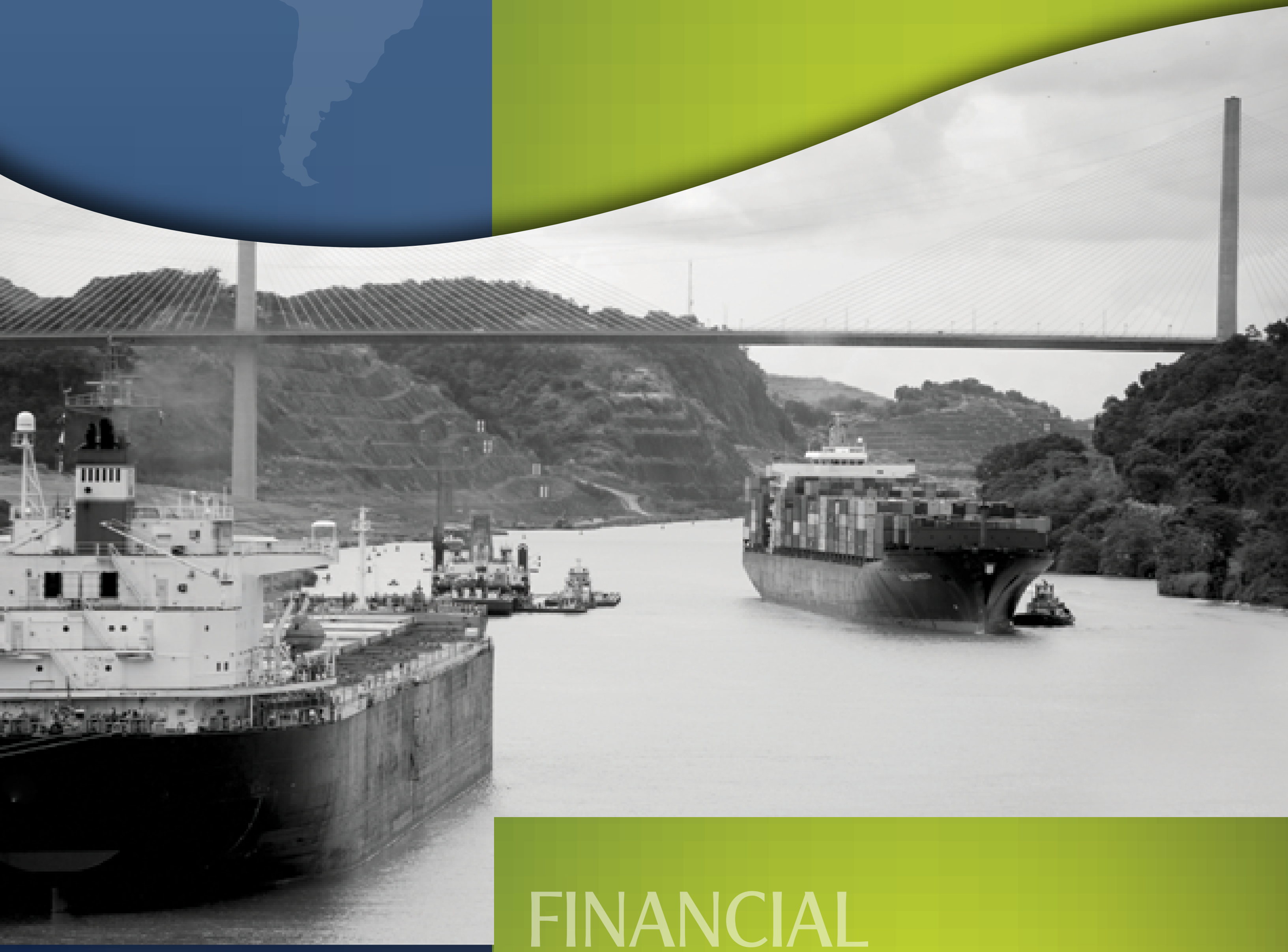
Bladex 35 years

GROWING WITH LATIN AMERICA



FINANCIAL STATEMENTS 2014

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

Consolidated Financial Statements 2014, 2013 and 2012

Contents	**Pages**

Deloitte.

Deloitte, Inc.
Contadores Públicos Autorizados
Apartado 0816-01558
Panamá, Rep. de Panamá

Teléfono: (507) 303-4100
Facsimile : (507) 269-2386
infopanama@deloitte.com
www.deloitte.com/pa

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of Banco Latinoamericano de Comercio Exterior, S.A. and its subsidiaries (the "Bank"), which comprise the consolidated balance sheets as of December 31, 2014 and 2013, and the related consolidated statements of income, comprehensive income, changes in stockholders' equity and redeemable noncontrolling interest, and cash flows for each of the three years in the period ended December 31, 2014, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank´s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Banco Latinoamericano de Comercio Exterior, S.A. and its subsidiaries as of December 31, 2014 and 2013, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2014, in accordance with accounting principles generally accepted in the United States of America.

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

Deloitte.

March 12, 2015

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

Consolidated balance sheets
December 31, 2014 and 2013
(in US$ thousand, except share amounts)

	Notes	2014	2013
Assets			
Cash and due from banks	4,24	4,985	2,161
Interest-bearing deposits in banks (including pledged deposits of $39,210 in 2014 and $9,032 in 2013)	4,24	775,530	837,557
Securities available-for-sale (including pledged securities to creditors of $307,530 in 2014 and $296,811 in 2013)	5,24	338,973	334,368
Securities held-to-maturity (fair value of $53,295 in 2014 and $33,634 in 2013) (including pledged securities to creditors of $13,004 in 2014 and $13,007 in 2013)	5,24	54,180	33,759
Investment funds	6,24	57,574	118,661
Loans	7	6,686,244	6,148,298
Less:			
Allowance for loan losses	8	79,675	72,751
Unearned income and deferred fees		8,509	6,668
Loans, net	24	6,598,060	6,068,879
Customers' liabilities under acceptances	24	114,018	1,128
Accrued interest receivable	24	47,938	40,727
Equipment and leasehold improvements (net of accumulated depreciation and amortization of $16,203 in 2014 and $13,881 in 2013)	9	8,129	10,466
Derivative financial instruments used for hedging - receivable	21,23,24	12,324	15,217
Other assets	10	13,561	8,389
Total assets		8,025,272	7,471,312
Liabilities and stockholders' equity			
Deposits:	11,24		
Noninterest-bearing - Demand		394	663
Interest-bearing - Demand		83,781	62,384
Time		2,422,519	2,298,289
Total deposits		2,506,694	2,361,336
Trading liabilities	12,23,24	52	72
Securities sold under repurchase agreement	4,6,13,23,24	300,519	286,162
Short-term borrowings and debt	14,24	2,692,537	2,705,365
Acceptances outstanding	24	114,018	1,128
Accrued interest payable	24	14,855	13,786
Long-term borrowings and debt	15,24	1,405,519	1,153,871
Derivative financial instruments used for hedging - payable	12,21,23,24	40,287	8,572
Reserve for losses on off-balance sheet credit risk	8	6,849	5,222
Other liabilities	10	32,879	27,947
Total liabilities		7,114,209	6,563,461
Commitments and contingencies	19,20,21,24,25		
Redeemable noncontrolling interest		-	49,899
Stockholders' equity:	16,17,18,22,26		
Class A common stock, no par value, assigned value of $6.67 (Authorized 40,000,000; outstanding 6,342,189)		44,407	44,407
Class B common stock, no par value, assigned value of $6.67 (Authorized 40,000,000; outstanding 2,479,050 in 2014 and 2,520,422 in 2013)		20,683	20,683
Class E common stock, no par value, assigned value of $6.67 (Authorized 100,000,000; outstanding 29,956,100 in 2014 and 29,710,556 in 2013)		214,890	214,890
Additional paid-in capital in excess of assigned value of common stock		117,339	118,646
Capital reserves		95,210	95,210
Retained earnings		510,046	458,699
Accumulated other comprehensive loss	5,21,22	(13,885)	(12,575)
Treasury stock	16	(77,627)	(82,008)
Total stockholders' equity		911,063	857,952
Total liabilities and stockholders' equity		8,025,272	7,471,312

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

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

Consolidated statements of income
Years ended December 31, 2014, 2013 and 2012
(in US$ thousand, except per share amounts)

	Notes	2014	2013	2012
Interest income:	21			
Deposits		1,545	1,526	1,876
Trading assets		-	-	69
Investment securities:				
Available-for-sale		8,115	7,655	5,675
Held-to-maturity		1,142	842	721
Investment funds		20	2,301	880
Loans		201,908	192,979	183,216
Total interest income		212,730	205,303	192,437
Interest expense:	21			
Deposits		11,245	12,381	12,944
Investment funds		37	1,844	109
Short-term borrowings and debt		23,893	26,944	20,673
Long-term borrowings and debt		36,424	41,042	53,734
Total interest expense		71,599	82,211	87,460
Net interest income		141,131	123,092	104,977
Reversal of provision (provision) for loan losses	8	(6,895)	1,598	8,343
Net interest income, after reversal of provision (provision) for loan losses		134,236	124,690	113,320
Other income (expense):				
Reversal of provision (provision) for losses on off-balance sheet credit risk	8	(1,627)	(381)	4,046
Fees and commissions, net		17,502	13,669	10,021
Derivative financial instruments and hedging	21	106	353	71
Recoveries, net of impairment of assets		7	108	-
Net gain (loss) from investment funds trading		3,409	(6,702)	7,011
Net gain (loss) from trading securities		(393)	3,221	11,234
Net gain on sale of securities available-for-sale	5	1,871	1,522	6,030
Net gain on sale of loans		2,546	588	1,147
Net gain (loss) on foreign currency exchange		766	(3,834)	(10,525)
Gain on sale of premises and equipment	9	-	-	5,626
Other income, net		1,744	1,644	1,839
Net other income		25,931	10,188	36,500
Operating expenses:				
Salaries and other employee expenses		31,339	31,702	33,171
Depreciation and amortization of equipment and leasehold improvements		2,487	2,747	2,269
Professional services		5,177	4,010	4,053
Maintenance and repairs		1,544	1,529	1,936
Expenses from investment funds		416	2,589	2,953
Other operating expenses		12,739	11,729	11,432
Total operating expenses		53,702	54,306	55,814
Net income from continuing operations		106,465	80,572	94,006
Net loss from discontinued operations	3	-	(4)	(681)
Net income		106,465	80,568	93,325
Net income (loss) attributable to the redeemable noncontrolling interest		(475)	(4,185)	293
Net income attributable to Bladex stockholders		106,940	84,753	93,032
Amounts attributable to Bladex stockholders:				
Net income from continuing operations		106,940	84,757	93,713
Net loss from discontinued operations		-	(4)	(681)
		106,940	84,753	93,032
Earning per share from continuing operations:				
Basic	18	2.76	2.21	2.48
Diluted	18	2.75	2.20	2.47
Loss per share from discontinued operations:				
Basic	18	-	(0.00)	(0.02)
Diluted	18	-	(0.00)	(0.02)
Earning per share:				
Basic	18	2.76	2.21	2.46
Diluted	18	2.75	2.20	2.45
Weighted average basic shares	18	38,693	38,406	37,824
Weighted average diluted shares	18	38,839	38,533	37,938

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

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

Consolidated statements of comprehensive income
Years ended December 31, 2014, 2013 and 2012
(in US$ thousand)

	Notes	2014	2013	2012
Net income		106,465	80,568	93,325
Other comprehensive income (loss):				
Unrealized gains (losses) on securities available-for-sale:				
Unrealized gains (losses) arising from the year	22	2,224	(9,640)	8,436
Less: reclassification adjustments for net gains included in net income	22	(2,330)	(1,487)	(5,775)
Net change in unrealized gains (losses) on securities available for sale		(106)	(11,127)	2,661
Unrealized gains (losses) on derivative financial instruments:				
Unrealized gains (losses) arising from the year	22	(1,813)	(2,302)	5,699
Less: reclassification adjustments for net (gains) losses included in net income	22	1,264	1,985	(5,427)
Net change in unrealized gains (losses) on derivative financial instruments		(549)	(317)	272
Foreign currency translation adjustment, net of hedges:				
Current year change		(655)	(330)	(735)
Reclassification adjustments for net losses included in net income		-	24	-
Net change in foreign currency translation adjustment		(655)	(306)	(735)
Other comprehensive income (loss)		(1,310)	(11,750)	2,198
Comprehensive income		105,155	68,818	95,523
Comprehensive income (loss) attributable to the redeemable noncontrolling interest		(475)	(4,090)	109
Comprehensive income attributable to Bladex stockholders		105,630	72,908	95,414

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

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

Consolidated statements of changes in stockholders' equity and redeemable noncontrolling interest
Years ended December 31, 2014, 2013 and 2012
(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**
Balances at January 1, 2012	279,980	130,177	95,210	372,644	(3,112)	(115,617)	759,282	5,547
Net income	-	-	-	93,032	-	-	93,032	293
Redeemable noncontrolling interest - subscriptions	-	-	-	-	-	-	-	1,773
Redeemable noncontrolling interest - redemptions	-	-	-	-	-	-	-	(4,045)
Other comprehensive income	-	-	-	-	2,382	-	2,382	(184)
Compensation cost - stock options and stock units plans	-	2,271	-	-	-	-	2,271	-
Issuance of restricted shares	-	(771)	-	-	-	771	-	-
Exercised options and stock units vested	-	(10,258)	-	-	-	23,394	13,136	-
Dividends declared (1)	-	-	-	(43,628)	-	-	(43,628)	-
Balances at December 31, 2012	279,980	121,419	95,210	422,048	(730)	(91,452)	826,475	3,384
Effect of deconsolidating a variable interest entity ("VIE")	-	-	-	-	-	-	-	(565)
Net income	-	-	-	84,753	-	-	84,753	(4,185)
Redeemable noncontrolling interest - subscriptions	-	-	-	-	-	-	-	53,000
Redeemable noncontrolling interest - redemptions	-	-	-	-	-	-	-	(1,830)
Other comprehensive income (loss)	-	-	-	-	(11,845)	-	(11,845)	95
Compensation cost - stock options and stock units plans	-	2,996	-	-	-	-	2,996	-
Issuance of restricted shares	-	(629)	-	-	-	629	-	-
Exercised options and stock units vested	-	(5,140)	-	-	-	8,842	3,702	-
Repurchase of "Class E" common stock	-	-	-	-	-	(27)	(27)	-
Dividends declared (1)	-	-	-	(48,102)	-	-	(48,102)	-
Balances at December 31, 2013	279,980	118,646	95,210	458,699	(12,575)	(82,008)	857,952	49,899
Effect of deconsolidating a variable interest entity ("VIE") (Note 6)	-	-	-	-	-	-	-	(49,424)
Net income (loss)	-	-	-	106,940	-	-	106,940	(475)
Other comprehensive income (loss)	-	-	-	-	(1,310)	-	(1,310)	-
Compensation cost - stock options and stock units plans	-	2,246	-	-	-	-	2,246	-
Issuance of restricted shares	-	(629)	-	-	-	629	-	
Exercised options and stock units vested	-	(2,924)	-	-	-	4,392	1,468	-
Repurchase of "Class B" and "Class E" common stock	-	-	-	-	-	(640)	(640)	-
Dividends declared (1)	-	-	-	(55,593)	-	-	(55,593)	-
Balances at December 31, 2014	279,980	117,339	95,210	510,046	(13,885)	(77,627)	911,063	-

(1) Dividends declared were $0.35 per share in the first, second and third quarter of 2014. In the fourth quarter of 2014, dividends declared were $0.39 per share.
In 2013, dividends declared were $0.30 per share in the first, second and third quarter of 2013. In the fourth quarter of 2013, dividends declared were $0.35 per share.
In 2012, dividends declared were $0.25 per share in the first and second quarter. In the third and fourth quarter of 2012, dividends declared were $0.30 per share.

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

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

Consolidated statements of cash flows
Years ended December 31, 2014, 2013 and 2012
(in US$ thousand)

	2014	2013	2012
Cash flows from operating activities:			
Net income	106,465	80,568	93,325
Adjustments to reconcile net income to net cash provided by operating activities:			
Activities of derivative financial instruments and hedging	33,338	8,126	(47,678)
Depreciation and amortization of equipment and leasehold improvements	2,487	2,747	2,269
Provision (reversal of provision) for loan losses	6,895	(1,598)	(8,343)
Provision (reversal of provision) for losses on off-balance sheet credit risk	1,627	381	(4,046)
Net gain on sale of securities available-for-sale	(1,871)	(1,522)	(6,030)
Gain on sale of premises and equipment	-	-	(5,626)
Compensation cost - compensation plans	2,246	2,996	2,271
Amortization of premium and discounts on investments	16,094	5,015	3,075
Net decrease (increase) in operating assets:			
Trading assets	-	281	14,338
Investment funds	10,877	(7,174)	14,537
Accrued interest receivable	(7,211)	(2,908)	349
Other assets	(118,081)	6,169	3,786
Net increase (decrease) in operating liabilities:			
Trading liabilities	(20)	(32,232)	26,720
Accrued interest payable	1,069	(4,157)	6,153
Other liabilities	116,536	(2,230)	2,250
Net change from discontinued operating activities	-	92	(256)
Net cash provided by operating activities	170,451	54,554	97,094
Cash flows from investing activities:			
Effect on cash of desconsolidating a VIE	-	(2,135)	-
Net decrease (increase) in pledged deposits	(30,178)	5,487	9,475
Net decrease in deposits with original maturities greater than three months	-	-	30,000
Net increase in loans	(1,051,627)	(521,333)	(909,019)
Proceeds from the sale of loans	515,552	89,532	146,211
Acquisition of equipment and leasehold improvements	(150)	(476)	(10,823)
Proceeds from the sale of premises and equipment	-	-	8,023
Proceeds from the redemption of securities available-for-sale	62,535	34,277	15,277
Proceeds from the sale of securities available-for-sale	223,219	105,942	254,772
Proceeds from maturities of securities held-to-maturity	19,883	19,910	7,050
Purchases of investments available-for-sale	(321,545)	(313,036)	(39,982)
Purchases of investments held-to-maturity	(22,624)	(19,843)	(14,811)
Net change from discontinued investing activities	-	63	(3)
Net cash used in investing activities	(604,935)	(601,612)	(503,830)
Cash flows from financing activities:			
Net increase in due to depositors	145,358	43,845	13,754
Net increase (decrease) in short-term borrowings and debt and securities sold under repurchase agreements	1,529	1,384,130	(93,071)
Proceeds from long-term borrowings and debt	641,138	273,270	817,827
Repayments of long-term borrowings and debt	(389,490)	(1,024,939)	(399,835)
Dividends paid	(54,262)	(46,025)	(39,714)
Subscriptions of redeemable noncontrolling interest	-	53,000	1,773
Redemptions of redeemable noncontrolling interest	-	(1,830)	(4,045)
Exercised stock options	1,469	3,702	13,136
Repurchase of common stock	(640)	(27)	-
Net change from discontinued financing activities	-	27	-
Net cash provided by financing activities	345,102	685,153	309,825
Effect of exchange rate fluctuations on cash and cash equivalents	1	80	(68)
Net Increase (decrease) in cash and cash equivalents	(89,381)	138,175	(96,979)
Cash and cash equivalents at beginning of the year	830,686	692,511	789,490
Cash and cash equivalents at end of the year	741,305	830,686	692,511
Supplemental disclosures of cash flow information:			
Cash paid during the year for interest	70,530	86,368	81,307

The accompanying notes are an integral 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 multinational bank established to support the financing of trade and economic integration in Latin America and the Caribbean (the "Region"). The Bank was established pursuant to a May 1975 proposal presented to the Assembly of Governors of Central Banks in the Region, which recommended the creation of a multinational organization to increase the foreign trade financing capacity of the Region. The Bank was organized in 1977, incorporated in 1978 as a corporation pursuant to the laws of the Republic of Panama, and officially initiated operations on January 2, 1979. Under a contract signed in 1978 between the Republic of Panama and Bladex, the Bank was granted certain privileges by the Republic of Panama, including an exemption from payment of income taxes in Panama.

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

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

Bladex Head Office's subsidiaries are the following:

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

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

- Bladex Investimentos Ltda. was incorporated under the laws of Brazil on May 3, 2011. Bladex Head Office owns 99% of Bladex Investimentos Ltda. and Bladex Holdings Inc. owns the remaining 1%. This company has invested substantially all its assets in an investment fund incorporated in Brazil ("the Brazilian Fund"), registered with the Brazilian Securities Commission ("CVM", for its acronym in Portuguese). The Brazilian Fund is a non-consolidated variable interest entity.

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

1. Organization (continued)

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

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

The Bank has representative offices in Buenos Aires, Argentina; in Mexico City, D.F. and Monterrey, Mexico; in Lima, Peru; in Bogota, Colombia; and an international administrative office in Miami, Florida, USA.

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. The usual condition for a controlling financial interest is ownership of a majority voting interest. All intercompany balances and transactions have been eliminated for consolidation purposes.

c) *Variable interest entities*

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

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

2. Summary of significant accounting policies (continued)

c) Variable interest entities (continued)

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

- power to direct the activities of a VIE that most significantly impact the entity's economic performance; and
- obligation to absorb losses of the entity that could potentially be significant to the VIE or right to receive benefits from the entity that could potentially be significant to the VIE.

d) Specialized accounting for investment companies

The Bank maintains an investment in an investment fund ("Feeder") which is organized under a "Feeder-Master" structure. Under this structure, the Feeder invests all its assets in the Master which in turn invests in various assets on behalf of its investor. Specialized accounting for investment companies requires the Feeder to reflect its investment in the Master in a single line item equal to its proportionate share of the net assets of the Master, regardless of the level of Feeder's interest in the Master. The Feeder records the Master's results by accounting for its participation in the net interest income and expenses of the Master, as well as its participation in the realized and unrealized gains or losses of the Master (see Note 6).

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.

2. Summary of significant accounting policies (continued)

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 consolidated statement of income over the life of the transaction. The fair value of securities to be repurchased is continuously monitored, and additional collateral is obtained or provided where appropriate, to protect against credit exposure.

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

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

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.

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

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.

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

2. Summary of significant accounting policies (continued)

i) Investment securities (continued)

Securities available-for-sale

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

Securities held-to-maturity

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

Impairment of securities

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

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

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

2. Summary of significant accounting policies (continued)

i) Investment securities (continued)

Impairment of securities (continued)

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

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

j) Investment Funds

The investment funds line includes the net asset value of Bladex investment in the Feeder and in the Brazilian Fund. (see Note 6)

k) Other investments

Other investments that consist of unlisted stock are recorded at cost and are included in other assets. The Bank determined that it is not practicable to obtain the fair value of these investments, as these shares are not traded in a secondary market. Performance of these investments is evaluated periodically and any impairment that is determined to be other-than-temporary is charged to earnings as impairment on assets. (see Note 10)

l) Loans

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

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

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

Loans are placed in a non-accrual status when interest or principal is overdue for 90 days or more, or prior to such date, if the Bank's Management believes there is an uncertainty with respect to the ultimate collection of principal or interest. Any interest receivable on non-accruing loans is reversed and charged-off against earnings. Interest on these loans is only recorded as earned when collected.

2. Summary of significant accounting policies (continued)

l) Loans (continued)

Non-accruing loans are returned to an accrual status when (1) all contractual principal and interest amounts are current; (2) there is a sustained period of repayment performance in accordance with the contractual terms of at least six months; and (3) if in the Bank Management's opinion the loan is fully collectible.

A modified loan is considered a troubled debt restructuring when the borrower is experiencing financial difficulties and if the restructuring constitutes a concession to the borrower. A concession may include modification of terms such as an extension of maturity date, reduction in the stated interest rate, rescheduling of future cash flows, and reduction in the face amount of the debt or reduction of accrued interest, among others.

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

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

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

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

2. Summary of significant accounting policies (continued)

l) Loans (continued)

A description of these indicators is as follows:

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

In order to maintain a periodical monitoring of the quality of the portfolio, clients are reviewed within a frequency of time between 3 and 18 months, depending on the risk rating.

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

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

m) Transfer of financial assets

Transfers of financial assets, primarily loans, are accounted for as sales when control over the 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 instrument involved in the transfer, and its fair value at the date of transfer.

2. Summary of significant accounting policies (continued)

n) Allowance for credit losses

The allowance for credit losses is provided for losses derived from the credit extension process, inherent in the loan portfolio and off-balance sheet financial instruments, using the reserve method of providing for credit losses. Additions to the allowance for credit losses are made by debiting earnings. Credit losses are deducted from the allowance, and subsequent recoveries are added. The allowance is also decreased by reversals of the allowance back to earnings. The allowance attributable to loans is reported as a deduction of loans and the allowance for off-balance sheet credit risk, such as, letters of credit and guarantees, is reported as a liability.

The allowance for possible credit losses includes an asset-specific component and a formula-based component. The asset-specific component, or specific allowance, relates to the provision for losses on credits considered impaired and measured individually case-by-case. A specific allowance is established when the discounted cash flows (or observable fair value of collateral) of the credit is lower than the carrying value of that credit. The formula-based component, or generic allowance, covers the Bank's performing credit portfolio and is established based in a process that estimates the probable loss inherent in the portfolio, based on statistical analysis and management's qualitative judgment.

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

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

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

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

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

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

2. Summary of significant accounting policies (continued)

o) Fees and commissions

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

p) Equipment and leasehold improvements

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

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

q) Borrowings and debt

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

r) Capital reserves

Capital reserves are established as an appropiation 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.

2. Summary of significant accounting policies (continued)

s) Stock-based compensation and stock options plans

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

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

t) Derivative financial instruments and hedge accounting

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

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

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

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

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

2. Summary of significant accounting policies (continued)

t) Derivative financial instruments and hedge accounting (continued)

The Bank discontinues hedge accounting prospectively in the following situations:

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

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

u) Foreign currency translation

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

Transactions whose terms are denominated in a currency other than the functional currency, including transactions denominated in local currency of the foreign entity with the US$ as their functional currency, are recorded at the exchange rate prevailing at the date of the transaction. Assets and liabilities in foreign currency are translated into US$ using period-end spot foreign exchange rates. The effects of translation of monetary assets and liabilities into US$ are included in current year's earnings in the Gain (loss) on foreign currency exchange line item.

v) Income taxes

- Bladex Head Office is exempted from payment of income taxes in Panama in accordance with the contract signed between the Republic of Panama and Bladex.
- The Feeder and the Master are not subject to income taxes in accordance with the laws of the Cayman Islands. These companies received an undertaking exempting them from taxation of all future profits until March 7, 2026.
- Bladex Representacao Ltda. and Bladex Investimentos Ltda., are subject to income taxes in Brazil.

2. Summary of significant accounting policies (continued)

v) Income taxes (continued)

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

Such amounts of income taxes have been immaterial to date.

w) Redeemable noncontrolling interest

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

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

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

x) Earnings per share

Basic earnings per share is computed by dividing the net income attributable to Bladex stockholders (the numerator) by the weighted average number of common shares outstanding (the denominator) during the 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.

2. Summary of significant accounting policies (continued)

y) Applicable accounting standards recently issued

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

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

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

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

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

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

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

The accounting changes in this update are effective for public business entities for the first interim or annual period beginning after December 15, 2014. Entities are required to present changes in accounting for transactions outstanding on the effective date of this update as a cumulative-effect adjustment to retained earnings at the beginning of the period of adoption. Early application for public business entities is prohibited. The Bank is currently evaluating the potential impact of this update in its consolidated financial statements.

(In thousands of US dollars)

3. Sale of the asset management unit and discontinued operations

On April 2, 2013, the Bank reached a definitive agreement to sale its asset management unit (the "Management Unit") to Alpha4X Asset Management, LLC and related companies ("Alpha4X"). Alpha 4X Asset Management, LLC is a company majority-owned by former executives of the Management Unit. The sale closed in the second quarter of 2013.

The sale resulted in a gain of $455 thousand, which was reported in net loss from discontinued operations in the consolidated statements of income in the second quarter of 2013. The Bank applied discontinued operations accounting to the operations of the Management Unit in accordance with ASC Topic 205-20 – Presentation of Financial Statements – Discontinued Operations.

The following table summarizes the operating results of the discontinued operations:

	Year ended December 31		
	2014	**2013**	**2012**
Other income:			
Fees and commissions [1]	-	610	2,683
Other income	-	468	20
	-	1,078	2,703
Operating expenses:			
Salaries and other employee expenses	-	373	1,535
Depreciation and amortization	-	8	21
Professional services	-	462	699
Maintenance and repairs	-	1	7
Other operating expenses	-	238	1,122
Total operating expenses	-	1,082	3,384
Net gain (loss) from discontinued operations	-	(4)	(681)

[1] Includes management fees from investment funds for $567 thousand and $2,588 thousand in 2013 and 2012, respectively

4. Cash and cash equivalents

Cash and cash equivalents are as follows:

	December 31, 2014	
	2014	**2013**
Cash and due from banks	4,985	2,161
Interest-bearing deposits in banks	775,530	837,557
Total	780,515	839,718
Less:		
Pledged deposits	39,210	9,032
	741,305	830,686

On December 31, 2014 and 2013 the New York Agency had a pledged deposit with a carrying value of $3.0 million with the New York State Banking Department, as required by law since March 1994. As of December 31, 2014 and 2013, the Bank had pledged deposits with a carrying value of $10.9 million and $6.0 million, respectively, to secure derivative financial instruments transactions and repurchase agreements.

(In thousands of US dollars)

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:

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

(In thousands of US dollars)

5. Investment securities (continued)

Securities available-for-sale (continued)

	December 31, 2013			
	Amortized Cost	Unrealized Gross Gain	Unrealized Gross Loss	Fair Value
Corporate debt:				
Brazil	41,439	11	778	40,672
Colombia	44,536	65	1,351	43,250
Chile	21,807	15	751	21,071
Honduras	9,400	-	136	9,264
Panama	7,159	-	78	7,081
Peru	29,439	42	674	28,807
Venezuela	29,871	-	1,848	28,023
	183,651	133	5,616	178,168
Sovereign debt:				
Brazil	32,751	936	645	33,042
Colombia	42,776	-	1,125	41,651
Chile	20,772	12	610	20,174
Mexico	35,730	-	2,445	33,285
Panama	12,485	71	553	12,003
Peru	11,589	-	65	11,524
Trinidad and Tobago	4,665	-	144	4,521
	160,768	1,019	5,587	156,200
Total	344,419	1,152	11,203	334,368

As of December 31, 2014 and 2013, securities available-for-sale with a carrying value of $307.5 million and $296.8 million, respectively, were pledged to secure repurchase transactions accounted for as secured financings.

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

	December 31, 2014					
	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	87,077	2,513	13,334	561	100,411	3,074
Sovereign debt	101,789	1,601	77,199	2,932	178,988	4,533
	188,866	4,114	90,533	3,493	279,399	7,607

(In thousands of US dollars)

5. Investment securities (continued)

Securities available-for-sale (continued)

	December 31, 2013					
	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	136,895	5,113	6,866	503	143,761	5,616
Sovereign debt	107,239	5,210	18,557	377	125,796	5,587
	244,134	10,323	25,423	880	269,557	11,203

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

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

	Year ended December 31		
	2014	2013	2012
Gains	1,891	1,523	6,141
Losses	(20)	(1)	(111)
Net	1,871	1,522	6,030

The amortized cost and fair value of securities available-for-sale by contractual maturity as of December 31, 2014, are shown in the following table:

	Amortized Cost	Fair Value
Due within 1 year	85,496	85,579
After 1 year but within 5 years	139,547	135,662
After 5 years but within 10 years	121,392	117,732
	346,435	338,973

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

(In thousands of US dollars)

5. Investment securities (continued)

Securities held-to-maturity (continued)

	December 31, 2013			
	Amortized Cost	Unrealized Gross Gain	Unrealized Gross Loss	Fair Value
Corporate debt:				
Costa Rica	2,000	-	-	2,000
Honduras	4,118	-	-	4,118
Panama	14,634	8	18	14,624
	20,752	8	18	20,742
Sovereign debt:				
Colombia	13,007	-	115	12,892
Total	33,759	8	133	33,634

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

The amortized cost and fair value of securities held-to-maturity by contractual maturity as of December 31, 2014, are shown in the following table:

	Amortized Cost	Fair Value
Due within 1 year	34,326	34,376
After 1 year but within 5 years	19,854	18,919
	54,180	53,295

As of December 31, 2014 and, 2013, securities held-to-maturity with a carrying value of $13.0 million, for both periods, were pledged to secure repurchase transactions accounted for as secured financings.

6. Investment funds

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

(In thousands of US dollars)

6. Investment funds (continued)

On April 2014, the Bank redeemed $13.9 million of its investment in the “Feeder”, VIE that was consolidated until March 31, 2014, following the requirements of ASC 810-10- Consolidation, prior to the implementation of FAS 167 (FIN 46 (R) (ASU 2009-17 – Consolidation of Variable Interest Entities). After this redemption, the Bank ceased to be the primary beneficiary of that VIE; and therefore deconsolidated its investment in Alpha4X Feeder Fund. The deconsolidation of this fund affected the balance of redeemable noncontrolling interest by $49.4 million.

Since April 2014, the Bank´s investment in Alpha4X Feeder Fund is adjusted to record the Bank’s participation in the profits and losses of that fund in the “Net gain (loss) from investment funds” line item. At December 31, 2014, the Bank has a participation of 49.61% in that fund (55.87% at December 31, 2013).

With the sale of the Management Unit described in Note 3, in 2013 the Bank deconsolidated its investment in Alpha4X Latam Fundo de Investimento Multimercado (previously Bladex Latam Fundo de Investimento Multimercado), because it ceased to be the primary beneficiary of that VIE. The deconsolidation of this fund affected the balance of the redeemable noncontrolling interest by $565 thousand. The Bank's investment in Alpha4X Latam Fundo de Investimento Multimercado is analyzed following the consolidation accounting policy of VIEs described in Note 2 (c). As of December 31, 2014 and December 31, 2013, the Bank is not the primary beneficiary of that VIE. This investment is adjusted to record the Bank's participation in the profits and losses of that fund in the “Net gain (loss) from investment funds” line item in the consolidated statement of income.

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

	December 31,	
	2014	**2013**
Alpha4X Feeder Fund	52,472	113,069
Alpha4X Latam Fundo de Investimento Multimercado	5,102	5,592
	57,574	118,661

The Bank has a commitment to remain an investor in these funds, net of annual contractual redemptions, up to March 31, 2016.

(In thousands of US dollars)

7. Loans

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

	December 31, 2014	December 31, 2013
Corporations:		
Private	3,120,005	2,375,178
State-owned	711,955	938,878
Banking and financial institutions:		
Private	1,890,605	1,785,798
State-owned	480,331	474,193
Middle-market companies:		
Private	483,348	574,107
Sovereign	-	144
Total	6,686,244	6,148,298

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

	December 31, 2014	December 31, 2013
Banking and financial institutions	2,370,936	2,259,991
Industrial	1,325,091	936,290
Oil and petroleum derived products	1,013,324	1,170,684
Agricultural	1,132,330	924,251
Services	617,366	398,736
Mining	38,572	10,000
Sovereign	-	144
Others	188,625	448,202
Total	6,686,244	6,148,298

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

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

(In thousands of US dollars)

7. Loans (continued)

	December 31, 2013						
	Corporations		Banking and financial institutions		Middle-market companies		
Rating [(1)]	Private	State-owned	Private	State-owned	Private	Sovereign	Total
1-6	2,372,053	938,878	1,785,798	474,193	574,107	144	6,145,173
7	-	-	-	-	-	-	-
8	3,125	-	-	-	-	-	3,125
9	-	-	-	-	-	-	-
10	-	-	-	-	-	-	-
Total	2,375,178	938,878	1,785,798	474,193	574,107	144	6,148,298

[(1)] Current ratings as of December 31, 2014 and 2013, respectively.

The remaining loan maturities are summarized as follows:

	December 31, 2014	December 31, 2013
Current		
Up to 1 month	947,624	1,017,794
From 1 month to 3 months	1,502,905	1,749,348
From 3 months to 6 months	1,268,478	949,364
From 6 months to 1 year	1,067,073	774,803
From 1 year to 2 years	989,805	942,327
From 2 years to 5 years	870,163	711,537
From 5 years to 7 years	31,361	-
	6,677,409	6,145,173
Delinquent	4,801	-
Impaired:		
Delinquent with impairment	-	3,125
Past due with impairment	4,034	-
	8,835	3,125
Total	6,686,244	6,148,298

(In thousands of US dollars)

7. Loans (continued)

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

	December 31,	
	2014	**2013**
Country:		
Argentina	184,882	189,828
Bolivia	10,000	-
Brazil	1,971,776	1,708,592
Chile	157,309	490,869
Colombia	726,085	701,577
Costa Rica	320,832	410,295
Dominican Republic	243,038	190,589
Ecuador	120,010	126,001
El Salvador	115,830	123,076
France	6,000	101,006
Germany	100,000	-
Guatemala	262,733	199,873
Honduras	93,008	73,524
Jamaica	15,512	60,784
Mexico	868,045	517,278
Netherlands	10,455	14,867
Nicaragua	7,856	7,823
Panama	320,758	223,505
Paraguay	132,479	102,244
Peru	589,724	580,881
Switzerland	50,000	-
Trinidad and Tobago	165,042	142,642
United States of America	55,370	28,283
Uruguay	159,500	154,761
	6,686,244	6,148,298

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

	December 31,	
	2014	**2013**
Fixed interest rates	3,322,817	3,252,331
Floating interest rates	3,363,427	2,895,967
	6,686,244	6,148,298

As of December 31, 2014 and 2013, 89% and 92%, respectively, of the loan portfolio at fixed interest rates has remaining maturities of less than 180 days.

(In thousands of US dollars)

7. Loans (continued)

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

	December 31,		
	2014	**2013**	**2012**
Loans in non-accrual status			
Private corporations	3,125	3,125	-
Middle-market companies	909	-	-
Total loans in non-accrual status	4,034	3,125	-
Interest which would have been recorded if the loans had not been in a non-accrual status	191	67	-
Interest income collected on non-accruing loans	6	-	2,288

An analysis of non-accruing loans with impaired balances as of December 31, 2014 and, 2013 is detailed as follows:

	December 31, 2014			2014	
	Recorded investment	**Unpaid principal balance**	**Related allowance**	**Average principal loan balance**	**Interest income recognized**
With an allowance recorded					
Private corporations	3,125	2,813	2,284	3,125	-
Middle-market companies	909	40	131	339	6
Total	4,034	2,853	2,415	3,464	6

	December 31, 2013			2013	
	Recorded investment	**Unpaid principal balance**	**Related allowance**	**Average principal loan balance**	**Interest income recognized**
With an allowance recorded					
Private corporations	3,125	3,125	954	9	-
Total	3,125	3,125	954	9	-

As of December 31, 2014 and, 2013, there were no impaired loans without related allowance.

(In thousands of US dollars)

7. Loans (continued)

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

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

As of December 31, 2014, the quantitative information regarding past-due trouble debt restructuring loans is the following:

	Number of contracts	Balance recorded
Corporations:		
Privates	-	-
State-owned	-	-
Banking and finacial institutions:		
Privates	-	-
State-owned	-	-
Middle-market companies:		
Privates	2	909
Sovereign	-	-
Total	2	909

As of December 31, 2013, the Bank did not have any troubled debt restructurings.

(In thousands of US dollars)

7. Loans (continued)

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

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

	December 31, 2013							
	91-120 days	121-150 days	151-180 days	Greater than 180 days	Total Past due	Delinquent	Current	Total loans
Corporations	-	-	-	-	-	3,125	3,310,931	3,314,056
Banking and financial institutions	-	-	-	-	-	-	2,259,991	2,259,991
Middle-market companies	-	-	-	-	-	-	574,107	574,107
Sovereign	-	-	-	-	-	-	144	144
Total	-	-	-	-	-	3,125	6,145,173	6,148,298

As of December 31, 2014 and 2013, the Bank has credit transactions in the normal course of business with 15% and 20%, respectively, of its Class “A” and “B” stockholders. All transactions are made based on arm’s-length terms and subject to prevailing commercial criteria and market rates and are subject to all of the Bank’s Corporate Governance and control procedures. As of December 31, 2014 and 2013, approximately 8% and 12%, respectively, of the outstanding loan portfolio is placed with the Bank’s Class “A” and “B” stockholders and their related parties. As of December 31, 2014, the Bank was not directly or indirectly owned or controlled by another corporation or any foreign government, and no Class “A” or “B” shareholder was the registered owner of more than 3.5% of the total outstanding shares of the voting capital stock of the Bank.

During 2014, 2013 and 2012, the Bank sold loans on the secondary market with a book value of $515.6 million and $89.5 million and $146.2 millon, respectively, with a net gain of $2.2 million and $0.4 million and $1.1 million, in 2014, 2013 and 2012, respectively.

(In thousands of US dollars)

8. Allowance for credit losses

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

a) Allowance for loan losses:

	December 31, 2014				
	Corporations	Banking and financial institutions	Middle market companies	Sovereign	Total
Balance at beginning of the period	31,516	30,865	10,369	1	72,751
Provision (reversal of provision) for loan losses	11,250	647	(5,001)	(1)	6,895
Loan recovenies and other	-	-	29	-	29
Loans written-off	-	-	-	-	-
Balance at end of the period	42,766	31,512	5,397	-	79,675
Components:					
Generic allowance	40,482	31,512	5,266	-	77,260
Specific allowance	2,284	-	131	-	2,415
Total allowance for loan losses	42,766	31,512	5,397	-	79,675

	December 31, 2013				
	Corporations	Banking and financial institutions	Middle market companies	Sovereign	Total
Balance at beginning of the period	32,488	28,836	10,887	765	72,976
Provision (reversal of provision) for loan losses	(972)	656	(518)	(764)	(1,598)
Loan recovenies and other	-	1,373	-	-	1,373
Loans written-off	-	-	-	-	-
Balance at end of the period	31,516	30,865	10,369	1	72,751
Components:					
Generic allowance	30,562	30,865	10,369	1	71,797
Specific allowance	954	-	-	-	954
Total allowance for loan losses	31,516	30,865	10,369	1	72,751

	December 31, 2012				
	Corporations	Banking and financial institutions	Middle market companies	Sovereign	Total
Balance at beginning of the period	48,865	30,523	8,952	207	88,547
Provision (reversal of provision) for loan losses	(8,887)	(1,704)	1,690	558	(8,343)
Loan recovenies and other	-	17	245	-	262
Loans written-off	(7,490)	-	-	-	(7,490)
Balance at end of the period	32,488	28,836	10,887	765	72,976
Components:					
Generic allowance	32,488	28,836	10,887	765	72,976
Specific allowance	-	-	-	-	-
Total allowance for loan losses	32,488	28,836	10,887	765	72,976

(In thousands of US dollars)

8. Allowance for credit losses (continued)

a) Allowance for loan losses (continued):

Provision of generic allowance for credit losses are mostly related to changes in volume and composition of the credit portfolio. The net increase in the generic allowance for loan losses is primarily due to changes in volume, composition and risk profiles of the portfolio.

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

	December 31, 2014				
Allowance for loan losses	Corporations	Banking and financial institutions	Middle market companies	Sovereign	Total
Generic allowance	40,482	31,512	5,266	-	77,260
Specific allowance	2,284	-	131	-	2,415
Total of allowance for loan losses	42,766	31,512	5,397	-	79,675
Loans					
Loans with generic allowance	3,828,835	2,370,936	482,439	-	6,682,210
Loans with specific allowance	3,125	-	909	-	4,034
Total loans	3,831,960	2,370,936	483,348	-	6,686,244

	December 31, 2013				
Allowance for loan losses	Corporations	Banking and financial institutions	Middle market companies	Sovereign	Total
Generic allowance	30,562	30,865	10,369	1	71,797
Specific allowance	954	-	-	-	954
Total of allowance for loan losses	31,516	30,865	10,369	1	72,751
Loans					
Loans with generic allowance	3,310,931	2,259,991	574,107	144	6,145,173
Loans with specific allowance	3,125	-	-	-	3,125
Total loans	3,314,056	2,259,991	574,107	144	6,148,298

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

	December 31,		
	2014	2013	2012
Balance at beginning of the period	5,222	4,841	8,887
Provision for losses on off-balance sheet credit risk	1,627	381	(4,046)
Balance at end of the period	6,849	5,222	4,841

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 19). The net increase in the reserve for losses on off-balance sheet credit risk was primarily due to changes in volume, composition, and risk profile of the portfolio.

(In thousands of US dollars)

9. Equipment and leasehold improvements

A breakdown of cost and accumulated depreciation and amortization for equipment and leasehold improvements as of December 31, 2014 ans 2013 is as follows:

	December 31,	
	2014	**2013**
Leasehold improvements	7,462	7,414
Furniture and equipment	16,870	16,933
	24,332	24,347
Less: accumulated depreciation and amortization	16,203	13,881
	8,129	10,466

On June 2012, the Bank recorded a gain on sale of premises and equipment of $5.6 million from the sale of its former head office's premises.

10. Other assets and other liabilities

Followings is a summary of other assets and other liabilities as of December 31, 2014 and 2013:

	December 31,	
	2014	**2013**
Other assets		
Prepaid commissions	5,649	5,042
Accounts receivable	4,281	1,514
Equity investment in a private fund (at cost)	530	530
Other	3,101	1,303
	13,561	8,389

	December 31,	
	2014	**2013**
Other liabilities		
Accruals and provisions	25,572	22,516
Accounts payable	4,260	2,471
Others	3,047	2,960
	32,879	27,947

(In thousands of US dollars)

11. Deposits

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

	December 31,	
	2014	2013
Demand	84,175	63,047
Up to 1 month	1,512,868	1,617,059
From 1 month to 3 months	460,681	311,048
From 3 months to 6 months	276,970	207,182
From 6 months to 1 year	147,000	157,000
From 1 year to 2 years	25,000	6,000
	2,506,694	2,361,336

The following table presents additional information about deposits:

	December 31,	
	2014	2013
Aggregate amounts of time deposits of $100,000 or more	2,506,244	2,298,289
Aggregate amounts of deposits in offices outside Panama	230,305	227,559
Interest expense paid to deposits in offices outside Panama	961	1,235

12. Trading liabilities

The fair value of trading liabilities is as follows:

	December 31,	
	2014	2013
Trading liabilities:		
Interest rate swaps	52	65
Cross-currency interest rate swaps	-	7
Forward foreign exchange	-	-
Total	52	72

During 2014, 2013 and 2012, the Bank recognized the following gains and losses related to trading derivative financial instruments:

	Year ended December 31,		
	2014	2013	2012
Interest rate swaps	(60)	(9)	(310)
Cross-currency swaps	-	67	-
Cross-currency interest rate swaps	-	3,236	11,537
Forward foreign exchange	(333)	(6)	27
Future contracts	-	191	207
Total	(393)	3,479	11,461

These amounts are reported in the Net gain (loss) from trading securities and Net gain (loss) from investment funds trading lines 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 21.

(In thousands of US dollars)

12. Trading liabilities (continued)

As of December 31, 2014 and 2013, trading derivative liabilities include or have included interest rate swap and cross-currency interest rate swap contracts that were previously designated as fair value and cash flow hedges. Adjustments to the carrying value of the hedged underlying transactions are amortized in the interest income and expense lines over the remaining term of these transactions. Changes in the fair value of these derivative instruments after discontinuation of hedge accounting are recorded in Net gain (loss) from trading securities.

As of December 31, 2014 and 2013, information on the nominal amounts of derivative financial instruments held for trading purposes is as follows:

	2014			2013		
	Nominal	Fair Value		Nominal	Fair Value	
	Amount	Asset	Liability	Amount	Asset	Liability
Interest rate swaps	14,000	-	52	14,000	-	65
Cross-currency interest rate swaps	-	-	-	600	-	7
Total	14,000	-	52	14,600	-	72

13. Securities sold under repurchase agreements

The Bank's financing transactions under repurchase agreements amounted to $300.5 million and $286.2 million as of December 31, 2014 and, 2013, respectively.

During 2014, 2103, 2012, interest expense related to financing transactions under repurchase agreements totaled $2.1 million and $1.3 and 1.7 millon, respectively, corresponding to interest expense generated by the financing contracts under repurchase agreements. These expenses are included in the interest expense – short-term borrowings and debt line in the consolidated statements of income.

(In thousands of US dollars)

14. Short-term borrowings and debt

The breakdown of short-term borrowings and debt, together with contractual interest rates, is as follows:

	December 31,	
	2014	**2013**
Borrowings:		
At fixed interest rates	1,256,411	1,289,851
At floating interest rates	1,348,431	1,017,527
Total borrowings	2,604,842	2,307,378
Debt:		
At fixed interest rates	77,695	287,987
At floating interest rates	10,000	110,000
Total debt	87,695	397,987
Total short-term borrowings and debt	2,692,537	2,705,365
Average outstanding balance during the year	2,191,253	2,048,110
Maximum balance at any month-end	2,692,537	2,705,365
Range of fixed interest rates on borrowing and debt in U.S. dollars	0.64% to 1.20%	0.67% to 1.43%
Range of floating interest rates on borrowing and debt in U.S. dollars	0.46% to 1.16%	0.79% to 1.47%
Range of fixed interest rates on borrowing and debt in Mexican peso	3.58% to 3.60%	4.13% to 4.58%
Floating interest rate on borrowing in Mexican pesos	0% to 3.69%	4.03% to 4.24%
Fixed interest rate on debt in Japanese yens	0.75%	0.75%
Fixed interest rate on debt in Swiss francs	0.55%	0.80%
Weighted average interest rate at end of the period	0.81%	1.09%
Weighted average interest rate during the period	0.93%	1.21%

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

	December 31,	
	2014	**2013**
Currency		
US dollar	2,626,800	2,536,815
Mexican peso	11,042	73,964
Japanese yen	4,185	4,749
Swiss franc	50,510	89,837
Total	2,692,537	2,705,365

(In thousands of US dollars)

15. Long-term borrowings and debt

Borrowings consist of long-term and syndicated loans obtained from international banks. Debt instruments consist of Euro-Notes and issuances 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:

	December 31, 2014	December 31, 2013
Borrowings:		
At fixed interest rates with due dates from june 2015 to november 2016	65,000	25,000
At floating interest rates with due dates from may 2015 to november 2019	578,956	506,346
Total borrowings	643,956	531,346
Debt:		
At fixed interest rates with due dates from april 2017 to march 2024	464,729	444,719
At floating interest rates with due dates from march 2015 to january 2018	296,834	177,806
Total debt	761,563	622,525
Total long-term borrowings and debt	1,405,519	1,153,871
Total long-term borrowings and debt outstanding	1,388,708	1,317,983
Maximum oustanding balance at any month - end	1,587,009	1,893,149
Range of fixed interest rates on borrowing and debt in U.S. dollars	1.50% to 3.75%	1.50% to 3.75%
Range of floating interest rates on borrowing and debt in U.S. dollars	0.72% to 1.76%	0.52% to 1.77%
Range of floating interest rates on borrowing and debt in Mexican peso	3.67% to 3.96%	4.44% to 5.29%
Fixed interest rate on debt in Peruvian nuevos soles	-	6.50%
Weighted average interest rate at the end of the period	2.71%	3.06%
Weighted average interest rate during the period	2.86%	3.08%

The balances of long-term borrowings and debt by currency, is as follows:

	December 31, 2014	December 31, 2013
Currency		
U.S. dollar	1,069,421	866,975
Mexican peso	271,833	242,916
Peruvian nuevo sol	-	43,980
Euro	64,265	-
Total	1,405,519	1,153,871

(In thousands of US dollars)

15. Long-term borrowings and debt (continued)

The Bank's funding activities include: (i) Euro Medium Term Note Program ("EMTN"), which may be used to issue notes for up to $2.3 billion, with maturities from 7 days up to a maximum of 30 years, at fixed or floating interest rates, or at discount, and in various currencies. The notes are generally issued in bearer or registered form through one or more authorized financial institutions; (ii) Short-and Long-Term Notes "Certificados Bursatiles" Program (the "Mexico Program") in the Mexican local market, registered with the Mexican National Registry of Securities maintained by the National Banking and Securities Commission in Mexico ("CNBV", for its acronym in Spanish), for an authorized aggregate principal amount of 10 billion Mexican pesos with maturities from one day to 30 years; (iii) a Program in Peru to issue corporate bonds under a private offer in Peruvian nuevos soles ("PEN"), offered exclusively to institutional investors domiciled in the Republic of Peru, for an maximum aggregate limit of the equivalent of $300 million, with different maturities and interest rate structures.

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, 2014, the Bank was in compliance with all covenants.

The future remaining maturities of long-term borrowings and debt outstanding as of December 31, 2014, are as follows:

Due in	Oustanding
2015	236,372
2016	288,455
2017	650,510
2018	135,917
2019	30,000
2024	64,265
	1,405,519

(In thousands of US dollars)

16. 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, 2014:

(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, 2012	6,342,189	2,531,926	28,257,827	-	37,131,942
Conversions	-	-	-	-	-
Restricted stock issued - directors	-	-	32,317	-	32,317
Exercised stock options - compensation plans	-	-	895,674	-	895,674
Restricted stock units - vested	-	-	85,249	-	85,249
Outstanding at December 31, 2012	6,342,189	2,531,926	29,271,067	-	38,145,182
Conversions	-	(11,504)	11,503	-	(1)
Repurchase of common stock	-	-	(1,083)	-	(1,083)
Restricted stock issued - directors	-	-	28,500	-	28,500
Exercised stock options - compensation plans	-	-	276,079	-	276,079
Restricted stock units - vested	-	-	124,490	-	124,490
Outstanding at December 31, 2013	6,342,189	2,520,422	29,710,556	-	38,573,167
Conversions	-	(20,208)	20,208	-	-
Repurchase of common stock	-	(21,164)	(2,110)	-	(23,274)
Restricted stock issued - directors	-	-	28,500	-	28,500
Exercised stock options - compensation plans	-	-	111,427	-	111,427
Restricted stock units - vested	-	-	87,519	-	87,519
Outstanding at December 31, 2014	**6,342,189**	**2,479,050**	**29,956,100**	**-**	**38,777,339**

(In thousands of US dollars)

16. Common stock (continued)

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

	"Class A"		"Class B"		"Class E"		Total	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
Outstanding at January 1, 2012	**318,140**	**10,708**	**568,010**	**15,655**	**3,961,748**	**89,254**	**4,847,898**	**115,617**
Restricted stock issued - directors	-	-	-	-	(32,317)	(771)	(32,317)	(771)
Exercised stock options - compensation plans	-	-	-	-	(895,674)	(21,361)	(895,674)	(21,361)
Restricted stock units - vested	-		-	-	(85,249)	(2,033)	(85,249)	(2,033)
Outstanding at December 31, 2012	**318,140**	**10,708**	**568,010**	**15,655**	**2,948,508**	**65,089**	**3,834,658**	**91,452**
Repurchase of common stock	-	-	-	-	1,083	27	1,083	27
Restricted stock issued - directors	-	-	-	-	(28,500)	(629)	(28,500)	(629)
Exercised stock options - compensation plans	-	-	-	-	(276,079)	(6,094)	(276,079)	(6,094)
Restricted stock units - vested	-	-	-	-	(124,490)	(2,748)	(124,490)	(2,748)
Outstanding at December 31, 2013	**318,140**	**10,708**	**568,010**	**15,655**	**2,520,522**	**55,645**	**3,406,672**	**82,008**
Repurchase of common stock	-	-	21,164	587	2,110	53	23,274	640
Restricted stock issued - directors	-	-	-	-	(28,500)	(629)	(28,500)	(629)
Exercised stock options - compensation plans	-	-	-	-	(111,427)	(2,460)	(111,427)	(2,460)
Restricted stock units - vested	-	-	-	-	(87,519)	(1,932)	(87,519)	(1,932)
Outstanding at December 31, 2014	**318,140**	**10,708**	**589,174**	**16,242**	**2,295,186**	**50,677**	**3,202,500**	**77,627**

17. Cash and stock-based compensation plans

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

A. <u>2008 Stock Incentive Plan – Directors and Executives</u>

In February 2008, the Board of Directors of the Bank approved an incentive plan for Directors and Executives allowing the Bank to grant restricted stock, restricted stock units, stock purchase options, and/or other similar compensation instruments. The maximum aggregate number of shares which may be granted under this plan is three million "Class E" common shares. The 2008 Stock Incentive Plan is administered by the Board of Directors 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.

Restricted stocks are issued at the grant date, but are withheld by the Bank until the vesting date. Restricted stocks are entitled to receive dividends. A restricted stock unit is a grant valued in terms of the Bank's stock, but no stock is issued at the grant date. Restricted stock units are not entitled to dividends. The Bank issues and delivers common stock at the vesting date of the restricted stock units.

(In thousands of US dollars)

17. Cash and stock-based compensation plans (continued)

A. 2008 Stock Incentive Plan – Directors and Executives (continued)

During 2014, 2013 and 2012, 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 the years 2014, 2013 and 2012, the Board of Directors granted 28,500, 28,500 and 32,317 "Class E" common shares. The fair value of restricted stock granted was based on the stock closing price in the New York Stock Exchange of the "Class E" shares on July 15, 2014, July 16, 2013, October 16, 2012, and July 17, 2012. The fair value of restricted stock granted totalled $862 thousand in 2014, $713 thousand in 2013 and $714 thousand in 2012, of which $846 thousand, $637 thousand and $428 thousand were charged against income during 2014, 2013 and 2012, respectively. The remaining cost pending amortization of $1,417 thousand at December 31, 2014 will be amortized over 2.02 years.

Restricted stock vest on the grant's date anniversary, as follows:

Year of Grant	
2014	35% in the first and second year, and 30% in the third year
2013	35% in the first and second year, and 30% in the third year
2012	25% each year

A summary of the restricted stock granted to Directors is presented below:

	Shares	Weighted average grant date fair value
Outstanding at January 1, 2012	82,005	$ 14.59
Granted	32,317	22.09
Vested	(23,493)	14.35
Outstanding at December 31, 2012	90,829	17.32
Granted	28,500	25.00
Vested	(34,467)	16.84
Outstanding at December 31, 2013	84,862	20.10
Granted	28,500	30.25
Vested	(35,026)	18.80
Outstanding at December 31, 2014	78,336	$ 24.37
Expected to vest	78,336	$ 24.37

The fair value of vested stock during the years 2014, 2013 and 2012 was $659 thousand, $581 thousand and $337 thousand, respectively.

(In thousands of US dollars)

17. Cash and stock-based compensation plans (continued)

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 $1.6 million in 2014, $2.1 million in 2013 and $3.7 million in 2012. In 2014, the distribution of the fair value in restricted stock units and stock purchase options was $0.9 million and $0.7 million, respectively. The 2013 grant was in restricted stock units only.

In 2012, the distribution of the fair value in restricted stock units and stock purchase options was $3.2 million and $0.5 million, respectively. 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 grants date. These stock units vest 25% each year on the grant date's anniversary.

Compensation costs of the restricted stock units are amortized during the period of restriction. Costs charged against income during 2014, 2013 and 2012 due to the amortization of these grants totaled $1,158 thousand, $2,077 thousand and $1,317 thousand, respectively. The remaining compensation cost pending amortization of $1,966 thousand in 2014 will be amortized over 2.16 years.

A summary of the status of the restricted stock units granted to certain Executives is presented below:

	Stock units	Weighted average grant date fair value	Weighted average remaining contractual term	Aggregate intrinsic value (thousands)
Outstanding at January 1, 2012	226,410	$ 12.80		
Granted	181,598	17.52		
Forfeited	(54,367)	13.88		
Vested	(85,249)	12.31		
Outstanding at December 31, 2012	268,392	15.93		
Granted	114,070	18.76		
Forfeited	(15,223)	16.81		
Vested	(124,490)	16.08		
Outstanding at December 31, 2013	242,749	17.13		
Granted	47,737	19.24		
Forfeited	(39,255)	17.25		
Vested	(87,519)	16.27		$ 813
Outstanding at December 31, 2014	163,712	$ 18.18	2.04 years	$ 1,952
Expected to vest	163,712	$ 18.18		$ 1,952

The fair value of vested stock during the years 2014, 2013 and 2012 was $1,424 thousand, $2,002 thousand and $1,050 thousand, respectively.

(In thousands of US dollars)

17. Cash and stock-based compensation plans (continued)

Stock purchase options:

The fair value of stock purchase options granted to certain Executives during 2014 and 2012 was estimated using a binomial option-pricing model, based on the following factors:

	Measuring unit	2014	2013	2012
Weighted average fair value per option	$	2.16	-	3.01
Weighted average expected term, in years	years	5.50	-	5.50
Expected volatility	%	22.74	-	33.35
Risk-free rate	%	0.12 to 2.19	-	0.18 to 1.34
Expected dividend	%	5.00	-	5.30

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 2014, 2013 and 2012 as a result of the amortization of these plans amounted to $242 thousand, $282 thousand and $485 thousand, respectively. The remaining compensation cost pending amortization of $601 thousand in 2014 will be amortized over a period of 3.12 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, 2012	915,566	$ 12.87		
Granted	182,420	18.93		
Forfeited	(231,639)	15.82		
Exercised	(442,675)	12.90		
Outstanding at December 31, 2012	423,672	13.83		
Granted	-	-		
Forfeited	(9,780)	18.18		
Exercised	(226,147)	12.76		
Outstanding at December 31, 2013	187,745	14.90		
Granted	315,971	25.15		
Forfeited	(671)	18.57		
Exercised	(111,349)	13.18		
Outstanding at December 31, 2014	391,696	$ 23.65	5.62 years	$ 2,526
Exercisable	33,803	$ 15.53	2.11 years	$ 493
Expected to vest	357,893	$ 24.42	5.88 years	$ 2,033

The intrinsic value of exercised options during the years 2014, 2013 and 2012 was $1,911 thousand, $2,673 thousand and $3,375 thousand, respectively. During the years 2014, 2013 and 2012 the Bank received $1,470 thousand, $2,886 thousand and $5,709 thousand, respectively, from exercised options.

(In thousands of US dollars)

17. Cash and stock-based compensation plans (continued)

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 vested at a rate of 20% each year on the grant date's anniversary.

Related costs charged against income related to these grants amounted to $41 thousand in 2012. Since December 31, 2012, the Bank has neither unrecognized compensation costs nor restricted stock related to this plan.

A summary of restricted stock granted to Directors is presented below:

	Shares	Weighted average grant date fair value
Non vested at January 1, 2012	3,518	$ 21.35
Granted	-	-
Vested	(3,518)	21.35
Non vested at December 31, 2012	-	

The total fair value of vested stock during the year ended December 31, 2012 was $75 thousand.

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

The 2006 Stock Option Plan was terminated in 2008. The options granted under this plan had an expiration term of seven years after the grant date. No grants were made after the 2007's grant. There were no compensation costs pending amortization or outstanding options related to this plan.

Since December 31, 2011, there are neither compensation costs pending to be amortized, nor outstanding options related to this plan.

A summary of the share options granted to Directors and certain Executives is presented below:

	Options	Weighted average exercise price	Weighted average remaining contractual term	Aggregate intrinsic value (thousands)
Outstanding at January 1, 2013	49,804	$ 16.34		
Forfeited	-	-		
Exercised	(49,804)	16.34		
Outstanding at December 31, 2013	-			

The intrinsic value of exercised options during the year ended December 31, 2013 and 2012 was $442 thousand and $570 thousand, respectively. During the year ended December 31, 2013 and 2012, the Bank received $814 thousand and $2,130 thousand from exercised options, respectively.

(In thousands of US dollars)

17. Cash and stock-based compensation plans (continued)

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 2006. The indexed stock options had an expiration term of ten years after the grant date. The exercise price is adjusted based on the change in a customized Latin American general market index. There is no compensation cost pending amortization, or outstanding options related to this plan.

A summary of the indexed stock purchase options is presented below:

	Options	Weighted average exercise price	Average remaining contractual term	Weighted Aggregate intrinsic value (thousands)
Outstanding at January 1, 2012	325,936	$ 12.86		
Forfeited	-	-		
Expired	(3,542)	14.48		
Exercised	(322,394)	16.41		
Outstanding at December 31, 2012	-			

The intrinsic value of options exercised during the year ended December 31, 2012 was $1,213 thousand. During the year ended December 31, 2012, the Bank received $5,292 thousand, from exercised options.

E. 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:

	2013	2012
Outstanding at beginning of year	534	1,812
Exercised	(534)	(1,278)
Outstanding at end of year	-	534

Related cost charged against income related to this plan amounted to $1 thousand in 2012. There is no compensation cost related to this plan in 2013.

(In thousands of US dollars)

17. Cash and stock-based compensation plans (continued)

F. Other plans - Expatriate Top Executives Plan

The Bank sponsors a defined contribution plan for its expatriate top executives based in Panama, which are not eligible to participate in the Panamanian social security system. The Bank's contributions are determined as a percentage of the annual salaries of top executives eligible for the plan, each contributing an additional amount withheld from their salary. Contributions to this plan are managed by a fund manager through a trust. The executives are entitled to the Bank's contributions after completing at least three years of service in the Bank. During the years 2014, 2013 and 2012, the Bank charged to salaries expense $133 thousand, $120 thousand and $131 thousand, respectively, that correspond to the Bank's contributions to this plan. As of December 31, 2014 and 2013, the accumulated liability payable amounted to $222 thousand and $176 thousand, respectively.

18. 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:

	Years ended December 31,		
	2014	2013	2012
Net income from continuing operations attributable to Bladex stockholders for both basic and diluted EPS	106,940	84,757	93,713
Net loss from discontinued operations	-	(4)	(681)
Net income attributable to Bladex stockholders for both basic and diluted EPS	106,940	84,753	93,032
Basic earnings per share from continuing operations	2.76	2.21	2.48
Diluted earnings per share from continuing operations	2.75	2.20	2.47
Basic loss per share from discontinued operations	-	(0.00)	(0.02)
Diluted loss per share from discontinued operations	-	(0.00)	(0.02)
Basic earnings per share	2.76	2.21	2.46
Diluted earnings per share	2.75	2.20	2.45
Weighted average common shares outstanding - applicable to basic	38,693	38,406	37,824
Weighted average common shares outstanding - applicable to basic	38,693	38,406	37,824
Effect of dilutive securities:			
Stock options and restricted stock units plans	146	127	114
Adjusted weighted average common shares outstanding applicable to diluted EPS	38,839	38,533	37,938

(In thousands of US dollars)

19. 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:

	December 31,	
	2014	**2013**
Confirmed letters of credit	89,752	221,963
Stand-by letters of credit and guaranteed – Commercial risk	137,817	137,285
Credit commitments	158,549	121,175
	386,118	480,423

As of Decembet 31, 2014, the remaining maturity profile of the Bank's outstanding financial instruments with off-balance sheet credit risk is as follows:

Maturities	Amount
Within 1 year	292,720
From 1 to 2 years	41,269
From 2 to 5 years	51,551
More than 5 years	578
	386,118

(In thousands of US dollars)

19. Financial instruments with off-balance sheet credit risk (continued)

As of December 31, 2014 and 2013 the breakdown of the Bank's off-balance sheet exposure by country risk is as follows:

	December 31,	
	2014	2013
Country:		
Argentina	-	295
Bolivia	-	80
Brazil	19,698	22,567
Chile	27,802	-
Colombia	53,874	38,545
Costa Rica	-	897
Dominican Republic	14,806	108
Ecuador	86,436	153,072
El Salvador	25	25
Guatemala	37,988	43,548
Honduras	412	412
Jamaica	415	338
Mexico	64,324	20,969
Netherlands	-	17,833
Panama	20,675	96,943
Paraguay	418	2
Peru	16,225	41,063
Switzerland	1,000	1,000
United Kingdom	-	70
Uruguay	40,946	40,946
Venezuela	1,074	1,710
	386,118	480,423

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, 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.

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.

(In thousands of US dollars)

20. Leasehold commitments

As of December 31, 2014,the future minimum leasehold commitments payments are as follows:

Expiration year	Amount
2015	2,305
2016	1,714
2017	1,585
2018	1,621
2019	1,669
Thereafter	14,128
Total minimum payments[1]	23,022

[1] Minimum payments have not been reduced by minimum sublease rentals of $2,063 thousand due in the future under non-cancelable subleases.

The following table presents an analysis of all operating leases:

	2014	2013	2012
Rent expense	3,019	2,925	2,468
Less: Sublease rentals	(661)	(559)	(386)
	2,358	2,366	2,082

21. Derivative financial instruments for hedging purposes

As of December 31, 2014 and 2013, quantitative information on derivative financial instruments held for hedging purposes is as follows:

	2014			2013		
	Nominal	Fair value[1]		Nominal	Fair value[1]	
	Amount	Asset	Liability	Amount	Asset	Liability
Fair value hedges:						
Interest rate swaps	167,865	17	1,285	494,558	4,625	1,403
Cross-currency interest rate swaps	282,490	1,062	31,556	269,488	2,783	6,834
Cash flow hedges:						
Interest rate swaps	891,500	2,691	1,805	453,000	393	243
Cross-currency interest rate swaps	56,000	-	5,547	126,308	6,392	-
Forward foreign exchange	126,058	8,554	-	88,130	684	92
Net investment hedges:						
Forward foreign exchange	5,146	-	94	5,810	340	-
Total	1,529,059	12,324	40,287	1,437,294	15,217	8,572
Net gain on the ineffective portion of hedging activities [2]		106			353	

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

(In thousands of US dollars)

21. Derivative financial instruments for hedging purposes (continued)

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

2014

	Gain (loss) recognized in OCI (effective portion)	Classification of gain (loss)	Gain (loss) reclassified from accumulated OCI to the consolidated statements of income (effective portion)	Gain (loss) recognized on derivatives (ineffective portion)
Derivatives – cash flow hedge				
Interest rate swaps	(1,947)			
Cross-currency interest rate swaps	(11,904)	Gain (loss) on foreign currency exchange	-	-
		Interest income – loans	(4)	-
Forward foreign exchange	8,633	Interest income – securities available-for-sale	(238)	-
		Interest income – loans	(2,011)	-
		Interest expense – borrowings and debt	-	-
		Gain (loss) on foreign currency exchange	3,011	-
Total	(5,218)		768	-
Derivatives – net investment hedge				
Forward foreign exchange	38	Gain (loss) on foreign currency exchange	-	-
Total	38		-	-

2013

	Gain (loss) recognized in OCI (effective portion)	Classification of gain (loss)	Gain (loss) reclassified from accumulated OCI to the consolidated statements of income (effective portion)	Gain (loss) recognized on derivatives (ineffective portion)
Derivatives – cash flow hedge				
Interest rate swaps	226			
Cross-currency interest rate swaps	(734)	Gain (loss) on foreign currency exchange	-	-
		Interest income – loans	(11)	-
Forward foreign exchange	1,544	Interest income – securities available-for-sale	(1,461)	-
		Interest expense – borrowings and debt	31	-
		Gain (loss) on foreign currency exchange	1,562	-
Total	1,036		121	-
Derivatives – net investment hedge				
Forward foreign exchange	464	Gain (loss) on foreign currency exchange	-	-
Total	464		-	-

(In thousands of US dollars)

21. Derivative financial instruments for hedging purposes (continued)

2012	Gain (loss) recognized in OCI (effective portion)	Classification of gain (loss)	Gain (loss) reclassified from accumulated OCI to the consolidated statements of income (effective portion)	Gain (loss) recognized on derivatives (ineffective portion)
Derivatives – cash flow hedge				
Interest rate swaps	217			
Cross-currency interest rate swaps	3,740	Gain (loss) on foreign currency exchange	2,481	-
		Interest income – loans	(564)	-
Forward foreign exchange	1,742	Interest expense – borrowings and debt	(169)	-
		Gain (loss) on foreign currency exchange	3,679	-
Total	5,699		5,427	-
Derivatives – net investment hedge				
Forward foreign exchange	109	Gain (loss) on foreign currency exchange	-	-
Total	109		-	-

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:

2014	Classification in consolidated statement of income	Gain (loss) on derivatives	Gain (loss) on hedge item	Net gain (loss)
Derivatives - fair value hedge				
Interest rate swaps	Interest income – securities available-for-sale	(1,800)	2,345	545
	Interest income – loans	(361)	3,112	2,751
	Interest expense – borrowings and debt	3,737	(16,204)	(12,467)
	Derivative financial instruments and hedging	(994)	1,021	27
Cross-currency interest rate swaps	Interest income – loans	(853)	1,695	842
	Interest expense – borrowings and debt	4,538	(10,031)	(5,493)
	Derivative financial instruments and hedging	(24,335)	24,434	99
	Gain (loss) on foreign currency exchange	-	-	-
		(20,068)	6,372	(13,696)

(In thousands of US dollars)

21. Derivative financial instruments for hedging purposes (continued)

2013

Derivatives - fair value hedge	Classification in consolidated statement of income	Gain (loss) on derivatives	Gain (loss) on hedge item	Net gain (loss)
Interest rate swaps	Interest income – securities available-for-sale	(3,088)	4,649	1,561
	Interest income – loans	(39)	350	311
	Interest expense – borrowings and debt	3,192	(16,204)	(13,012)
	Derivative financial instruments and hedging	(3,622)	3,942	320
Cross-currency interest rate swaps	Interest income – loans	(795)	1,548	753
	Interest expense – borrowings and debt	6,905	(12,452)	(5,547)
	Derivative financial instruments and hedging	(6,117)	6,150	33
	Gain (loss) on foreign currency exchange	(430)	458	28
		(3,994)	(11,559)	(15,553)

2012

Derivatives - fair value hedge	Classification in consolidated statement of income	Gain (loss) on derivatives	Gain (loss) on hedge item	Net gain (loss)
Interest rate swaps	Interest income – securities available-for-sale	(2,982)	4,776	1,794
	Interest expense – borrowings and debt	1,564	(12,022)	(10,458)
	Derivative financial instruments and hedging	59	-	59
Cross-currency interest rate swaps	Interest income – loans	(239)	522	283
	Interest expense – borrowings and debt	8,024	(11,187)	(3,163)
	Derivative financial instruments and hedging	12	-	12
	Gain (loss) on foreign currency exchange	5,873	(6,469)	(596)
		12,311	(24,380)	(12,069)

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, and viceversa. 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. The Bank also uses foreign currency exchange contracts to hedge the foreign exchange risk associated with the Bank's equity investment in a non-U.S. dollar functional currency foreign subsidiary. Derivative and foreign exchange instruments negotiated by the Bank are executed mainly over-the-counter (OTC). These contracts are executed

21. Derivative financial instruments for hedging purposes (continued)

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 6.48 years.

The Bank estimates that approximately $222 thousand of losses reported in OCI as of December 31, 2014 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, 2015.

The Bank estimates that approximately $220 thousand of losses reported in OCI as of December 31, 2014 related to forward foreign exchange contracts are expected to be reclassified into interest income as an adjustment to yield of hedged available-for-sale securities during the twelve-month period ending December 31, 2015.

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 and net investment hedges.

In addition to hedging derivative financial instruments, the Bank has derivative financial instruments held for trading purposes that have been disclosed in Note 12.

(In thousands of US dollars)

22. Accumulated other comprehensive income (loss)

As of December 31, 2014, 2013 and 2012 the breakdown of accumulated other comprehensive income (loss) related to investment securities available-for-sale and derivative financial instruments, and foreign currency translation is as follows:

	Securities available for sale	Derivative financial instruments	Foreign currency translation adjustment, net of hedges	Total
Balance as of January 1, 2012	(1,728)	(640)	(744)	(3,112)
Net unrealized gains arising from the year	8,436	5,699	-	14,135
Reclassification adjustment for gains included in net income [(1)]	(5,775)	(5,427)	-	(11,202)
Foreign currency translation adjustment, net	-	-	(551)	(551)
Other comprehensive income (loss) from the year	2,661	272	(551)	2,382
Balance as of December 31, 2012	933	(368)	(1,295)	(730)
Net unrealized loss arising from the year	(9,640)	(2,302)	-	(11,942)
Reclassification adjustment for (gains) loss included in net income [(1)]	(1,487)	1,985	24	522
Foreign currency translation adjustment, net	-	-	(425)	(425)
Other comprehensive income (loss) from the year	(11,127)	(317)	(401)	(11,845)
Balance as of December 31, 2013	(10,194)	(685)	(1,696)	(12,575)
Net unrealized gain (loss) arising from the year	2,224	(1,813)	-	411
Reclassification adjustment for (gains) loss included in net income [(1)]	(2,330)	1,264	-	(1,066)
Foreign currency translation adjustment, net	-	-	(655)	(655)
Other comprehensive income (loss) from the year	(106)	(549)	(655)	(1,310)
Balance as of December 31, 2014	(10,300)	(1,234)	(2,351)	(13,885)

[(1)] Reclassification adjustments include amounts recognized in net income during the current period that had been part of other comprehensive income (loss) in this and previous periods.

The following table presents amounts reclassified from other comprehensive income to the net income of the period:

	2014	
Details about accumulated other comprehensive income components	**Amount reclassified from accumulated other comprehensive income**	**Affected line item in the consolidated statement of income where net income is presented**
Realized gains (losses) on securities available-for-sale:	2	Interest income – securities available-for-sale
	1,796	Net gain on sale of securities available-for-sale
	532	Derivative financial instruments and hedging
	2,330	
Gains (losses) on derivative financial instruments:		
Forward foreign exchange	(2,245)	Interest income - loans
	-	Interest expense - borrowings
	981	Net gain (loss) on foreign currency exchange
	(1,264)	

(In thousands of US dollars)

22. Accumulated other comprehensive income (loss) (continued)

2013

Details about accumulated other comprehensive income components	Amount reclassified from accumulated other comprehensive income	Affected line item in the consolidated statement of income where net income is presented
Realized gains (losses) on securities available-for-sale:	2	Interest income – securities available-for-sale
	1,152	Net gain on sale of securities available-for-sale
	333	Derivative financial instruments and hedging
	1,487	
Gains (losses) on derivative financial instruments:		
Forward foreign exchange	(1,472)	Interest income - loans
	31	Interest expense - borrowings
	(544)	Net gain (loss) on foreign currency exchange
	(1,985)	
Loss in foreign currency translation adjustment:	(24)	Net gain (loss) from discontinued operations

2012

Details about accumulated other comprehensive income components	Amount reclassified from accumulated other comprehensive income	Affected line item in the consolidated statement of income where net income is presented
Realized gains (losses) on securities available-for-sale:	-	Interest income – securities available-for-sale
	5,775	Net gain on sale of securities available-for-sale
	-	Derivative financial instruments and hedging
	5,775	
Gains (losses) on derivative financial instruments:		
Forward foreign exchange	(564)	Interest income - loans
	(169)	Interest expense - borrowings
	6,160	Net gain (loss) on foreign currency exchange
	(5,427)	
Loss in foreign currency translation adjustment:	-	Net gain (loss) from discontinued operations

(In thousands of US dollars)

23. Offsetting of financial assets and liabilities

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

The following tables summarize financial assets and liabilities that have been offset in the consolidated balance sheet or are subject to master netting agreements:

a) Derivative financial instruments - assets

December 31, 2014						
				Gross amounts not offset in the consolidated balance sheet		
Description	Gross amounts of assets	Gross amounts offset in the consolidated balance sheet	Net amount of assets presented in the consolidated balance sheet	Financial instruments	Cash collateral received	Net amount
Derivatives financial instruments	12,324	-	12,324	-	-	12,324

December 31, 2013						
				Gross amounts not offset in the consolidated balance sheet		
Description	Gross amounts of assets	Gross amounts offset in the consolidated balance sheet	Net amount of assets presented in the consolidated balance sheet	Financial instruments	Cash collateral received	Net amount
Derivatives financial instruments	15,217	-	15,217	-	(1,050)	14,167

The following table presents the reconciliation of assets that have been offset or are subject to master netting agreements to individual line items in the consolidated balance sheet as of December 31, 2014 and 2013:

	2014			2013		
Description	Gross amounts of assets	Gross amounts offset in the consolidated balance sheet	Net amount of assets presented in the consolidated balance sheet	Gross amounts of assets	Gross amounts offset in the consolidated balance sheet	Net amount of assets presented in the consolidated balance sheet
Derivatives financial instruments:						
Derivative financial instruments used for hedging – receivable	12,324	-	12,324	15,217	-	15,217
Total derivative financial instruments	12,324	-	12,324	15,217	-	15,217

(In thousands of US dollars)

23. Offsetting of financial assets and liabilities (continued)

b) Financial liabilities and derivative financial instruments - liabilities

December 31, 2014

Description	Gross amounts of liabilities	Gross amounts offset in the consolidated balance sheet	Net amount of liabilities presented in the consolidated balance sheet	Gross amounts not offset in the consolidated balance sheet: Financial instruments	Gross amounts not offset in the consolidated balance sheet: Cash collateral received	Net amount
Securities sold under repurchase agreements	300,519	-	300,519	(294,054)	(6,465)	-
Derivatives financial instruments	40,339	-	40,339	-	(29,183)	11,156
Total	340,858	-	340,858	(294,054)	(35,648)	11,156

December 31, 2013

Description	Gross amounts of liabilities	Gross amounts offset in the consolidated balance sheet	Net amount of liabilities presented in the consolidated balance sheet	Gross amounts not offset in the consolidated balance sheet: Financial instruments	Gross amounts not offset in the consolidated balance sheet: Cash collateral received	Net amount
Securities sold under repurchase agreements	286,162	-	286,162	(285,471)	(691)	-
Derivatives financial instruments	8,644	-	8,644	-	(5,340)	3,304
Total	294,806	-	294,806	(285,471)	(6,031)	3,304

The following table presents the reconciliation of liabilities that have been offset or are subject to master netting agreements to individual line items in the consolidatedbalance sheet as of December 31, 2014 and 2013:

Description	2014: Gross amounts of liabilities	2014: Gross amounts offset in the consolidated balance sheet	2014: Net amount of liabillities presented in the consolidated balance sheet	2013: Gross amounts of assets	2013: Gross amounts offset in the consolidated balance sheet	2013: Net amount of liabilities presented in the consolidated balance sheet
Securities sold under repurchase agreements	300,519	-	300,519	286,162	-	286,162
Derivatives financial instruments:						
Trading liabilities	52	-	52	72	-	72
Derivative financial instruments used for hedging – payabale	40,287	-	40,287	8,572	-	8,572
Total derivative financial instruments	40,339	-	40,339	8,644	-	8,644

24. 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.

24. Fair value of financial instruments (continued)

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

Trading assets and liabilities and securities available-for-sale

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

Securities available-for-sale are carried at fair value, based on quoted market prices when available, or if quoted market prices are not available, based on discounted expected cash flows using market rates commensurate with the credit quality and maturity of the security.

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

Investment funds

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

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

Derivative financial instruments

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

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

24. Fair value of financial instruments (continued)

Derivative financial instruments (continued)

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

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

Transfer of financial assets

Gains or losses on sale of loans depend in part on the carrying amount of the financial assets involved in the transfer, and 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.

(In thousands of US dollars)

24. Fair value of financial instruments (continued)

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:

	December 31, 2014			
	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				
Securities available-for-sale				
Corporate debt	119,095	-	-	119,095
Sovereign debt	219,878	-	-	219,878
Total securities available-for-sale	338,973	-	-	338,973
Investment funds	-	57,574	-	57,574
Derivative financial instruments used for hedging - receivable				
Interest rate swaps	-	2,708	-	2,708
Cross-currency interest rate swaps	-	1,062	-	1,062
Forward foreign exchange	-	8,554	-	8,554
Total derivative financial instruments used for hedging - receivable	-	12,324	-	12,324
Total assets at fair value	338,973	69,898	-	408,871
Liabilities				
Trading liabilities				
Cross-currency interest rate swaps	-	52	-	52
Forward foreign exchange	-	-	-	-
Total trading liabilities	-	52	-	52
Derivative financial instruments used for hedging – payable				
Interest rate swaps	-	3,090	-	3,090
Cross-currency interest rate swaps	-	37,107	-	37,107
Forward foreign exchange	-	90	-	90
Total derivative financial instruments used for hedging - payable	-	40,287	-	40,287
Total liabilities at fair value	-	40,339	-	40,339

(In thousands of US dollars)

24. Fair value of financial instruments (continued)

	December 31, 2013			
	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				
Securities available-for-sale				
Corporate debt	178,168	-	-	178,168
Sovereign debt	156,200	-	-	156,200
Total securities available-for-sale	334,368	-	-	334,368
Investment funds	-	118,661	-	118,661
Derivative financial instruments used for hedging - receivable				
Interest rate swaps	-	5,018	-	5,018
Cross-currency interest rate swaps	-	9,175	-	9,175
Forward foreign exchange	-	1,024	-	1,024
Total derivative financial instruments used for hedging - receivable	-	15,217	-	15,217
Total assets at fair value	334,368	133,878	-	468,246
Liabilities				
Trading liabilities				
Interest rate swaps	-	65	-	65
Cross-currency interest rate swaps	-	7	-	7
Total trading liabilities	-	72	-	72
Derivative financial instruments used for hedging – payable				
Interest rate swaps	-	1,646	-	1,646
Cross-currency interest rate swaps	-	6,834	-	6,834
Forward foreign exchange	-	92	-	92
Total derivative financial instruments used for hedging - payable	-	8,572	-	8,572
Total liabilities at fair value	-	8,644	-	8,644

Securities available-for-sale with fair value of $4,116 thousand as of December 31, 2013 were transferred during 2013 from level 2 to level 1 of the fair value hierarchy, because quoted prices of those securities are now available in an active market.

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 period-end. 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 period-end.

24. Fair value of financial instruments (continued)

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 is not measured on a recurring basis:

Financial instruments with carrying value that approximates fair value

The carrying value of certain financial assets, including cash and due from banks, interest-bearing deposits in banks, customers' liabilities under acceptances, 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. These instruments are classified in Level 2.

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. These securities are classified in Levels 1 and 2.

Loans

The fair value of the loan portfolio, including impaired loans, is estimated by discounting future cash flows using the current rates at which loans would be made to borrowers with similar credit ratings and for the same remaining maturities, considering the contractual terms in effect as of December 31 of the relevant period. These assets are classified in Level 2.

Short and long-term borrowings and debt

The fair value of short and long-term borrowings and debt 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. These liabilities are classified in Level 2.

(In thousands of US dollars)

24. Fair value of financial instruments (continued)

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; which 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. These commitments are classified in Level 3. Fair value of these instruments is provided for disclosure purposes only.

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:

	December 31, 2014				
	Carrying Value	Fair Value	Quoted market prices in an active market (Level 1)	Internally developed models with significant observable market information (Level 2)	Internally developed models with signicant unobservable market information (Level 3)
Financial assets					
Instruments with carrying value that approximates fair value	942,471	942,471	-	942,471	-
Securities held-to-maturity	54,180	53,295	29,909	23,386	-
Loans, net (1)	6,598,060	6,820,731	-	6,820,731	-
Financial liabilities					
Instruments with carrying value that approximates fair value	2,936,086	2,936,166	-	2,936,166	-
Short-term borrowings and debt	2,692,537	2,692,344	-	2,692,344	-
Long-term borrowings and debt	1,405,519	1,424,579	-	1,424,579	-
Commitments to extend credit, standby letters of credit, and financial guarantees written	7,637	7,337	-	-	7,337

(1) The carrying value of loans is net of the Allowance for loan losses of $79.7 million and unearned income and deferred fees of $8.5 million for December 31, 2014.

(In thousands of US dollars)

24. Fair value of financial instruments (continued)

	December 31, 2013				
	Carrying Value	Fair Value	Quoted market prices in an active market (Level 1)	Internally developed models with significant observable market information (Level 2)	Internally developed models with signicant unobservable market information (Level 3)
Financial assets					
Instruments with carrying value that approximates fair value	881,573	881,573	-	881,573	-
Securities held-to-maturity	33,759	33,634	17,010	16,624	-
Loans, net [1]	6,068,879	6,264,624	-	6,264,624	-
Financial liabilities					
Instruments with carrying value that approximates fair value	2,662,412	2,662,609	-	2,662,609	-
Short-term borrowings and debt	2,705,365	2,711,936	-	2,711,936	-
Long-term borrowings and debt	1,153,871	1,180,877	-	1,180,877	-
Commitments to extend credit, standby letters of credit, and financial guarantees written	6,827	5,365	-	-	5,365

[1] The carrying value of loans is net of the Allowance for loan losses of \$72.7 million and unearned income and deferred fees of \$6.7 million for December 31, 2013.

25. 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.

26. 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, 2014, the Bank's capital adequacy ratio is 15.14% which is in compliance with the capital adequacy ratios required by the Banking Law in the Republic of Panama.

27. Business segment information

The Bank's activities are operated and managed in two segments, Commercial and Treasury. 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.

27. Business segment information (continued)

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 Segment. 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 of provision (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.

The Commercial Segment incorporates all of the Bank's financial intermediation and fees generated by the commercial portfolio. The commercial portfolio includes book value of loans, selected deposits placed, acceptances and contingencies. Operating income from the Commercial Segment includes net interest income from loans, fee income and allocated operating expenses.

The Treasury Segment incorporates deposits in banks and all of the Bank's trading assets, securities available-for-sale and held-to-maturity, and the balance of the investment funds. Operating income from the Treasury Segment includes net interest income from deposits with banks, securities available-for-sale and held-to-maturity, net interest margin related to investment funds, derivative and hedging activities, net gain (loss) from investment funds trading, net gain (loss) from trading securities, net gain on sale of securities available-for-sale, net gain (loss) on foreign currency exchange, and allocated income and operating expenses.

(In thousands of US dollars)

27. Business segment information (continued)

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

Business Segment Analysis [1]

	Year ended December 31		
	2014	**2013**	**2012**
COMMERCIAL			
Interest income	201,908	192,979	183,365
Interest expense	(79,674)	(77,931)	(73,398)
Net interest income	122,234	115,048	109,967
Net other income [2]	21,068	15,338	12,216
Operating expenses	(42,508)	(40,945)	(38,322)
Net operating income [3]	**100,794**	**89,441**	**83,861**
Reversal of provision (provision) for loan and off-balance sheet credit losses	(8,522)	1,217	12,389
Recoveries, net of impairment of assets	7	108	-
Net income attributable to Bladex stockholders	**92,279**	**90,766**	**96,250**
Commercial assets and contingencies (end of period balances):			
Interest-earning assets [4 and 6]	6,677,734	6,141,630	5,708,456
Other assets and contingencies [5]	500,665	482,117	237,077
Total interest-earning assets, other assets and contingencies	**7,178,399**	**6,623,747**	**5,945,533**
TREASURY			
Interest income	10,822	12,324	9,072
Interest expense	8,075	(4,280)	(14,062)
Net interest income	18,897	8,044	(4,990)
Net other income (expense)[2]	6,483	(4,877)	14,612
Operating expenses	(11,194)	(13,361)	(17,492)
Net operating income [3]	**14,186**	**(10,194)**	**(7,870)**
Net income (loss)	**14,186**	**(10,194)**	**(7,870)**
Net income attributable to the redeemable noncontrolling interest	(475)	(4,185)	293
Net income (loss) attributable to Bladex stockholders	**14,661**	**(6,009)**	**(8,163)**
Treasury assets and contingencies (end of period balances):			
Interest-earning assets [6]	1,231,243	1,326,506	1,035,313
Redeemable noncontrolling interest	-	(49,898)	(3,384)
Total interest-earning assets, other assets and contingencies	**1,231,243**	**1,276,608**	**1,031,929**
TOTAL			
Interest income	212,730	205,303	192,437
Interest expense	(71,599)	(82,211)	(87,460)
Net interest income	141,131	123,092	104,977
Net other income [2]	27,551	10,461	26,828
Operating expenses	(53,702)	(54,306)	(55,814)
Net operating income [3]	**114,980**	**79,247**	**75,991**

(In thousands of US dollars)

27. Business segment information (continued)

	Year ended December 31		
	2014	**2013**	**2012**
Net operating income [3]	**114,980**	**79,247**	**75,991**
Reversal of provision (provision) for loans and off-balance sheet credit losses	(8,522)	1,217	12,389
Recoveries, net of impairment of assets	7	108	-
Net income – business segment	106,465	80,572	88,380
Net income (loss) attributable to the redeemable noncontrolling interest	(475)	(4,185)	293
Net income attributable to Bladex stockholders – business segment	**106,940**	**84,757**	**88,087**
Other income unallocated - gain on sale of premises and equipment	-	-	5,626
Discontinued operations (Note 3)	-	(4)	(681)
Net income attributable to Bladex stockholders	**106,940**	**84,753**	**93,032**
Total assets and contingencies (end of period balances):			
Interest-earning assets [4 y 6]	7,908,977	7,468,136	6,743,769
Other assets and contingencies [5]	500,665	482,117	237,077
Redeemable noncontrolling interest	-	(49,898)	(3,384)
Total interest-earning assets, other assets and contingencies	**8,409,642**	**7,900,355**	**6,977,462**

[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, recoveries on assets, and gain on sale of premises and equipment.
[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 selected deposits placed, and 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.
[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 investment funds.

	Year ended December 31		
	2014	**2013**	**2012**
Reconciliation of Net other income:			
Net other income – business segment	27,551	10,461	26,828
Reversal of provision (provision) for losses on off-balance sheet credit risk	(1,627)	(381)	4,046
Recoveries, net of impairment of assets	7	108	-
Gain on sale of premises and equipment	-	-	5,626
Net other income – consolidated financial statements	25,931	10,188	36,500

(In thousands of US dollars)

27. Business segment information (continued)

	Year ended December 31		
	2014	**2013**	**2012**
Reconciliation of total assets:			
Interest-earning assets – business segment	7,908,977	7,468,136	6,743,769
Allowance for loan losses	(79,675)	(72,751)	(72,976)
Customers' liabilities under acceptances	114,018	1,128	1,157
Accrued interest receivable	47,938	40,727	37,819
Equipment and leasehold improvements, net	8,129	10,466	12,808
Derivative financial instruments used for hedging - receivable	12,324	15,217	19,239
Other assets	13,561	8,389	14,580
Total assets – consolidated financial statements	8,025,272	7,471,312	6,756,396

Geographic information is as follows:

	2014				
	Panama	Brazil	United States of America	Cayman Islands	Total
Interest income	195,575	-	17,135	20	212,730
Interest expense	(70,539)	-	(1,023)	(37)	(71,599)
Net interest income	125,036	-	16,112	(17)	141,131
Long-lived assets:					
Equipment and leasehold improvements, net	7,994	-	135	-	8,129

	2013				
	Panama	Brazil	United States of America	Cayman Islands	Total
Interest income	184,501	33	18,501	2,268	205,303
Interest expense	(79,132)	-	(1,235)	(1,844)	(82,211)
Net interest income	105,369	33	17,266	424	123,092
Long-lived assets:					
Equipment and leasehold improvements, net	10,237	-	229	-	10,466

(In thousands of US dollars)

27. Business segment information (continued)

	2012				
	Panama	Brazil	United States of America	Cayman Islands	Total
Interest income	173,663	155	17,894	725	192,437
Interest expense	(86,019)	-	(1,332)	(109)	(87,460)
Net interest income	87,644	155	16,562	616	104,977
Long-lived assets:					
Equipment and leasehold improvements, net	12,397	8	403	-	12,808

28. Restriction on retained earnings

As of December 31, 2014, $7.9 million of retained earnings are restricted from dividend distribution for purposes of complying with local regulatory requirements.

29. Subsequent event

The international administrative office in Miami, Florida, USA ceased operations during the first quarter of 2015.

Bladex

Torre V, Business Park
Ave. La Rotonda, Urb. Costa del Este
Apartado 0819-08730
Panamá, República de Panamá
Tel: (507) 210 8500

www.bladex.com