



## CORPORATE GOVERNANCE MANUAL

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## I. INTRODUCTION

Corporate Governance refers to the mechanisms, processes and relationships through which Bladex is controlled and managed. The structures and principles of Corporate Governance identify and define the rights and responsibilities among the different participants in the Bank's management, including its subsidiaries: Board of Directors, Senior Management, all its Collaborators, Shareholders, Regulators and other stakeholders.

Corporate Governance has as basic assumptions: transparency, corporate integrity, ethical behavior, compliance with laws and regulations, accountability that define the responsibilities of the Board of Directors, Senior Management, Collaborators and other stakeholders.

Corporate Governance is the backbone of Bladex's management, which provides the framework for achieving the Bank's objectives, and which covers the different areas of management, action plans and structure of internal controls of the Bank, which in turn allow the measurement of the Bank's performance and corporate responsibility in order to maximize the creation of value for shareholders, investors, collaborators and the communities where Bladex carries out its activities.

Corporate Governance issues arise from the provisions contained in the Articles of Incorporation, the Bylaws of the Company, the Bylaws of the different Committees of the Board of Directors and the Executive Committee of the Bank, the regulations established by the regulatory entities and the adoption of the best organizational practices.


### APPROACH

Corporate Governance at Bladex defines the allocation of authority, how responsibilities are assigned and how corporate decisions are made, including the way how:

- The Bank's strategy and goals are established.
- It selects and supervises its personnel
- It operates the business of the Bank.
- It protects the interests of the depositors, fulfills the obligations with the Shareholders, and considers the interests of other recognized actors.
- It aligns corporate culture, activities and behavior with the expectation that the Bank will operate in a healthy and safe manner, with integrity and in compliance with applicable laws and regulations.
- It establishes control functions (functions with responsibility independent from the Bank's Administration to provide an objective evaluation and reporting. It includes the functions of Comprehensive Risk Management, Internal Control, Internal Audit and Compliance).

Through the document that we present below, Banco Latinoamericano de Comercio Exterior, S.A. (Bladex) establishes the provisions that govern its Corporate Governance, consistent with:

- The Revised Principles on Corporate Governance of Banks published by the Basel Committee on Banking Supervision (BCBS) in July 2015.
- Agreement No. 005-2011 of Corporate Governance of the Superintendence of Banks of Panama, and;

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- Agreement No. 4-2012 of the Superintendence of Banks of Panama that modifies Article 11 of Agreement 5-2011 on the Board of Directors;
- Agreement No. 005-2014 of the Superintendence of Banks of Panama that modifies numeral 7, letter d of Article 11 of Agreement No. 005-2011 on the appointment of Independent Director.
- The Guide of Responsibility of the Board of Directors of Banks and Owners of Banking Shares.

**SCOPE**

Bladex's principles of Corporate Governance, compiled in this Manual, apply to its Board of Directors, Directors, Senior Management and other collaborators in the Head Office, the New York Agency, Subsidiaries and Representation Offices.

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## II. ABOUT BLADEX

Banco Latinoamericano de Comercio Exterior S.A. (Bladex), was established in May 1975 in accordance with the proposal submitted to the XX Assembly of Central Bank Governors of the Region, which recommended the creation of a supranational organization to increase the capacity and functioning of the foreign trade of the region.

It was formally incorporated in 1978 as a corporation under the laws of the Republic of Panama and officially began its business operations on January 2, 1979, based in Panama City, specializing in the financing of Latin American foreign trade. Its client base is made up of central and commercial banks, state entities, corporations and private companies in the region.

The Board of Directors has defined the Mission and Vision of Bladex as follows:

### **Mission:**

*"To provide financial solutions of excellence to financial institutions, companies and investors doing business in Latin America."*

### **Vision:**

*" To be recognized as a leading institution in supporting trade and regional integration across Latin America."*


### **Shareholding Structure:**

As of March 31, 2019, the ownership structure of the Bank was as follows:

- Class A Common Shares: 16.04% issued in the name of central banks and designated state entities from 23 countries in Latin America and the Caribbean.
- Class B Common Shares: 5.60% issued in the name of banks and other financial institutions.
- Class E Common Shares: 78.36% issued in the name of private investors whose shares are listed on the New York Stock Exchange.
- Class F Common Shares: 0% represents state entities and agencies of countries that are not Latin American countries, including, among others, central banks and banks with state majority capital in those countries, or multilateral financial institutions, be they international or regional institutions.

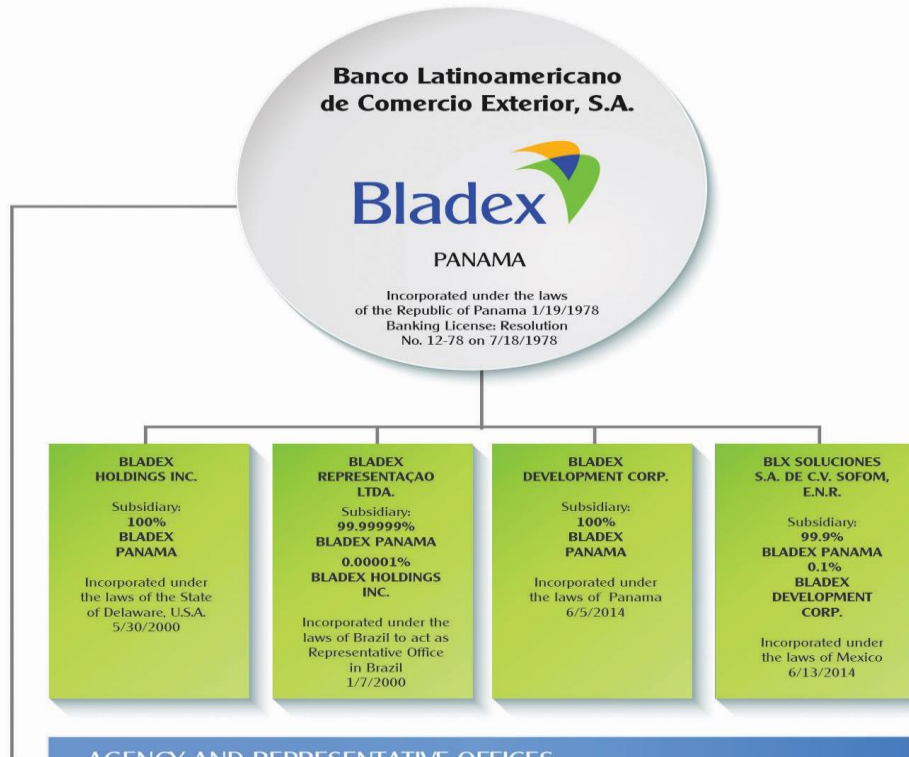
### **Business Model:**

Bladex's business model focuses on providing products and services for clients in the value chain of foreign trade financing and offering financial solutions of excellence to clients focused on regional expansion. Therefore, the target customer base includes corporations and financial institutions, local and regional, involved in foreign trade, in search of regional expansion in Latin America.

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**Legal Structure:**

Bladex does not have a holding company. Its organizational structure is integrated as follows:



**AGENCY AND REPRESENTATIVE OFFICES**

**AGENCY**

**BLADEX NEW YORK**  
Established in the State of New York, U.S.A. 11/4/1988

**REPRESENTATIVE OFFICES**

**BLADEX - REPRESENTATIVE OFFICE ARGENTINA (\*)**  
Established in Buenos Aires, Argentina  
Authorized by the Central Bank of the Republic of Argentina on 7/15/1986

**BLADEX - REPRESENTATIVE OFFICE SAO PAULO, BRAZIL**  
Established in Sao Paulo, Brazil on 1/7/2000

**BLADEX - REPRESENTATIVE OFFICE MEXICO CITY, MEXICO**  
Established in Mexico City, Mexico on 11/29/2000

**BLADEX - REPRESENTATIVE OFFICE LIMA, PERU (\*\*)**  
Established in Lima, Peru on 11/15/2010

**BLADEX - REPRESENTATIVE OFFICE BOGOTA, COLOMBIA**  
Established in Bogota, Colombia on 4/19/2011

(\*) Coverage: Bolivia, Chile, Paraguay and Uruguay  
 (\*\*) Coverage: Ecuador

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### III. CORPORATE GOVERNANCE STRUCTURE

#### 1. CHAPTER 1: RIGHTS OF SHAREHOLDERS

The Shareholders Meeting is the Bank's highest decision-making body, where the shareholders meet periodically to become acquainted with the management of the institution and adopt the agreements that, according to the law and its bylaws, are within its competence.

Shareholders, without prejudice to any other right that corresponds to them by Law or by the Bank's Articles of Incorporation, will have the following rights:

- **Equitable Treatment:** every Shareholder has equal rights with respect to the company, in proportion to the capital that has been registered and paid in. In this regard, all Shareholder have the right to elect members of the Board of Directors, to convene General Shareholders' Meetings, to supervise the company's actions, to request financial information or any other that they consider relevant.
- **Right to be Informed:** subject to the provisions of the laws and regulations on securities applicable to the Bank, all Shareholders have the right to request and receive, within the time and in the manner permitted by said laws or regulations, the Bank's business information, its financial situation and in general any other information that it considers relevant.

#### 2. CHAPTER 2: GENERAL RESPONSIBILITIES OF THE BOARD OF DIRECTORS


The Board of Directors directs and controls the Bank's business and assets, except in the cases that this correspond to the General Meeting of Shareholders in accordance with the law or the Articles of Incorporation. The Board of Directors may grant general or special powers of attorney to empower the Directors, Officers or employees of the corporation or third parties to manage the business that the Board of Directors deems convenient which are under the scope of competence of the Board of Directors.

##### 2.1. RESPONSIBILITIES OF THE BOARD OF DIRECTORS


In addition to what is stipulated in the applicable laws and in the different regulations issued by the Superintendence of Banks of Panama, in particular in the Guide of the Board of Directors of Banks and Owners of Banking Shares, as modified from time to time, published by said regulator, Bladex's Board of Directors has the following Responsibilities:

- Promote security and soundness of the Bank;
- Understand the regulatory environment and ensure that the Bank maintains an effective relationship with its regulators;
- Establish an effective Corporate Governance structure, with an Internal Control system, that contributes with effective internal supervision of the Bank and its subsidiaries;



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- Ensure that there are adequate general working conditions for the performance of the tasks assigned to each level of personnel that participates in the Corporate Governance structure;
- Promote, together with the Senior Management, high ethical and integrity standards;
- Establish an organizational culture that demonstrates and emphasizes to all officers the importance of the process of Internal Control, of the role of each within the Bank and of being fully integrated into it;
- Approve and periodically review the Bank's business strategies and other transcendental policies;
- Know and understand the main risks to which the Bank is exposed, establishing limits and reasonable procedures to mitigate them, and ensure that the Senior Management adopts the necessary measures for the identification, measurement, monitoring and control of said risks;
- Keep the Superintendence informed about situations, events or problems that affect or could significantly affect the Bank and the concrete actions to face and/or correct the deficiencies identified;
- Properly document and try to have access to all the necessary information on the conditions and administrative policies to make decisions, in the exercise of their executive and oversight functions;
- Approve the organizational and functional structure of the Internal Control system and ensure that the Superior Management verifies its effectiveness;
- Select and evaluate the Executive President and those responsible for the External Audit functions, except when the Shareholders' Meeting assumes this responsibility;
- Select and evaluate the manager or person in charge of the functions of Internal Audit;
- Approve and review at least once (1) a year the objectives and procedures of the Internal Control system, as well as the manuals of organization and functions, policies and procedures, risk management and other Bank manuals, as well as the incentives, sanctions and corrective measures that promote the proper functioning of the Internal Control system and systematically verify its compliance;
- Approve the Internal and External Audit programs and review the unaudited financial statements of the Bank at least once (1) every three months;
- Monitor compliance with the provisions of the Agreements issued by the Superintendence of Banks of Panama on the veracity, reliability and integrity of the information contained in the financial statements;

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- Ensure that there are systems that facilitate compliance with the Agreements issued by the Superintendence of Banks of Panama in terms of transparency of information on the Bank's products and services;
- Comply with the Agreements of the General Meeting of Shareholders;
- Present the Annual Audited Financial Statements of the Bank to the General Meeting of Shareholders for consideration;
- Approve the Budget and Annual Business and Operations Plan submitted by the Executive President and supervise compliance thereof;
- Analyze, review and approve the Bank's Strategic Plan presented by the Executive President and supervise its compliance, which will include, but shall not be limited to, the company's annual and long-term goals;
- Identify and adopt policies to limit and manage the risks incurred by the Bank, including credit risks, operational risks, market risk, liquidity risk, strategic risk, reputational risk, socio-environmental risk and model risk;
- Review and supervise the information systems of the Bank and its Government, to guarantee that the information is complete and prompt, in compliance with the applicable regulatory framework;
- Develop, implement and monitor information programs for all persons linked to the Bank and especially to Shareholders;
- Elect the President, the Treasurer, the Secretary, and any other Officer of the Bank;
- By agreement adopted by the favorable vote of at least seven (7) of its members, elect the Executive President;
- Adopt the policies of hiring and compensation of the main executives and assist in the selection and evaluation of the same;
- Appoint, in accordance with the provisions of the Articles of Incorporation, the members of the Committees of the Board of Directors;
- Grant general or special powers of attorney to empower the Directors, Officers or other employees of the Bank or third parties to manage the business that the Board of Directors deems convenient provided they are under the scope of competence of the Board of Directors.
- Ensure that the Bank's activities are conducted transparently and in compliance with the highest standards of banking ethics;

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- Determine the payment of dividends in accordance with the law or the Articles of Incorporation;

## 2.2. CULTURE AND CORPORATE VALUES

Bladex values are the basis of our culture, establishing the guidelines that lead individual and collective behavior. These values and principles are created in the Bank's Board of Directors and extended to all its collaborators.

- Integrity: is Bladex's foundation, it is focused on ethical behavior that reflects honesty and transparency.
- Commitment: it highlights what Bladex does, it helps its customers to satisfy their needs and create value for their shareholders.
- Excellence: this is the Bank's permanent objective. The search for quality through creativity and innovation is present in everything that is done.
- Respect: it is a guide for our behavior towards our collaborators, clients, shareholders and the community.
- Humility: contact is what that makes us strong, allowing us to appreciate the contribution of each member of the Organization in achieving the goals and success of the Institution.

## 2.3. APPETITE TO RISK, MANAGEMENT AND CONTROL

- Bladex's risk appetite framework contains both quantitative and qualitative elements that are integrated into a set of primary metrics and other complementary indicators.
- The primary quantitative metrics of risk appetite are:
  - The maximum losses that the Bank is willing to assume.
  - The minimum capital position that the Bank decides to maintain.
  - The minimum liquidity position that the Bank intends to maintain.

In addition, the Bank has a series of complementary metrics related to concentration and other risks such as maximum losses due to operational risk, reputational risk, socio-environmental risk, among others.

The Bank performs a comprehensive management of the business risks associated with its mission and operations, using the "Three Lines of Defense Model".

- **The first line of defense** is constituted by the Business, Finance and Support areas, which are responsible for implementing the business decisions and risks adopted, carrying out this process within the limits of risks set forth in the policies and reporting about the results.

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- **The second line of defense** is developed within the Bank through the Comprehensive Risk Management and Internal Control.

Comprehensive Risk Management aims to monitor risk management, which promotes an independent vision of the businesses based on the knowledge of the risks involved in them. Its report to the Risk Policy and Assessment Committee of the Board of Directors (CPER) about the risk profile, represents the necessary independence that divides the risk taker from the one that performs a monitoring work on the risks assumed under the policies approved by the Board of Directors.

On the other hand, Internal Control aims to promote efficiency, effectiveness and transparency in the Bank's operational management through three main fronts: (i) Operational: refers to the effectiveness and efficiency of the Bank's operations, including its financial and operational performance goals, as well as the protection of its assets from possible losses; (b) Information: includes both financial and non-financial information, internal and external. It includes aspects of reliability, opportunity, transparency, or other concepts established by the regulatory body, recognized bodies or internal policies. Within this front, because of its status as listed on the New York Stock Exchange, it is significant for the Bank to focus on the risks and controls over the processes related to the generation of external financial information (SOX), in order to ensure shareholders that their financial statements accurately and reasonably reflect the transactions and dispositions of the Bank's assets, in accordance with the applicable accounting framework; and (c) Compliance: It refers to compliance with the laws and regulations to which the Bank is subject.

Its report to the Audit Committee, on the one hand, to deal with aspects related to operational and information fronts and, on the other hand, to the Committee for the Prevention of Money Laundering and Compliance for issues related to Compliance, ensures the necessary independence regarding the first line of defense.

- **The third line of defense** is based on independent control by Internal Audit, which supervises and evaluates the effectiveness of the comprehensive risk management system and internal control, in relation to the reliability and integrity of financial and operating information, as well as the effectiveness of controls, the protection of assets and compliance with laws, rules and contracts.

Bladex's comprehensive risk management business model reflects international best practices and is aligned with the level of complexity and nature of the Organization's business. The risk management function is independent of the other areas of the Bank, and the Executive Vice President of Risks has veto power over decisions related to risk taking, granted by the Board of Directors.

The Comprehensive Risk Management Framework, through the "Three Lines of Defense Model", has facilitated the Bank's decision-making process with a simple and effective approach.

#### 2.4. SUPERVISION OF SENIOR MANAGEMENT

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The Bank has mechanisms in place that allow direct interaction and cooperation between the Board of Directors, Senior Management and its external advisors.

The Board of Directors has full access to the Executive Committee and other Bank employees. Board of Directors meetings are attended by all the members of the Executive Committee and other Bank employees as required.

The Board of Directors supervises the management of the Bank's administration on a regular basis by:

- Routine telephone calls and, at least, one face-to-face meeting per quarter, between the President of the Board of Directors and the Executive President of the Bank.
- Regular and continuous contact between members of the Board of Directors and members of the Executive Committee.
- At least five (5) annual face-to-face meetings.
- Quarterly evaluations of the Bank's results.
- Evaluation of the Bank's annual result.

### **3. CHAPTER 3: QUALIFICATION AND COMPOSITION OF THE BOARD OF DIRECTORS**

#### **3.1. COMPOSITION OF THE BOARD OF DIRECTORS**

In accordance with the Articles of Incorporation and the Bylaws, Bladex's Board of Directors is constituted by ten (10) members as detailed below:

- Three (3) Directors elected by the holders of common shares of class A;
- Five (5) Directors elected by the holders of common shares of class E;
- Two (2) Directors elected by the holders of all common shares.


#### **3.2. SELECTION OF THE MEMBERS OF THE BOARD OF DIRECTORS AND QUALIFICATIONS**

##### **3.2.1. QUALIFICATIONS OF THE DIRECTORS**

Following are the requirements to be a Director of the Bank:

- Have relevant knowledge or experience regarding the operations and/or risks inherent to banking activities;
- Not participate in the Bank's administrative management or that the capacity of Director does not imply material business, process, ethical or interest conflicts;

In compliance with the provisions of the regulations applicable to Corporate Governance, issued by the Superintendence of Banks of the Republic of Panama, those who occupy the positions of Executive President, Executive Vice President of Operations and Executive Vice President of Finance, or their equivalents, may not occupy the position of President of the Board of Directors.

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### **3.2.2. ELECTION OF THE DIRECTORS**

In the elections of the members of the Board of Directors, the holders of common shares of each class vote separately.

The holders of shares of each class have a number of votes equal to the number of shares of the respective class corresponding to them, multiplied by the number of directors to be elected, and can give all their votes in favor of a single candidate or distribute them among the total number of directors to be chosen or between two (2) or more of them, as they see fit.

In order to constitute a quorum at the Annual Meeting, as well as to elect the directors representing all the Bank's share classes, it will be necessary for at least half (½) of the total of the common shares issued and outstanding of all the common stock classes of the Bank, plus one (1) additional share of the Bank's common shares to be present (in person or represented through voting power). Additionally, the presence (in person or represented through voting power) of holders representing at least half (½) of the total of common shares issued and outstanding of each of the Bank's share classes that have to choose directors in the Annual Meeting, plus one (1) additional share of each of said classes, will be necessary to constitute a quorum in the Annual Meeting in order to elect said directors.

If a quorum is not obtained to hold the Annual Meeting at the first scheduled meeting, a second meeting will be held. At the second meeting, the holders of common shares that are present (in person or represented by voting power) will constitute a quorum, and for the purposes of electing directors, the quorum will be constituted by the shareholders of each class of shares that are separately present (in person or represented by voting power) at said meeting.

### **3.2.3. TERM OF POSTIONS**

The directors of the Board of Directors will be nominated, elected and replaced in accordance with the provisions of Article 12 of the Bank's Articles of Incorporation.


The directors will be elected for periods of three (3) years and may be re-elected at the end of each term.

## **4. CHAPTER 4: STRUCTURE AND PRACTICES OF THE BOARD OF DIRECTORS**

### **4.1. ORGANIZATION AND EVALUATION OF THE BOARD OF DIRECTORS**

The Board of Directors is structured through Committees to effectively fulfill its supervisory role and other responsibilities.

The Board of Directors maintains and annually updates its bylaws and other similar documents that establish its organization, rights, responsibilities and key activities.

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To support its performance, the Board of Directors and its Committees self-evaluate annually.

#### **4.2. MEETINGS OF THE BOARD OF DIRECTORS**

The meetings of the directors are held at least five (5) times a year in the Republic of Panama or in any other country, as determined by the Board of Directors.

The presence of at least six (6) directors is necessary to duly hold a meeting of the Board of Directors. For the Board of Directors to be able to hold sessions, it will be necessary that, in addition to the quorum required, the majority of those present be directors and not be employees of the Bank.

The resolutions of the Board of Directors shall require the affirmative vote of most of the directors attending to the meeting.

#### **4.3. OFFICERS OF THE BOARD OF DIRECTORS**

- The Bank will have a President, an Executive President, a Treasurer and a Secretary, who will be elected by the Board of Directors; and will also have those other officers that the Board of Directors from time to time determines.
- It is not necessary for a person to be a member of the Board of Directors of the Bank so that he/she can be an officer.

##### **4.3.1. SECRETARY**


The Secretary will attend all the meetings of the Shareholders and the Board of Directors and will register the votes and will sign together with the Chairman the minutes of said meetings and sessions. Alternatively, to the President of the Company, the Secretary may give or cause to be given notice of call for all meetings of the Shareholders and the Board of Directors and will fulfill the other duties indicated by the Board of Directors or the President of the Bank and will be supervised by any of these.

##### **4.3.2. TREASURER**

In addition to the powers granted by the Law, the Treasurer may, if required, keep the accounts of the Bank and have custody of its funds and securities. At present, however, the Treasurer does not perform any executive function within the structure of the Bank.

##### **4.3.3. ROLE OF THE PRESIDENT OF THE BOARD OF DIRECTORS**

The President of the Board of Directors shall preside over all the meetings of the Shareholders and the Board of Directors, shall propose the meeting place and the agenda of matters to be considered therein and shall give or cause to be given notice

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of call of all the meetings of Shareholders and the Board of Directors and will manage as many other matters as the Board of Directors may entrust to it.

The President of the Bank will have the following faculties:

- Ensure the proper functioning of the Board of Directors, including verifying that the relevant agenda and competence of the Board of Directors are included in the agenda for each meeting; ensure that the members of the Board of Directors receive the necessary information in a timely manner to evaluate the topics to be discussed at the meetings of the Board of Directors; seek the active participation of all the members of the Board of Directors and verify that the agreements adopted are duly recorded in the minutes prepared by the Secretary;
- Represent the Bank in those events in which the Board of Directors considers that it must be present; and
- Direct, as approved by the Board of Directors, the execution of information programs to all persons linked to the Bank and the Bank's relationship with them.

#### **4.4. COMMITTEES OF THE BOARD OF DIRECTORS**

The Board of Directors has the power to set up Committees, which will have the powers and responsibilities delegated to them, subject to the provisions of the Articles of Incorporation and the Bylaws.

Each Committee is made up of three or more members of the Board of Directors; subject to said minimum, the exact number of members of the Committee will be determined from time to time by the Board of Directors of the Bank.

The members of each Committee will be appointed in the form, for the purposes and for the term determined by the Board of Directors.

The Bylaws of each Committee have been published on the website <http://www.bladex.com>

**The Committees of the Board of Directors are:**

##### **4.4.1. AUDIT COMMITTEE**

The Audit Committee is a standing committee of the Board of Directors. The Committee oversees exercising certain functions established by the applicable regulations and of supporting the Board of Directors in fulfilling its responsibilities of supervising the financial reporting process, the integrity of the financial statements, the internal control system, the audit process and the process of monitoring compliance with laws and regulations and the Code of Ethics.

In addition, it is responsible for promoting the continuous improvement of the Bank's Corporate Governance and for verifying compliance with its policies.



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The Committee, in its capacity as Committee of the Board of Directors, is directly responsible for recommending the appointment, setting the compensation and supervising the performance of the Bank's External Auditors. The Bank's External Auditors report directly to the Committee.

In accordance with its bylaws, the Audit Committee must be composed of a minimum of three (3) directors. The Board of Directors has determined that all its members must be independent directors, according to the terms defined in the applicable laws and regulations, including rules approved by the SEC under the Sarbanes-Oxley Act, Section 303-A of the Companies Manual listed in the New York Stock Exchange and Agreements No. 05-2011 and No. 05-2014 of the Superintendence of Banks of Panama. Additionally, at least one (1) of the members of the Committee is a "financial expert", as defined in the rules adopted by the SEC in point 407 of Regulation SK.

The Audit Committee meets at least six (6) times per year, as required by the Superintendence of Banks of Panama. This frequency may increase, when circumstances so warrant.

The Bylaws of the Audit Committee establish an annual self-evaluation of the performance of the Committee.

#### **4.4.2. RISK POLICY AND ASSESSMENT COMMITTEE (CPER)**

The Risk Policy and Assessment Committee (the "Committee") of the Banco Latinoamericano de Comercio Exterior S.A. (the "Bank") is a standing Committee of the Board of Directors. The Committee oversees the review and recommendation of the policies related to a prudential Comprehensive Risk Management to the Board of Directors for its approval. The Committee will also review and evaluate the exposure, within the risk levels that the Bank is willing to assume according to the policies in that regard, to the different risks it faces in its business management, including quality and profile of credit assets, exposure to market risks and analysis of operational risks, which consider the legal risks of the products offered by the Bank.

The Committee carries out its tasks through the periodic reports it receives from the Senior Management, and through its interaction with the area of Comprehensive Risk Management and the other members of the Bank's Administration. In the exercise of its functions, the Committee will apply criteria of reasonableness and materiality in the scope of its work.

The Committee will be constituted by no less than three (3) Directors, one of which must also be a member of the Audit Committee. Moreover, the person in charge of Comprehensive Risk Management and the entities responsible for the Business areas must be part of the Committee.

The Risk Policy and Assessment Committee meets at least four (4) times a year, or more frequently if circumstances require it.

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#### **4.4.3. FINANCIAL AND BUSINESS COMMITTEE (FINEG)**

The Financial and Business Committee is a standing committee of the Board of Directors. The Committee's fundamental role is the analysis and knowledge, with its consequent powers and attributions, of all issues related to the Bank's business development and the financial management that includes, among others, capital management, portfolio management (assets and liabilities), liquidity management, management of mismatches, supervision of fiscal issues and, in general, the Bank's financial performance.

The Committee will be constituted by no less than three (3) Directors. It would be desirable (but not mandatory) that each of the common stock classes of the Bank be duly represented by a Director elected by said class, in the selection of the members of the Committee it will be treated.

The Committee meets at least four (4) times a year, or more frequently if circumstances require it.

#### **4.4.4. COMPENSATION COMMITTEE**

The Compensation Committee is a standing committee of the Board of Directors. The Committee is responsible for submitting to the Board of Directors recommendations on the appointment of Directors, compensation policies and benefits of Directors, Officers, Executives and collaborators, the hiring and evaluation of the performance of the Executive President, the Bank's human resources policies and its corporate government.


In addition, the Committee is responsible for proposing recommendations to the Board of Directors regarding issues related to the Bank's operating model, processes, technology and communications.

Additionally, the Compensation Committee supports the President of the Board of Directors and the Executive President in the definition and follow-up of the succession plans of the Executive President and the members of the Executive Committee.

The Compensation Committee will be constituted by no less than three (3) Directors that must be independent. Independence will be determined in accordance with the applicable rules and regulations. See point 4.5 Independence of the Members of the Board of Directors.

The Compensation Committee meets at least four (4) times a year, or more frequently if circumstances require it.

The Bylaws of the Compensation Committee establish an annual self-evaluation of the performance of the Committee.

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#### **4.4.5. COMMITTEE FOR THE PREVENTION OF MONEY LAUNDERING AND COMPLIANCE**

The Committee for the Prevention of Money Laundering and Compliance is a standing Committee of the Bank's Board of Directors, in which members of the Bank's Administration also participate, in compliance with regulatory requirements of the Superintendence of Banks of the Republic of Panama.

The Committee will support the Board of Directors in fulfilling its compliance responsibilities and will also comply with those functions attributed to it by applicable laws and regulations regarding compliance, including the responsibility of directing, at a strategic level, the Bank's compliance program.

The Committee for the Prevention of Money Laundering and Compliance is comprised of ten (10) members that include the Bank's Senior Management and two (2) members of the Board of Directors.

This Committee meets at least six (6) times a year, or more frequently if circumstances require it.

#### **4.5. INDEPENDENCE OF THE MEMBERS OF THE BOARD OF DIRECTORS**

For Bladex, a Director will be considered independent, only when the Board of Directors has affirmatively determined that the Director does not have material relations with the Bank that could affect his/her independent judgment. The Board of Directors will review the factors that affect independence when the Director is proposed for election or re-election.

In the process of making such a determination, the Board of Directors shall consider the nature, scope and materiality of the Director's relationship with the Bank, and all applicable rules and regulations, including:

- The rules promulgated by the US Securities and Exchange Commission under the Sarbanes-Oxley Act of 2002;
- The five criteria for the qualification of independence defined by Section 303A of the Manual of Companies listed on the New York Stock Exchange; and
- The criteria for the definition of independence included in Agreements No. 05-2011 and 05-2014 of the Superintendence of Banks of the Republic of Panama.

Based on the application of the above criteria, the Board of Directors of the Bank has determined that to date a substantial majority (eight out of ten Directors) of the Board of Directors is independent.

#### **4.6. CONFLICT OF INTERESTS**

Any transaction that by its nature involves the Bank and a shareholder, Director, Officer or collaborator of the Bank, or a person of which said shareholder, Director, Officer or

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collaborator is a shareholder, director, officer, employee or agent, or a person with which any of them has a family relationship (all of them, "Related Persons"), presents a situation of potential conflict of interest.

Therefore, all transactions of this type must be conducted in the best interest of the Bank, with strict adherence to the applicable laws and regulations and never for the individual benefit of a shareholder, Director, Officer or collaborator related to the Bank or of any Related Persons.

The Bank's guidelines and policies will develop the scope of the concepts contained herein, including, for example, the minimum share participation that a person must have in a company or the degree of kinship to be considered as Related Persons.

In relation to the decisions that the Bank takes on the transactions in which there could be a conflict of interest, the procedure below will be followed:

- People who have a conflict of interest situation with respect to a specific transaction must disclose it in accordance with the channels established for this in the Code of Ethics.
- Those subject to the Code who have a conflict of interest situation with respect to a specific transaction must refrain from having communications that could interfere with the persons in charge of the transaction in relation to the issue that causes the situation of conflict of interest.
- If it is appropriate to adopt a collegiate decision with respect to the transaction, it will be taken with the abstention of the persons who have a conflict situation.


#### **4.7. INCOMPATIBILITIES OF THE BOARD OF DIRECTORS**

None of the Directors of the Bank's Board of Directors may:

- Require or accept payments or other benefits, for themselves or for third parties, for their decisions;
- Pursue the concretion of personal interests with their decisions, or use for their personal benefit the business opportunities that correspond to the Bank;
- Participate in the consideration of topics, or vote on them, in circumstances in which they may have potential conflicts of interest. In these cases, they must inform about their impediment beforehand to the other members of the Board of Directors; if they do not do so, the board must intimate them to abstain.

#### **4.8. TRANSACTIONS WITH RELATED PARTIES**

The Bank must abide by the regulatory guidelines that establish limitations on transactions between natural and legal persons, considered as "Related Parties", as established in the legislation of the various jurisdictions applicable to Bladex. If there are differences, the strictest guidelines will be adopted.

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Any transaction carried out with a Related Party must be evaluated in the first instance by the Legal Advisory Department and the Bank's Compliance Department. This review is intended to consider whether such transaction is not against the laws and regulations issued by the government of the Republic of Panama, the Securities and Exchange Commission (SEC) of the United States, or any other existing legal provision.

Any approved transaction must always fully comply with the internal policies and procedures established by the Bank.

#### **4.9. LOANS TO DIRECTORS, SENIOR MANAGEMENT AND OTHER COLLABORATORS**

The Bank shall not grant loans to Directors and members of the Executive Committee, nor to any of its other collaborators.

#### **4.10. CONTINUOUS TRAINING**

Every new Director participates in an orientation process within the first months of his appointment.

The Directors participate in continuous education processes in accordance with the exercise of their functions and responsibilities.

### **5. CHAPTER 5: SENIOR MANAGEMENT**

#### **5.1. EXECUTIVE PRESIDENT**

The Executive President will be the legal representative of the Bank and, subject to the guidelines indicated by the Board of Directors, will have the following powers:

- Manage the daily management of the Bank's business, especially the execution of its programs, the performance of its operations, the custody of its assets and the fulfillment of all agreements and resolutions emanating from the Board of Directors;
- Appoint, promote, transfer, remove and fix the remuneration and other working conditions of Bank staff;
- Authorize the granting of powers for judicial or extrajudicial representation of the Bank;
- Participate in the meetings of the Board of Directors and authorize with its signature the acts, contracts and documents of the company, within the parameters dictated by the Board of Directors;
- Prepare the Budget and the Annual Business and Operations Plan for the Bank, present it to the Board of Directors for review and approval, and execute it;
- Prepare the long-term Strategic Plan for the Bank, present it to the Board of Directors for review and approval, and execute it; and

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- Any other powers delegated by the Board of Directors.

During his temporary absences, the Executive President will appoint by resolution, one of the Executive Vice Presidents members of the Executive Committee to represent him.

## **5.2. EXECUTIVE COMMITTEE**

The Bladex's Executive Committee is a standing committee of the Bank's Administration. The main objective of the Executive Committee is to direct and carry out the administrative management of the Bank, based on the delegation of powers by the Board of Directors regarding the approval of operating expenses, investments and human resources. This committee meets at least once a month.

The Executive Committee is made up of the Executive President and his direct reports, which are the Executive Vice Presidents of Businesses; Operations; Finance, Legal and Executive Secretariat; Comprehensive Risk and Treasury Management. The Executive Vice President of Audit will participate in the Executive Committee with voice, but without vote, with the purpose of duly overseeing the performance of the Executive Committee.

The Presidency of the Executive Committee will be exercised by the Executive President. The Executive Vice President of Legal and Secretariat will exercise the functions of secretary of the Executive Committee.

The members of the Executive Committee will serve indefinitely in said position if they continue to be associated with the Bank.

## **5.3. OTHER BANK COMMITTEES**

The management and monitoring of the Bank's different matters are also handled through various committees whose composition and other relevant information is described later in Section 18.3 Annex C of this Manual.

## **6. CHAPTER 6: COMPREHENSIVE RISK MANAGEMENT FUNCTION**

Its primary function is to monitor risk, assist in the design of policies and procedures, monitor compliance, and alert the CPER, or the responsible entity, about the existence of risks that may require additional controls.

### **6.1. VICE PRESIDENCY OF COMPREHENSIVE RISK MANAGEMENT**

This Vice Presidency has the following functions:

- Identify, evaluate and control the risks that are relevant;
- Carry out exposure estimates by type of risk;

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- Present to the CPER, for its consideration, the tools and techniques to identify and analyze risks and the methodologies, models and parameters to measure and control the different types of risks to which the Bank is exposed;
- Monitor compliance with global and specific limits, as well as tolerance levels acceptable by type of risk;
- Investigate and document causes that cause deviations from the established risk exposure limits;
- Instruct the preparation of action plans to minimize exposures to observed risks;
- Propose modifications to the global and specific limits of exposure to risk and their levels of tolerance;
- Analyze and permanently evaluate the assumptions and parameters used in the required analyzes;
- Jointly with the Bank's Compliance Area, carry out and send to the regulator, annually, an assessment of the risk with respect to the management of the prevention of money laundering.
- Any other function required by the CPER or the responsible entity.

## **7. CHAPTER 7: IDENTIFICATION, MONITORING AND RISK CONTROL**


Events, both external and internal, that affect the achievement of the established objectives, must be identified, measured, and additionally, the risks that have generated them must be determined, to design the appropriate controls to mitigate them.

The event identification process is generated through an analysis of Senior Management assisted by the Executive Vice Presidency for Comprehensive Risk Management, that identifies events that, if they occur, could affect the Bank in its ability to achieve its goals. In this way, events with a negative impact are classified as risks, and these risks must be evaluated and responded to.

The Bank's Administration oversees selecting the risk responses, (such as avoiding, accepting, reducing or sharing the risk) and to that end, it develops a series of actions to align risks to the Bank's appetite and risk tolerance.

The responses to risk are a combination of the analysis made of probabilities and impacts, as well as the costs and benefits of the responses based on how they manage to mitigate the inherent risk until they reach residual levels compatible with the Bank's risk tolerance.

The control activities are applied permanently throughout the Bank, and at the different levels of its officers, to prevent the occurrence of losses and mitigate their impacts. These are the actions of the people who make sure that responses to the risk are carried out, and then monitored by the

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areas of Comprehensive Risk Management and Internal Control and verified by the Executive Vice Presidency of Audit.

## 8. CHAPTER 8: COMMUNICATION OF RISKS

Information and communication are defined as the process by which relevant information is identified, captured and communicated in appropriate formats and times to allow people to comply with their control responsibilities. Effective communication also occurs in a broader sense towards Senior Management and the Board of Directors.

One of the basic principles behind this component is reflected in the occurrence of effective communication to the various Bank officials and areas. With this, in general, the Committees are the area in which the Bank shares risk monitoring.

## 9. CHAPTER 9: COMPLIANCE FUNCTION

One of the most important elements of a comprehensive system that entails compliance with the legal regulations that apply to any Financial Entity or "Obligatory Subject", is the designation of an official responsible for promoting the adoption of specific policies, procedures and processes for prevention of money laundering and the fight against the financing of terrorism, as well as its updating and compliance with legal requirements.

The Compliance Officer, in general terms, is the executive responsible for institutionalizing the compliance culture and establishing the Bank's compliance manual.


The manual should allow verification of the effective application of laws, formulate and execute procedures and design adequate, effective and quality controls for the prevention of Money Laundering and the Fight against the Financing of Terrorism.

The Bank's Compliance Officer reports to the Prevention of Money Laundering and Compliance Committee of the Bank's Board of Directors. The administrative structure supporting the Compliance Area will be in accordance with the nature and volume of activities and the risk profile of Bladex, its Subsidiaries, Representation Offices and Agencies.

The responsibilities of the Compliance function in Bladex are:

- Keeping the Policies, Procedures Manual and measures updated to prevent the use of banking operations in unlawful transactions related to Money Laundering and Terrorism Financing and Proliferation of Weapons of Mass Destruction;
- Assessing the need for automated reports to verify compliance with the legal provisions on matters related to Money Laundering, Terrorism Financing and Proliferation of Weapons of Mass Destruction;
- Reviewing those transactions that are presented to the Compliance Area with exceptions to the policies and/or procedures, for applying reasonable criteria, when the interpretation and decision to proceed are required;



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- Examining with special attention any type of transaction to rule out a relation with Money Laundering, Financing of Terrorism and Related Offenses; possible breach of banking regulations, policies, as well as non-compliance with the criteria of the Bank's Articles of Incorporation and Bylaws;
- Verifying the existence of formal procedures to evaluate the Internal Control in order to avoid the improper use of the services offered by the Bank;
- Reporting to the Bank's Executive President and the Committee for the Prevention of Money Laundering and Compliance suspicious operations (follow-up to clients with irregular movements and/or unsustainable operations) and making the corresponding report to the competent authorities;
- Monitoring the operations that are carried out, based on the established guidelines, making sure that the procedures are appropriate;
- Supervising the implementation, monitoring and maintenance of the system used to verify lists published by different organizations such as OFAC, FBI, FARC, ELN, INTERPOL, PEPs, FATF, Clinton List among others;
- Reviewing, verifying and validating the information and documentation of customer records. That the companies are duly constituted and in force according to the regulations of each country.

## 10. CHAPTER 10: INTERNAL AUDIT FUNCTION

The Internal Audit in Bladex is the third line of defense and, therefore, part of the internal control structure. It is an independent and objective assurance and consultation activity, designed to add value and improve the operations of an Organization. It also helps the Organization to meet its goals by providing a systematic and disciplined approach to evaluate and improve the effectiveness of the Risk Management, Internal Control and Corporate Governance processes.

The responsibilities of the Internal Audit function in Bladex are:

- Performing audits in all units, cycles and business processes, covering operational, technological, administrative and financial information aspects, all based on its global risk assessment;
- Advising, evaluating and consulting, in an independent manner, with the Management in relation to the Internal Control and Risk Management processes to add value to the Bank's operations;
- Ensuring the independence, objectivity and professionalism of the Internal Audit by conducting effective and efficient audits, based on the best practices and standards established by the IIA and the AICPA;

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- Monitoring the internal control environment in the Bank and the effectiveness of internal controls in accordance with the policies and procedures established by the Board of Directors and with those suggested by the different conceptual frameworks of best practices;
- Acting as a consultant to all units, particularly ensuring that the organizational structure, policies, standard operating procedures, generally accepted accounting principles, business processes, Risk Management, Internal Control system, administration and information systems, are properly aligned to efficiently and effectively achieve the Bank's goals, in such a way as to keep the risks at an acceptable level;
- Monitoring, following-up and evaluating the corrective measures implemented by the auditees.

## 11. CHAPTER 11: PRACTICES FOR COMPENSATION

The Bank establishes compensation structures that connect the remuneration of the employee with the level of responsibility of his/her position. The structures are reviewed and updated periodically based on salary surveys of the market in each of the locations where the Bank operates, to maintain competitive salaries with the market.

### 11.1. REMUNERATION OF DIRECTORS

The Board of Directors, after consultation with the Compensation Committee, is responsible for approving and reviewing the program and compensation plans of the members of the Board of Directors and its Committees. The Board of Directors shall inform the Shareholders' Meeting of the compensation plans of the Board of Directors and its Committees that it may adopt from time to time.

The Bank discloses the information related to the compensation of the Directors and Officers that are required by the laws and regulations that are applicable to the Bank. The compensation to the Directors will consist of a portion in cash and another portion in restricted Class "E" shares.

Each Director who is not an Executive of the Bank receives annual fees of \$85,000 for their services as Director, and the President of the Board of Directors receives a fee of \$135,000. The President of the Audit Committee receives an additional annual fee of \$8,500 and the Presidents of the Compensation Committee, the Risk Policy and Assessment Committee and the Finance and Business Committee each receive an additional annual fee of \$5,000. Members who do not chair the Audit Committee receive an additional annual fee of \$3,000.

In December 2015, the Board of Directors approved the update of the Share Plan (the "2015 Plan"), which allows the Bank, occasionally, to grant restricted shares, restricted stock units, stock options and/or other remunerations based on actions to the Directors and Executives of the Bank.

As approved by the Board of Directors on December 9, 2014, each Director who is not an Executive of the Bank receives an annual compensation of 6,000 restricted shares and the Chairman of the Board of Directors receives an annual compensation of 9,000 restricted shares.

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## 11.2. REMUNERATION OF EXECUTIVES AND COLLABORATORS

The guidelines of the Executives and Collaborators Compensation and Benefits Policy are recommended by the Compensation Committee, and approved by the Board of Directors, based on proposals presented by the Bank's Administration.

Although Bladex is not subject to the rules set forth by the Dodd-Frank Wall Street Reform and Consumer Protection Act in matters of "vote on compensation" and "vote on frequency", a consultative vote was held for the first time at the Annual Shareholders Meeting in 2011 on the frequency that shareholders must vote in relation to the compensation of Executives.

The Board of Directors recommended, and the Bank's Shareholders agreed, that the consultative vote on the compensation of the Bank's Executives be held annually. Therefore, the Bank is providing Shareholders with a consultative vote on the compensation programs for the Bank's Chief Executives (sometimes referred to as "say on pay"). This vote is not intended to deal with any specific issue of compensation, but rather the general compensation of the Bank's Executives.

This vote is not binding. The Board of Directors and the Compensation Committee, which is composed of independent Directors, will take into account the result of this vote when they consider future decisions on the compensation of Executives, insofar as they can determine the cause or causes of significantly negative results in votes.

The Bank's compensation programs are designed to attract, motivate and retain highly qualified Senior Executives who can achieve corporate objectives and create value for Shareholders. A significant component of the compensation of the Executives is compensation in the Bank's capital stock, in the form of stock options and restricted stock units subject to concession over time. Bladex considers that its compensation program, with its balance of short-term incentives (including cash bonuses) and long-term incentives (including compensation in the bank's capital stock granted from three to four years), rewards sustained performance, which in turn is aligned with the long-term interests of the shareholders.

### **Compensation and Risk:**

The Bank reviews and monitors the degree of the compensation and the programs for principal Executives and collaborators whose activities, individual or in groups, can create incentives for excessively taken risks.

Certain aspects of the Bank's Executive Compensation program, such as the combination of cash bonuses, based on short-term performance and capital bonuses, based on long-term performance, reduces the likelihood of excessive risk taking and, on the contrary, generates incentives for key Executives to work towards the Bank's long-term growth.

## 11.3. SHARE OWNERSHIP POLICY FOR DIRECTORS AND EXECUTIVES

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The Board of Directors has adopted stock ownership guidelines for Directors and Executives. This policy allows Bladex to fulfill its objective of aligning the interests of the Directors and Executives with those of the Shareholders.

The Executive President must hold Bladex's shares for a value of at least two and a half times his annual base salary. The rest of the Executives must have shares equivalent to one time their annual base salary. These executives have up to seven years to comply with this share ownership requirement, counted from the date of adoption of these guidelines or the date they have been subject to them, whichever is later.

The following elements are included in the determination of ownership of shares of Directors and Executives:

- Actions of individual property or dependent minors or spouses;
- Restricted shares or restricted stock units;
- Stock purchase options (released or restricted).

## **12. CHAPTER 12: DISCLOSURE AND TRANSPARENCY**

The Bank makes the necessary efforts to disclose in a precise and timely manner all matters of importance, including results, financial situation and Corporate Governance.

The Bank discloses, quarterly and annually, the relevant financial information. In addition, it maintains updated information available 24x7 for consultation of all interested parties at its website ([www.bladex.com](http://www.bladex.com)).


## **13. CHAPTER 13: CODE OF ETHICS**

The Bank has adopted a Code of Ethics that contains the internal policies and guidelines necessary to comply with the institution's mission while strengthening compliance with the laws and regulations that govern the operations of the business. This Code of Ethics and Business Conduct applies to the Board of Directors and all personnel of the Head Office, Agencies, Representation Offices and Subsidiaries.

The Audit Committee must ensure compliance with this Code. In addition, the Bank maintains an addendum to the Code of Ethics specific to the Executive President, the Executive Vice President of Finance and the Vice President of Accounting, as financial senior executives of Bladex with additional provisions related to their functions.

The Bank has an Ethics Committee that is the administrative body responsible for the interpretation, implementation, application and permanent evaluation of the provisions of the Code of Ethics. In addition, it is responsible for implementing the necessary mechanisms to disseminate and promote the highest standards of behavior in the Bank.

The Bank has a whistle blowing channel called "Bladex Ethical Line" as its formal communication channel through which all its collaborators, suppliers and customers may disclose the occurrence of real or potential irregularities that affect the principles of institutional integrity. These shall be

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treated with complete confidentiality. Moreover, the investigations will be carried out through an exhaustive analysis of the facts denounced, to ensure the accuracy of the possible irregularities.

The Bank has set up an Evaluation Committee, responsible for evaluating and reporting to the Ethics Committee the management of the complaints received. The said Commission shall be formed, at least, by the Executive Vice President of Operations, the Executive Vice President of Legal, and the Executive Secretary and the Executive Vice President of Internal Audit. On the other hand, the Ethics Committee is responsible for defining the actions to be followed in the cases reported by the Evaluation Commission. And finally, the Board of Directors is responsible for defining the actions to be followed in the cases reported by the Ethics Committee.

#### **14. CHAPTER 14: MANUAL FOR THE PREVENTION OF MONEY LAUNDERING AND KNOW YOUR CLIENT AND/OR LAST BENEFICIARY MANUAL**

Bladex has adopted a series of policies aimed at preventing the use of its services for money laundering, financing of terrorism and financing of proliferation of weapons of mass destruction, based on the laws and regulations in force in each country where the Bank carries out its operations. The adoption of these provisions is accompanied by a training program for all the staff, so that each member of the Bank is kept informed and updated on this issue.

#### **15. CHAPTER 15: SUSPICIOUS ACTIVITIES REPORTING MECHANISM**

All Bank employees have the obligation to report a suspicious case, using established procedures and systems.

The Bank has established and circulated the use of its reporting tool (available through the Bank's website or from any computer with Internet access from the address [www.bladex.com](http://www.bladex.com)) that provides to Shareholders, Collaborators and other stakeholders a formal communication channel to inform confidentially and anonymously to the Committee for the Prevention of Money Laundering and Compliance of the Bank's Board of Directors, regarding deviations in compliance with the policies and procedures of honest and ethical behavior, as well as any conflict of interest or breach of the Code of Ethics, suspicious activities related to Money Laundering, Financing of Terrorism or activities that could constitute transactions with privileged information, fraud or scam attempts, accounting records that do not comply with the generally accepted accounting principles, and with the inexplicable or not justified disappearance of funds or titles.

#### **16. CHAPTER 16: HUMAN RESOURCES MANAGEMENT**

##### **16.1. PLANNING AND MANAGEMENT OF HUMAN RESOURCES**

The Bank ensures the adequate management of human resources to guarantee the attraction, hiring, motivation and retention of the adequate personnel that contributes to the achievement of the Bank's objectives.

The Department of Human Development is responsible for preparing the Budget and Annual Human Resources Plan for the management of hiring, compensation, benefits, training and development programs, among others, in accordance with the Corporate Objectives approved by the Board of Directors and requirements and needs of the areas.

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## 16.2. TALENT MANAGEMENT

The election of new employees for the Bank is based on the candidate who demonstrates the best level of qualification and competencies for the position, regardless of age, sex, race, nationality, religion, political affiliation or physical disability, provided that this is not limiting the performance of the position.

The Bank has a performance analysis methodology for the entire Organization that allows planning, monitoring and assessing corporate and individual performance. The Department of Human Development must ensure that the setting of the goals and the evaluation of performance comply with said methodology.

## 16.3. TALENT DEVELOPMENT

The Department of Human Development, together with the Supervisors, must conduct an analysis and identify the annual training needs, as well as define and implement development and learning programs that ensure that employees have the knowledge, skills and abilities required to achieve of the Bank's objectives.

## 16.4. KEY PERSONNEL SUCCESSION PLAN

With the approval of the Board of Directors, the Bank has a Succession Plan for key personnel whose main purposes are:

- Ensure the continuity of the Organization when a key position becomes vacant;
- Provide qualified and motivated talent, prepared to occupy key positions;
- Align the efforts of talent management with the vision and mission of the Organization, through the appropriate proportion of qualified personnel for the achievement of the Strategic Plan;
- Provide career development opportunities for high potentials, offering recruitment and retention capacity.

To manage the Succession Plan, the Bank carries out the following activities:

1. Define the strategy of the Succession Plan (reactive, replacement with identified candidates or development of successors).
2. Identify key positions, considering criteria such as:
  - a. The area of coverage of the responsibilities, functions of the position, or if it is of high impact for the business or the operation of the Bank;
  - b. Difficulty of recruitment for a position or the limited availability of qualified candidates in the local labor market;
  - c. Skills and specific experience required to master the functions of the position.
3. Identify possible successors within the staff of talented Bank employees, who may be possible successors in key positions.

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4. Execute development plans for possible successors, evaluating their skills and abilities, to identify the development opportunities required to prepare them for the positions to which they have been identified.
5. Measure the progress of the Succession Plan, through monitoring and updating of it, considering indicators such as:
  - a. Number of positions replaced with identified candidates;
  - b. Movements between levels of preparation to be successor;
  - c. Retention of high potentials.

## **17. CHAPTER 17: CORPORATE SOCIAL RESPONSIBILITY**

The Bank is committed to maintaining a Corporate Governance structure aligned with the highest standards of governance so that, based on the needs of its stakeholders, its staff may respond with values and commitments that make Bladex a socially responsible company.

The work that Bladex as a socially responsible company develops in the market is consistent with the values that govern corporate behavior. Beyond its economic function, Bladex plays an important role as a development agent in the communities in which it has the privilege of working, so in view of that it decided to set up, in 2013, the Fundación Crece Latinoamérica foundation. From 2014 onwards, it became the executing arm of the Bank's social work, both in Panama and in the rest of the Region, working in association with various NGOs and government institutions.

Beginning in 2011, the Bank joined the United Nations Global Compact. The principles of the Global Compact are reflected in the initiatives that the Bank has implemented, promoting an organizational culture framed in clearly defined values in the Code of Ethics, in respect for human rights in all its manifestations, in the transparency of the business, as well as in the adoption of programs that promote greater environmental responsibility and motivate an active participation of employees in the social works that the Bank promotes.

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## 18. ANNEXES

### 18.1. ANNEX A - International Standards Revised Principles on Corporate Governance of Banks, published by the Basel Committee on Banking Supervision (BCBS) in July 2015.

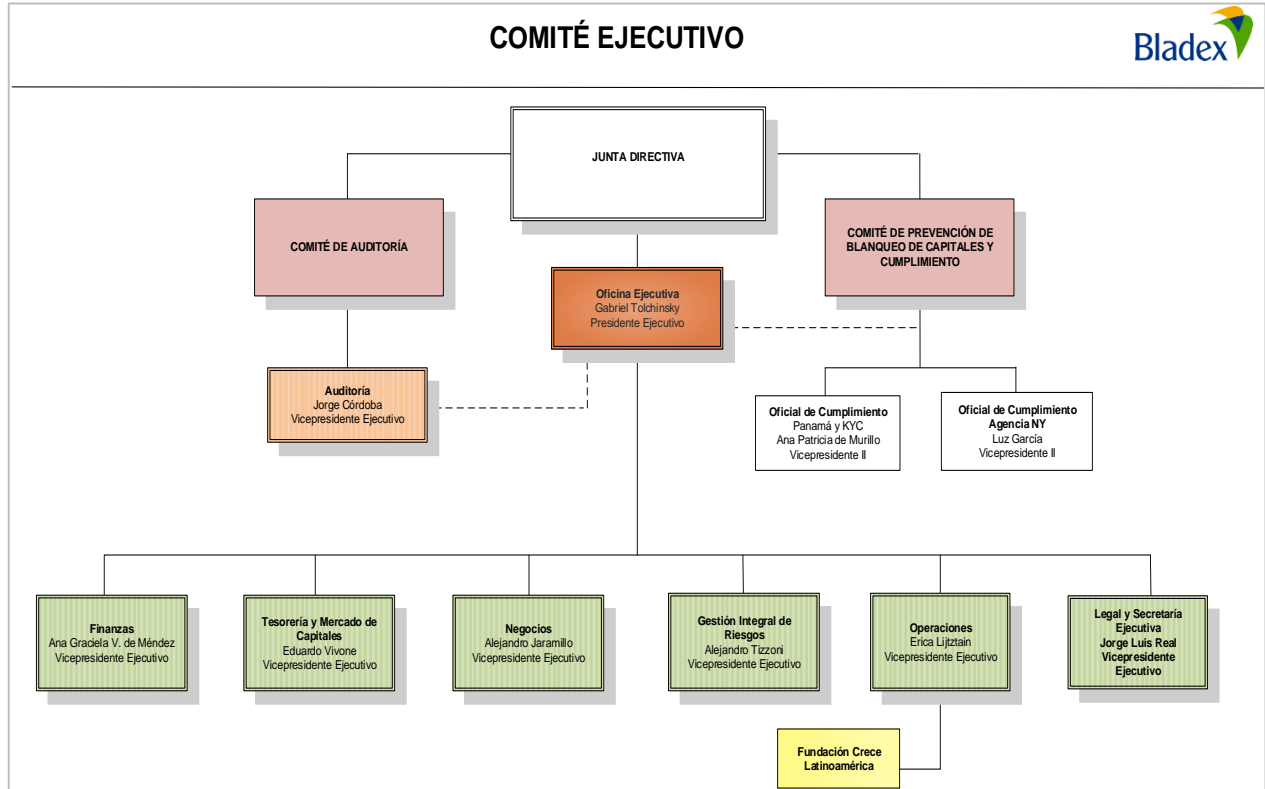
In July 2015, the BCBS published the document "Corporate Governance Principles for Banks" that replaces the guidelines published by the Committee in 2010. In this revised version, the critical role played by an effective Corporate Governance for the safe and proper functioning of banks is emphasized.


The document highlights the importance of risk governance in the general framework of Corporate Governance of banks and promotes the value of a strong Board with robust Committees, together with effective control functions. Specifically, the revised principles:

- Enhance the guidelines on the role of the Board of Directors in monitoring the implementation of effective risk management systems;
- Emphasize the importance of the collective competences of the Board, as well as the individual obligation of its members to devote enough time to their functions and to keep abreast of developments in the banking sector;
- Strengthen the current guidelines on risk governance, including the role played by business units, Risk Management and Internal Control teams and Internal Audit functions (the three lines of defense) in risk management, while highlighting the importance of an adequate risk culture that guides risk management within the Bank;
- Guide banking supervisors in their evaluation of the processes for appointing the members of the Board and the Senior Management of the banks;
- Recognize that remuneration systems are a key component of governance and incentive structures, with which the Board and Senior Management of a bank transmit an acceptable level of risk assumption and reinforce the Bank's operational and risk culture.



18.2. ANNEX B - Bank's Organization Chart



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### 18.3. ANNEX C - List of Bank Committees

Banco Latinoamericano de Comercio Exterior, S.A. (BLADEX)

LISTADO DE COMITÉS

Al 31 de Marzo 2019

No.	Nombre del Comité	Integrantes	Voz	Voto	Frecuencia de Reuniones	Funciones y Responsabilidades del Comité	Reporta a (Junta Directiva o Gerencia Superior)
1	Comité Ejecutivo	CEO, VPE Finanzas, VPE Operaciones, VPE Tesorería, VPE Negocios, VPE Gestión Integral de Riesgos, VPE Legal y Secretaría Ejecutiva VPE Auditoría Interna		X	Al menos 1 vez al mes	Dirige y lleva la gestión administrativa del Banco	Junta Directiva
2	Comité de Tecnología	CEO, VPE Finanzas, VPE Operaciones, VPE Negocios, VPE Gestión Integral de Riesgos, VPE Tecnología VPE Auditoría, VP Riesgo Operacional y Metodología, y Gerente de Riesgo Tecnológico y Seguridad de la Información	X	X	Trimestral	Define la estrategia tecnológica del Banco y supervisa la implementación de la misma.	Gerencia Superior
3	Comité de Riesgo Operacional	CEO, VPE Finanzas, VPE Operaciones, VPE Negocios, VPE Gestión Integral de Riesgos, VPE Legal y Secretaría Ejecutiva, VPE Auditoría, VP Riesgo Operacional y Metodología, y Gerente de Riesgo Tecnológico y Seguridad de la Información		X	Trimestral	Lleva un control y seguimiento, tanto de los riesgos operacionales detectados como del cumplimiento de las medidas de mitigación.	Gerencia Superior
4	Comité de Ética	Un Director, CEO, VPE Operaciones, VP Cumplimiento y VP Desarrollo Humano VPE Auditoría y VPE Legal y Secretaría Ejecutiva	X	X	Al menos 3 veces al año	Interpreta, implementa, aplica y evalúa permanentemente lo dispuesto en el Código de Ética.	Gerencia Superior
5	Comité de Riesgo País	CEO, VPE Gestión Integral de Riesgos, VPE Negocios y VPE Finanzas VPS Riesgo de Crédito, VP Estudios Económicos y Economista	X	X	Trimestral	Mantiene un estricto seguimiento de la situación económica, política y social de los países en América Latina con los cuales Bladex posee exposición financiera o potenciales negocios, con el fin de detectar mejoras o deterioros en la misma.	Gerencia Superior
6	Comité de Alco Interno	CEO, VPE Finanzas, VPE Tesorería, VPE Operaciones, VPE Negocios y VPE Gestión Integral de Riesgos		X	A requerimiento	Optimiza los activos y pasivos del banco al igual que mide, evalúa, y diseña las estrategias para manejarlos.	Gerencia Superior
7	Comité de Divulgación	VPE Finanzas, VPE Auditoría, VP Gestión y Planificación Financiera, VPE Legal y Secretaría Ejecutiva, VP Contabilidad, Analista de Reportes Externos y Relaciones con Inversionistas	X	X	A requerimiento	Revisa y aprueba cualquier divulgación de información financiera que deba facilitarse al público y a cualquier organismo regulador.	Gerencia Superior
8	Comité de Gestión y Seguimiento	CEO, VPE Negocios y VPE Gestión Integral de Riesgos VPS Riesgo de Crédito, VPS Gestión, Seguimiento y Recuperación de Créditos y VPS Legal	X	X	Trimestral	Revisa la situación de aquellos clientes con rating 6 (seguimiento), en proceso de reestructuración y/o ya deteriorado que requieren revisión de su estructura, estrategia, garantías, entre otros. Por otro lado a partir del seguimiento de sectores/industrias que realiza el área de Estudios Económicos.	Gerencia Superior
9	Comité de Créditos de la Administración	CEO, VPE Gestión Integral de Riesgos y VPE Negocios VPE Tesorería, VPE Finanzas, VPE Legal y Secretaría Ejecutiva, VPS Negocios (responsable de cada región) y VPS Riesgo de Crédito	X	X	Semanal	Aprobar límites y transacciones hasta USD 50MM para créditos individuales y/o grupos económicos, siempre en cumplimiento con lo dispuesto en las regulaciones locales y de aplicación, como así también en las políticas, procedimientos y otros límites establecidos por la Junta Directiva y la Alta Gerencia.	Gerencia Superior
10	Comité de Créditos Delegado de la Junta Directiva (CCD)	Mínimo dos (2) Directores miembros del Comité de Política y Evaluación de Riesgos (CPE) de la Junta Directiva, que serán designados por el Presidente de la Junta Directiva por un plazo determinado y CEO VPE Gestión Integral de Riesgos y VPE Negocios	X	X	Mensual	El CCD podrá aprobar límites y transacciones superiores a USD 50 millones y hasta USD 100 millones para créditos individuales y/o grupos económicos, siempre en cumplimiento con lo dispuesto en las regulaciones locales y de aplicación, como así también en las políticas, procedimientos y otros límites establecidos por la Junta Directiva y la Alta Gerencia.	Gerencia Superior
11	Comité de Prevención de Blanqueo de Capitales y Cumplimiento	Dos (2) Directores miembros de la Junta Directiva, CEO, VPE Operaciones, VPE Negocios, VPE Finanzas, VPE Tesorería, VPE Auditoría, VPE Gestión Integral de Riesgos, VPE Legal y Secretaría Ejecutiva y VP Cumplimiento		X	Bimensual	Asistir a la Junta Directiva y a la Junta Directiva en el cumplimiento de sus responsabilidades de vigilancia en materia de Prevención de Blanqueo de Capitales, Financiamiento del Terrorismo y Financiamiento de la Proliferación de Armas de Destrucción Masiva, y tendrá la función de dirigir, a nivel estratégico, el programa de Cumplimiento de la organización en conformidad con lo establecido en el Acuerdo.	Junta Directiva
12	Comité de Auditoría	No menos de Tres (3) Directores Independientes: Herminio A. Blanco (Presidente), Gonzalo Menéndez Duque, José Alberto Garzón y Javier González Fraga VPE Auditoría Interna y CEO		X	Bimensual	El Comité está encargado de ejercer ciertas funciones establecidas por las regulaciones aplicables y de servir de apoyo a la Junta Directiva en el cumplimiento de sus responsabilidades de supervisión del proceso de información financiera, de la integridad de los Estados Financieros, del sistema de control interno, del proceso de auditoría y del proceso de monitoreo del cumplimiento de leyes y reglamentos y el código de ética.	Junta Directiva
13	Comité de Compensación y Gestión Organizacional	No menos de tres (3) Directores Independientes: Joao Carlos de Nóbrega Pecego (Presidente), José Alberto Garzón y Javier González Fraga VPE Operaciones		X	5 veces al año	El Comité es responsable de presentarle a la Junta Directiva recomendaciones sobre la nominación de Directores, las políticas de compensación y beneficios de Directores, Dignatarios, Ejecutivos y colaboradores, la contratación y evaluación del desempeño del Presidente Ejecutivo, las políticas de recursos humanos del Banco, su gobierno corporativo y su Código de Ética. Asimismo, el Comité es responsable de proponer a la Junta Directiva recomendaciones sobre temas relacionados con el modelo operativo, los procesos, la tecnología y las comunicaciones del Banco.	Junta Directiva
14	Comité de Política y Evaluación de Riesgos	No menos de tres (3) Directores: Miguel Heras (Presidente), Gonzalo Menéndez Duque, Ricardo Manuel Arango, Herminio A. Blanco, Mario Covo y Roland Holst VPE Gestión Integral de Riesgos	X	X	Al menos 4 veces al año	El Comité está encargado de la revisión y recomendación a la Junta Directiva para su aprobación, de las políticas relacionadas con una Gestión Integral de Riesgos prudencial. El Comité revisará y evaluará, asimismo, la exposición, dentro de los niveles de riesgo que el Banco está dispuesto a asumir según las políticas en tal sentido, a los distintos riesgos a los cuales se enfrenta en su gestión de negocios, incluyendo la calidad y perfil de los activos crediticios, la exposición a los riesgos de mercado y el análisis de los riesgos operacionales, los cuales consideran los riesgos legales de los productos que ofrece el Banco.	Junta Directiva
15	Comité Financiero y de Negocios	No menos de tres (3) Directores: Mario Covo (Presidente), Ricardo Manuel Arango, Miguel Heras, Roland Holst y Joao Carlos de Nóbrega Pecego VPE Finanzas, VPE Tesorería y VPE Negocios		X	5 veces al año	El Comité tiene como rol fundamental el análisis y conocimiento, con sus consecuentes competencias y atribuciones, de todos los temas relacionados con el desarrollo de negocios y con la gestión financiera del Banco, que incluye, entre otros, la gestión del capital, la gestión del portafolio (activos y pasivos), la gestión de la liquidez, el manejo de descualces, la supervisión de temas fiscales y, en general el desempeño financiero del Banco y demás temas contemplados en estos Estatutos.	Junta Directiva