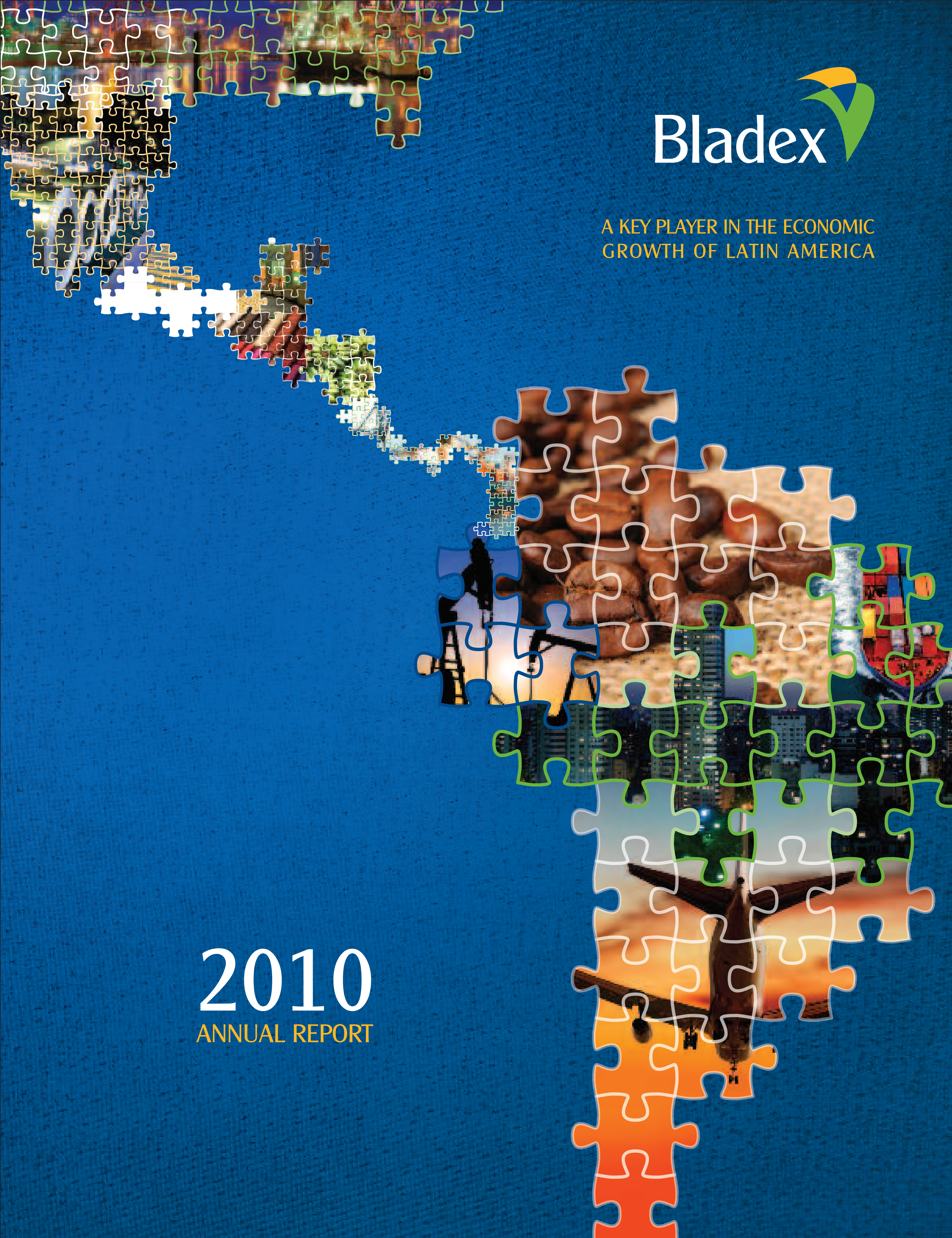


Bladex

A KEY PLAYER IN THE ECONOMIC GROWTH OF LATIN AMERICA

2010
ANNUAL REPORT

NOTE: CORPORATE GOVERNANCE (For purposes of section 303 A, 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.

MESSAGE TO THE SHAREHOLDERS

Performance reflects solid market fundamentals and the Bank's strong position. Bladex is executing on an ambitious, steady course.

For Bladex, 2010 was defined by a strong economic recovery in Latin America, with increased trade flows adding significant scale and diversification to the Bank's business. Bladex also invested in the capabilities and size of its commercial and risk management teams, strengthening the Bank's origination capacity with additional banking professionals across an expanding network of representative offices.

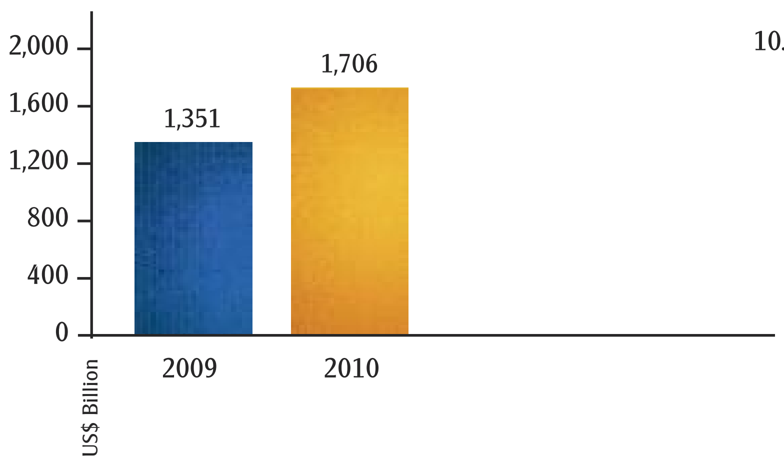
Throughout the year, Bladex maintained solid financial fundamentals. Indicators relating to the Bank's capitalization, liquidity, and credit quality remained strong, reflecting the sound, conservative management of the Bank's operations, even as business expanded at a rapid pace.

Sometime during the second quarter of 2010, the global economy found itself in an unprecedented situation, with emerging markets recovering strongly from the 2009 recession, while developed economies, particularly those of the European Union, were forced to confront a serious sovereign debt problem on the heels of the 2008 financial crisis. As a result, the 2010 average economic growth rate in emerging markets, at 7.1%, significantly exceeded the 3.0% indicator in developed economies. In Latin America in particular, the combination of improving commodity prices and strong consumer demand, accompanied by generally well-managed fiscal and monetary policy, resulted in average economic growth of 5.9%, a noticeable improvement from the 1.8% economic contraction in 2009.

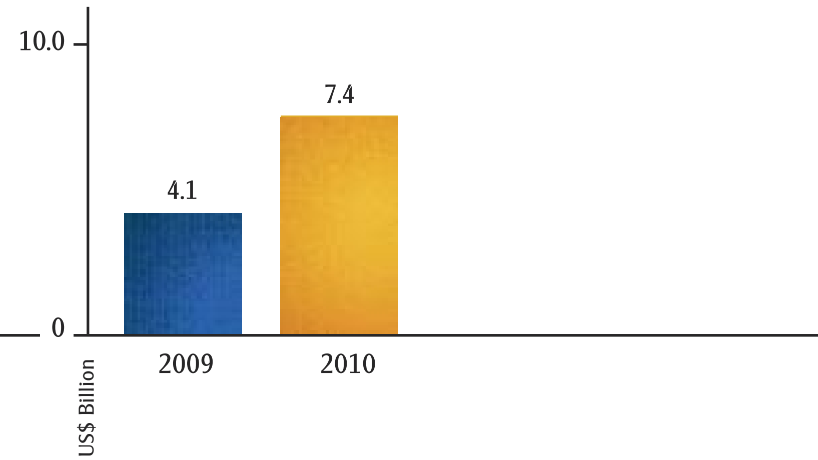

Latin America

Significantly for Bladex, the recovering economic activity in Latin America brought about a 26% increase in the Region's trade flows. The work that the Bank had carried out during the previous two years in expanding its infrastructure and delivery platform paid off handsomely, allowing Bladex to increase disbursements in 2010 by 79% to $7.4 billion, and grow year-end credit balances by 35%, to $4.9 billion.

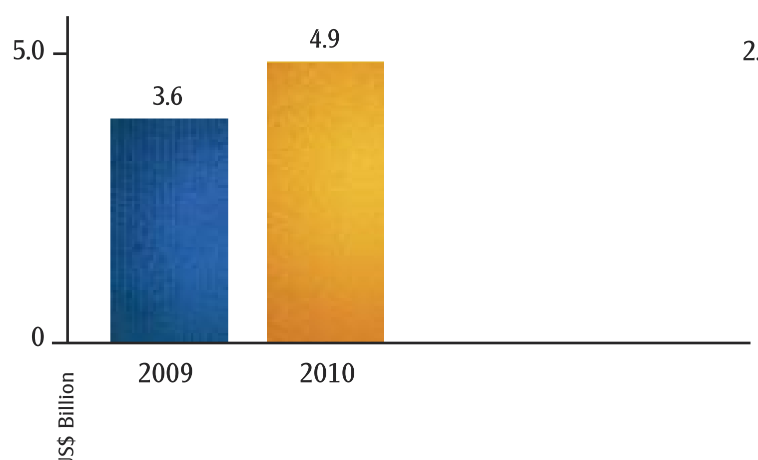
Trade Flows - Latin America



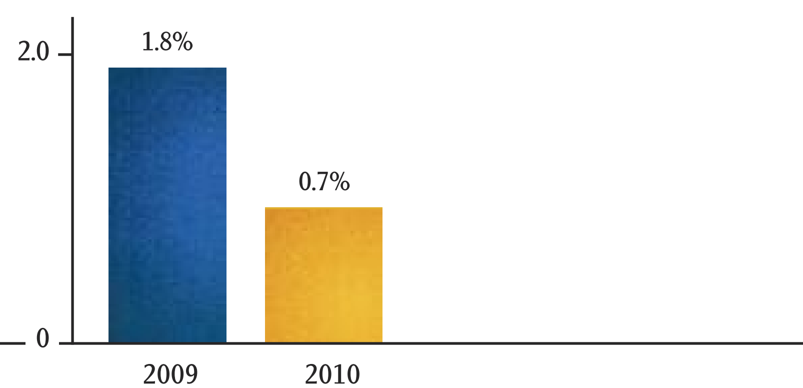
Bladex - Credit Disbursements



Bladex - Credit Portfolio End of Period Balances



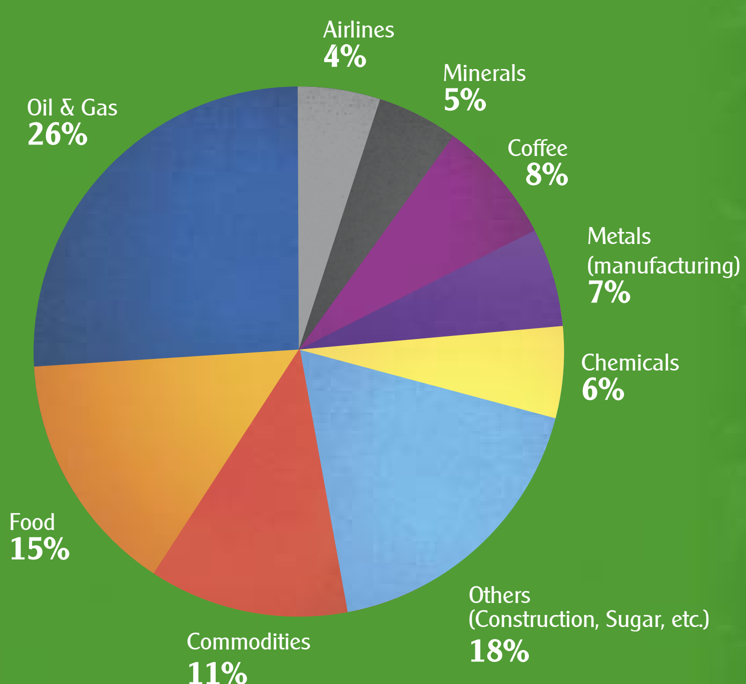
Bladex - Non-Accruing Loans to Total Loans, net



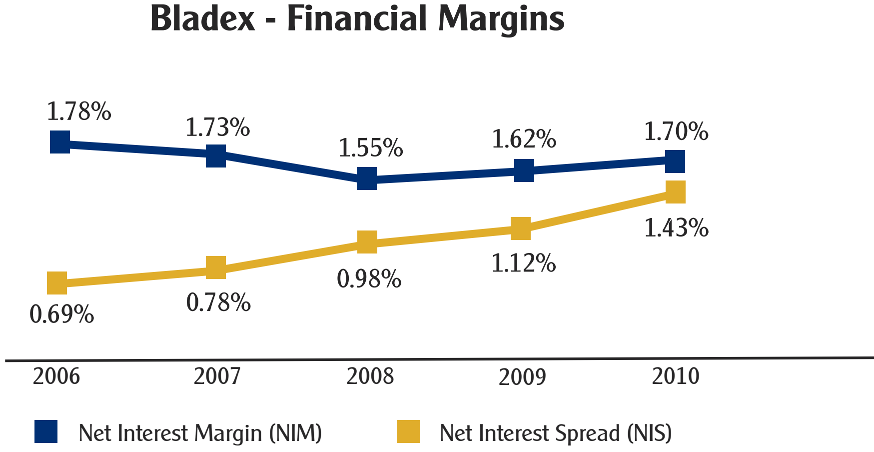
During 2010, while much of the financial industry was still recovering from the financial crisis, Bladex expanded its geographic footprint, establishing representative offices in Monterrey, Mexico, and Porto Alegre, Brazil. With the benefit of a reinforced commercial team, the Bank was able to capture additional business throughout the Region across a variety of industries, increasing the diversification of the Bank's portfolio and the quality of its revenues.

Corporate Portfolio Composition by Industry

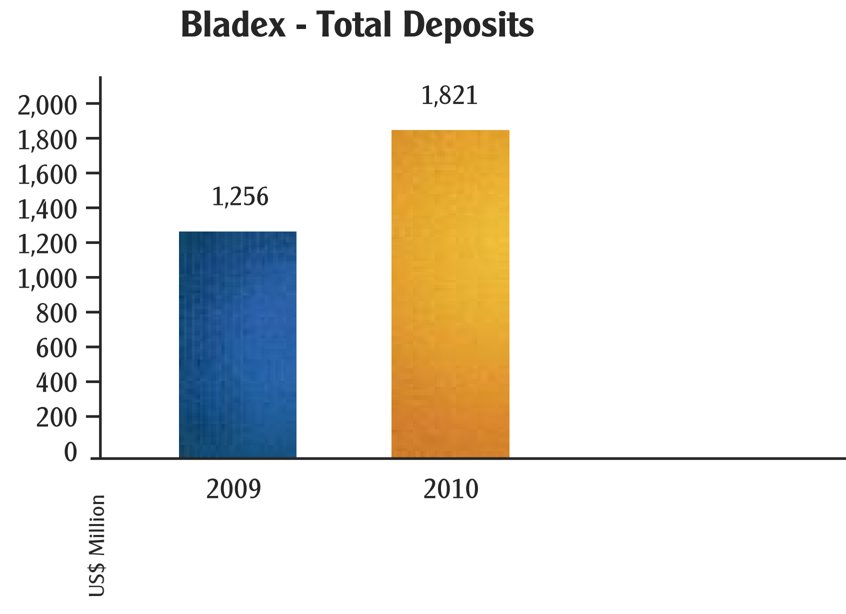
December 31, 2010



Despite increased competition, Bladex was successful in managing its mix of clients and services, keeping its overall intermediation margins reasonably stable and at levels well above those prior to the financial crisis.



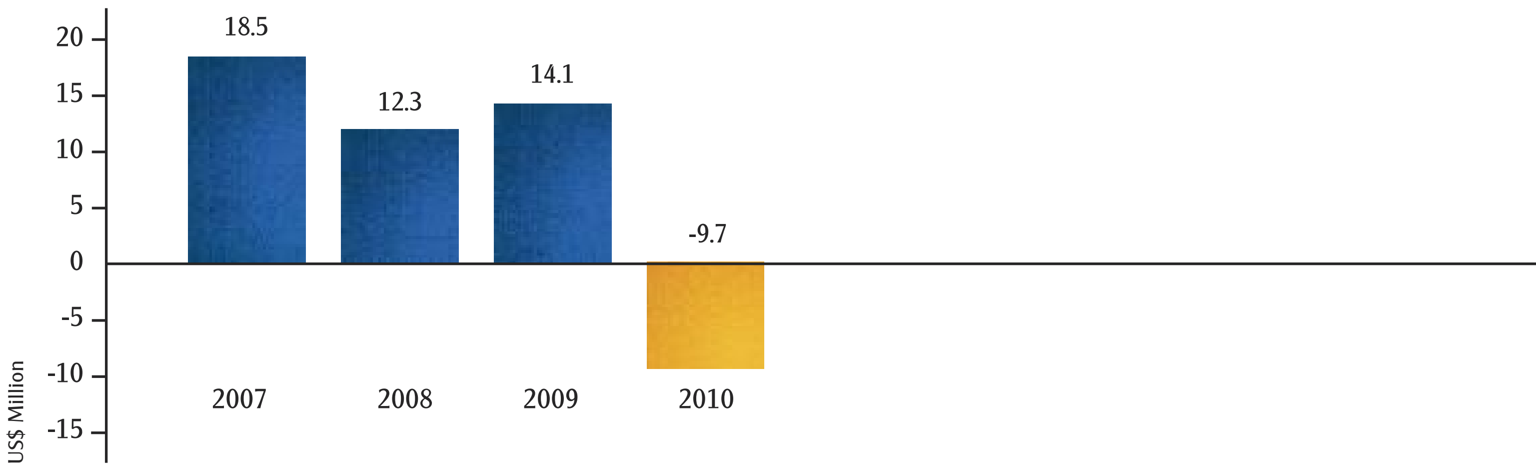
In order to support the Bank's rapid growth with both new and existing clients while maintaining its trademark strong liquidity levels, Bladex required a larger and more diversified funding base. With this in mind, the Bank continued to expand its sources of funding in Asia, and further strengthened its commercial ties with the Latin American Central Banks. As a result, deposits reached record levels, demonstrating the close relationships and the trust that exists between the Bank and Latin American governments.



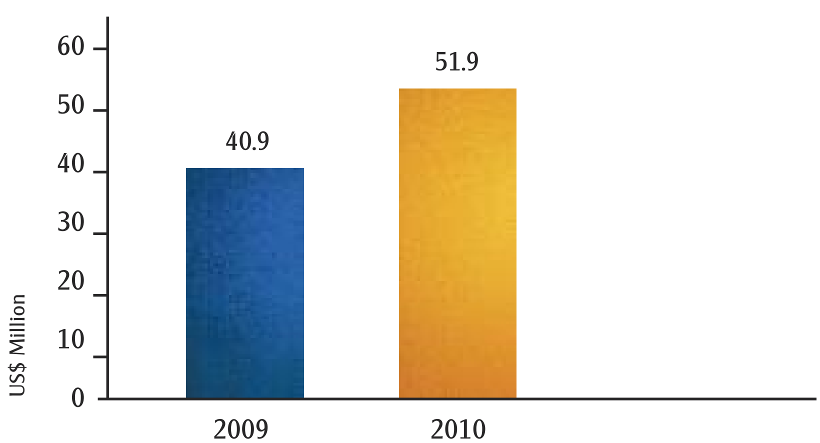
There was only one line of business that did not meet expectations in 2010: the Asset Management Unit which, after three successful years, posted its first annual loss. In order to reduce the volatility in its financial results, as well as to provide funding for other fee generating opportunities, the Bank has announced its intention to gradually withdraw its accumulated profits in the Unit.

While net income from the Bank's commercial activities in 2010 improved by 27%, driven by disbursements that grew by 79%, portfolio balances that expanded by 35%, and credit quality that improved even beyond the excellent indicators of 2009, the negative results in the Asset Management Unit impacted the Bank's consolidated figures, taking some of the shine from what was otherwise a solid performance.

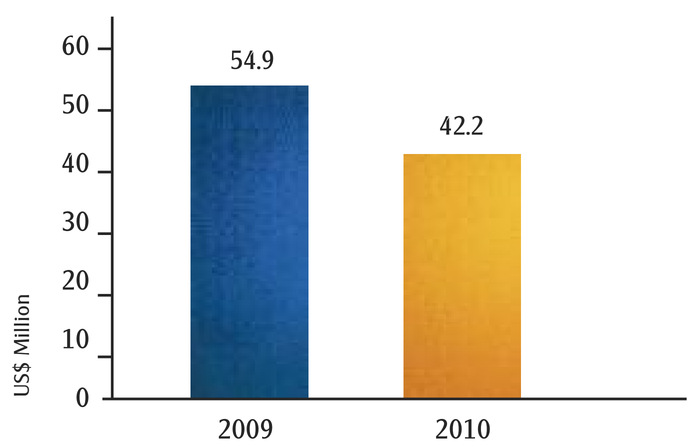
Bladex - Net Income / Asset Management Unit



Bladex - Net Income / Commercial and Treasury Divisions



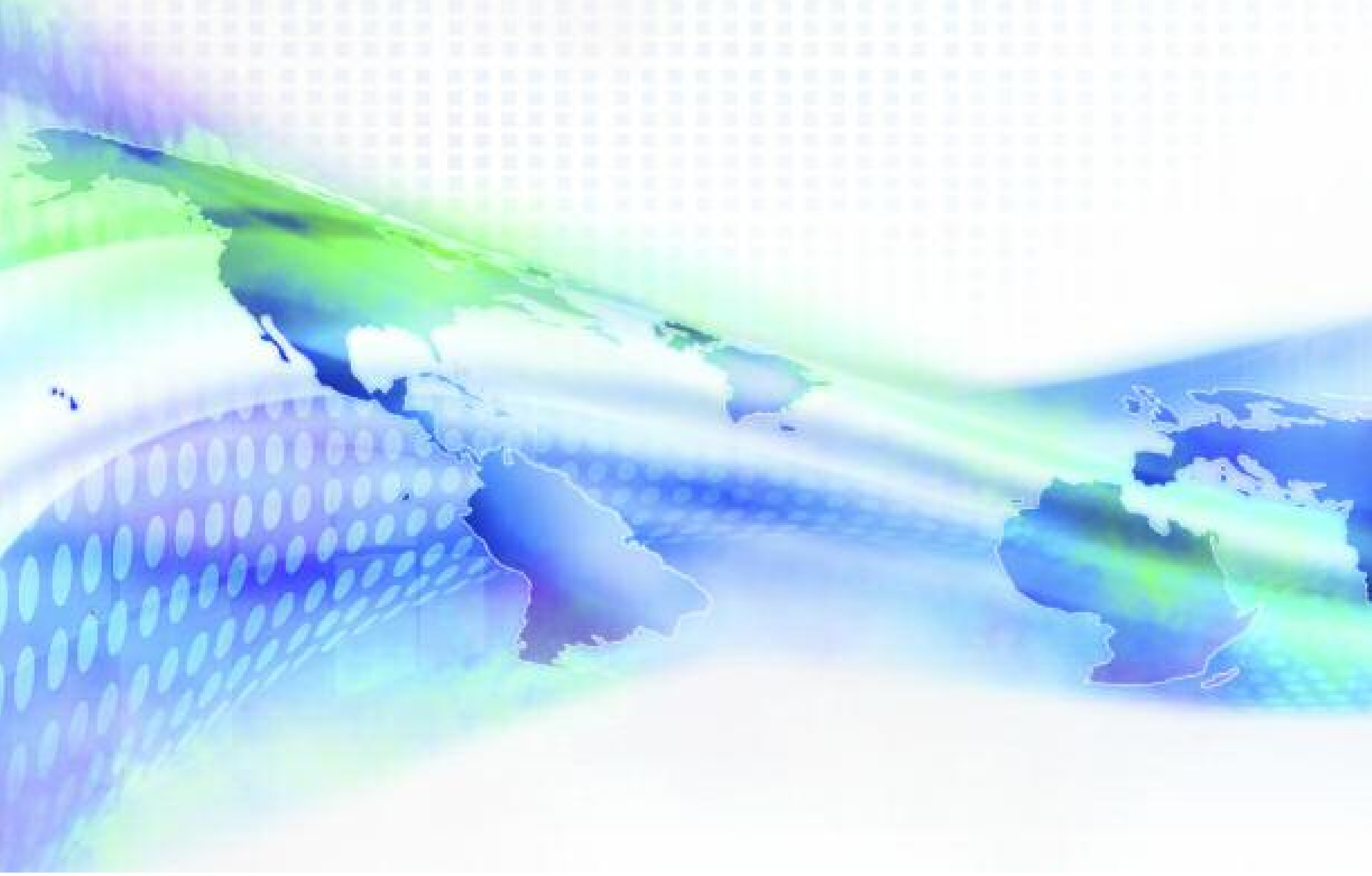
Bladex - Net Income



Global Changes Are Shaping Our Strategy

Bladex's future endeavors are being shaped by what the Bank believes are powerful, global economic and demographic shifts. The emergence of China, Brazil, and India are only part of a process that Bladex believes will result in increasing demand for food, energy, metals, transportation, housing, entertainment, health care services, etc., on behalf of huge population pools that, until recently, were on the fringes of the global economy. In addition, the Bank believes that manufacturing facilities will continue to migrate toward emerging markets, as developed economies concentrate resources on the high technology and service sectors.

In Bladex's view, this scenario presents a historic opportunity for Latin America, a region that enjoys significant comparative advantages in the production of commodities in general, and where a number of countries represent a natural alternative for US and EU manufacturers seeking higher efficiencies to compete with Asian facilities. Importantly, the use of world-class technologies in agriculture, oil exploration, and mining is allowing the Region to reap significant new value-added benefits from these industries.



By definition, as increasing amounts of surplus food, energy, minerals, etc., move from Latin America to the rest of the world, the Region's trade flows will expand, and with them, Bladex's business opportunities. The combination of rising commodity prices and growing investment flows into the Region will benefit Bladex's business, but could also bring inflationary pressures to bear on the Region's economies. These flows could also fuel additional local currency appreciation, which monetary authorities in the Region will need to continue managing with care. Taken as a whole, however, all indications point to the second decade of the 21st century as Latin America's, and Bladex's, time to shine.

Aiming for Increased Value

The ongoing global changes in trade flow dynamics play to Bladex's strengths, and are taking place quickly. This is why Bladex, too, is evolving rapidly, welcoming change as an opportunity to assert its unique market position.

Beginning in 2009, the Bank started to invest in the expansion of its team and its geographic coverage. In addition to the new offices in Monterrey and Porto Alegre, the Bank has secured Peruvian regulatory approval to establish an office in Lima, and is about to begin the process to do likewise in Bogota, Colombia, with the possibility of yet further expansion in the near future. On the commercial front, the Bank has refined its client segmentation, focusing on customizing services to

the special and changing needs of banks, large corporations, middle market companies, and the rapidly growing number of regional organizations.

More fundamentally, Bladex has strengthened its core competencies by refining its knowledge of the Region, expanding the scope of its relationships with its 23 government shareholders, and by perfecting its standards of corporate governance. In addition, Bladex is investing in product and service innovation as a means of developing new revenue sources, and to better serve clients. The major thrust in this regard has been the research and development of a regional factoring network, a project that has been maturing over the last two years.

Finally, Bladex is reviewing and automating its policies and procedures to support improved agility and customer service that new market realities demand, as well as to provide even more effective controls.

Current global trends, along with Bladex's improved positioning, will allow the Bank to continue to leverage its balance sheet in a steady, prudent manner as Bladex expands its franchise and generates additional revenue. The goal is for the Bank's business to grow at a pace significantly faster than the Region's underlying economic growth rate, bringing about a growing, sustainable level of ROE and added economic value.

Sharing Success with Shareholders

As the Bank executed its strategy in 2010, we were glad to see that shareholders realized a 33% appreciation on the value of their holdings. We suggest, however, that the Bank's solid financial condition, the favorable and well established trends in its business, and the excellent prospects in its markets, justify a richer valuation. In addition to the increased share price, during the year our shareholders received the added benefit of a 4% dividend yield. On January 19, 2011, based on fourth quarter 2010 results, the Board of Directors voted for the second dividend increase in the past year, continuing Bladex's tradition of sharing its success with its shareholders, a practice that the Bank intends to maintain as its business continues to grow in a sustainable manner.

From Latin America´s perspective, the $7.4 billion in financing that Bladex disbursed during the year across 18 countries and 18 industries, to companies large and small, represented a tangible contribution to the well-being of thousands of workers throughout Latin America, while providing support for the fiscal and current accounts of most countries in the Region.

Our Values and Sense of Social Solidarity

Bladex has explicitly defined five values that are at the core of what the Bank does and what it believes. These core values are excellence, integrity, respect, humility and commitment. Over the years, these are the values that have come to define our organization, anchoring it through the ebbs and flows in the market, and guiding it through radical changes in the industry.

Consistent with these values, the Bank has recognized education, particularly the education of underprivileged children in violence-prone areas, as a key factor to the success of the Region's efforts to achieve excellence. In 2010, Bladex supported well-recognized children's education programs in Honduras, Nicaragua, and Panama, to complement its support of similar programs in Ecuador, Brazil, and Trinidad and Tobago.

Positioned for the Future

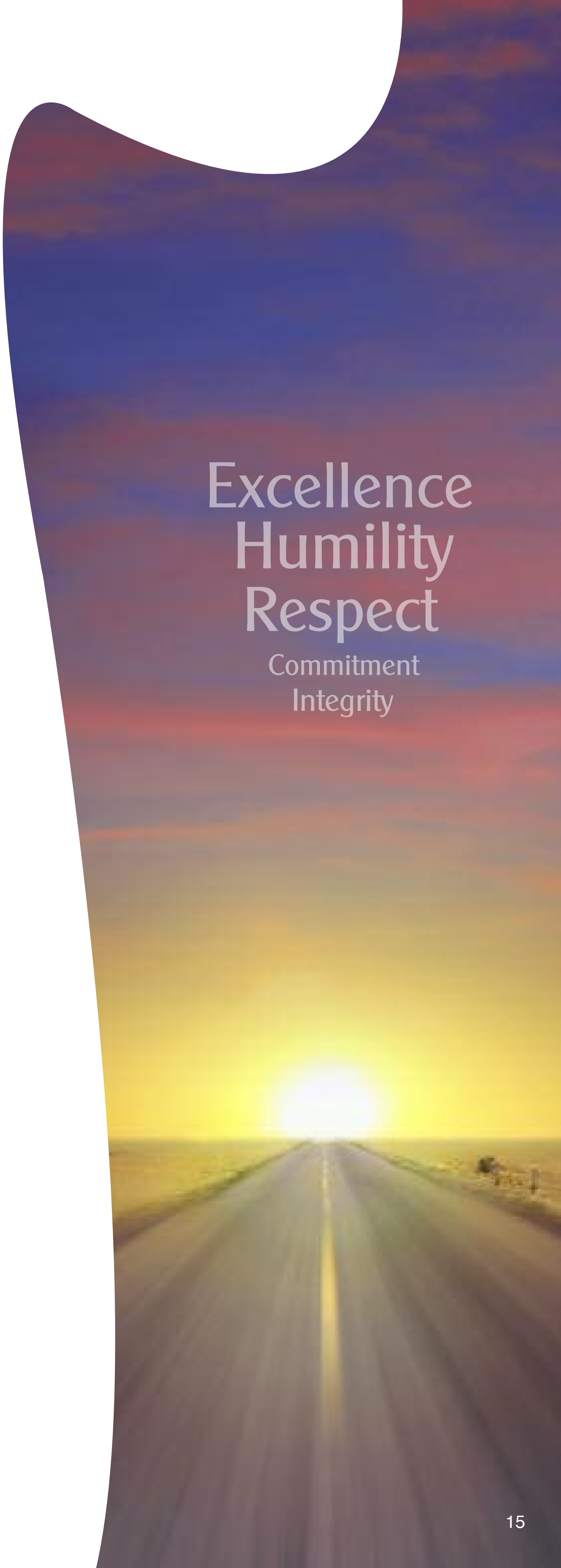
As 2010 drew to a close, Bladex found itself in a privileged position to benefit from a rapidly growing market that it knows well, where it enjoys significant competitive advantages, and where its brand and reputation are second to none. Bladex firmly believes that the coming years will see the Bank realize the full returns from the solid groundwork that it has laid.

In closing, we wish to thank our clients, depositors, multilateral agencies, correspondents, rating agencies, directors, and associates for their help in allowing us to convert the passion that we feel for our business and for Latin America into solid value for you, our shareholders, whose confidence and support we gratefully acknowledge.

On behalf of the Bladex team,

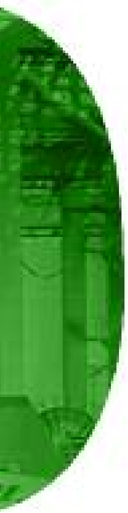
Gonzalo Menéndez Duque
President of the Board

Jaime Rivera
Chief Executive Officer



BOARD O

F DIRECTORS CLASS “A” DIRECTORS



Guillermo Güémez García*
BANCO DE MEXICO, Mexico

Esteban Alejandro Acerbo*
BANCO DE LA NACIÓN ARGENTINA, Argentina

João Carlos de Nobrega Pecego ***
BANCO DO BRASIL, Brazil

* Expires in 2011
** Expires in 2012
*** Expires in 2013


SLOW
HALF

CLASS "E" DIRECTORS

Mario Covo*
United States of America

Will C. Wood**
United States of America

Herminio Blanco***
Mexico

Maria da Graça França***
Brazil

William D. Hayes***
United States of America

* Expires in 2011
** Expires in 2012
*** Expires in 2013


STANDBY
FINISH
WITH
ENGINE

DIRECTORS

ALL CLASSES

Gonzalo Menéndez Duque**
Chile

Jaime Rivera**
Panama

DIGNITARIES

Gonzalo Menéndez Duque
Charmain of the Board

Ricardo Manuel Arango
Secretary

Maria da Graça França
Treasurer

Jaime Rivera
Chief Executive Officer

* Expires in 2011
** Expires in 2012
*** Expires in 2013

CONSOLIDATED FINANCIAL DATA - SUMMARY

YEAR ENDED DECEMBER 31 (In US$ milllion, except per share amounts)	2009	2010
Income Statement Data		
Net interest income	65	**75**
Reversal (provision) for credit losses (1)	(15)	**5**
Fees and commissions, net	7	**10**
Operating expenses	(38)	**(42)**
Net income attributable to Bladex	55	**42**
Selected Balance Sheet Data		
Investment securities	507	**437**
Investment fund	198	**167**
Loan portfolio (2)	2,775	**4,060**
Credit portfolio, net of unearned income (3)	3,617	**4,880**
Total assets	3,879	**5,100**
Total liabilities	3,168	**4,384**
Stockholders' equity	676	**697**
Per Common Share Data		
Net income per share (US$)	1.50	**1.15**
Book value per common share -period end- (US$)	18.49	**18.99**
Common Shares Outstanding: (in thousands)		
Period average	36,493	**36,647**
Period end	36,546	**36,711**
Selected Financial Ratios (In %)		
Return on average assets	1.4%	**1.0%**
Return on average stockholders' equity	8.6%	**6.2%**
Net interest margin	1.62%	**1.70%**
Operating expenses to total average assets	0.96%	**0.97%**
Non-accruing loans to total loans, net of discounts (2)	1.8%	**0.7%**
Charge-offs to total loan portfolio (2)	0.0%	**0.1%**
Allowance for loan losses to total loan portfolio (2)	2.7%	**1.9%**
Allowance for losses on off-balance sheet credit risk to total contingencies	8.3%	**3.5%**
Stockholders' equity to total assets	17.4%	**13.7%**
Tier 1 capital to risk-weighted assets	25.8%	**20.5%**
Total capital to risk-weighted assets	27.0%	**21.8%**

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).

OUR MISSION

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

OUR VISION

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

MACROECONOMIC ENVIRONMENT

We expect that the macroeconomic environment in Latin America and the Caribbean will continue to show a long-term positive trend. The Region's GDP is expected to post 6% growth in 2010, following a decrease of 1.8% in 2009. The Region was one of the least affected by the international crisis that started in 2008, and showed a great ability to recover, enacting counter-cyclical measures that were made possible by the fiscal discipline of previous years. The Region also took advantage of the sustained demand for raw materials from China and other emerging countries.

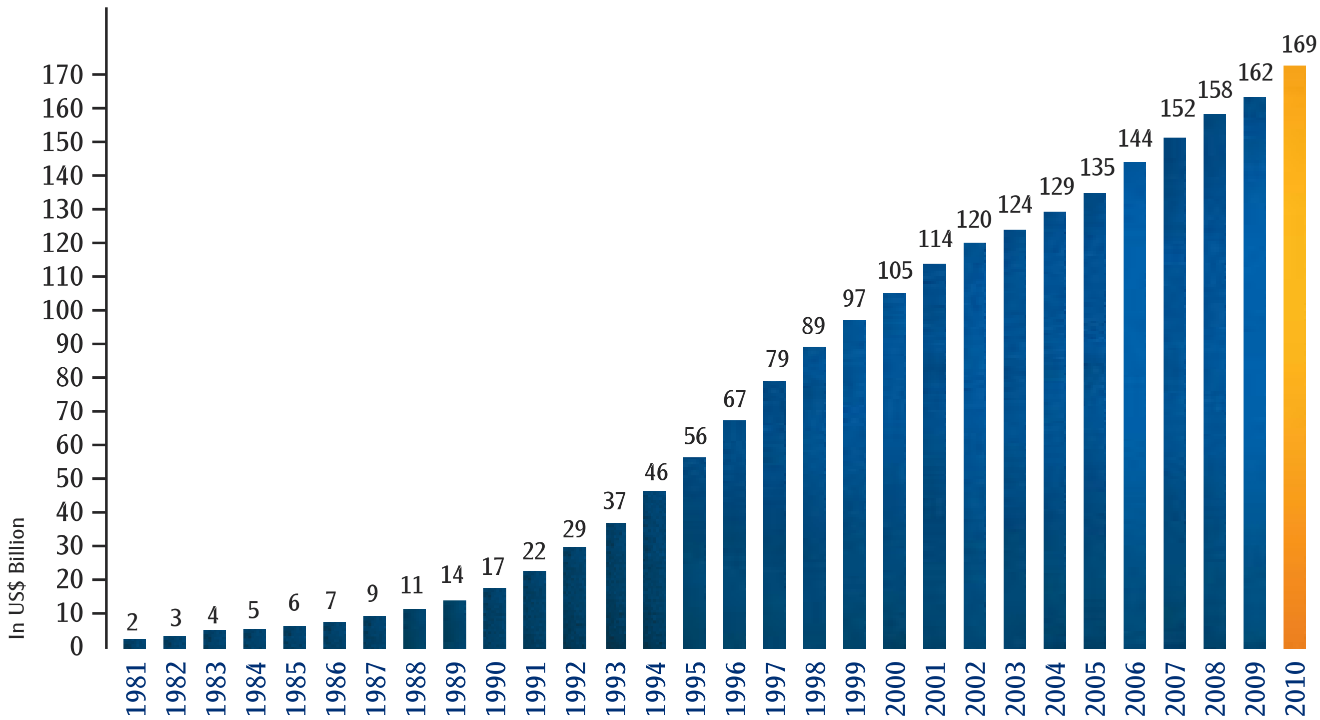
In fact, in spite of the reduction in interest rates, inflation remained close to the targets set by the central banks. Another key aspect of the region's continued economic stability has been the financial sector's solvency, which has allowed for counter-cyclical monetary initiatives to be implemented and ensured the provision of banking credit to the private sector. Capital markets have played an important role expanding funding in the Region, in addition to banking credit. Based on these factors, the favorable trend in the risk profile has been reflected in the Region`s economic stability, and on upgrades to the international risk rating of Latin American countries, in clear contrast to the evolution recorded by developed economies.

In this scenario, Bladex enhanced its ability to support both international and interregional trade, resulting in one of its highest levels of geographic diversification in credits granted, and in a downward trend for the systemic risk related to such placements throughout the period.

The macroeconomic environment is expected to remain favorable in 2011, with GDP growth near 4%. This expectation is based on a positive perspective in terms of both trade and the partial withdrawal of the stimulus implemented through fiscal measures.

The Region is expected to continue on the course of fiscal consolidation, with lower deficits than the one recorded in 2010, of 2.3% (2.9% in 2009). We remain cautious about macroeconomic risks, such as the uncertainty regarding the economic recovery of developed countries, potential new interruptions in the credit markets due to concerns about European sovereign risks, and the continued appreciation of Latin American currencies.

Total Accumulated Credits



Risk Management

Bladex's Risk Management is based on an enterprise risk management model, in line with the best international risk management practices, reflecting the Organization's degree of complexity. This division is independent from the other areas of the Bank, and the Senior Vice President for Risk Management has veto power granted by the Board of Directors.

This unit is organized by type of risk and line of business (Institutional, Corporate, and Middle Market Companies) with personnel dedicated exclusively to analyzing and monitoring Country Risk, Credit Risk, Market Risk, and Operational Risk. In 2010 this structure was strengthened even further with the addition of an executive in charge of the middle market companies segment, and

Bladex's Credit Ratings

	RATING AGENCIES		
TERM	MOODY'S DEC '10	S&P MAY '10	Fitch AUG '10
Short Term	P-2	A-2	F-2
Long Term	Baa2	BBB	BBB
Perspective	Stable	Stable	Stable

another executive for Portfolio Management and Monitoring. The Portfolio Management and Monitoring executive provides us with a portfolio-level vision that supplements the scheduled and ad hoc monitoring already performed by the area, including regular visits to all countries and customers, contact with local authorities, financial institutions' top executives and employees, as well as representatives of international risk rating agencies operating in the country.

As part of its Corporate Governance model, 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 ratings, amounts, maturities, and other conditions for each country where we have operations. It also reviews and ratifies risk policies after they are approved by management. This Committee meets at least five times per 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 approval levels, depending on the nature of the client (e.g., if it is a new client, or if it is based in a deteriorated country), and the amount requested. 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).

This conservative approach to risk management has ensured that the Bank maintains its assets' high quality in spite of adverse macroeconomic conditions. Since its founding, Bladex's total write-offs account for only 0.2% of the overall accumulated credit granted. During 2010, write offs charged against specific reserves totaled \$5.3 million. By the end of 2010, Bladex reported total general reserves of \$80.5 million, while at the end of 2009 these reserves were \$86.7 million.

Credit Quality Indicators
(In US$ thousands, except percentages)

At December 31	2009	2010
Components of the allowance for credit losses		
Allowance for loan losses:		
Balance at beginning of the year	54,648	**73,789**
Provision (reversal of provision) for loan losses	18,293	**9,091**
Loan recoveries	866	**996**
Loans written-off against the allowance for loan losses	(18)	**(5,261)**
Balance at end of the year	73,789	**78,615**
Allowance for losses on off-balance sheet credit risk:		
Balance at beginning of the year	30,724	**27,261**
Provision (reversal of provision) for losses on off-balance sheet credit risk	(3,463)	**(13,926)**
Balance at end of the year	27,261	**13,335**
Allowance for credit losses:		
Balance at beginning of the year	85,372	**101,050**
Provision (reversal of provision) for credit losses	14,830	**(4,835)**
Credit losses recoveries	866	**996**
Loans written-off against the allowance for credit losses	(18)	**(5,261)**
Balance at end of the year	101,050	**91,950**
Allowance for loan losses to total loan portfolio(1)	2.7%	**1.9%**
Allowance for losses on off-balance sheet credit risk to total contingencies	8.3%	**3.5%**
Allowance for credit losses to total commercial portfolio	3.2%	**2.1%**

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

COMMERCIAL DIVISION

According to the World Trade Organization, global trade made an important return to growth in 2010. Their latest report showed growth in trade volumes of 13.5% in 2010, comprised of 11.5% growth in developed countries, and 16.5% in developing economies.

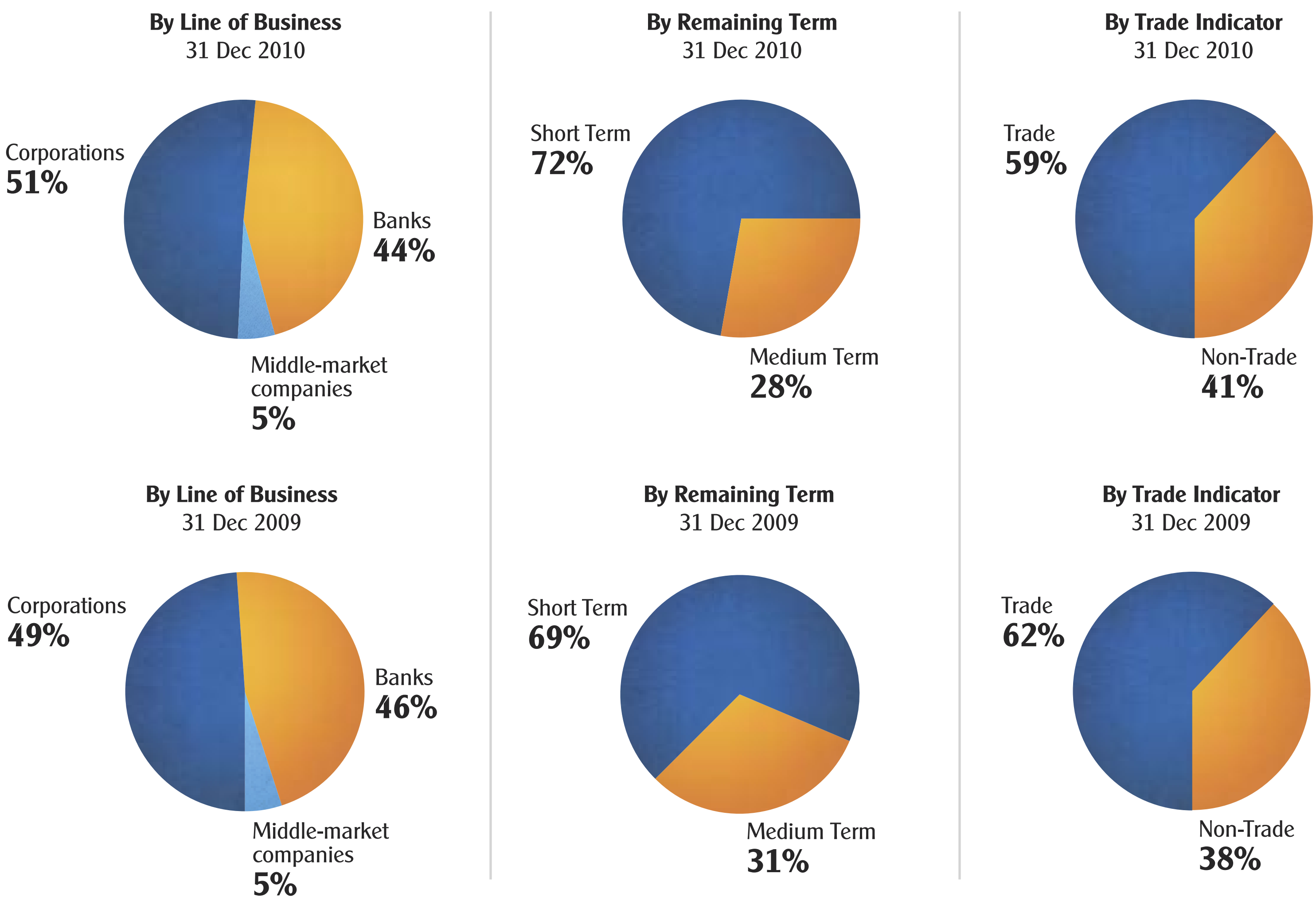
We at Bladex were able to identify opportunities and capture this growth in Latin America in our core trade finance business. We increased our portfolio from $3.1 billion, in 2009, to $4.4 billion in 2010, growth of 43% year to year. Total disbursements for the year reached $7.4 billion, up from $4.1 billion in 2009, an impressive growth of 79% year to year. As a result, Net Income generated by the Division reached $ 56.8 million, showing an increase of 63% when compared to 2009 figures.

We also restructured the Commercial Division into three main departments: one for our traditional business with financial institutions, another to focus on corporations, and a third to develop

business with middle market companies. In order to approach this third segment, it was necessary to reorganize the sales force, and to expand our physical presence in two important markets, Brazil and Mexico, by opening representative offices in Porto Alegre, and Monterrey.

Our business with Corporations focused mainly on those groups involved in intra-regional trade, providing them with medium-term financing to support their expansion into new markets, mainly within Latin America. Credit balances with corporate clients grew from $1.5 billion to $2.3 billion during the year. Our portfolio of credits in favor of Financial Institutions was managed opportunistically, identifying accumulations of demand in different markets, and responding quickly to our clients' needs. As a result, our Financial Institutions portfolio grew from $1.4 billion to $1.9 billion over the course of 2010. We also launched our marketing initiative to middle market companies in 2010. We expect that this

Commercial Portfolio Profile



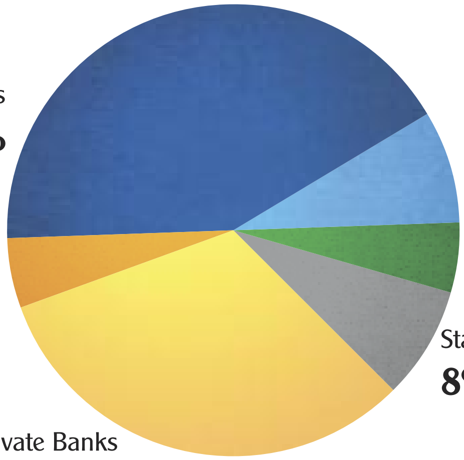
new market will allow the Bank to increase its client base significantly over the coming years, leveraging off our very successful experience with Corporations, and our excellent long-standing relationships with the local banks in the Region. We finished the year with a portfolio of $226 million in the middle market companies segment.

In the course of 2010, we were able to add almost 100 new clients to the Bank, including 47 new middle market companies clients, 40 Corporations, and 10 Financial Institutions.

We also established a special area to design and offer new products to companies that export to Latin America from the United States. In this context, we disbursed a total of $338 million, capturing new types of transactions, and establishing a recurrent business with several important new exporters.

We will continue to expand our footprint in 2011, opening new offices in Peru (already authorized by the local authorities) and in Colombia, which is in its application phase with the local regulators.

Commercial Portfolio by Type of Institution (1)



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

Commercial Portfolio Distribution by Country

(In US$ Millions)

At the end of December 31

COUNTRY	2009	2010
ARGENTINA	$73	**$237**
BRAZIL	1,358	**1,649**
CHILE	258	**328**
COLOMBIA	200	**585**
COSTA RICA	107	**120**
DOMINICAN REPUBLIC	33	**135**
ECUADOR	135	**165**
EL SALVADOR	42	**39**
GUATEMALA	75	**93**
HONDURAS	23	**38**
JAMAICA	31	**65**
MEXICO	362	**456**
PANAMA	41	**49**
PERU	161	**343**
TRINIDAD & TOBAGO	72	**63**
URUGUAY	46	**0**
VENEZUELA	92	**80**
OTHERS	1	**1**
TOTAL COMMERCIAL PORTFOLIO [1]	$3,110	**$4,446**

(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).

These two new offices will be important for our growth with middle market companies in the Region. The offices in Porto Alegre and Monterrey are already fully operational and originating transactions with middle market companies.

Our outlook for 2011 in the business environment, mainly in trade finance, is positive, and we are positioned to take full advantage of the Region's excellent growth prospects for 2011. We are prepared to convert that economic growth into value for our shareholders, complying with Bladex's mission to promote Latin America's foreign trade.

TREASURY AND CAPITAL MARKETS

With funding costs trending downward, and with high liquidity balances, the Bank used medium-term funds obtained in 2009, as well as the traditional funding sources from international and Latin American banks, to support the strong growth of its commercial portfolio in 2010.

In order to diversity its funding sources and to cover its future medium-term requirements, the Bank's Euro Medium-Term Notes (EMTN) program was reactivated. This program allows Bladex to issue debt in the capital markets in several currencies, maturities and markets. The Bank made presentations to investors in several international and Latin American markets, and executed a plan to expand its network of correspondent agents in the Asian capital markets. At the end of the year, we announced the structuring of a new syndicated loan in Asia.

The investment portfolio managed by our Treasury Division maintained its sound structure in 2010. This portfolio consists of Latin American securities, of which 83% were issued by sovereign or state-owned entities.

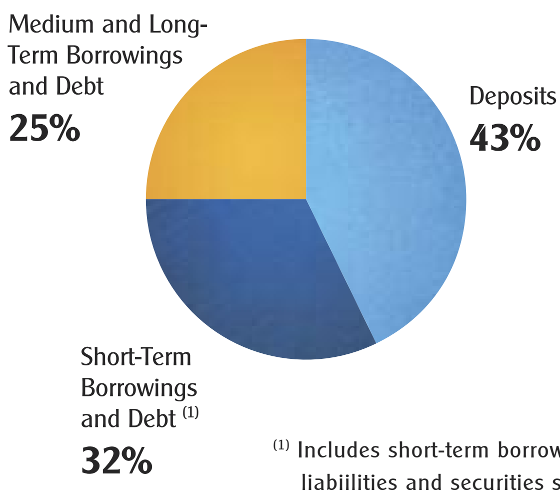
The Asset Distribution team had a particularly successful year, acting as an intermediary in the international markets on behalf of Bladex, through the purchase and sale of Latin American credits both in the primary and secondary markets.

Asset Management Unit

For the first time since its inception in 2006, the Asset Management Unit showed a net loss for the year. The Bladex Capital Growth Fund (BCGF), managed by the Bank's New York-based subsidiary, Bladex Asset Management, posted a loss of 5.19%, after fees. Including the 2010 performance, the Fund has accumulated an annualized return of 8.4% since inception.

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.

Funding Sources



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

OPERATING RESULTS

For the year 2010 Bladex posted net income of $42.2 million, or $1.15 per share, representing a variance of -$12.6 million and -$0.35, respectively, when compared to the net income of $54.9 million, or $1.50 per share, in 2009. The 2010 results were mainly driven by the Commercial Division's net income of $56.8 million, partially offset by net losses of $9.7 million from the Asset Management Unit and net losses of $4.9 million from the Treasury Division, compared to $34.8 million, $14.1 million and $6.1 million, for the year 2009 respectively.

This variation in results for 2010 versus 2009 reflects the Bank's capacity to leverage the trade flows that have been recovering in the Region, to expand its operations and grow its core business through higher average credit volumes and higher fee income, consolidating even further its critical role in the financial relations between Latin America and the international markets.

RESULTS BY BUSINESS SEGMENT

Commercial Division

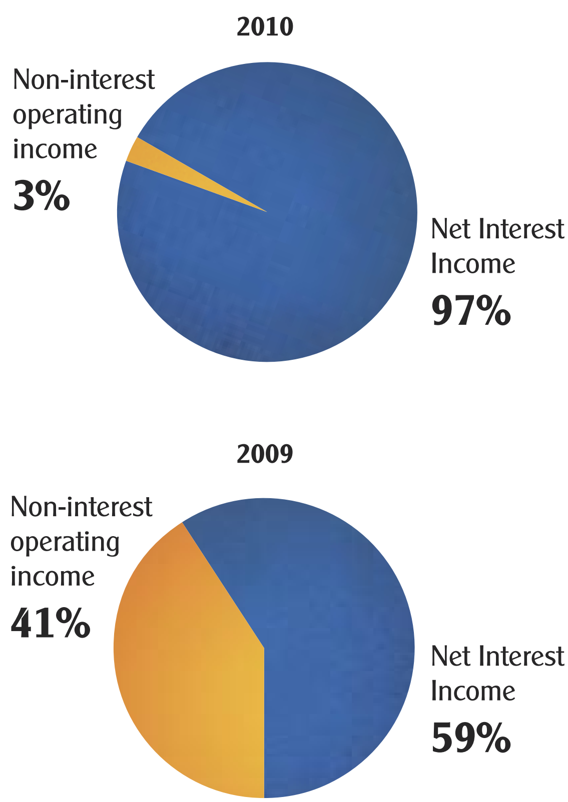
The Commercial Division incorporates the Bank's core business of financial intermediation and fee generation activities, and its portfolio includes loans, letters of credit, guarantees, and loan commitments. Net income includes net interest income from loans, fee income, net allocated operating expenses, the reversal (provisions) for credit losses, and any impairment on assets.

Net income for 2010 amounted to $56.8 million, compared to $34.8 million in 2009. The $22.0 million, or 63%, increase during the year was a result of: i) a net reversal in its provisions for credit losses, due to improved risk profile and credit quality of the portfolio, ii) an increase in net interest income and other fee income mostly attributable to higher commercial portfolio's balances, and iii) an increase in operating expenses as the Division expanded its sale force and local presence in various markets.

The commercial portfolio's balance as of December 31, 2010 was $4.4 billion, versus $3.1 billion in the previous year, the annual increase was largely attributable to increased demand from the Bank's established client base of large corporations and financial institutions, while the business expansion into the middle market segment continued. As of December 31, 2010, the commercial portfolio was mostly short-term and trade-related in nature, with 72%, or $3.2 billion, maturing on or before December 31, 2011. Trade financing operations accounted for 59% of the commercial portfolio.

As of December 31, 2010, the Bank had $29.0 million of loans in non-accruing status, representing 0.7% of the total loan portfolio.

Net Operating Revenues Distribution



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

The Treasury Division's net loss for the year 2010 was $4.9 million, compared to a net income of $6.1 million in 2009. The 2010 results were mainly driven by a $3.6 million trading loss, compared to a $13.1 million gain during 2009, as increases in securities valuations were more than offset by the diminished valuations of associated trading derivates.

The 2010 year-end investment securities portfolio totaled $437 million, posting a 14% decrease from December 31, 2009. At December 31, 2010, the securities portfolio accounted for 9% of the Bank's total credit portfolio, and consisted mostly of Latin American securities, 83% of which were issued by sovereign or state-owned entities. On that same date, 81% of the portfolio consisted of securities available for sale, 12% were trading securities, and the remaining 8% were securities held to maturity.

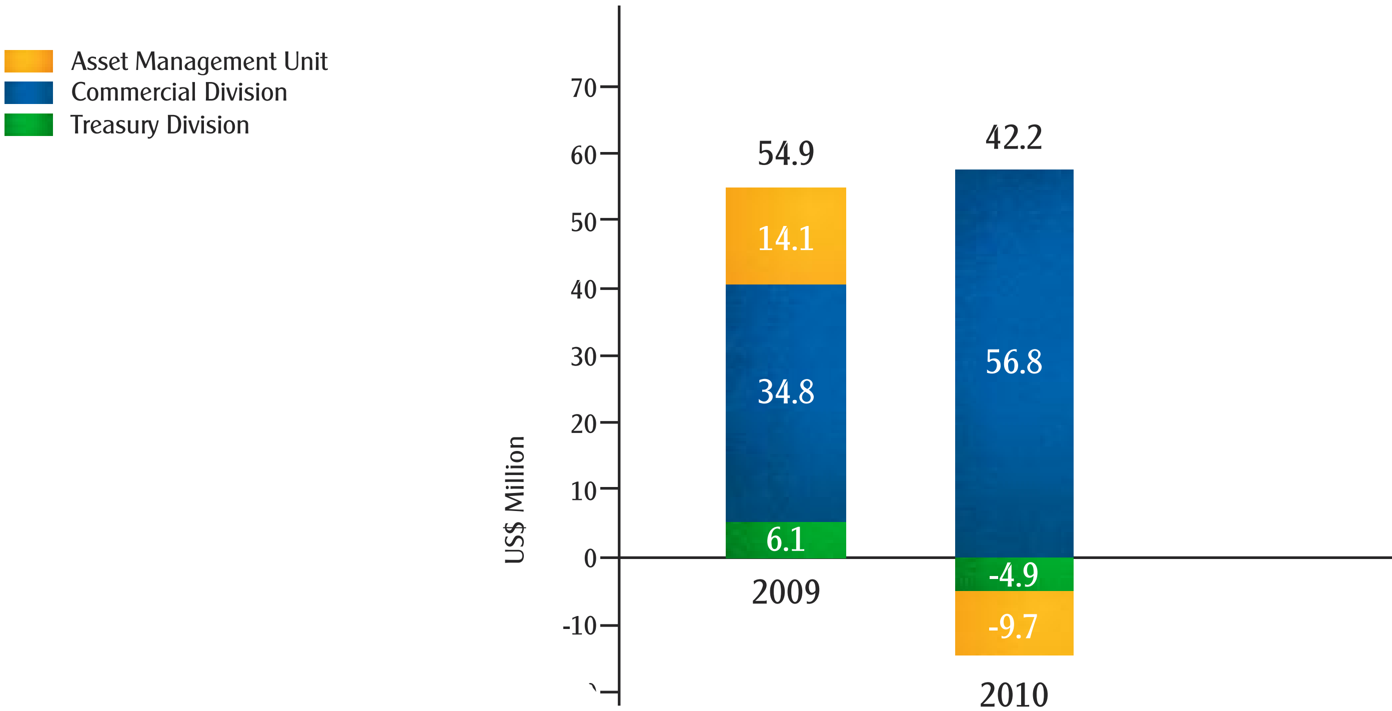
In the available-for-sale portfolio, and in order to hedge the instruments' interest rate risk, the Bank enters into interest rate swap agreements to convert bonds from fixed to floating rate instruments. The available-for-sale portfolio is marked to market, with the impact recorded in the stockholders' equity through the Accumulated Other Comprehensive Loss account which stood at $6 million at year-end 2010, nearly the same level as a year ago.

As of December 31, 2010, liquid assets totaled $421 million, representing 8.2% of total assets and 23.1% of liability deposits. Liability deposit balances totaled $1.8 billion, representing an increase of $565 million, or 45%, versus year-end 2009.

Bladex Asset Management Unit

The Asset Management Unit oversees the Bank's asset management activities, through its subsidiary, Bladex Asset Management, Inc. ("BAM"). The Unit manages the Bladex Capital, 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, 2010, Bladex owned 88.67% of Bladex Offshore Feeder Fund, with the remaining balance owned by third parties.

Net Income Distribution by Business Segment



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 Unit'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).

The net loss for 2010 amounted to $9.7 million, compared to a net gain of $14.1 million in 2009. The decrease was mainly due to net losses from the Fund's securities trading.

At December 31, 2010, the Fund's net asset value totaled $167 million, compared to $198 million as of December 31, 2009, of which redeemable non-controlling interest amounted to $19 million and $35 million, respectively.

CONSOLIDATED RESULTS OF OPERATIONS

Net Interest Income

For the year 2010, net interest income amounted to $74.5 million, an increase of $9.7 million, or 15%, from 2009, reflecting a $697 million, or 27%, increase in the average balance of the Commercial

Division's loan portfolio and the decrease by 112 bps in the average yield paid on interest-bearing liabilities, partially offset by a 81 bps decrease in the average yield on interest-earning assets.

Fees and Commissions, Net

During 2010, the Bank's net commission income amounted to $10.3 million, compared to $6.7 million in 2009. The $3.6 million, or 53%, increase mainly results from the higher volumes of letters of credit.

Reversal (Provision) for Credit Losses

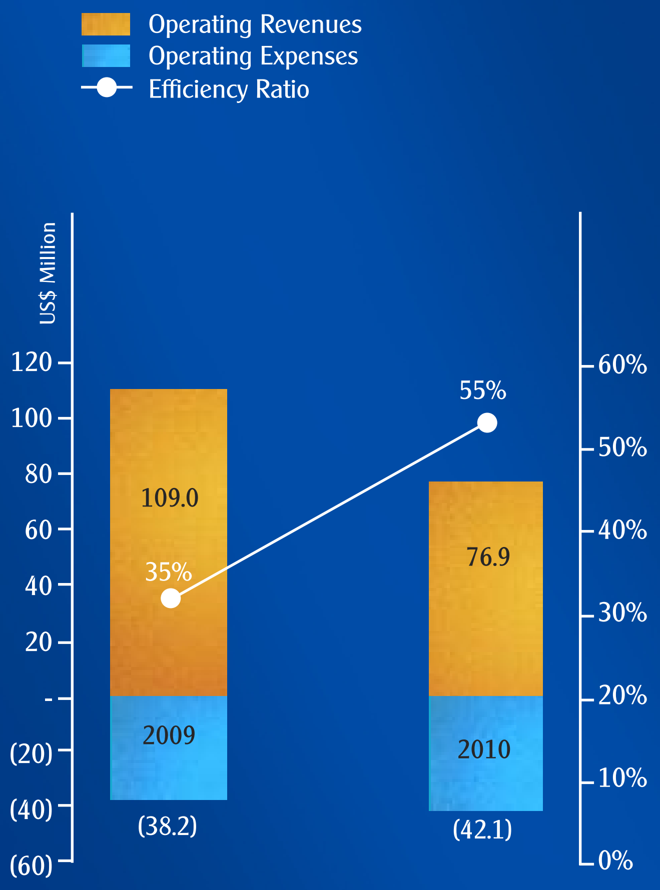
For the year 2010, the Bank recorded a net reversal in the amount of $4.8 million in its provisions for credit losses (including both a $9.1 million provision for loan losses and a $13.9 million reversal for losses on off-balance sheet credit risk), compared to a net provision of $14.8 million in 2009. The year 2010's net reversal results mainly due to the decrease in generic reserves, resulting from lower reserve requirements related to the improved risk profile and credit quality of the portfolio.

At December 31, 2010, the Bank's allowance for credit losses amounted to $92.0 million, compared to $101.0 million at December 31, 2009, of which $80.5 million and $86.7 million, respectively, were related to generic credit provisions. The ratio of the allowance for credit losses to the commercial portfolio was 2.1% as of December 31, 2010, compared to 3.2% as of December 31, 2009.

Derivative Financial Instruments and Hedging

The Bank recorded a $1.4 million loss in derivative financial instruments and hedging in 2010, compared to a $2.5 million loss in 2009. These results reflect the effect of recording the effectiveness on hedging relationships and the discount of the Bank's own credit risk when calculating the fair value of its cross-currency swap

Efficiency Ratio



portfolio that it contracts for hedging purposes. The fair value of these cross-currency swaps improved in 2010 and, consequently, the credit risk discount decreased with the valuation of such derivatives.

Net Gain (Loss) from Investment Fund Trading

The Bank recorded a net loss of $8.0 million from investment fund trading in 2010, compared to a net gain of $25 million in 2009. This net loss reflects the trading results of the Fund managed by BAM.

Net Gain (Loss) from Trading Securities

The Bank recorded a $3.6 million net loss from trading securities in 2010, compared to a net gain of $13.1 million in 2009, as increases in securities valuations were more than offset by the diminished valuations of associated trading derivaties.

Net Gain on Sale of Securities Available for Sale

The Bank purchases debt instruments as part of its Treasury operations, with the possibility 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 2010 was $2.3 million, compared to $0.5 million in 2009.

Operating Expenses

In 2010, total operating expenses amounted to $42.1 million, compared to $38.2 million in 2009. The $3.9 million, or 10%, increase was attributable to the net effect of salary and other employee expenses associated with higher average headcount and professional fees in support of the Commercial Division and the Risk Management's expansion, as well as capital market issuance programs, and lower performance-related expenses from the Investment Fund.

The efficiency level (operating expenses as a percentage of net revenues) was 55% in 2010, up from 35% in 2009.

OUR COMMITMENT TO SOCIAL DEVELOPMENT

Bladex understands that the Bank plays an important economic role as an agent for the development of the communities in which it operates. The work carried out during 2010 reiterates the Bank's commitment to sustainable development, as well as the improvement of the quality of life for the people of Latin America. With this goal in mind, Bladex, as a socially responsible institution, has continued its contribution to programs and projects that support education, children, culture, and the environment.

As part of Bladex's strategy to expand its social contribution to the Region, last year the Bank extended its presence to Nicaragua, Honduras, and Haiti through partnerships with recognized associations whose programs focus primarily on youth education and welfare of children and youth. In Nicaragua, through the Zamora Terán Foundation, Bladex provided a multigrade elementary school with one laptop for each student and teacher, opening a window of opportunity and knowledge for those who otherwise would have no access to a computer and the Internet.

In Honduras, Bladex built, together with the Ficohsa Foundation, a preschool center in one of the most marginal areas of San Pedro Sula to offer the facilities required for the community's children, ages three to five. Particularly in Haiti, both the Bank, as an institution, and its employees, helped the Haitian people following the tragic earthquake of January 2010. Bladex allocated institutional funds, through the Banque de la Republique, to the reconstruction of a school in the capital city so that it could be reopened in 2011.

In Panama, where the Bank's headquarters are located, Bladex continued to support fifteen organizations operating throughout the country. The Bank's main project in the country is the Marie Poussepin Educational Center, where Bladex started building the first stage of a complex that will offer seventh through twelfth grade classes,


Nicaragua

Brazil

Honduras


BLADEX NAMED PANAMA'S BANK OF THE YEAR
The prestigious magazine The Banker has named Banco Latinoamericano de Comercio Exterior S.A. (Bladex) the 2010 Bank of the Year in Panama. This is the second time Bladex has been honored with this prominent award.
Bladex, a world class bank and a key player in the economic growth of Latin America.
The Banker Awards 2010
BANCO LATINOAMERICANO DE COMERCIO EXTERIOR
PANAMA
The Banker
The Banker
Bladex
Driving Financial Success


Colombia

increasing the number of students at this school to 850. Providing a solid education has contributed to reducing youth violence, gang activities, and dropout rates. Additionally, in 2010 Bladex hired a fulltime counselor at the school, and expanded the capacity of the school's computer lab. As Bladex have done since its foundation, the Bank's employees maintained their support for this school's scholarship program in 2010, benefiting 120 students during the year. Bladex's employees also organized recreational and cultural activities for the students.

The Bank's social commitment also involves the recognition of efforts made by Latin American companies to promote the foreign trade in the Region. Bladex's 2010 Exporter Award was announced during the 22nd Annual National Colombian Exporter Conference. The winner was Agua Bendita, recognized as the most outstanding Small Business in the consumer goods industry.

SOUND GROWTH AND DEVELOPMENT
IN HUMAN CAPITAL AND TALENT

In spite of the turbulence that persists in the financial markets worldwide, Latin America showed significant signs of recovery in 2010, as was evidenced by the positive evolution in foreign trade figures.

Bladex actively contributed to that recovery, playing an important role in funding the Region's international trade flows. This has allowed the Bank to accomplish its mission of promoting the economic development of Latin American countries.

The organizational strategy of fostering the Region's development, led us to open new representative offices in Porto Alegre (Brazil), Monterrey (Mexico), and Lima (Peru), accompanied by a significant increase of our commercial team. During 2010, we focused particularly on recruiting a considerable number of professionals who have contributed to strengthening Bladex's human capital and talent, and on realigning the Bank's processes and structures, in order to achieve higher levels of agility and effectiveness. All these factors, coupled with our constant efforts to strengthen the organizational culture based on the Bank's values, have enabled Bladex to offer its customers and the Region an organization that is committed to Latin America's sustained growth.

BOARD OF DIRECTORS

Class "A"

Guillermo Güémez García*
BANCO DE MÉXICO, Mexico

Esteban Alejandro Acerbo*
BANCO DE LA NACIÓN ARGENTINA, Argentina

João Carlos de Nobrega Pecego ***
BANCO DO BRASIL, Brazil

Class "E"

Mario Covo*
United States of America

Will C. Wood**
United States of America

Herminio Blanco***
Mexico

Maria da Graça França***
Brazil

William D. Hayes***
United States of America

Honorary Chairman

Nicolás Ardito Barletta
Honorary Chairman

All Classes

Gonzalo Menéndez Duque**
Chile

Jaime Rivera**
Panama

Dignitaries

Gonzalo Menéndez Duque
Charmain 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 Texeira da Costa
Board Member
Sul América S.A., Brazil

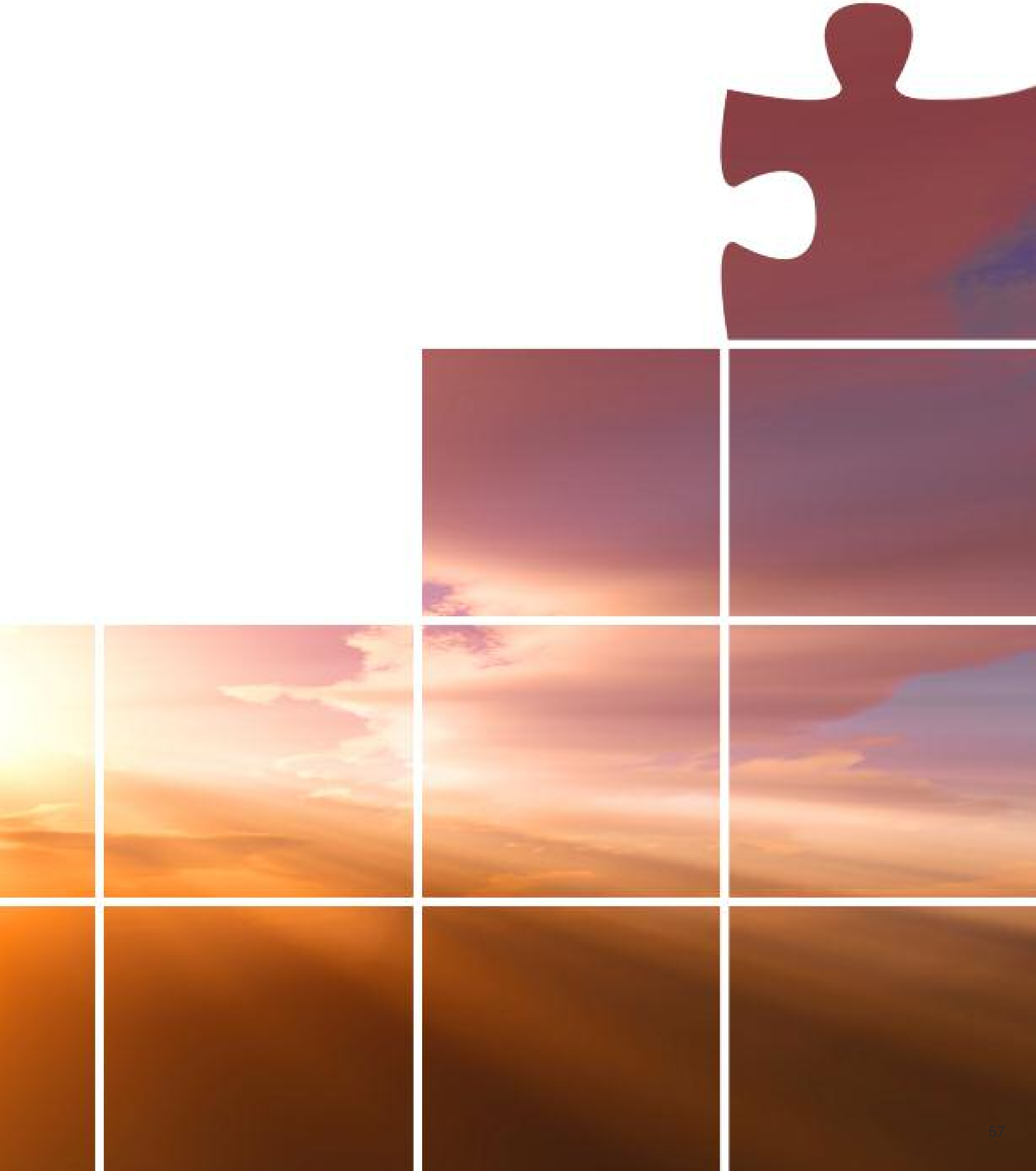
Carlos Martabit
General Manager, Finance Division
Banco del Estado de Chile, Chile

Santiago Perdomo
President
Banco Colpatria – Red Multibanca Colpatria, Colombia

Alberto C. Motta Jr.
President
Inversiones Bahía, Panamá

Enrique Cornejo Ramírez
Minister
Ministry of Transportation and Communications, Peru

* Expires in 2011
** Expires in 2012
*** Expires in 2013



SHAREHOLDERS

Class "A" (17.28%)

Banco de la Nación Argentina
Central Bank of Barbados
Ministerio de Economía y Finanzas Públicas (Bolivia)
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" (6.92%)

Argentina
ABN AMRO Bank N.V.
Banco Avellaneda S.A.
(In Liquidation - Resolution No. 515 of November 1, 1991, Source: Central Bank 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 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.
(Bankruptcy 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 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 Espirito 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 BAC San José, S.A.
Banco BCT, S.A.
Banco HSBC Costa Rica, 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

Guatemala
Banco Agromercantil de Guatemala, S.A.
Banco de Guatemala
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-Corfina
Crédito Hipotecario Nacional de Guatemala
Fideicomiso de Administración y Realización de Activos para el pago de Bonos Hipotecarios Bancafé I – El Crédito Hipotecario Nacional (Fiduciario)

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
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.

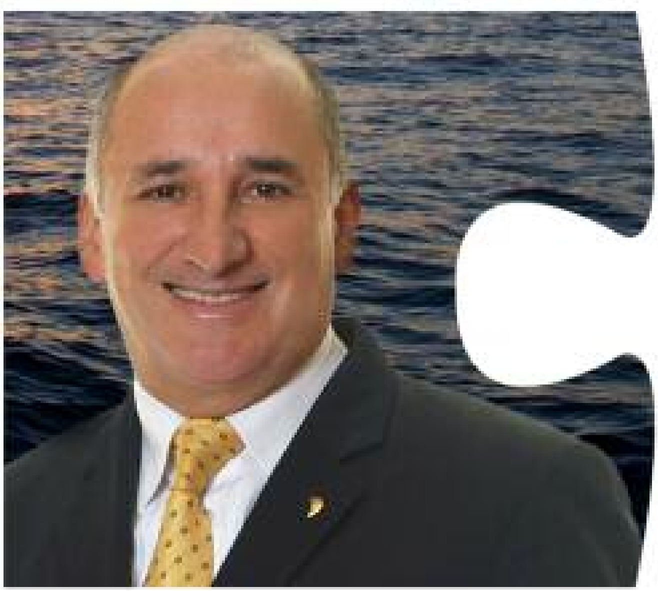
Puerto Rico
Bancaracas International Banking Corp.

Bolivarian Republic of Venezuela
Banco de Maracaibo
Banco Latino, C.A.S.A.C.A.
Banco Metropolitano, C.A.

Class "E" (75.80%)

Individual and Institutional Investors
(Shares Listed on the New York Stock Exchange)

EXECUTIVE TEAM



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 Office

Jaime Rivera
Chief Executive Officer

Commercial Banking

Rubens V. Amaral Jr.
Chief Commercial Officer

Middle Market

Luiz Yamasaki
Director

Alejandro Barrientos
Deputy Director

Miguel Calvillo
Vice President

Murilo D'Avila
Vice President

Martinho Oliveira Fernandes
Vice President

Claudia Flores
Vice President

Francisco Lozano
Vice President

Anselmo Sandri
Vice President

Corporate Banking

Ulysses Marciano
Director

Magaly Calderón de la Barca
Vice President

Craig Escalante
Vice President

Patricio Mainardi
Vice President

Marcia Müller
Vice President

Federico Pérez-Sartori
Vice President

Eliseo Sánchez-Lucca
Vice President

Marcos dos Santos
Vice President

Verónica Alarcón
Manager

Catalina Antúnez
Manager

María Paz Balbuena
Manager

Adriana Lima Santechole
Manager

Mónica Suárez
Manager

Financial Institutions and Solutions

Pierre Dulin
Director

Claudia Ades Hibner
Vice President

Christian Novy
Vice President

Fernando Pompeu
Vice President

Fernando Riojas
Vice President

Lourdes Huang
Assistant Vice President

Nitza Maiolini
Assistant Vice President

Eucadis de Molina
Assistant Vice President

María Olivera
Manager

Leasing

Edmur Ribeiro
Director

Gabriel Vázquez Celis
Assistant Vice President

Treasury & Capital Markets

Gregory D. Testerman
Senior Managing Director

Milciades Denis
Director

Raúl Plata
Vice President

Stella Chen
Assistant Vice President

Ann Vanessa Dinsmore
Assistant Vice President

Ana Teresa de Méndez
Assistant Vice President

Annette Van Hoorde de Solís
Assistant Vice President

Marianela Broce
Manager

Adriana Espinosa de Arias
Manager

Risk Management

Miguel A. Kerbes Predari
Chief Risk Officer

Yoel Alveo
Vice President

José Eladio Rodríguez
Vice President

Alejandro Tizzoni
Vice President

Leonel van Grieken
Vice President

Leandro Ordoñez
Assistant Vice President

Ana María Bonilla
Attorney

Felipe Jaramillo
Attorney

Elia Rivera
Attorney

Carlos Moreno
Economist

Finance

Christopher Schech
Chief Financial Officer

Financial Planning and Analysis

Ana Graciela de Méndez
Vice President

Mónica Cosulich
Manager

Marixenia Polo
Manager

Accounting

Eduardo Sánchez
Vice President

Jaime Espinosa
Manager

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

María Teresa Jaramillo
Assistant Vice President

Larissa Córdoba
Manager

Administration

Oscar Díaz
Assistant Vice President

Carlos López
Manager

Operations

Carmen Murillo
Vice President

María de Cano
Manager

Rosa Sheppard
Manager

Itzel Valdés
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

New York Agency

Pedro Toll
General Manager

B. Netram Rambudhan
Vice President – Deputy General Manager

Henry Rodríguez
Manager

Legal Department

Tatiana Calzada
Vice President - Chief Legal Counsel

Controller

Gustavo Díaz
Controller

Compliance

Julio Aguirre
Assistant Vice President
Head Compliance Officer

Luis Cifuentes
Compliance Officer – NY & BAM

Internal Audit

María Alejandra De León
Manager

Leonildo Gordón
Manager

Lourdes de Colona
Manager

Institutional Relations and Marketing

Nikolina de Alvarado
Manager

Shareholder Relations

Luisa de Polo
Manager

Bladex Asset Management (BAM)

Manuel E. Mejía-Aoun
General Manager

John Cadley
Head of Risk Management and Compliance

Urvish Bidkar
Director

Tulio Vera
Director

Linette Figueroa de Vega
Manager

NEW YORK AGENCY

Pedro Toll
General Manager

B. Netram Rambudhan
Deputy General Manager

Luis Cifuentes
Vice President – Compliance Officer NY & BAM

Henry Rodríguez
Manager

BLADEX ASSET MANAGEMENT (BAM)

Manuel E. Mejía-Aoun
General Manager

Tulio Vera
Director

Urvish Bidkar
Director

John Cadley
Head of Risk Management and Compliance

REPRESENTATIVE OFFICE
BRAZIL

Ulysses Marciano
Director - Corporate Banking

Luiz Yamasaki
Director - Middle Market

Anselmo Sandri
Vice President

Jose Eladio Rodríguez
Vice President

Claudia Ades Hibner
Vice President

Martinho Oliveira Fernandes
Vice President

Marcia Müller
Vice President

Marcos dos Santos
Vice President

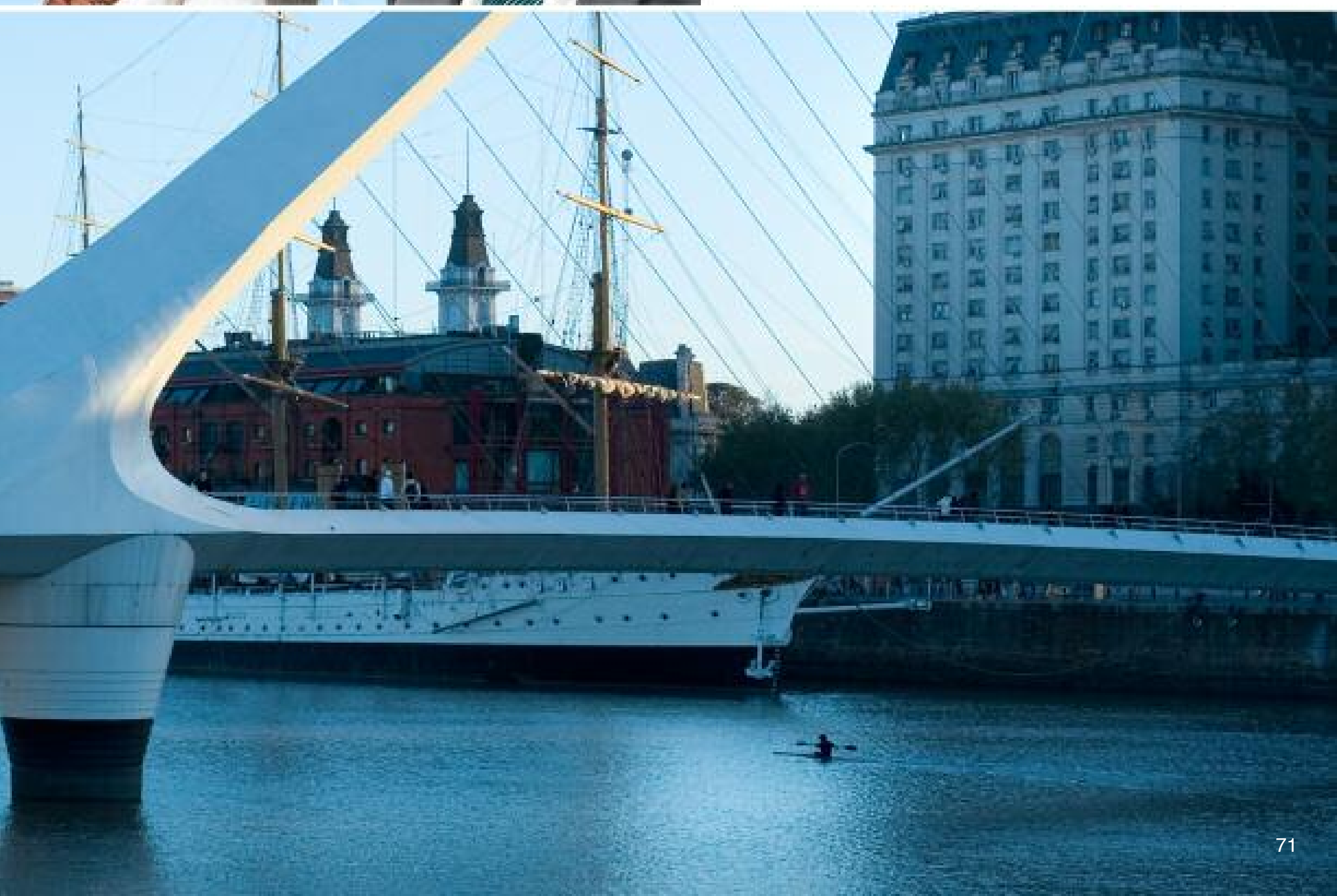
Murilo D'Avila
Vice President

Adriana Lima Santechole
Manager

REPRESENTATIVE OFFICE ARGENTINA

Federico Pérez-Sartori
Vice President

María Paz Balbuena
Manager



REPRESENTATIVE OFFICE MEXICO

Alejandro Barrientos
Deputy Director - Middle Market

Magaly Calderón
Vice President

Craig Escalante
Vice President

Claudia Flores
Vice President

Francisco Lozano
Vice President

Miguel Calvillo
Vice President

Catalina Antúnez
Manager

Mónica Suárez
Manager

Verónica Alarcón
Manager

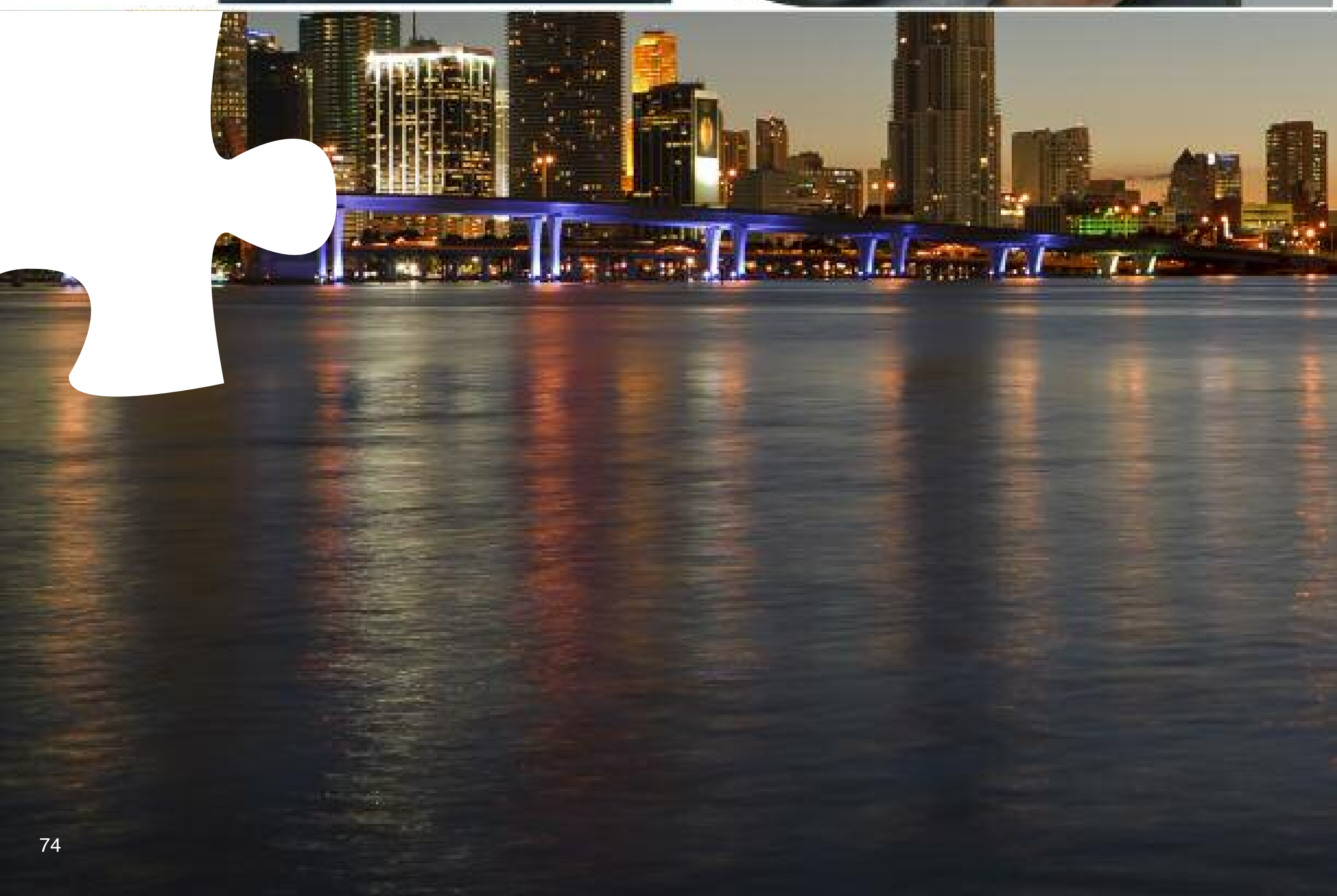









REPRESENTATIVE OFFICE
MIAMI



Rubens V. Amaral Jr.
Chief Commercial Officer

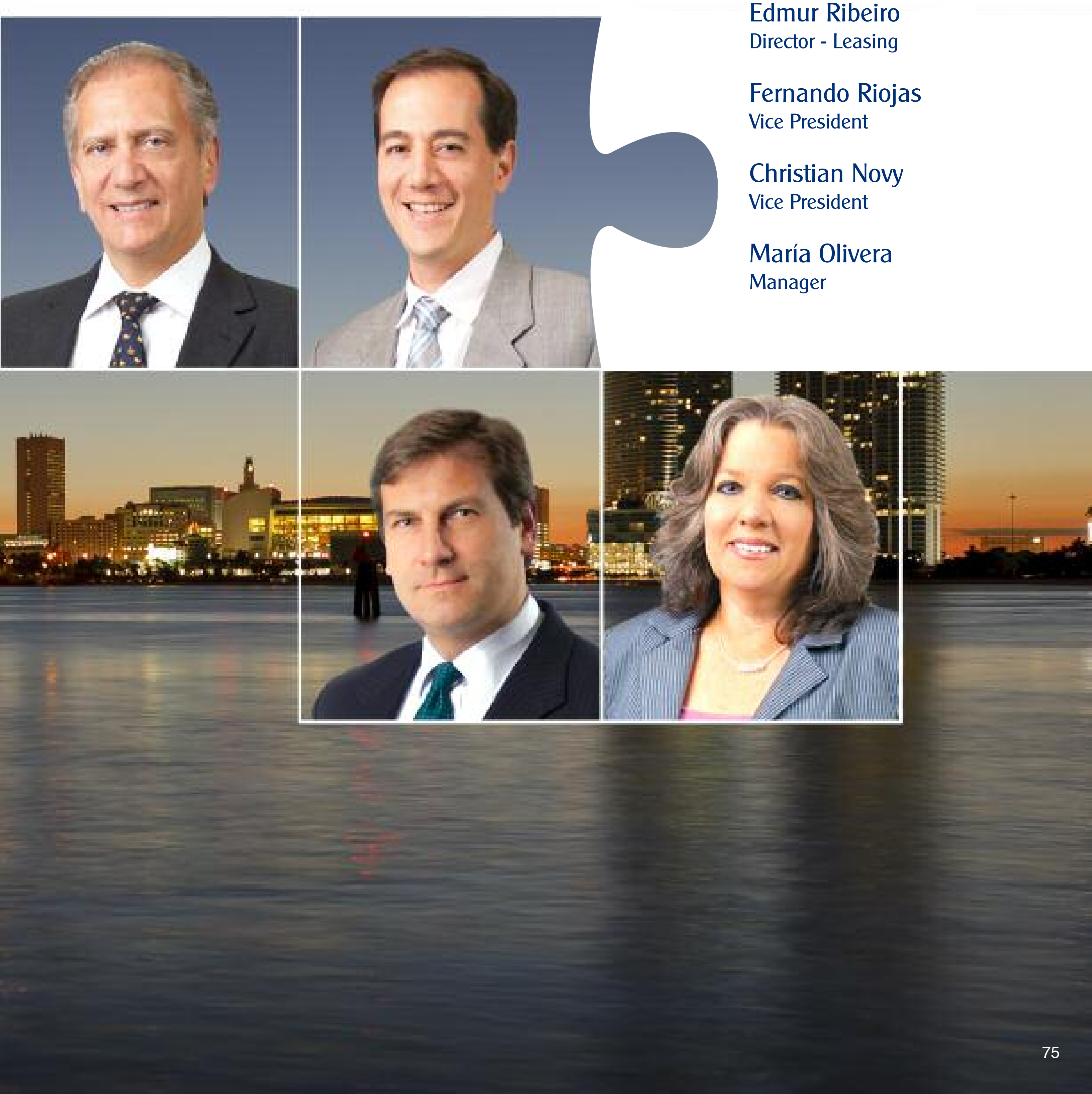
Pierre Dulin
Director - Financial Institutions and Solutions

Edmur Ribeiro
Director - Leasing

Fernando Riojas
Vice President

Christian Novy
Vice President

María Olivera
Manager



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

With Reports of Independent Registered Public Accounting Firm

Consolidated Balance Sheets as of December 31, 2010 and 2009, 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, 2010

Consolidated Financial Statements 2010, 2009 and 2008

Contents	**Pages**

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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, 2010 and 2009, 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, 2010. 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, 2010 and 2009, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2010, 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, 2010, 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 February 18, 2011 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.

Deloitte.

February 18, 2011

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

Consolidated balance sheets
December 31, 2010 and 2009
(in US$ thousand, except share amounts)

	Notes	2010	2009
Cash and due from banks	3,22	5,570	2,961
Interest-bearing deposits in banks (including pledged deposits of $16,075 in 2010 and $22,582 in 2009)	3,22	431,144	421,595
Trading assets (including pledged securities to creditors of $34,208 in 2010)	4,22	50,412	50,277
Securities available-for-sale (including pledged securities to creditors of $235,581 in 2010 and $78,512 in 2009)	5,22	353,250	456,984
Securities held-to-maturity (market value of $33,206 in 2010) (including pledged securities to creditors of $13,018)	5,22	33,181	-
Investment fund	6,22	167,291	197,575
Loans	7,22	4,064,332	2,779,262
Less:			
Allowance for loan losses	8,22	78,615	73,789
Unearned income and deferred fees		4,389	3,989
Loans, net		3,981,328	2,701,484
Customers' liabilities under acceptances	22	27,213	1,551
Accrued interest receivable	22	31,110	25,561
Premises and equipment (net of accumulated depreciation and amortization of $16,640 in 2010 and $14,290 in 2009)	9	6,532	7,749
Derivative financial instruments used for hedging - receivable	20,22	2,103	828
Other assets	10	10,953	12,206
Total assets		5,100,087	3,878,771
Liabilities and stockholders' equity			
Deposits:	11,22		
Noninterest-bearing - Demand		705	788
Interest-bearing - Demand		99,647	50,587
Time		1,720,573	1,204,871
Total deposits		1,820,925	1,256,246
Trading liabilities	4,22	3,938	3,152
Securities sold under repurchase agreement	3,4,5,12,22	264,927	71,332
Short-term borrowings	13,22	1,095,400	327,800
Acceptances outstanding	22	27,213	1,551
Accrued interest payable	22	10,084	11,291
Borrowings and long-term debt	14,22	1,075,140	1,390,387
Derivative financial instruments used for hedging - payable	20,22	53,029	65,137
Reserve for losses on off-balance sheet credit risk	8	13,335	27,261
Other liabilities		20,096	14,077
Total liabilities		4,384,087	3,168,234
Commitments and contingencies	18,19,20,23		
Redeemable noncontrolling interest in the investment fund		18,950	34,900
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 2,542,021 in 2010 and 2,584,882 in 2009)		20,736	21,099
"Class E" common stock, no par value, assigned value of $6.67 (Authorized 100,000,000; outstanding 27,826,330 in 2010 and 27,618,545 in 2009)		214,837	214,474
Additional paid-in capital in excess of assigned value of common stock		133,815	134,820
Capital reserves		95,210	95,210
Retained earnings		320,153	301,389
Accumulated other comprehensive loss	5,20,21	(6,441)	(6,160)
Treasury stock	15	(125,667)	(129,602)
Total stockholders' equity		697,050	675,637
Total liabilities and stockholders' equity		5,100,087	3,878,771

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, 2010, 2009 and 2008
(in US$ thousand, except per share amounts)

	Notes	2010	2009	2008
Interest income:	20			
Deposits with banks		839	1,260	7,574
Trading assets		3,133	7,158	648
Investment securities:				
Available-for-sale		8,188	17,267	31,745
Held-to-maturity		285	190	746
Investment fund		2,198	1,763	3,485
Loans		104,835	114,326	200,045
Total interest income		119,478	141,964	244,243
Interest expense:	20			
Deposits		8,531	11,493	44,364
Investment fund		963	2,325	2,296
Short-term borrowings		8,058	23,729	63,239
Borrowings and long-term debt		27,423	39,665	56,497
Total interest expense		44,975	77,212	166,396
Net interest income		74,503	64,752	77,847
Reversal (provision) for loan losses	8	(9,091)	(18,293)	18,540
Net interest income, after reversal (provision) for loan losses		65,412	46,459	96,387
Other income (expense):				
Reversal (provision) for losses on off-balance sheet credit risk	8	13,926	3,463	(16,997)
Fees and commissions, net		10,326	6,733	7,252
Derivative financial instruments and hedging	20	(1,446)	(2,534)	9,956
Recoveries, net of impairment of assets		233	(120)	(767)
Net gain (loss) from investment fund trading		(7,995)	24,997	21,357
Net gain (loss) from trading securities		(3,603)	13,113	(20,998)
Net gain on sale of securities available-for-sale	5	2,346	546	67
Gain (loss) on foreign currency exchange		1,870	613	(1,596)
Other income (expense), net		833	912	656
Net other income (expense)		16,490	47,723	(1,070)
Operating expenses:				
Salaries and other employee expenses		23,499	20,201	20,227
Depreciation, amortization and impairment of premises and equipment		2,510	2,671	3,720
Professional services		4,945	3,262	3,765
Maintenance and repairs		1,616	1,125	1,357
Expenses from the investment fund		890	3,520	2,065
Other operating expenses		8,621	7,423	8,856
Total operating expenses		42,081	38,202	39,990
Net income		39,821	55,980	55,327
Net income (loss) attributable to the redeemable noncontrolling interest		(2,423)	1,118	208
Net income attributable to Bladex		42,244	54,862	55,119
Basic earnings per share	17	1.15	1.50	1.51
Diluted earnings per share	17	1.15	1.50	1.51
Weighted average basic shares	17	36,647	36,493	36,388
Weighted average diluted shares	17	36,814	36,571	36,440

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, 2010, 2009 and 2008
(in US$ thousand)

	Stockholders' equity							
	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	Redeemable noncontrolling interest in the investment fund
Balances at January 1, 2008	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
Net income (loss)	-	-	-	42,244	-	-	42,244	(2,423)
Redeemable noncontrolling interest - subscriptions	-	-	-	-	-	-	-	9,900
Redeemable noncontrolling interest - redemptions	-	-	-	-	-	-	-	(23,427)
Other comprehensive loss	-	-	-	-	(281)	-	(281)	-
Compensation cost - stock options and stock units plans	-	2,099	-	-	-	-	2,099	-
Issuance of restricted stock	-	(909)	-	-	-	909	-	-
Exercised options and stock units vested	-	(2,195)	-	-	-	3,029	834	-
Repurchase of common stock "Class E"	-	-	-	-	-	(3)	(3)	-
Dividends declared	-	-	-	(23,480)	-	-	(23,480)	-
Balances at December 31, 2010	279,980	133,815	95,210	320,153	(6,441)	(125,667)	697,050	18,950

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, 2010, 2009 and 2008
(in US$ thousand)

	Notes	2010	2009	2008
Net income		39,821	55,980	55,327
Other comprehensive income (loss)				
Unrealized gains (losses) on securities available-for-sale:				
Unrealized gains (losses) arising from the year	21	2,325	63,556	(58,453)
Less: reclassification adjustments for net gains included in net income	21	(2,825)	(649)	(67)
Net change in unrealized gains (losses) on securities available-for-sale		(500)	62,907	(58,520)
Unrealized gains (losses) on derivative financial instruments:				
Unrealized gains (losses) arising from the year	21	1,391	1,971	(2,433)
Less: reclassification adjustments for net (gains) losses included in net income	21	(1,172)	1,077	(1,521)
Net change in unrealized gains (losses) on derivative financial instruments		219	3,048	(3,954)
Other comprehensive income (loss)		(281)	65,955	(62,474)
Comprehensive income (loss)		39,540	121,935	(7,147)
Comprehensive income (loss) attributable to the redeemable noncontrolling interest		(2,423)	1,118	208
Comprehensive income (loss) attributable to Bladex		41,963	120,817	(7,355)

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, 2010, 2009 and 2008
(in US$ thousand)

	2010	2009	2008
Cash flows from operating activities:			
Net income	39,821	55,980	55,327
Adjustments to reconcile net income to net cash provided by operating activities:			
Activities of derivative financial instruments and hedging	(6,498)	1,391	30,198
Depreciation, amortization and impairment of premises and equipment	2,510	2,671	3,720
Provision (reversal of provision) for loan losses	9,091	18,293	(18,540)
Provision (reversal of provision) for losses on off-balance sheet credit risk	(13,926)	(3,463)	16,997
Impairment loss on assets	-	120	767
Net gain on sale of securities available-for-sale	(2,346)	(546)	(67)
Compensation cost - compensation plans	2,099	1,596	1,033
Issuance of restricted stock	-	-	261
Exercised deferred compensation units	-	-	15
Amortization of premium and discounts on investments	7,597	9,382	12,115
Net decrease (increase) in operating assets:			
Trading assets	(135)	(5,338)	(1,355)
Investment fund	30,284	(46,880)	(68,849)
Accrued interest receivable	(5,549)	20,758	16,056
Other assets	(24,409)	(5,126)	683
Net increase (decrease) in operating liabilities:			
Trading liabilities	786	(11,005)	14,144
Accrued interest payable	(1,207)	(21,665)	(5,671)
Other liabilities	30,921	1,303	(6,088)
Net cash provided by operating activities	69,039	17,471	50,746
Cash flows from investing activities:			
Net decrease (increase) in pledged deposits	6,507	52,422	(69,504)
Net decrease (increase) in loans	(1,308,935)	(160,471)	1,089,851
Proceeds from the sale of loans	20,000	-	25,617
Acquisition of premises and equipment	(1,293)	(2,450)	(1,514)
Proceeds from the redemption of securities available-for-sale	33,074	50,509	58,074
Proceeds from the sale of securities available-for-sale	151,267	146,471	229,877
Proceeds from the maturity of securities held-to-maturity	-	28,275	-
Purchases of investments available-for-sale	(93,009)	(9,994)	(507,795)
Purchases of investments held-to-maturity	(33,196)	-	(29,085)
Net cash provided by (used in) investing activities	(1,225,585)	104,762	795,521
Cash flows from financing activities:			
Net increase (decrease) in due to depositors	564,679	87,198	(293,323)
Net increase (decrease) in short-term borrowings and securities sold under repurchase agreements	961,195	(813,789)	(291,789)
Proceeds from borrowings and long-term debt	212,960	335,598	631,099
Repayments of borrowings and long-term debt	(528,207)	(150,163)	(436,463)
Dividends paid	(22,720)	(34,593)	(30,862)
Subscriptions of redeemable noncontrolling interest in the investment fund	9,900	32,090	6,000
Redemptions of redeemable noncontrolling interest in the investment fund	(23,427)	(2,997)	(1,519)
Exercised stock options	834	808	151
Repurchase of common stock	(3)	-	-
Net cash provided by (used in) financing activities	1,175,211	(545,848)	(416,706)
Net increase (decrease) in cash and cash equivalents	18,665	(423,615)	429,561
Cash and cash equivalents at beginning of the year	401,974	825,589	396,028
Cash and cash equivalents at end of the year	420,639	401,974	825,589
Supplemental disclosures of cash flow information:			
Cash paid during the year for interest	46,182	98,877	172,067

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

Bladex Head Office's subsidiaries are the following:

- Bladex Holdings Inc., 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 is 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, a dormant company since February 2007.

- The Feeder is an entity in which Bladex Head office owns 88.67% as of December 31, 2010, and 82.34% as of December 31, 2009. 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 Feeder and the Fund are registered with the Cayman Island Monetary Authority ("CIMA"), under the Mutual Funds Law of the Cayman Islands. The objective of the Fund is to achieve capital appreciation by investing in Latin American debt securities, stock indexes, currencies, and trading derivative instruments.

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

- 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 has representative offices in Buenos Aires, Argentina, in Mexico City, D.F., Mexico, in Porto Alegre, Brazil, and in Monterrey, Mexico, and an international administrative office in Miami, Florida, USA. The offices in Porto Alegre and Monterrey started operations in 2010.

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.

On August 12, 2010, the Bank received authorization to open a representative office in the city of Lima, Peru. Additionally, on September 24, 2010, the Bank received authorization to open two new subsidiaries, one in Cayman Islands and the other in Brazil.

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 Stated of America ("US$"), which is the Bank's functional currency. The accompanying consolidated financial statements have been translated from Spanish to English for users outside of the Republic of Panama.

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

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 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 Fund 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 (loss) 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 include 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 are generally treated as collateralized financing transactions. When the criteria set forth in the following paragraph are met to account for the transaction as secured financing, the transaction is recorded at the amounts at which the securities will be subsequently reacquired including interest paid, as specified in the respective agreements. Interest is recognized in the statement of income over the life of the transaction. 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 other 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.

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 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 (See Note 10).

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.

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

Loans are placed on a cash basis (non-accrual) when interest or principal is overdue for 90 days or more, or before if the Bank's management believes there is an uncertainty with respect to the ultimate collection of principal or interest.

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

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

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

Loans with ratings between 1 and 4 are reviewed annually, ratings 5 and 6 are reviewed semi-annually, and those with greater ratings are reviewed quarterly.

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

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

m) Transfer of financial assets

Transfers of financial assets, primarily loans, are accounted for as sales when control over the 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 the provision for losses on credits considered impaired and measured on a case-by-case basis. A specific 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, in view of the greater robustness of this external data for some cases. The loss given default is based on Bladex's historical losses experience and best practices. The reserve balances, for both on and off-balance sheet credit exposures, are calculated applying the following formula:

Reserves = $\sum$(E x PD x 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 categories 6, 7 and 8, 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.

Management can also apply complementary judgment to capture elements of prospective nature or loss expectations based on risks identified in the environment that are not necessarily reflected in the historical data.

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

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 5 years.

r) Borrowings and debt

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

s) 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.

t) 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. The options' expected term is calculated using the simplified weighted-average method because the Bank does not have sufficient historical exercise data to provide for a reasonable basis to estimate expected term.

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

u) 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, as applicable, and hedge accounting is applied. In order to qualify for hedge accounting, a derivative must be considered highly effective at reducing the risk associated with the exposure being hedged. Each derivative must be designated as a hedge, with documentation of the risk management objective and strategy, including identification of the hedging instrument, the hedged item and the risk exposure, as well as how effectiveness will be assessed prospectively and retrospectively. The extent to which a hedging instrument is effective at achieving offsetting changes in fair value or cash flows must be assessed at least quarterly. Any ineffectiveness must be reported in current-period earnings. The Bank discontinues hedge accounting prospectively in the following situations:

1. It is determined that the derivative is no longer effective in offsetting changes in the fair value or cash flows of a hedged item.

2. The derivative expires or is sold, terminated or exercised.

3. The Bank otherwise determines that designation of the derivative as a hedging instrument is no longer appropriate.

The Bank carries all derivative financial instruments in the consolidated balance sheet at fair value. For qualifying fair value hedges, all changes in the fair value of the derivative and the fair value of the item for the risk being hedged are recognized in earnings. If the hedge relationship is terminated, then the fair value adjustment to the hedged item continues to be reported as part of the basis of the item and is amortized to earnings as a yield adjustment. 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 consolidated statement of income as activities of derivative financial instruments and hedging. If the cash flow hedge relationship is terminated, related amounts in OCI are reclassified into earnings when hedged cash flows occur.

v) 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.

w) 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.

x) 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.

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

Furthermore, in accordance with ASC 480-10-S99, equity securities that are redeemable at the option of the holder and not solely within the control of the issuer must be classified outside of equity. The terms of third party investments in the 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.

y) Earnings per share

Basic earnings per share is computed by dividing the net income attributable to Bladex (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.

z) Recently issued accounting standards

During 2010, new accounting standards, modifications, interpretations, and updates to standards ("ASU"), applicable to the Bank, have been issued and are not in effect; or if effective, have not had an impact on the consolidated financial statements. These standards establish the following:

ASU 2010-10 – Consolidation (Topic 810)

The objective of this update is to defer the application of FAS 167 (ASU 2009-17 - Consolidations) for certain investment companies that have attributes subject to Topic 946 – Financial Services – Investment Companies.

This update is effective for financial statements beginning after November 15, 2009. This update has not had an impact on the Bank's consolidated financial statements.

ASU 2010-20 – Receivables (Topic 310)

This update requires that entities disclose information for financial receivables at disaggregated levels, roll-forward schedules of the allowance for credit losses and information regarding the credit quality of receivables, its aging, and disclosures about troubled debt restructurings.

The disclosures related to the credit quality of receivables are in effect as of December 31, 2010, and are included in Notes 7 and 8. The disclosures about the activity of the allowance for credit losses are effective for annual periods beginning on or after December 15, 2010. The Bank is evaluating the potential impact of the disclosures for the allowance for credit losses. Disclosure requirements about troubled debt restructurings have been temporarily delayed as prescribed by ASU 2011-01 "Deferral of the effective date of disclosures about troubled debt restructurings".

3. Cash and cash equivalents

Cash and cash equivalents are as follows:

(In thousands of US$)	December 31, 2010	December 31, 2009
Cash and due from banks	5,570	2,961
Interest-bearing deposits in banks	431,144	421,595
Total	436,714	424,556
Less:		
Pledged deposits	16,075	22,582
	420,639	401,974

On December 31, 2010 and 2009, the New York Agency had a pledged deposit with a carrying value of $3 million and $5.5 million, respectively, with the New York State Banking Department, as required by law since March 1994. As of December 31, 2010, the Bank has pledged deposits of $13.1 million to secure derivative financial instruments transactions and repurchase agreements.

As of December 31, 2009 the Bank had pledged deposits of $17.1 million to secure derivative financial instruments transactions.

4. Trading assets and liabilities

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

(In thousands of US$)	December 31, 2010	December 31, 2009
Trading assets:		
Sovereign bonds	45,058	44,875
Corporate bonds	5,354	5,400
Credit default swap	-	2
Total	50,412	50,277
Trading liabilities:		
Interest rate swaps	3,031	2,514
Cross-currency interest rate swaps	907	638
Total	3,938	3,152

Sovereign and corporate bonds outstanding as of December 31, 2010, have generated gains of $0.1 million and $3.3 million during 2010 and 2009, respectively, which have been recorded in earnings.

As of December 31, 2010, bonds with a carrying value of $34.2 million secured repurchase agreements accounted for as secured borrowings.

During 2010 and 2009, the Bank recognized the following gains and losses related to trading derivative financial instruments:

(In thousands of US$)	December 31, 2010	December 31, 2009
Forward repurchase agreements	-	2,570
Interest rate swaps	(2,091)	(551)
Cross-currency interest rate swaps	(1,662)	(638)
Credit default swap	13	110
Total	(3,740)	1,491

These 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.

As of December 31, 2010 and 2009, 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.

As of December 31, 2010 and 2009, information on the nominal amounts of derivative financial instruments held for trading purposes is as follows:

(In thousands of US$)	2010 Nominal Amount	2010 Fair Value Asset	2010 Fair Value Liability	2009 Nominal Amount	2009 Fair Value Asset	2009 Fair Value Liability
Interest rate swaps	46,800	-	3,031	46,800	-	2,514
Cross-currency interest rate swaps	8,179	-	907	15,496	-	638
Credit default swap	-	-	-	3,000	2	-
Total	54,979	-	3,938	65,296	2	3,152

5. Investment securities

Securities available-for-sale

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

(In thousands of US$)	December 31, 2010 Amortized Cost	Unrealized Gross Gain	Unrealized Gross Loss	Fair Value
Corporate debt:				
Brazil	39,600	995	290	40,305
Chile	26,493	1,090	-	27,583
	66,093	2,085	290	67,888
Sovereign debt:				
Brazil	42,259	5,253	-	47,512
Colombia	101,222	5,634	355	106,501
Dominican Republic	3,118	79	-	3,197
El Salvador	15,299	292	-	15,591
Mexico	45,796	2,057	8	47,845
Panama	36,605	2,269	79	38,795
Venezuela	25,100	1,050	229	25,921
	269,399	16,634	671	285,362
Total	335,492	18,719	961	353,250

(In thousands of US$)	December 31, 2009 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
	73,199	3,264	-	76,463
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	28,441	1,746	-	30,187
Venezuela	14,979	830	-	15,809
	361,208	20,755	1,442	380,521
Total	434,407	24,019	1,442	456,984

As of December 31, 2010 and 2009, securities available-for-sale with a carrying value of $235.6 million and $78.5 million, respectively, were pledged to secure repurchase transactions accounted for as secured financings.

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

(In thousands of US$)	December 31, 2010					
	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	13,756	290	-	-	13,756	290
Sovereign debt	35,737	464	10,063	207	45,800	671
	49,493	754	10,063	207	59,556	961

(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	24,138	550	24,720	892	48,858	1,442

Gross unrealized losses are related mainly to changes in market interest rates and other market factors and not due to underlying credit concerns by the Bank about the issuers. The 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 strong. The price of the bonds in question has seen a recovery during 2010. Historically, this counterparty has not failed to perform on its obligations. As of December 31, 2010 the Bank does not intent to sell and will not be required to sell the security available-for-sale showing a gross unrealized loss before the recovery of its amortized cost. As a result, the Bank does not consider this exposure to be other-than temporary impaired.

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

(In thousands of US$)	Year ended December 31,		
	2010	2009	2008
Gains	2,346	1,276	2,173
Losses	-	(730)	(2,106)
Net	2,346	546	67

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,		
	2010	2009	2008
Realized losses on sale of securities available-for-sale	-	(730)	(79)
Realized losses for transfers of securities under repurchase agreements accounted for as sales (see Note 12)	-	-	(2,027)
Total realized loss	-	(730)	(2,106)

The amortized cost and fair value of securities available-for-sale by contractual maturity as of December 31, 2010, are shown in the following table:

(In thousands of US$)	Amortized Cost	Fair Value
Due within 1 year	18,417	18,788
After 1 year but within 5 years	306,960	324,576
After 5 years but within 10 years	10,115	9,886
	335,492	353,250

Securities held-to-maturity

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

	December 31, 2010			
(In thousands of US$)	Amortized Cost	Unrealized Gross Gain	Unrealized Gross Loss	Fair Value
Corporate debt:				
Panama	8,500	-	-	8,500
Sovereign debt:				
Colombia	13,018	64	-	13,082
Costa Rica	5,025	-	12	5,013
Honduras	4,638	-	27	4,611
Panama	2,000	-	-	2,000
	24,681	64	39	24,706
Total	33,181	64	39	33,206

Securities that show gross unrealized losses have had losses for less than 12 months; and therefore, such losses are considered temporary.

The amortized cost of securities held-to-maturity by contractual maturity as of December 31, 2010, are shown in the following table:

(In thousands of US$)	Amortized Cost
Due within 1 year	13,525
After 2 years but within 5 years	19,656
	33,181

As of December 31, 2010, securities held-to-maturity with a carrying value of $13 million, were pledged to secure repurchase agreements accounted for as secured financings.

6. Investment fund

The balance in the investment fund for $167.3 million in 2010 and $197.6 million in 2009 represents the participation of the Feeder in the net asset value (NAV) of the Fund.

The Fund's net assets are mainly composed by cash, investments in equity and debt instruments, and derivative financial instruments that are quoted and traded in active markets.

As of December 31, 2010, the Feeder owns 97.56% of the Fund with a total of 146,134.7 shares issued, divided in 9,090.9 "Class A" shares, 7,968.5 "Class A1" shares, 128,367.2 "Class B" shares and 708.1 "Class E1" shares.

As of December 31, 2009, the Feeder owned 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 E1" shares.

The Fund has issued "Class A", "Class A1", "Class B", "Class C", "Class D", "Class E" and "Class E1" shares and administrative shares. "Class A", "Class A1" 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 from "Class A", "Class A1" and "Class B" shares. The "Class E" and "Class E1" shares are not subject to either administrative fees or performance allocation. The Bank owns the Feeder's and the Fund's administrative shares.

"Class A", "Class A1" and "Class E" shares can be redeemed monthly by investors with 30 day's notice. $100 million of the "Class B" shares cannot be redeemed until December, 2011.

7. Loans

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

(In thousands of US$)	December 31, 2010	December 31, 2009
Corporations:		
Private	1,772,232	1,152,834
State-owned	312,154	193,486
Banking and financial institutions:		
Private	1,381,266	874,884
State-owned	319,796	333,574
Middle-market companies:		
Private	224,758	128,710
Sovereign	54,126	95,774
Total	4,064,332	2,779,262

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

(In thousands of US$)	December 31, 2010	December 31, 2009
Banking and financial institutions	1,701,062	1,208,458
Industrial	894,355	712,931
Oil and petroleum derived products	616,708	318,850
Agricultural	548,894	230,674
Mining	111,639	71,383
Services	61,587	70,968
Sovereign	54,126	95,774
Others	75,961	70,224
Total	4,064,332	2,779,262

As of December 31, 2010, loans classified by credit quality indicators are as follows:

(In thousands of US$)

Rating [1]	Corporations		Banking and financial institutions		Middle-market companies	Sovereign	Total
	Private	State-owned	Private	State-owned	Private		
1-6	1,744,232	312,154	1,381,266	319,796	223,756	54,126	4,035,330
7	-	-	-	-	-	-	-
8	28,000	-	-	-	1,002	-	29,002
9	-	-	-	-	-	-	-
10	-	-	-	-	-	-	-
Total	1,772,232	312,154	1,381,266	319,796	224,758	54,126	4,064,332

[1] Current ratings as of December 31, 2010.

The remaining loan maturities are summarized as follows:

(In thousands of US$)	December 31,	
	2010	**2009**
Current[1]:		
Up to 1 month	473,836	252,792
From 1 month to 3 months	705,147	490,757
From 3 months to 6 months	942,989	559,640
From 6 months to 1 year	718,649	526,385
From 1 year to 2 years	463,969	422,796
From 2 years to 5 years	703,397	458,327
More than 5 years	27,343	28,335
	4,035,330	2,739,032
Delinquent	-	4,480
Impaired:		
Current balances with impairment	28,000	30,000
Past due balances with impairment	1,002	5,750
	29,002	35,750
Total	4,064,332	2,779,262

(1) December 31, 2009's current loans include unimpaired loans on non-accrual status for $14,784 thousand.

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

(In thousands of US$)	December 31,	
	2010	**2009**
Country:		
Argentina	237,062	72,746
Brazil	1,582,761	1,334,905
Chile	328,447	258,257
Colombia	584,549	200,490
Costa Rica	87,537	82,906
Dominican Republic	135,291	31,364
Ecuador	18,121	23,097
El Salvador	39,036	40,650
Guatemala	92,104	73,809
Honduras	37,518	22,984
Jamaica	64,457	31,297
Mexico	403,829	301,929
Nicaragua	-	700
Panama	47,485	41,492
Peru	343,135	161,047
Trinidad and Tobago	63,000	71,589
Uruguay	-	30,000
	4,064,332	2,779,262

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

(In thousands of US$)	December 31,	
	2010	**2009**
Fixed interest rates	2,003,631	1,310,754
Floating interest rates	2,060,701	1,468,508
	4,064,332	2,779,262

As of December 31, 2010 and 2009, 88% and 80%, respectively, of the loan portfolio at fixed interest rates has remaining maturities of less than 180 days.

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

(In thousands of US$)	December 31,		
	2010	2009	2008
Loans in non-accrual status			
Private corporations	28,000	39,000	-
Private middle-market companies	1,002	11,534	-
Total loans in non-accrual status	29,002	50,534	-
Foregone interest revenue at beginning of the year	928	-	-
Interest which would have been recorded if the loans had not been in a non-accrual status	3,403	1,775	-
Interest income collected on non-accruing loans	(3,335)	(847)	-
Foregone interest revenue at end of the year	996	928	-

An analysis of non-accruing loans with impaired balances as of December 31, 2010 and 2009 is detailed as follows:

(In thousands of US$)	Unpaid principal balance	Related allowance	Average balance of loan	Interest income recognized
2010				
With an allowance recorded				
Private corporations	28,000	11,200	29,151	2,492
Private middle-market companies	1,002	300	887	-
Total	29,002	11,500	30,038	2,492

(In thousands of US$)	Unpaid principal balance	Related allowance	Average balance of loan	Interest income recognized
2009				
With an allowance recorded				
Private corporations	30,000	12,000	15,123	712
Private middle-market companies	5,750	2,357	1,465	-
Total	35,750	14,357	16,588	712

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

(In thousands of US$)	91-120 days	121-150 days	151-180 days	Greater than 180 days	Total Past Due	Delinquent	Current	Total Loans
2010								
Corporations	-	-	-	-	-	-	2,084,386	2,084,386
Banking and financial institutions	-	-	-	-	-	-	1,701,062	1,701,062
Middle-market companies	-	-	-	1,002	1,002	-	223,756	224,758
Sovereign	-	-	-	-	-	-	54,126	54,126
Total	-	-	-	1,002	1,002	-	4,063,330	4,064,332

(In thousands of US$) 2009	91-120 days	121-150 days	151-180 days	Greater than 180 days	Total Past Due	Delinquent	Current	Total Loans
Corporations	-	-	-	-	-	-	1,346,320	1,346,320
Banking and financial institutions	-	-	-	-	-	-	1,208,458	1,208,458
Middle-market companies	-	5,750	-	-	5,750	4,480	118,480	128,710
Sovereign	-	-	-	-	-	-	95,774	95,774
Total	-	5,750	-	-	5,750	4,480	2,769,032	2,779,262

As of December 31, 2010 and 2009, the Bank has credit transactions in the normal course of business with 25% and 18%, respectively, of its Class “A” and “B” stockholders (see Note 15). All transactions are made based on arm’s-length terms and subject to prevailing commercial criteria and market rates and are subject to all of the Bank’s corporate governance and control procedures. As of December 31, 2010 and 2009, approximately 15% and 20%, respectively, of the outstanding loan portfolio is placed with the Bank’s Class “A” and “B” stockholders and their related parties. As of December 31, 2010, 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 2010, the Bank sold loans with a book value of $20 million, with a net gain of $201 thousand. There were no loan sales during 2009.

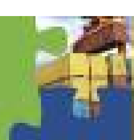
8. Allowance for credit losses

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

a) Allowance for loan losses:

(In thousands of US$)	December 31,		
	2010	2009	2008
Balance at beginning of the year	73,789	54,648	69,643
Provision (reversal of provision) for loan losses	9,091	18,293	(18,540)
Loan recoveries	996	866	3,545
Loans written-off against the allowance for loan losses	(5,261)	(18)	-
Balance at end of the year	78,615	73,789	54,648
Components:			
Generic allowance	67,115	59,432	54,648
Specific allowance	11,500	14,357	-
Total allowance for loan losses	78,615	73,789	54,648

Provision (reversal of provision) of generic allowance for credit losses are mostly related to changes in volume and composition of the credit portfolio. The increase in the generic allowance for loan losses in 2010 was primarily due to an increase in the loan portfolio mitigated by an improvement of the risk profile of the Region and a prudent portfolio management.



Following is a summary as of December 31, 2010 of loan balances and reserves for loan:

(In thousands of US$)

	Corporations	Banking and financial institutions	Middle-market companies	Sovereign	Total
Allowance for loan losses					
Specific allowance	11,200	-	300	-	11,500
Generic allowance	42,960	18,790	4,965	400	67,115
Total of allowance for loan losses	54,160	18,790	5,265	400	78,615
Loans					
Loans with specific allowance	28,000	-	1,002	-	29,002
Loans with generic allowance	2,056,386	1,701,062	223,756	54,126	4,035,330
Total loans	2,084,386	1,701,062	224,758	54,126	4,064,332

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

(In thousands of US$)	December 31,		
	2010	2009	2008
Balance at beginning of the year	27,261	30,724	13,727
Provision (reversal of provision) for losses on off-balance sheet credit risk	(13,926)	(3,463)	16,997
Balance at end of the year	13,335	27,261	30,724

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). The 2010's decrease in the reserve for losses on off-balance sheet credit risk was primarily due to changes in volume, composition, and improvement of the risk profile of the portfolio, together with the purchase of international insurance to mitigate exposures on the off-balance sheet credit risk portfolio.

9. Premises and equipment

A breakdown of cost and accumulated depreciation and amortization for premises and equipment as of December 31, 2010 and 2009 is as follows:

(In thousands of US$)	December 31,	
	2010	2009
Land	462	462
Building and improvements	5,365	5,254
Furniture and equipment	17,345	16,323
	23,172	22,039
Less: accumulated depreciation and amortization	16,640	14,290
	6,532	7,749

In 2008, the Bank recorded impairment on a portion of a financial information system for $968 thousand that was included in the depreciation, amortization and impairment of premises and equipment expense line.

10. Other assets

As of December 31, 2010 and 2009, other assets include an equity investment in a private investment fund with a carrying value of $1.7 million and 1.9 million, respectively. During 2010, the Bank did not increase its participation in this fund.

11. Deposits

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

(In thousands of US$)	December 31,	
	2010	2009
Demand	100,352	51,375
Up to 1 month	1,173,415	586,949
From 1 month to 3 months	286,806	324,702
From 3 months to 6 months	143,352	273,220
From 6 months to 1 year	117,000	20,000
	1,820,925	1,256,246

The following table presents additional information about deposits:

(In thousands of US$)	December 31,	
	2010	2009
Aggregate amounts of time deposits of $100,000 or more	1,720,106	1,204,657
Aggregate amounts of deposits in offices outside Panama	221,185	418,157
Interest expense paid to deposits in offices outside Panama	2,746	5,821

12. Securities sold under repurchase agreements

The Bank's financing transactions under repurchase agreements amounted to $264.9 million and $71.3 million as of December 31, 2010 and 2009, respectively.

As of December 31, 2010, 2009 and 2008, interest expense related to financing transactions under repurchase agreements totaled $1.5 million, $5.9 million, and $16.9 million, respectively, were recorded. These expenses are presented in the consolidated statements of income as interest expense – borrowings.

As of December 31, 2010 and 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:

(In thousands of US$)	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	7,128
Recognized loss in transfers of securities under repurchase agreements accounted for as sales	(2,027)

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:

(In thousands of US$)	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	(11,219)
Total changes in fair value of financial instruments resulting from transfers of securities under repurchase agreements	(20,935)

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

(In thousands of US$)	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	(20,935)
Total loss in transfers of securities under repurchase agreements	(22,962)

13. Short-term borrowings

The breakdown of short-term borrowings due to financial institutions, together with contractual interest rates, is as follows:

	December 31,	
(In thousands of US$)	2010	2009
Advances from financial institutions:		
At fixed interest rates	1,000,400	317,800
At floating interest rates	95,000	10,000
Total short-term borrowings	1,095,400	327,800
Average outstanding balance during the year	541,978	498,751
Maximum balance at any month-end	1,095,400	693,900
Range of fixed interest rates on borrowings in U.S. dollars	0.69% to 1.65%	0.85% to 2.70%
Range of floating interest rates on borrowings in U.S. dollars	0.85% to 1.29%	2.66%
Weighted average interest rate at end of the year	1.13%	1.62%
Weighted average interest rate during the year	1.20%	3.34%

The Bank has at its favor an unused commitment for short-term financing for $50 million bearing a 0.25% annual fee, maturing in October 2011. In the event this commitment is used, a rate of LIBOR 6 months plus a margin according to prevailing market conditions would be applied.

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), together with contractual interest rates, is as follows:

(In thousands of US$)	December 31, 2010	2009
Borrowings:		
At fixed interest rates with due dates from January 2011 to September 2013	26,892	83,334
At floating interest rates with due dates from March 2011 to July 2013	1,004,421	1,259,478
Total borrowings	1,031,313	1,342,812
Debt:		
At fixed interest rates with due dates in November 2014	43,827	42,575
At floating interest rates	-	5,000
Total debt	43,827	47,575
Total borrowings and long-term debt outstanding	1,075,140	1,390,387
Average outstanding balance during the year	1,240,750	1,208,007
Maximum outstanding balance at any month-end	1,400,307	1,390,387
Range of fixed interest rates on borrowings and debt in U.S. dollars	2.53% to 3.10%	2.25% to 4.64%
Range of floating interest rates on borrowings and debt in U.S. dollars	0.53% to 2.52%	0.55% to 2.78%
Range of fixed interest rates on borrowings in Mexican pesos	7.50% to 9.90%	8.20% to 9.90%
Range of floating interest rates on borrowings in Mexican pesos	5.76% to 5.80%	5.93% to 5.96%
Fixed interest rate on debt in Peruvian soles	6.50%	6.50%
Weighted average interest rate at the end of the year	2.10%	2.07%
Weighted average interest rate during the year	2.07%	3.07%

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. As of December 31, 2010, the Bank was in compliance with all covenants.

The future remaining maturities of long-term debt and borrowings outstanding as of December 31, 2010, are as follows:

(In thousands of US$)

Due in:	Outstanding
2011	388,775
2012	298,196
2013	344,342
2014	43,827
	1,075,140

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, 2010:

(Share units)	"Class A"	"Class B"	"Class E"	"Class F"	Total
Authorized	40,000,000	40,000,000	100,000,000	100,000,000	280,000,000
Outstanding at January 1, 2008	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	-	-	11,693	-	11,693
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	-	-	12,415	-	12,415
Outstanding at December 31, 2009	6,342,189	2,584,882	27,618,545	-	36,545,616
Conversions	-	(42,861)	42,860	-	(1)
Repurchase of common stock	-	-	(200)	-	(200)
Restricted stock issued	-	-	38,115	-	38,115
Exercised stock options - compensation plans	-	-	82,106	-	82,106
Restricted stock units - vested	-	-	44,904	-	44,904
Outstanding at December 31, 2010	6,342,189	2,542,021	27,826,330	-	36,710,540

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, 2008	**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	**318,140**	**10,708**	**568,010**	**15,655**	**4,548,075**	**103,239**	**5,434,225**	**129,602**
Repurchase of common stock	-	-	-	-	200	3	200	3
Restricted stock issued	-	-	-	-	(38,115)	(909)	(38,115)	(909)
Exercised stock options – compensation plans	-	-	-	-	(82,106)	(1,958)	(82,106)	(1,958)
Restricted stock units - vested	-	-	-	-	(44,904)	(1,071)	(44,904)	(1,071)
Outstanding at December 31, 2010	**318,140**	**10,708**	**568,010**	**15,655**	**4,383,150**	**99,304**	**5,269,300**	**125,667**

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 2010, 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 2010, 2009 and 2008, the Board of Directors granted 38,115, 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 of the "Class E" shares on July 9, 2010, July 10, 2009 and July 11, 2008, respectively. 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 2010, 2009 and 2008, of which $270 thousand, $139 thousand and $44 thousand were charged against income during 2010, 2009 and 2008, respectively. The remaining cost pending amortization of $972 thousand will be amortized over 3.73 years.

A summary as of December 31, 2010 of the restricted stock granted to Directors during the years 2010, 2009 and 2008 is presented below:

	Shares	Weighted average grant date fair value
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	62,938	13.58
Granted	38,115	12.46
Vested	(13,026)	13.80
Outstanding at December 31, 2010	88,027	$13.07
Expected to vest	88,027	$13.07

The fair value of vested stock during the years 2010 and 2009 was $180 thousand and $95 thousand, respectively.

Restricted Stock Units and Stock Purchase Options granted to certain Executives

The Board of Directors approved the grant of stock purchase options and restricted stock units to certain Executives of the Bank with a grant date fair value of $2.4 million in 2010, $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.

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 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 2010, 2009 and 2008 due to the amortization of these grants totaled $742 thousand, $436 thousand and $178 thousand, respectively. The remaining compensation cost pending amortization of $1,752 thousand will be amortized over 2.53 years.

A summary as of December 31, 2010, 2009 and 2008 of the status of the restricted stock units granted to certain Executives and changes during the years 2010, 2009 and 2008 are presented below:

	Stock units	Weighted average grant date fair value	Weighted average remaining contractual term	Aggregate intrinsic value (thousands)
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		
Outstanding at December 31, 2009	166,118	10.20		
Granted	101,496	12.04		
Forfeited	-	-		
Vested	(44,904)	10.59		$ 162
Outstanding at December 31, 2010	222,710	$10.96	2.53 years	$1,671
Expected to vest	222,710	$10.96		$1,671

The fair value of vested stock during the years 2010 and 2009 was $476 thousand and $192 thousand, respectively.

Stock purchase options:

The fair value of stock purchase options granted to certain Executives during 2010, 2009 and 2008 was estimated using the "Black-Scholes" option-pricing model, based on the following factors:

	2010	2009	2008
Weighted average fair value per option	$2.91	$1.90	$3.52
Weighted average expected term, in years	4.75	4.75	5.50
Expected volatility	37%	37%	37%
Risk-free rate	2.32%	1.79%	2.72%
Expected dividend	5.00%	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 2010, 2009 and 2008 as a result of the amortization of these plans amounted to $742 thousand, $436 thousand and $178 thousand, respectively. The remaining compensation cost pending amortization of $1,752 thousand in 2010 will be amortized over a period of 2.53 years. A summary of stock options granted is presented below:

	Options	Weighted average exercise price	Weighted average remaining contractual term	Aggregate intrinsic value (thousands)
Outstanding at January 1, 2008	-	-		
Granted	232,403	$15.43		
Forfeited	(3,318)	15.43		
Outstanding at December 31, 2008	229,085	15.43		
Granted	601,985	10.15		
Forfeited	(27,076)	12.43		
Outstanding at December 31, 2009	803,994	$11.58		
Granted	420,777	13.52		
Forfeited	(646)	15.43		
Exercised	(82,106)	10.15		
Outstanding at December 31, 2010	1,142,019	$12.39	5.29 years	$6,928
Exercisable	172,898	$13.46	4.12 years	$ 865
Expected to vest	969,121	$12.20	5.44 years	$6,063

The intrinsic value of exercised options during the year ended December 31, 2010 was $383 thousand. During the year ended December 31, 2010 the Bank received $834 thousand from exercised options.

B. Restricted Stock – Directors (Discontinued)

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. No grants were made after the 2007's grant. The restricted stock vests at a rate of 20% each year on the grant date's anniversary.

Related costs to outstanding restricted stock were charged against income totaled $108 thousand, $123 thousand and $217 thousand in 2010, 2009 and 2008, respectively. As of December 31, 2010, the Bank had unrecognized compensation costs of $139 thousand related to this plan that will be amortized over 1.49 years.

A summary as of December 31, 2010 of restricted stock granted to Directors under this plan and changes during 2010, 2009 and 2008 is presented below:

	Shares	Weighted average grant date fair value
Non vested at January 1, 2008	44,456	$17.87
Granted	-	-
Vested	(23,037)	15.83
Non vested at December 31, 2008	21,419	20.07
Granted	-	-
Vested	(6,746)	19.25
Non vested at December 31, 2009	14,673	20.45
Granted	-	-
Vested	(5,756)	19.95
Non vested at December 31, 2010	8,917	$20.77
Expected to vest	8,917	$20.77

The total fair value of vested stock during the years ended December 31, 2010, 2009 and 2008 was $115 thousand, $130 thousand and $365 thousand, respectively.

C. Stock Option Plan 2006 – Directors and Executives (Discontinued)

The 2006 Stock Option Plan 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. No grants were made after the 2007's grant.

Related cost charged against income as a result of the amortization of options granted under this compensation plan amounted to $221 thousand in 2010 and 2009, and $236 thousand in 2008. As of December 31, 2010, unrecognized compensation cost of $25 thousand related to this plan will be amortized over 1.4 months.

A summary as of December 31, 2010 of the share options granted to Directors and certain Executives and changes during 2008, 2009 and 2010 is presented below:

	Options	Weighted average exercise price	Weighted average remaining contractual term	Aggregate intrinsic value (thousands)
Outstanding at January 1, 2008	208,765	$16.34		
Forfeited	(1,059)	16.34		
Outstanding at December 31, 2008	207,706	16.34		
Forfeited	-	-		
Outstanding at December 31, 2009	207,706	16.34		
Forfeited	-	-		
Outstanding at December 31, 2010	207,706	$16.34	3.12 years	$440
Exercisable at December 31, 2010	140,652	$16.34	3.12 years	$298
Expected to vest	67,054	$16.34	3.12 years	$142

D. Indexed Stock Option Plan (Discontinued)

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, 2010, there was no compensation cost pending amortization. Related costs charged against income amounted to $17 thousand, $241 thousand and $440 thousand in 2010, 2009 and 2008, respectively.

A summary as of December 31, 2010 and changes during the years 2008, 2009 and 2010 of the indexed stock purchase options is presented below:

	Options	Weighted average exercise price	Weighted average remaining contractual term	Aggregate intrinsic value (thousands)
Outstanding at January 1, 2008	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	385,469	17.46		
Forfeited	-	-		
Exercised	-	-		
Outstanding at December 31, 2010	385,469	$17.98	4.45 years	$348
Exercisable at December 31, 2010	385,469	$17.98	4.45 years	$348

The intrinsic value of options exercised during the years ended December 31, 2009 and 2008 was $252 thousand and $41 thousand, respectively. During the years ended December 31, 2009 and 2008, the Bank received $808 thousand and $151 thousand, respectively, from exercised options. All options are available to be exercised as of December 31, 2010.

E. 1995 and 1999's Stock Option Plan (Discontinued)

During 1995 and 1999, the Board of Directors approved two stock option plans for employees. Under these 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. These plans were discontinued in 2003; therefore, no additional stock options have been granted.

A summary of the status as of December 31, 2010 of the stock options granted and changes during 2010, 2009 and 2008 of these option plans is presented below:

	Options	Weighted average exercise price	Weighted average remaining contractual term	Aggregate intrinsic value (thousands)
Outstanding at January 1, 2008	38,163	$31.46		
Forfeited	(15,163)	27.63		
Expired	(8,650)	42.56		
Outstanding at December 31, 2008	14,350	28.81		
Forfeited	(533)	27.72		
Expired	(2,082)	23.03		
Outstanding at December 31, 2009	11,735	29.89		
Forfeited	-	-		
Expired	(3,615)	23.16		
Outstanding at December 31, 2010	8,120	$32.88	0.10 years	$0
Exercisable at December 31, 2010	8,120	$32.88	0.10 years	$0

All options are available to be exercised as of December 31, 2010.

F. Deferred Compensation Plan (the "DC Plan")

In 1999, the Board of Directors approved the DC Plan, which was subsequently terminated in 2003. The Bank could grant a number of deferred equity units ("DEU"). Eligible employees would vest the DEU after three years of service, and distributions were made on the later of (i) the date the vested DEU were credited to the employee's account, and (ii) ten years the employee was first credited with DEU. Participating employees received dividends with respect to their unvested deferred equity units.

A summary on changes is presented below:

	2010	2009	2008
Outstanding at beginning of year	18,755	19,609	22,182
Exercised	(1,009)	(854)	(2,573)
Outstanding at end of year	17,746	18,755	19,609

Related cost charged against income related to this plan amounted to $11 thousand in 2010 and 2009, and $18 thousand in 2008.

G. 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 2010, 2009 and 2008, the Bank charged to salaries expense $117 thousand, $116 thousand and $241 thousand, respectively, that correspond to the Bank's contributions to this plan. As of December 31, 2010 and 2009, the accumulated liability payable amounted to $307 thousand and $386 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)	Year ended December 31,		
	2010	2009	2008
Net income attributable to Bladex for both basic and diluted EPS	42,244	54,862	55,119
Weighted average common shares outstanding - applicable to basic EPS	36,647	36,493	36,388
Basic earnings per share	1.15	1.50	1.51
Weighted average common shares outstanding applicable to diluted EPS	36,647	36,493	36,388
Effect of dilutive securities [1]:			
Stock options and restricted stock units plans	167	78	52
Adjusted weighted average common shares outstanding applicable to diluted EPS	36,814	36,571	36,440
Diluted earnings per share	1.15	1.50	1.51

(1) As of December 31, 2010, 2009 and 2008, weighted average options of 760,284, 769,790 and 943,051, 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:

(In thousands of US$)	December 31,	
	2010	**2009**
Confirmed letters of credit	196,287	206,953
Stand-by letters of credit and guarantees:		
Country risk	-	10,000
Commercial risk	38,410	40,651
Credit derivative	-	3,000
	38,410	53,651
Credit commitments	118,863	70,181
	353,560	330,785

As of December 31, 2010, the remaining maturity profile of the Bank's outstanding financial instruments with off-balance sheet credit risk is as follows:

(In thousands of US$) **Maturities**	**Amount**
Within 1 year	326,597
From 1 to 2 years	26,185
From 2 to 5 years	-
After 5 years	778
	353,560

As of December 31, 2010 and 2009 the breakdown of the Bank's off-balance sheet exposure by country risk is as follows:

(In thousands of US$) **Country:**	**2010**	**2009**
Brazil	66,700	22,500
Colombia	-	3,000
Costa Rica	32,160	24,278
Dominican Republic	86	130
Ecuador	121,245	112,039
El Salvador	25	1,770
Guatemala	1,475	975
Honduras	430	430
Jamaica	125	-
Mexico	50,964	57,682
Panama	1,200	-
Peru	39	-
Switzerland	500	-
Uruguay	170	15,788
Venezuela	78,441	92,193
	353,560	330,785

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

Credit derivative

Credit derivative represented a guarantee issued by the Bank to the buyer of the derivative instrument, where the Bank guaranteed the payment of principal if the underlying financial instrument was impaired and its original issuer would have not complied with principal payments; therefore, the impairment risk was taken by the Bank, which received commission income during the term of this derivative. The credit derivative matured in July 2010. As of December 31, 2009, the fair value of this derivative instrument was $2 thousand, and reported in trading assets, in the consolidated balance sheet.

19. Leasehold commitments

As of December 31, 2010, a summary of leasehold commitments is as follows:

(In thousands of US$)	
Year	
2011	561
2012	261
2013	243
2014	243
2015	203
	1,511

Occupancy expense for years ended December 31, 2010, 2009 and 2008, amounted to $875 thousand, $770 thousand, and $809 thousand, respectively.

20. Derivative financial instruments for hedging purposes

As of December 31, 2010 and 2009, quantitative information on derivative financial instruments held for hedging purposes is as follows:

(In thousands of US$)	2010			2009		
	Nominal Amount	Fair Value (1) Asset	Fair Value (1) Liability	Nominal Amount	Fair Value (1) Asset	Fair Value (1) Liability
Fair value hedges:						
Interest rate swaps	267,800	591	25,737	353,600	-	30,756
Cross-currency interest rate swaps	148,570	24	25,631	150,118	-	31,975
Cash flow hedges:						
Interest rate swaps	20,000	-	1,499	20,000	-	1,956
Cross-currency interest rate swaps	42,633	1,407	150	47,141	-	450
Forward foreign exchange	2,108	81	12	6,832	828	-
Total	481,111	2,103	53,029	577,691	828	65,137
Net gain (loss) on the ineffective portion of hedging activities (2)	(1,446)			(2,534)		

(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.

The gains and losses resulting from activities of derivative financial instruments and hedging recognized in the consolidated statements of income are presented below:

2010				
(In thousands of US$)	Gain (loss) recognized in OCI (effective portion)	Classification of gain (loss)	Gain (loss) reclassified from accumulated OCI to the statements of income (effective portion)	Gain (loss) recognized on derivatives (ineffective portion)
Derivatives – cash flow hedge				
Interest rate swaps	460			
Cross-currency interest rate swaps	1,690	Gain (loss) on foreign currency exchange	1,171	-
Forward foreign exchange	(759)	Interest income - loans	(477)	-
		Gain (loss) on foreign currency exchange	478	-
Total	1,391		1,172	-

2009				
(In thousands of US$)	Gain (loss) recognized in OCI (effective portion)	Classification of gain (loss)	Gain (loss) reclassified from accumulated OCI to the statements of income (effective portion)	Gain (loss) recognized on derivatives (ineffective portion)
Derivatives – cash flow hedge				
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	3,861	-
Total	1,971		1,080	(3)

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:

2010				
(In thousands of US$)	Classification in statements of income	Gain (loss) on derivatives	Gain (loss) on hedged item	Net gain (loss)
Derivatives - fair value hedge				
Interest rate swaps	Interest income – available-for-sale	(14,760)	22,000	7,240
	Derivative financial instruments and hedging (ineffectiveness)	419	-	419
Cross-currency interest rate swaps	Derivative financial instruments and hedging (ineffectiveness)	(1,865)	-	(1,865)
	Interest income – loans	(45)	89	44
	Interest expense – borrowings	3,812	(7,046)	(3,234)
	Gain (loss) on foreign currency exchange	7,922	(7,994)	(72)
		(4,517)	7,049	2,532

2009

(In thousands of US$)	Classification in statements of income	Gain (loss) on derivatives	Gain (loss) on hedged item	Net gain (loss)
Derivatives - fair value hedge				
Interest rate swaps	Interest income –available-for-sale	(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	591	(5,681)	(5,090)
		(10,481)	14,317	3,836

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 3.9 years.

The Bank estimates that approximately $169 thousand of losses reported in OCI as of December 31, 2010 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, 2011.

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, 2010, 2009 and 2008 the breakdown of accumulated other comprehensive income (loss) related to investment securities available-for-sale and derivative financial instruments is as follows:

(In thousands of US$)	Securities Available-for-Sale	Derivative Financial Instruments	Total
Balance as of January 1, 2008	(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]	(67)	(1,521)	(1,588)
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]	(649)	1,077	428
Balance as of December 31, 2009	(3,244)	(2,916)	(6,160)
Net unrealized gains (losses) arising from the year	2,325	1,391	3,716
Reclassification adjustment for (gains) losses included in net income [1]	(2,825)	(1,172)	(3,997)
Balance as of December 31, 2010	(3,744)	(2,697)	(6,441)

[1] Reclassification adjustments include amounts recognized in net income during the current year that had been part of other comprehensive income (loss) 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. The frequency of transactions, the size of the bid-ask spread and the size of the investment are factors considered in determining the liquidity of markets and the relevance of observed prices in those markets.

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

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:

<u>Trading assets and liabilities and securities available-for-sale</u>

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.

<u>Investment fund</u>

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.

<u>Derivative financial instruments</u>

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:

(In thousands of US$)	2010			
	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
Assets				
Trading assets				
Sovereign bonds	45,058	-	-	45,058
Corporate bonds	5,354	-	-	5,354
Total trading assets	50,412	-	-	50,412
Securities available-for-sale				
Corporate debt	67,888	-	-	67,888
Sovereign debt	285,362	-	-	285,362
Total securities available-for-sale	353,250	-	-	353,250
Investment fund	-	167,291	-	167,291
Derivative financial instruments - receivable				
Interest rate swaps	-	591	-	591
Cross-currency interest rate swaps	-	1,431	-	1,431
Forward foreign exchange	-	81	-	81
Total derivative financial instruments - receivable	-	2,103	-	2,103
Total assets at fair value	403,662	169,394	-	573,056
Liabilities				
Trading liabilities				
Interest rate swaps	-	3,031	-	3,031
Cross-currency interest rate swaps	-	907	-	907
Total trading liabilities	-	3,938	-	3,938
Derivative financial instruments - payable				
Interest rate swaps	-	27,236	-	27,236
Cross-currency interest rate swaps	-	25,781	-	25,781
Forward foreign exchange	-	12	-	12
Total derivative financial instruments - payable	-	53,029	-	53,029
Total liabilities at fair value	-	56,967	-	56,967

(In thousands of US$)	2009			
	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**
Assets				
Trading assets				
Sovereign bonds	44,875	-	-	44,875
Corporate bonds	5,400	-	-	5,400
Credit default swap	-	2	-	2
Total trading assets	50,275	2	-	50,277
Securities available –for-sale				
Corporate debt	55,543	20,920	-	76,463
Sovereign debt	380,521	-	-	380,521
Total securities available-for-sale	436,064	20,920	-	456,984
Investment fund	-	197,575	-	197,575
Derivative financial instruments - receivable				
Forward foreign exchange	-	828	-	828
Total derivative financial instruments - receivable	-	828	-	828
Total assets at fair value	486,339	219,325	-	705,664
Liabilities				
Trading liabilities				
Interest rate swaps	-	2,514	-	2,514
Cross-currency interest rate swaps	-	638	-	638
Total trading liabilities	-	3,152	-	3,152
Derivative financial instruments - payable				
Interest rate swaps	-	32,712	-	32,712
Cross-currency interest rate swaps	-	32,425	-	32,425
Total derivative financial instruments - payable	-	65,137	-	65,137
Total liabilities at fair value	-	68,289	-	68,289

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. For loan commitments, fair value also considers the difference between current levels of interest rates and the committed rates. The 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,**			
	2010		**2009**	
	Carrying Value	**Fair Value**	**Carrying Value**	**Fair Value**
Financial assets:				
Instruments with carrying value that approximates fair value	495,037	495,037	451,668	451,668
Securities held-to-maturity	33,181	33,206	-	-
Loans, net of allowance	3,981,328	4,010,363	2,701,484	2,746,175
Financial liabilities:				
Instruments with carrying value that approximates fair value	2,123,149	2,123,149	1,340,420	1,340,420
Short-term borrowings	1,095,400	1,092,265	327,800	327,877
Borrowings and long-term debt	1,075,140	1,047,031	1,390,387	1,381,022
Commitments to extend credit, standby letters of credit, and financial guarantees written	12,162	11,761	29,011	28,113

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 banking license 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, 2010, the Bank's capital adequacy ratio is 16% 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 in 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 managerial 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 fees generated by the commercial portfolio. The commercial portfolio includes book value of loans, acceptances and contingencies. 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 trading assets, securities available-for-sale and held-to-maturity. Operating income from the Treasury Segment includes net interest income from deposits with banks, trading securities and securities available-for-sale and held-to-maturity, derivative and hedging activities, gains and losses from trading securities, gains and losses on sale of securities available-for-sale, gain and losses on foreign currency exchange, and allocated income and 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, fee income, and allocated operating expenses.

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

Business Segment Analysis (1)

(In millions of US$)	2010	2009	2008
COMMERCIAL			
Interest income	104.8	114.3	200.1
Interest expense	(33.2)	(48.1)	(122.0)
Net interest income	71.6	66.2	78.1
Net other income (2)	10.1	6.9	7.8
Operating expenses	(29.9)	(23.4)	(27.5)
Net operating income (3)	**51.8**	**49.7**	**58.4**
(Provision) reversals for loans and off-balance sheet credit losses	4.8	(14.8)	1.5
Recoveries, net of impairment on assets	0.2	(0.1)	(0.8)
Net income attributable to Bladex	**56.8**	**34.8**	**59.1**
Commercial assets and contingencies (end of period balances):			
Interest-earning assets (4)	4,060.0	2,775.3	2,614.0
Other assets and contingencies (5)	382.4	331.2	443.6
Total interest-earning assets, other assets and contingencies	**4,442.4**	**3,106.5**	**3,057.6**

(In millions of US$)	2010	2009	2008
TREASURY			
Interest income	12.4	25.9	40.7
Interest expense	(9.2)	(23.9)	(37.7)
Net interest income	3.2	2.0	3.0
Net other income (2)	(0.4)	12.0	(12.4)
Operating expenses	(7.7)	(7.9)	(6.9)
Net operating income (3)	**(4.9)**	**6.1**	**(16.3)**
Net income (loss) attributable to Bladex	**(4.9)**	**6.1**	**(16.3)**
Treasury assets and contingencies (end of period balances):			
Interest-earning assets (6)	873.6	931.8	1,581.9
Other assets and contingencies (5)	-	3.0	3.0
Total interest-earning assets, other assets and contingencies	**873.6**	**934.8**	**1,584.9**
ASSET MANAGEMENT			
Interest income	2.3	1.8	3.5
Interest expense	(2.6)	(5.2)	(6.7)
Net interest income	(0.3)	(3.4)	(3.2)
Net other income (2)	(7.3)	25.4	21.3
Operating expenses	(4.5)	(6.8)	(5.6)
Net operating income (3)	**(12.1)**	**15.2**	**12.5**
Net income (loss)	**(12.1)**	**15.2**	**12.5**
Net income (loss) attributable to the redeemable noncontrolling interest	(2.4)	1.1	0.2
Net income (loss) attributable to Bladex	**(9.7)**	**14.1**	**12.3**
Fund's assets and contingencies (end of period balances):			
Interest-earning assets (6)	167.3	197.6	150.7
Non-interest-earning assets	-	0.1	-
Total interest-earning assets, other assets and contingencies	**167.3**	**197.7**	**150.7**
TOTAL			
Interest income	119.5	142.0	244.3
Interest expense	(45.0)	(77.2)	(166.4)
Net interest income	74.5	64.8	77.9
Net other income (2)	2.4	44.3	16.7
Operating expenses	(42.1)	(38.2)	(40.0)
Net operating income (3)	**34.8**	**70.9**	**54.6**
(Provision) reversals for loans and off-balance sheet credit losses	4.8	(14.8)	1.5
Recoveries, net of impairment on assets	0.2	(0.1)	(0.8)
Net income	39.8	56.0	55.3
Net income (loss) attributable to the redeemable noncontrolling interest	(2.4)	1.1	0.2
Net income attributable to Bladex	**42.2**	**54.9**	**55.1**
Total assets and contingencies (end of period balances):			
Interest-earning assets (4 & 6)	5,100.9	3,904.7	4,346.6
Other assets and contingencies (5)	382.4	334.3	446.6
Total interest-earning assets, other assets and contingencies	**5,483.3**	**4,239.0**	**4,793.2**

(1) The numbers set out in these tables have been rounded and accordingly may not total exactly.

(2) Net other income excludes reversals (provisions) for loans and off-balance sheet credit losses, and recoveries on assets.

Reconciliation of Net other income:

Net other income – business segment	2.4	44.3	16.7
Reversal (provision) for losses on off-balance sheet credit risk	13.9	3.5	(17.0)
Recoveries, net of impairment on assets	0.2	(0.1)	(0.8)
Net other income – consolidated financial statements	16.5	47.7	(1.1)

(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 guarantees covering commercial and country risk, and credit commitments and equity investments recorded as other assets.

(6) Includes cash and due from banks, interest-bearing deposits with banks, securities available for sale and held to maturity, trading securities and the balance of the Investment Fund.

Reconciliation of Total assets:

Interest-earning assets – business segment	5,100.9	3,904.7	4,346.6
Allowance for loan losses	(78.6)	(73.8)	(54.6)
Customers' liabilities under acceptances	27.2	1.6	1.3
Premises and equipment	6.5	7.7	8.0
Accrued interest receivable	31.1	25.6	46.3
Derivative financial instruments used for hedging - receivable	2.1	0.8	7.8
Other assets	10.9	12.2	7.3
Total assets – consolidated financial statements	5,100.1	3,878.8	4,362.7

Geographic information is as follows:

(In thousands of US$)	2010			
	Panama	United States of America	Cayman Islands	Total
Interest income	106,673	10,607	2,198	119,478
Interest expense	(41,266)	(2,746)	(963)	(44,975)
Net interest income	65,407	7,861	1,235	74,503
Long-lived assets:				
Premises and equipment, net	6,039	493	-	6,532

(In thousands of US$)	2009			
	Panama	United States of America	Cayman Islands	Total
Interest income	122,731	17,470	1,763	141,964
Interest expense	(69,066)	(5,821)	(2,325)	(77,212)
Net interest income	53,665	11,649	(562)	64,752
Long-lived assets:				
Premises and equipment, net	7,096	653	-	7,749

(In thousands of US$)	2008			
	Panama	United States of America	Cayman Islands	Total
Interest income	221,351	19,407	3,485	244,243
Interest expense	(152,665)	(11,435)	(2,296)	(166,396)
Net interest income	68,686	7,972	1,189	77,847
Long-lived assets:				
Premises and equipment, net	7,156	814	-	7,970

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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 internal control over financial reporting of Banco Latinoamericano de Comercio Exterior, S.A. and Subsidiaries (the "Bank") as of December 31, 2010, 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.

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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, 2010, 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, 2010 of Banco Latinoamericano de Comercio Exterior, S.A. and Subsidiaries and our report dated February 18, 2011 expressed an unqualified opinion on those financial statements.

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February 18, 2011

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