

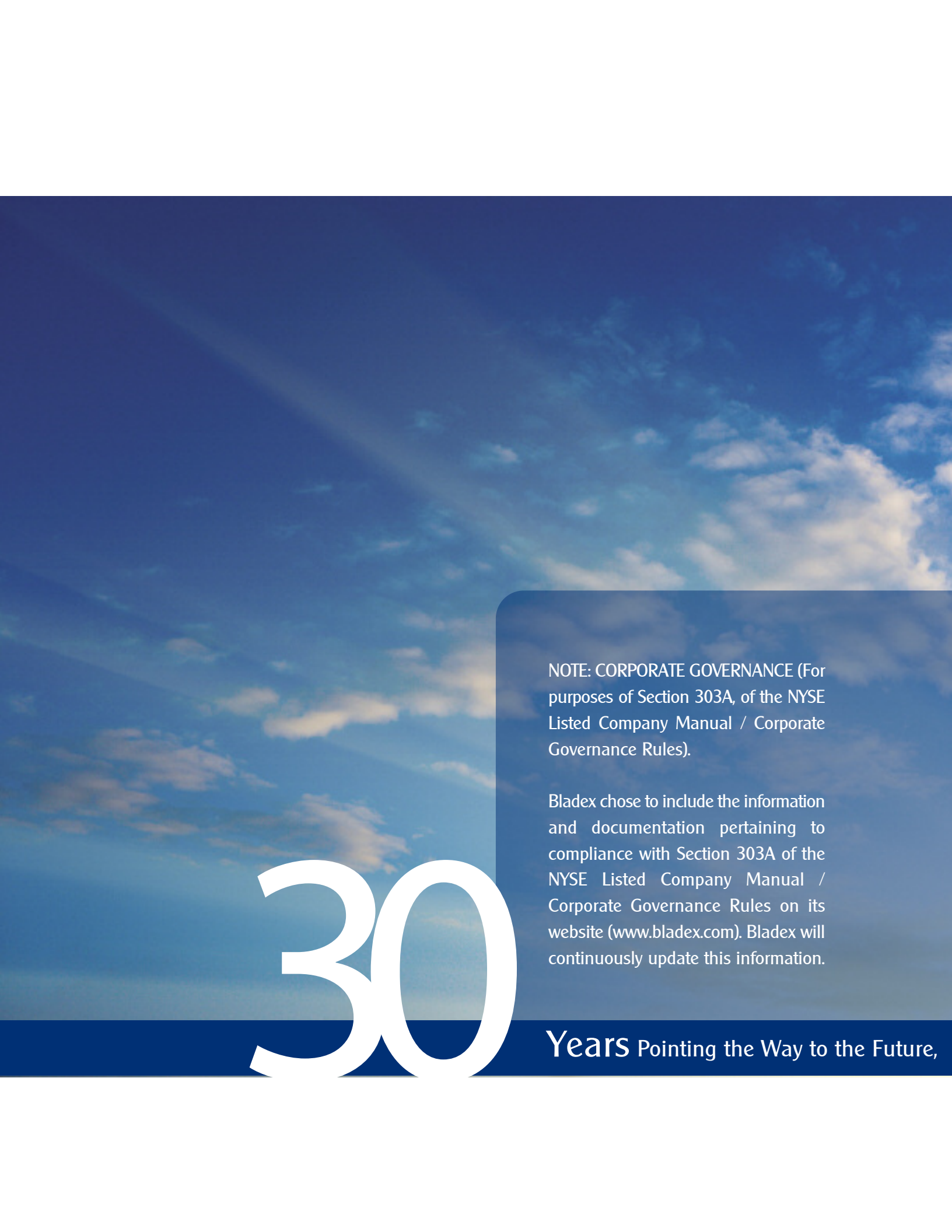
Annual Report

2009

30



Years Pointing the Way to the Future, Connected to the World



30

NOTE: CORPORATE GOVERNANCE (For purposes of Section 303A, of the NYSE Listed Company Manual / Corporate Governance Rules).

Bladex chose to include the information and documentation pertaining to compliance with Section 303A of the NYSE Listed Company Manual / Corporate Governance Rules on its website (www.bladex.com). Bladex will continuously update this information.

Years Pointing the Way to the Future,

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A MESSAGE to our Shareholders



Gonzalo Menéndez Duque
Chairman of the Board



Jaime Rivera
Chief Executive Officer

Dear Shareholders:

The year 2009 was undoubtedly one of the most challenging ever for the banking industry.

Severe problems in the financial systems of the world's most industrialized countries have had a deep impact on economies worldwide, prompting governments to implement emergency measures to overcome the crisis.

In this difficult context, we have managed the Bank with the clear objective of overcoming the crisis by safeguarding the solvency and quality of the Institution. Our response to this challenge further confirmed our ability to manage the Bank in an effective, responsible manner, no matter how difficult the circumstances.

It is against this background that we report to you today that the Bank continues to be strongly capitalized, with comfortable levels of liquidity and reserves, sufficient to cover any eventual losses, while

at the same time carrying an asset base that is sound and strong. This has enabled us to continue to operate profitably despite the adverse circumstances mentioned earlier, and to maintain a dividend policy that is both prudent and sustainable.

The financial statements that are part of the Shareholders' Report clearly and accurately reflect the Bank's strong financial condition.

We would like to place particular emphasis on the fact that, in spite of an extremely difficult environment, we have remained true to our commitment to support our clients and to provide financial support to businesses in our Region.

The impact of the economic crisis on Latin America and the Caribbean in 2009 was particularly severe. After having experienced an average GDP growth rate of 5.4% during the previous five years, this figure plummeted to 1.8% in 2009. The impact on the





foreign trade flows in the Region was even more dramatic, contracting by 24%, a significant decrease when compared to average growth rates of around 19% in recent years.

The sharp reduction in foreign trade was felt most acutely in those countries that are geared toward the export of manufactured goods and, although the situation was partially remedied toward the end of the year in the large commodity-producing countries, the impact of the slowdown on economic activity, tax revenues, and employment in the Region was far-reaching. In those economies that are particularly dependent on workers' remittances, higher unemployment levels in the industrialized nations aggravated the situation even further.

Fortunately, and in contrast with what we have seen in previous crises, the majority of the Region's

countries—and especially their financial systems—were well prepared to face the situation: national accounts showed historically low levels of public debt, cash reserves were ample, and fiscal accounts were largely balanced. Overall, financial systems were generally well-capitalized and profitable, and their financial statements accurately reflected this.

The severity and depth of the crisis forced the majority of the Region's governments to create special programs to supply specific sectors of their economies. This has brought about fiscal pressures that will likely force some countries to make significant adjustments over the medium and long term, requiring shifts in both monetary and fiscal policy.

While it is true that the crisis resulted in a drop in inflation throughout the Region, thus



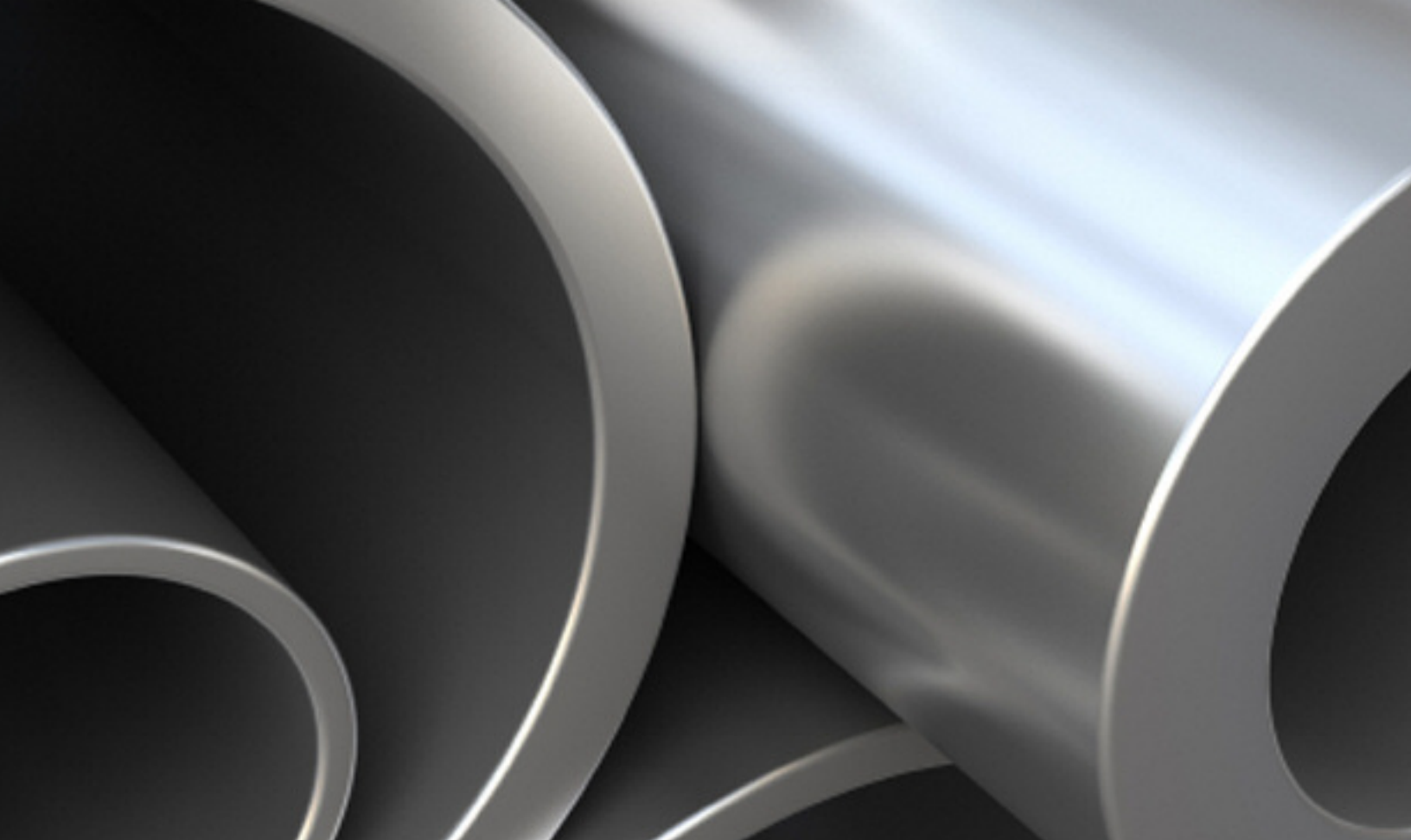
improving in some measure the purchasing power of consumers, it is also true that the social impact of the crisis was pronounced and deeply felt, and was particularly evident in the sharp increase in unemployment and in the worrisome reduction in investment flows.

In this context, Bladex's mission of supporting the Region proved to be vital because, throughout 2009, the Bank provided critically needed financing to its clients in 18 different countries. We are pleased to have been able to alleviate, to the best of our abilities, the social and economic impact of the crisis.

During the course of 2009, Management shifted its approach to reflect the sharply differing market dynamics prevalent during the first and second halves of the year. From January to June, a period

during which the crisis was the harshest, the emphasis of the Bank was on safeguarding its capitalization and liquidity, strengthening its credit reserves, reducing costs, supporting its clients, and adapting portfolio profiles to the new risk environment. We also further diversified the Bank's funding sources, in order to replace credit lines from those correspondent banks that had withdrawn from the market. Bladex was able to successfully establish an important new network of correspondent banks in Asia, which now account for 33% of its interbank funding.

Beginning in July, the large financial support programs established by the central banks in the industrialized economies started to have a positive impact on the market. Liquidity improved, the prices of financial assets recovered, and the demand for commodities in Asia contributed to a price rebound



that benefited producing nations. Because of this, global credit and liquidity risk perceptions improved, allowing Bladex to begin expanding its credit portfolio. As a result, after having reached its lowest level of exposure in May, the Bank increased its commercial portfolio by 17%, reaching \$3.1 billion by the end of 2009. This figure was slightly higher than that of December 31, 2008, although still below the figure of \$4.6 billion that had been attained in May, 2008.

Thanks to these measures, Bladex was able to steer through the crisis without serious difficulties, and without having to call on any external source of support.

In quantitative terms, the results of these operations

yielded a net profit of \$54.9 million, a figure nearly identical to that of the previous year, in spite of the following factors: 1.) In 2009, the commercial portfolio was, on average, 32% lower than the previous year's and, 2.) During 2009, provisions against possible credit losses were strengthened by some \$14.8 million. The impact of these factors was mitigated by the favorable results obtained in other areas of our operations. All of Bladex's financial indicators are solid: Tier 1 capital ratio reached 25.8%, a figure significantly higher than the average for the financial system as a whole. Our leverage ratio is only 5.7 times, allowing us to operate safely, but with ample room for future growth. The liquidity index is a comfortable 10% of assets, and our operational efficiency continues to position us favorably relative to our competitors.



Return on Equity is 8.6%, which is still below our goal. This is fundamentally a reflection of our low leverage ratio. We expect that, to the extent that economies begin to recover—a process that we think will not only be slow, but also hardly free of risks and some degree of volatility—we will be able to resume a sustained pace of growth, and our financial returns will increase accordingly.

We are confident that the changes wrought by the crisis present unique opportunities for Bladex. The time is ripe for Bladex to expand the scope of its activities, in order to fill the void left by those competitors who have withdrawn from the market, to broaden the range of our trade finance products, and to support the foreign trade of Latin American companies that have begun to expand their activities

in Asia or to operate cross-border within our Region. As pertains to the latter point, the ability of the Bank to offer services from a regional platform is particularly valuable and is, we believe, unique.

In addition, we are convinced of the long-term sustainability of the economic growth of China and the rest of Asia, as well as that of the countries of our own Region. This growth will represent an important catalyst for the flow of commerce both within our Region and from Latin America to other regions of the world. Such expanding flows will fuel Bladex's future growth.

Bladex is in a favorable position to take advantage of these opportunities: we have at our disposal all the necessary human and financial resources. It is

this vision of the future that will guide our efforts and our strategy during the coming years.

We have confronted the difficult circumstances of the past year confidently and successfully. This experience has led us to reflect upon our values and our culture—the attributes that define the character of our Institution, and that have resulted in such a high degree of cohesion, teamwork, and effectiveness. All of these qualities are instrumental in protecting the excellent reputation that our Bank enjoys. The joint efforts of the Board of Directors

and the Bank's staff confirmed that the values of Commitment, Humility, Excellence, Respect, and Integrity are the hallmarks of our organization. These are the values that have guided, and that will continue to guide, our interaction with those whom we are privileged to serve.

We cannot end this message without expressing our collective wish for the speedy recovery of the nation of Haiti, a country that has endured a terrible natural disaster, exacting an enormous toll in human lives, and devastating the nation's infrastructure. We are



pleased to report that, at both the individual and institutional level, we have contributed, and will continue to contribute, to the reconstruction efforts of the Haitian people. We also extend our best wishes for the recovery efforts in Chile, following the recent catastrophic earthquake there. Our thoughts and solidarity are with the people and governments of Haiti and Chile, both founding shareholders of Bladex, as they confront these difficult challenges.

In closing, we would like to formally express our gratitude for the confidence that our

shareholders –whether private or governmental– as well as our depositors, clients, correspondent banks, and multilateral agencies, have once again placed in us during a particularly volatile year –one that was very difficult for all of the world’s economies in general, and for the financial system in particular. It is to them, and to our dedicated and capable team, that we owe the credit for the results that have been achieved. We are certain that these results have benefited not only our shareholders, but also the entire Latin American and Caribbean region.



Gonzalo Menéndez Duque
Chairman of the Board



Jaime Rivera
Chief Executive Officer



José Maria Rabelo
BANCO DO BRASIL, Brazil



Carlos E. Weitz
BANCO DE LA NACIÓN ARGENTINA,
Argentina



Board of Directors CLASS "A" **DIRECTORS**



Guillermo Güémez García
BANCO DE MÉXICO, Mexico





Maria da Graça França
Brazil

William D. Hayes
United States of America

Herminio Blanco
Mexico



CLASS "E" DIRECTORS



Mario Covo
United States of America

Will C. Wood
United States of America



ALL CLASSES

Gonzalo Menéndez Duque
Chile

Jaime Rivera
Panama

Gonzalo Menéndez Duque
Chairman of the Board

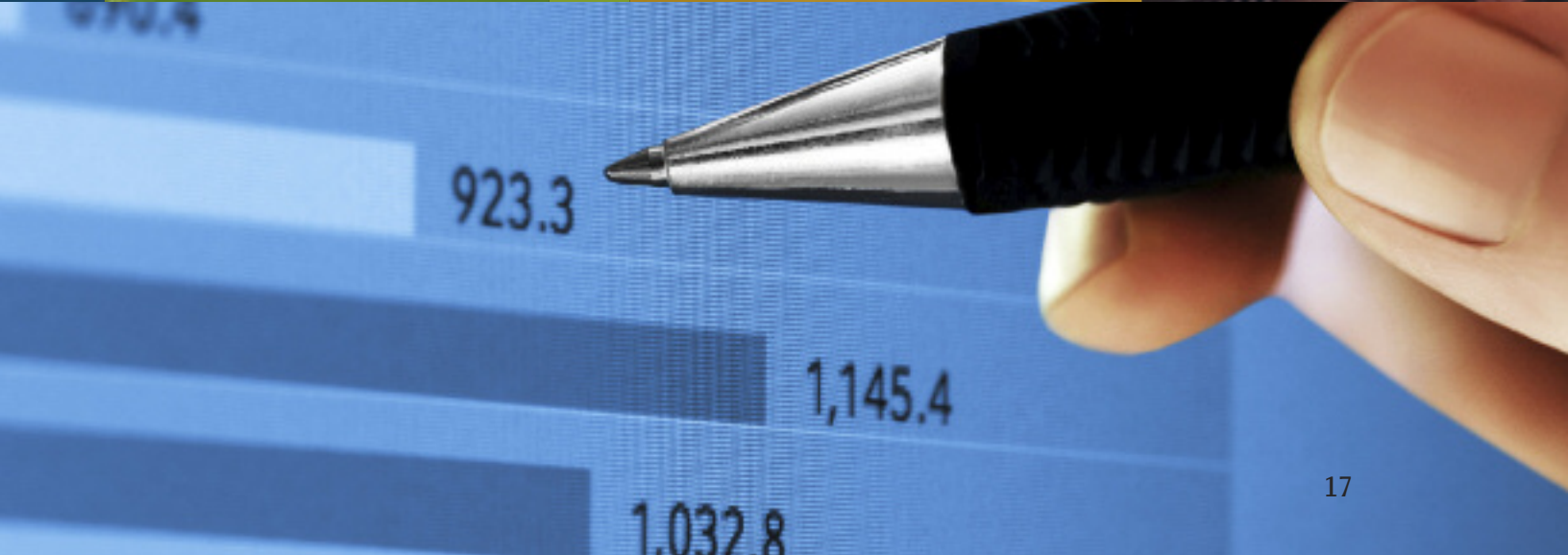
Jaime Rivera
Chief Executive Officer

DIGNITARIES DIRECTORS



Maria da Graça França
Treasurer

Ricardo Manuel Arango
Secretary



Consolidated Financial Data - SUMMARY

YEAR ENDED DECEMBER 31

(In US\$ million, except per share amounts)

2008

2009

Income Statement Data

Net Interest Income	78	65
Reversal (provision) for credit losses ⁽¹⁾	2	(15)
Fees and commissions, net	7	7
Operating Expenses	(40)	(38)
Net Income	55	55

Selected Balance Sheet Data

Investment securities	681	507
Investment fund	151	198
Loan portfolio ⁽²⁾	2,614	2,775
Credit Portfolio, net of unearned income ⁽³⁾	3,713	3,617
Total Assets	4,363	3,879
Total Liabilities	3,784	3,168
Stockholders' Equity	574	676

Per Common Share Data

Net income per share (US\$)	1.51	1.50
Book value per Common Share -period end- (US\$)	15.77	18.49
Common Shares Outstanding: (in thousands)		
Period average	36,388	36,493
Period end	36,413	36,546

Selected Financial Ratios (In %)

Return on average assets	1.1%	1.4%
Return on average stockholders' equity	9.0%	8.6%
Net interest margin	1.55%	1.62%
Operating expenses to total average assets	0.79%	0.96%
Non-accruing loans to total loans, net of discounts ⁽²⁾	0.0%	1.8%
Charge-offs net of recoveries to total loan portfolio ⁽²⁾	-0.1%	0.0%
Allowance for loan losses to total loan portfolio ⁽²⁾	2.1%	2.7%
Allowance for losses on off-balance sheet credit risk to total contingencies	6.9%	8.3%
Stockholders' equity to total assets	13.2%	17.4%
Tier 1 capital to risk-weighted assets	20.4%	25.8%
Total capital to risk-weighted assets	21.6%	27.0%

Notes

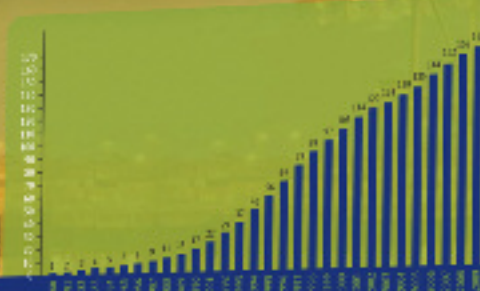
⁽¹⁾ Includes reversal (provision) for loan losses and off-balance sheet credit risk.

⁽²⁾ Loan portfolio is presented net of unearned income and deferred loans fees.

⁽³⁾ Includes book value of loans, fair value of investment securities, acceptances, and contingencies, (including confirmed letters of credit, stand-by letters of credit, and guarantees covering commercial and country risks, credit default swaps and credit commitments).



Total de CREDITOS Acumulados Otorgados



Internacional. Este último alcanzó un crecimiento del 100% desde el cuarto trimestre de 2008, con estimaciones por parte del Fondo Monetario Internacional de mantener su ritmo de crecimiento a una tasa del 10% para el 2010.

Administración de Riesgo

El Banco ha contado desde sus inicios con sólidas políticas de evaluación de riesgo. Esta, armonizada con la naturaleza de las operaciones que el Banco financia, principalmente operaciones de comercio exterior y con la adecuada diversificación de carteras (Bancos, empresas de primera línea, industrias y otros sectores) y mercados geográficos, le han permitido mantener una excelente calidad en su cartera de crédito a pesar del contexto económico desafiante.

Para ello el Banco cuenta con un equipo de Riesgo multifuncional y con la participación de profesionales de varios países de la Región. El adecuado seguimiento realizado sobre la cartera de clientes considerado como de mayor vulnerabilidad a la crisis financiera Internacional, les debe para anticipar situaciones adversas y ajustar la exposición al nivel de riesgo del cliente.

En materia de decisiones el Comité de Riesgo se mantiene independiente de la Gerencia General, con poder de veto para las operaciones y, además, sus propios niveles de riesgo. En línea con las mejores prácticas, el Comité de Riesgo también cuenta con un equipo de Riesgo.

AGENCIAS CALIFICADORAS

PAIS	MOODY'S	SP+	Fit
	DEC 10	MAY 09	SEP 08
Gran Plaza	BBB	A-2	BBB
Largo Plazo	BBB	BBB	BBB

riesgos de RIESGO

El Banco cuenta con asesores internacionales en la materia en los principales países de la región que son socios para el control y monitoreo de los riesgos del Banco. Se realizan auditorías periódicas a todos los países y clientes, las cuales incluyen contactos con las autoridades locales.



Mission

To provide seamless support to Latin America's foreign trade, while creating value for our shareholders.

Vision

To be the premier provider of integrated financial solutions across Latin America's foreign trade value chain.



future

MACROECONOMIC Environment



After six consecutive years of growth, GDP in Latin America and the Caribbean is expected to have dropped by 1.8% in 2009. The impact of the international crisis was remarkable in the last quarter of 2008 and beginning of 2009, affecting all countries in the Region, but those whose international trade, foreign investments, and remittances depends largely on the United States were the most affected.

Exports fell by 25%, and the lower activity levels had a negative impact on prices of basic products and terms of trade. Some countries also had their domestic economic activities affected by the contraction in private credit, which was not offset

by increased public banking operations. Public expenditure was the demand component that increased in the first half of the year, as a result of policies implemented by several countries in the Region, like Brazil, which contributed to speed up the rebound process during the second half of the year.

The Region's economies showed positive signs in the second half of the year. Industrial production and exports started to recover, while an increase in global economic activity levels and foreign trade volumes, especially in China and India, boosted the demand for basic products, favoring a price rally in basic products and an improvement in the terms of trade.



In addition to these positive factors, Latin America has resumed access to international credit, especially from Multilateral Banks, and stock exchanges have rebounded. An improved scenario for stock markets has led to equity recovery in the private sector, helping credit recover to regular levels. In addition, the improvement in employment indicators and the increase in the private sector's confidence levels have set the stage for more favorable prospects in 2010.

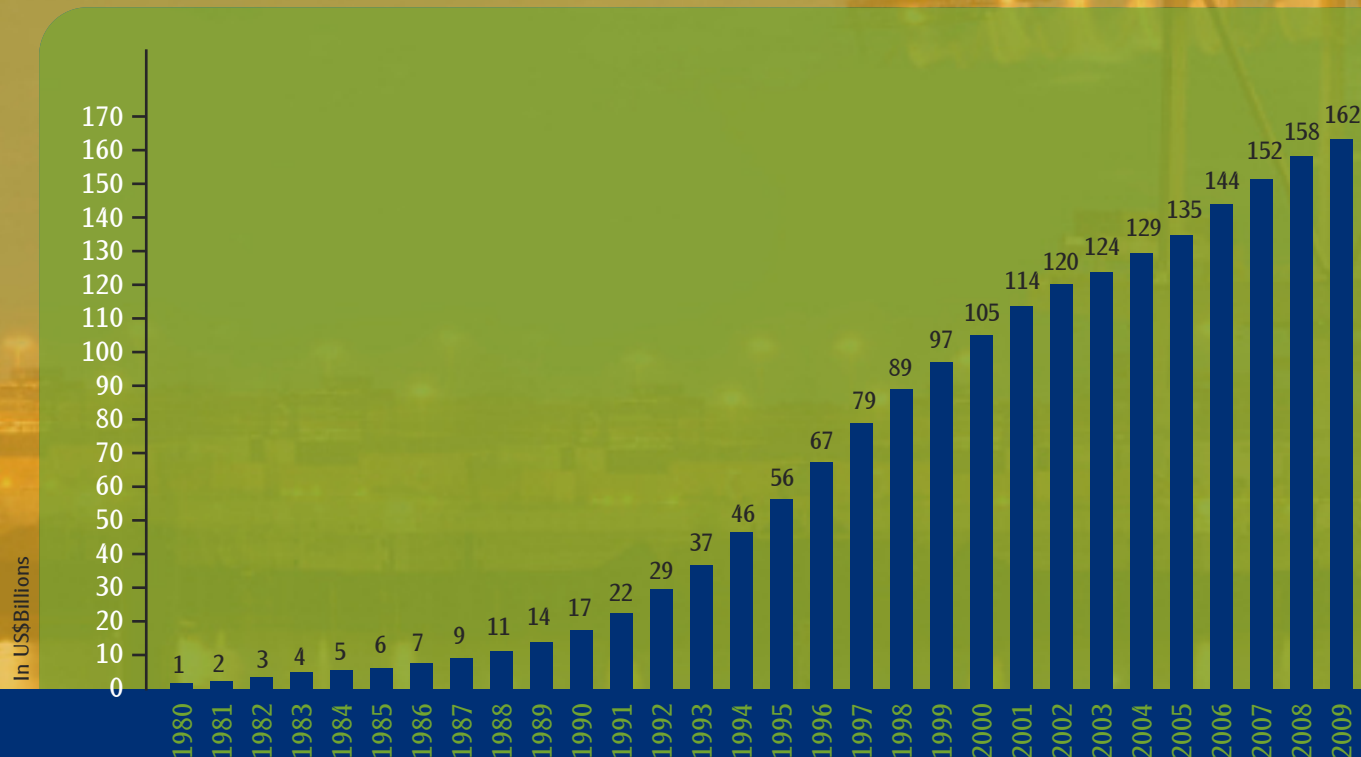
In this difficult environment, Bladex has managed to continue providing support to its clients and to the Latin American trade sector, fulfilling its strategic role in the Region.

Latin America is expected to record growth of 4.1% in 2010, with Southern Cone countries standing out due to the relative size of some of their domestic markets, as well as to the increased diversification of the exports markets, and the greater participation of China in international trade. China recorded a 10.7% growth rate in the fourth quarter of 2009, and the International Monetary Fund estimates the country will keep its pace of growth at 10% in 2010.

Risk Management

Bladex has always applied strict risk evaluation policies. The bank's main business is to make trade finance loans, which are well-diversified

Total Accumulated **CREDITS**



between banks, corporations, governments, and state-owned companies. These factors have allowed Bladex to maintain excellent loan quality, in spite of the challenging economic environment. In order to achieve this, the Bank counts on a multi-disciplinary Risk team composed of professionals recruited from several different countries in the Region. The especially close monitoring of those clients most vulnerable to the international financial crisis has been key to anticipating adverse situations and to adjusting exposures to the clients' degree of risk.

The Risk Department's decision-making process is independent from the other areas of the Bank: its Senior Vice President has veto power, and its priorities are set according to risk criteria. In line

with best market practices, the Risk division has units specializing in Credit Risk, Market Risk, Operational Risk, Legal Risk, and Country Risk, all working together to ensure an integrated approach to risk monitoring.

With this objective in mind, the Risk Division keeps itself up-to-date on the latest practices, incorporating new developments as necessary so as to best control and monitor the Bank's risks. With regard to the loan portfolio, special attention is paid to monitoring outstanding loans and those countries where the Bank has operations, by means of contact with international risk rating agencies, publications, news sources, etc. Regular visits are made to those countries where our clients operate, including contact with local



	RATING AGENCIES		
TENOR	MOODY'S DEC '09	S&P MAY '09	Fitch SEP '09
Short Term	P-2	A-2	F-2
Long Term	Baa2	BBB	BBB
Perspective	Stable	Stable	Stable

Bladex's Credit **RATINGS**

authorities, top executives, and financial institutions' officers, as well as independent analysts, and representatives from international risk-rating agencies when they have local offices.

As part of its Corporate Governance policy, Bladex counts on different analysis and approval levels for its activities. In the case of the Risk Division, these include:

- **The Risk Policy & Evaluation Committee (RPEC)**, formed by members of the Board of Directors. This Committee approves the internal risk rating, amounts, maturities, and other conditions for each country where we have operations. It also revises and ratifies risk policies after they are approved by management. This Committee meets five times a year.
- **The Country Risk Committee** proposes the countries' internal ratings to the RPEC and substantiates management's opinion with regard to general and specific reserves. This committee meets on a quarterly basis, or at the discretion of its members upon the occurrence of events requiring their attention.
- **The Credit Committee** has different approved levels, depending on the nature of the client (if it is a new client, or if it is based in a country with deteriorating conditions) and the amount of credit involved. Bladex does not approve credit facilities upon a single signature: it always requires the confirmation of a business officer, and two

signatures authorized at the Bank's headquarters (the Risk Division's confirmation is mandatory and has veto power).

The Bank has maintained an excellent track record in the quality of its assets during several crises and the Region's various economic cycles. Excluding the crisis in Argentina, eight years ago, the Bank has written off only \$84.1 million in accumulated credits throughout its history, which represent 0.1% of the total accumulated credits granted (\$162 billion). Total write-offs, including loans to Argentina, account for only 0.2% of the overall accumulated credit granted.

By the end of 2009, Bladex reported total general reserves of \$86.7 million. By the end of 2008 these reserves had reached \$85.4 million. Even though the recovery of previously written-off assets reached \$866 thousand during the year, the impact of the international crisis has led the Bank to establish specific reserves in the amount of \$14.4 million and to keep a conservative policy in this regard.

Credit Quality INDICATORS

(In US\$ thousands, except percentages)

At December 31

2008

2009

Components of the allowance for credit losses

Allowance for loan losses:

Balance at beginning of the year	69,643	54,648
Provision (reversal)	(18,540)	18,293
Recoveries	3,545	866
Loans written-off against the allowance	(0)	(18)
Balance at end of the year	54,648	73,789

Allowance for losses on off-balance sheet credit risk:

Balance at beginning of the year	13,727	30,724
Provision (reversal)	16,997	(3,463)
Balance at end of the year	30,724	27,261

Allowance for credit losses:

Balance at beginning of the year	83,369	85,371
Provision (reversal)	(1,544)	14,831
Recoveries	3,545	866
Loans written-off against the allowance	(0)	(18)
Balance at end of the year	85,371	101,049

Allowance for loan losses to total loan portfolio ⁽¹⁾	2.1%	2.7%
Allowance for losses on off-balance sheet credit risk to total contingencies	6.9%	8.3%
Allowance for credit losses to total commercial portfolio	2.8%	3.3%

⁽¹⁾ Loan portfolio is presented net of unearned income and deferred loans fees.

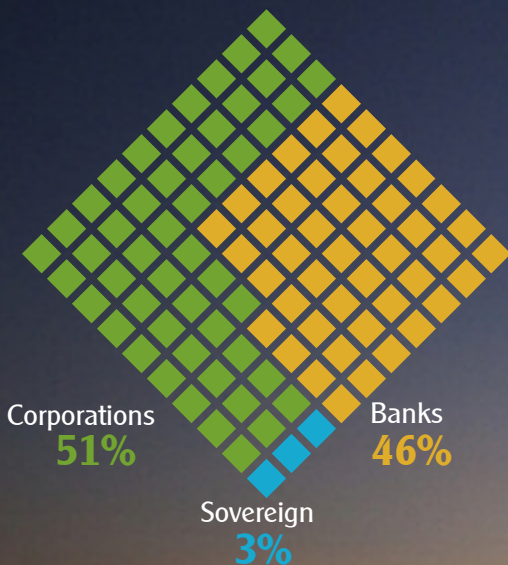
COMMERCIAL Division

The business environment in 2009, particularly during the first half of the year, reflected the effects of the uncertainties deriving from the global crisis that emerged in the last quarter of 2008. The plunge in demand and in international trade had an impact on our Region to such an extent that foreign trade flows decreased by over 30% in the first half of the year, which was quite challenging for business generation during the period. However, the second half saw an improvement in the business environment, with investors returning to international capital markets. The prompt and

well coordinated response by the central banks in the Region, which injected liquidity in the markets in order to ensure the regular operations of the financial systems, significantly reinforced liquidity in the local markets, and led to further pressure to lower business spreads. The year 2009 was a challenging year for the management of foreign trade-related loan portfolios. Bladex chose to focus its efforts on the reinforcement of the portfolio's quality, taking advantage of the opportunities for growth in some markets, as well as on the efficient use of capital, which allowed the Bank to close

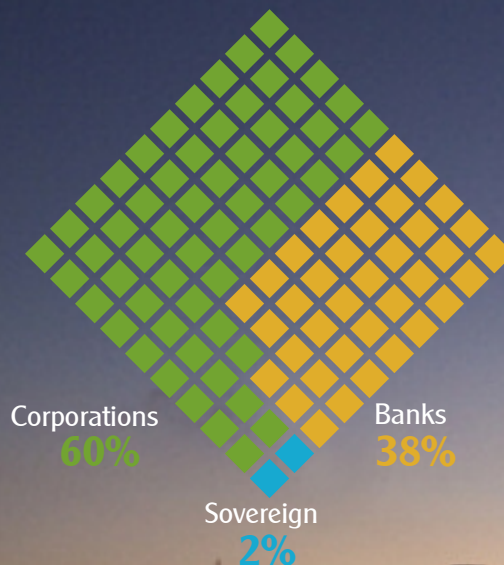
By Line of Business

31-Dec-2009



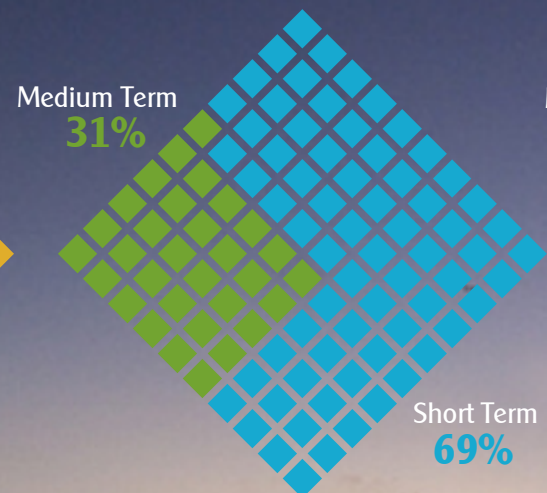
By Line of Business

31-Dec-2008



By Remaining Term

31-Dec-2009



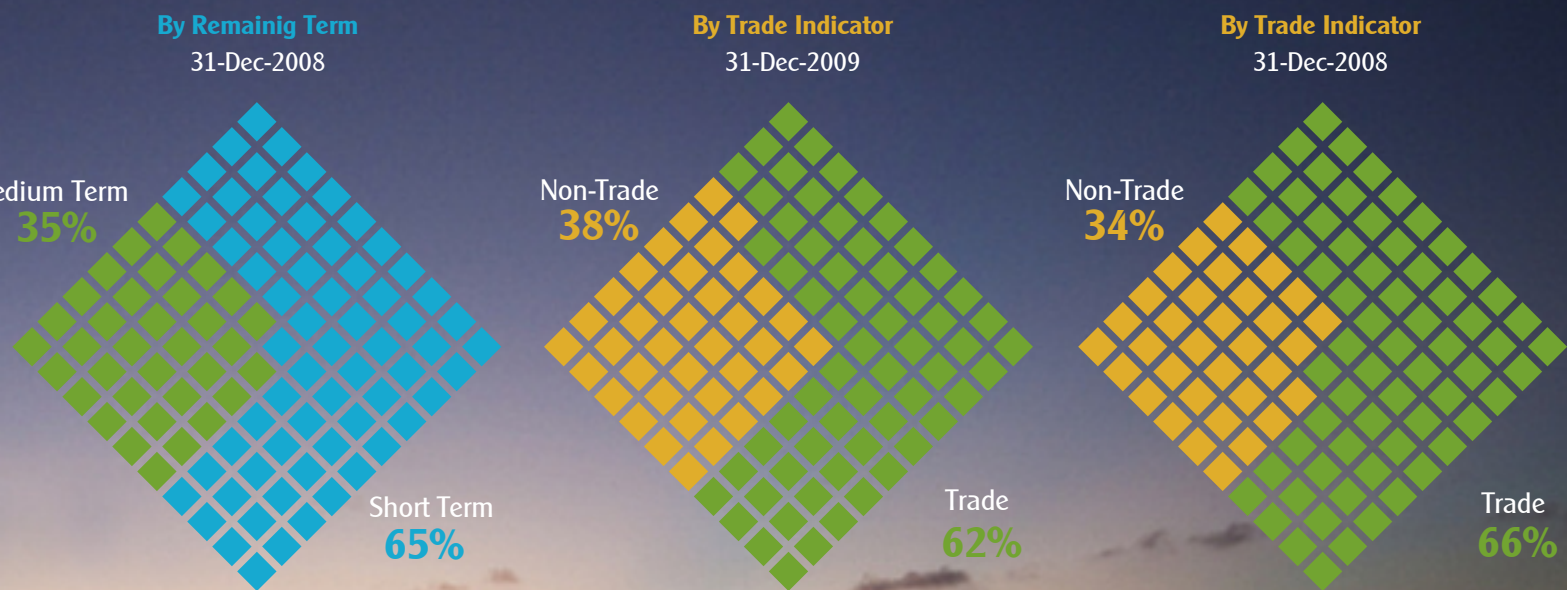
2009 with a significant increase in income from its core business. In 2009, Bladex once again demonstrated its financial soundness, the high quality of its loan portfolio, its ability to adapt to changes, and its commitment to preserving the capital and generating recurring income, thus meeting the goal of compensating its shareholders even in difficult economic environments.

The commercial strategy was to focus on the growth of the portfolio based on existing clients, and to replace the high volume of loan maturities

that involved total disbursements above \$4.1 billion. Thus, we closed the year with a portfolio of \$3.1 billion in commercial assets, slightly above the figure posted in December 2008. This growth was partly due to the fact that in the last quarter of the year, Bladex managed to take advantage of the recovery in the foreign trade in the Region, which was aided by the positive growth rates in the U.S. foreign trade in the last two months of 2009.

While one of the achievements of the Commercial Division was the maintenance of the client portfolio,

Commercial Portfolio Profile



its quality, and the client base within a difficult business environment, the Division has also managed to increase asset profitability and capital efficiency. Compared to 2008, the average lending spread rose 56%, compensating the 32% decline in average credits to \$2.8 billion.

Bladex's regional presence has paved the way to important penetration in different markets with large institutional and corporate clients. One example was the Bank's growth in markets like Chile and Peru, which has improved even more the portfolio's diversification and quality. In Peru we closed an important operation with Refinería La Pampilla,

worth \$100 million and maturing in three years, which demonstrates Bladex's flexibility, and the ability to meet the demands of different market segments within a difficult business environment.

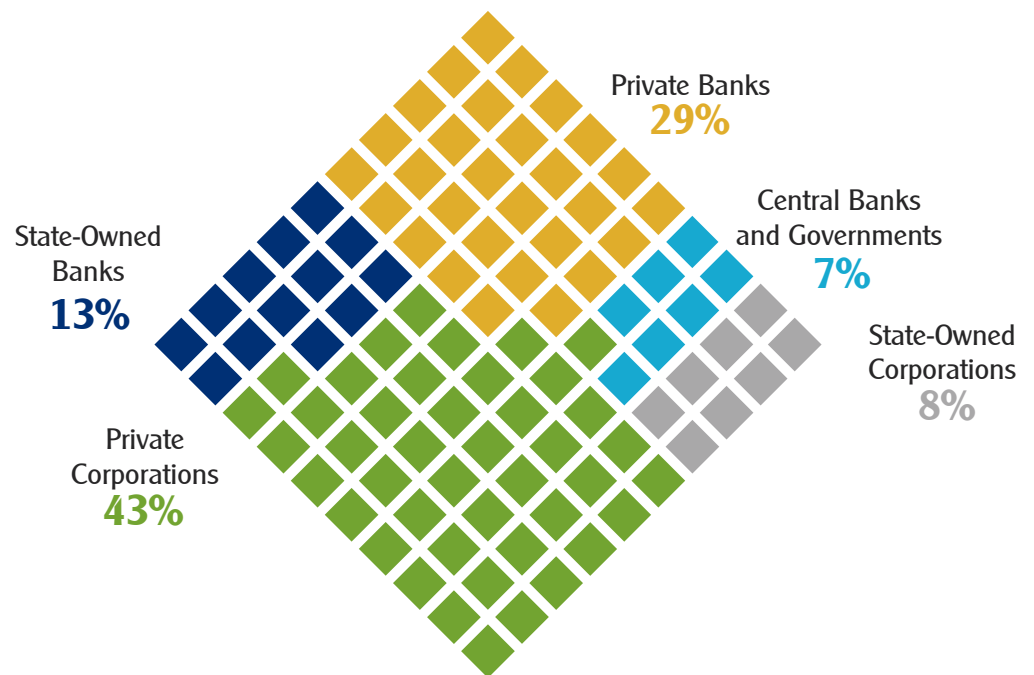
In terms of products, we have consolidated the image of the Bank as an active player in the segment of international leasing operations, which not only resulted in profitable transactions, but also enhanced the Bank's image as a provider of tailor-made solutions to its clients.

Our focus for 2010 includes the continued growth of the portfolio, by increasing both the number of



⁽¹⁾ Includes book value of loans, acceptances, and contingencies (including confirmed letters of credit, stand-by letters of credit, guarantees covered by letters of credit).

CREDIT Portfolio by Type of Institution⁽¹⁾



vering commercial and country risks, and credit commitments).

Commercial Portfolio by COUNTRY

(In US\$ Millions)

At December 31

COUNTRY	2008	2009
ARGENTINA	\$151	\$73
BRAZIL	1,441	1,358
CHILE	92	258
COLOMBIA	286	200
COSTA RICA	74	107
ECUADOR	124	135
EL SALVADOR	76	42
GUATEMALA	65	75
HONDURAS	45	23
JAMAICA	15	31
MEXICO	385	362
NICARAGUA	4	1
PANAMA	63	41
PERU	50	161
DOMINICAN REPUBLIC	62	33
TRINIDAD AND TOBAGO	23	72
URUGUAY	45	46
VENEZUELA	62	92
OTHER	0	-
TOTAL COMMERCIAL PORTFOLIO ⁽¹⁾	\$3,062	\$3,110

⁽¹⁾ Includes book value of loans, acceptances, and contingencies (including confirmed letters of credit, stand-by letters of credit, and guarantees covering commercial and country risks and credit commitments).

clients and the types of companies served, including medium-sized enterprises, which are important for the foreign trade business in all countries. We are aware that, given the increasing complexity and sophistication of the markets in Latin America and the Caribbean, the mission of being a benchmark in foreign trade funding in the Region requires a commercial approach that goes beyond simple loan operations. This is the reason why we will offer solutions to clients through the launch of new products, structured operations, and

a new distribution network, which will distinguish us while ensuring an increasing volume of income from fees and commissions.

We are confident that in 2010, Bladex, a world-class financial institution aware of its mission to support Latin American foreign trade, will assertively boost the financial rebound of companies and banks in Latin America and the Caribbean, contributing to the social and economic development of the Latin American people.



Treasury and **CAPITAL** Markets

After a period of global liquidity contraction that began in 2008 and extended throughout the first half of 2009, Latin America's trade flows started showing signs of gradual recovery in the second half of the year. In Bladex's Treasury Division, liquidity remained high, while deposit balances returned to stable levels. The Bank has also been successful in taking advantage of new opportunities in the Asian interbank funding markets. In addition, the valuation of the investment securities portfolios improved substantially over the course of the year.

On August 20, amid atypical conditions in global capital markets, the Bank closed a two-year syndicated loan in its favor in the amount of \$100 million, structured and placed by Mizuho Corporate Bank, Ltd. and the China Development Bank Corporation. This operation was the first syndicated loan the Bank placed in Asia, diversifying the Bank's funding sources and strengthening Bladex's presence in the Asian markets. As a result of the success of the first operation and due to the interest shown by other Asian banks, on November 26 Bladex closed a second Asian syndicated loan in the amount of \$113 million, maturing in two years. Mizuho Corporate Bank, Ltd. once again structured this operation with the participation of commercial, development, and

state-owned banks from Taiwan and Hong Kong, diversifying our funding sources even further and extending our network of correspondent banks in Asia.

The Treasury Division's strategy during the year allowed Bladex to close 2009 with a significant liquidity base, laying the foundation for expected growth in the credit portfolio in 2010.





ASSET Management Division

The Asset Management Division (Bladex Asset Management - BAM), the Bank's subsidiary based in New York, generated excellent rates of return in the management of its Fund, the Bladex Capital Growth Fund (BCGF), over the course of 2009. The Fund, managed by BAM, recorded a full-year return of 10.5%. Since its inception in 2006, the Fund has recorded an average annual return of 12.5%. In 2009, the Fund attracted several new third-party investors in the Fund. In October, BAM was awarded the "Best Hedge Fund Manager for Latin America" by Hedge Funds World.

BCGF adopts a macro-style strategy and invests in a broad range of financial instruments: fixed-

income bonds, local interest rate instruments, currencies, and stock exchange indices in Latin America. BCGF maintains a highly liquid portfolio, employs limited leverage and moderate volatility, and places a strong emphasis on risk management and capital preservation. The Fund can take long or short positions in order to maximize yield under a broad range of market conditions.

Based on the Fund's profitable track record, as well as its commitment to applying the industry's best practices for operational and other controls, BAM received important investments from third parties in 2009. Around fifteen new investors from Europe, North America, and Latin America joined

FUNDING Sources

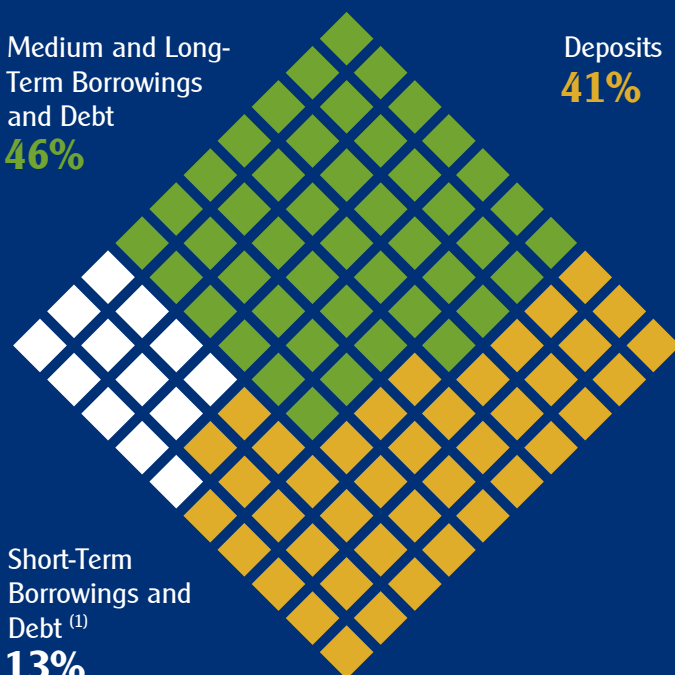
the Fund from April to December. By the end of 2009, the Division entered into an agreement with the Far Hills Group, a marketing specialist for investment funds, for it to represent BAM with new investors worldwide. This partnership is expected to accelerate the origination process for new third-party investors.

BAM produces fee income by attracting new investors and generating attractive returns. As a result of its quantitative approach to risk management, coupled with extensive knowledge of local and global macroeconomic conditions, BAM is particularly well-positioned to meet the challenges presented by the global financial markets in the coming years.

Medium and Long-Term Borrowings and Debt
46%

Deposits
41%

Short-Term Borrowings and Debt ⁽¹⁾
13%



⁽¹⁾ Includes short-term borrowings, trading liabilities and securities sold under repurchase agreements.

Results of OPERATIONS

For the year 2009, Bladex posted net income of \$54.9 million, or \$1.50 per share, representing a variance of -\$0.2 million and -\$0.01, respectively, when compared to the net income of \$55.1 million, or \$1.51 per share, in 2008. The 2009 results were driven by the Commercial Division's net income of \$34.8 million, the \$14.1 million net income from the Asset Management Division, and the \$6.1 million net income from the Treasury Division, compared to \$59.1 million, \$12.3 million and -\$16.3 million, for the year 2008 respectively.

The 2009 results, when compared to 2008, reflect lower average credit volumes and lower average market interest rates, compensated by higher lending spreads. Thus, Bladex was able to consolidate its major role in the financial relations between Latin America and the international markets, maintaining its level of earnings within an extremely difficult global market environment.

Results by Business Segment

Commercial Division

The Commercial Division incorporates the Bank's financial intermediation and fee generation activities, and its portfolio includes loans, letters of credit, country risk guarantees and loan commitments. Net income includes net interest income from loans, fee income, allocated operating expenses and provisions for credit losses.

Net income for 2009 amounted to \$34.8 million, compared to \$59.1 million in 2008. The \$24.3 million, or 41%, decrease during the year was primarily due to a \$1.1 billion, or 30%, decrease in the average loan portfolio and a 190 bps decrease in its average Libor rate, partly offset by a 94 bps increase in average lending spreads.

The lower average volumes in the commercial portfolio resulted from the Bank's decision in late 2008 to slow its lending activities in line with the



adverse economic environment, collecting maturities in vulnerable sectors, building liquidity balances, and responding to tighter funding sources.

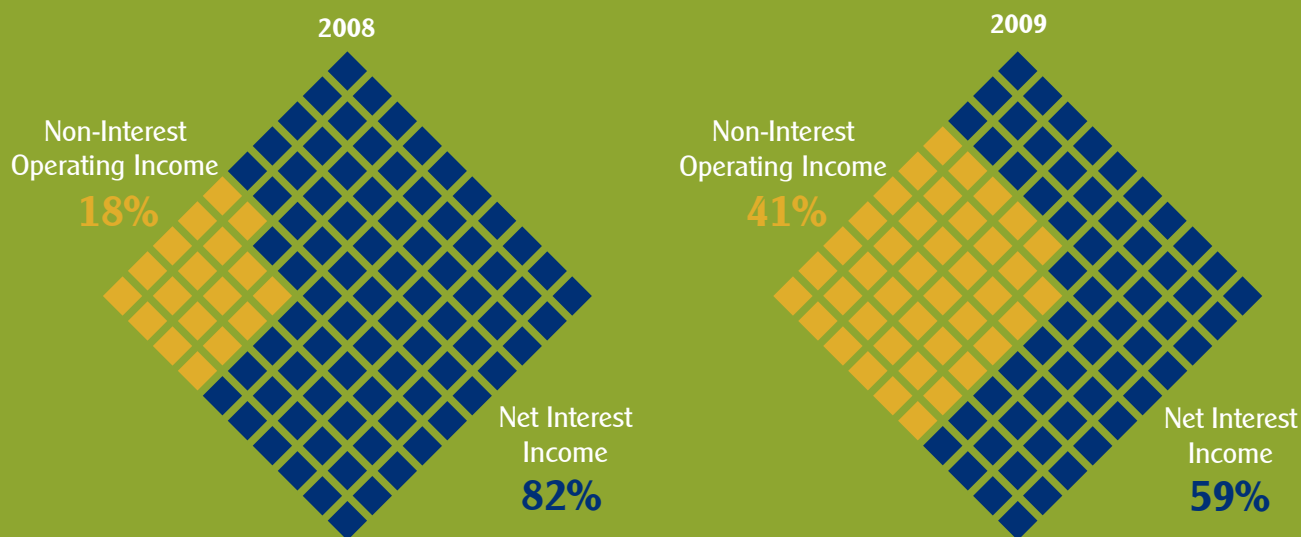
The commercial portfolio's balance at December 31, 2009 was \$3.1 billion, an increase of 2% year-over-year. As at December 31, 2009, the portfolio was mostly short-term and trade-related in nature, with 69%, or \$2.2 billion, maturing on or before December 31, 2010. Trade financing operations accounted for 62% of the commercial portfolio.

As at December 31, 2009, the Bank had \$50.5 million of loans in non-accruing status, representing 1.8% of the total loan portfolio.

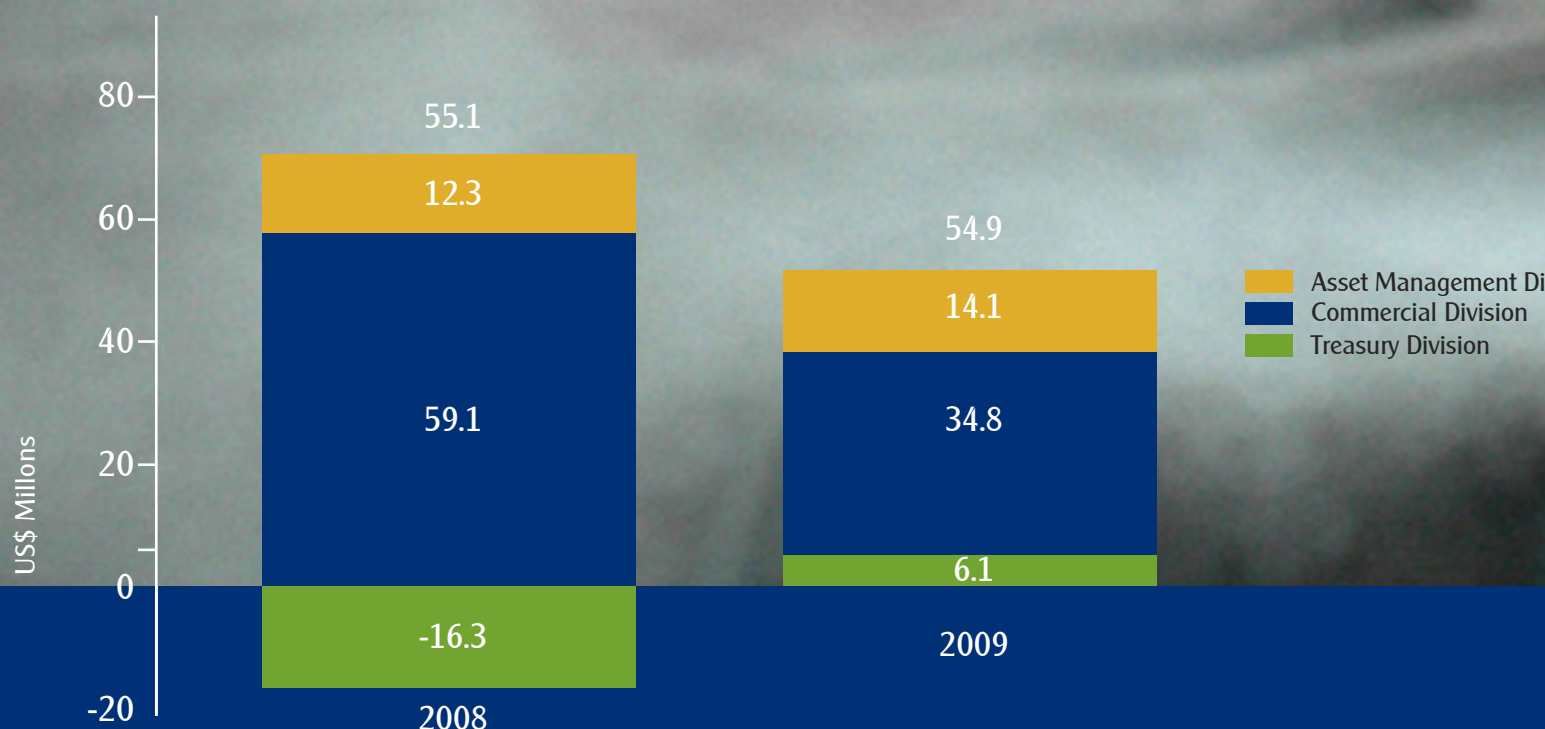
Treasury Division

The Treasury Division incorporates the Bank's liquidity management and investment securities activities. Net income is presented net of allocated operating expenses, and includes net interest income on treasury assets (interest-bearing deposits with banks, investment securities, and trading assets), and related net other income

Net Operating **REVENUES** Distribution



NET INCOME Distribution by Business Segment

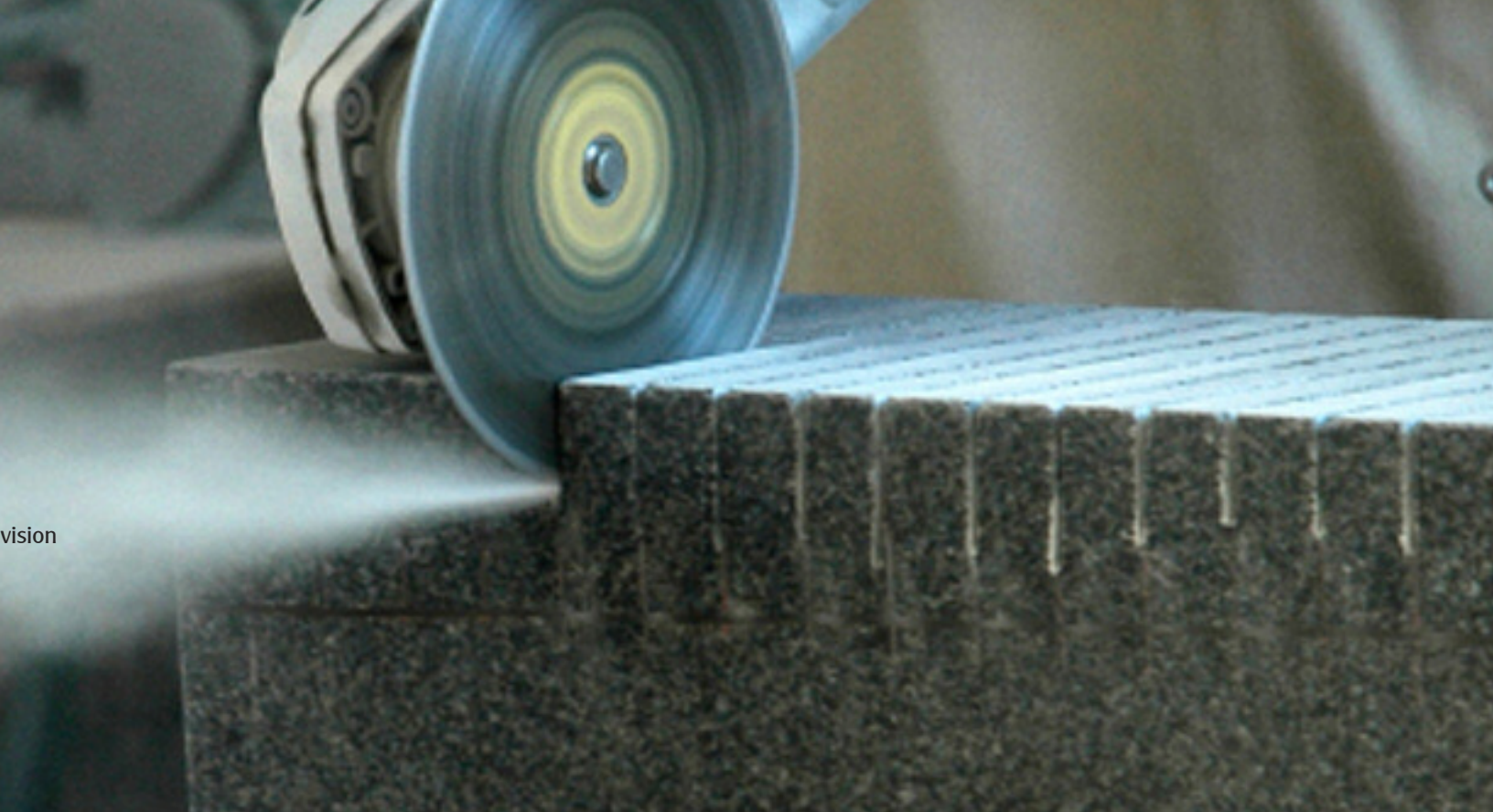


(expense), such as net gain (loss) from trading, the sale of securities available for sale, foreign currency exchange, and hedging activities of derivative instruments.

\$12.2 million gain recorded during a particularly volatile fourth quarter 2008, related to the application of FASB Statement No. 157 to cross-currency swaps that had been contracted for hedging purposes.

Treasury Division's net income for the year 2009 was \$6.1 million, compared to a net loss of \$16.3 million in 2008. The 2009 results were mainly driven by a \$13.1 million in trading gains, compared to a \$21.0 million loss during 2008. During the fourth quarter of 2008, according to FASB Statement No. 140 and related guidance, the Bank had to recognize certain repo transactions as outright securities sales, rather than as secured borrowings (financings), as it had previously done, due to higher cuts applied to such repos. This was partially offset by a

The 2009 year-end investment securities portfolio totaled \$507 million, representing a 26% decrease from December 31, 2008. At December 31, 2009, the securities portfolio accounted for 14% of the Bank's total credit portfolio, and consisted mostly of Latin American securities, 75% of which were issued by sovereign or state-owned entities. On that same date, 90% of the portfolio consisted of securities available for sale, and the remaining 10% were trading securities.



vision

In the available-for-sale portfolio, and in order to hedge the instruments' interest rate risk, the Bank enters into interest rate swap agreements to convert bonds from fixed to floating rate instruments. The available-for-sale portfolio is marked to market, with the impact recorded in the stockholders' equity through the Accumulated Other Comprehensive Loss account, which, for the year 2009, recorded an improvement of \$66 million, mostly reflecting a positive market appreciation of the securities portfolio.

As at December 31, 2009, liquid assets totaled \$402 million, representing 10% of total assets and 32% of liability deposits. Deposit balances totaled \$1.3 billion, 7%, higher than year-end 2008.

Bladex Asset Management

The Asset Management Division is in charge of the Bank's asset management activities, through its subsidiary Bladex Asset Management, Inc. ("BAM"). The Division manages a Macro Growth Fund ("the Fund"), which follows a Latin America macro strategy, by using a combination of products (foreign exchange, equity indexes, interest rate swaps, and credit derivative products) to establish long and short positions in the Latin American markets. At December 31, 2009, Bladex owned 82.34% of Bladex Offshore Feeder Fund, with the remaining balance owned by third parties.

Capital preservation is one of the Fund's main objectives, coupled with a trading strategy focused on high liquidity, moderate volatility, and lower leverage.

The Division's net income is presented net of operating expenses, and includes the Fund's net interest income, as well as its net gains (losses) from trading, and other related income (loss).

Net income for the year 2009 totaled \$14.1 million, compared to \$12.3 million in 2008. The increase was mainly due to higher net gains from the Fund's securities trading.

At December 31, 2009, the Fund's net assets totaled \$198 million, compared to \$151 million at December 31, 2008, of which redeemable non-controlling interest amounted to \$35 million and \$5 million, respectively. Based on Bladex's participation's net asset value ("NAV") at the beginning of the year, the

return on Bladex's investment in the Fund was 10% for the year 2009.

Consolidated Results of Operations

Net Interest Income

For the year 2009, net interest income amounted to \$64.8 million, a decrease of \$13.1 million, or 17%, from 2008, reflecting a \$1.1 billion, or 30%, decrease in the average balance of the Commercial Division's loan portfolio and a 190 bps decrease in the average Libor rate, partly offset by a 94 bps increase in average lending spreads.

Fees and Commissions, Net

During 2009, the Bank's net commission income



amounted to \$6.7 million, compared to \$7.3 million in 2008. The \$0.5 million, or 7%, decrease mainly results from the lower income from the Commercial Division, driven by lower average volumes of letters of credit and guarantees.

Provision for Credit Losses

For the year 2009, the Bank's net provisions for credit losses totaled \$14.8 million, (including both an \$18.3 million provision for loan losses and a \$3.5 million reversal for losses on off-balance sheet credit risk), compared to a reversal of credit loss provision of \$1.5 million in 2008. The year 2009's net provisions result from the allocation of \$14.4 million in specific reserves to the non-accruing loan portfolio, and a net increase of

\$1.3 million in generic reserves, resulting from the combination of higher credit balances in the commercial portfolio, and the impact, on the Bank's reserve model, of a prudent portfolio management vis-a-vis risk levels in the Latin American region.

At December 31, 2009, the Bank's allowance for credit losses amounted to \$101.0 million, compared to \$85.4 million at December 31, 2008, of which \$86.7 million and \$85.4 million, respectively, related to generic credit provisions.

At December 31, 2009, the ratio of the generic allowance for credit losses to the commercial portfolio was 2.8%, the same level recorded at the end of the prior year. Including specific





Operating RESULTS

allowances, total allowances for credit losses related to the commercial portfolio was 3.2% at December 31, 2009.

Derivative Financial Instruments and Hedging

The Bank recorded a \$2.5 million loss in derivative financial instruments and hedging in 2009, compared to a \$10.0 million gain in 2008. These entries are mainly related to the application of FASB Statement No. 157 to the Bank's cross-currency swaps that the Bank contracts for hedging purposes.

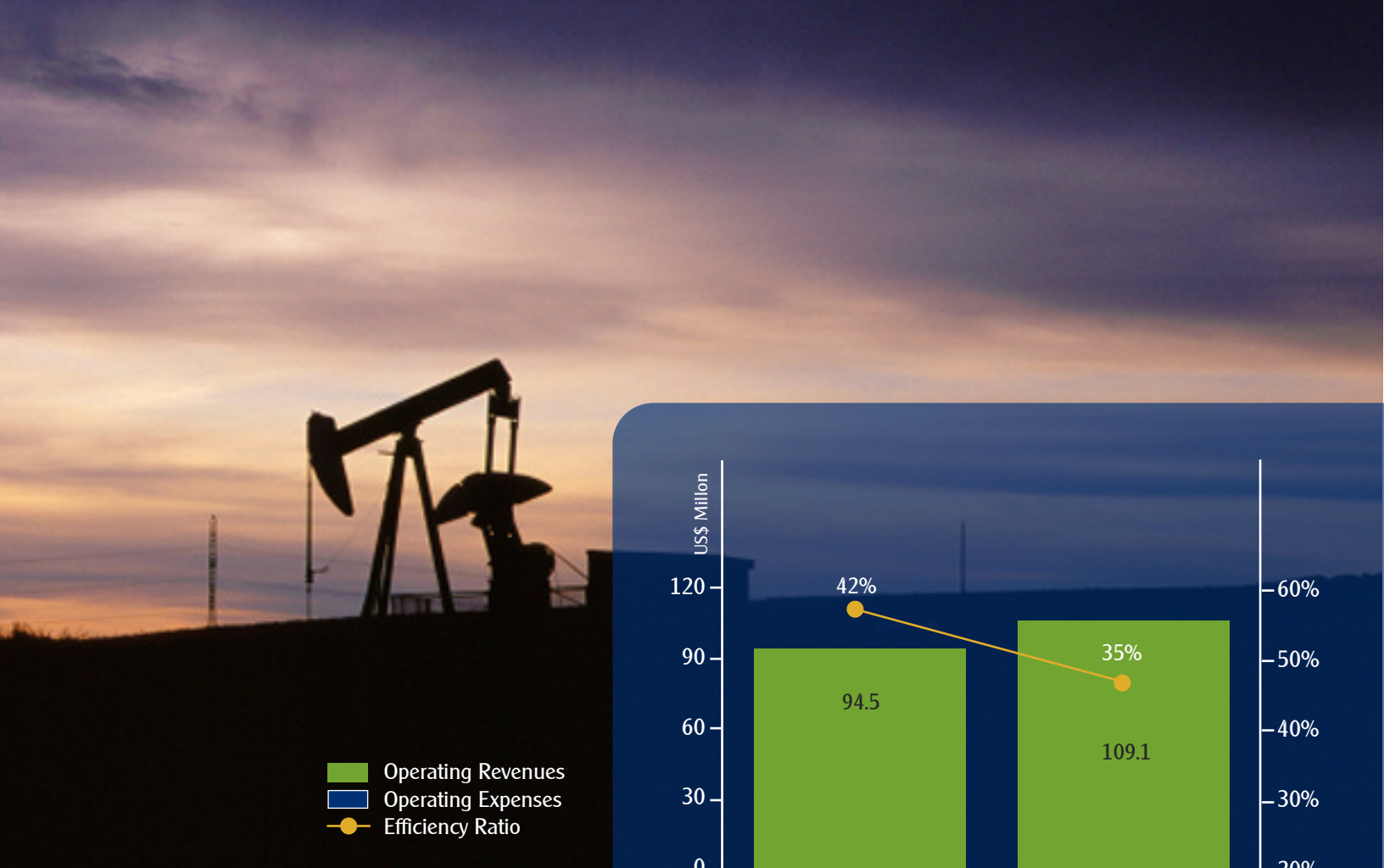
Net Gain from Investment Fund Trading

The Bank recorded a net gain of \$25.0 million from investment fund trading in 2009, compared to \$21.4 million in 2008. This net gain reflects the trading results of the Fund managed by BAM, and include

the gains related to third-party investors, which are deducted from the Net Income Attributable to Redeemable Non-controlling Interest account, which totaled \$1.1 million and \$0.2 million in 2009 and 2008, respectively.

Net Gain (Loss) from Trading Securities

The Bank recorded a \$13.1 million gain from trading securities in 2009, compared to a loss of \$21.0 million in 2008, mainly due to the marked-to-market effect of such securities. These trading securities were impacted by the classification, in 2008, of certain securities financings (repos) as outright sales, as required by the application of FASB Statement No. 140 and the changes in fair value of financial instruments resulting from transfers of securities under repurchase agreements.



■ Operating Revenues
■ Operating Expenses
● Efficiency Ratio

EFFICIENCY Ratio

Net Gain on Sale of Securities Available for Sale

The Bank purchases debt instruments as part of its Treasury operations, with the intention of selling them prior to maturity. These debt instruments are classified as securities available for sale and are included as part of the Bank’s credit portfolio. The Bank’s net gain from the sale of securities available for sale in 2009 was \$0.5 million, compared to \$0.1 million in 2008.

Operating Expenses

In 2009, total operating expenses amounted to \$38.2 million, compared to \$40.0 million in 2008. The \$1.8 million, or 4% decrease was primarily due to the effects of cost-cutting measures which were partially offset by a \$1.5 million increase in expenses due to growth in the Investment Fund. As a result, the efficiency level (operating expenses as a percentage of net revenues) improved to 35% in 2009, from 42% in 2008.

Our **COMMITMENT** to corporate social responsibility



In its 30 years of operations in Latin America and the Caribbean, Bladex has expanded its contributions to the development and social welfare of the Region, focusing its efforts on children, education, and culture, through initiatives that seek to create new opportunities for enhancement in the quality of life. In 2009, the Bank supported the work developed by fifteen organizations dedicated to broadening the educational and cultural horizons of our children.

In Panama, where Bladex is headquartered, the Bank has supported the Marie Poussepin Educational Center as its main project. Thanks to its contribution, the school now has extended the classes for the seventh and eighth grades, as well as a computer lab to meet the needs of high school students, and provides a permanent counseling program for both the students and their guardians, benefiting 500 students. Once again Bladex's employees supported the project, through the



sponsors program led by the Committee of Friends of Marie Poussepin. As part of this program, 140 kids were granted annual scholarships and school supplies, and participated in activities developed especially for them during the year.

This year, Bladex became the founding sponsor of the “Architects of Dreams” program, aimed at teaching parents the best parenting techniques and to improve children’s self-esteem. This

project has been implemented at schools located in areas with high levels of violence and family abuse.

We have also been present in Brazil, supporting for the second consecutive year the Brascari and Reciclar foundations. These institutions provide youth with excellent educational programs so they can complete their studies in a regular educational system.

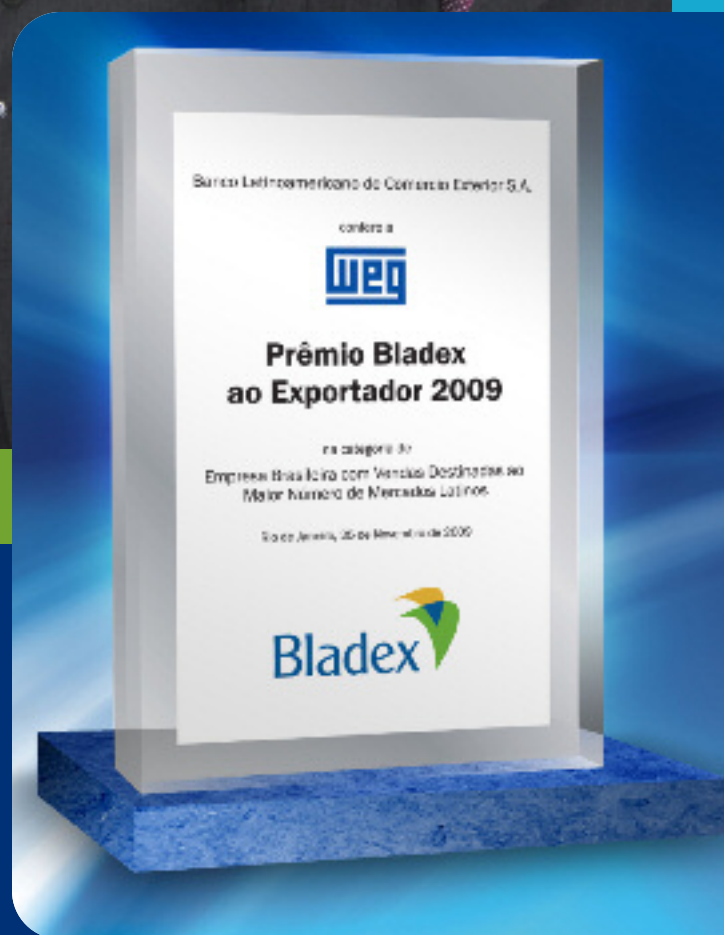
Our social commitment also involves the recognition of the efforts of the Latin American business sector, which promote the foreign trade in the Region by conducting studies, innovating, and developing markets. In this context, the Bank has once again promoted the

Bladex Exporter Award, this year during the 29th Foreign Trade National Meeting, organized by the Brazilian Foreign Trade Association. The winner was WEG in the category of “Brazilian company with sales to the largest number of Latin American markets”.



Donation for RECICLAR foundation, Brazil





OUR PEOPLE:

**Committed to Excellence
in Supporting Bladex's Mission**



After a successful history of thirty years of operations, Bladex closed another year of unconditional support to its customers, and to the Latin American and Caribbean Region. Despite the extremely difficult and challenging environment experienced in 2009, the work performed by the whole team allowed Bladex to consolidate its major role in the financial relations between Latin America and the international markets.

Moreover, Bladex managed to overcome the unexpected challenges of the past year thanks to the solid foundation of its successful performance:

the human capital that makes up its team. We understand that this competitive advantage is the foundation of our value proposition: a team of excellent professionals, an attribute acknowledged by our clients as one of the reasons why they choose Bladex.

Aligning and synchronizing the work of all our employees is a permanent task at Bladex. In 2009 we revised and validated our organizational values. All members of the Board of Directors and employees of the Bank participated in this process. This task brought us significant



improvements in terms of communication and teamwork. Focusing on the Bank's shared values, we worked hard to strengthen a distinctive culture that reflects the attributes of excellence and commitment, for which we wish to be recognized by our customers.

In a year with a particularly challenging scenario, the commitment to organizational values and the professional engagement in achieving the highest levels of performance excellence were undoubtedly the key goal of everyone on Bladex's team. With the same diligence that we

as a Bank, have committed to contribute to the development of Latin America by supporting and meeting the needs of our customers, we are sure all employees understand their role in this mission and share the commitment to making it a reality.

A new year will come, bringing new challenges. But we believe we will continue to attract outstanding, qualified and engaged professionals who share the spirit and mission of our organization, to keep contributing to the role that Bladex plays in the development of the Region.



Class "A"

Carlos E. Weitz**

BANCO DE LA NACIÓN ARGENTINA,
Argentina

José Maria Rabelo*

BANCO DO BRASIL, Brazil

Guillermo Güémez García**

BANCO DE MÉXICO, Mexico

Class "E"

Maria da Graça França*

Brazil

Herminio Blanco*

Mexico

Mario Covo**

United States of America

William D. Hayes*

United States of America

Will C. Wood***

United States of America

All Classes

Gonzalo Menéndez Duque***

Chile

Jaime Rivera***

Panama

*Expires in 2010

**Expires in 2011

***Expires in 2012

BOARD OF DIRECTORS



Dignitaries

Gonzalo Menéndez Duque
Chairman of the Board

Ricardo Manuel Arango
Secretary

Maria da Graça França
Treasurer

Jaime Rivera
Chief Executive Officer

Advisory Council

Roberto Feletti
Secretary of Economic Policy.
Ministry of Economy and Public Finances,
Argentina

Roberto Teixeira da Costa
Board Member
Sul América S.A., Brazil

Santiago Perdomo
President. Banco Colpatria -
Red Multibanca Colpatria, Colombia

Carlos Martabit
General Manager, Finance Division
Banco del Estado de Chile, Chile

Alberto C. Motta Jr.
President - Inversiones Bahía, Panama

Enrique Cornejo Ramírez
Minister. Ministry of Transportation and
Communications. Peru

Honorary Chairman

Nicolás Ardito Barletta
Honorary Chairman

SHAREHOLDERS

Class "A" (17.36%)

Banco de la Nación Argentina
 Central Bank of Barbados
 Banco del Estado (Bolivia)
 (In Liquidation – Source: Superintendency of Banks and
 Financial Institutions in Bolivia– SBEF)
 Banco do Brasil
 Banco del Estado de Chile
 Banco de Comercio Exterior de Colombia, S.A.
 Banco Central de Costa Rica
 Banco Central del Ecuador
 Banco Central de Reserva de El Salvador
 Banco de Guatemala
 Banque de la Republique D'Haiti
 Banco Central de Honduras
 National Export-Import Bank of Jamaica
 Banco de México
 Banco Central de Nicaragua
 Banco Nacional de Panamá
 Banco Central del Paraguay
 Banco de la Nación (Perú)
 Banco de Reservas de la República Dominicana
 Centrale Bank van Suriname
 Central Bank of Trinidad and Tobago
 Banco de la República Oriental del Uruguay
 Banco de Comercio Exterior (Bolivarian Republic of Venezuela)

Class "B" (7.07%)

Argentina

ABN AMRO Bank N.V.
 Banco Avellaneda S.A.
 (In Liquidation/ Resolution No. 515 of November 1, 1991,
 Source: Central Bank of the Republic of Argentina)
 Banco B.I. Creditanstalt S.A.
 Banco de Corrientes S.A.
 Banco de Formosa S.A.
 Banco de Galicia y Buenos Aires S.A.
 Banco de Italia y Río de la Plata S.A. (In Liquidation –
 Resolution No. 841 of December 11, 1987, Source: Central Bank
 of the Republic of Argentina)
 Banco de la Ciudad de Buenos Aires
 Banco de la Nación Argentina
 Banco de La Pampa
 Banco de la Provincia de Buenos Aires

Banco de la Provincia de Córdoba
 Banco de San Juan S.A.
 Banco de Santa Cruz
 Banco de Valores S.A.
 Banco Feigin S.A.
 (Bakruptcy Request – File No. 518690/36)
 Banco Finansur S.A.
 Banco General de Negocios
 Banco Macro Bansud S.A.
 Banco Patagonia Sudameris S.A.
 Banco Provincia del Neuquén
 Banco Río de la Plata S.A.
 BBVA Banco Francés S.A.
 HSBC Bank Argentina, S.A.
 Nuevo Banco de Santa Fe, S.A.
 Scotiabank Quilmes S.A.
 (Suspension of Operations – National Court of Commercial First
 Instance No. 14, Secretariat No. 27, Source: Central Bank of the
 Republic of Argentina)

Belgium

KBC Bank N.V. Brussels

Belize

Atlantic Bank Limited

Brazil

Auxiliar S.A.
 Banco ABC Brasil S.A.
 Banco Banorte S.A.
 (Extraordinary Liquidation, Source: Central Bank of Brazil)
 Banco Bradesco, S.A.
 Banco do Estado de Sao Paulo (Banespa)
 Banco do Estado do Espírito Santo S.A.
 Banco do Estado do Para S.A.
 Banco do Nordeste do Brasil S.A.
 Banco Industrial e Comercial S.A.
 Banco Itaú
 Banco Santander Brasil S.A.
 Banestado, S.A. Participacoes, Adm. y Serv.

Chile

Banco de Chile
 Banco de Crédito e Inversiones
 Banco Santiago
 BBV Banco BHIF

Colombia

Bancolombia

Costa Rica

Banco Banex, S.A.

Banco BCT, S.A.

Banco BAC San José, S.A.

Dominican Republic

Banco Intercontinental, S.A.

Banco Popular Dominicano

Ecuador

Banco del Pacífico

Banco Pichincha C.A.

El Salvador

Banco de Fomento Agropecuario

Factoraje Salvadoreño, S.A. de C.V.

Guatemala

Banco Agromercantil de Guatemala, S.A.

Banco de Guatemala

Banco del Café, S.A.

Banco G&T Continental, S.A.

Banco Industrial, S.A.

Banco Inmobiliario

Banco Internacional, S.A.

Banco Promotor, S.A.

Banco Reformador, S.A.

Corporación Financiera Nacional-Cofina

Crédito Hipotecario Nacional de Guatemala

Haiti

Banque Nationale de Credit

Honduras

Banco Atlántida, S.A.

Banco Continental, S.A.

Banco de los Trabajadores

Banco de Occidente, S.A.

Banco Hondureño del Café, S.A.

Banco Nacional de Desarrollo Agrícola

Financiera Centroamericana, S.A.

Jamaica

National Commercial Bank Jamaica, Ltd.

National Export-Import Bank of Jamaica

RBTT Bank Jamaica Limited

Korea

The Korea Exchange Bank

Mexico

Banco Nacional de Comercio Exterior, S.N.C.

Banco Nacional de México, S.A.

Banco Santander, S.A.

BBVA Bancomer, S.A.

HSBC México, S.A.

Nacional Financiera, S.A.

Panama

Bancafé (Panamá), S.A.

Banco de Bogotá

Bancolombia (Panamá), S.A.

Corporación Financiera Nacional (Cofina)

Metrobank

Multibank

Popular Bank Ltd., Inc.

Towerbank International Inc.

Peru

Banco Internacional del Perú

Corporación Financiera de Desarrollo, S.A.

Puerto Rico

Bancaracas International Banking Corp.

Bolivarian Republic of Venezuela

Banco de Maracaibo

Banco Latino, C.A.S.A.C.A.

Banco Metropolitano, C.A.

Class "E" (75.57%)

Individual and Institutional Investors

(Shares listed on the New York Stock Exchange)

Jaime Rivera

Chief Executive Officer

Rubens V. Amaral Jr.

Executive Vice President –
Chief Commercial Officer

Miguel Moreno

Executive Vice President –
Chief Operating Officer

Gregory D. Testerman

Executive Vice President –
Senior Managing Director, Treasury
and Capital Markets

Miguel A. Kerbes Predari

Senior Vice President –
Chief Risk Officer

Christopher Schech

Senior Vice President –
Chief Financial Officer

Gustavo Díaz

Senior Vice President – Controller



EXECUTIVE TEAM



Executive STAFF

Executive Office

Jaime Rivera

Chief Executive Officer

Client Relationships and Financial Product Management

Rubens V. Amaral Jr.

Chief Commercial Officer

Client Relationships

Region I Argentina, Bolivia, Brazil, Chile, Panama,
Paraguay, Peru, Trinidad & Tobago, and Uruguay

Luiz Yamasaki

Regional Manager

Federico Pérez-Sartori

Commercial Representative, Argentina

Ulysses Marciano

Commercial Representative, Brasil

Claudia Ades Hibner

Vice President

Martinho Oliveira Fernandes

Vice President

Marcos dos Santos

Vice President

Eliseo Sánchez-Lucca

Vice President

Region II Colombia, Costa Rica, Ecuador, El Salvador,
Guatemala, Honduras, Jamaica, Mexico, Nicaragua,
Dominican Rep., and Venezuela

Pierre Dulin

Regional Manager

Alejandro Barrientos

Commercial Representative, Mexico

Francisco Avilés

Vice President

Carlos Cobo

Vice President

Patricio Mainardi

Vice President

Fernando Riojas

Vice President

María Olivera

Manager

Middle Office

Fernando Pompeu

Vice President

Lourdes Huang

Assistant Vice President

Nitza Maiolini

Assistant Vice President

Eucadis de Molina
Assistant Vice President

Verónica Alarcón
Manager

María Paz Balbuena
Manager

Adriana Lima Santechole
Manager

Mónica Suárez
Manager

Leasing

Edmur Ribeiro
Head of Leasing

Gabriel Vázquez Celis
Assistant Vice President

New York Agency

Pedro Toll
General Manager

B. Netram Rambudhan
Vice President – Deputy General Manager

Domingo Fernández
Manager

Henry Rodríguez
Manager

Treasury & Capital Markets

Gregory D. Testerman
Senior Managing Director

Milciades Denis
Head of Treasury

Raúl Plata
Vice President

Ann Vanessa Dinsmore
Assistant Vice President

Ana Teresa de Méndez
Assistant Vice President

Marianela Broce
Manager

Alberto Castillo
Manager

Adriana Espinosa de Arias
Manager

Asset Distributions

Stella Chen
Assistant Vice President

Bladex Asset Management (BAM)

Manuel E. Mejía-Aoun
Head Of Asset Management

John Cadley
Head of Risk Management and Compliance

Urvish Bidkar
Director

Tulio Vera
Director

Annette Van Hoorde de Solís
Assistant Vice President

Risk Management

Miguel A. Kerbes Predari
SVP, Chief Risk Officer

Alejandro Tizzoni
Vice President

Yoel Alveo
Assistant Vice President

Leandro Ordoñez
Assistant Vice President

José Eladio Rodríguez
Assistant Vice President

Carlos Moreno
Economist

Manuel Reza
Manager

Legal Department

Tatiana Calzada
Vice President – Chief Legal Counsel

Ana María Bonilla
Legal Counsel

Elia Rivera
Legal Counsel

Finance

Christopher Schech
SVP, Chief Financial Officer

Financial Planning and Analysis

Ana Graciela de Méndez
Vice President

Mónica Cosulich
Manager

Marixenia Polo
Manager

Accounting

Eduardo Sánchez
Vice President

Ana Cristina Modes
Manager

Regulatory Reporting

Ana María Chiquilani de Sosa
Manager

Support Services

Miguel Moreno
Chief Operating Officer

Organizational Performance and Development

Ana María M. de Arias
Senior Vice President

Human Resources

Velkys A. Jurado
Assistant Vice President

Larissa Córdoba
Manager

Olga Muñoz
Manager

Administration

Oscar Díaz
Assistant Vice President

Carlos López
Manager

Measurement

Maria Teresa de Marín
Manager

Operations

Carmen Murillo
Vice President

Andrés Buckley
Manager

María de Cano
Manager

Rosa Sheppard
Manager

Itzel Valdés
Manager

Linette Figueroa de Vega
Manager

Technology and Processes

Roger Iván Córdoba
Vice President

Milagros Cedeño
Assistant Vice President

Iván Vergara
Assistant Vice President

Roberto Bárcenas
Manager

Luis Carlos Bustamante
Manager

Ovidio Gutiérrez
Manager

Ismael Rodríguez
Manager

Controller

Gustavo Díaz
SVP, Controller

Compliance

Julio Aguirre
Assistant Vice President – Head Compliance Officer

Institutional Relations and Marketing

Nikolina de Alvarado
Manager

Shareholder Relations

Luisa de Polo
Manager

NEW YORK Agency

Pedro Toll
General Manager

B. Netram Rambudhan
Vice President -
Deputy General Manager

Domingo Fernández
Manager

Henry Rodríguez
Manager



Bladex Asset Management (BAM)

Manuel E. Mejía-Aoun
Head of Asset Management

John Cadley
Head of Risk Management
and Compliance

Urvish Bidkar
Director

Tulio Vera
Director



Representative Office **BRAZIL**

Ulysses Marciano
Commercial Representative



Claudia Ades Hibner
Vice President

Martinho Oliveira Fernandes
Vice President

Marcos dos Santos
Vice President

José Eladio Rodríguez
Assistant Vice President

Adriana Lima Santechole
Manager

Luiz Yamasaki
Regional Manager



Representative Office **ARGENTINA**



Federico Pérez-Sartori
Commercial Representative

María Paz Balbuena
Manager



Representative Office **MEXICO**

Manuel Reza
Manager

Verónica Alarcón
Manager



Alejandro Barrientos
Commercial Representative

Francisco Avilés
Vice President

Mónica Suárez
Manager



International Administrative Office **MIAMI**

María Olivera
Manager



Rubens V. Amaral Jr.
Chief Commercial Officer

Pierre Dulin
Regional Manager

Fernando Riojas
Vice President





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

With Reports of Independent Registered Public Accounting Firm

Consolidated Balance Sheets as of December 31, 2009 and 2008, and Related Consolidated Statements of Income, Stockholders' Equity, Comprehensive Income (Loss) and Cash Flows for Each of the Three Years in the Period Ended December 31, 2009

Consolidated Financial Statements 2009, 2008 and 2007

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the accompanying consolidated balance sheets of Banco Latinoamericano de Comercio Exterior, S.A. and Subsidiaries (the "Bank") as of December 31, 2009 and 2008, and the related consolidated statements of income, changes in stockholders' equity and redeemable noncontrolling interest in the investment fund, comprehensive income (loss) and cash flows for each of the three years in the period ended December 31, 2009. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Banco Latinoamericano de Comercio Exterior, S.A. and Subsidiaries as of December 31, 2009 and 2008, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2009, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Bank's internal control over financial reporting as of December 31, 2009, based on the criteria established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 15, 2010 expressed an unqualified opinion on the Bank's internal control over financial reporting.

The accompanying consolidated financial statements have been translated into English for the convenience of readers outside of Panama.



March 15, 2010
Panama, Republic of Panama

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

Consolidated balance sheets

December 31, 2009 and 2008

(in US\$ thousand, except share amounts)

	Notes	2009	2008
Assets			
Cash and due from banks	3,22	2,961	11,474
Interest-bearing deposits in banks (including pledged deposits of \$22,582 in 2009 and \$75,004 in 2008)	3,22	421,595	889,119
Trading assets (including pledged securities of \$10,250 in 2008)	4,22	50,277	44,939
Securities available-for-sale (including pledged securities of \$78,512 in 2009 and \$479,724 in 2008)	5,22	456,984	607,918
Securities held-to-maturity (fully pledged, market value of \$28,144 in 2008)	5,22	-	28,410
Investment fund	6,22	197,575	150,695
Loans	7,22	2,779,262	2,618,643
Less:			
Allowance for loan losses	8,22	73,789	54,648
Unearned income and deferred fees		3,989	4,689
Loans, net		<u>2,701,484</u>	<u>2,559,306</u>
Customers' liabilities under acceptances	22	1,551	1,375
Premises and equipment (net of accumulated depreciation and amortization of \$14,290 in 2009 and \$11,594 in 2008)	9	7,749	7,970
Accrued interest receivable	22	25,561	46,319
Derivative financial instruments used for hedging - receivable	20,22	828	7,777
Other assets	10	12,206	7,376
Total assets		<u><u>3,878,771</u></u>	<u><u>4,362,678</u></u>
Liabilities and stockholders' equity			
Deposits:	11,22		
Noninterest-bearing - Demand		788	718
Interest-bearing - Demand		50,587	112,304
Time		<u>1,204,871</u>	<u>1,056,026</u>
Total deposits		<u>1,256,246</u>	<u>1,169,048</u>
Trading liabilities	4,22	3,152	14,157
Securities sold under repurchase agreement	3,4,5,12,22	71,332	474,174
Short-term borrowings	13,22	327,800	738,747
Borrowings and long-term debt (including \$529,110 in 2009 and \$210,280 in 2008 with remaining maturity within a year)	14,22	1,390,387	1,204,952
Acceptances outstanding	22	1,551	1,375
Accrued interest payable	22	11,291	32,956
Derivative financial instruments used for hedging - payable	20,22	65,137	91,897
Reserve for losses on off-balance sheet credit risk	8	27,261	30,724
Other liabilities		<u>14,077</u>	<u>25,635</u>
Total liabilities		<u>3,168,234</u>	<u>3,783,665</u>
Commitments and contingencies	18,19,20,23		
Redeemable noncontrolling interest in the investment fund		34,900	4,689
Stockholders' equity:	15,16,17,21,24		
"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 2,584,882 in 2009 and 2,617,784 in 2008)		21,099	21,241
"Class E" common stock, no par value, assigned value of \$6.67 (Authorized 100,000,000; outstanding 27,618,545 in 2009 and 27,453,115 in 2008)		214,474	214,332
Additional paid-in capital in excess of assigned value of common stock		134,820	135,577
Capital reserves		95,210	95,210
Retained earnings		301,389	268,435
Accumulated other comprehensive loss	5,20,21	(6,160)	(72,115)
Treasury stock	15	<u>(129,602)</u>	<u>(132,763)</u>
Total stockholders' equity		<u>675,637</u>	<u>574,324</u>
Total liabilities and stockholders' equity		<u><u>3,878,771</u></u>	<u><u>4,362,678</u></u>

The accompanying notes are part of these consolidated financial statements.

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

Consolidated statements of income

Years ended December 31, 2009, 2008 and 2007

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

	Notes	2009	2008	2007
Interest income:	20			
Deposits with banks		1,260	7,574	12,729
Trading assets		7,158	648	-
Investment securities:				
Available-for-sale		17,267	31,745	19,595
Held-to-maturity		190	746	1,337
Investment fund		1,763	3,485	9,587
Loans		<u>114,326</u>	<u>200,045</u>	<u>221,621</u>
Total interest income		<u>141,964</u>	<u>244,243</u>	<u>264,869</u>
Interest expense:	20			
Deposits		11,493	44,364	70,443
Investment fund		2,325	2,296	4,197
Short-term borrowings		23,729	63,239	70,244
Borrowings and long-term debt		<u>39,665</u>	<u>56,497</u>	<u>49,415</u>
Total interest expense		<u>77,212</u>	<u>166,396</u>	<u>194,299</u>
Net interest income		<u>64,752</u>	<u>77,847</u>	<u>70,570</u>
Reversal (provision) for loan losses	8	<u>(18,293)</u>	<u>18,540</u>	<u>(11,994)</u>
Net interest income, after reversal (provision) for loan losses		<u>46,459</u>	<u>96,387</u>	<u>58,576</u>
Other income (expense):				
Reversal (provision) for losses on off-balance sheet credit risk	8	3,463	(16,997)	13,468
Fees and commissions, net		6,733	7,252	5,555
Derivative financial instruments and hedging	20	(2,534)	9,956	(989)
Impairment of assets, net of recoveries		(120)	(767)	(500)
Net gain from investment fund trading		24,997	21,357	23,878
Net gain (loss) from trading securities	12	13,113	(20,998)	(12)
Net gain on sale of securities available-for-sale	5	546	67	9,119
Gain (loss) on foreign currency exchange		613	(1,596)	115
Other income (expense), net		<u>912</u>	<u>656</u>	<u>(6)</u>
Net other income (expense)		<u>47,723</u>	<u>(1,070)</u>	<u>50,628</u>
Operating expenses:				
Salaries and other employee expenses		20,201	20,227	22,049
Depreciation, amortization and impairment of premises and equipment		2,671	3,720	2,555
Professional services		3,262	3,765	3,181
Maintenance and repairs		1,125	1,357	1,188
Expenses from the investment fund		3,520	2,065	381
Other operating expenses		<u>7,423</u>	<u>8,856</u>	<u>7,673</u>
Total operating expenses		<u>38,202</u>	<u>39,990</u>	<u>37,027</u>
Net income		55,980	55,327	72,177
Net income attributable to the redeemable noncontrolling interest		<u>1,118</u>	<u>208</u>	<u>-</u>
Net income attributable to Bladex		<u>54,862</u>	<u>55,119</u>	<u>72,177</u>
Basic earnings per share	17	<u>1.50</u>	<u>1.51</u>	<u>1.99</u>
Diluted earnings per share	17	<u>1.50</u>	<u>1.51</u>	<u>1.98</u>
Weighted average basic shares	17	<u>36,493</u>	<u>36,388</u>	<u>36,349</u>
Weighted average diluted shares	17	<u>36,571</u>	<u>36,440</u>	<u>36,414</u>

The accompanying notes are part of these consolidated financial statements.

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

Consolidated statements of changes in stockholders' equity and redeemable noncontrolling interest in the investment fund Years ended December 31, 2009, 2008 and 2007 (in US\$ thousand)

	Stockholders' equity							Redeemable noncontrolling interest in the investment fund
	Common stock	Additional paid-in capital in excess of assigned value of common stock	Capital reserves	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Total stockholders' equity	
Balances at January 1, 2007	279,980	134,945	95,210	205,200	3,328	(134,768)	583,895	-
Net income	-	-	-	72,177	-	-	72,177	-
Other comprehensive loss	-	-	-	-	(12,969)	-	(12,969)	-
Compensation cost - stock options plans	-	1,130	-	-	-	-	1,130	-
Issuance of restricted stock	-	(644)	-	-	-	531	(113)	-
Exercised options	-	(289)	-	-	-	449	160	-
Dividends declared	-	-	-	(32,029)	-	-	(32,029)	-
Balances at December 31, 2007	279,980	135,142	95,210	245,348	(9,641)	(133,788)	612,251	-
Net income	-	-	-	55,119	-	-	55,119	208
Redeemable noncontrolling interest - subscriptions	-	-	-	-	-	-	-	6,000
Redeemable noncontrolling interest - redemptions	-	-	-	-	-	-	-	(1,519)
Other comprehensive loss	-	-	-	-	(62,474)	-	(62,474)	-
Compensation cost - stock options and stock units plans	-	1,033	-	-	-	-	1,033	-
Issuance of restricted stock	-	(484)	-	-	-	745	261	-
Exercised options	-	(114)	-	-	-	280	166	-
Dividends declared	-	-	-	(32,032)	-	-	(32,032)	-
Balances at December 31, 2008	279,980	135,577	95,210	268,435	(72,115)	(132,763)	574,324	4,689
Net income	-	-	-	54,862	-	-	54,862	1,118
Redeemable noncontrolling interest - subscriptions	-	-	-	-	-	-	-	32,090
Redeemable noncontrolling interest - redemptions	-	-	-	-	-	-	-	(2,997)
Other comprehensive income	-	-	-	-	65,955	-	65,955	-
Compensation cost - stock options and stock units plans	-	1,596	-	-	-	-	1,596	-
Issuance of restricted stock	-	(905)	-	-	-	905	-	-
Exercised options and stock units vested	-	(1,448)	-	-	-	2,256	808	-
Dividends declared	-	-	-	(21,908)	-	-	(21,908)	-
Balances at December 31, 2009	279,980	134,820	95,210	301,389	(6,160)	(129,602)	675,637	34,900

The accompanying notes are part of these consolidated financial statements.

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

Consolidated statements of comprehensive income (loss)
Years ended December 31, 2009, 2008 and 2007
(in US\$ thousand)

	Notes	<u>2009</u>	<u>2008</u>	<u>2007</u>
Net income		55,980	55,327	72,177
Other comprehensive income (loss)				
Unrealized gains (losses) on securities available-for-sale:				
Unrealized gains (losses) arising from the year	21	63,556	(58,453)	(1,912)
Less: reclassification adjustments for net gains included in net income	21	<u>(649)</u>	<u>(67)</u>	<u>(9,119)</u>
Net change in unrealized gains (losses) on securities available-for-sale		<u>62,907</u>	<u>(58,520)</u>	<u>(11,031)</u>
Unrealized gains (losses) on derivative financial instruments:				
Unrealized gains (losses) arising from the year	21	1,971	(2,433)	(2,081)
Less: reclassification adjustments for net (gains) losses included in net income	21	<u>1,077</u>	<u>(1,521)</u>	<u>143</u>
Net change in unrealized gains (losses) on derivative financial instruments		<u>3,048</u>	<u>(3,954)</u>	<u>(1,938)</u>
Other comprehensive income (loss)		<u>65,955</u>	<u>(62,474)</u>	<u>(12,969)</u>
Comprehensive income (loss)		121,935	(7,147)	59,208
Comprehensive income (loss) attributable to the redeemable noncontrolling interest		<u>1,118</u>	<u>208</u>	<u>-</u>
Comprehensive income (loss) attributable to Bladex		<u><u>120,817</u></u>	<u><u>(7,355)</u></u>	<u><u>59,208</u></u>

The accompanying notes are part of these consolidated financial statements.

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

Consolidated statements of cash flows Years ended December 31, 2009, 2008 and 2007 (in US\$ thousand)

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:			
Net income	55,980	55,327	72,177
Adjustments to reconcile net income to net cash provided by operating activities:			
Activities of derivative financial instruments and hedging	1,391	30,198	1,258
Depreciation, amortization and impairment of premises and equipment	2,671	3,720	2,555
Provision (reversal) for loan losses	18,293	(18,540)	11,994
Provision (reversal) for losses on off-balance sheet credit risk	(3,463)	16,997	(13,468)
Impairment loss on assets	120	767	500
Net gain on sale of securities available-for-sale	(546)	(67)	(9,119)
Compensation cost - compensation plans	1,596	1,033	1,130
Issuance of restricted stock	-	261	(113)
Exercised deferred compensation units	-	15	-
Amortization of premium and discounts on investments	9,382	12,115	6,268
Net decrease (increase) in operating assets:			
Trading assets	(5,338)	(1,355)	-
Investment fund	(46,880)	(68,849)	23,353
Accrued interest receivable	20,758	16,056	(9,887)
Other assets	(5,126)	683	(2,583)
Net increase (decrease) in operating liabilities:			
Trading liabilities	(11,005)	14,144	13
Accrued interest payable	(21,665)	(5,671)	11,332
Other liabilities	<u>1,303</u>	<u>(6,088)</u>	<u>3,631</u>
Net cash provided by operating activities	<u>17,471</u>	<u>50,746</u>	<u>99,041</u>
Cash flows from investing activities:			
Net decrease (increase) in pledged deposits	52,422	(69,504)	-
Net decrease (increase) in loans	(160,471)	1,089,851	(864,971)
Proceeds from the sale of loans	-	25,617	121,824
Acquisition of premises and equipment	(2,450)	(1,514)	(1,595)
Proceeds from the redemption of securities available-for-sale	-	58,074	19,074
Proceeds from the maturity of securities held-to-maturity	28,275	-	125,000
Proceeds from the sale of securities available-for-sale	196,980	229,877	578,697
Purchases of investment securities	<u>(9,994)</u>	<u>(536,880)</u>	<u>(716,472)</u>
Net cash provided by (used in) investing activities	<u>104,762</u>	<u>795,521</u>	<u>(738,443)</u>
Cash flows from financing activities:			
Net increase (decrease) in due to depositors	87,198	(293,323)	406,094
Net decrease in short-term borrowings			
and securities sold under repurchase agreements	(813,789)	(291,789)	(90,894)
Proceeds from borrowings and long-term debt	335,598	631,099	613,126
Repayments of borrowings and long-term debt	(150,163)	(436,463)	(161,670)
Dividends paid	(34,593)	(30,862)	(29,713)
Subscriptions of redeemable noncontrolling interest in the investment fund	32,090	6,000	-
Redemptions of redeemable noncontrolling interest in the investment fund	(2,997)	(1,519)	-
Exercised stock options	<u>808</u>	<u>151</u>	<u>160</u>
Net cash (used in) provided by financing activities	<u>(545,848)</u>	<u>(416,706)</u>	<u>737,103</u>
Net increase (decrease) in cash and cash equivalents	(423,615)	429,561	97,701
Cash and cash equivalents at beginning of the year	<u>825,589</u>	<u>396,028</u>	<u>298,327</u>
Cash and cash equivalents at end of the year	<u><u>401,974</u></u>	<u><u>825,589</u></u>	<u><u>396,028</u></u>
Supplemental disclosures of cash flow information:			
Cash paid during the year for interest	<u>98,877</u>	<u>172,067</u>	<u>183,521</u>

The accompanying notes are part of these consolidated financial statements.

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

Notes to consolidated financial statements

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 supranational bank established to finance trade 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 signed in 1978 between the Republic of Panama and Bladex, the Bank was granted certain privileges by the government of Panama, including an exemption from payment of income taxes in Panama.

On April 15, 2009, the Bank's shareholders approved at its Annual Shareholders' Meeting some amendments to the Bank's Articles of Incorporation. The amendments, that were effective on June 17, 2009, include, among others:

- A change in the legal name of the Bank from Banco Latinoamericano de Exportaciones, S. A. to Banco Latinoamericano de Comercio Exterior, S. A.
- An extension of the scope of the Bank's activities to encompass all types of banking, investment, and financial or other businesses that support foreign trade and the development of Latin American countries.
- Authorization of: (1) an increase in the total share capital of the Bank to two hundred ninety million (290,000,000) shares, including up to ten million of new preferred stock, with a par value US\$10 each, to be issued in one or more series from time to time at the discretion of the Bank's Board of Directors; and (2) the establishment of a new class of common shares (Class F) that will only be issued to (a) state entities and agencies of non-Latin American countries, including, among others, central banks and majority state-owned banks in those countries, and (b) multilateral financial institutions either international or regional institutions. When the number of issued and outstanding Class F common shares is equal to or greater than 15% of the total number of issued and outstanding common shares, the Class F shareholders shall have the right to elect one director of the Bank.

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 Law Decree No. 9 of February 1998, modified by Law Decree No. 2 of February 22, 2008. Banks are also regulated by the 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., is a wholly owned subsidiary, incorporated under the laws of the State of Delaware, United States of America (USA), on May 30, 2000. Bladex Holdings Inc. exercises control over the following subsidiary companies:
 - Bladex Asset Management Inc., incorporated on May 24, 2006, under the laws of the State of Delaware, USA, serves as investment manager for Bladex Offshore Feeder Fund (the "Feeder") and Bladex Capital Growth Fund (the "Fund"). On September 8, 2009, Bladex Asset Management Inc. was registered as a foreign entity in the Republic of Panama, to establish a branch in Panama, which will be mainly engaged in providing administrative and operating services to Bladex Asset Management Inc. in USA.
 - Clavex, LLC incorporated on June 15, 2006, under the laws of the State of Delaware, USA, ceased operations in February 2007.
- The Feeder is an entity in which Bladex Head office owns 82.34% at December 31, 2009, and 96.89% at December 31, 2008. The Feeder was incorporated on February 21, 2006 under the laws of the Cayman Islands, and invests substantially all its assets in the Fund, which is also incorporated under the laws of the Cayman Islands. The objective of the Fund is to achieve capital appreciation by investing in Latin American debt securities, stock indexes, currencies, and trading derivative instruments.

In April 2008, the Feeder was registered with the Cayman Island Monetary Authority (CIMA), under the Mutual Funds Law of the Cayman Islands. Until April 30, 2008, the Feeder was a wholly owned subsidiary of Bladex Head Office. On May 1, 2008, the Feeder began receiving third party investments.

In April 2009, the Fund was registered with CIMA, under the Mutual Funds Law of the Cayman Islands and began receiving third party investments.

- 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 0.001% owned by Bladex Holdings Inc.
- Clavex, S. A., is a wholly owned subsidiary, incorporated on May 18, 2006, under the laws of the Republic of Panama, to mainly provide specialized training.

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 is also licensed by the State of New York Banking Department, USA, to operate an International Banking Facility ("IBF"). The Bank also has representative offices in Buenos Aires, Argentina, and in Mexico City, D.F., Mexico, and an international administrative office in Miami, Florida, USA.

Bladex Head Office owns 50% of the equity shares of BCG PA LLC, a company incorporated under the laws of the State of Delaware, USA. This company owns "Class C" shares of the Fund that entitle it to receive a performance allocation on third-party investments in the Feeder and in the Fund.

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.

Effective July 1, 2009, the Financial Accounting Standards Board (the "FASB") issued the FASB Accounting Standards Codification (the "ASC") under ASC Topic 105-10, under which the historical GAAP hierarchy was eliminated and the ASC became the single official source of authoritative, non-governmental GAAP, other than guidance issued by the Securities and Exchange Commission ("SEC"). All other literature became non-authoritative. ASC Topic 105-10 became effective for financial statements issued for interim and annual periods ending after September 15, 2009.

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. All intercompany balances and transactions have been eliminated for consolidation purposes.

When Bladex holds an interest in investment companies under the Feeder-Master structure where the Feeder's shareholding has not been diluted and it has not been registered as a mutual fund with any regulatory body, the Feeder, and thereby Bladex indirectly, fully consolidates the Master on line-by-line basis. In other cases where the participation in the Feeder is diluted and such entity is registered as a mutual fund with a regulatory body, it is considered an investment company. In those cases, the Feeder, and thereby Bladex indirectly, consolidates its participation in the Master in one line item in the balance sheet, as required by the specialized accounting in the ASC Topic 946 - Financial Services - Investment Companies.

c) Equity method

Investments in companies in which Bladex Head Office exercises significant influence, but not control over its financial and operating policies, and holds an equity participation of at least 20% but not more than 50%, are initially accounted for at cost, which is subsequently adjusted to record the participation of the investment in gains (losses) of the investee after the acquisition date.

d) Specialized accounting for investment companies

The Feeder and the Fund are organized under a “Feeder-Master” structure. Under this structure, the Feeder invests all its assets in the Fund 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 Fund in a single line item equal to its proportionate share of the net assets of the Fund, regardless of the level of Feeder’s interest in the Fund. The Feeder records the Fund’s results by accounting for its participation in the net interest income and expenses of the Fund, as well as its participation in the realized and unrealized gains or losses of the Fund.

As permitted by ASC Topic 810-10-25-15 – Consolidation, when Bladex consolidates its investment in the Feeder, it retains the specialized accounting for investment companies applied by the Feeder in the Fund, reporting it within the “Investment fund” line item in the consolidated balance sheet, and presenting the third party investments in the Feeder in the “Redeemable noncontrolling interest in the investment fund” line item between liabilities and stockholders’ equity. The Bank reports interest income and expense from the Fund in the Investment fund line item within interest income and expense, realized and unrealized gains and losses in the “Net gain from investment fund trading” line item, and expenses from the Fund are reported in “Expenses from the investment fund” line item in the consolidated statements of income.

e) 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.

f) Cash equivalents

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

g) Repurchase agreements

Repurchase agreements represent collateralized financing transactions used to increase liquidity. 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 accrued interest, as specified in the respective agreements. The market 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 assets to be repurchased are the same or substantially the same as those transferred; the transferor is able to repurchase them with the collateral received, keeping substantially the agreed terms, even in the event of default of the transferee; 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. In order to be able to repurchase assets on substantially the agreed terms, even in the case of default from the counterparty, the transferor must at all times, during the contract term, have obtained cash or other collateral sufficient to fund substantially all the cost of purchasing the transferred assets from the counterparties.

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.

At the date of the repurchase agreement, the Bank recognizes as income the retained interest in the repurchase agreements accounted for as sales. The fair value of the retained interest is based upon quoted market prices when available, or if the quoted market prices are not available, on the present value of future expected cash flows using the information related to credit losses, prepayment speeds, forward yield curves, and discount rates commensurate with the risks involved.

h) 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. These amounts include the derivative assets and liabilities net of cash received or paid, respectively, under legally enforceable master netting agreements. Trading assets and liabilities are carried at fair value, which is based upon quoted prices when available, or if quoted market prices are not available, on discounted expected cash flows using market rates commensurate with the credit quality and maturity of the security.

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

i) 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.

Securities available-for-sale

These securities consist of debt instruments that the Bank buys with the intention of selling them prior to maturity and are subject to the same approval criteria as the rest of the credit portfolio. These securities are carried at fair value, based on quoted market prices when available, or if quoted market prices are not available, based on discounted expected cash flows using market rates commensurate with the credit quality and maturity of the security. 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.

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

Impairment

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 market 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 market 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 the 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 debt security. The other-than-temporary impairment of securities held-to-maturity that has been recognized in other comprehensive income 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 Fund*

The Feeder records its investment in the Fund at fair value, which is the Feeder's proportionate interest in the net assets of the Fund.

The Fund invests in trading assets and liabilities that are carried at fair value, which is based upon quoted market prices when available. For financial instruments for which quoted prices are not available, the Fund uses independent valuations from pricing providers that use their own proprietary valuation models that take into consideration discounted expected cash flows, using market rates commensurate with the credit quality and maturity of the security. These prices are compared to independent valuations from counterparties. The Fund reports trading gains and losses from negotiation of these instruments as realized and unrealized gains and losses on investments.

k) *Other investments*

Other investments that mainly 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 market value of these investments, as these shares are not traded in a secondary market. Performance of these investments is evaluated periodically and declines that are determined to be other-than-temporary are charged to earnings as impairment on assets.

l) *Loans*

Loans are reported at their 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.

Loans are identified as past-due and placed on a cash basis (non-accrual) when interest or principal is past due for 90 days or more, or before if the Bank's management believes there is an uncertainty with respect to the ultimate collection of principal or interest. Factors considered by the Bank's management in determining impairment include collection status, collateral value, the probability of collecting scheduled principal and interest payments when due, and economic conditions in the borrower's country of residence. Any interest receivable on non-accruing loans is reversed and charged-off against earnings. Interest on these loans is only recorded as earned when collected. Non-accruing loans are returned to an accrual status when (1) all contractual principal and interest amounts are current; (2) there is a sustained period of repayment performance in accordance with the contractual terms of at least six months; and (3) if in the Bank management's opinion the loan is fully collectible. 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.

A loan is classified as a troubled debt restructuring if a significant concession is granted to the borrower due to the deterioration in its financial condition. Marketable securities received in exchange for loans under 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.

m) *Transfer of financial assets*

Transfers of financial assets, primarily loans, are accounted for as sales when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when: (1) the 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 assets; and (3) the Bank does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity or does not have the right to cause the assets to be returned. Upon completion of a transfer of assets that satisfies the conditions described above to be accounted for as a sale, the Bank recognizes the assets as sold and records in earnings any gain or loss on the sale. The Bank may retain interest in loans sold in the form of servicing rights. Gains or losses on sale of loans depend in part on the carrying amount of the financial assets involved in the transfer, and its fair value at the date of transfer. The fair value of instruments is determined based upon quoted market prices when available, or are based on the present value of future expected cash flows using information related to credit losses, prepayment speeds, forward yield curves, and discounted rates commensurate with the risk involved.

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 accreting 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 relates to provision for losses on credits considered impaired and measured on a case-by-case basis. An allowance is established when the discounted cash flows (or observable market price of collateral) of the credit is lower than the carrying value of that credit. The formula-based component 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 for higher risk cases, in view of the greater robustness of this external data for such 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.
- 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 Standard & Poor's ("S&P") probabilities of default for high risk cases, in view of the greater robustness of S&P 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.

o) Fair value of guarantees including indirect indebtedness of others

The Bank recognizes at inception a liability for the fair value of obligations undertaken such as stand-by letters of credit and guarantees. Fair value is calculated based on the present value of the premium to be received or a specific allowance for off-balance sheet credit contingencies, whichever is greater.

p) 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.

q) Premises and equipment

Premises and equipment, including the electronic data processing equipment, are carried at cost less accumulated depreciation and amortization, except land, which is carried at cost. 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 building is 40 years and for furniture and equipment is three to five 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 five years.

r) Capital reserves

Capital reserves are established as a segregation of retained earnings and are, as such, a form of retained earnings. Even though the constitution of capital reserves is not required by the SBP, their reductions require the approval of the Bank's Board of Directors and the SBP.

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 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. The fair value of each option is estimated at the grant date using the Black-Scholes 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 and cross-currency swap contracts have been used to manage interest rate and foreign exchange risks associated with debt securities and borrowings with fixed rates, and loans and borrowings in foreign currency. 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, credit default swap and cross-currency swap 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 U.S. dollars and cross-currency swaps. Derivative contracts designated and qualifying for hedge accounting are reported in the balance sheet as derivative financial instruments used for hedging - receivable and payable 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. 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 hedge item continues to be reported as part of the basis of the item and is amortized to earnings as a yield adjustment. For qualifying cash flow hedges, the effective portion of the change in the fair value of the derivative is recorded in OCI and recognized in the income statement when the hedged cash flows affect earnings. The ineffective portion is recognized in the income statement as activities of derivative 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 transactions

Assets and liabilities denominated in foreign currencies are translated into U.S. dollar equivalents using period-end spot foreign exchange rates. The effects of translation of monetary assets and liabilities into the U.S. dollar are included in earnings.

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 Fund are not subject to income taxes in accordance with the laws of the Cayman Islands. The Feeder and the Fund received an undertaking exempting them from taxation of all future profits until March 7, 2026.
- Clavex, S. A. is subject to income taxes in Panama on profits from local operations.
- Bladex Representacao Ltda. is subject to income taxes in Brazil.
- 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 in the investment fund

The redeemable noncontrolling interest in the Feeder represents the participation of other investors in the net assets of the Feeder.

Effective January 1, 2009, the Bank adopted ASC Topic 810 - *Noncontrolling Interest in Consolidated Financial Statements*. This new accounting guidance 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 are within the control of the issuer must be classified outside of equity. The terms of third party investments in the Feeder contain a redemption clause which allows the holders the option to redeem their investment at fair value. Accordingly, the Bank retains its presentation of the noncontrolling interest in the investment fund between liabilities and stockholders' equity in the consolidated balance sheets. Additionally, net assets of the Feeder are measured and presented at fair value, given the nature of its net assets (i.e. represented mainly by cash and investments in securities). Therefore, when calculating the value of the redeemable noncontrolling interest under ASC Topic 810, such amount is already recorded at its fair value and no further adjustments under ASC 480-10-S99 are necessary. Therefore, adoption of this new guidance did not have a material effect on the Bank's consolidated financial position, results of operations, or on financial statement presentation.

x) Earnings per share

Basic earnings per share is computed by dividing the net income attributable to Bladex Head Office (the numerator) by the weighted average number of common shares outstanding (the denominator) during the year. Diluted earnings per share measure performance incorporating the effect that potential common shares, such as stock options and restricted stock units outstanding during the same period, would have on 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.

y) Recently issued accounting standards

During 2009, new accounting standards, modifications and interpretations to standards, applicable to the Bank, have been issued and are not in effect as of the date of the consolidated balance sheet, and thus have not been applied in the preparation of these consolidated financial statements. These standards establish the following:

ASC 860-10 (FAS 166 – *Accounting for Transfers of Financial Assets – an amendment of FASB 140*)

The objective of this statement is to improve the relevance, representational faithfulness and comparability of the information that a reporting entity provides in its financial statements about a transfer of financial assets, the effects of a transfer on its financial position, financial performance, and cash flows, and a transferor's continuing involvement, if any, in transferred financial assets.

This statement is effective for financial statements issued for fiscal years beginning after November 15, 2009 and for interim periods within that first annual reporting period. Early application is prohibited. The Bank is currently evaluating the potential impact on its consolidated financial statements of adopting this standard.

ASC 810-10 (FAS 167 – Amendments to FIN 46 (R))

This statement amends guidance related to variable interest entities. The objective of this statement is to require enterprises to carefully reconsider its previous conclusions including (1) whether an entity is a variable interest entity ("VIE"), (2) whether the enterprise is the VIE's primary beneficiary, and (3) what type of financial statement disclosures are required.

This statement is effective for financial statements issued for fiscal years beginning after November 15, 2009 and for interim periods within that first annual reporting period, and for interim and annual reporting periods thereafter. Early application is prohibited. The Bank is currently evaluating the potential impact on its consolidated financial statements of adopting this standard.

3. Cash and cash equivalents

Cash and cash equivalents are as follows:

	December 31,	
	2009	2008
<i>(In thousands of US\$)</i>		
Cash and due from banks	2,961	11,474
Interest-bearing deposits in banks	<u>421,595</u>	<u>889,119</u>
Total	424,556	900,593
Less:		
Pledged deposits	<u>22,582</u>	<u>75,004</u>
	<u>401,974</u>	<u>825,589</u>

On December 31, 2009 and 2008, the Agency of New York had a pledged deposit with a carrying value of \$5.5 million, with the New York State Banking Department, as required by law since March 1994. As of December 31, 2009, the Bank has pledged deposits of \$17.1 million to secure derivative financial instruments.

As of December 31, 2008 the Bank had pledged deposits of \$69.5 million to secure securities sold under repurchase agreements and derivative financial instruments.

4. Trading assets and liabilities

The fair value of trading assets and liabilities is as follows:

	December 31,	
	2009	2008
<i>(In thousands of US\$)</i>		
Trading assets:		
Sovereign bonds	11,150	21,965
Corporate bonds	39,125	-
Credit default swap	2	-
Forward repurchase agreements	-	16,088
Retained interest on repurchase agreements	-	<u>6,886</u>
Total	<u>50,277</u>	<u>44,939</u>
Trading liabilities:		
Interest rate swaps	2,514	14,066
Cross-currency interest rate swaps	638	-
Credit default swap	-	<u>91</u>
Total	<u>3,152</u>	<u>14,157</u>

Sovereign and corporate bonds outstanding as of December 31, 2009, have generated gains of \$3.3 million during period 2009, which have been recorded in earnings.

During 2009, the Bank recognized the following gains and losses related to trading derivative financial instruments:

(In thousands of US\$)

	2009
	Gain (loss) recognized in the income statement ⁽¹⁾
Trading derivatives	
Forward repurchase agreements	2,570
Interest rate swaps	(551)
Cross-currency interest rate swaps	(638)
Credit default swap	<u>110</u>
	<u>1,491</u>

⁽¹⁾ Gains (losses) are reported within the net gain (loss) from trading securities line in the consolidated statements of income.

In addition to the trading derivative financial instruments, the Bank has hedging derivative financial instruments that are disclosed in Note 20.

At December 31, 2009 and 2008, trading derivative liabilities include interest rate swap and cross-currency interest rate swap contracts that were previously designated as fair value hedges of securities available-for-sale and foreign-currency loans, respectively, that no longer qualify for hedge accounting.

At December 31, 2009 and 2008, information on the nominal amounts of derivative financial instruments held for trading purposes is as follows:

	2009			2008		
(In thousands of US\$)	Nominal Amount	Fair Value		Nominal Amount	Fair Value	
		Asset	Liability		Asset	Liability
Interest rate swaps	46,800	-	2,514	175,227	-	14,066
Cross-currency interest rate swaps	15,496	-	638	-	-	-
Credit default swap	<u>3,000</u>	<u>2</u>	-	<u>3,000</u>	-	<u>91</u>
Total	<u>65,296</u>	<u>2</u>	<u>3,152</u>	<u>178,227</u>	<u>-</u>	<u>14,157</u>

As of December 31, 2008, forward repurchase agreements corresponded to derivative financial instruments from transactions of securities sold under repurchase agreements accounted for as sales based on ASC Topic 860 – Transfer and Servicing (see Notes 2(g) and 12).

During 2008, the Bank transferred sovereign and corporate bonds through repurchase agreements accounted for as sales. The Bank reacquired those bonds at the maturity date of those agreements and included them in the trading assets portfolio. As of December 31, 2008, sovereign bonds with a fair value of \$10.3 million secured securities under repurchase agreements that qualify as secured financings.

5. Investment securities

Securities available-for-sale

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

December 31, 2009				
<i>(In thousands of US\$)</i>	Amortized Cost	Unrealized Gross Gain	Unrealized Gross Loss	Fair Value
Corporate debt:				
Brazil	26,428	1,044	-	27,472
Chile	26,763	1,308	-	28,071
Panama	20,008	912	-	20,920
Venezuela	<u>14,979</u>	<u>830</u>	<u>-</u>	<u>15,809</u>
	88,178	4,094	-	92,272
Sovereign debt:				
Brazil	86,583	6,817	-	93,400
Colombia	131,852	8,210	892	139,170
Dominican Republic	6,347	93	-	6,440
El Salvador	15,755	174	-	15,929
Mexico	56,194	1,236	550	56,880
Panama	21,057	1,649	-	22,706
Peru	<u>28,441</u>	<u>1,746</u>	<u>-</u>	<u>30,187</u>
	<u>346,229</u>	<u>19,925</u>	<u>1,442</u>	<u>364,712</u>
Total	<u>434,407</u>	<u>24,019</u>	<u>1,442</u>	<u>456,984</u>

December 31, 2008				
<i>(In thousands of US\$)</i>	Amortized Cost	Unrealized Gross Gain	Unrealized Gross Loss	Fair Value
Corporate debt:				
Brazil	27,245	-	4,644	22,601
Chile	42,140	64	1,397	40,807
Panama	20,015	885	-	20,900
United States of America	9,725	-	17	9,708
Venezuela	<u>14,973</u>	<u>252</u>	<u>-</u>	<u>15,225</u>
	114,098	1,201	6,058	109,241
Sovereign debt:				
Brazil	105,735	2,620	-	108,355
Colombia	169,026	401	6,690	162,737
Costa Rica	10,905	-	790	10,115
Dominican Republic	9,677	-	2,299	7,378
El Salvador	16,158	-	1,571	14,587
Mexico	97,839	-	5,883	91,956
Panama	43,281	-	1,681	41,600
Peru	28,881	-	1,943	26,938
Sweden	10,041	-	30	10,011
United States of America	<u>24,999</u>	<u>1</u>	<u>-</u>	<u>25,000</u>
	<u>516,542</u>	<u>3,022</u>	<u>20,887</u>	<u>498,677</u>
Total	<u>630,640</u>	<u>4,223</u>	<u>26,945</u>	<u>607,918</u>

At December 31, 2009 and 2008, securities available-for-sale with a carrying value of \$79 million and \$480 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 less than 12 months and for 12 months or longer:

(In thousands of US\$)	December 31, 2009					
	Less than 12 months		12 months or longer		Total	
	Fair Value	Unrealized Gross Losses	Fair Value	Unrealized Gross Losses	Fair Value	Unrealized Gross Losses
Sovereign debt	<u>24,138</u>	<u>550</u>	<u>24,720</u>	<u>892</u>	<u>48,858</u>	<u>1,442</u>
	<u>24,138</u>	<u>550</u>	<u>24,720</u>	<u>892</u>	<u>48,858</u>	<u>1,442</u>

(In thousands of US\$)	December 31, 2008					
	Less than 12 months		12 months or longer		Total	
	Fair Value	Unrealized Gross Losses	Fair Value	Unrealized Gross Losses	Fair Value	Unrealized Gross Losses
Corporate debt	52,905	5,767	5,024	291	57,929	6,058
Sovereign debt	<u>270,757</u>	<u>18,588</u>	<u>7,377</u>	<u>2,299</u>	<u>278,134</u>	<u>20,887</u>
	<u>323,662</u>	<u>24,355</u>	<u>12,401</u>	<u>2,590</u>	<u>336,063</u>	<u>26,945</u>

Gross unrealized losses are related mainly to an overall increase in market interest rates and other market factors and not due to underlying credit concerns by the Bank about the issuers. The sovereign debt that shows an unrealized gross loss for more than twelve months relates to a counterparty whose payment performance is and continues to be sound. The price of the bonds in question has seen a significant recovery during 2009. Historically, this counterparty has not failed to perform on its obligation. As of December 31, 2009 the Bank does not intend to sell and will not be required to sell the security before its recovery of the amortized cost of the instrument. As a result, the Bank does not consider this exposure to be other-than-temporarily impaired.

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

(In thousands of US\$)	Year ended December 31,		
	2009	2008	2007
Gains	1,276	2,173	9,550
Losses	<u>(730)</u>	<u>(2,106)</u>	<u>(431)</u>
Net	<u>546</u>	<u>67</u>	<u>9,119</u>

Losses on securities available-for-sale during 2008 were mainly the result of transactions of securities sold under repurchase agreements accounted for as sales at the transfer date of those securities (see Note 12).

An analysis of realized losses is described below:

(In thousands of US\$)	Year ended December 31,		
	2009	2008	2007
Realized losses on sale of securities available-for-sale	(730)	(79)	(431)
Realized losses for transfers of securities under repurchase agreements accounted for as sales (see Note 12)	-	(2,027)	-
Total realized loss	<u>(730)</u>	<u>(2,106)</u>	<u>(431)</u>

The amortized cost and fair value of securities available-for-sale by contractual maturity at December 31, 2009, are shown in the following table:

(In thousands of US\$)	Amortized Cost	Fair Value
Due within 1 year	30,302	31,463
After 1 year but within 5 years	231,775	243,983
After 5 years but within 10 years	<u>172,330</u>	<u>181,538</u>
	<u>434,407</u>	<u>456,984</u>

Securities held-to-maturity

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

<i>(In thousands of US\$)</i>	December 31, 2008			
	<u>Amortized Cost</u>	<u>Unrealized Gross Gain</u>	<u>Unrealized Gross Loss</u>	<u>Fair Value</u>
Corporate debt:				
United States of America	<u>28,410</u>	<u>-</u>	<u>266</u>	<u>28,144</u>
Total	<u>28,410</u>	<u>-</u>	<u>266</u>	<u>28,144</u>

At December 31, 2008, securities held-to-maturity with a carrying value of \$28.4 million secured repurchase agreements accounted for as secured borrowings. All securities held-to-maturity were redeemed during the first quarter of 2009.

6. Investment fund

The balance in the investment fund for \$197.6 million in 2009, and \$150.7 million in 2008 represents the participation of the Feeder in the net asset value (NAV) of the Fund.

At December 31, 2009, the Feeder owns 98.42% of the Fund with a total of 164,925.2 shares issued, divided in 30,725.5 "Class A" shares, 133,491.6 "Class B" shares and 708.1 "Class E" shares.

At December 31, 2008 the Feeder owned 98.83% of the Fund with a total of 137,811.6 shares issued, divided in 4,320.0 "Class A" shares and 133,491.6 "Class B" shares.

The Fund has issued "Class A", "Class B", "Class C", "Class D" and "Class E" shares and administrative shares. "Class A" and "Class B" shares are participating shares in the net gains (losses) of the Fund, and only differ in relation to certain administrative fees. "Class C" and "Class D" shares do not participate in the net gains (losses) of the Fund; they are only entitled to the performance allocation. The "Class E" shares are not subject to either administrative fees or performance allocation. The Bank owns the Fund's administrative shares.

7. Loans

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

<i>(In thousands of US\$)</i>	December 31,	
	<u>2009</u>	<u>2008</u>
Corporate	1,475,031	1,627,721
Banks:		
Private	870,554	571,665
State-owned	333,574	347,403
Others	<u>100,103</u>	<u>71,854</u>
Total	<u>2,779,262</u>	<u>2,618,643</u>

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

<i>(In thousands of US\$)</i>	December 31,	
	<u>2009</u>	<u>2008</u>
Industrial	1,031,781	1,020,015
Banking and financing	1,208,458	924,286
Agricultural	230,674	332,582
Services	70,968	111,531
Others	<u>237,381</u>	<u>230,229</u>
Total	<u>2,779,262</u>	<u>2,618,643</u>

The remaining loan maturities are summarized as follows:

(In thousands of US\$)

	December 31,	
	<u>2009</u>	<u>2008</u>
Current:		
Up to 1 month	253,077	236,679
From 1 month to 3 months	490,950	488,471
From 3 months to 6 months	559,934	315,200
From 6 months to 1 year	526,990	556,744
From 1 year to 2 years	424,073	345,471
From 2 years to 5 years	460,153	622,080
More than 5 years	<u>28,335</u>	<u>53,998</u>
	2,743,512	2,618,643
Impaired	<u>35,750</u>	-
Total	<u>2,779,262</u>	<u>2,618,643</u>

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

(In thousands of US\$)

	December 31,	
	<u>2009</u>	<u>2008</u>
Country:		
Argentina	72,746	150,988
Brazil	1,334,905	1,289,424
Chile	258,257	8,333
Colombia	200,490	284,901
Costa Rica	82,906	54,855
Dominican Republic	31,364	48,025
Ecuador	23,097	36,364
El Salvador	40,650	75,857
Guatemala	73,809	60,784
Honduras	22,984	44,925
Jamaica	31,297	14,678
Mexico	301,929	380,209
Nicaragua	700	3,993
Panama	41,492	47,495
Peru	161,047	49,812
Trinidad and Tobago	71,589	23,000
Uruguay	<u>30,000</u>	<u>45,000</u>
	<u>2,779,262</u>	<u>2,618,643</u>

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

(In thousands of US\$)

	December 31,	
	<u>2009</u>	<u>2008</u>
Fixed interest rates	1,310,754	933,234
Floating interest rates	<u>1,468,508</u>	<u>1,685,409</u>
	<u>2,779,262</u>	<u>2,618,643</u>

At December 31, 2009 and 2008, 80% and 78%, respectively, of the loan portfolio at fixed interest rates has remaining maturities of less than 180 days.

During the year 2009, the Bank reclassified a total of \$50.5 million loans to the non-accrual status. Based on analysis of these loans, the Bank has identified impaired loans of \$35.7 million for which specific reserves of \$14.4 million have been allocated. The remaining of the non-accrual portfolio, of \$14.8 million, does not present impairment; therefore, no additional specific reserves have been recorded.

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

(In thousands of US\$)

	December 31,		
	<u>2009</u>	<u>2008</u>	<u>2007</u>
Loans on non-accrual status	<u>50,534</u>	<u>-</u>	<u>-</u>
Interest which would had been recorded if the loans had not been on a non-accrual status	<u>1,775</u>	<u>-</u>	<u>-</u>
Interest income collected on non-accruing loans	<u>847</u>	<u>-</u>	<u>-</u>
Foregone interest revenue	<u>928</u>	<u>-</u>	<u>-</u>

Non-accruing loans include impaired loans detailed as follows:

(In thousands of US\$)

	December 31,		
	<u>2009</u>	<u>2008</u>	<u>2007</u>
Impaired loans with specific allowance for credit losses	<u>35,750</u>	<u>-</u>	<u>-</u>
Specific allowance for impaired loans	<u>14,357</u>	<u>-</u>	<u>-</u>
Average balance of impaired loans during the year	<u>16,588</u>	<u>-</u>	<u>-</u>
Interest income collected on impaired loans	<u>719</u>	<u>-</u>	<u>-</u>

At December 31, 2009, the impaired loans portfolio includes past due loans of \$5.7 million.

At December 31, 2009 and 2008, the Bank has credit transactions in the normal course of business with 18% and 20%, respectively, of its Class "A" and "B" stockholders (see Note 16). 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. At December 31, 2009 and 2008, approximately 20% and 16%, respectively, of the outstanding loan portfolio is placed with the Bank's Class "A" and "B" stockholders and their related parties. At December 31, 2009, 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 year 2008, the Bank sold loans with a book value of \$25.6 million, with a net gain of \$54 thousand. There were no loan sales during 2009.

8. Allowance for credit losses

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

a) Allowance for loan losses:

(In thousands of US\$)

	December 31,		
	<u>2009</u>	<u>2008</u>	<u>2007</u>
Balance at beginning of the year	54,648	69,643	51,266
Provision (reversal) for loan losses	18,293	(18,540)	11,994
Loan recoveries	866	3,545	6,434
Loans written-off against the allowance for loan losses	<u>(18)</u>	<u>-</u>	<u>(51)</u>
Balance at end of the year	<u>73,789</u>	<u>54,648</u>	<u>69,643</u>
Components:			
Generic allowance	59,432	54,648	69,643
Specific allowance	<u>14,357</u>	<u>-</u>	<u>-</u>
Total allowance for loan losses	<u>73,789</u>	<u>54,648</u>	<u>69,643</u>

Provision (reversal) of allowance for credit losses are mostly related to changes in volume and composition of the credit portfolio. Loan recoveries relate to the Bank's non-accruing portfolio in Mexico, Argentina and Brazil, which have been collected during the last three years.

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

(In thousands of US\$)

	December 31,		
	<u>2009</u>	<u>2008</u>	<u>2007</u>
Balance at beginning of the year	30,724	13,727	27,195
Provision (reversal) for losses on off-balance sheet credit risk	<u>(3,463)</u>	<u>16,997</u>	<u>(13,468)</u>
Balance at end of the year	<u>27,261</u>	<u>30,724</u>	<u>13,727</u>

The reserve for losses on off-balance sheet credit risk reflects the Bank's management estimate of probable losses on off-balance sheet credit risk items such as: confirmed letters of credit, stand-by letters of credit, guarantees and credit commitments (see Note 18).

9. Premises and equipment

A breakdown of cost and accumulated depreciation and amortization for premises and equipment as of December 31, 2009 and 2008 is as follows:

	December 31,	
(In thousands of US\$)	<u>2009</u>	<u>2008</u>
Land	462	462
Building and improvements	5,254	4,958
Furniture and equipment	<u>16,323</u>	<u>14,144</u>
	22,039	19,564
Less: accumulated depreciation and amortization	<u>14,290</u>	<u>11,594</u>
	<u>7,749</u>	<u>7,970</u>

10. Other assets

At December 31, 2009 and 2008, other assets include an equity investment in a private investment fund with a carrying value of \$1.9 million and \$1.5 million, respectively. During 2009, the participation in this investment was increased by \$0.4 million.

11. Deposits

The remaining maturity profile of the Bank's deposits is as follows:

	December 31,	
(In thousands of US\$)	<u>2009</u>	<u>2008</u>
Demand	51,375	113,022
Up to 1 month	586,949	766,268
From 1 month to 3 months	324,702	262,443
From 3 months to 6 months	273,220	27,315
From 6 months to 1 year	<u>20,000</u>	-
	<u>1,256,246</u>	<u>1,169,048</u>

The following table presents additional information about deposits:

	December 31,	
	2009	2008
<i>(In thousands of US\$)</i>		
Aggregate amounts of time deposits of \$100,000 or more	<u>1,204,657</u>	<u>1,056,026</u>
Aggregate amounts of deposits in offices outside Panama	<u>418,157</u>	<u>380,765</u>
Interest expense paid to deposits in offices outside Panama	<u>5,821</u>	<u>11,428</u>

12. Securities sold under repurchase agreements

The Bank's financing transactions under repurchase agreements amounted to \$71.3 million and \$474.2 million as of December 31, 2009 and 2008, respectively.

As of December 31, 2009, all financing transactions under repurchase agreements qualified as secured financings. During 2008, the Bank entered into repurchase agreements that qualified as sales under ASC Topic 860 - Transfers and Servicing. These transactions specifically referred to repurchase agreements on which the Bank was required to take larger discounts or "haircuts" than in the past, as a result of the outbreak of the liquidity and credit crisis in the financial markets near the end of 2008. These were short-term repurchase agreements with anticipated maturity dates within the first quarter of 2009, transacted with counterparties of high repute. The Bank reacquired all the securities that guaranteed these transactions.

A summary of the repurchase agreements and their effect in the results of year 2008 is presented below:

<i>(In thousands of US\$)</i>	2008
Cash received from counterparties	147,301
Amortized cost of securities at the transfer dates	(192,907)
Fair value of forward repurchase agreements	36,451
Retained interest on securities transferred under repurchase agreements	<u>7,128</u>
Recognized loss in transfers of securities under repurchase agreements accounted for as sales	<u>(2,027)</u>

Changes in fair value of derivative financial instruments resulting from transfers of securities under repurchase agreements were reported in 2008 in the net gain (loss) from trading securities line item. Changes in fair value of sovereign bonds reacquired in repurchase transactions, which were included in the trading portfolio, were reported in the net gain (loss) from trading securities line item. The Bank discontinued hedge accounting for interest rate swaps that hedged securities transferred under these agreements and reported them as trading derivatives. Changes in fair value of these interest rate swaps were recorded in the net gain (loss) from trading securities line item. A summary of the effect of these financial instruments in net income of year ended December 31, 2008 is presented below:

<i>(In thousands of US\$)</i>	2008
Changes in fair value of forward repurchase agreements	(8,133)
Changes in fair value of sovereign bonds	(1,583)
Changes in fair value of interest rate swaps that hedged transferred securities	<u>(11,219)</u>
Total changes in fair value of financial instruments resulting from transfers of securities under repurchase agreements	<u>(20,935)</u>

The effects in the statement of income for the year ended December 31, 2008 of transfers of securities under repurchase agreements is summarized below:

<i>(In thousands of US\$)</i>	2008
Loss in sale transactions under repurchase agreements	(2,027)
Changes in fair value of financial instruments resulting from transfers of securities under repurchase agreements	<u>(20,935)</u>
Total loss in transfers of securities under repurchase agreements	<u>(22,962)</u>

13. Short-term borrowings

The breakdown of short-term borrowings due to financial institutions is as follows:

<i>(In thousands of US\$)</i>	December 31,	
	2009	2008
Advances from financial institutions:		
At fixed interest rates	317,800	738,747
At floating interest rate	10,000	-
Total short-term borrowings	327,800	738,747
Average outstanding balance during the year	498,751	1,088,947
Maximum balance at any month-end	693,900	1,254,050
Range on fixed interest rates on borrowings in U.S. dollars	0.85% to 2.70%	2.77% to 6.10%
Floating interest rate outstanding as of December 31, 2009 on borrowing in U.S. dollars	2.66%	-
Range on fixed interest rates on borrowing in Euros	-	5.68% to 5.73%
Floating interest rate on borrowings in Yen	-	1.79%
Weighted average interest rate at end of the year	1.62%	3.92%
Weighted average interest rate during the year	3.34%	4.21%

14. Borrowings and long-term debt

Borrowings consist of long-term and syndicated loans obtained from international banks. Debt instruments consist of Euro-Notes and another issuance in Latin America. The breakdown of borrowings and long-term debt (original maturity of more than one year) is as follows:

<i>(In thousands of US\$)</i>	December 31,	
	2009	2008
Borrowings:		
At fixed interest rates with due dates from September 2010 to September 2013	83,334	138,786
At floating interest rates with due dates from February 2010 to July 2013	1,259,478	1,022,032
Total borrowings	1,342,812	1,160,818
Debt:		
At fixed interest rates with due dates in November 2014	42,575	39,134
At floating interest rates with due dates in October 2010	5,000	5,000
Total debt	47,575	44,134
Total borrowings and long-term debt outstanding	1,390,387	1,204,952
Average outstanding balance during the year	1,208,007	1,182,065
Maximum outstanding balance at any month-end	1,390,387	1,330,422
Range on fixed interest rates on borrowings and debt in U.S. dollars	2.25% to 4.64%	2.53% to 5.14%
Range on floating interest rates on borrowings and debt in U.S. dollars	0.55% to 2.78%	1.88% to 4.75%
Range on fixed interest rates on borrowings in Mexican pesos	8.20% to 9.90%	8.20% to 9.90%
Range on floating interest rates on borrowings in Mexican pesos	5.93% to 5.96%	9.58% to 9.66%
Fixed interest rate on debt in Peruvian soles	6.50%	6.50%
Weighted average interest rate at the end of the year	2.07%	4.58%
Weighted average interest rate during the year	3.07%	4.65%

The Bank's funding activities include a Euro-Note program, which may be used to issue notes for up to \$2.3 billion, with maturities from 90 days up to a maximum of 30 years, at fixed or floating interest rates, or at discount, and in various currencies.

The notes are generally sold in bearer or registered form through one or more authorized financial institutions.

Some borrowing agreements include various events of default and covenants related to minimum capital adequacy ratios, incurrence of additional liens, and asset sales, as well as other customary covenants, representations and warranties. At December 31, 2009, the Bank was in compliance with all covenants.

The future remaining maturities of long-term debt and borrowings outstanding at December 31, 2009, are as follows:

(In thousands of US\$)

<u>Due in:</u>	<u>Outstanding</u>
2010	529,110
2011	317,394
2012	191,224
2013	310,084
2014	<u>42,575</u>
	<u>1,390,387</u>

15. Common stock

The Bank's common stock is divided into four categories:

- 1) Class "A"; shares may only be issued to Latin American Central Banks or banks in which the state or other government agency is the majority shareholder.
- 2) Class "B"; shares may only be issued to banks or financial institutions.
- 3) Class "E"; shares may be issued to any person whether a natural person or a legal entity.
- 4) Class "F"; can only be issued to state entities and agencies of non-Latin American countries, including, among others, central banks and majority state-owned banks in those countries, and multilateral financial institutions either international or regional institutions.

The holders of Class "B" shares have the right to convert or exchange their Class "B" shares, at any time, and without restriction, for Class "E" shares, at a rate of one to one.

The following table provides detailed information on the Bank's common stock activity per class for each of the years in the three-year period ended December 31, 2009:

<i>(Share units)</i>	<u>Class "A"</u>	<u>Class "B"</u>	<u>Class "E"</u>	<u>Class "F"</u>	<u>Total</u>
Authorized	<u>40,000,000</u>	<u>40,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>	<u>280,000,000</u>
Outstanding at January 1, 2007	6,342,189	2,725,390	27,261,495	-	36,329,074
Conversions	-	(64,540)	64,540	-	-
Accumulated difference in fractional shares in conversion of common stock	-	(3)	-	-	(3)
Restricted stock issued	-	-	22,240	-	22,240
Exercised stock options - compensation plans	-	-	<u>18,838</u>	-	<u>18,838</u>
Outstanding at December 31, 2007	6,342,189	2,660,847	27,367,113	-	36,370,149
Conversions	-	(43,063)	43,063	-	-
Restricted stock issued	-	-	31,246	-	31,246
Exercised stock options - compensation plans	-	-	<u>11,693</u>	-	<u>11,693</u>
Outstanding at December 31, 2008	6,342,189	2,617,784	27,453,115	-	36,413,088
Conversions	-	(32,902)	32,901	-	(1)
Restricted stock issued	-	-	37,934	-	37,934
Exercised stock options - compensation plans	-	-	82,180	-	82,180
Restricted stock units - vested	-	-	<u>12,415</u>	-	<u>12,415</u>
Outstanding at December 31, 2009	<u>6,342,189</u>	<u>2,584,882</u>	<u>27,618,545</u>	-	<u>36,545,616</u>

The following table presents information regarding shares repurchased but not retired by the Bank and accordingly classified as treasury stock:

(In thousands, except for share data)	Class "A"		Class "B"		Class "E"		Total	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
Outstanding at January 1, 2007	318,140	10,708	568,010	15,655	4,764,621	108,405	5,650,771	134,768
Restricted stock issued	-	-	-	-	(22,240)	(531)	(22,240)	(531)
Exercised stock options – compensation plans	-	-	-	-	(18,838)	(449)	(18,838)	(449)
Outstanding at December 31, 2007	318,140	10,708	568,010	15,655	4,723,543	107,425	5,609,693	133,788
Restricted stock issued	-	-	-	-	(31,246)	(745)	(31,246)	(745)
Exercised stock options – compensation plans	-	-	-	-	(11,693)	(280)	(11,693)	(280)
Outstanding at December 31, 2008	318,140	10,708	568,010	15,655	4,680,604	106,400	5,566,754	132,763
Restricted stock issued	-	-	-	-	(37,934)	(905)	(37,934)	(905)
Exercised stock options – compensation plans	-	-	-	-	(82,180)	(1,960)	(82,180)	(1,960)
Restricted stock units - vested	-	-	-	-	(12,415)	(296)	(12,415)	(296)
Outstanding at December 31, 2009	<u>318,140</u>	<u>10,708</u>	<u>568,010</u>	<u>15,655</u>	<u>4,548,075</u>	<u>103,239</u>	<u>5,434,225</u>	<u>129,602</u>

16. Cash and stock-based compensation plans

The Bank established equity compensation plans under which it administers restricted stock, restricted stock units and stock purchase option plans to attract, retain and motivate Directors and top employees and compensate them for their contributions to the growth and profitability of the Bank. Vesting conditions for each of the Bank's plans are only comprised of specified requisite service periods.

A. 2008 Stock Incentive Plan – Directors and Executives

In February 2008, the Board of Directors of the Bank approved an incentive plan for Directors and Executives allowing the Bank to grant restricted stock, restricted stock units, stock purchase options, and/or other similar compensation instruments. The maximum aggregate number of shares which may be issued under this plan is two million Class "E" common shares. The 2008 Stock Incentive Plan is administered by the Board of Directors which has the authority in its discretion to select the Directors and Executives to whom the Award may be granted; to determine whether and to what extent awards are granted, and to amend the terms of any outstanding award under this plan.

During 2009 and 2008, the Board of Directors approved the grant of restricted stock to Directors and stock options and restricted stock units to certain Executives of the Bank, as follows:

Restricted stock – Directors

In July 2009 and 2008, the Board of Directors granted 37,934 and 31,246, respectively, Class "E" common shares worth \$50 thousand for each Director and \$75 thousand to the Chairman of the Board. The fair value of restricted stock granted was based on the stock closing price in the New York Stock Exchange ("NYSE") of the Class "E" shares on July 10, 2009 and July 11, 2008. The restricted stock vests in five years at a rate of 20% each year, beginning the year following the grant date. The fair value of restricted stock granted totaled \$475 thousand in 2009 and 2008, of which \$139 thousand and \$44 thousand were charged against income during 2009 and 2008, respectively. The remaining cost pending amortization of \$767 thousand will be amortized over 4.10 years.

A summary at December 31, 2009 of the restricted stock granted to Directors during the years 2009 and 2008 is presented below:

	<u>Shares</u>	<u>Weighted average grant date fair value</u>
Outstanding at January 1, 2008	-	-
Granted	31,246	\$15.20
Vested	-	-
Outstanding at December 31, 2008	31,246	15.20
Granted	37,934	12.52
Vested	(6,242)	15.20
Outstanding at December 31, 2009	<u>62,938</u>	<u>\$13.58</u>
Expected to vest	<u>62,938</u>	<u>\$13.58</u>

The fair value of vested stock during the year 2009 was \$95 thousand.

Restricted Stock Units and Stock Purchase Options granted to certain Executives

The Board of Directors approved the grant of stock purchase options and restricted stock units to certain Executives of the Bank with a grant date fair value of \$2.3 million in 2009 and \$1.6 million in 2008, where 50% were granted in restricted stock units, and 50% in stock purchase options, in both years.

The Bank grants one Class "E" share per each exercised option or vested restricted stock unit.

Restricted stock units:

The fair value of the stock units was based on the Class "E" stock closing price in the New York Stock Exchange ("NYSE") on the grant date. These stock units vest 25% each year on the grant date's anniversary.

Compensation costs of these restricted stock units are amortized during the period of restriction. Costs charged against income during 2009 and 2008 due to the amortization of these grants totaled \$436 thousand and \$178 thousand, respectively. The remaining compensation cost pending amortization of \$1.3 million will be amortized over 2.89 years.

A summary as of December 31, 2009 and 2008 of the status of the restricted stock units granted to certain Executives and changes during the years 2009 and 2008 are presented below:

	<u>Stock units</u>	<u>Weighted average grant date fair value</u>	<u>Weighted average remaining contractual term</u>	<u>Aggregate intrinsic value (thousands)</u>
Outstanding at January 1, 2008	-	-		
Granted	52,982	\$15.43		
Forfeited	(756)	15.43		
Outstanding at December 31, 2008	52,226	15.43		
Granted	132,020	8.67		
Forfeited	(5,713)	11.44		
Vested	(12,415)	15.43	2.89 years	<u>\$ -</u>
Outstanding at December 31, 2009	<u>166,118</u>	<u>\$10.20</u>		<u>\$ -</u>
Expected to vest	<u>166,118</u>	<u>\$10.20</u>		<u>\$ -</u>

Stock purchase options:

The fair value of stock purchase options granted to certain Executives during 2009 and 2008 was estimated using the "Black-Scholes" option-pricing model, based on the following factors:

	<u>2009</u>	<u>2008</u>
Weighted average fair value per option	\$ 1.90	\$ 3.52
Weighted average expected term, in years	4.75	5.50
Expected volatility	37%	37%
Risk-free rate	1.79%	2.72%
Expected dividend	6.00%	4.84%

These options expire seven years after the grant date and are exercisable at a rate of 25% each year on the grant date's anniversary.

Related cost charged against income during 2009 and 2008 as a result of the amortization of these plans amounted to \$436 thousand and \$178 thousand, respectively. The remaining compensation cost pending amortization of \$1.3 million in 2009 will be amortized over a period of 2.80 years. A summary of stock options granted is presented below:

	<u>Options</u>	<u>Weighted average exercise price</u>	<u>Weighted average remaining contractual term</u>	<u>Aggregate intrinsic value (thousands)</u>
Outstanding at January 1, 2008	-	-		
Granted	232,403	\$15.43		
Forfeited	<u>(3,318)</u>	15.43		
Outstanding at December 31, 2008	229,085	15.43		
Granted	601,985	10.15		
Forfeited	<u>(27,076)</u>	12.43		
Outstanding at December 31, 2009	<u>803,994</u>	<u>\$11.58</u>	5.85 years	<u>\$2,200</u>
Exercisable	<u>54,829</u>	<u>\$15.43</u>	5.12 years	<u>\$ -</u>
Expected to vest	<u>749,165</u>	<u>\$11.30</u>	5.90 years	<u>\$2,200</u>

B. Restricted Stock – Directors

During 2003, the Board of Directors approved a restricted stock award plan for Directors of the Bank that was amended in 2007 and subsequently terminated in 2008. Until 2006, the Board of Directors granted Class "E" shares to each Director worth \$10 thousand, and to the Chairman of the Board worth \$15 thousand per year. In 2007, the Board granted Class "E" shares for each Director worth \$50 thousand, and to the Chairman of the Board worth \$75 thousand. The fair value of each award granted was based on the stock closing price in the New York Stock Exchange ("NYSE") of the Class "E" shares at the grant date. During 2007 the Bank issued under this plan 22,240 Class "E" common shares with a grant date fair value of \$21.35. The restricted stock vests at a rate of 20% each year on the grant date's anniversary. No grants were made after this 2007 grant.

The compensation costs of restricted stock granted of \$475 thousand in 2007 are amortized during the restriction period. Related costs charged against income totaled \$123 thousand, \$217 thousand and \$118 thousand in 2009, 2008 and 2007, respectively. At December 31, 2009, the Bank had unrecognized compensation costs of \$248 thousand related to this plan that will be amortized over 2.39 years.

A summary as of December 31, 2009 of restricted stock granted to Directors under this plan and changes during 2007, 2008 and 2009 is presented below:

	<u>Shares</u>	<u>Weighted average grant date fair value</u>
Non vested at January 1, 2007	27,076	\$14.02
Granted	22,240	21.35
Vested	<u>(4,860)</u>	12.34
Non vested at December 31, 2007	44,456	17.87
Granted	-	-
Vested	<u>(23,037)</u>	15.83
Non vested at December 31, 2008	21,419	20.07
Granted	-	-
Vested	<u>(6,746)</u>	\$19.25
Non vested at December 31, 2009	<u>14,673</u>	<u>\$20.45</u>
Expected to vest	<u>14,673</u>	<u>\$20.45</u>

The total fair value of vested stock during the years ended December 31, 2009, 2008 and 2007 was \$130 thousand, \$365 thousand and \$60 thousand, respectively.

C. Stock Option Plan 2006 – Directors and Executives

On December 12, 2006, the Bank's Board of Directors adopted the 2006 Stock Option Plan that was terminated in 2008. The options granted under this plan expire seven years after the grant date and are exercisable at a rate of 25% each year on the grant date's anniversary.

During 2007, the Board of Directors approved the grant of \$95 thousand (grant date fair value) in stock options to members of the Board of Directors, and \$890 thousand (grant date fair value) in stock options to certain executives of the Bank. No grants were made subsequent to this grant.

Related cost charged against income as a result of the amortization of options granted under this compensation plan amounted to \$221 thousand in 2009, \$236 thousand in 2008 and \$302 thousand in 2007. The compensation cost pending amortization at December 31, 2009 of \$247 thousand will be amortized over 1.12 years. The fair value of each option was estimated at the grant date using the "Black-Scholes" option-pricing model, based on the following factors:

	<u>2007</u>
Weighted average fair value option	\$4.72
Weighted average expected term, in years	5.50
Expected volatility	36%
Risk-free rate	4.81%
Expected dividend	3.54%

A summary as of December 31, 2009 of the share options granted to Directors and certain Executives and changes during 2007, 2008 and 2009 is presented below:

	<u>Options</u>	<u>Weighted average exercise price</u>	<u>Weighted average remaining contractual term</u>	<u>Aggregate intrinsic value (thousands)</u>
Outstanding at January 1, 2007	-	-		
Granted	208,765	\$16.34		
Forfeited	-	-		
Outstanding at December 31, 2007	208,765	16.34		
Forfeited	(1,059)	16.34		
Outstanding at December 31, 2008	207,706	16.34		
Forfeited	-	-		
Outstanding at December 31, 2009	<u>207,706</u>	<u>\$16.34</u>	4.12 years	<u>\$ -</u>
Exercisable at December 31, 2009	<u>93,768</u>	<u>\$16.34</u>	4.12 years	<u>\$ -</u>
Expected to vest	<u>113,938</u>	<u>\$16.34</u>	4.12 years	<u>\$ -</u>

D. Indexed Stock Option Plan

During 2004, the Board of Directors approved an indexed stock purchase option plan for Directors and certain executives of the Bank, which was subsequently terminated in April 2006. The indexed stock options expire in ten years and are vested at a rate of 25% each year on the grant date's anniversary. The exercise price is adjusted based on the change in a customized Latin American general market index. As of December 31, 2009, the Bank had remaining compensation costs pending amortization of \$17 thousand related to non-vested options granted under the plan. This cost will be recognized over a period of 0.08 years. Related costs charged against income amounted to \$241 thousand, \$440 thousand and \$828 thousand in 2009, 2008 and 2007, respectively.

A summary as of December 31, 2009 and changes during the years 2007, 2008 and 2009 of the indexed stock purchase options is presented below:

	<u>Options</u>	<u>Weighted average exercise price</u>	<u>Weighted average remaining contractual term</u>	<u>Aggregate intrinsic value (thousands)</u>
Outstanding at January 1, 2007	523,723	\$14.53		
Forfeited	-	-		
Exercised	(18,838)	8.50		
Outstanding at December 31, 2007	504,885	14.47		
Forfeited	(26,574)			
Exercised	(10,662)	14.19		
Outstanding at December 31, 2008	467,649	12.93		
Forfeited	-	-		
Exercised	(82,180)	9.84		
Outstanding at December 31, 2009	<u>385,469</u>	<u>\$17.46</u>	5.45 years	<u>\$104</u>
Exercisable at December 31, 2009	<u>316,893</u>	<u>\$17.14</u>	5.32 years	<u>\$104</u>
Expected to vest	<u>68,576</u>	<u>\$18.91</u>	6.09 years	<u>\$ -</u>

The intrinsic value of options exercised during the years ended December 31, 2009, 2008 and 2007 was \$252 thousand, \$41 thousand and \$228 thousand, respectively. During the years ended December 31, 2009, 2008 and 2007, the Bank received \$808 thousand, \$151 thousand and \$160 thousand, respectively, from exercised options.

E. Stock Option Plans - Discontinued

During 2000, the Board of Directors approved a stock option plan for Directors and employees of the Bank. The exercise price of each option must equal 100% of the market value of the stock at the grant date and becomes 100% exercisable one year after the grant date and expires on the fifth year after the grant date. In addition, during 1995 and 1999, the Board of Directors approved two stock option plans for employees. Under these stock option plans, stock options were granted at a purchase price equal to the average market value of the common stock at the grant date. One third of the options may be exercised on each successive year after the grant date and expire on the tenth anniversary after the grant date. On July 19, 2003, the Board of Directors approved discontinuing these plans; therefore, no additional stock options have been granted.

A summary of the status as of December 31, 2009 of the stock options granted and changes during 2009 and 2008 of these option plans is presented below:

	<u>Options</u>	<u>Weighted average exercise price</u>	<u>Weighted average remaining contractual term</u>	<u>Aggregate intrinsic value (thousands)</u>
Outstanding at January 1, 2008	38,163	\$31.46		
Forfeited	(15,163)	27.63		
Expired	<u>(8,650)</u>	42.56		
Outstanding at December 31, 2008	14,350	28.81		
Forfeited	(533)	27.72		
Expired	<u>(2,082)</u>	23.03		
Outstanding at December 31, 2009	<u>11,735</u>	<u>\$29.89</u>	0.79 years	<u>\$-</u>
Exercisable at December 31, 2009	<u>11,735</u>	<u>\$29.89</u>	0.79 years	<u>\$-</u>

All options are available to be exercised as of December 31, 2009.

F. Other plans - Expatriate Officer Plan

The Bank sponsors a defined contribution plan for its expatriate top executives based in Panama, which are not eligible to participate in the Panamanian social security system. The Bank's contributions are determined as a percentage of the annual salaries of top executives eligible for the plan, each contributing an additional amount withheld from their salary. Contributions to this plan are managed by a fund manager through a trust. The executives are entitled to the Bank's contributions after completing at least three years of service in the Bank. During the years 2009, 2008 and 2007, the Bank charged to salaries expense \$116 thousand, \$241 thousand and \$175 thousand, respectively, that correspond to the Bank's contributions to this plan. As of December 31, 2009 and 2008, the accumulated liability payable amounted to \$386 thousand and \$420 thousand, respectively.

17. Earnings per share

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

(In thousands of US\$, except per share amounts)

	<u>Year ended December 31,</u>		
	<u>2009</u>	<u>2008</u>	<u>2007</u>
Net income attributable to Bladex for both basic and diluted EPS	54,862	55,119	72,177
Weighted average common shares outstanding - applicable to basic EPS	36,493	36,388	36,349
Basic earnings per share	<u>1.50</u>	<u>1.51</u>	<u>1.99</u>
Weighted average common shares outstanding applicable to diluted EPS	36,493	36,388	36,349
Effect of dilutive securities ⁽¹⁾ :			
Stock options and restricted stock units plans	<u>78</u>	<u>52</u>	<u>65</u>
Adjusted weighted average common shares outstanding applicable to diluted EPS	36,571	36,440	36,414
Diluted earnings per share	<u>1.50</u>	<u>1.51</u>	<u>1.98</u>

⁽¹⁾ At December 31, 2009, 2008 and 2007, weighted average options of 769,790, 943,051 and 38,467, respectively, were excluded from the computation of diluted earnings per share because the option's exercise price was greater than the average quoted market price of the Bank's common stock.

18. Financial instruments with off-balance sheet credit risk

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

The Bank's outstanding financial instruments with off-balance sheet credit risk were as follows:

<i>(In thousands of US\$)</i>	December 31,	
	<u>2009</u>	<u>2008</u>
Confirmed letters of credit	206,953	136,539
Stand-by letters of credit and guarantees:		
Country risk	10,000	40,000
Commercial risk	40,651	180,237
Credit derivative	<u>3,000</u>	<u>3,000</u>
	53,651	223,237
Credit commitments	<u>70,181</u>	<u>84,019</u>
	<u>330,785</u>	<u>443,795</u>

As of December 31, 2009, the remaining maturity profile of the Bank's outstanding financial instruments with off-balance sheet credit risk is as follows:

<i>(In thousands of US\$)</i>	<u>Amount</u>
<u>Maturities</u>	
Within 1 year	323,980
From 1 to 2 years	4,769
From 2 to 5 years	1,185
After 5 years	<u>851</u>
	<u>330,785</u>

As of December 31, 2009 and 2008 the breakdown of the Bank's off-balance sheet exposure by country risk is as follows:

<i>(In thousands of US\$)</i>	<u>2009</u>	<u>2008</u>
Country:		
Brazil	22,500	150,967
Chile	-	83,200
Colombia	3,000	4,225
Costa Rica	24,278	19,553
Dominican Republic	130	13,923
Ecuador	112,039	86,363
El Salvador	1,770	476
Guatemala	975	4,578
Honduras	430	350
Mexico	57,682	2,979
Panama	-	15,239
Uruguay	15,788	-
Venezuela	92,193	61,792
Other	<u>-</u>	<u>150</u>
	<u>330,785</u>	<u>443,795</u>

Letters of credit and guarantees

The Bank, on behalf of its client base, advises and confirms letters of credit to facilitate foreign trade transactions. When confirming letters of credit, the Bank adds its own unqualified assurance that the issuing bank will pay and that if the issuing bank does not honor drafts drawn on the credit, the Bank will. The Bank provides stand-by letters of credit and guarantees, including country risk guarantees, which are issued on behalf of institutional customers in connection with financing between its customers and third parties. The Bank applies the same credit policies used in its lending process, and once issued the commitment is irrevocable and remains valid until its expiration. Credit risk arises from the Bank's obligation to make payment in the event of a customer's contractual default to a third party. Risks associated with stand-by letters of credit and guarantees are included in the evaluation of the Bank's overall credit risk. The Bank issues stand-by letters and guarantees to provide coverage for country risk arising from the risk of convertibility and transferability of local currency of countries in the Region into hard currency, and to provide coverage for country risk arising from political risks, such as expropriation, nationalization, war and/or civil disturbances.

Credit commitments

Commitments to extend credit are a combination of either non-binding or legal agreements to lend to a customer. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee to the Bank. As some commitments expire without being drawn down, the total commitment amounts do not necessarily represent future cash requirements.

Credit derivative

Credit derivative represents a guarantee issued by the Bank to the buyer of the derivative instrument, where the Bank guarantees the payment of principal if the underlying financial instrument is impaired and its original issuer does not comply with principal payments; therefore, the impairment risk is taken by the Bank, which receives commission income during the term of this derivative. The credit derivative matures in July 2010. As of December 31, 2009 and 2008, the fair value of this derivative instrument was \$2 thousand and \$91 thousand, respectively, and reported in trading assets and liabilities, respectively, in the consolidated balance sheet. The maximum potential amount of future payments the Bank could be required to make under this credit derivative is \$3 million.

19. Leasehold commitments

At December 31, 2009, a summary of leasehold commitments is as follows:

<i>(In thousands of US\$)</i>	Future Rental
<u>Year</u>	<u>Commitments</u>
2010	577
2011	526
2012	261
2013	243
2014	243
Thereafter	<u>203</u>
	<u>2,053</u>

Occupancy expense for years ended December 31, 2009, 2008 and 2007, amounted to \$770 thousand, \$809 thousand, and \$593 thousand, respectively.

20. Derivative financial instruments for hedging purposes

At December 31, 2009 and 2008, quantitative information on derivative financial instruments held for hedging purposes is as follows:

(In thousands of US\$)	2009			2008		
	Nominal Amount	Fair Value (1) Asset	Liability	Nominal Amount	Fair Value Asset	Liability
Fair value hedges:						
Interest rate swaps	353,600	-	30,756	446,400	-	46,379
Cross-currency interest rate swaps	150,118	-	31,975	149,924	-	34,383
Cash flow hedges:						
Interest rate swaps	20,000	-	1,956	20,000	-	2,178
Cross-currency interest rate swaps	47,141	-	450	41,020	-	6,781
Forward foreign exchange	<u>6,832</u>	<u>828</u>	<u>-</u>	<u>143,179</u>	<u>7,777</u>	<u>2,176</u>
Total	<u>577,691</u>	<u>828</u>	<u>65,137</u>	<u>800,523</u>	<u>7,777</u>	<u>91,897</u>

Net gain (loss) on the ineffective portion of hedging activities (2)

(2,534)

9,956

- (1) The fair value of assets and liabilities is reported within the Derivative financial instruments used for hedging - receivable and payable lines in the consolidated balance sheets, respectively.
(2) Gains and losses resulting from ineffectiveness and credit risk in hedging activities are reported within the Derivative financial instruments and hedging line in the consolidated statements of income.

As of December 31, 2009, gains and losses resulting from activities of derivative financial instruments and hedging recognized in the consolidated statements of income are presented below:

(In thousands of US\$)

<u>Derivatives - fair value hedge</u>	<u>Classification in statements of income</u>	<u>Gain (loss) on derivatives</u>
Interest rate swaps	Interest income – Investment securities available-for-sale	(11,959)
Cross-currency interest rate swaps	Gain (loss) on foreign currency exchange	591
Cross-currency interest rate swaps	Interest income – Loans	(62)
Cross-currency interest rate swaps	Interest expense - Borrowings	3,480
Cross-currency interest rate swaps	Derivative financial instruments and hedging	<u>(2,531)</u>
Total		<u>(10,481)</u>

(In thousands of US\$)

<u>Derivatives – cash flow hedge</u>	<u>Gain (loss) recognized in OCI (effective portion)</u>	<u>Classification of gain (loss)</u>	<u>Gain (loss) reclassified from accumulated OCI to the statements of income (effective portion)</u>	<u>Gain (loss) recognized on derivatives (ineffective portion)</u>
Interest rate swaps	513			
Cross-currency interest rate swaps	6,231	Gain (loss) on foreign currency exchange	(3,430)	-
		Derivative financial instruments and hedging	-	(3)
Forward foreign exchange	(4,773)	Interest expense – borrowings	336	-
		Interest income - loans	313	-
		Gain (loss) on foreign currency exchange	<u>3,861</u>	<u>-</u>
Total	<u>1,971</u>		<u>1,080</u>	<u>(3)</u>

As of December 31, 2009, the Bank recognized in earnings the gain (loss) on derivative financial instruments and the gain (loss) of the hedged asset or liability related to qualifying fair value hedges, as follows:

(In thousands of US\$)

<u>Derivatives - fair value hedge</u>	<u>Classification in statements of income</u>	<u>Gain (loss) on derivatives</u>	<u>Gain (loss) on hedged item</u>	<u>Net gain (loss)</u>
Interest rate swaps	Interest income	(11,959)	27,477	15,518
Cross-currency interest rate swaps	Derivative financial instruments and hedging (ineffectiveness)	(2,531)	-	(2,531)
	Interest income – loans	(62)	619	557
	Interest expense – borrowings	3,480	(8,098)	(4,618)
	Gain (loss) on foreign currency exchange	<u>591</u>	<u>(5,681)</u>	<u>(5,090)</u>
		<u>(10,481)</u>	<u>14,317</u>	<u>3,836</u>

For control purposes, derivative instruments are recorded at their nominal amount (“notional amount”) in memorandum accounts. Interest rate swaps are made either in a single currency or cross currency for a prescribed period to exchange a series of interest rate flows, which involve fixed for floating interest payments. The Bank also engages in certain foreign exchange trades to serve customers’ transaction needs and to manage the foreign currency risk. All such positions are hedged with an offsetting contract for the same currency. The Bank manages and controls the risks on these foreign exchange trades by establishing counterparty credit limits by customer and by adopting policies that do not allow for open positions in the credit and investment portfolio. Derivative and foreign exchange instruments negotiated by the Bank are executed mainly over-the-counter (OTC). These contracts are executed between two counterparties that negotiate specific agreement terms, including notional amount, exercise price and maturity.

The maximum length of time over which the Bank has hedged its exposure to the variability in future cash flows on forecasted transactions is 4.9 years.

The Bank estimates that approximately \$430 thousand of losses reported in other comprehensive income (loss) at December 31, 2009 related to forward foreign exchange contracts are expected to be reclassified into interest income as an adjustment to yield of hedged loans during the twelve-month period ending December 31, 2010.

Types of Derivatives and Foreign Exchange Instruments

Interest rate swaps are contracts in which a series of interest rate flows in a single currency are exchanged over a prescribed period. The Bank has designated a portion of these derivative instruments as fair value hedges and a portion as cash flow hedges. Cross currency swaps are contracts that generally involve the exchange of both interest and principal amounts in two different currencies. The Bank has designated a portion of these derivative instruments as fair value hedges and a portion as cash flow hedges. Forward foreign exchange contracts represent an agreement to purchase or sell foreign currency at a future date at agreed-upon terms. The Bank has designated these derivative instruments as cash flow hedges.

In addition to hedging derivative financial instruments, the Bank has derivative financial instruments held for trading purposes that have been disclosed in Note 4.

21. Accumulated other comprehensive income (loss)

As of December 31, 2009, 2008 and 2007 the breakdown of accumulated other comprehensive income (loss) related to investment securities available-for-sale and derivative financial instruments is as follows:

<i>(In thousands of US\$)</i>	Securities Available-for- Sale	Derivative Financial Instruments	Total
Balance as of January 1, 2007	3,400	(72)	3,328
Net unrealized gains (losses) arising from the year	(1,912)	(2,081)	(3,993)
Reclassification adjustment for gains (losses) included in net income ⁽¹⁾	<u>(9,119)</u>	<u>143</u>	<u>(8,976)</u>
Balance as of December 31, 2007	(7,631)	(2,010)	(9,641)
Net unrealized gains (losses) arising from the year	(58,453)	(2,433)	(60,886)
Reclassification adjustment for (gains) losses included in net income ⁽¹⁾	<u>(67)</u>	<u>(1,521)</u>	<u>(1,588)</u>
Balance as of December 31, 2008	(66,151)	(5,964)	(72,115)
Net unrealized gains (losses) arising from the year	63,556	1,971	65,527
Reclassification adjustment for (gains) losses included in net income ⁽¹⁾	<u>(649)</u>	<u>1,077</u>	<u>428</u>
Balance as of December 31, 2009	<u>(3,244)</u>	<u>(2,916)</u>	<u>(6,160)</u>

(1) Reclassification adjustments include amounts recognized in net income during the current year that had been part of other comprehensive income in this and previous years.

22. Fair value of financial instruments

The Bank determines the fair value of its financial instruments using the fair value hierarchy established in ASC Topic 820 - Fair Value Measurements and Disclosure, which requires the Bank to maximize the use of observable inputs (those that reflect the assumptions that market participants would use in pricing the asset or liability developed based on market information obtained from sources independent of the reporting entity) and to minimize the use of unobservable inputs (those that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances) when measuring fair value. Fair value is used on a recurring basis to measure assets and liabilities in which fair value is the primary basis of accounting. Additionally, fair value is used on a non-recurring basis to evaluate assets and liabilities for impairment or for disclosure purposes. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Depending on the nature of the asset or liability, the Bank uses some valuation techniques and assumptions when estimating fair value. The Bank applied the following fair value hierarchy:

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

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

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

When determining the fair value measurements for assets and liabilities that are required or permitted to be recorded at fair value, the Bank considers the principal or most advantageous market in which it would transact and considers the assumptions that market participants would use when pricing the asset or liability. When possible, the Bank uses active and observable markets to price identical assets or liabilities. When identical assets and liabilities are not traded in active markets, the Bank uses observable market information for similar assets and liabilities. However, certain assets and liabilities are not actively traded in observable markets and the Bank must use alternative valuation techniques to determine the fair value measurement.

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

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

Trading assets and liabilities and securities available-for-sale

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

Investment fund

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

Derivative financial instruments

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

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

Adjustments for credit risk of the counterparty are applied to those derivative financial instruments where the internal credit risk rating of said counterparties deviates substantially from the credit risk implied by the London Interbank Offered rate ("LIBOR"). Not all counterparties have the same credit rating that is implicit in the LIBOR curve; therefore, it is necessary to take into account the current credit rating of the counterparty for the purpose of obtaining the true fair value of a particular instrument. In addition, adjustments to bilateral or own risk are adjusted to reflect the bank's credit risk when measuring all liabilities at fair value. The methodology is consistent with the adjustments applied to generate the counterparty credit risk.

Financial instruments measured at fair value on a recurring basis by caption on the consolidated balance sheets using the fair value hierarchy are described below:

	2009			Total carrying value in the consolidated balance sheets
	Quoted market prices in an active market (Level 1)	Internally developed models with significant observable market information (Level 2)	Internally developed models with significant unobservable market information (Level 3)	
(In thousands of US\$)				
Assets				
Trading assets	50,275	2	-	50,277
Securities available –for-sale	436,064	20,920	-	456,984
Investment fund	-	197,575	-	197,575
Derivative financial instruments				
- receivable	-	828	-	828
Total assets at fair value	486,339	219,325	-	705,664
Liabilities				
Trading liabilities	-	3,152	-	3,152
Derivative financial instruments				
- payable	-	65,137	-	65,137
Total liabilities at fair value	-	68,289	-	68,289

2008				
<i>(In thousands of US\$)</i>	Quoted market prices in an active market (Level 1)	Internally developed models with significant observable market information (Level 2)	Internally developed models with significant unobservable market information (Level 3)	Total carrying value in the consolidated balance sheets
<u>Assets</u>				
Trading assets	21,965	22,974	-	44,939
Securities available -for-sale	561,278	46,640	-	607,918
Investment fund	-	150,695	-	150,695
Derivative financial instruments - receivable	-	<u>7,777</u>	-	<u>7,777</u>
Total assets at fair value	<u><u>583,243</u></u>	<u><u>228,086</u></u>	<u><u>-</u></u>	<u><u>811,329</u></u>
<u>Liabilities</u>				
Trading liabilities	-	14,157	-	14,157
Derivative financial instruments - payable	-	<u>91,897</u>	-	<u>91,897</u>
Total liabilities at fair value	<u><u>-</u></u>	<u><u>106,054</u></u>	<u><u>-</u></u>	<u><u>106,054</u></u>

As of December 31, 2009, the Bank classified within Level 1 securities available-for-sale amounting to \$15.8 million which were classified in 2008 as Level 2, since 2009 they were quoted in an active market. As of December 31, 2008, these securities did not have sufficient level of activity to be considered as an active market; therefore, the Bank used observable market data when valuing their fair value.

ASC Topic 825 - Financial Instruments requires disclosure of fair value of financial instruments including those assets and liabilities for which the Bank did not elect the fair value option. Bank's management uses its best judgment in estimating the fair value of the Bank's financial instruments; however, there are limitations in any estimation technique. The estimated fair value amounts have been measured as of their respective year-ends, and have not been re-expressed or updated subsequent to the dates of these consolidated financial statements. As such, the estimated fair values of these financial instruments subsequent to the respective reporting dates may be different than the amounts reported at each year-end.

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

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

Financial instruments with carrying value that approximates fair value

The carrying value of certain financial assets, including cash and due from banks, interest-bearing deposits in banks, customers' liabilities under acceptances, accrued interest receivable and certain financial liabilities including customer's demand and time deposits, securities sold under repurchase agreements, accrued interest payable, and acceptances outstanding, as a result of their short-term nature, are considered to approximate fair value.

Securities held-to-maturity

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

Loans

The fair value of the loan portfolio has been determined based upon discounted cash flow models that consider the market's credit margins on comparable debt instruments.

Borrowings and short and long-term debt

The fair value of short-term and long-term debt and borrowings is estimated using discounted cash flow analysis based on the current incremental borrowing rates for similar types of borrowing arrangements, taking into account the changes in the Bank's credit margin.

Commitments to extend credit, stand-by letters of credit, and financial guarantees written

The fair value of commitments is estimated using the fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the present creditworthiness of the counterparties. Loan commitments, fair value of guarantees and letters of credit is based on fees currently charged for similar agreements which consider the counterparty risks.

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

(In thousands of US\$)	December 31,			
	2009		2008	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets:				
Instruments with carrying value that approximates fair value	451,668	451,668	948,288	948,288
Securities held-to-maturity	-	-	28,410	28,144
Loans, net of allowance	2,701,484	2,746,175	2,559,306	2,474,606
Financial liabilities:				
Instruments with carrying value that approximates fair value	1,340,420	1,340,420	1,677,553	1,677,553
Short-term borrowings	327,800	327,877	738,747	737,414
Borrowings and long-term debt	1,390,387	1,381,022	1,204,952	1,126,379
Commitments to extend credit, stand-by letters of credit, and financial guarantees written	29,011	28,113	30,898	30,489

23. Litigation

Bladex is not engaged in any litigation that is material to the Bank's business or, to the best of the knowledge of the Bank's management that is likely to have an adverse effect on its business, financial condition or results of operations.

24. Capital adequacy

The Banking Law in the Republic of Panama requires banks with general licenses to maintain a total capital adequacy index that shall not be lower than 8% of total assets and off-balance sheet irrevocable contingency transactions, weighted according to their risk; and primary capital equivalent that shall not be less than 4% of its assets and off-balance sheet irrevocable contingency transactions, weighted according to their risk. As of December 31, 2009, the Bank's capital adequacy ratio is 22% which is in compliance with the capital adequacy ratios required by the Banking Law in the Republic of Panama.

25. Business segment information

The Bank's activities are operated and managed by three segments, Commercial, Treasury and Asset Management. The segment information reflects this operational and management structure, in a manner consistent with the requirements outlined in ASC Topic 280 - Segment Reporting. The segment results are determined based on the Bank's management accounting process, which assigns consolidated balance sheets, revenue and expense items to each reportable division on a systematic basis.

The Bank incorporates net operating income⁽³⁾ by business segment in order to disclose the revenue and expense items related to its normal course of business, segregating from the net income, the impact of reversals of reserves for loan losses and off-balance sheet credit risk, and recoveries on assets. In addition, the Bank's net interest income represents the main driver of net operating income; therefore, the Bank presents its interest-earning assets by business segment, to give an indication of the

size of business generating net interest income. Interest-earning assets also generate gains and losses on sales, such as for securities available-for-sale and trading assets and liabilities, which are included in net other income, in the Treasury and Asset Management segments. The Bank also discloses its other assets and contingencies by business segment, to give an indication of the size of business that generates net fees and commissions, also included in net other income, in the Commercial Segment.

The Bank believes that the presentation of net operating income provides important supplementary information to investors regarding financial and business trends relating to the Bank's financial condition and results of operations. These measures exclude the impact of reversals (provisions) for loan losses and reversals (provisions) for losses on off-balance sheet credit risk (together referred to as "reversal (provision) for credit losses") which Bank's management considers distort trend analysis.

Net operating income disclosed by the Bank should not be considered a substitute for, or superior to, financial measures calculated differently from similar measures used by other companies. These measures, therefore, may not be comparable to similar measurements used by other companies.

Commercial incorporates all of the Bank's financial intermediation and fee generation activities. Operating income from the Commercial Segment includes net interest income from loans, fee income and allocated operating expenses.

Treasury incorporates deposits in banks and all of the Bank's securities available-for-sale and held-to-maturity. Operating income from the Treasury Segment includes net interest income from deposits with banks and securities available-for-sale and held-to-maturity, derivative and hedging activities, gains and losses on sale of securities available-for-sale, gain and losses on foreign exchange, and allocated operating expenses.

Asset Management incorporates the balance of the investment fund. Operating income from the Asset Management Segment includes net interest margin related to the Feeder's participation in the net interest margin of the Fund, net gains from the investment fund trading, and allocated operating expenses.

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

Business Segment Analysis⁽¹⁾

<i>(In millions of US\$)</i>	2009	2008	2007
COMMERCIAL			
Interest income	114.3	200.1	221.6
Interest expense	<u>(48.1)</u>	<u>(122.0)</u>	<u>(157.1)</u>
Net interest income	66.2	78.1	64.5
Net other income (2)	6.9	7.8	5.3
Operating expenses	<u>(23.4)</u>	<u>(27.5)</u>	<u>(27.2)</u>
Net operating income (3)	49.7	58.4	42.6
(Provision) reversals for loans and off-balance sheet credit losses	(14.8)	1.5	1.5
Impairment on assets, net of recoveries	<u>(0.1)</u>	<u>(0.8)</u>	<u>(0.5)</u>
Net income attributable to Bladex	34.8	59.1	43.6
Commercial assets and contingencies (end of period balances):			
Interest-earning assets (4)	2,775.3	2,614.0	3,725.9
Other assets and contingencies (5)	<u>331.2</u>	<u>443.6</u>	<u>549.5</u>
Total interest-earning assets, other assets and contingencies	3,106.5	3,057.6	4,275.4
TREASURY			
Interest income	25.9	40.7	33.6
Interest expense	<u>(23.9)</u>	<u>(37.7)</u>	<u>(27.7)</u>
Net Interest income	2.0	3.0	5.9
Net other income (2)	12.0	(12.4)	8.5
Operating expenses	<u>(7.9)</u>	<u>(6.9)</u>	<u>(4.4)</u>
Net operating income (3)	<u>6.1</u>	<u>(16.3)</u>	<u>10.0</u>
Net income attributable to Bladex	6.1	(16.3)	10.0
Treasury assets and contingencies (end of period balances):			
Interest-earning assets (6)	931.8	1,581.9	869.9
Other assets and contingencies (5)	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>
Total interest-earning assets, other assets and contingencies	934.8	1,584.9	872.9

(In millions of US\$)

	2009	2008	2007
ASSET MANAGEMENT			
Interest income	1.8	3.5	9.6
Interest expense	(5.2)	(6.7)	(9.5)
Net Interest income	(3.4)	(3.2)	0.1
Net other income (2)	25.4	21.3	23.9
Operating expenses	(6.8)	(5.6)	(5.5)
Net operating income (3)	<u>15.2</u>	<u>12.5</u>	<u>18.5</u>
Net income	15.2	12.5	18.5
Net income attributable to the redeemable noncontrolling interest	<u>1.1</u>	<u>0.2</u>	<u>-</u>
Net income attributable to Bladex	<u>14.1</u>	<u>12.3</u>	<u>18.5</u>
Fund's assets and contingencies (end of period balances):			
Interest-earning assets (6)	197.6	150.7	81.8
Non-interest-earning assets	<u>0.1</u>	<u>-</u>	<u>-</u>
Total interest-earning assets, other assets and contingencies	<u>197.7</u>	<u>150.7</u>	<u>81.8</u>
TOTAL			
Interest income	142.0	244.3	264.8
Interest expense	(77.2)	(166.4)	(194.3)
Net Interest income	64.8	77.9	70.5
Net other income (2)	44.3	16.7	37.7
Operating expenses	(38.2)	(40.0)	(37.0)
Net operating income (3)	<u>70.9</u>	<u>54.6</u>	<u>71.2</u>
(Provision) reversals for loans and off-balance sheet credit losses	(14.8)	1.5	1.5
Impairment on assets, net of recoveries	<u>(0.1)</u>	<u>(0.8)</u>	<u>(0.5)</u>
Net income	56.0	55.3	72.2
Net income attributable to the redeemable noncontrolling interest	<u>1.1</u>	<u>0.2</u>	<u>-</u>
Net income attributable to Bladex	<u>54.9</u>	<u>55.1</u>	<u>72.2</u>
Total assets and contingencies (end of period balances):			
Interest-earning assets (4 & 6)	3,904.7	4,346.6	4,677.6
Other assets and contingencies (5)	<u>334.3</u>	<u>446.6</u>	<u>552.5</u>
Total interest-earning assets, other assets and contingencies	<u>4,239.0</u>	<u>4,793.2</u>	<u>5,230.1</u>
(1) The numbers set out in these tables have been rounded and accordingly may not total exactly.			
(2) Net other income exclude reversals (provisions) for loans and off-balance sheet credit losses, and recoveries on assets.			
<u>Reconciliation of Net other income:</u>			
Net other income - business segment	44.3	16.7	37.7
Reversal (provision) for losses on off-balance sheet credit risk	3.5	(17.0)	13.4
Recoveries on assets, net of impairments	<u>(0.1)</u>	<u>(0.8)</u>	<u>(0.5)</u>
Net other income - consolidated financial statements	<u>47.7</u>	<u>(1.1)</u>	<u>50.6</u>
(3) Net operating income refers to net income excluding reversals (provisions) for loans and off-balance sheet credit losses and recoveries on assets.			
(4) Includes loans, net of unearned income and deferred loan fees.			
(5) Includes customers' liabilities under acceptances, letters of credit and guarantee covering commercial and country risk, and credit commitments and equity investments recorded as other assets.			
(6) Includes cash and due from bank, interest-bearing deposits with banks, securities available for sale and held to maturity, trading security and the balance of the Investment Fund.			
<u>Reconciliation of Total assets:</u>			
Interest-earning assets - business segment	3,904.7	4,346.6	4,677.6
Allowance for loan losses	(73.8)	(54.6)	(69.6)
Customers' liabilities under acceptances	1.6	1.3	9.1
Premises and equipment	7.7	8.0	10.2
Accrued interest receivable	25.6	46.3	62.4
Derivative financial instruments used for hedging - receivable	0.8	7.8	0.1
Other assets	<u>12.2</u>	<u>7.3</u>	<u>8.8</u>
Total assets - consolidated financial statements	<u>3,878.8</u>	<u>4,362.7</u>	<u>4,698.6</u>

Geographic information is as follows:

2009				
	<u>Panama</u>	<u>United States of America</u>	<u>Cayman Islands</u>	<u>Total</u>
<i>(In thousands of US\$)</i>				
Interest income	122,731	17,470	1,763	141,964
Interest expense	(69,066)	(5,821)	(2,325)	(77,212)
Net interest income	<u>53,665</u>	<u>11,649</u>	<u>(562)</u>	<u>64,752</u>
Long-lived assets:				
Premises and equipment, net	<u>7,096</u>	<u>653</u>	<u>-</u>	<u>7,749</u>
2008				
	<u>Panama</u>	<u>United States of America</u>	<u>Cayman Islands</u>	<u>Total</u>
<i>(In thousands of US\$)</i>				
Interest income	221,351	19,407	3,485	244,243
Interest expense	(152,665)	(11,435)	(2,296)	(166,396)
Net interest income	<u>68,686</u>	<u>7,972</u>	<u>1,189</u>	<u>77,847</u>
Long-lived assets:				
Premises and equipment, net	<u>7,156</u>	<u>814</u>	<u>-</u>	<u>7,970</u>
2007				
	<u>Panama</u>	<u>United States of America</u>	<u>Cayman Islands</u>	<u>Total</u>
<i>(In thousands of US\$)</i>				
Interest income	226,218	29,064	9,587	264,869
Interest expense	(167,448)	(22,654)	(4,197)	(194,299)
Net interest income	<u>58,770</u>	<u>6,410</u>	<u>5,390</u>	<u>70,570</u>
Long-lived assets:				
Premises and equipment, net	<u>9,242</u>	<u>934</u>	<u>-</u>	<u>10,176</u>

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the internal control over financial reporting of Banco Latinoamericano de Comercio Exterior, S.A. and Subsidiaries (the "Bank") as of December 31, 2009, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Bank's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Bank's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.



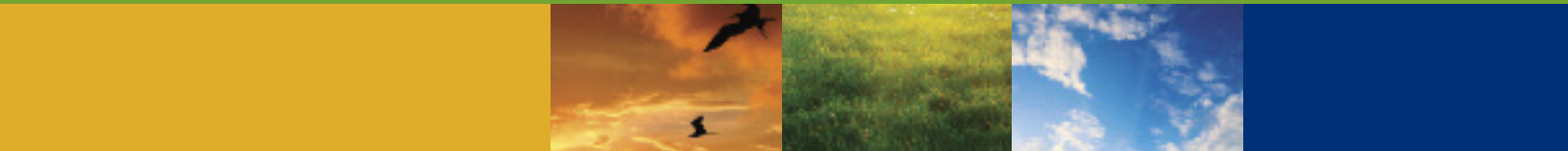
Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Bank maintained, in all material respects, effective internal control over financial reporting as of December 31, 2009, based on the criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2009 of Banco Latinoamericano de Comercio Exterior, S.A. and Subsidiaries and our report dated March 15, 2010 expressed an unqualified opinion on those financial statements.

A handwritten signature in black ink that reads "Deloitte".

March 15, 2010
Panama, Republic of Panama



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