-bearing - Demand  |              | 107,166                          | 83,781                            |
| Time   |              | 2,505,192                        | 2,422,519                         |
| Total deposits   |              | 2,614,345                        | 2,506,694                         |
| Trading liabilities  | 9,17,18      | 39                               | 52                                |
| Securities sold under repurchase agreement   | 3,4,10,17,18 | 276,554                          | 300,519                           |
| Short-term borrowings and debt   | 11,18        | 2,767,891                        | 2,692,537                         |
| Acceptances outstanding  | 18           | 659                              | 114,018                           |
| Accrued interest payable   | 18           | 17,753                           | 14,855                            |
| Long-term borrowings and debt  | 12,18        | 1,288,304                        | 1,405,519                         |
| Derivative financial instruments used for hedging - payable  | 15,17,18     | 27,220                           | 40,287                            |

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|  |          |           |           |
|--|----------|-----------|-----------|
| Reserve for losses on off-balance sheet credit risk  | 7        | 9,870     | 6,849     |
| Other liabilities  |          | 11,318    | 32,879    |
| Total liabilities  |          | 7,013,953 | 7,114,209 |
| Commitments and contingencies  | 14,18,19 |           |           |
| Stockholders' equity:  | 13,16,20 |           |           |
| Class A common stock, no par value, assigned value of \$6.67 (Authorized 40,000,000; outstanding 6,342,189)                                  |          | 44,407    | 44,407    |
| Class B common stock, no par value, assigned value of \$6.67 (Authorized 40,000,000; outstanding 2,479,050)                                  |          | 20,683    | 20,683    |
| Class E common stock, no par value, assigned value of \$6.67 (Authorized 100,000,000; outstanding 30,088,879 in 2015 and 29,956,100 in 2014) |          | 214,890   | 214,890   |
| Additional paid-in capital in excess of assigned value of common stock   |          | 116,364   | 117,339   |
| Capital reserves   |          | 95,210    | 95,210    |
| Retained earnings  |          | 538,887   | 510,046   |
| Accumulated other comprehensive loss   | 4,16     | (14,235 ) | (13,885 ) |
| Treasury stock   |          | (74,695 ) | (77,627 ) |
| Total stockholders' equity   |          | 941,511   | 911,063   |
| Total liabilities and stockholders' equity   |          | 7,955,464 | 8,025,272 |

The accompanying notes are an integral part of these consolidated financial statements (Unaudited).

**Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries****Consolidated statements of income (Unaudited)  
For the three months ended March 31, 2015 and 2014**

(in US\$ thousand, except per share amounts)

|   | Notes | 2015     | 2014   |
|---|-------|----------|--------|
| Interest income:  | 15    |          |        |
| Deposits  |       | 431      | 374    |
| Investment securities:  |       |          |        |
| Available-for-sale  |       | 1,861    | 1,991  |
| Held-to-maturity  |       | 405      | 223    |
| Investment funds  |       | -        | 20     |
| Loans   |       | 50,901   | 47,007 |
| Total interest income   |       | 53,598   | 49,615 |
| Interest expense:   | 15    |          |        |
| Deposits  |       | 2,453    | 2,630  |
| Investment funds  |       | -        | 37     |
| Short-term borrowings and debt  |       | 6,643    | 6,927  |
| Long-term borrowings and debt   |       | 8,733    | 7,912  |
| Total interest expense  |       | 17,829   | 17,506 |
| Net interest income   |       | 35,769   | 32,109 |
| Reversal of provision for loan losses                                 | 7     | 2,695    | 16     |
| Net interest income, after reversal of provision for loan losses      |       | 38,464   | 32,125 |
| Other income (expense):   |       |          |        |
| Provision for losses on off-balance sheet credit risk                 | 7     | (3,021 ) | -      |
| Fees and commissions, net   |       | 2,300    | 4,276  |
| Derivative financial instruments and hedging                          | 15    | 912      | (20 )  |
| Net gain (loss) from investment funds                                 |       | 2,562    | (560 ) |
| Net (loss) from trading securities                                    | 9     | (15 )    | (199 ) |
| Net gain on sale of securities available-for-sale                     | 4     | 296      | 258    |
| Net gain on sale of loans   |       | 207      | 120    |
| Net (loss) gain on foreign currency exchange                          |       | (69 )    | 190    |
| Other income, net   |       | 248      | 331    |
| Net other income  |       | 3,420    | 4,396  |
| Operating expenses:   |       |          |        |
| Salaries and other employee expenses                                  |       | 8,305    | 8,084  |
| Depreciation and amortization of equipment and leasehold improvements |       | 529      | 660    |
| Professional services   |       | 753      | 815    |
| Maintenance and repairs   |       | 395      | 395    |
| Expenses from investment funds  |       | -        | 416    |
| Other operating expenses  |       | 3,061    | 3,114  |
| Total operating expenses  |       | 13,043   | 13,484 |



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|  |    |        |        |
|--|----|--------|--------|
| Net income from continuing operations                                    |    | 28,841 | 23,037 |
| Net loss from discontinued operations                                    |    | -      | -      |
| Net income   |    | 28,841 | 23,037 |
| Net income (loss) attributable to the redeemable noncontrolling interest |    | -      | (475 ) |
| Net income attributable to Bladex stockholders                           |    | 28,841 | 23,512 |
| Amounts attributable to Bladex stockholders:                             |    |        |        |
| Net income from continuing operations                                    |    | 28,841 | 23,512 |
| Net loss from discontinued operations                                    |    | -      | -      |
|  |    | 28,841 | 23,512 |
| Earning per share from continuing operations:                            |    |        |        |
| Basic  | 13 | 0.74   | 0.61   |
| Diluted  | 13 | 0.74   | 0.61   |
| Loss per share from discontinued operations:                             |    |        |        |
| Basic  | 13 | -      | -      |
| Diluted  | 13 | -      | -      |
| Earning per share:   |    |        |        |
| Basic  | 13 | 0.74   | 0.61   |
| Diluted  | 13 | 0.74   | 0.61   |
| Weighted average basic shares  | 13 | 38,805 | 38,600 |
| Weighted average diluted shares  | 13 | 38,858 | 38,679 |

The accompanying notes are an integral part of these consolidated financial statements (Unaudited).

**Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries****Consolidated statements of comprehensive income (Unaudited)****For the three months ended March 31, 2015 and 2014**

(in US\$ thousand)

|  | Notes | 2015     | 2014   |
|--|-------|----------|--------|
| Net income   |       | 28,841   | 23,037 |
| Other comprehensive income (loss):   |       |          |        |
| Unrealized gains (losses) on securities available-for-sale:                        |       |          |        |
| Unrealized gains (losses) arising from the period                                  | 16    | 990      | 4,593  |
| Less: reclassification adjustments for net gains included in net income            | 16    | (24 )    | (252 ) |
| Net change in unrealized gains (losses) on securities available for sale           |       | 966      | 4,341  |
| Unrealized gains (losses) on derivative financial instruments:                     |       |          |        |
| Unrealized gains (losses) arising from the period                                  | 16    | (2,736 ) | (680 ) |
| Less: reclassification adjustments for net (gains) losses included in net income   | 16    | 1,462    | 121    |
| Net change in unrealized gains (losses) on derivative financial instruments        |       | (1,274 ) | (559 ) |
| Foreign currency translation adjustment, net of hedges:                            |       |          |        |
| Current year change  |       | (42 )    | (244 ) |
| Net change in foreign currency translation adjustment                              |       | (42 )    | (244 ) |
| Other comprehensive income (loss)  |       | (350 )   | 3,538  |
| Comprehensive income   |       | 28,491   | 26,575 |
| Comprehensive income (loss) attributable to the redeemable noncontrolling interest |       | -        | (475 ) |
| Comprehensive income attributable to Bladex stockholders                           |       | 28,491   | 27,050 |

The accompanying notes are an integral part of these consolidated financial statements (Unaudited).

**Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries****Consolidated statements of changes in stockholders' equity and redeemable noncontrolling interest (Unaudited)  
For the three months ended March 31, 2015 and 2014**

(in US\$ thousand)

|   | Common<br>stock | Stockholders' equity<br>Additional<br>paid-in<br>capital<br>in excess<br>of<br>assigned<br>value<br>of common<br>stock | Capital<br>reserves | Retained<br>earnings | Accumulated<br>other<br>comprehensive<br>income<br>(loss) | Treasury<br>stock | Total<br>stockholders'<br>equity | Redeemable<br>noncontrolling<br>interest |
|---|-----------------|--|---------------------|----------------------|---|-------------------|----------------------------------|--|
| Balances at January 1,<br>2014                                | 279,980         | 118,646  | 95,210              | 458,699              | (12,575 )   | (82,008)          | 857,952                          | 49,899                                   |
| Net income (loss)   | -               | -  | -                   | 23,512               | -   | -                 | 23,512                           | (475 )                                   |
| Redeemable<br>noncontrolling interest<br>- subscriptions      | -               | -  | -                   | -                    | -   | -                 | -                                | -  |
| Redeemable<br>noncontrolling interest<br>- redemptions        | -               | -  | -                   | -                    | -   | -                 | -                                | -  |
| Other comprehensive<br>income (loss)                          | -               | -  | -                   | -                    | 3,538   | -                 | 3,538                            | -  |
| Compensation cost -<br>stock options and<br>stock units plans | -               | 480  | -                   | -                    | -   | -                 | 480                              | -  |
| Issuance of restricted<br>shares                              | -               | -  | -                   | -                    | -   | -                 | -                                | -  |
| Exercised options and<br>stock units vested                   | -               | (1,943 )   | -                   | -                    | -   | 2,292             | 349                              | -  |
| Repurchase of "Class<br>E" common stock                       | -               | -  | -                   | -                    | -   | (391 )            | (391 )                           | -  |
| Dividends declared  | -               | -  | -                   | (11 )                | -   | -                 | (11 )                            | -  |
| Balances at March 31,<br>2014                                 | 279,980         | 117,183  | 95,210              | 482,200              | (9,037 )  | (80,107)          | 885,429                          | 49,424                                   |
| Balances at January 1,<br>2015                                | 279,980         | 117,339  | 95,210              | 510,046              | (13,885 )   | (77,627)          | 911,063                          | -  |
| Net income (loss)   | -               | -  | -                   | 28,841               | -   | -                 | 28,841                           | -  |
| Redeemable<br>noncontrolling interest                         | -               | -  | -                   | -                    | -   | -                 | -                                | -  |

|   |         |          |        |         |           |          |         |   |
|---|---------|----------|--------|---------|-----------|----------|---------|---|
| - subscriptions   |         |          |        |         |           |          |         |   |
| Redeemable noncontrolling interest                      | -       | -        | -      | -       | -         | -        | -       | - |
| - redemptions   |         |          |        |         |           |          |         |   |
| Other comprehensive income (loss)                       | -       | -        | -      | -       | (350 )    | -        | (350 )  | - |
| Compensation cost - stock options and stock units plans | -       | 512      | -      | -       | -         | -        | 512     | - |
| Issuance of restricted shares                           | -       | -        | -      | -       | -         | -        | -       | - |
| Exercised options and stock units vested                | -       | (1,487 ) | -      | -       | -         | 2,932    | 1,445   | - |
| Repurchase of "Class E" common stock                    | -       | -        | -      | -       | -         | -        | -       | - |
| Dividends declared                                      | -       | -        | -      | -       | -         | -        | -       | - |
| Balances at March 31, 2015                              | 279,980 | 116,364  | 95,210 | 538,887 | (14,235 ) | (74,695) | 941,511 | - |

The accompanying notes are an integral part of these consolidated financial statements (Unaudited).

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

**Consolidated statements of cash flows (Unaudited)**  
**For the three months ended March 31, 2015 and 2014**  
(in US\$ thousand)

|   | 2015      | 2014      |
|---|-----------|-----------|
| Cash flows from operating activities:   |           |           |
| Net income  | 28,841    | 23,037    |
| Adjustments to reconcile net income to net cash provided by operating activities:                         |           |           |
| Activities of derivative financial instruments and hedging  | (14,901 ) | 1,298     |
| Depreciation and amortization of equipment and leasehold improvements                                     | 529       | 660       |
| Reversal of provision for loan losses   | (2,695 )  | (16 )     |
| Provision for losses on off-balance sheet credit risk   | 3,021     | -         |
| Net gain on sale of securities available-for-sale   | (295 )    | (258 )    |
| Compensation cost - compensation plans  | 512       | 480       |
| Amortization of premium and discounts on investments  | 3,561     | 1,607     |
| Net decrease (increase) in operating assets:  |           |           |
| Investment funds  | (560 )    | 994       |
| Accrued interest receivable   | 7,450     | 3,101     |
| Other assets  | 113,368   | (33,268 ) |
| Net increase (decrease) in operating liabilities:   |           |           |
| Trading liabilities   | (13 )     | 4         |
| Accrued interest payable  | 2,898     | 3,702     |
| Other liabilities   | (119,879) | 31,556    |
| Net cash provided by operating activities   | 21,837    | 32,897    |
| Cash flows from investing activities:   |           |           |
| Net decrease (increase) in pledged deposits   | 13,009    | (2,211 )  |
| Net increase in loans   | 117,229   | (4,286 )  |
| Proceeds from the sale of loans   | 122       | 54,250    |
| Acquisition of equipment and leasehold improvements   | (157 )    | (15 )     |
| Proceeds from the redemption of securities available-for-sale   | 31,358    | -         |
| Proceeds from the sale of securities available-for-sale   | 31,505    | 20,916    |
| Proceeds from maturities of securities held-to-maturity   | 4,500     | -         |
| Purchases of investments available-for-sale   | (58,123 ) | -         |
| Purchases of investments held-to-maturity   | (11,929 ) | (2,900 )  |
| Net cash provided by investing activities   | 127,514   | 65,754    |
| Cash flows from financing activities:   |           |           |
| Net increase in due to depositors   | 107,651   | 149,331   |
| Net increase (decrease) in short-term borrowings and debt and securities sold under repurchase agreements | 51,389    | (569,291) |
| Proceeds from long-term borrowings and debt   | 59,076    | 107,448   |
| Repayments of long-term borrowings and debt   | (176,291) | (30,449 ) |
| Dividends paid  | (14,980 ) | (13,464 ) |
| Exercised stock options   | 1,445     | 349       |

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|   |         |           |
|---|---------|-----------|
| Repurchase of common stock  | -       | (391 )    |
| Net cash provided by (used in) financing activities               | 28,290  | (356,467) |
| Effect of exchange rate fluctuations on cash and cash equivalents | 0       | 1         |
| Net decrease in cash and cash equivalents                         | 177,641 | (257,815) |
| Cash and cash equivalents at beginning of the period              | 741,305 | 830,686   |
| Cash and cash equivalents at end of the period                    | 918,946 | 572,871   |
| Supplemental disclosures of cash flow information:                |         |           |
| Cash paid during the period for interest                          | 14,931  | 13,804    |

The accompanying notes are an integral part of these consolidated financial statements (Unaudited).

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

**Notes to consolidated financial statements (Unaudited)**  
**(In thousands of US dollars)**

**1. Organization**

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

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

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

Bladex Head Office’s subsidiaries are the following:

Bladex Holdings Inc. a wholly owned subsidiary, incorporated under the laws of the State of Delaware, United States of America (USA), on May 30, 2000. Bladex Holdings Inc. has ownership in two subsidiaries: Bladex Representacao Ltda. and Bladex Investimentos Ltda.

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

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 Inc. owns the remaining 1%. This company has invested substantially all its assets in an investment fund incorporated in Brazil ("the Brazilian Fund"), registered with the Brazilian Securities Commission ("CVM", for its acronym in Portuguese). The Brazilian Fund is a non-consolidated variable interest entity.

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



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

**Notes to consolidated financial statements (Unaudited)**  
**(In thousands of US dollars)**

**1. Organization (continued)**

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

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

The Bank has representative offices in Buenos Aires, Argentina; in Mexico City, D.F. and Monterrey, Mexico; in Lima, Peru; and in Bogota, Colombia.

**2. Summary of significant accounting policies**

***a) Basis of presentation***

These consolidated financial statements have been prepared under accounting principles generally accepted in the United States of America (“U.S. GAAP”). All amounts presented in the consolidated financial statements and notes are expressed in dollars of the United States of America (“US\$”), which is the Bank’s functional currency. The accompanying consolidated financial statements have been translated from Spanish to English for users outside of the Republic of Panama.

The Accounting Standards Codification (the “ASC”) issued by the Financial Accounting Standards Board (the “FASB”) constitute the single official source of authoritative, non-governmental GAAP, other than guidance issued by the Securities and Exchange Commission (“SEC”). All other literature is considered non-authoritative.

These unaudited consolidated financial statements should be read together with the consolidated financial statements and related notes for the fiscal year ended December 31, 2014. Certain financial information that is normally included in annual financial statements prepared in accordance with U.S. GAAP, but not required for interim reporting purposes, has been condensed or omitted.

As noted above, the notes to the consolidated financial statements are unaudited.

***b) Principles of consolidation***

The consolidated financial statements include the accounts of Bladex Head Office and its subsidiaries. Bladex Head Office consolidates its subsidiaries in which it holds a controlling financial interest. The usual condition for a controlling financial interest is ownership of a majority voting interest. All intercompany balances and transactions have been eliminated for consolidation purposes.

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

**Notes to consolidated financial statements (Unaudited)  
(In thousands of US dollars)**

**2. Summary of significant accounting policies (continued)**

*c) Variable interest entities*

Variable interest entities (“VIE”) are entities that have either a total equity investment at risk that is insufficient to permit the entity to finance its activities without additional subordinated financial support, or whose equity investors at risk 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.

*c) Specialized accounting for investment companies*

The Bank maintains an investment in an investment fund (“Feeder”) which is organized under a “Feeder-Master” structure. Under this structure, the Feeder invests all its assets in the Master which in turn invests in various assets on behalf of its investor. Specialized accounting for investment companies requires the Feeder to reflect its investment in the Master in a single line item equal to its proportionate share of the net assets of the Master, regardless of the level of Feeder’s interest in the Master. The Feeder records the Master’s results by accounting for its participation in the net interest income and expenses of the Master, as well as its participation in the realized and unrealized gains or losses of the Master (see Note 5).

*d) Use of estimates*

The preparation of the consolidated financial statements requires Management to make estimates and use assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Material estimates that are particularly susceptible to significant changes relate to the determination of the allowances for credit losses, impairment of securities available-for-sale and held-to-maturity, and the fair value of financial instruments. Actual results could differ from those estimates. Management believes these estimates are adequate.

e)

*Cash equivalents*

Cash equivalents include demand deposits in banks and interest-bearing deposits in banks with original maturities of three months or less, excluding pledged deposits.

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

**Notes to consolidated financial statements (Unaudited)**  
**(In thousands of US dollars)**

**2. Summary of significant accounting policies (continued)**

*f) Repurchase agreements*

Repurchase agreements are generally treated as collateralized financing transactions. When the criteria set forth in the following paragraph are met to account for the transaction as secured financing, the transaction is recorded at the amounts at which the securities will be subsequently reacquired including interest paid, as specified in the respective agreements. Interest is recognized in the consolidated statement of income over the life of the transaction. The fair value of securities to be repurchased is continuously monitored, and additional collateral is obtained or provided where appropriate, to protect against credit exposure.

The Bank's policy is to relinquish possession of the securities sold under agreements to repurchase. Despite such relinquishment of possession, repurchase agreements qualify as secured financings if and only if all of the following conditions are met: the repurchase agreement must grant the transferor the right and obligation to repurchase or redeem the transferred financial assets; the assets to be repurchased are the same or substantially the same as those transferred; the agreement is to repurchase or redeem them before maturity, at a fixed and determinable price; and the agreement is entered into concurrently at the transfer date.

When repurchase agreements do not meet the above-noted conditions, they qualify as sales of securities, for which the related security is removed from the balance sheet and a forward purchase agreement is recognized for the obligation to repurchase the security. Changes in fair value of the forward purchase agreement as well as any gain or loss resulting from the sale of securities under repurchase agreements are reported in earnings of the period within net gain (loss) from trading securities.

*g) Trading assets and liabilities*

Trading assets and liabilities include bonds acquired for trading purposes, and receivables (unrealized gains) and payables (unrealized losses) related to derivative financial instruments which are not designated as hedges or which do not qualify for hedge accounting.

Trading assets and liabilities are carried at fair value. Unrealized and realized gains and losses on trading assets and liabilities are recorded in earnings as net gain (loss) from trading securities.

*h)*

*Investment securities*

Securities are classified at the date of purchase based on the ability and intent to sell or hold them as investments. These securities consist of debt securities such as: negotiable commercial paper, bonds and floating rate notes.

Interest on securities is recognized based on the effective interest method. Amortization of premiums and discounts are included in interest income as an adjustment to the yield.

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

**Notes to consolidated financial statements (Unaudited)**  
**(In thousands of US dollars)**

**2. Summary of significant accounting policies (continued)**

*i) Investment securities (continued)*

Securities available-for-sale

These securities consist of debt instruments not classified as either trading securities or as held-to-maturity securities, and are subject to the same approval criteria as the rest of the credit portfolio. These securities are carried at fair value. Unrealized gains and losses are reported as net increases or decreases to other comprehensive income (loss) (“OCI”) in stockholders’ equity until they are realized. Realized gains and losses from the sale of securities which are included in net gain on sale of securities are determined using the specific identification method.

Securities held-to-maturity

Securities classified as held-to-maturity represent securities that the Bank has the ability and the intent to hold until maturity. These securities are carried at amortized cost and are subject to the same approval criteria as the rest of the credit portfolio.

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: the length of time and extent to which the fair value has been less than cost, the severity of the impairment, the cause of the impairment and the financial condition of the issuer, activity in the market of the issuer which may indicate adverse credit conditions, the intent and ability of the Bank to retain the security for a sufficient period of time to allow of an anticipated recovery in the fair value (with respect to equity securities) and 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.



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

**Notes to consolidated financial statements (Unaudited)**  
**(In thousands of US dollars)**

**2. Summary of significant accounting policies (continued)**

*i) Investment securities (continued)*

Impairment of securities (continued)

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.

*j) Investment Funds*

The investment funds line includes the net asset value of Bladex investment in the Feeder and in the Brazilian Fund. (see Note 5)

*k) Other investments*

Other investments that consist of unlisted stock are recorded at cost and are included in other assets. The Bank determined that it is not practicable to obtain the fair value of these investments, as these shares are not traded in a secondary market. Performance of these investments is evaluated periodically and any impairment that is determined to be other-than-temporary is charged to earnings as impairment on assets.

*l) Loans*

Loans are reported at their amortized cost considering the principal outstanding amounts net of unearned income, deferred fees and allowance for loan losses. Interest income is recognized using the interest method. The amortization of net unearned income and deferred fees are recognized as an adjustment to the related loan yield using the effective interest method.

Purchased loans are recorded at acquisition cost. The difference between the principal and the acquisition cost of loans, the premiums and discounts, is amortized over the life of the loan as an adjustment to the yield. All other costs related to acquisition of loans are expensed when incurred.

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 periodical 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 prior to such date, 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.

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

**Notes to consolidated financial statements (Unaudited)**  
**(In thousands of US dollars)**

**2. Summary of significant accounting policies (continued)**

*l) Loans (continued)*

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 loan 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 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.

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

**Notes to consolidated financial statements (Unaudited)**  
**(In thousands of US dollars)**

**2. Summary of significant accounting policies (continued)**

*l) Loans (continued)*

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. |

In order to maintain a periodical monitoring of the quality of the portfolio, clients are reviewed within a frequency of time between 3 and 12 months, depending on the risk rating.

The Bank's lending portfolio is summarized in the following segments: corporations, sovereign, middle-market companies and banking and financial institutions. The distinction between corporations and middle-market companies depends on the client's level of annual sales in relation to the country risk, among other criteria. Except for the sovereign segment, segments are broken down into state-owned and private.

The Bank's lending policy is applicable to all classes of loans.

*m)*

*Transfer of financial assets*

Transfers of financial assets, primarily loans, are accounted for as sales when control over the financial assets has been surrendered. Control over transferred financial assets is deemed to be surrendered when: (1) the financial assets have been isolated from the Bank even in bankruptcy or other receivership; (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred financial assets; and (3) the Bank does not maintain effective control over the transferred financial assets through an agreement to repurchase them before their maturity or does not have the right to cause the financial assets to be returned. Upon completion of a transfer of financial assets that satisfies the conditions described above to be accounted for as a sale, the Bank recognizes the financial assets as sold and records in earnings any gain or loss on the sale. The Bank may retain interest in financial assets in the form of servicing rights. Gains or losses on sale of financial assets depend in part on the carrying amount of the financial instrument involved in the transfer, and its fair value at the date of transfer.

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

**Notes to consolidated financial statements (Unaudited)**  
**(In thousands of US dollars)**

**2. Summary of significant accounting policies (continued)**

*n) Allowance for credit losses*

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 possible 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 applying the following formula:

Reserves =  $\sum(E \times PD \times LGD)$ ; where:

- Exposure (E) = the total accounting balance (on and off-balance sheet) at the end of the period under review.

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Probabilities of Default (PD) = one-year probability of default applied to the portfolio. Default rates are based on -Bladex's historical portfolio performance per rating category, complemented by International Rating Agency's probabilities of default for categories 6, 7 and 8, in view of the greater robustness of data for such cases.

Loss Given Default (LGD) = a factor is 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.



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

**Notes to consolidated financial statements (Unaudited)**

**(In thousands of US dollars)**

**2. Summary of significant accounting policies (continued)**

*o) Fees and commissions*

Loan origination fees, net of direct loan origination costs, are deferred, and the net amount is recognized as revenue over the contractual term of the loans as an adjustment to the yield. These net fees are not recognized as revenue during periods in which interest income on loans is suspended because of concerns about the realization of loan principal or interest. Underwriting fees are recognized as revenue when the Bank has rendered all services to the issuer and is entitled to collect the fee from the issuer, when there are no contingencies related to the fee. Underwriting fees are recognized net of syndicate expenses. In addition, the Bank recognizes credit arrangement and syndication fees as revenue after satisfying certain retention, timing and yield criteria. Fees received in connection with a modification of terms of a troubled debt restructuring are applied as a reduction of the recorded investment in the loan. Fees earned on letters of credit, guarantees and other commitments are amortized using the straight-line method over the life of such instruments.

*p) Equipment and leasehold improvements*

Equipment and leasehold improvements, including the electronic data processing equipment, are carried at cost less accumulated depreciation and amortization. Depreciation and amortization are charged to operations using the straight-line method, over the estimated useful life of the related asset. The estimated original useful life for furniture and equipment is 3 to 5 years and for improvements is 3 to 15 years.

The Bank defers the cost of internal-use software that has a useful life in excess of one year in accordance with ASC Topic 350-40 - Intangibles – Goodwill and Other – Internal-Use Software. These costs consist of payments made to third parties related to the use of licenses and installation of both, software and hardware. Subsequent additions, modifications or upgrades to internal-use software are capitalized only to the extent that they allow the software to perform a task it previously did not perform. Software maintenance and training costs are expensed in the period in which they are incurred. Capitalized internal use software costs are amortized using the straight-line method over their estimated useful lives, generally consisting of 5 years.

*q) Borrowings and debt*

Short and long-term borrowings and debt are accounted for at amortized cost.

*r)*

*Capital reserves*

Capital reserves are established as an appropriation of retained earnings and are, as such, a form of retained earnings. Reductions of capital reserves require the approval of the Bank's Board of Directors and the SBP.

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

**Notes to consolidated financial statements (Unaudited)**  
**(In thousands of US dollars)**

**2. Summary of significant accounting policies (continued)**

*s) Stock-based compensation and stock options plans*

The Bank applies ASC Topic 718 – Compensation - Stock Compensation to account for compensation costs on restricted stock, restricted stock units and stock option plans. Compensation cost is based on the grant date fair value of both stock and options and is recognized over the requisite service period of the employee, using the straight-line method. The fair value of each option is estimated at the grant date using a binomial option-pricing model.

When options and stock are exercised, the Bank's policy is to reissue shares from treasury stock.

*t) Derivative financial instruments and hedge accounting*

The Bank uses derivative financial instruments for its management of interest rate and foreign exchange risks. Interest rate swap contracts, cross-currency swap contracts and forward foreign exchange contracts have been used to manage interest rate and foreign exchange risks associated with debt securities and borrowings with fixed and floating rates, and loans and borrowings in foreign currency. These contracts can be classified as fair value and cash flow hedges. In addition, forward foreign exchange contracts are used to hedge exposures to changes in foreign currency in subsidiary companies with functional currencies other than US\$ dollar. These contracts are classified as net investment hedges.

The accounting for changes in value of a derivative depends on whether the contract is for trading purposes or has been designated and qualifies for hedge accounting.

Derivatives held for trading purposes include interest rate swap, cross-currency swap, forward foreign exchange and future contracts used for risk management purposes that do not qualify for hedge accounting. The fair value of trading derivatives is reported as trading assets or trading liabilities, as applicable.

Changes in realized and unrealized gains and losses and interest from these trading instruments are included in net gain (loss) from trading securities.

Derivatives for hedging purposes primarily include forward foreign exchange contracts and interest rate swap contracts in US dollars and cross-currency swaps. Derivative contracts designated and qualifying for hedge accounting are reported in the consolidated balance sheet as derivative financial instruments used for hedging - receivable and payable, as applicable, and hedge accounting is applied. In order to qualify for hedge accounting, a derivative must be considered highly effective at reducing the risk associated with the exposure being hedged. Each derivative must be designated as a hedge, with documentation of the risk management objective and strategy, including identification of the hedging instrument, the hedged item and the risk exposure, as well as how effectiveness will be assessed prospectively and retrospectively. The extent to which a hedging instrument is effective at achieving offsetting changes in fair value or cash flows must be assessed at least quarterly. Any ineffectiveness must be reported in current-period earnings.

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

**Notes to consolidated financial statements (Unaudited)  
(In thousands of US dollars)**

**2. Summary of significant accounting policies (continued)**

**t) *Derivative financial instruments and hedge accounting (continued)***

The Bank discontinues hedge accounting prospectively in the following situations:

1. It is determined that the derivative is no longer effective in offsetting changes in the fair value or cash flows of a hedged item.
2. The derivative expires or is sold, terminated or exercised.
3. The Bank otherwise determines that designation of the derivative as a hedging instrument is no longer appropriate.

The Bank carries all derivative financial instruments in the consolidated balance sheet at fair value. For qualifying fair value hedges, all changes in the fair value of the derivative and the fair value of the item for the risk being hedged are recognized in earnings. If the hedge relationship is terminated, then the fair value adjustment to the hedged item continues to be reported as part of the basis of the item and is amortized to earnings as a yield adjustment. The Bank applies the shortcut method of hedge accounting that does not recognize ineffectiveness in hedges of interest rate swap that meet the requirements of ASC Topic 815-20-25-104. For qualifying cash flow hedges and net investment hedges, the effective portion of the change in the fair value of the derivative is recorded in OCI and recognized in the consolidated statement of income when the hedged cash flows affect earnings. The ineffective portion is recognized in the consolidated statement of income as activities of derivative financial instruments and hedging. If the cash flow hedge relationship is terminated, related amounts in OCI are reclassified into earnings when hedged cash flows occur.

**u) *Foreign currency translation***

Assets and liabilities of foreign subsidiaries whose local currency is considered their functional currency, are translated into the reporting currency, US\$ dollar using period-end spot foreign exchange rates. The Bank uses monthly-averaged exchange rates to translate revenues and expenses from local functional currency into US\$ dollar. The effects of those translations adjustments are reported as a component of the accumulated other comprehensive loss in the stockholders' equity.

Transactions whose terms are denominated in a currency other than the functional currency, including transactions denominated in local currency of the foreign entity with the US\$ dollar as their functional currency, are recorded at

the exchange rate prevailing at the date of the transaction. Assets and liabilities in foreign currency are translated into US\$ dollar using period-end spot foreign exchange rates. The effects of translation of monetary assets and liabilities into US\$ dollar are included in current year's earnings in the Gain (loss) on foreign currency exchange line item.

v)

***Income taxes***

Bladex Head Office is exempted from payment of income taxes in Panama in accordance with the contract signed between the Republic of Panama and Bladex.

The Feeder and the Master are not subject to income taxes in accordance with the laws of the Cayman Islands. These companies received an undertaking exempting them from taxation of all future profits until March 7, 2026.

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

**Notes to consolidated financial statements (Unaudited)**  
**(In thousands of US dollars)**

**2. Summary of significant accounting policies (continued)**

*v) Income taxes (continued)*

Bladex Representacao Ltda. and Bladex Investimentos Ltda., are subject to income taxes in Brazil.  
Bladex Development Corp., is subject to income taxes in Panama.  
BLX Soluciones, S.A. de C.V., SOFOM, is subject to income taxes in Mexico.  
The New York Agency and Bladex's subsidiaries incorporated in USA are subject to federal and local taxation in USA based on the portion of income that is effectively connected with its operations in that country.

Such amounts of income taxes have been immaterial to date.

*w) Redeemable noncontrolling interest*

ASC Topic 810 - Consolidation requires that a noncontrolling interest, previously referred to as a minority interest, in a consolidated subsidiary be reported as a separate component of equity and the amount of consolidated net income specifically attributable to the noncontrolling interest be presented separately, below net income in the consolidated statement of income.

Furthermore, in accordance with ASC 480-10-S99, equity securities that are redeemable at the option of the holder and not solely within the control of the issuer must be classified outside of equity. The terms of third party investments in the consolidated funds contain a redemption clause which allows the holders the option to redeem their investment at fair value. Accordingly, the Bank presents the noncontrolling interest between liabilities and stockholders' equity in the consolidated balance sheets.

Net assets of the Feeder and the Brazilian Fund are measured and presented at fair value, given the nature of their net assets (i.e. represented mainly by cash and investments in securities). Therefore, when calculating the value of the redeemable noncontrolling interest of the Feeder under ASC Topic 810, such amount was already recorded at its fair value and no further adjustments under ASC 480-10-S99 were necessary.

x)

*Earnings per share*

Basic earnings per share is computed by dividing the net income attributable to Bladex stockholders (the numerator) by the weighted average number of common shares outstanding (the denominator) during the period. Diluted earnings per share measure performance incorporating the effect that potential common shares, such as stock options and restricted stock units outstanding during the same period, would have on net earnings per share. The computation of diluted earnings per share is similar to the computation of basic earnings per share, except for the denominator, which is increased to include the number of additional common shares that would have been issued if the beneficiaries of stock purchase options and other stock plans could exercise their options. The number of potential common shares that would be issued is determined using the treasury stock method.



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

**Notes to consolidated financial statements (Unaudited)**

**(In thousands of US dollars)**

**2. Summary of significant accounting policies (continued)**

**y) *Applicable accounting standards recently issued***

At the consolidated balance sheet date, new accounting standards, modifications, interpretations, and updates to standards (“ASU”), applicable to the Bank, have been issued and are not in effect. These standards establish the following:

ASU 2015-01 - Statements of Income - Extraordinary and Unusual Items (Subtopic 225-20)

This update eliminates the concept of extraordinary items in the Income Statement according to Subtopic 225-20. Eliminating the concept of extraordinary items will save time and reduce costs because they will not have to assess whether a particular event or transaction is an extraordinary, unusual and/or infrequent item.

For an entity that prospectively applies the guidance, the only required transition disclosure will be to disclose, if applicable, both the nature and the amount of an item included in income from continuing operations after adoption that adjusts an extraordinary item previously classified and presented before the date of adoption. An entity retrospectively applying the guidance should provide the disclosures as set out in Subtopic 250-10-50-1 through 50-2 (Accounting Changes and Errors - Disclosure).

The amendments in this Update are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. Early adoption is permitted provided that the guidance is applied from the beginning of the fiscal year of adoption.

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

**Notes to consolidated financial statements (Unaudited)**

**(In thousands of US dollars)**

**3. Cash and cash equivalents**

Cash and cash equivalents are as follows:

|                                    | March 31,<br>2015 | December 31,<br>2014 |
|------------------------------------|-------------------|----------------------|
| Cash and due from banks            | 27,796            | 4,985                |
| Interest-bearing deposits in banks | 917,351           | 775,530              |
| Total                              | 945,147           | 780,515              |
| Less:                              |                   |                      |
| Pledged deposits                   | 26,201            | 39,210               |
|                                    | 918,946           | 741,305              |

On March 31, 2015 and December 31, 2014 the New York Agency had a pledged deposit with a carrying value of \$3.0 million with the New York State Banking Department, as required by law since March 1994. As of March 31, 2015 and December 31, 2014, the Bank had pledged deposits with a carrying value of \$23.2 million and \$10.9 million, respectively, to secure derivative financial instruments transactions and repurchase agreements.

**4. Investment securities**

Securities available-for-sale

The amortized cost, related unrealized gross gain (loss) and fair value of securities available-for-sale by country risk and type of debt, are as follows:

| March 31, 2015 | Amortized | Unrealized | Unrealized | Fair |
|----------------|-----------|------------|------------|------|
|                |           |            |            |      |

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|                     | Cost    | Gross<br>Gain | Gross Loss | Value   |
|---------------------|---------|---------------|------------|---------|
| Corporate debt:     |         |               |            |         |
| Brazil              | 36,398  | 3             | 835        | 35,566  |
| Colombia            | 25,896  | -             | 3,028      | 22,868  |
| Chile               | 10,237  | 8             | 115        | 10,130  |
| Honduras            | 7,292   | -             | 7          | 7,285   |
| Panama              | 4,688   | -             | 16         | 4,672   |
| Peru                | 9,439   | 105           | -          | 9,544   |
| Venezuela           | 18,513  | 275           | -          | 18,788  |
|                     | 112,463 | 392           | 4,001      | 108,853 |
| Sovereign debt:     |         |               |            |         |
| Brazil              | 11,806  | -             | 457        | 11,349  |
| Colombia            | 63,196  | -             | 800        | 62,396  |
| Chile               | 11,646  | 21            | 85         | 11,582  |
| Mexico              | 117,957 | -             | 866        | 117,085 |
| Panama              | 9,028   | -             | 106        | 8,922   |
| Peru                | 2,014   | 15            | -          | 2,029   |
| Trinidad and Tobago | 10,011  | -             | 399        | 9,612   |
|                     | 225,652 | 36            | 2,712      | 222,976 |
| Total               | 338,115 | 427           | 6,713      | 331,829 |

**Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries****Notes to consolidated financial statements (Unaudited)****(In thousands of US dollars)****4. Investment securities (continued)**Securities available-for-sale (continued)

|                     | December 31, 2014 |                       |                       |            |
|---------------------|-------------------|-----------------------|-----------------------|------------|
|                     | Amortized Cost    | Unrealized Gross Gain | Unrealized Gross Loss | Fair Value |
| Corporate debt:     |                   |                       |                       |            |
| Brazil              | 36,575            | -                     | 848                   | 35,727     |
| Colombia            | 24,139            | -                     | 1,828                 | 22,311     |
| Chile               | 12,215            | -                     | 201                   | 12,014     |
| Honduras            | 7,325             | -                     | 33                    | 7,292      |
| Panama              | 4,701             | -                     | 56                    | 4,645      |
| Peru                | 16,911            | -                     | 129                   | 16,782     |
| Venezuela           | 20,299            | 34                    | 9                     | 20,324     |
|                     | 122,165           | 34                    | 3,104                 | 119,095    |
| Sovereign debt:     |                   |                       |                       |            |
| Brazil              | 21,899            | 94                    | 444                   | 21,549     |
| Colombia            | 55,415            | 1                     | 1,239                 | 54,177     |
| Chile               | 11,669            | -                     | 398                   | 11,271     |
| Mexico              | 98,430            | 4                     | 1,587                 | 96,847     |
| Panama              | 17,692            | 10                    | 306                   | 17,396     |
| Peru                | 9,052             | 2                     | 14                    | 9,040      |
| Trinidad and Tobago | 10,113            | -                     | 515                   | 9,598      |
|                     | 224,270           | 111                   | 4,503                 | 219,878    |
| Total               | 346,435           | 145                   | 7,607                 | 338,973    |

As of March 31, 2015 and December 31, 2014, securities available-for-sale with a carrying value of \$284.1 million and \$307.5 million, respectively, were pledged to secure repurchase transactions accounted for as secured financings.

The following table discloses those securities that have had unrealized losses for a period less than 12 months and for 12 months or longer:

March 31, 2015

|                | Less than 12 months |        | 12 months or longer |        | Total             |        |
|----------------|---------------------|--------|---------------------|--------|-------------------|--------|
|                | <b>Unrealized</b>   |        | <b>Unrealized</b>   |        | <b>Unrealized</b> |        |
|                | Fair                | Gross  | Fair                | Gross  | Fair              | Gross  |
|                | Value               | Losses | Value               | Losses | Value             | Losses |
| Corporate debt | 65,934              | 3,486  | 8,449               | 515    | 74,383            | 4,001  |
| Sovereign debt | 110,275             | 824    | 72,577              | 1,888  | 182,852           | 2,712  |
|                | 176,209             | 4,310  | 81,026              | 2,403  | 257,235           | 6,713  |

**Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries****Notes to consolidated financial statements (Unaudited)****(In thousands of US dollars)****4. Investment securities (continued)**Securities available-for-sale (continued)

|                | December 31, 2014   |                         |                     |                         | Total      |                         |
|----------------|---------------------|-------------------------|---------------------|-------------------------|------------|-------------------------|
|                | Less than 12 months |                         | 12 months or longer |                         |            |                         |
|                | Fair Value          | Unrealized Gross Losses | Fair Value          | Unrealized Gross Losses | Fair Value | Unrealized Gross Losses |
| Corporate debt | 87,077              | 2,513                   | 13,334              | 561                     | 100,411    | 3,074                   |
| Sovereign debt | 101,789             | 1,601                   | 77,199              | 2,932                   | 178,988    | 4,533                   |
|                | 188,866             | 4,114                   | 90,533              | 3,493                   | 279,399    | 7,607                   |

Gross unrealized losses are related mainly to changes in market interest rates and other market factors, and not due to underlying credit concerns by the Bank about the issuers.

The following table presents the realized gains and losses on sale of securities available-for-sale:

|        | Three months ended |                |
|--------|--------------------|----------------|
|        | March 31, 2015     | March 31, 2014 |
| Gains  | 296                | 258            |
| Losses | -                  | -              |
| Net    | 296                | 258            |

The amortized cost and fair value of securities available-for-sale by contractual maturity as of March 31, 2015, are shown in the following table:

|                                   | Amortized<br>Cost | Fair<br>Value |
|-----------------------------------|-------------------|---------------|
| Due within 1 year                 | 106,434           | 106,286       |
| After 1 year but within 5 years   | 130,678           | 126,244       |
| After 5 years but within 10 years | 101,003           | 99,299        |
|                                   | 338,115           | 331,829       |

Securities held-to-maturity

The amortized cost, related unrealized gross gain (loss) and fair value of securities held-to-maturity by country risk and type of debt are as follows:

|                 | March 31, 2015    |                          |                          |               |
|-----------------|-------------------|--------------------------|--------------------------|---------------|
|                 | Amortized<br>Cost | Unrealized<br>Gross Gain | Unrealized<br>Gross Loss | Fair<br>Value |
| Corporate debt: |                   |                          |                          |               |
| Brazil          | 21,178            | -                        | 1,403                    | 19,775        |
| Panama          | 27,448            | 38                       | -                        | 27,486        |
|                 | 48,626            | 38                       | 1,403                    | 47,261        |
| Sovereign debt: |                   |                          |                          |               |
| Colombia        | 13,002            | -                        | 8                        | 12,994        |
| Total           | 61,628            | 38                       | 1,411                    | 60,255        |

**Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries****Notes to consolidated financial statements (Unaudited)****(In thousands of US dollars)****4. Investment securities (continued)**Securities held-to-maturity (continued)

|                 | December 31, 2014 |                          |                          |               |
|-----------------|-------------------|--------------------------|--------------------------|---------------|
|                 | Amortized<br>Cost | Unrealized<br>Gross Gain | Unrealized<br>Gross Loss | Fair<br>Value |
| Corporate debt: |                   |                          |                          |               |
| Brazil          | 17,824            | -                        | 958                      | 16,866        |
| Panama          | 23,353            | 33                       | -                        | 23,386        |
|                 | 41,177            | 33                       | 958                      | 40,252        |
| Sovereign debt: |                   |                          |                          |               |
| Colombia        | 13,003            | 40                       | -                        | 13,043        |
| Total           | 54,180            | 73                       | 958                      | 53,295        |

Securities that show gross unrealized losses have had losses for less than 12 months. These losses are related mainly to changes in market interest rates and other market factors and not due to underlying credit concerns by the Bank about the issuers; therefore, such losses are considered temporary.

The amortized cost and fair value of securities held-to-maturity by contractual maturity as of March 31, 2015, are shown in the following table:

|                                 | Amortized<br>Cost | Fair<br>Value |
|---------------------------------|-------------------|---------------|
| Due within 1 year               | 38,425            | 38,427        |
| After 1 year but within 5 years | 23,203            | 21,828        |
|                                 | 61,628            | 60,255        |



As of March 31, 2015 and December 31, 2014, securities held-to-maturity with a carrying value of \$25.8 million and \$13.0 million, respectively, were pledged to secure repurchase transactions accounted for as secured financings.

**5. Investment funds**

Until March 31, 2014, the Bank applied ASC Topic 810-10-25-15 – Consolidation, to consolidate its investment in Alpha4X Feeder Fund (the “Feeder”), and retained the specialized accounting for investment companies described in Note 2 (d). Until March 31, 2014, the Bank reported the net assets value of the Feeder within the “Investment funds” line item in the consolidated balance sheet, presenting the third party investments in the Feeder in the “Redeemable noncontrolling interest” line item between liabilities and stockholder’s equity. Up to the first quarter of 2014, the Bank reported the Feeder’s proportionate participation in the interest income and expense from the Master in the “Investment funds” line item within interest income and expense, realized and unrealized gains and losses in the “Net gain (loss) from investment funds” line item, and expenses from the Feeder and its proportionate share of expenses from the Master were reported in the “Expenses from investment funds” line item in the consolidated statement of income.

**Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries****Notes to consolidated financial statements (Unaudited)****(In thousands of US dollars)****5. Investment funds (continued)**

On April 2014, the Bank redeemed \$13.9 million of its investment in the “Feeder”, VIE that was 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 VIE; and therefore deconsolidated its investment in Alpha4X Feeder Fund. The deconsolidation of this fund affected the balance of redeemable noncontrolling interest by \$49.4 million.

Since April 2014, the Bank’s investment in Alpha4X Feeder Fund is adjusted to record the Bank’s participation in the profits and losses of that fund in the “Net gain (loss) from investment funds” line item. At March 31, 2015, the Bank has a participation of 48.68% in that fund (49.61% at December 31, 2014).

In 2013, the Bank deconsolidated its investment in Alpha4X Latam Fundo de Investimento Multimercado (previously Bladex Latam Fundo de Investimento Multimercado), because it ceased to be the primary beneficiary of that VIE. The deconsolidation of this fund affected the balance of the redeemable noncontrolling interest by \$565 thousand. The Bank's investment in Alpha4X Latam Fundo de Investimento Multimercado is analyzed following the consolidation accounting policy of VIEs described in Note 2 (c). As of March 31, 2015 and December 31, 2014, the Bank is not the primary beneficiary of that VIE. This investment is adjusted to record the Bank's participation in the profits and losses of that fund in the “Net gain (loss) from investment funds” line item in the consolidated statement of income.

The following table summarizes the balances of investments in investment funds:

|  | March 31,<br>2015 | December 31,<br>2014 |
|--|-------------------|----------------------|
| Alpha4X Feeder Fund                              | 52,761            | 52,472               |
| Alpha4X Latam Fundo de Investimento Multimercado | 4,578             | 5,102                |
|  | 57,339            | 57,574               |

In February 2015, the Bank redeemed \$2.0 million of his investment in the Alpha4x Feeder Fund. The Bank has a commitment to remain an investor in these funds, net of annual contractual redemptions, up to March 31, 2016.

**Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries****Notes to consolidated financial statements (Unaudited)****(In thousands of US dollars)****6. Loans**

The following table set forth details of the Bank's loan portfolio:

|                                     | March 31,<br>2015 | December 31,<br>2014 |
|-------------------------------------|-------------------|----------------------|
| Corporations:                       |                   |                      |
| Private                             | 3,052,078         | 3,120,005            |
| State-owned                         | 694,212           | 711,955              |
| Banking and financial institutions: |                   |                      |
| Private                             | 1,783,101         | 1,890,605            |
| State-owned                         | 563,585           | 480,331              |
| Middle-market companies:            |                   |                      |
| Private                             | 475,958           | 483,348              |
| Total                               | 6,568,934         | 6,686,244            |

The composition of the loan portfolio by industry is as follows:

|                                    | March 31,<br>2015 | December 31,<br>2014 |
|------------------------------------|-------------------|----------------------|
| Banking and financial institutions | 2,346,686         | 2,370,936            |
| Industrial                         | 1,688,484         | 1,325,091            |
| Oil and petroleum derived products | 553,649           | 1,013,324            |
| Agricultural                       | 1,068,997         | 1,132,330            |
| Services                           | 605,907           | 617,366              |
| Mining                             | 31,635            | 38,572               |
| Others                             | 273,576           | 188,625              |
| Total                              | 6,568,934         | 6,686,244            |

Loans classified by borrower's credit quality indicators are as follows:

March 31, 2015

| Rating <sup>(1)</sup> | Corporations |             | Banking and financial institutions |             | Middle-market companies | Sovereign | Total     |
|-----------------------|--------------|-------------|------------------------------------|-------------|-------------------------|-----------|-----------|
|                       | Private      | State-owned | Private                            | State-owned | Private                 |           |           |
| 1-6                   | 3,044,152    | 694,212     | 1,783,100                          | 563,586     | 463,054                 | -         | 6,548,104 |
| 7                     | -            | -           | -                                  | -           | 11,997                  | -         | 11,997    |
| 8                     | 4,801        | -           | -                                  | -           | -                       | -         | 4,801     |
| 9                     | -            | -           | -                                  | -           | 907                     | -         | 907       |
| 10                    | 3,125        | -           | -                                  | -           | -                       | -         | 3,125     |
| Total                 | 3,052,078    | 694,212     | 1,783,100                          | 563,585     | 475,958                 | -         | 6,568,934 |

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**Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries****Notes to consolidated financial statements (Unaudited)****(In thousands of US dollars)****6. Loans (continued)**

|                             | December 31, 2014 |             |                                    |             |                         |           |           |
|-----------------------------|-------------------|-------------|------------------------------------|-------------|-------------------------|-----------|-----------|
|                             | Corporations      |             | Banking and financial institutions |             | Middle-market companies |           |           |
| <b>Rating<sup>(1)</sup></b> | Private           | State-owned | Private                            | State-owned | Private                 | Sovereign | Total     |
| 1-6                         | 3,112,079         | 711,955     | 1,890,605                          | 480,331     | 482,439                 | -         | 6,677,409 |
| 7                           | 4,801             | -           | -                                  | -           | -                       | -         | 4,801     |
| 8                           | -                 | -           | -                                  | -           | 909                     | -         | 909       |
| 9                           | -                 | -           | -                                  | -           | -                       | -         | -         |
| 10                          | 3,125             | -           | -                                  | -           | -                       | -         | 3,125     |
| Total                       | 3,120,005         | 711,955     | 1,890,605                          | 480,331     | 483,348                 | -         | 6,686,244 |

(1) Current ratings as of March 31, 2015 and December 31, 2014, respectively.

The remaining loan maturities are summarized as follows:

|                           | March 31,<br>2015 | December<br>31,<br>2014 |
|---------------------------|-------------------|-------------------------|
| Current                   |                   |                         |
| Up to 1 month             | 998,693           | 947,624                 |
| From 1 month to 3 months  | 1,439,633         | 1,502,905               |
| From 3 months to 6 months | 1,245,279         | 1,268,478               |
| From 6 months to 1 year   | 1,039,859         | 1,067,073               |
| From 1 year to 2 years    | 1,012,237         | 989,805                 |
| From 2 years to 5 years   | 780,052           | 870,163                 |
| From 5 years to 7 years   | 32,351            | 31,361                  |
|                           | 6,548,104         | 6,677,409               |
| Delinquent                | -                 | 4,801                   |

Impaired:

|                            |           |           |
|----------------------------|-----------|-----------|
| Delinquent with impairment | 3,517     | -         |
| Past due with impairment   | 17,313    | 4,034     |
|                            | 20,830    | 8,835     |
| Total                      | 6,568,934 | 6,148,244 |

**Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries****Notes to consolidated financial statements (Unaudited)****(In thousands of US dollars)****6. Loans (continued)**

The following table provides a breakdown of loans by country risk:

|                          | March 31,<br>2015 | December 31,<br>2014 |
|--------------------------|-------------------|----------------------|
| Country:                 |                   |                      |
| Argentina                | 163,339           | 184,882              |
| Bolivia                  | 24,729            | 10,000               |
| Brazil                   | 1,892,812         | 1,971,776            |
| Chile                    | 138,191           | 157,309              |
| Colombia                 | 741,816           | 726,085              |
| Costa Rica               | 242,805           | 320,832              |
| Dominican Republic       | 233,358           | 243,038              |
| Ecuador                  | 187,072           | 120,010              |
| El Salvador              | 100,700           | 115,830              |
| France                   | 6,000             | 6,000                |
| Germany                  | 97,000            | 100,000              |
| Guatemala                | 262,545           | 262,733              |
| Honduras                 | 99,176            | 93,008               |
| Jamaica                  | 99,176            | 15,512               |
| Mexico                   | 872,238           | 868,045              |
| Netherlands              | 6,316             | 10,455               |
| Nicaragua                | 4,857             | 7,856                |
| Panama                   | 383,388           | 320,758              |
| Paraguay                 | 145,305           | 132,479              |
| Peru                     | 537,298           | 589,724              |
| Switzerland              | -                 | 50,000               |
| Trinidad and Tobago      | 177,420           | 165,042              |
| United States of America | 63,675            | 55,370               |
| Uruguay                  | 176,500           | 159,500              |
|                          | 6,568,934         | 6,686,244            |

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



|                         | March 31,<br>2015 | December 31,<br>2014 |
|-------------------------|-------------------|----------------------|
| Fixed interest rates    | 3,269,839         | 3,322,817            |
| Floating interest rates | 3,299,095         | 3,363,427            |
|                         | 6,568,934         | 6,686,244            |

As of March 31, 2015 and December 31, 2014, 88% and 89%, respectively, of the loan portfolio at fixed interest rates has remaining maturities of less than 180 days.

**Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries****Notes to consolidated financial statements (Unaudited)****(In thousands of US dollars)****6. Loans (continued)**

The following is a summary of information of non-accruing loan balances, and interest amounts on non-accruing loans:

|   | March 31,<br>2015 | December 31,<br>2014 |
|---|-------------------|----------------------|
| Loans in non-accrual status   |                   |                      |
| Corporation - Private   | 7,926             | 3,125                |
| Middle-market companies - Private   | 12,904            | 909                  |
| Total loans in non-accrual status   | 20,830            | 4,034                |
| Interest which would have been recorded if the loans had not been in a non-accrual status | 257               | 191                  |
| Interest income collected on non-accruing loans   | 7                 | 6                    |

An analysis of non-accruing loans with impaired balances as of March 31, 2015 and December 31, 2014 is detailed as follows:

|                                   | March 31, 2015      |                          |                   | Three months ended<br>March 31, 2015 |                            |
|-----------------------------------|---------------------|--------------------------|-------------------|--------------------------------------|----------------------------|
|                                   | Recorded investment | Unpaid principal balance | Related allowance | Average principal loan balance       | Interest income recognized |
| With an allowance recorded        |                     |                          |                   |                                      |                            |
| Corporation - Private             | 7,926               | 4,084                    | 1,378             | 6,432                                | -                          |
| Middle-market companies - Private | 12,904              | 68                       | 2,685             | 907                                  | -                          |
| Total                             | 20,830              | 4,152                    | 4,063             | 7,339                                | -                          |

December 31, 2014

**Three months ended  
March 31, 2014**

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|                            | Recorded investment | Unpaid principal balance | Related allowance | Average principal loan balance | Interest income recognized |
|----------------------------|---------------------|--------------------------|-------------------|--------------------------------|----------------------------|
| With an allowance recorded |                     |                          |                   |                                |                            |
| Corporation - Private      | 3,125               | 2,813                    | 2,284             | 3,125                          | -                          |
| Middle-market companies    |                     |                          |                   |                                |                            |
| - Private                  | 909                 | 40                       | 131               | -                              | -                          |
| Total                      | 4,034               | 2,853                    | 2,415             | 3,125                          | -                          |

As of March 31, 2015 and December 31, 2014, there were no impaired loans without related allowance.

**Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries****Notes to consolidated financial statements (Unaudited)****(In thousands of US dollars)****6. Loans (continued)**

As of March 31, 2015 and December 31, 2014, the Bank have troubled debt restructuring loans. An analysis of the trouble debt restructuring loans is as follows:

|                                     | Number of<br>contracts | Balance recorded<br>before<br>restructuring | Balance recorded<br>after<br>restructuring |
|-------------------------------------|------------------------|---|--|
| Corporations:                       |                        |   |  |
| Private                             | -                      | -   | -  |
| State-owned                         | -                      | -   | -  |
| Banking and financial institutions: |                        |   |  |
| Private                             | -                      | -   | -  |
| State-owned                         | -                      | -   | -  |
| Middle-market companies:            |                        |   |  |
| Privates                            | 2                      | 890   | 919  |
| Sovereign                           | -                      | -   | -  |
| Total                               | 2                      | 890   | 919  |

As of March 31, 2015, the quantitative information regarding past-due trouble debt restructuring loans is the following:

|                                     | Number of<br>contracts | Balance<br>recorded |
|-------------------------------------|------------------------|---------------------|
| Corporations:                       |                        |                     |
| Privates                            | -                      | -                   |
| State-owned                         | -                      | -                   |
| Banking and financial institutions: |                        |                     |
| Privates                            | -                      | -                   |
| State-owned                         | -                      | -                   |
| Middle-market companies:            |                        |                     |
| Privates                            | 2                      | 907                 |

|           |   |     |
|-----------|---|-----|
| Sovereign | - | -   |
| Total     | 2 | 907 |

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**Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries****Notes to consolidated financial statements (Unaudited)****(In thousands of US dollars)****6. Loans (continued)**

The following table presents an aging analysis of the loan portfolio:

|                                    | March 31, 2015 |         |         |              | <b>Total</b> | Past due | Delinquent | Current   | Total loans |
|------------------------------------|----------------|---------|---------|--------------|--------------|----------|------------|-----------|-------------|
|                                    | 91-120         | 121-150 | 151-180 | Greater than |              |          |            |           |             |
|                                    | days           | days    | days    | 180 days     |              |          |            |           |             |
| Corporations                       | -              | -       | 4,801   | 3,125        | 7,926        | 11,997   | 3,738,364  | 3,758,287 |             |
| Banking and financial institutions | -              | -       | -       | -            | -            | -        | 2,346,686  | 2,346,686 |             |
| Middle-market companies            | -              | -       | 198     | 709          | 907          | -        | 463,054    | 463,961   |             |
| Sovereign                          | -              | -       | -       | -            | -            | -        | -          | -         |             |
| <b>Total</b>                       | -              | -       | 4,999   | 3,834        | 8,833        | 11,997   | 6,548,104  | 6,568,934 |             |

  

|                                    | December 31, 2014 |         |         |              | <b>Total</b> | Past due | Delinquent | Current   | Total loans |
|------------------------------------|-------------------|---------|---------|--------------|--------------|----------|------------|-----------|-------------|
|                                    | 91-120            | 121-150 | 151-180 | Greater than |              |          |            |           |             |
|                                    | days              | days    | days    | 180 days     |              |          |            |           |             |
| Corporations                       | -                 | -       | -       | 3,125        | 3,125        | 4,801    | 3,824,034  | 3,831,960 |             |
| Banking and financial institutions | -                 | -       | -       | -            | -            | -        | 2,370,936  | 2,370,936 |             |
| Middle-market companies            | 909               | -       | -       | -            | 909          | -        | 482,439    | 483,348   |             |
| Sovereign                          | -                 | -       | -       | -            | -            | -        | -          | -         |             |
| <b>Total</b>                       | 909               | -       | -       | 3,125        | 4,034        | 4,801    | 6,677,409  | 6,686,244 |             |

As of March 31, 2015 and December 31, 2014, the Bank has credit transactions in the normal course of business with 15%, 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 As of March 31, 2015 and December 31, 2014, approximately 12% and 8%, respectively, of the outstanding loan portfolio is placed with the Bank's Class "A" and "B" stockholders and their related parties. As of March 31, 2015, 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.

During the three months ended March 31, 2015 and 2014, the Bank sold loans on the secondary market with a book value of \$21.3 million and \$54.2 million, respectively, with a net gain of \$122 thousand and \$120 thousand, respectively.

**Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries****Notes to consolidated financial statements (Unaudited)****(In thousands of US dollars)****7. Allowance for credit losses**

The Bank classifies the allowance for credit losses into two components as follows:

## a) Allowance for loan losses:

|   | Three months ended March 31, 2015 |                                    |                         |           | Total    |
|---|-----------------------------------|------------------------------------|-------------------------|-----------|----------|
|   | Corporations                      | Banking and financial institutions | Middle market companies | Sovereign |          |
| Balance at beginning of the period                | 42,766                            | 31,512                             | 5,397                   | -         | 79,675   |
| Provision (reversal of provision) for loan losses | (1,279 )                          | (1,076 )                           | (340 )                  | -         | (2,695 ) |
| Loan recoveries and other                         | -                                 | 712                                | -                       | 712       | -        |
| Loans written-off                                 | -                                 | -                                  | -                       | -         | -        |
| Balance at end of the period                      | 41,487                            | 31,148                             | 5,057                   | -         | 77,692   |
| Components:                                       |                                   |                                    |                         |           |          |
| Generic allowance                                 | 38,802                            | 31,148                             | 3,679                   | -         | 73,629   |
| Specific allowance                                | 2,685                             | -                                  | 1,378                   | -         | 4,063    |
| Total allowance for loan losses                   | 41,487                            | 31,148                             | 5,057                   | -         | 77,692   |
|   |                                   |                                    |                         |           |          |
|   | Three months ended March 31, 2014 |                                    |                         |           | Total    |
|   | Corporations                      | Banking and financial institutions | Middle market companies | Sovereign |          |
| Balance at beginning of the period                | 31,516                            | 30,865                             | 10,369                  | 1         | 72,751   |
| Provision (reversal of provision) for loan losses | (16 )                             | -                                  | 1                       | (1 )      | (16 )    |
| Loan recoveries and other                         | -                                 | -                                  | -                       | -         | -        |
| Loans written-off                                 | -                                 | -                                  | -                       | -         | -        |
| Balance at end of the period                      | 31,500                            | 30,865                             | 10,370                  | -         | 72,735   |
| Components:                                       |                                   |                                    |                         |           |          |
| Generic allowance                                 | 30,562                            | 30,865                             | 10,370                  | -         | 71,797   |



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|                                 |        |        |        |   |        |
|---------------------------------|--------|--------|--------|---|--------|
| Specific allowance              | 938    | -      | -      | - | 938    |
| Total allowance for loan losses | 31,500 | 30,865 | 10,370 | - | 72,735 |

Provision (reversal of provision) of generic allowance for credit losses are mostly related to changes in volume and composition of the credit portfolio. The net decrease in the generic allowance for loan losses in the first quarter 2015 is primarily due to increased exposure in countries, customers and type of transactions with best calification and a decrease in those with lower calification.

**Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries****Notes to consolidated financial statements (Unaudited)****(In thousands of US dollars)****7. Allowance for credit losses (continued)****a) Allowance for loan losses (continued):**

Following is a summary of loan balances and reserves for loan losses:

|                                    | March 31, 2015    |  |                               |           | Total     |
|------------------------------------|-------------------|--|-------------------------------|-----------|-----------|
|                                    | Corporations      | Banking and<br>financial<br>institutions | Middle<br>market<br>companies | Sovereign |           |
| Allowance for loan losses          |                   |  |                               |           |           |
| Generic allowance                  | 38,802            | 31,148                                   | 3,679                         | -         | 73,629    |
| Specific allowance                 | 2,685             | -  | 1,378                         | -         | 4,063     |
| Total of allowance for loan losses | 41,487            |  | 5,057                         | -         | 77,692    |
| Loans                              |                   |  |                               |           |           |
| Loans with generic allowance       | 3,738,364         | 2,346,686                                | 463,054                       | -         | 6,548,104 |
| Loans with specific allowance      | 7,926             | -  | 12,904                        | -         | 20,830    |
| Total loans                        | 3,746,290         | 2,346,686                                | 475,958                       | -         | 6,568,934 |
|                                    |                   |  |                               |           |           |
|                                    | December 31, 2014 |  |                               |           | Total     |
|                                    | Corporations      | Banking and<br>financial<br>institutions | Middle<br>market<br>companies | Sovereign |           |
| Allowance for loan losses          |                   |  |                               |           |           |
| Generic allowance                  | 40,482            | 31,512                                   | 5,266                         | -         | 77,260    |
| Specific allowance                 | 2,284             | -  | 131                           | -         | 2,415     |
| Total of allowance for loan losses | 42,766            | 31,512                                   | 5,397                         | -         | 79,675    |
| Loans                              |                   |  |                               |           |           |
| Loans with generic allowance       | 3,828,835         | 2,370,936                                | 482,439                       | -         | 6,682,210 |
| Loans with specific allowance      | 3,125             | -  | 909                           | -         | 4,034     |
| Total loans                        | 3,831,960         | 2,370,936                                | 483,348                       | -         | 6,686,244 |

b) Reserve for losses on off-balance sheet credit risk: