ARGENTINA • BARBADOS • BOLIVIA • BRAZIL • CHILE • COLOMBIA • COSTA RICA • DOMINICAN REPUBLIC • ECUADOR • EL SALVADOR • GUATEMALA • HAITI • HONDURAS • JAMAICA • MEXICO • NICARAGUA • PANAMA • PARAGUAY • PERU • SURINAME • TRINIDAD AND TOBAGO • URUGUAY • VENEZUELA

YOUR BUSINESS PARTNER IN LATIN AMERICA

Bladex

ANNUAL REPORT 2013

INDEX

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

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

MISSION TO PROVIDE SEAMLESS SUPPORT TO LATIN AMERICA'S FOREIGN TRADE, WHILE CREATING VALUE FOR OUR SHAREHOLDERS.

VISION TO BE THE PREMIER PROVIDER OF INTEGRATED FINANCIAL SOLUTIONS ACROSS LATIN AMERICA'S FOREIGN TRADE VALUE CHAIN.

OUR VALUES

REFLECT WHO WE ARE, AND GUIDE OUR BEHAVIOR

Integrity is the foundation of our Organization, and is based on ethical behavior that reflects honesty and transparency.

Commitment is the hallmark of how we work at Bladex, focused on meeting our clients' needs and creating value for our shareholders.

Excellence remains our overriding goal. The pursuit of quality through creativity and innovation is present in everything we do.

Respect guides us in our behavior toward our co-workers, clients, shareholders, and the community.

Humility is the bond that gives us strength, allowing us to appreciate the contribution of each member of the organization toward the success and achievement of the institution.

MESSAGE TO SHAREHOLDERS

BLADEX IMPROVES THE QUALITY OF ITS REVENUES, FOCUSED ON SUPPORTING FOREIGN TRADE GROWTH AND REGIONAL INTEGRATION IN LATIN AMERICA

Rubens V. Amaral Jr.
Chief Executive Officer

Gonzalo Menéndez Duque
Chairman of the Board of Directors

Dear Shareholders:

Once again in 2013, Bladex confirmed and strengthened its position as an important financial intermediary in the Region, maintaining an upward trend in operating revenue. This led to very favorable results for the year, despite an uncertain financial environment globally and regionally. Although economic growth slowed slightly, we were able to continue to consolidate our franchise in Latin America.

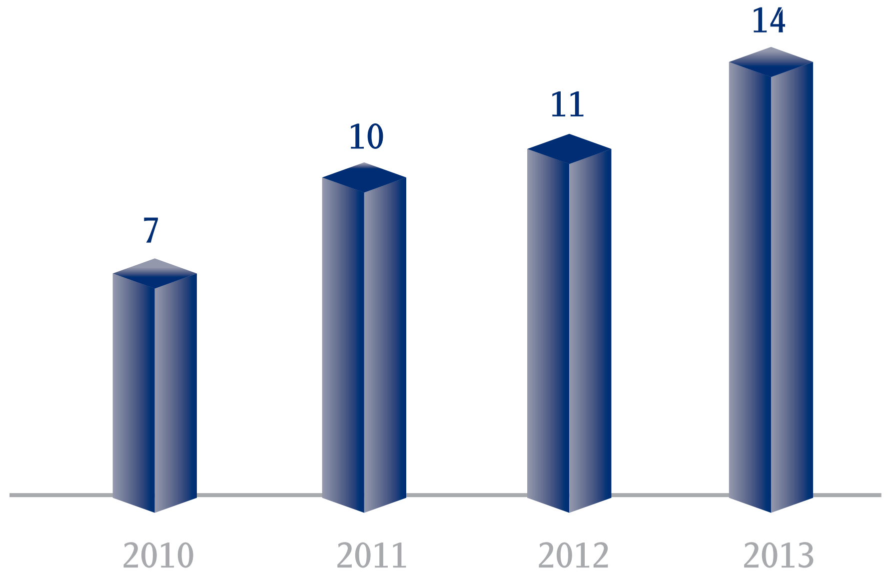
Global economic growth dropped from 3.2% in 2012 to 2.9% in 2013, with some signs of economic recovery in the more developed economies during the second half of the year. This, along with the U.S. Federal Reserve's 'tapering' moves, resulted in net capital outflows from emerging to developed economies, impacting financial markets in several countries in the Region. Other knock-on effects, including the devaluation of several of the Region´s currencies and an increase in fiscal and current account deficits, prompted governments in the Region to adapt their monetary and fiscal policies to a new global dynamic, with a direct impact on trade flows. Latin American trade was also affected by a slowdown in China's growth rate, near-zero growth in Europe, and a decline from record levels in the market prices of those raw materials, minerals, and metals that account for a large share of Latin America's exports. Despite such a challenging backdrop, Bladex's commercial portfolio grew by over 11% for the year. Our continued commitment to the development of Latin America's foreign trade activity is illustrated by the volume of Bladex's credit disbursements, which reached a record high of over $14 billion for the year. Over the past 34 years, Bladex has disbursed more than $200 billion in credit throughout the Region.

True to our traditionally conservative approach to doing business, the Bank maintained solid capital and liquidity ratios, as well as excellent credit quality.

In 2013 we continued to strengthen and diversify our funding structure, both geographically and in terms of the variety of financial instruments that were deployed. We established several new correspondent banking relationships and issued debt, in the form of private placements, in new markets like Thailand and the Gulf region.

ANNUAL TOTAL DISBURSEMENTS

US$ billion



In early 2014 Bladex obtained ten-year term funding for the first time, demonstrating the confidence of investors in our ability to generate sustainable results by supporting Latin America's development. At the same time, the Bank made significant inroads in expanding and differentiating its range of products and services, designed to assist our clients in developing new business both within the Region and in international markets. Our commitment to product differentiation is critical to the diversification of our revenue base.

Bladex also consolidated its position as an important player in the area of syndicated and structured loans, generating a growing number of highly visible and successful transactions in the course of the year, significantly increasing the Bank's commission income. Bladex continues to strengthen its position as a strategic partner for banking and corporate clients in need of syndicated financing to expand their operations regionally.

As planned in 2012, Bladex divested its asset management unit in early 2013, significantly reducing the Bank's exposure to market risk, and established a three year plan to gradually eliminate this investment. The exit from the asset management activity permits the Bank to focus its resources on the business of supporting Latin America's foreign trade and regional integration.

During the second half of 2013, the Bank implemented a new organizational structure designed to achieve its goals of creating value for clients in a sustainable manner, and of improving our risk management framework. In 2013 we established a new unit for Business Development and Products to situate the Bank at the forefront of the development of products across the foreign trade value chain capable of delivering high-quality financial solutions to our clients.

Throughout 2013, Bladex continued strengthening its Comprehensive Risk Management framework along the 'Three Lines of Defense' model, ensuring world-class risk management standards.

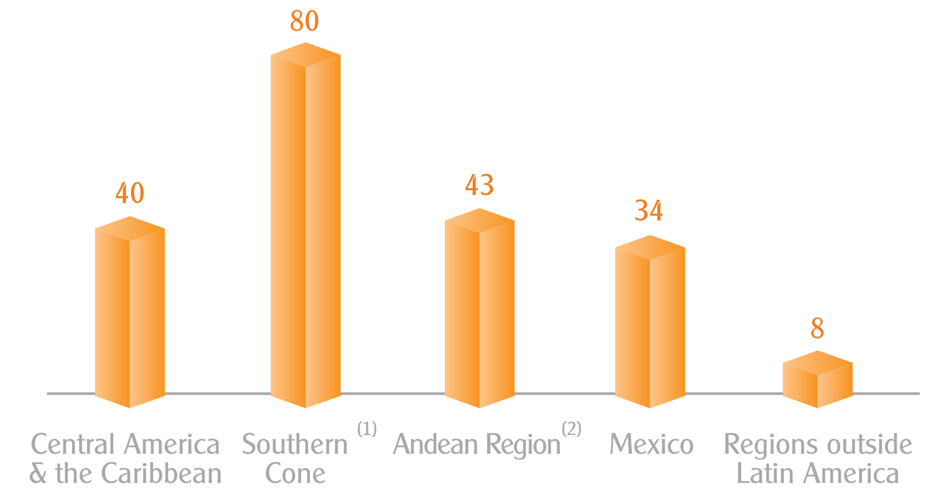
In 2013 we also focused on improving efficiency and productivity. We are now 'doing more with less', and have achieved a significant decrease in the Bank's expense base. We are making steady progress in the redesign of internal processes based on the needs of our clients. In 2014, this will enable us to systematically measure, analyze, and improve operational processes, reinforcing the level of excellence in operational efficiency that our clients have come to expect from Bladex.

BLADEX'S CREDIT RATINGS

	Rating Agencies		
	Moody's	Fitch	S & P
CONFIRMATION DATE:	May 2013	July 2013	July 2013
Short-Term	P-2	F2	A-2
Long-Term	Baa2	BBB+	BBB
Perspective	Stable	Stable	Stable

ACCUMULATED CREDIT DISBURSEMENTS 1979 - 2013

US$ billion



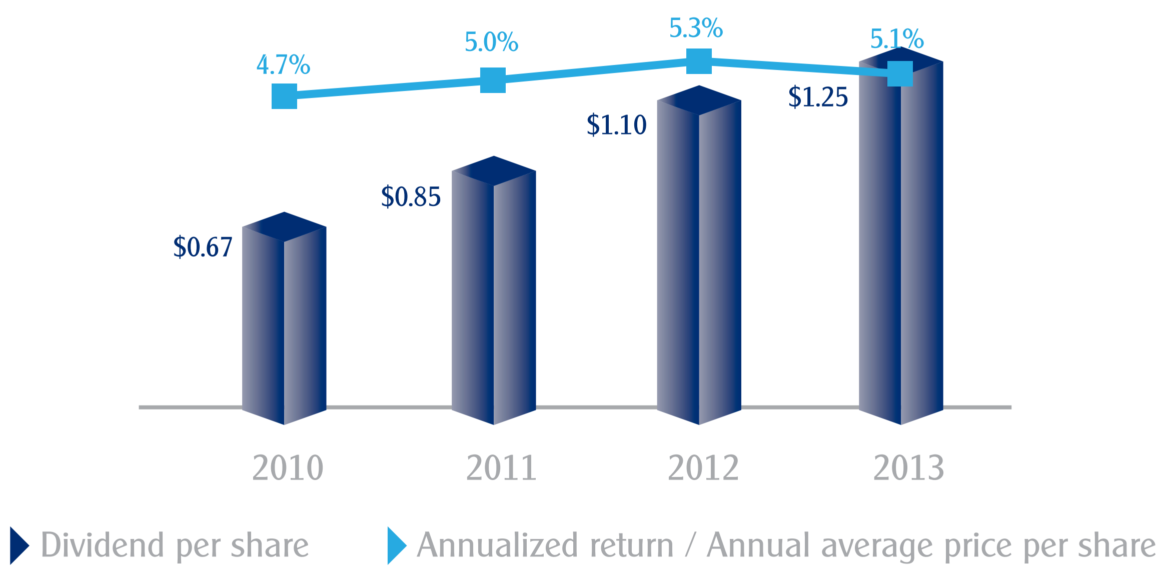
(1) Includes Argentina, Brazil, Chile, Paraguay, and Uruguay.
(2) Includes Bolivia, Colombia, Ecuador, Peru, and Venezuela.

These new initiatives enrich and strengthen the Bank's strategy, which remains anchored by the pillars that have supported its growth throughout the years: our core competencies in the foreign trade business, our support for regional investment and integration, our expertise in Latin America, and the quality of our risk assessment capabilities.

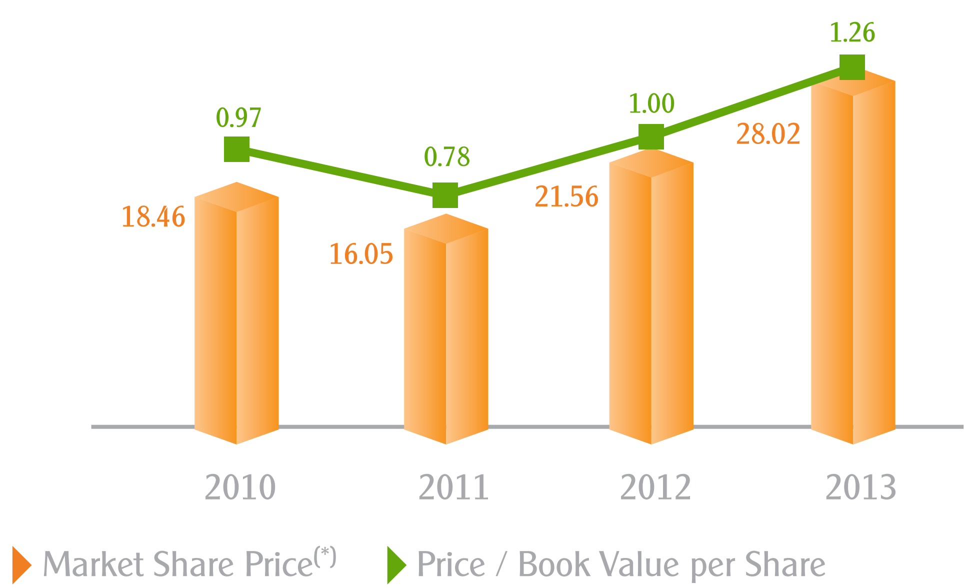
True to our corporate values of Integrity, Commitment, Respect, Humility, and Excellence, we endeavor to be an exemplary institution for our clients, shareholders, and employees, as well as for the communities in which we operate.

Bladex is strongly committed to sharing its success with its shareholders, not only through a solid business strategy, but also through results that reflect its commitment to steadily and consistently add value to its clients. The Board of Directors emphasizes the importance of maintaining a dividend payment policy directly linked to business performance, while providing an attractive dividend yield to investors. Accordingly, the Bank increased its annual dividend for 2013 to $1.25 per share, from $1.10 per share the previous year.

ANNUAL DIVIDEND PER SHARE



PRICE / BOOK VALUE PER SHARE



(*) Corresponds to the closing price on the last business day of each year.

The market has rewarded Bladex's performance throughout 2013, driving the Bank's stock price to levels not seen in several years, reaching $28.02 at year-end 2013, up 30% from 2012, with a multiple of 1.26x book value.

We are optimistic about our business prospects for 2014. Absent major market disruptions, business growth should continue at a solid pace, accompanied by increased levels of efficiency in all we do, from the efficient application of capital and diversification of our funding base, to proactive portfolio management. We expect this efficiency to generate higher net margins, higher commission income, and improved cost control, while mitigating day-to-day business risks.

Before concluding, we would like to highlight the progress in our activities of Corporate Social Responsibility. In the communities where Bladex is present, we are proud and honored to support the development and education of disadvantaged children in several countries in the Region, driven by our deeply-ingrained core value of commitment to social responsibility. In 2013, we established the *Fundación Crece Latinoamérica*, which will consolidate and channel all of our work in support of the communities where we operate.

We stay true to the Bank's corporate values, without losing sight of what is most important to our business: meeting the needs of our clients and the expectations of our shareholders, promoting the professional and personal growth of our staff, and contributing to the development of our communities.

On behalf of the Bladex team,

Gonzalo Menéndez Duque
Chairman of the Board of Directors

Rubens V. Amaral Jr.
Chief Executive Officer

WHAT WE OFFER

The Bank's business approach is focused on Latin America's foreign trade value chain, comprising both financial and physical supply chains.

The Bank actively supports the integration of Latin America and the Caribbean, so that member countries may enjoy the benefits of an increasing flow of resources, contributing to the development of their internal and external markets. We maintain a close and ongoing relationship with Latin American countries, which enables us to keep abreast of developments in the real economy with a steady finger on the pulse of trends in the Region, and to position ourselves proactively to seize emerging business opportunities, preserving the quality of our credit portfolio and addressing our clients' needs.

Expertise in providing financial solutions

- Foreign Trade Financing
  - Loans and credit lines
  - Pre and Post-Export Finance (short- and medium-term)
  - Finance of imported goods and services (short- and medium-term)
  - Discounted export bills of exchange, with or without recourse
- Structured Trade Solutions
  - Comprehensive and country risk coverage
  - Financing guaranteed by ECAs and private insurance programs
  - Pre-Export Financing with contract assignment and other guarantees
  - Medium- and long-term syndicated loans
  - A/B Financing with Multilaterals
  - Co-financing
  - Forfaiting, with or without recourse
- Commercial Letters of Credit (confirmed or advised) and guarantees
  - Interbank Reimbursement Undertakings
- Banker's Acceptances
- Discounted notes, with or without bank acceptance
- Medium-term International Cross-Border Leasing

Extensive experience in foreign trade

- Outstanding performance, operating for over 30 years in the Region
- Regional link between major global markets and Latin America
- Contribution to the development and progress of Latin America, with accumulated credit disbursements of $205 billion from 1979 to 2013
- Executive management with vast experience, and a highly specialized team

A genuinely Latin American bank

- A supranational bank supported by the central banks or state entities from 23 Latin American countries, with specialized expertise in local markets and their regulatory environments
- 34 years of experience in Latin America, with local presence in 7 countries and 10 cities in the Region, strengthening our position in key industrial sectors
- Close relationships with our clients, and with our government shareholders
- An extensive network of correspondent banks within Latin America, as well as in other regions of the world

WHOM WE SERVE

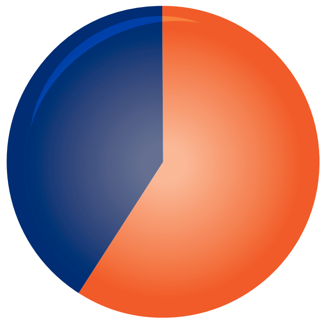
FINANCIAL INSTITUTIONS

Bladex supports financial institutions in 23 Latin American countries, including the Bank's government shareholders (which are represented by central banks or other state entities), as well as local and foreign privately-owned commercial banks with local presence in the Region. Bladex provides credit through these financial institutions to support the foreign trade chain in the Region, offering short-, medium-, and long-term funding to clients to cover their working capital needs. Bladex also supports these financial institutions in their regional expansion plans, by offering medium- and long-term structured financing.

As of December 31, 2013, the composition of the financial institutions segment represented 38%, or $2.5 billion, of the total commercial portfolio. Of those credits in favor of financial institutions, 41% are related to foreign trade flows, while the remaining 59% are granted to finance working capital needs for trade activities.

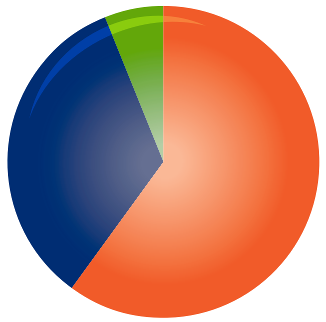
FINANCIAL INSTITUTIONS

BY TRANSACTION
As of December 31, 2013



- 59% Non-Trade
- 41% Trade

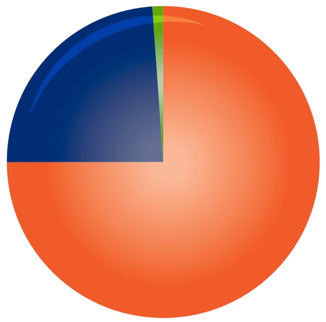
BY ORIGINAL TERM
As of December 31, 2013



- 60% Short-term
- 34% Medium-term
- 6% Long-term

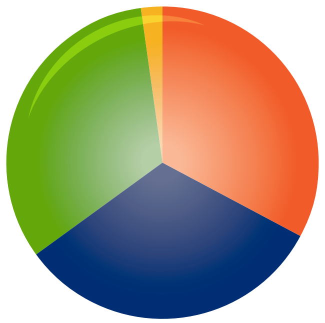
FINANCIAL INSTITUTIONS

BY CLIENT
As of December 31, 2013



- 75% Private banks and financial institutions
- 24% State-owned banks
- 1% Central Banks

BY REGION
As of December 31, 2013



- 33% Southern Cone[1]
- 33% Central America & the Caribbean
- 32% Andean Region[2]
- 2% Mexico

[1] Includes Argentina, Brazil, Chile, Paraguay, and Uruguay.
[2] Includes Bolivia, Colombia, Ecuador, Peru, and Venezuela.

MEDIUM AND LARGE CORPORATIONS

Bladex supports large and mid-sized corporations in managing their financial and business operations, by offering a variety of credit structures to assist them in to obtaining better purchasing terms with their suppliers, and in identifying ways to expand their client bases. The Bank identifies projects and growth opportunities for its clients within Latin America, offering medium- and long-term financing solutions (both bilaterally, and through the syndicated loan market) to enable companies to implement their regional growth plans.

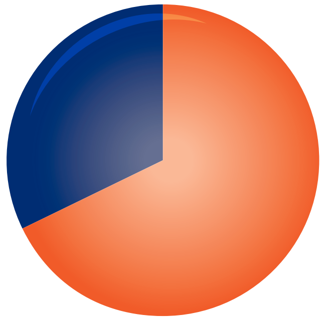
Large corporations are defined by their strong local and international presence, leadership in their respective economic segments, and annual sales volumes of over $2.0 billion. Mid-sized corporations are defined as leading companies in their corresponding industrial sectors or business segments, with annual sales of over $150 million, strong growth prospects, and regional presence.

Bladex has a widely-diversified credit portfolio dispersed over a range of industries, focusing on those strategic sectors in each country that demonstrate sound economic fundamentals and sustainable competitive advantages. At the close of 2013, the Bank maintained a healthy degree of diversification of its credit assets among sectors strongly involved in foreign trade, either through imports of oil and derivatives (Central America and certain countries in South America), or exports of agricultural commodities and food such as grains, coffee, sugar, and animal proteins (Brazil, Argentina, Colombia, and Peru). Bladex continues to follow a sectorial diversification strategy, expanding credit placements to segments such as the petrochemical, container, and packaging industries, as well as trade and transportation services.

CORPORATIONS

BY TRANSACTION

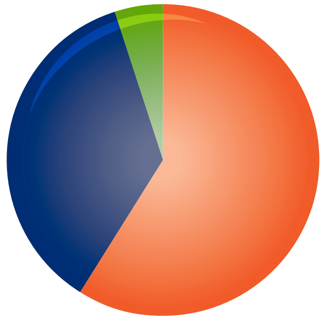
As of December 31, 2013



- 68% Trade
- 32% Non-Trade

BY ORIGINAL TERM

As of December 31, 2013

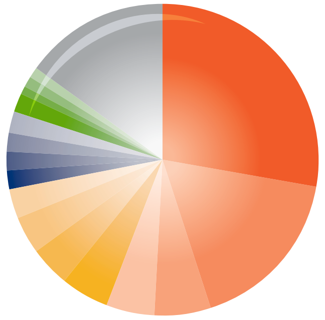


- 59% Short-term
- 36% Medium-term
- 5% Long-term

CORPORATIONS

EXPOSURE BY INDUSTRY

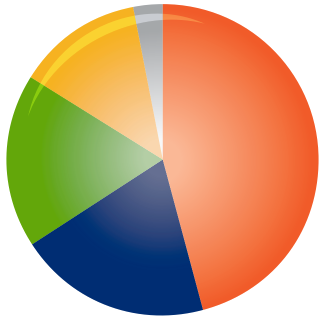
As of December 31, 2013



- 28% Oil & Gas
- 17% Grains & Oilseeds
- 6% Food
- 5% Airlines
- 5% Manufacturing
- 4% Coffee
- 4% Sugar
- 3% Electric Power
- 2% Packing
- 2% Chemicals
- 2% Construction
- 2% Mining
- 2% Tobacco
- 1% Paper
- 1% Textiles
- 1% Capital Goods
- 15% Other

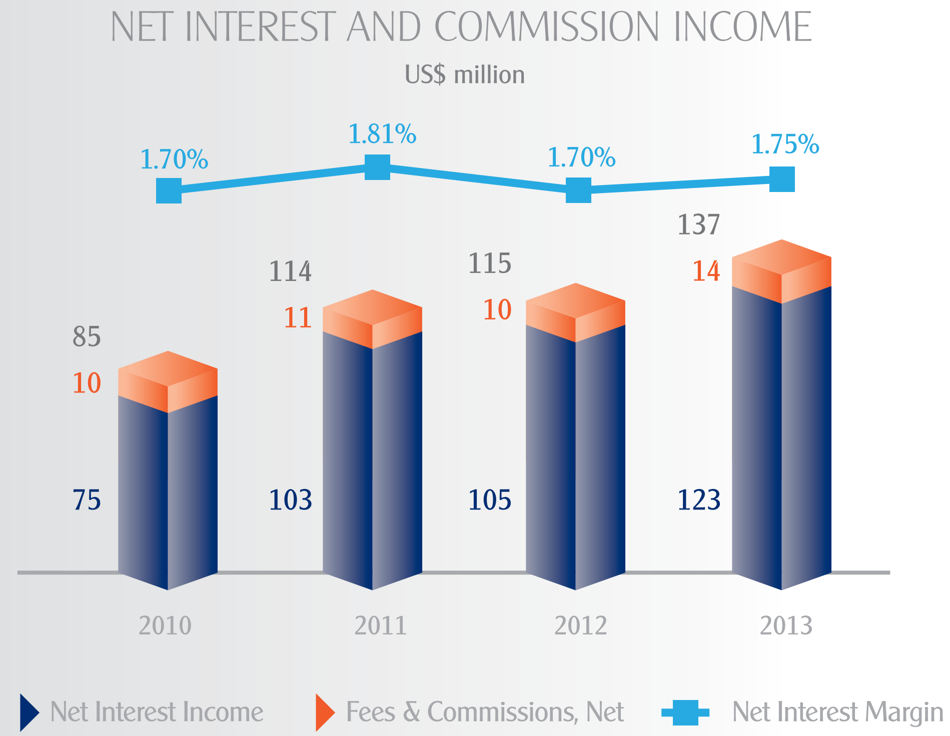
BY REGION

As of December 31, 2013



- 46% Sothern Cone[(1)]
- 20% Andean Region[(2)]
- 18% Central America & the Caribbean
- 12% Mexico
- 4% Regions outside Latin America

(1) Includes Argentina, Brazil, Chile, Paraguay, and Uruguay.
(2) Includes Bolivia, Colombia, Ecuador, Peru, and Venezuela.



FINANCIAL PERFORMANCE

OUR AIM IS TO ENSURE SOLID AND SUSTAINABLE GROWTH

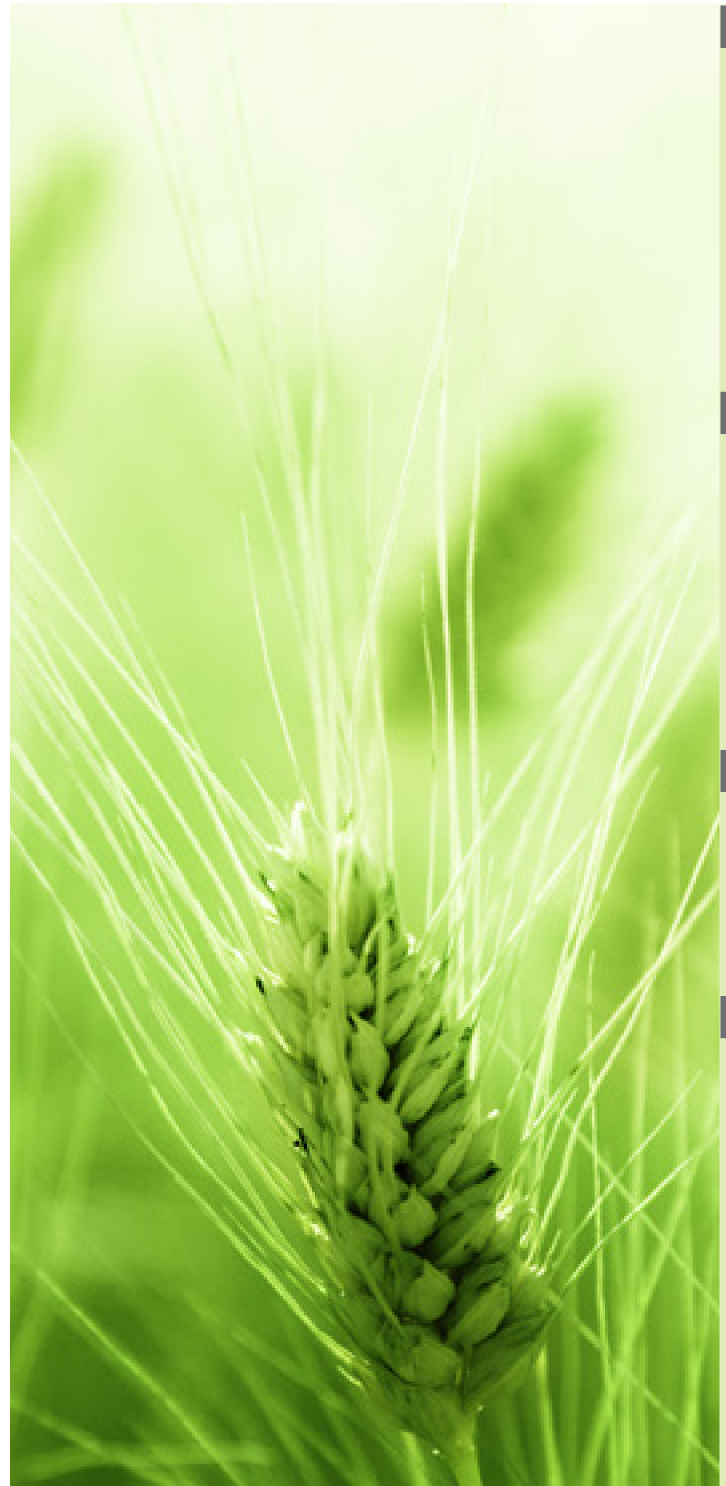
Bladex's financial performance during 2013 was driven by improved core business results: the expansion of the Bank's commercial portfolio reflected the Region's positive growth dynamics and Bladex's competitive edge.

The financial results of the core business grew in 2013 as the result of increased volumes in the Bank's average commercial portfolio and gradually improving net interest margin and fee income, as portfolio quality remained strong, and operating expenses decreased.

- Net income attributable to Bladex reached $84.8 million in 2013, compared to $93.0 million in 2012. The 2013 results were negatively impacted by the remaining participation in investment funds pertaining to the asset management unit sold earlier in the year, offsetting improved performance in the Bank's core activities.

The Commercial Division's Net Income reached $90.8 million in 2013, compared to $96.3 million in 2012. The decrease for the year was mainly the result of reversals of provisions for credit losses during 2012, mostly related to the favorable resolution of a non-accruing loan exposure. Excluding the effect of reversals (provisions) for credit losses, the Division's net operating income improved by 7% during 2013 to $89.5 million, compared to $83.9 million in 2012, reflecting increased core revenues from higher average portfolio balances and fee generating activities. Higher average loan balances resulted in a 5% increase in the Division's net interest income, while increased letters of credit activity along with the growth of the Bank´s structuring and syndication platform resulted in a 36% increase in fee income.

For the year 2013, the Treasury Division reported a net loss of $6.0 million, compared to a net loss of $8.2 million during 2012. The Division's net loss during 2013 was attributable to net losses from its remaining participation in the investment funds, which offset the bond portfolio performance and effective interest rate gap management, both of which yielded positive results during 2013.



Consolidated Financial Data - Summary

YEAR ENDED DECEMBER 31 (In US$ million, except percentages and per share amounts)	2013	2012	2011	2010
INCOME STATEMENT DATA				
Net interest income	123	105	103	75
Reversal of provision (provision) for credit losses [1]	1	12	(4)	5
Fees and commissions, net	14	10	11	10
Other income (loss)	(3)	17	25	(7)
Gain on sale of premises and equipment	0	6	0	0
Operating expenses	(54)	(56)	(50)	(42)
Net income from continuing operations	81	94	84	40
Net income (loss) from discontinued operations	(0)	(1)	(0)	0
Net income (loss) attributable to the redeemable noncontrolling interest	(4)	0	1	(2)
Net income attributable to Bladex Stockholders	85	93	83	42
SELECTED BALANCE SHEET DATA				
Treasury portfolio [2]	368	217	460	437
Investment funds	119	106	120	167
Loan portfolio [3]	6,142	5,708	4,953	4,060
Credit portfolio [4]	6,991	6,163	5,807	4,879
Total assets	7,471	6,756	6,360	5,100
Total liabilities	6,563	5,927	5,595	4,384
Stockholders' equity	858	826	759	697
Tier 1 capital	868	826	761	701
Total capital	937	883	812	744
PER COMMON SHARE DATA				
Net income per share (US$)	2.21	2.46	2.25	1.15
Book value per common share -period end- (US$)	22.24	21.67	20.45	18.99
Common shares outstanding: (in thousands)				
Period average	38,406	37,824	36,969	36,647
Period end	38,573	38,145	37,132	36,711
SELECTED FINANCIAL RATIOS				
Return on average assets ("ROA")	1.2%	1.5%	1.5%	1.0%
Return on average stockholders' equity ("ROE")	10.0%	11.6%	11.4%	6.2%
Efficiency ratio	41%	42%	36%	55%
Net interest margin	1.75%	1.70%	1.81%	1.70%
Operating expenses to total average assets	0.77%	0.90%	0.88%	0.97%
Stockholders' equity to total assets	11.5%	12.2%	11.9%	13.7%
Tier 1 capital to risk-weighted assets	15.9%	17.9%	18.6%	20.5%
Total capital to risk-weighted assets	17.1%	19.2%	19.9%	21.8%
Leverage (times)	8.7	8.2	8.4	7.3
Liquid assets / Total assets	11.1%	10.2%	12.4%	8.2%
Liquid assets / Total deposits	35.2%	29.8%	34.1%	23.1%
Non-accruing loans to total loan portfolio [3]	0.1%	0.0%	0.6%	0.7%
Charge-offs to total loan portfolio [3]	0.0%	0.1%	0.0%	0.1%

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

(2) Includes securities available-for-sale and securities held-to-maturity, and trading assets. Excludes the Bank's investments in the investment funds.

(3) Loan portfolio is presented net of unearned income and deferred loan fees.

(4) Includes loan portfolio, selected commercial deposits placed, fair value of investment securities, acceptances and contingencies, (including confirmed letters of credit, stand-by letters of credit, equity investments, guarantees covering commercial risk, and credit commitments).

- Net interest income totaled $123.1 million, an increase of $18 million, or 17%, compared to $105.0 million in 2012, mostly attributable to higher average loan portfolio balances, investment securities balances, and a shift in the funding composition to shorter tenors. Net interest margin stood at 1.75% for 2013, compared to 1.70% in 2012, mainly from a lower cost of funds.

- Fees and commissions totaled $13.7 million for the year 2013, compared to $10.0 million in 2012. The $3.6 million or 36% growth resulted from higher loan intermediation fees from mandated transactions, reflecting the Bank´s progress in establishing a track record as lead arranger of syndications, and an increase in the activity of the letters of credit business.

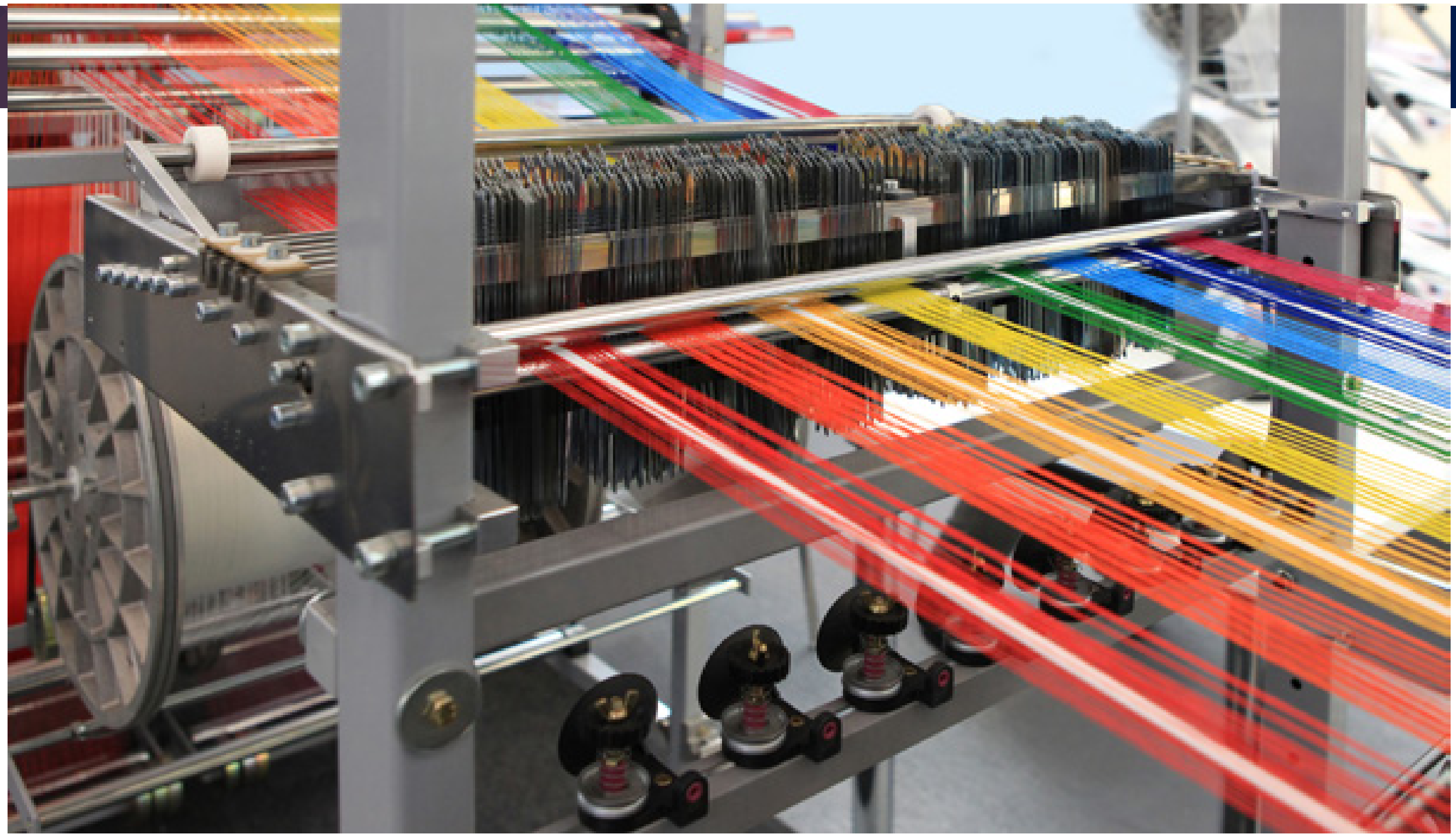
- The Tier 1 capitalization ratio stood at 15.9% as of December 31, 2013, compared to 17.9% as of December 31, 2012, as the Bank continues to deploy available capital towards business growth. The Bank's leverage as of December 31, 2013 was 8.7x, compared to 8.2x as of the end of 2012.

- Credit disbursements in 2013 increased 26% to $14.3 billion, a record level, compared to $11.3 billion disbursed in 2012, as credit demand strengthened.

- The commercial portfolio grew by 11% to $6.6 billion by the end of the year 2013, compared to $6.0 billion as of December 31, 2012. This reflects the positive growth dynamics of the Region and the competitive advantages of Bladex. Average total commercial portfolio balances totaled $6.3 billion, an increase of $0.9 billion or 17% compared to the $5.4 billion balance during 2012.

- The non-accrual portfolio amounted to $3.1 million as of December 31, 2013, compared to nil as of December 31, 2012. The reserve to commercial portfolio coverage ratio was 1.18% as of December 31, 2013 compared to 1.31% as of December 31, 2012, a reflection of the improved risk profile of the Bank's portfolio composition.

- Liquid assets amounted to $0.8 billion as of December 31, 2013, compared to $0.7 billion as of December 31, 2012, as the Bank maintained its proactive liquidity management, increasing its liquidity position as a preventive measure in the face of heightened market volatility. The liquidity ratio (liquid assets to total assets) was 11.1% as of December 31, 2013, compared to 10.2% as of December 31, 2012.

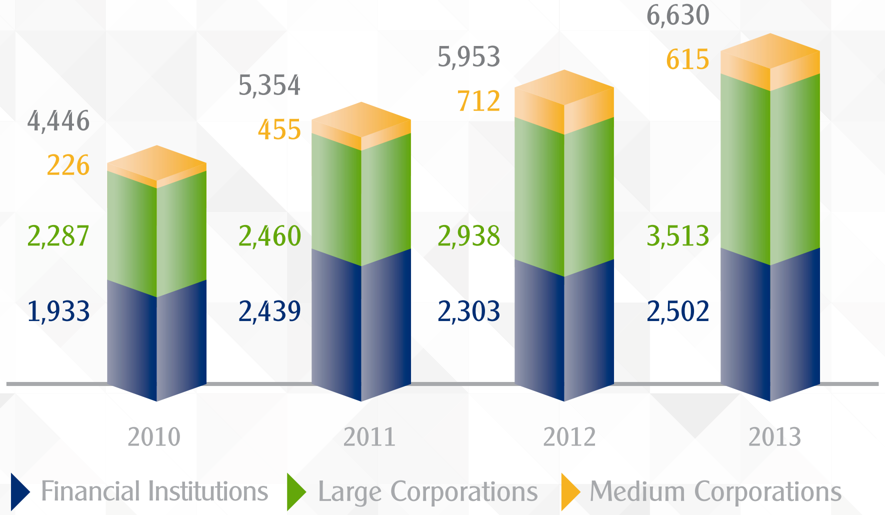


- The securities available-for-sale portfolio totaled $0.3 billion as of December 31, 2013, compared to $0.2 billion as of December 31, 2012. The securities available-for-sale portfolio consisted of readily-quoted Latin American securities, 61% of which were sovereign or state-owned risk.

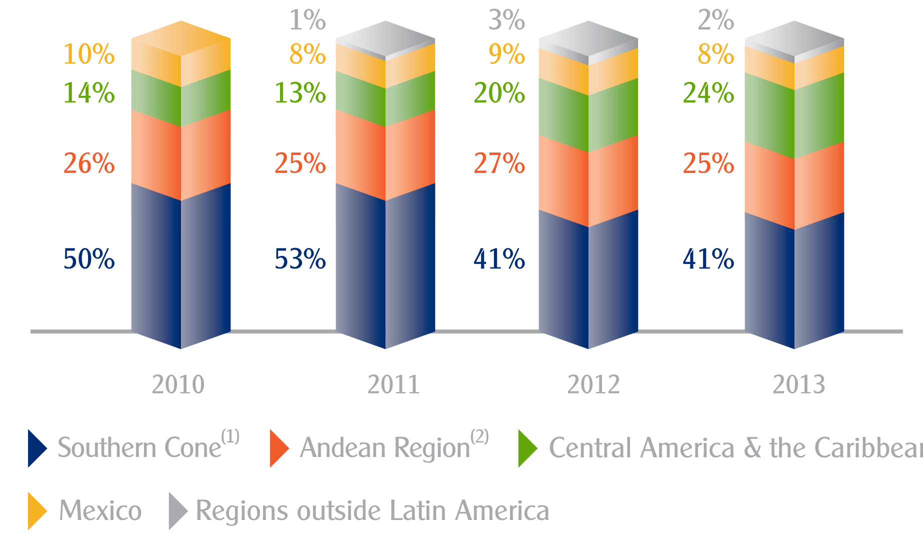
- The deposits balance amounted to $2.4 billion, an annual increase of 2%, and represented 36% of total financial liabilities as of December 31, 2013. Short-term borrowings and debt, including Repos, totaled $3.0 billion as of December 31, 2013, while long-term borrowings and debt totaled $1.2 billion as of December 31, 2013, a 39% decrease over the year, as the Bank opted to pre-pay certain medium-term obligations with remaining tenors of less than a year, as part of its proactive funding and interest rate position management. Consequently, weighted average funding costs for the year ended December 31, 2013 were 1.33%, a decrease of 30 bps compared to 1.63% for the year ended December 31, 2012.

COMMERCIAL PORTFOLIO EVOLUTION BY CLIENT

End of period balances, In US$ million



COMMERCIAL PORTFOLIO EVOLUTION BY REGION



(1) Includes Argentina, Brazil, Chile, Paraguay, and Uruguay.
(2) Includes Bolivia, Colombia, Ecuador, Peru, and Venezuela.

COMMERCIAL DIVISION

The Commercial Division incorporates the Bank's core business of financial intermediation and fee generation relating to the Bank's commercial portfolio. This activity includes the origination of bilateral and syndicated credits, short- and medium-term loans, acceptances, and contingent credits (letters of credit, guarantees, and other credit commitments).

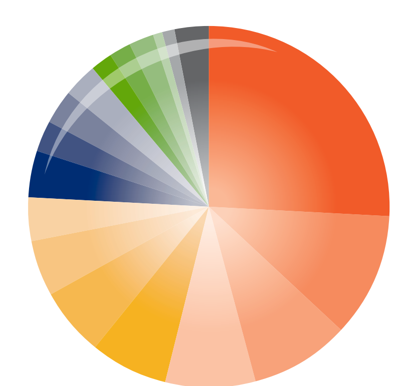
As of December 31, 2013, the Bank's commercial portfolio reached $6.6 billion, compared to $6.0 billion as of December 31, 2012, resulting in 11%, or $677 million, growth year-on-year, despite relatively subdued growth in the Region's GDP and trade flows over the course of the year. Bladex focused its efforts on optimizing the balance of its portfolio, including bolstering the corporate segment with an annual increase of 13%.

Two regions showed particular growth opportunities: Central America & the Caribbean, and South America. The Central America & Caribbean region posted an increase in credit balances of $378 million, or 32%, over the year, driven mostly by strong credit growth in Costa Rica, Dominican Republic, and El Salvador. As of December 31, 2013, the Central America & Caribbean region represented 24% of Bladex's total commercial portfolio, reaching an eleven-year high of $1.6 billion.

South America (comprising the Andean Region and Southern Cone) also showed important growth, increasing $302 million, or 7%, during the year. The portfolio of Colombia increased from 8% to 11% (mainly in the banking sector and the oil and gas industry). The portfolio of Chilean credits increased from 5% to 7%, and that of Paraguay increased from 0.5% to 2% (mainly to banks and agribusiness).

COMMERCIAL PORTFOLIO BY COUNTRY

As of December 31, 2013



WE HAVE REINFORCED OUR EXPERTISE IN LEADING AND STRUCTURING SYNDICATED LOANS

The commercial portfolio in Brazil was reduced by 4% (a 2% decrease in average balances); indeed, due to the solid increases in other regions, Brazil saw its overall portfolio share diminish to 26% by the end of the year. This was due mainly to a slowdown in Brazil's economic growth, and a decrease in the prices of key commodities produced by Brazil. Although Mexico also posted a lower-than-expected growth rate, it is important to emphasize that in terms of average balances, the country posted a solid year-on-year increase of 29% (or $138 million), mainly due to increases in placements to banks and to new corporate sectors.

The Loan Structuring & Distribution Group (LS&D) is responsible for the origination, structuring, and syndication of credits for Latin American borrowers, including trade, non-trade, capital investments, and acquisition-related loans. The LS&D group is also responsible for the purchase and sale of loans in the secondary market. In 2013, the Bank broadened its syndicated loan franchise throughout the Region by leading, or taking important participations in, six syndicated transactions, totaling $1.2 billion. Bladex successfully structured three transactions, acting as Lead Arranger and Bookrunner for the following clients: Banco Internacional de Costa Rica, a Panama-based bank; Ingenio Magdalena, a Guatemalan sugar producer; and Dos Pinos, a Costa Rican dairy company. The Bank also participated as Mandated Lead Arranger in transactions for Grupo Gigante of Mexico, as well as for Nidera and Cooperativa LAR, both Brazilian companies. In 2013, the LS&D Group generated $3.5 million in fees (+27% over 2012). The success of Bladex's loan syndication activities underscores the Bank's structuring and distribution capabilities, and highlights its commitment to supporting its clients in securing the financing necessary to expand their businesses.

TREASURY AND CAPITAL MARKETS DIVISION

The Treasury and Capital Markets Division is responsible for the Bank's funding and liquidity management, including management of the Bank's interest rate, liquidity, and currency risks.

Following Bladex's successful debt issuances in the Mexican and US markets in 2012, the Treasury and Capital Markets Division re-launched the Bank's Euro Medium-Term Note (EMTN) program in May 2013, as a vehicle to reinforce the Bank's liquidity position and further diversify its funding base in the global capital markets. Through this issuance platform, Bladex was able to attract new investors from Europe, Asia, and the Middle East at very competitive levels. These new private placements issued by Bladex reflect the Bank's ability to successfully position its name among investors in a wide variety of markets and geographies. At the same time, Bladex continued to expand its base of credit lines available from its global network of correspondent banks.

As a result of these developments, the Bank maintained a stable and efficient funding base, allowing for the prepayment of selected syndicated loan facilities during the year, which had a favorable impact on the Bank's average costs of funds.

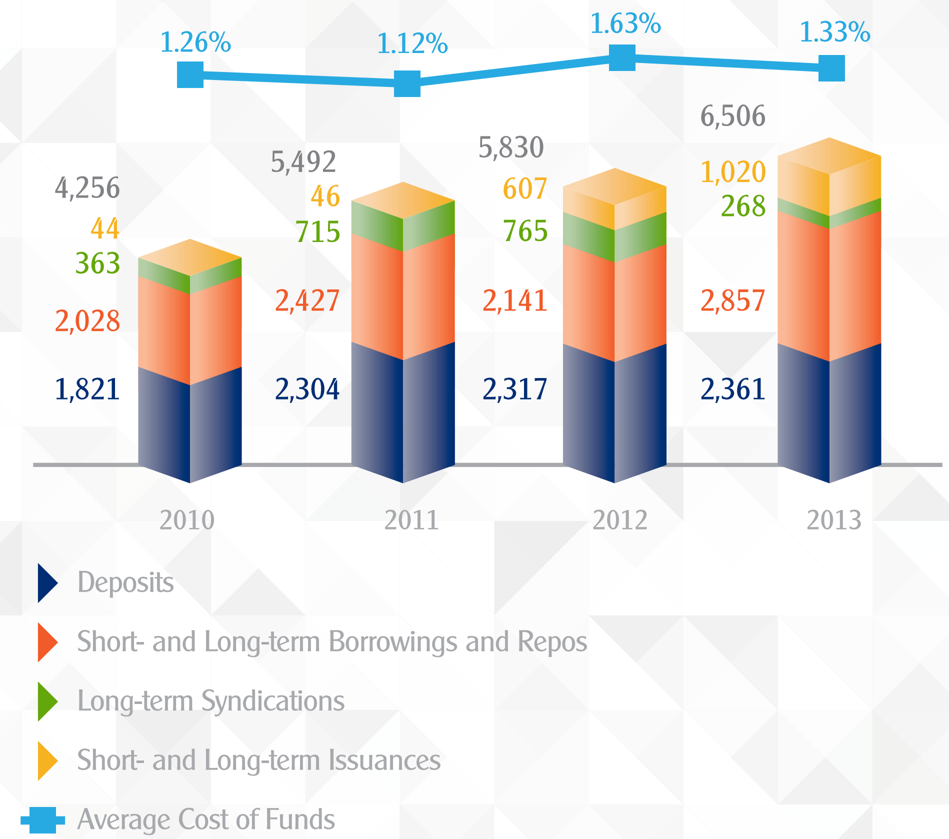
Following the Bank's policy of maintaining a stable and diversified funding mix, Bladex closed a $103 million three-year syndicated loan. The transaction, targeted at Asian lending banks, was placed through Mizuho Bank, Ltd. and Taiwan Cooperative Bank ("TCB"), achieving an important milestone in further developing Bladex's presence in Asian financial markets. This transaction was complemented with bilateral medium-term funding.

During the first half of 2013 the Bank implemented a cash-flow hedge strategy aimed at reducing its exposure to an increasingly volatile interest rate risk environment. As a result, Bladex starts the year 2014 well-prepared to weather the impending increase in medium-term U.S. dollar interest rates.

On April 2, 2013, Bladex announced the sale of its asset management unit to Alpha4X Asset Management, LLC ("Alpha4X"), which concluded in the second quarter of 2013. As a result of this sale, the Bank continues in its role as anchor investor of the flagship fund for an agreed period of up to three years, with gradually reducing investment amounts. During 2013, the Bank redeemed $36 million from its investment in the funds.

FUNDING SOURCES

US$ million, except percentages



A NEW AREA DEDICATED TO EXPANDING OUR ABILITY TO DELIVER PROFITABLE FOREIGN TRADE SERVICES

BUSINESS DEVELOPMENT AND PRODUCTS UNIT

In late 2013, Bladex established its department for Business Development and Products. The department is charged with developing the Bank's long-term strategy in line with its Mission and Vision statements, and with continually adapting that strategy to the evolution of the world economy, of financial markets, and of its competition. It is also responsible for implementing new business lines and continually improving existing ones.

To support these efforts, the department has developed a Business Intelligence function, which draws on myriad data sources in order to identify economic, financial, political, and social trends that might present opportunities or threats to the Bank's business model.

In addition, the department is responsible for the Portfolio Management function, including management of the Bank's bond investments, as well as the optimization of its credit portfolio through the application of an Active Credit Portfolio Management (ACPM) methodology.

In the content of its strategic function, this new area also includes the Bank´s Marketing function, focused on strengthening the Bladex brand, an asset that is critical to the commercial success of the Bank.

COMPREHENSIVE RISK MANAGEMENT

Bladex applies a comprehensive enterprise risk management model reflecting best international practices, in line with the level of complexity and nature of the Organization's business. This unit is independent from the other business areas of the Bank, and the Executive Vice President holds veto power over risk-related decisions granted by the Board of Directors.

As provided in our "Enterprise Risk Management Framework", the unit is organized according to risk type, with staff dedicated to assessing and monitoring Country, Credit, Market, and Operational risks.

Due to global economic volatility and its potential impact on Bladex's business, the Economic Studies, Monitoring, and Methodology roles have been further strengthened, the latter function specifically created for continuous internal model improvement. This enables us to strictly monitor credit quality, and provides a portfolio-level perspective, supplementing the scheduled monitoring already carried out by the Area on an individual credit basis. This includes regular visits to all countries and clients, as well as contact with local authorities, top business owners, senior executives of financial institutions, and independent analysts, while continually improving our measurement models.

During the year, the Bank maintained its high asset quality, even under adverse macroeconomic conditions. Operating under a challenging environment in the Region, at the end of 2013 Bladex reported total reserves of $78.0 million, compared to reserves of $77.8 million at the end of 2012.

Additionally, to support the expansion of the Bank's network of offices in the Region, risk management staff was reinforced locally to provide better in-country risk coverage.

Bladex understands that the Comprehensive Risk Management process is essential for the achievement of its objectives, and as such it is the responsibility of each and every staff member in the Bank to manage it efficiently.

COMPREHENSIVE RISK MANAGEMENT COMMITTEES

Risk Policy and Assessment Committee ('CPER'): is made up of members of the Board of Directors and is responsible for reviewing and recommending to the Board of Directors, for its approval, policies related to Comprehensive Prudential Risk Management. It also approves internal risk ratings, amounts, maturities, and other conditions for each country in which the Bank operates. The committee meets at least five times per year.

Country Risk Committee: proposes the internal ratings of the countries to the CPER and documents management's opinion with regard to generic reserves. The committee meets on a quarterly basis or at the request of its members, as may be required.

Credit Committee: has different approval levels depending on the nature of the client, its internal risk rating, country of risk, and the credit amount requested. Two signatures are required for the approval of credit facilities (the Risk Area's approval is required, and as such exercises veto power).

Management and Monitoring Committee: monitors those clients which present a higher individual risk, those in sectors with a negative outlook, or experiencing a one-time event straining their ability to pay, as well as those in the process of restructuring or impairment.

Assets and Liabilities Committee: monitors the Bank's structure of assets and liabilities, as well as its investments. The committee analyzes market, liquidity, foreign exchange, and interest rate risks, and proposes policies for their management and subsequent monitoring.

Operational Risk Committee: analyzes, in accordance with best practices and regulations, the risk of loss resulting from inadequate or failed internal processes (including human error), systems, or external events, including legal risk.

The incorporation of the Three Lines of Defense model into the Bank's corporate governance framework provides a simple approach to effective decision-making. The lines of defense that make up the model are briefly described below:

The first line of defense is our Business and Support areas, which are responsible for implementing business and risk-related decisions, carrying out business within the risk limits set forth in policies, and reporting on their results.

The second line of defense is the monitoring involved in risk management, promoting an independent view of the business with heightened awareness of the risks involved. Reporting the Bank's risk profile to the CPER is what separates risk takers, under the policies approved by the Board of Directors, from those who monitor risks.

The third and last line of defense is the independent monitoring conducted by Internal Audit, which assesses the effectiveness of the risk management system in terms of the reliability and integrity of financial and operational information, effectiveness and efficiency of operations, protection of assets, and compliance with laws, regulations, and contracts.

In 2013 the Global Institute of Internal Auditors (IIA) conducted a thorough review of the Bank's Internal Audit function, reviewing its working methodologies, processes, structure, level of reporting, and added value to the Bank. It is the opinion of this internationally-recognized institute that Bladex's Internal Audit department satisfactorily meets all applicable international norms and standards, strengthening the Bank's Corporate Governance while enhancing the transparency and reliability of the Bank's business and processes.

WE BELIEVE THAT EDUCATION IS THE KEY TO THE DEVELOPMENT OF OUR REGION

OUR SOCIAL COMMITMENT

In addition to playing a role as a key partner for strengthening foreign trade in Latin America and the Caribbean, Bladex takes very seriously its role as an agent for development in the communities throughout our Region. The work we undertook in 2013 reaffirms our commitment to the United Nations Global Compact and its governing principles, as well as to the education of children, the backbone of the development of the Region's people.

A particularly important initiative in 2013 was the establishment of the *Fundación Crece Latinoamérica,* which will serve as an instrument to channel all of the social work performed by the Bank, both in Panama and throughout the Region.

As in previous years, the Bank continued to support the work of non-profit organizations in Panama focusing on education, children, and culture. Through their Volunteer Committee, Bladex's employees have contributed their time, creativity, and personal resources for scholarships, and for speech and language programs for the students of the Marie Poussepin Educational Center, benefiting over 200 of the school's students.

In 2013, Bladex's headquarters received LEED GOLD certification for its corporate offices, making it the first LEED GOLD certification for commercial interiors in the country.

LEED (Leadership for Energy and Environment Design) certification is granted by the Green Building Certification Institute to buildings that have been designed and built to comply with the standards set for high performance, energy efficiency, and environmental quality of interiors, among other things.

OUR DYNAMIC TEAM OF PROFESSIONALS BRINGS EXPERTISE IN FINANCIAL SOLUTIONS TO OUR CLIENTS

OUR HUMAN CAPITAL

Bladex's Human Resources Department seeks to provide all Bank departments with the talent required to implement Bladex's business strategies. We continually strive to understand how better to increase efficiency and to anticipate the ongoing human resources needs of the organization.

During 2013, the Human Resources Department placed special emphasis on improving the organization's ability to effectively adapt to business needs. We have achieved this by undertaking activities in four strategic areas:

1. Planning and Management. One of our main goals is to improve the efficiency of human resources systems and processes. To this end, we carried out a review of the Department's policies, evaluated all existing staff positions, and reviewed employees' titles. This enabled us to align ourselves with the market's best practices. We also reviewed the compensation and benefits process, and implemented changes to the performance appraisal methodology, increasing the process's transparency for all our employees.

2. Talent and Learning: To improve individual performance, the talent and learning initiatives focused on giving priority to internal staff for recruitment opportunities, redesigning the program for the induction of new staff, publishing a learning guide, and building leadership and interpersonal skills. Our training efforts were focused on developing specific skills, including systematic thinking, confidence, effectiveness, and accountability. To ensure that we have a sound talent pipeline in place, a talent review exercise was performed and the Bank's short-, medium-, and long-term succession plan was updated.

3. Organizational Development: Improving the organization's performance through an effective organizational development strategy is crucial. We understand the importance of maintaining an ongoing dialogue with our staff. This year we completed the second ECO 2013 Organizational Climate survey, which reflected improvements in all measured areas in relation to 2012 (satisfaction, commitment, and climate). To ensure full alignment with goals and challenges, we implemented annual integration workshops in all areas. In addition, we have made timely efforts to break down interdepartmental barriers, and to provide our staff with the tools needed to manage change, including in the context of the LEAN 6 Sigma methodology.

4. HR Operational Excellence: We seek to further strengthen HR's contribution to business results. Accordingly, we have reorganized our department along the "Business Partners" model. This allowed us to prepare a value proposition for all our employees.

In 2014, we will continue to strengthen our results-oriented culture, focusing on accountability and the elimination of overly complex, low-value-added processes. We are committed to maintaining the integrity of our human resources systems data, and the alignment of our policies with market standards in accordance with best practices.

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FINANCIAL STATEMENTS

Bladex

Banco Latinoamericano de Comercio Exterior, S. A.
y Subsidiarias

With Independent Auditors' Report

Consolidated Balance Sheets as of December 31, 2013 and 2012, and Related Consolidated Statements of Income, Comprehensive Income, Stockholders' Equity and Redeemable Noncontrolling Interest and Cash Flows for the Three Years in the Period Ended December 31, 2013

Consolidated Financial Statements 2013, 2012 and 2011

Deloitte.

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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 subsidiaries (the "Bank"), which comprise the consolidated balance sheets as of December 31, 2013 and 2012, 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, 2013, 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 of 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 subsidiaries as of December 31, 2013 and 2012, and the results of their operations and their cash flows for each of the years in the period ended December 31, 2013, 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.

February 28, 2014

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

Consolidated balance sheets
December 31, 2013 and 2012
(in US$ thousand, except share amounts)

	Notes	2013	2012
Assets			
Cash and due from banks	4,24	2,161	6,718
Interest-bearing deposits in banks (including pledged deposits of $9,032 in 2013 and $14,519 in 2012)	4,24	837,557	700,312
Trading assets (including pledged securities to creditors of $1,262 in 2012)	5,23,24	-	5,265
Securities available-for-sale (including pledged securities to creditors of $296,811 in 2013 and $152,340 in 2012)	6,24	334,368	183,017
Securities held-to-maturity (fair value of $33,634 in 2013 and $34,149 in 2012) (including pledged securities to creditors of $13,007 in 2013 and $19,453 in 2012)	6,24	33,759	34,113
Investment funds	7,24	118,661	105,888
Loans	8	6,148,298	5,715,556
Less:			
Allowance for loan losses	9	72,751	72,976
Unearned income and deferred fees		6,668	7,100
Loans, net	24	6,068,879	5,635,480
Customers' liabilities under acceptances	24	1,128	1,157
Accrued interest receivable	24	40,727	37,819
Equipment and leasehold improvements (net of accumulated depreciation and amortization of $13,881 in 2013 and $11,688 in 2012)	10	10,466	12,808
Derivative financial instruments used for hedging - receivable	21,23,24	15,217	19,239
Other assets	11	8,389	14,580
Total assets		7,471,312	6,756,396
Liabilities and stockholders' equity			
Deposits:	12,24		
Noninterest-bearing - Demand		663	580
Interest-bearing - Demand		62,384	131,295
Time		2,298,289	2,185,385
Total deposits		2,361,336	2,317,260
Trading liabilities	5,23,24	72	32,304
Securities sold under repurchase agreement	4,5,6,13,23,24	286,162	158,374
Short-term borrowings and debt	14,24	2,705,365	1,449,023
Acceptances outstanding	24	1,128	1,157
Accrued interest payable	24	13,786	17,943
Long-term borrowings and debt	15,24	1,153,871	1,905,540
Derivative financial instruments used for hedging - payable	21,23,24	8,572	11,747
Reserve for losses on off-balance sheet credit risk	9	5,222	4,841
Other liabilities	11	27,947	28,348
Total liabilities		6,563,461	5,926,537
Commitments and contingencies	19,20,21,24,25		
Redeemable noncontrolling interest		49,899	3,384
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 2,520,422 in 2013 and 2,531,926 in 2012)		20,683	20,683
Class E common stock, no par value, assigned value of $6.67 (Authorized 100,000,000; outstanding 29,710,556 in 2013 and 29,271,067 in 2012)		214,890	214,890
Additional paid-in capital in excess of assigned value of common stock		118,646	121,419
Capital reserves		95,210	95,210
Retained earnings		458,699	422,048
Accumulated other comprehensive loss	6,21,22	(12,575)	(730)
Treasury stock	16	(82,008)	(91,452)
Total stockholders' equity		857,952	826,475
Total liabilities and stockholders' equity		7,471,312	6,756,396

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, 2013, 2012 and 2011
(in US$ thousand, except per share amounts)

	Notes	2013	2012	2011
Interest income:	21			
Deposits		1,526	1,876	1,351
Trading assets		-	69	1,758
Investment securities:				
Available-for-sale		7,655	5,675	10,780
Held-to-maturity		842	721	880
Investment funds		2,301	880	2,341
Loans		192,979	183,216	140,317
Total interest income		205,303	192,437	157,427
Interest expense:	21			
Deposits		12,381	12,944	8,818
Investment funds		1,844	109	323
Short-term borrowings and debt		26,944	20,673	15,753
Long-term borrowings and debt		41,042	53,734	29,823
Total interest expense		82,211	87,460	54,717
Net interest income		123,092	104,977	102,710
Reversal of provision (provision) for loan losses	9	1,598	8,343	(8,841)
Net interest income, after reversal of provision (provision) for loan losses		124,690	113,320	93,869
Other income (expense):				
Reversal of provision (provision) for losses on off-balance sheet credit risk	9	(381)	4,046	4,448
Fees and commissions, net		13,669	10,021	10,619
Derivative financial instruments and hedging	21	353	71	2,923
Recoveries, net of impairment of assets		108	-	(57)
Net gain (loss) from investment funds trading		(6,702)	7,011	20,314
Net gain (loss) from trading securities		3,221	11,234	(6,494)
Net gain on sale of securities available-for-sale	6	1,522	6,030	3,413
Net gain (loss) on foreign currency exchange		(3,834)	(10,525)	4,269
Gain on sale of premises and equipment	10	-	5,626	-
Other income, net		2,232	2,986	1,059
Net other income		10,188	36,500	40,494
Operating expenses:				
Salaries and other employee expenses		31,702	33,171	27,825
Depreciation and amortization of equipment and leasehold improvements		2,747	2,269	2,139
Professional services		4,010	4,053	4,151
Maintenance and repairs		1,529	1,936	1,634
Expenses from investment funds		2,589	2,953	4,372
Other operating expenses		11,729	11,432	9,966
Total operating expenses		54,306	55,814	50,087
Net income from continuing operations		80,572	94,006	84,276
Net loss from discontinued operations	3	(4)	(681)	(420)
Net income		80,568	93,325	83,856
Net income (loss) attributable to the redeemable noncontrolling interest		(4,185)	293	676
Net income attributable to Bladex stockholders		84,753	93,032	83,180
Amounts attributable to Bladex stockholders:				
Net income from continuing operations		84,757	93,713	83,600
Net loss from discontinued operations		(4)	(681)	(420)
		84,753	93,032	83,180
Earning per share from continuing operations:				
Basic	18	2.21	2.48	2.26
Diluted	18	2.20	2.47	2.25
Loss per share from discontinued operations:				
Basic	18	0.00	(0.02)	(0.01)
Diluted	18	0.00	(0.02)	(0.01)
Earning per share:				
Basic	18	2.21	2.46	2.25
Diluted	18	2.20	2.45	2.24
Weighted average basic shares	18	38,406	37,824	36,969
Weighted average diluted shares	18	38,533	37,938	37,145

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, 2013, 2012 and 2011
(in US$ thousand)

	Notes	2013	2012	2011
Net income		80,568	93,325	83,856
Other comprehensive income (loss):				
Unrealized gains (losses) on securities available-for-sale:				
Unrealized gains (losses) arising from the year	22	(9,640)	8,436	4,095
Less: reclassification adjustments for net gains included in net income	22	(1,487)	(5,775)	(2,079)
Net change in unrealized gains (losses) on securities available for sale		(11,127)	2,661	2,016
Unrealized gains (losses) on derivative financial instruments:				
Unrealized gains (losses) arising from the year	22	(2,302)	5,699	1,097
Less: reclassification adjustments for net (gains) losses included in net income	22	1,985	(5,427)	960
Net change in unrealized gains (losses) on derivative financial instruments		(317)	272	2,057
Foreign currency translation adjustment, net of hedges:				
Current year change		(330)	(735)	(744)
Reclassification adjustments for net losses included in net income		24	-	-
Net change in foreign currency translation adjustment		(306)	(735)	(744)
Other comprehensive income (loss)		(11,750)	2,198	3,329
Comprehensive income		68,818	95,523	87,185
Comprehensive income (loss) attributable to the redeemable noncontrolling interest		(4,090)	109	676
Comprehensive income attributable to Bladex stockholders		72,908	95,414	86,509

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, 2013, 2012 and 2011
(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, 2011	279,980	133,815	95,210	320,153	(6,441)	(125,667)	697,050	18,950
Net income	-	-	-	83,180	-	-	83,180	676
Redeemable noncontrolling interest - subscriptions	-	-	-	-	-	-	-	531
Redeemable noncontrolling interest - redemptions	-	-	-	-	-	-	-	(14,610)
Other comprehensive income	-	-	-	-	3,329	-	3,329	-
Compensation cost - stock options and stock units plans	-	2,311	-	-	-	-	2,311	-
Issuance of restricted shares	-	(609)	-	-	-	609	-	-
Exercised options and stock units vested	-	(5,340)	-	-	-	9,441	4,101	-
Dividends declared	-	-	-	(30,689)	-	-	(30,689)	-
Balances at December 31, 2011	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 (loss)	-	-	-	-	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	-	-	-	(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 (loss)	-	-	-	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	-	-	-	(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

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, 2013, 2012 and 2011
(in US$ thousand)

	2013	2012	2011
Cash flows from operating activities:			
Net income	80,568	93,325	83,856
Adjustments to reconcile net income to net cash provided by operating activities:			
Activities of derivative financial instruments and hedging	8,126	(47,678)	17,177
Depreciation and amortization of equipment and leasehold improvements	2,747	2,269	2,139
Provision (reversal of provision) for loan losses	(1,598)	(8,343)	8,841
Provision (reversal of provision) for losses on off-balance sheet credit risk	381	(4,046)	(4,448)
Impairment loss on assets	-	-	57
Net gain on sale of securities available-for-sale	(1,522)	(6,030)	(3,413)
Gain on sale of premises and equipment	-	(5,626)	-
Compensation cost - compensation plans	2,996	2,271	2,311
Amortization of premium and discounts on investments	5,015	3,075	6,912
Net decrease (increase) in operating assets:			
Trading assets	281	14,338	29,766
Investment funds	(7,174)	14,537	46,866
Accrued interest receivable	(2,908)	349	(7,058)
Other assets	6,169	3,786	(7,498)
Net increase (decrease) in operating liabilities:			
Trading liabilities	(32,232)	26,720	1,647
Accrued interest payable	(4,157)	6,153	1,706
Other liabilities	(2,230)	2,250	1,126
Net change from discontinued operating activities	92	(256)	200
Net cash provided by operating activities	54,554	97,094	180,187
Cash flows from investing activities:			
Effect on cash of desconsolidating a VIE	(2,135)	-	-
Net decrease (increase) in pledged deposits	5,487	9,475	(7,919)
Net decrease (increase) in deposits with original maturities greater than three months	-	30,000	(30,000)
Net increase in loans	(521,333)	(909,019)	(901,103)
Proceeds from the sale of loans	89,532	146,211	9,261
Acquisition of equipment and leasehold improvements	(476)	(10,823)	(2,220)
Proceeds from the sale of premises and equipment	-	8,023	-
Proceeds from the redemption of securities available-for-sale	34,277	15,277	19,484
Proceeds from the sale of securities available-for-sale	105,942	254,772	264,997
Proceeds from maturities of securities held-to-maturity	19,910	7,050	13,500
Purchases of investments available-for-sale	(313,036)	(39,982)	(364,993)
Purchases of investments held-to-maturity	(19,843)	(14,811)	(7,050)
Net change from discontinued investing activities	63	(3)	(88)
Net cash used in investing activities	(601,612)	(503,830)	(1,006,131)
Cash flows from financing activities:			
Net increase in due to depositors	43,845	13,754	482,581
Net increase (decrease) in short-term borrowings and debt and securities sold under repurchase agreements	1,384,130	(93,071)	340,141
Proceeds from long-term borrowings and debt	273,270	817,827	824,139
Repayments of long-term borrowings and debt	(1,024,939)	(399,835)	(411,731)
Dividends paid	(46,025)	(39,714)	(29,505)
Subscriptions of redeemable noncontrolling interest	53,000	1,773	531
Redemptions of redeemable noncontrolling interest	(1,830)	(4,045)	(14,610)
Exercised stock options	3,702	13,136	4,101
Repurchase of common stock	(27)	-	-
Net change from discontinued financing activities	27	-	-
Net cash provided by financing activities	685,153	309,825	1,195,647
Effect of exchange rate fluctuations on cash and cash equivalents	80	(68)	(852)
Net Increase (decrease) in cash and cash equivalents	138,175	(96,979)	368,851
Cash and cash equivalents at beginning of the year	692,511	789,490	420,639
Cash and cash equivalents at end of the year	830,686	692,511	789,490
Supplemental disclosures of cash flow information:			
Cash paid during the year for interest	86,368	81,307	54,717

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

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

Notes to consolidated financial statements

1. Organization

Banco Latinoamericano de Comercio Exterior, S. A. ("Bladex Head Office" and together with its subsidiaries "Bladex" or the "Bank"), headquartered in Panama City, Republic of Panama, is a specialized supranational bank established to 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 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. exercised control over Bladex Asset Management Inc., incorporated on May 24, 2006, under the laws of the State of Delaware, USA, which, until its dissolution, provided investment management services to Bladex Offshore Feeder Fund and Bladex Capital Growth Fund (see Note 7). On September 8, 2009, Bladex Asset Management Inc. was registered as a foreign entity in the Republic of Panama, to establish a branch in Panama, which was mainly engaged in providing administrative and operating services to Bladex Asset Management Inc. in USA. Bladex Asset Management Inc. was dissolved, in the Republic of Panama on July 5, 2013 and, in the USA on September 18, 2013, and their net assets were transferred to the Head Office. Bladex Holdings Inc. maintains ownership in two companies: Bladex Representacao Ltda. and Bladex Investimentos Ltda.

- Bladex Offshore Feeder Fund was incorporated on February 21, 2006 under the laws of the Cayman Islands, and invested substantially all its assets in Bladex Capital Growth Fund, which was also incorporated under the laws of the Cayman Islands.

- 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-consolidating variable interest entity (see Note 7).

  The objective of the Brazilian Fund is to achieve capital gains by dealing in the interest, currency, securities, commodities and debt markets, and by trading instruments available in the spot and derivative markets.

- BLX Brazil Ltd., was incorporated under the laws of the Cayman Islands on October 5, 2010. Bladex Head Office owned 99.80% of BLX Brazil Ltd. In turn, BLX Brazil Ltd. owned 99.9999% of Bladex Asset Management Brazil – Gestora de Recursos Ltda. and Bladex Asset Management Inc. owned the remaining 0.0001%. Bladex Asset Management Brazil – Gestora de Recursos Ltda. was incorporated under the laws of Brazil on January 6, 2011, and provided investment advisory services to Bladex Latam Fundo de Investimento Multimercado. BLX Brazil Ltd. and Bladex Asset Management Brazil – Gestora de Recursos, Ltda. were sold as part of the sale of the asset management unit (see Note 7).

Bladex Head Office has a participation of 55.87% in Alpha4X Feeder Fund (formerly Bladex Offshore Feeder Fund), a fund constituted under the laws of the Cayman Islands, that invests substantially all its assets in Alpha4X Capital Growth Fund (formerly Bladex Capital Growth Fund), which is also incorporated under the laws of the Cayman Islands (see Note 7). Alpha4X Feeder Fund is a variable interest entity ("VIE"), and has been consolidated in these consolidated financial statements. Both funds, Alpha4X Feeder Fund and Alpha4X Capital Growth Fund are registered with the Cayman Island Monetary Authority ("CIMA"), under the Mutual Funds Law of the Cayman Islands. The objective of these Funds is to achieve capital appreciation by investing in Latin American debt securities, stock indexes, currencies, and trading derivative instruments.

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

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

Bladex Head Office owned 50% of the equity shares of BCG PA LLC, a company incorporated under the laws of the State of Delaware, USA. This company owned "Class C" shares of Bladex Capital Growth Fund, which were sold as part of the sale of the asset management unit (see Note 7). The "Class C" shares entitled this company to receive a performance allocation on third-party investments in Bladex Offshore Feeder Fund and in Bladex Capital Growth Fund. This company was dissolved on August 14, 2013 and its net assets were transferred to its investors.

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.

When Bladex holds an interest in investment companies under the "Feeder-Master" structure where the Feeder's shareholding is diluted and such entity is registered as a mutual fund with a regulatory body, it is considered an investment company. In those cases, the Feeder, and thereby Bladex indirectly, consolidates its participation in the Fund in one line item in the balance sheet, as required by the specialized accounting in the ASC Topic 946 - Financial Services – Investment Companies.

c) 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.

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) Equity method

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

e) Specialized accounting for investment companies

Alpha4X Feeder Fund ("Feeder") and Alpha4X Capital Growth Fund ("Master") are 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 7).

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

f) 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.

g) 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.

h) 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.

i) 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.

j) 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 interest method. Amortization of premiums and discounts are included in interest income as an adjustment to the yield.

<u>Securities available-for-sale</u>

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 debt security.

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.

k) Investment Funds

The investment funds line includes the net asset value of the Feeder and the net value of Bladex investment in the Brazilian Fund. The Feeder records its investment in the Master at fair value, which is the Feeder's proportionate interest in the net assets of the Master. The Master invests in trading assets and liabilities that are carried at fair value. The Master reports trading gains and losses from negotiation of these instruments as realized and unrealized gains and losses on investments (see Note 7).

l) Other investments

Other investments that mainly consist of unlisted stock are recorded at cost and are included in other assets. The Bank determined that it is not practicable to obtain the 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 11).

m) 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 before 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. 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 debtor is experiencing financial difficulties and if the restructuring constitutes a concession to the debtor. 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 debtor's management and shareholders. A description of these indicators is as follows:

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

In order to maintain a periodical monitoring of the quality of the portfolio, loans with ratings between 1 and 4 are reviewed every 18 months, ratings 5 are reviewed annually, ratings 6 are reviewed semi-annually, and those with ratings above 6 are reviewed quarterly.

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

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

**Banco Latinoamericano de Comercio Exterior, S. A.
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Notes to consolidated financial statements

n) 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.

o) 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 Standard & Poor's ("S&P") probabilities of default for categories 6, 7 and 8, in view of the greater robustness of S&P data for such cases.

- Loss Given Default (LGD) = a factor is utilized, based on historical information, same as based on best practices in the banking industry. Management applies judgment and historical loss experience.

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

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

p) Fees and commissions

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

q) 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.

r) Borrowings and debt

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

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and Subsidiaries

Notes to consolidated financial statements

s) Capital reserves

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

t) Stock-based compensation and stock options plans

The Bank applies ASC Topic 718 – Compensation - Stock Compensation to account for compensation costs on restricted stock and stock option plans. Compensation cost is based on the grant date fair value of both stock and options and is recognized over the requisite service period of the employee, 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.

u) Derivative financial instruments and hedge accounting

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

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

Derivatives held for trading purposes include interest rate swap, cross-currency swap, forward foreign exchange and future contracts used for risk management purposes that do not qualify for hedge accounting. The fair value of trading derivatives is reported as trading assets or trading liabilities, as applicable. Changes in realized and unrealized gains and losses and interest from these trading instruments are included in net gain (loss) from trading securities.

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

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.

v) Foreign currency translation

Assets and liabilities of foreign subsidiaries whose local currency is considered their functional currency, are translated into the reporting currency, US dollars, 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 dollars. The effects of those translations adjustments are reported as a component of the Accumulated other comprehensive loss in the stockholders' equity.

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

w) Income taxes

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

- The New York Agency and Bladex's subsidiaries incorporated in USA are subject to federal and local taxation in USA based on the portion of income that is effectively connected with its operations in that country.

  Such amounts of income taxes have been immaterial to date.

x) Redeemable noncontrolling interest

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 is already recorded at its fair value and no further adjustments under ASC 480-10-S99 are necessary.

y) Earnings per share

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

z) Recently issued accounting standards

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 2013-05 – Foreign Currency Matters (Topic 830)

The objective of the amendments in this update is to resolve the diversity in practice about the release of the cumulative translation adjustment into net income when a parent either sells a part or all of its investment in a foreign entity or no longer holds a controlling financial interest in a subsidiary. When a reporting entity (parent) ceases to have a controlling financial interest in a subsidiary, the parent is required to release any related cumulative translation adjustment into net income.

The amendments in this update clarify that the sale of an investment in a foreign entity includes both (1) events that result in the loss of a controlling financial interest in a foreign entity, and (2) events that result in an acquirer obtaining control of an acquiree in which it held an equity interest immediately before the acquisition date (sometimes also referred to as a step acquisition). Accordingly, the cumulative translation adjustment should be released into net income upon the occurrence of those events.

This update is effective for annual and interim periods beginning after December 15, 2013. The amendments should be applied prospectively to derecognition events occurring after the effective date. Early adoption is permitted. The Bank does not anticipate any material impact on its financial statement upon adoption of this update.

ASU 2013-07 – Presentation of Financial Statements (Topic 205)

The amendments in this update require an entity to prepare its financial statements using the liquidation basis of accounting when the liquidation is imminent. In addition, the guidance provides principles for the recognition and measurement of assets and liabilities and requirements for financial statements prepared using the liquidation basis of accounting.

The amendments are effective for entities that determine liquidation is imminent during annual reporting periods beginning after December 15, 2013, and interim reporting periods therein. Entities should apply the requirements prospectively from the day that liquidation becomes imminent. Early adoption is permitted. The Bank does not anticipate any material impact on its financial statement upon adoption of this update.

ASU 2013-08 – Financial Services – Investment Companies (Topic 946)

The amendments in this update affect the scope, measurement, and disclosure requirements for investment companies under U.S. GAAP. The amendments in this update change the assessment of whether an entity is an investment company by developing a new two-tiered approach for that assessment, which requires an entity to possess certain fundamental characteristics while allowing judgment in assessing other typical characteristics. The new approach requires an entity to assess all of the characteristics of an investment company and consider its purpose and design to determine whether it is an investment company. These amendments also clarify the characteristics of an investment company and provide additional implementation guidance for that assessment.

This update is effective for annual and interim periods beginning after December 15, 2013. Early application is prohibited. The Bank does not anticipate any material impact on its financial statement upon adoption of this update.

ASU 2013-11 – Income Taxes (Topic 740)

The objective of the amendments in this update is to eliminate the diversity in practice on the financial statement presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. An unrecognized tax benefit, or a portion of it, should be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward, except as when those instances are not available, entities should present them as a liability and should not combined them with deferred tax assets.

These amendments are effective for fiscal years, and interim periods beginning after December 15, 2013. Early adoption is permitted. The Bank does not anticipate any material impact on its financial statement upon adoption of this update.

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 (see Note 7). The sale closed in the second quarter of 2013.

The sale resulted in a gain of $455 thousand, which is reported in net loss from discontinued operations in the consolidated statements of income. 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		
(In thousands of US$)	**2013**	**2012**	**2011**
Other income:			
Fees and commissions [1]	610	2,683	2,942
Other income	468	20	-
	1,078	2,703	2,942
Operating expenses:			
Salaries and other employee expenses	373	1,535	1,443
Depreciation and amortization	8	21	27
Professional services	462	699	731
Maintenance and repairs	1	7	5
Other operating expenses	238	1,122	1,156
Total operating expenses	1,082	3,384	3,362
Net loss from discontinued operations	(4)	(681)	(420)

(1) Includes management fees from investment funds for $567 thousand, $2,588 thousand and $2,832 in 2013, 2012 y 2011, respectively.

4. Cash and cash equivalents

Cash and cash equivalents are as follows:

(In thousands of US$)	December 31, 2013	December 31, 2012
Cash and due from banks	2,161	6,718
Interest-bearing deposits in banks	837,557	700,312
Total	839,718	707,030
Less:		
Pledged deposits	9,032	14,519
	830,686	692,511

On December 31, 2013 and 2012, 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, 2013 and 2012, the Bank had pledged deposits with a carrying value of $6.0 million and $11.5 million, respectively, to secure derivative financial instruments transactions and repurchase agreements.

5. Trading assets and liabilities

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

(In thousands of US$)	December 31, 2013	December 31, 2012
Trading assets:		
Sovereign bonds	-	5,146
Cross-currency swaps	-	49
Forward foreign exchange	-	50
Future contracts	-	20
Total	-	5,265
Trading liabilities:		
Interest rate swaps	65	100
Cross-currency interest rate swaps	7	32,182
Forward foreign exchange	-	22
Total	72	32,304

Sovereign bonds were outstanding as of December 31, 2012, generated gains of $0.1 million during 2012, which were recorded in earnings. As of December 31, 2012, bonds with a carrying value of $1.3 million, secured derivative financial instruments transactions.

During 2013, 2012 and 2011, the Bank recognized the following gains and losses related to trading derivative financial instruments:

(In thousands of US$)	Year ended December 31 2013	2012	2011
Interest rate swaps	(9)	(310)	(299)
Cross-currency swaps	67	-	-
Cross-currency interest rate swaps	3,236	11,537	(4,858)
Forward foreign exchange	(6)	27	93
Future contracts	191	207	(29)
Total	3,479	11,461	(5,093)

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.

As of December 31, 2013 and 2012, 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, 2013 and 2012, information on the nominal amounts of derivative financial instruments held for trading purposes is as follows:

(In thousands of US$)	2013 Nominal Amount	2013 Fair Value Asset	2013 Fair Value Liability	2012 Nominal Amount	2012 Fair Value Asset	2012 Fair Value Liability
Interest rate swaps	14,000	-	65	35,291	-	100
Cross-currency interest rate swaps	600	-	7	155,081	49	32,182
Forward foreign exchange	-	-	-	7,152	50	22
Future contracts	-	-	-	6,896	20	-
Total	14,600	-	72	204,420	119	32,304

6. 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, 2013			
(In thousands of US$)	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

	December 31, 2012			
(In thousands of US$)	Amortized Cost	Unrealized Gross Gain	Unrealized Gross Loss	Fair Value
Corporate debt:				
Brazil	13,581	158	-	13,739
Colombia	986	60	-	1,046
Chile	1,967	87	-	2,054
Peru	530	17	-	547
	17,064	322	-	17,386
Sovereign debt:				
Brazil	28,783	1,965	-	30,748
Colombia	15,489	-	199	15,290
Chile	1,061	1	-	1,062
Honduras	15,986	224	-	16,210
Mexico	20,553	1,779	-	22,332
Panama	37,845	1,828	-	39,673
Venezuela	39,548	801	33	40,316
	159,265	6,598	232	165,631
Total	176,329	6,920	232	183,017

As of December 31, 2013 and 2012, securities available-for-sale with a carrying value of $296.8 million and $152.3 million, respectively, were pledged to secure repurchase transactions accounted for as secured financings.

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

	December 31, 2013					
(In thousands of US$)	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

	December 31, 2012					
(In thousands of US$)	Less than 12 months		12 months or longer		Total	
	Fair Value	Unrealized Gross Losses	Fair Value	Unrealized Gross Losses	Fair Value	Unrealized Gross Losses
Sovereign debt	10,188	79	10,009	153	20,197	232
	10,188	79	10,009	153	20,197	232

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 regarding the issuers.

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

	Year ended December 31		
(In thousands of US$)	2013	2012	2011
Gains	1,523	6,141	3,825
Losses	(1)	(111)	(412)
Net	1,522	6,030	3,413

The amortized cost and fair value of securities available-for-sale by contractual maturity as of December 31, 2013, are shown in the following table:

(In thousands of US$)	Amortized Cost	Fair Value
Due within 1 year	25,970	26,257
After 1 year but within 5 years	177,810	176,622
After 5 years but within 10 years	140,639	131,489
	344,419	334,368

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, 2013			
(In thousands of US$)	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

	December 31, 2012			
(In thousands of US$)	Amortized Cost	Unrealized Gross Gain	Unrealized Gross Loss	Fair Value
Corporate debt:				
Panama	12,660	-	-	12,660
Sovereign debt:				
Colombia	13,011	4	3	13,012
Honduras	6,442	9	19	6,432
Panama	2,000	45	-	2,045
	21,453	58	22	21,489
Total	34,113	58	22	34,149

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, 2013, are shown in the following table:

(In thousands of US$)	Amortized Cost	Fair Value
Due within 1 year	18,701	18,709
After 1 year but within 5 years	15,058	14,925
	33,759	33,634

As of December 31, 2013 and 2012, securities held-to-maturity with a carrying value of $13.0 million and $19.4 million, respectively, were pledged to secure repurchase transactions accounted for as secured financings.

7. Investment funds

Until March 31, 2013, the Bank had an interest in two investment funds: Bladex Offshore Feeder Fund (98.74%) and Bladex Latam Fundo de Investimento Multimercado (92.38%). Prior to the sale of the Management Unit, the Bank consolidated these funds following applicable consolidation guidance.

The Bank determined that Bladex Offshore Feeder Fund was evaluated under the requirements of ASC 810-10 - Consolidation prior to the implementation of Statement of Financial Accounting Standards ("SFAS") 167 (FIN 46 (R) (ASU 2009-17 - Consolidation of Variable Interest Entities), because this fund met the deferral criteria in ASU 2010-10 "Amendments for Certain Investment Funds". Prior consolidation guidance required that a VIE be consolidated by the party that will absorb a majority of the entity's expected losses or residual returns, or both.

Bladex Latam Fundo de Investimento Multimercado, a VIE, was consolidated line by line following the consolidation accounting policy of VIEs described in Note 2 (c).

As described in Note 3, the Bank sold the Management Unit. The sale agreement included, among others, the transfer of the Bank's participation in BLX Brazil Ltd. and Bladex Asset Management Brazil – Gestora de Recursos Ltda., the termination of the investment advisory contracts between Bladex Asset Management Inc. and Bladex Offshore Feeder Fund and Bladex Capital Growth Fund, and the change of name of Bladex Offshore Feeder Fund to Alpha4X Offshore Feeder Fund, of Bladex Capital Growth Fund to Alpha4X Capital Growth Fund, and of Bladex Latam Fundo de Investimento Multimercado to Alpha4X Latam Fundo de Investimento Multimercado.

With the sale of the Management Unit, the Bank deconsolidated 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. Since the date of sale of the Management Unit, the Bank's investment in Alpha4X Latam Fundo de Investimento Multimercado is adjusted to record the Bank's participation in the profits and losses of that fund in the Net gain (loss) from investment funds trading line.

The Bank continues to consolidate its investment in Alpha4X Feeder Fund, following the previous consolidation guide for VIEs applied to former Bladex Offshore Feeder Fund. At December 31, 2013, the Bank has a participation of 55.87% in that fund. As disclosed in Note 2 (e), while consolidating the Feeder, the Bank retains the specialized accounting for investment companies applied by the Feeder in the Master.

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

	December 31,	
(In thousands of US$)	2013	2012
Bladex Offshore Feeder Fund	-	105,888
Alpha4X Feeder Fund	113,069	-
Alpha4X Latam Fundo de Investimento Multimercado	5,592	-
	118,661	105,888

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

8. Loans

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

(In thousands of US$)	December 31, 2013	December 31, 2012
Corporations:		
Private	2,375,178	2,202,613
State-owned	938,878	538,638
Banking and financial institutions:		
Private	1,785,798	1,775,938
State-owned	474,193	416,085
Middle-market companies:		
Private	574,107	681,912
Sovereign	144	100,370
Total	6,148,298	5,715,556

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

(In thousands of US$)	December 31, 2013	December 31, 2012
Banking and financial institutions	2,259,991	2,192,023
Industrial	936,290	1,108,223
Oil and petroleum derived products	1,170,684	894,368
Agricultural	924,251	853,377
Services	398,736	210,925
Mining	10,000	22,122
Sovereign	144	100,370
Others	448,202	334,148
Total	6,148,298	5,715,556

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

(In thousands of US$)	December 31, 2013						
Rating [1]	Corporations		Banking and financial institutions		Middle-market companies	Sovereign	Total
	Private	State-owned	Private	State-owned	Private		
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

(In thousands of US$)	December 31, 2012						
Rating [1]	Corporations		Banking and financial institutions		Middle-market companies	Sovereign	Total
	Private	State-owned	Private	State-owned	Private		
1-6	2,202,613	538,638	1,775,938	416,085	681,912	100,370	5,715,556
7	-	-	-	-	-	-	-
8	-	-	-	-	-	-	-
9	-	-	-	-	-	-	-
10	-	-	-	-	-	-	-
Total	2,202,613	538,638	1,775,938	416,085	681,912	100,370	5,715,556

[1] Current ratings as of December 31, 2013 and 2012, respectively.

The remaining loan maturities are summarized as follows:

(In thousands of US$)	December 31, 2013	December 31, 2012
Current:		
Up to 1 month	1,017,794	1,155,222
From 1 month to 3 months	1,749,348	1,475,201
From 3 months to 6 months	949,364	962,377
From 6 months to 1 year	774,803	752,822
From 1 year to 2 years	942,327	662,511
From 2 years to 5 years	711,537	692,884
More than 5 years	-	14,539
	6,145,173	5,715,556
Impaired:		
Delinquent with impairment	3,125	-
	3,125	-
Total	6,148,298	5,715,556

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

(In thousands of US$)	December 31,	
	2013	2012
Country:		
Argentina	189,828	222,159
Belgium	-	30,692
Brazil	1,708,592	1,773,401
Chile	490,869	309,712
Colombia	701,577	450,037
Costa Rica	410,295	196,857
Dominican Republic	190,589	110,688
Ecuador	126,001	173,782
El Salvador	123,076	66,013
France	101,006	59,501
Guatemala	199,873	273,051
Honduras	73,524	70,701
Jamaica	60,784	9,772
Mexico	517,278	495,954
Netherlands	14,867	77,336
Nicaragua	7,823	10,169
Panama	223,505	277,144
Paraguay	102,244	27,060
Peru	580,881	841,032
Spain	-	9,695
Trinidad and Tobago	142,642	119,347
United States of America	28,283	2,925
Uruguay	154,761	108,528
	6,148,298	5,715,556

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

(In thousands of US$)	December 31,	
	2013	2012
Fixed interest rates	3,252,331	3,282,876
Floating interest rates	2,895,967	2,432,680
	6,148,298	5,715,556

As of December 31, 2013 and 2012, for both years, 92% of the loan portfolio at fixed interest rates has remaining maturities of less than 180 days.

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

(In thousands of US$)	December 31,		
	2013	2012	2011
Loans in non-accrual status			
Private corporations	3,125	-	32,000
Total loans in non-accrual status	3,125	-	32,000
Interest which would have been recorded if the loans had not been in a non-accrual status	67	-	2,325
Interest income collected on non-accruing loans	-	2,288	2,375

An analysis of non-accruing loans with impaired balances as of December 31, 2013 and 2012 is detailed as follows:

(In thousands of US$)	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	-

(In thousands of US$)	December 31, 2012			2012	
	Recorded investment	Unpaid principal balance	Related allowance	Average principal loan balance	Interest income recognized
With an allowance recorded					
Private corporations	-	-	-	-	2,288
Total	-	-	-	-	2,288

During 2011, the average principal balance of impaired loans amounted to $26,860 thousand.

As of December 31, 2013 and 2012, there were no impaired loans without related allowance.

As of December 31, 2013 and 2012, the Bank did not have any troubled debt restructurings.

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

(In thousands of US$)	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

(In thousands of US$)	December 31, 2012							
	91-120 days	121-150 days	151-180 days	Greater than 180 days	Total Past Due	Delinquent	Current	Total Loans
Corporations	-	-	-	-	-	-	2,741,251	2,741,251
Banking and financial institutions	-	-	-	-	-	-	2,192,023	2,192,023
Middle-market companies	-	-	-	-	-	-	681,912	681,912
Sovereign	-	-	-	-	-	-	100,370	100,370
Total	-	-	-	-	-	-	5,715,556	5,715,556

As of December 31, 2013 and 2012, the Bank has credit transactions in the normal course of business with 20% and 29%, 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, 2013 and 2012, approximately 12% and 18%, 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, 2013, 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 2013, 2012 and 2011, the Bank sold loans with a book value of $89.5 million, $146.2 million and $9.3 million, respectively, with a net gain of $421 thousand, $1,147 thousand and $64 thousand in 2013, 2012 and 2011, respectively.

9. Allowance for credit losses

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

a) Allowance for loan losses:

(In thousands of US$)	Year ended December 31, 2013				
	Corporations	Banking and financial institutions	Middle-market companies	Sovereign	Total
Balance at beginning of the year	32,488	28,836	10,887	765	72,976
Provision (reversal of provision) for loan losses	(972)	656	(518)	(764)	(1,598)
Loan recoveries and other	-	1,373	-	-	1,373
Loans written-off	-	-	-	-	-
Balance at end of the year	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

(In thousands of US$)	Year ended December 31, 2012				
	Corporations	Banking and financial institutions	Middle-market companies	Sovereign	Total
Balance at beginning of the year	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 recoveries and other	-	17	245	-	262
Loans written-off	(7,490)	-	-	-	(7,490)
Balance at end of the year	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$)	Year ended December 31, 2011				
	Corporations	Banking and financial institutions	Middle-market companies	Sovereign	Total
Balance at beginning of the year	54,160	18,790	5,265	400	78,615
Provision (reversal of provision) for loan losses	(5,295)	10,017	4,312	(193)	8,841
Loan recoveries and other	-	1,716	440	-	2,156
Loans written-off	-	-	(1,065)	-	(1,065)
Balance at end of the year	48,865	30,523	8,952	207	88,547
Components:					
Generic allowance	34,065	30,523	8,952	207	73,747
Specific allowance	14,800	-	-	-	14,800
Total allowance for loan losses	48,865	30,523	8,952	207	88,547

Provision (reversal of provision) of generic allowance for credit losses are mostly related to changes in volume and composition of the credit portfolio. The net decrease in the generic allowance for loan losses in 2013 was primarily due to an increased exposure in countries, customers and type of transactions with better ratings and a decreased exposure in those with lower ratings.

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

(In thousands of US$)	December 31, 2013				
	Corporations	Banking and financial institutions	Middle-market companies	Sovereign	Total
Allowance for loan losses					
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

(In thousands of US$)	December 31, 2012				
	Corporations	Banking and financial institutions	Middle-market companies	Sovereign	Total
Allowance for loan losses					
Generic allowance	32,488	28,836	10,887	765	72,976
Specific allowance	-	-	-	-	-
Total of allowance for loan losses	32,488	28,836	10,887	765	72,976
Loans					
Loans with generic allowance	2,741,251	2,192,023	681,912	100,370	5,715,556
Loans with specific allowance	-	-	-	-	-
Total loans	2,741,251	2,192,023	681,912	100,370	5,715,556

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

(In thousands of US$)	Year ended December 31,		
	2013	2012	2011
Balance at beginning of the period	4,841	8,887	13,335
Provision (reversal of provision) for losses on off-balance sheet credit risk	381	(4,046)	(4,448)
Balance at end of the period	5,222	4,841	8,887

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 2013's 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.

10. Equipment and leasehold improvements

A breakdown of cost and accumulated depreciation and amortization for equipment and leasehold improvements as of December 31, 2013 and 2012 is as follows:

(In thousands of US$)	December 31,	
	2013	2012
Leasehold improvements	7,414	7,194
Furniture and equipment	16,933	17,302
	24,347	24,496
Less: accumulated depreciation and amortization	13,881	11,688
	10,466	12,808

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

11. Other assets and other liabilities

Following is a summary of other assets and other liabilities as of December 31, 2013 and 2012:

(In thousands of US$)	December 31,	
	2013	2012
Other assets		
Prepaid commissions	5,042	10,193
Accounts receivable	1,514	1,749
Equity investment in a private fund (at cost)	530	961
Other	1,303	1,677
	8,389	14,580

(In thousands of US$)	December 31,	
	2013	2012
Other liabilities		
Accruals and provisions	22,516	20,345
Accounts payable	2,471	6,045
Other	2,960	1,958
	27,947	28,348

12. Deposits

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

(In thousands of US$)	December 31,	
	2013	2012
Demand	63,047	131,875
Up to 1 month	1,617,059	1,194,102
From 1 month to 3 months	311,048	540,619
From 3 months to 6 months	207,182	281,120
From 6 months to 1 year	157,000	152,000
From 1 year to 2 years	6,000	7,000
From 2 years to 5 years	-	10,544
	2,361,336	2,317,260

The following table presents additional information about deposits:

(In thousands of US$)	December 31,	
	2013	2012
Aggregate amounts of time deposits of $100,000 or more	2,298,289	2,185,277
Aggregate amounts of deposits in offices outside Panama	227,559	229,170
Interest expense paid to deposits in offices outside Panama	1,235	1,332

13. Securities sold under repurchase agreements

The Bank's financing transactions under repurchase agreements amounted to $286.2 million and $158.4 million as of December 31, 2013 and 2012, respectively.

During 2013, 2012 and 2011, interest expense related to financing transactions under repurchase agreements totaled $1.3 million, $1.7 million and $2.1 million, respectively, corresponding 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.

14. Short-term borrowings and debt

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

(In thousands of US$)	December 31, 2013	December 31, 2012
Borrowings:		
At fixed interest rates	1,289,851	1,181,133
At floating interest rates	1,017,527	267,890
Total borrowings	2,307,378	1,449,023
Debt:		
At fixed interest rates	287,987	-
At floating interest rates	110,000	-
Total debt	397,987	-
Total short-term borrowings and debt	2,705,365	1,449,023
Average outstanding balance during the year	2,048,110	967,629
Maximum balance at any month-end	2,705,365	1,449,023
Range of fixed interest rates on borrowings and debt in U.S. dollars	0.67% to 1.43%	0.75% to 1.92%
Range of floating interest rates on borrowings and debt in U.S. dollars	0.79% to 1.47%	1.06% to 1.99%
Fixed interest rate on borrowings in Euros	-	0.70%
Fixed interest rate on borrowings in Mexican pesos	4.13% to 4.58%	-
Floating interest rate on borrowings in Mexican pesos	4.03% to 4.24%	5.14% to 5.25%
Fixed interest rate on debt in Japanese yens	0.75%	-
Fixed interest rate on debt in Swiss francs	0.80%	-
Weighted average interest rate at end of the year	1.09%	1.48%
Weighted average interest rate during the year	1.21%	1.79%

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

(In thousands of US$)	December 31, 2013	December 31, 2012
Currency		
U.S. dollar	2,536,815	1,365,500
Euro	-	39,633
Mexican peso	73,964	43,890
Japanese yen	4,749	-
Swiss franc	89,837	-
Total	2,705,365	1,449,023

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:

(In thousands of US$)	December 31, 2013	December 31, 2012
Borrowings:		
At fixed interest rates with due dates in June 2015	25,000	1,435
At floating interest rates with due dates from March 2014 to December 2016	506,346	1,296,785
Total borrowings	531,346	1,298,220
Debt:		
At fixed interest rates with due dates from November 2014 to April 2017	444,719	453,373
At floating interest rates with due dates from March 2015 to July 2016	177,806	153,947
Total debt	622,525	607,320
Total long-term borrowings and debt outstanding	1,153,871	1,905,540
Average outstanding balance during the year	1,317,983	1,893,580
Maximum outstanding balance at any month-end	1,893,149	2,152,584
Fixed interest rates on borrowings and debt in U.S. dollars	1.50% to 3.75%	3.75%
Range of floating interest rates on borrowings and debt in U.S. dollars	0.52% to 1.77%	0.68% to 2.40%
Range of fixed interest rates on borrowings and debt in Mexican pesos	-	7.60% to 9.90%
Range of floating interest rates on borrowings and debt in Mexican pesos	4.44% to 5.29%	5.50% to 6.34%

	December 31,	
	2013	**2012**
Fixed interest rate on debt in Peruvian nuevos soles	6.50%	6.50%
Weighted average interest rate at the end of the year	3.06%	2.92%
Weighted average interest rate during the year	3.08%	2.74%

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

	December 31,	
(In thousands of US$)	**2013**	**2012**
Currency		
U.S. dollar	866,975	1,518,592
Mexican peso	242,916	338,760
Peruvian nuevo sol	43,980	48,188
Total	1,153,871	1,905,540

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, 2013, the Bank was in compliance with all covenants.

The future remaining maturities of long-term borrowings and debt outstanding as of December 31, 2013, are as follows:

(In thousands of US$)

Due in:	**Outstanding**
2014	352,085
2015	197,989
2016	203,058
2017	400,739
	1,153,871

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, 2013:

(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, 2011	**6,342,189**	**2,542,021**	**27,826,330**	**-**	**36,710,540**
Conversions	-	(10,095)	10,095	-	-
Repurchase of common stock	-	-	-	-	-
Restricted stock issued - directors	-	-	25,541	-	25,541
Exercised stock options - compensation plans	-	-	325,996	-	325,996
Restricted stock units - vested	-	-	69,865	-	69,865
Outstanding at December 31, 2011	**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**

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

(In thousands of US$, except per share data)	"Class A"		"Class B"		"Class E"		Total	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
Outstanding at January 1, 2011	**318,140**	**10,708**	**568,010**	**15,655**	**4,383,150**	**99,304**	**5,269,300**	**125,667**
Repurchase of common stock	-	-	-	-	-	-	-	-
Restricted stock issued - directors	-	-	-	-	(25,541)	(609)	(25,541)	(609)
Exercised stock options - compensation plans	-	-	-	-	(325,996)	(7,775)	(325,996)	(7,775)
Restricted stock units - vested	-	-	-	-	(69,865)	(1,666)	(69,865)	(1,666)
Outstanding at December 31, 2011	**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**

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. 2008 Stock Incentive Plan – Directors and Executives

In February 2008, the Board of Directors of the Bank approved an incentive plan for Directors and Executives allowing the Bank to grant restricted stock, restricted stock units, stock purchase options, and/or other similar compensation instruments. The maximum aggregate number of shares which may be 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.

During 2013, 2012 and 2011, 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 2013, 2012 and 2011, the Board of Directors granted 28,500, 32,317 and 25,541"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 16, 2013, October 16, 2012, July 17, 2012, and July 15, 2011. The fair value of restricted stock granted totalled $713 thousand in 2013, $714 thousand in 2012 and $462 thousand in 2011, of which $637 thousand, $428 thousand and $414 thousand were charged against income during 2013, 2012 and 2011, respectively. The remaining cost pending amortization of $1,401 thousand at December 31, 2013 will be amortized over 2.39 years.

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

Year of Grant	
2013	35% in the first and second year, 30% in the third year
2012	25% each year
2011	20% 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, 2011	88,027	$13.07
Granted	25,541	18.07
Vested	(31,563)	13.14
Outstanding at December 31, 2011	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
Expected to vest	84,862	$20.10

The fair value of vested stock during the years 2013, 2012 and 2011 was $581 thousand, $337 thousand and $415 thousand, respectively.

Restricted Stock Units and Stock Purchase Options granted to certain Executives

The Board of Directors approved the grant of stock purchase options and restricted stock units to certain Executives of the Bank with a grant date fair value of $2.1 million in 2013, $3.7 million in 2012 and $1.7 million in 2011. 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. In the year 2011, the distribution of the fair value in restricted stock units and stock purchase options was $1.5 million and $0.2 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 2013, 2012 and 2011 due to the amortization of these grants totaled $2,077 thousand, $1,317 thousand and $1,020 thousand, respectively. The remaining compensation cost pending amortization of $2,883 thousand in 2013 will be amortized over 2.55 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, 2011	222,710	$10.96		
Granted	94,496	15.84		
Forfeited	(20,931)	12.63		
Vested	(69,865)	11.09		
Outstanding at December 31, 2011	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		$1,067
Outstanding at December 31, 2013	242,749	$17.13	2.30 years	$2,643
Expected to vest	242,749	$17.13		$2,643

The fair value of vested stock during the years 2013, 2012 and 2011 was $2,002 thousand, $1,050 thousand and $775 thousand, respectively.

Stock purchase options:

The fair value of stock purchase options granted to certain Executives during 2012 and 2011 was estimated using a binomial option-pricing model, based on the following factors:

	2013	2012	2011
Weighted average fair value per option	-	$3.01	$2.92
Weighted average expected term, in years	-	5.50	5.50
Expected volatility	-	33.35%	30%
Risk-free rate	-	0.18% a 1.34%	2.52%
Expected dividend	-	5.30%	4.50%

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 2013, 2012 and 2011 as a result of the amortization of these plans amounted to $282 thousand, $485 thousand and $765, respectively. The remaining compensation cost pending amortization of $163 thousand in 2013 will be amortized over a period of 1.80 years. A summary of stock options granted is presented below:

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	Options	Weighted average exercise price	Weighted average remaining contractual term	Aggregate intrinsic value (thousands)
Outstanding at January 1, 2011	1,142,019	$12.39		
Granted	72,053	17.81		
Forfeited	(58,067)	12.16		
Exercised	(240,439)	12.27		
Outstanding at December 31, 2011	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	3.65 years	$2,464
Exercisable	53,994	$11.58	1.12 years	$ 888
Expected to vest	133,751	$16.24	4.09 years	$1,576

The intrinsic value of exercised options during the years 2013, 2012 and 2011 was $2,673 thousand, $3,375 thousand and $1,322 thousand, respectively. During the years 2013, 2012 and 2011 the Bank received $2,886 thousand, $5,709 thousand and $2,949 thousand, respectively, from exercised options.

B. Restricted Stock – Directors (Discontinued)

During 2003, the Board of Directors approved a restricted stock award plan for Directors of the Bank that was amended in 2007 and subsequently terminated in 2008. No grants were made after the 2007's grant. The restricted stock 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 and $87 thousand in 2012 and 2011, respectively. 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, 2011	8,917	$20.77
Granted	-	-
Vested	(5,399)	20.39
Non vested at December 31, 2011	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 years ended December 31, 2012 and 2011 was $75 thousand and $110 thousand, respectively.

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

The 2006 Stock Option Plan was terminated in 2008. The options granted under this plan had an expiration term of seven years after the grant date. No grants were made after the 2007's grant.

Related cost charged against income as a result of the amortization of options granted under this compensation plan amounted to $25 thousand in 2011. As of December 31, 2011, there were no compensation costs pending amortization or 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, 2011	207,706	$16.34		
Forfeited	-	-		
Exercised	(27,552)	16.34		
Outstanding at December 31, 2011	180,154	16.34		
Forfeited	-	-		
Exercised	(130,350)	16.34		
Outstanding at December 31, 2012	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, 2012 and 2011 was $442 thousand, $570 thousand and $45 thousand, respectively. During the year ended December 31, 2013, 2012 and 2011, the Bank received $814 thousand, $2,130 thousand and $450 thousand from exercised options, respectively.

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	Weighted average remaining contractual term	Aggregate intrinsic value (thousands)
Outstanding at January 1, 2011	385,469	$17.98		
Forfeited	-	-		
Expired	(4,100)	11.87		
Exercised	(55,433)	12.12		
Outstanding at December 31, 2011	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 years ended December 31, 2012 and 2011 was $1,213 thousand and $235 thousand, respectively. During the years ended December 31, 2012 and 2011, the Bank received $5,292 thousand and $672 thousand, respectively, 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	2011
Outstanding at beginning of year	534	1,812	17,746
Exercised	(534)	(1,278)	(15,934)
Outstanding at end of year	-	534	1,812

Related cost charged against income related to this plan amounted to $1 thousand in 2012 and 2011. There is no compensation cost related to this plan in 2013.

F. Other plans - Expatriate Officer Plan

The Bank sponsors a defined contribution plan for its expatriate top executives based in Panama, which are not eligible to participate in the Panamanian social security system. The Bank's contributions are determined as a percentage of the annual salaries of top executives eligible for the plan, each contributing an additional amount withheld from their salary. Contributions to this plan are managed by a fund manager through a trust. The executives are entitled to the Bank's contributions after completing at least three years of service in the Bank. During the years 2013, 2012 and 2011, the Bank charged to salaries expense $120 thousand, $131 thousand and $119 thousand, respectively, that correspond to the Bank's contributions to this plan. As of December 31, 2013 and 2012, the accumulated liability payable amounted to $176 thousand and $198 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:

(In thousands of US$, except per share amounts)	Year ended December 31,		
	2013	2012	2011
Net income from continuing operations attributable to Bladex stockholders for both basic and diluted EPS	84,757	93,713	83,600
Net loss from discontinued operations	(4)	(681)	(420)
Net income attributable to Bladex stockholders for both basic and diluted EPS	84,753	93,032	83,180
Basic earnings per share from continuing operations	2.21	2.48	2.26
Diluted earnings per share from continuing operations	2.20	2.47	2.25
Basic loss per share from discontinued operations	(0.00)	(0.02)	(0.01)
Diluted loss per share from discontinued operations	(0.00)	(0.02)	(0.01)
Basic earnings per share	2.21	2.46	2.25
Diluted earnings per share	2.20	2.45	2.24
Weighted average common shares outstanding - applicable to basic	38,406	37,824	36,969
Weighted average common shares outstanding - applicable to basic	38,406	37,824	36,969
Effect of dilutive securities:			
Stock options and restricted stock units plans	127	114	176
Adjusted weighted average common shares outstanding applicable to diluted EPS	38,533	37,938	37,145

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,	
(In thousands of US$)	2013	2012
Confirmed letters of credit	221,963	106,415
Stand-by letters of credit and guarantees - Commercial risk	137,285	25,167
Credit commitments	121,175	103,294
	480,423	234,876

As of December 31, 2013, the remaining maturity profile of the Bank's outstanding financial instruments with off-balance sheet credit risk is as follows:

(In thousands of US$) Maturities	Amount
Within 1 year	353,721
From 1 to 2 years	93,175
From 2 to 5 years	32,905
After 5 years	622
	480,423

As of December 31, 2013 and 2012 the breakdown of the Bank's off-balance sheet exposure by country risk is as follows:

(In thousands of US$)	December 31,	
Country:	2013	2012
Argentina	295	-
Bolivia	80	820
Brazil	22,567	23,630
Chile	-	6,084
Colombia	38,545	9,098
Costa Rica	897	1,000
Dominican Republic	108	1,535
Ecuador	153,072	79,760
El Salvador	25	625
Guatemala	43,548	180
Honduras	412	562
Jamaica	338	-
Mexico	20,969	27,289
Netherlands	17,833	-
Panama	96,943	58,219
Paraguay	2	-
Peru	41,063	2,843
Switzerland	1,000	-
United Kingdom	70	-
Uruguay	40,946	-
Venezuela	1,710	23,231
	480,423	234,876

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.

20. Leasehold commitments

As of December 31, 2013, leasehold commitments are as follows:

(In thousands of US$) Year	
2014	2,236
2015	1,991
2016	1,676
2017	1,585
2018	1,621
Thereafter	15,798
Total minimum payments [1]	24,907

[1] Minimum payments have not been reduced by minimum sublease rentals of $2,644 thousand due in the future under non-cancelable subleases.

The following table presents an analysis of all operating leases:

	2013	2012	2011
Rent expense	2,925	2,468	1,403
Less: Sublease rentals	(559)	(386)	(129)
	2,366	2,082	1,274

21. Derivative financial instruments for hedging purposes

As of December 31, 2013 and 2012, quantitative information on derivative financial instruments held for hedging purposes is as follows:

(In thousands of US$)	2013			2012		
	Nominal Amount	Fair Value [1] Asset	Fair Value [1] Liability	Nominal Amount	Fair Value [1] Asset	Fair Value [1] Liability
Fair value hedges:						
Interest rate swaps	494,558	4,625	1,403	480,000	8,319	6,600
Cross-currency interest rate swaps	269,488	2,783	6,834	236,866	3,525	4,665
Cash flow hedges:						
Interest rate swaps	453,000	393	243	-	-	-
Cross-currency interest rate swaps	126,308	6,392	-	42,001	7,333	23
Forward foreign exchange	88,130	684	92	75,733	62	411
Net investment hedges:						
Forward foreign exchange	5,810	340	-	6,196	-	48
Total	1,437,294	15,217	8,572	840,796	19,239	11,747
Net gain on the ineffective portion of hedging activities [2]	353			71		

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

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

2013

(In thousands of US$)	Gain (loss) recognized in OCI (effective portion)	Classification of gain (loss)	Gain (loss) reclassified from accumulated OCI to the statements of income (effective portion)	Gain (loss) recognized on derivatives (ineffective portion)
Derivatives – cash flow hedge				
Interest rate swaps	226			
Cross-currency interest rate swaps	(734)	Gain (loss) on foreign currency exchange	-	-
		Interest income – loans	(11)	-
Forward foreign exchange	1,544	Interest income – loans	(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		-	-

2012

(In thousands of US$)	Gain (loss) recognized in OCI (effective portion)	Classification of gain (loss)	Gain (loss) reclassified from accumulated OCI to the statements of income (effective portion)	Gain (loss) recognized on derivatives (ineffective portion)
Derivatives – cash flow hedge				
Interest rate swaps	217			
Cross-currency interest rate swaps	3,740	Gain (loss) on foreign currency exchange	2,481	-
Forward foreign exchange	1,742	Interest income – loans	(564)	-
		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		-	-

2011 *(In thousands of US$)*	Gain (loss) recognized in OCI (effective portion)	Classification of gain (loss)	Gain (loss) reclassified from accumulated OCI to the statements of income (effective portion)	Gain (loss) recognized on derivatives (ineffective portion)
Derivatives – cash flow hedge				
Interest rate swaps	987			
Cross-currency interest rate swaps	2,270	Gain (loss) on foreign currency exchange	1,958	-
Forward foreign exchange	(2,160)	Interest income – loans	(124)	-
		Interest expense – borrowings and debt	172	-
		Gain (loss) on foreign currency exchange	(2,966)	-
Total	1,097		(960)	-
Derivatives – net investment hedge				
Forward foreign exchange	289	Gain (loss) on foreign currency exchange	-	-
Total	289		-	-

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:

2013 *(In thousands of US$)*	Classification in statements of income	Gain (loss) on derivatives	Gain (loss) on hedged item	Net gain (loss)
Derivatives - fair value hedge				
Interest rate swaps	Interest income – 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 *(In thousands of US$)*	Classification in statements of income	Gain (loss) on derivatives	Gain (loss) on hedged item	Net gain (loss)
Derivatives - fair value hedge				
Interest rate swaps	Interest income – 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)

2011 *(In thousands of US$)*	Classification in statements of income	Gain (loss) on derivatives	Gain (loss) on hedged item	Net gain (loss)
Derivatives - fair value hedge				
Interest rate swaps	Interest income – securities available-for-sale	(6,857)	10,266	3,409
	Interest expense – borrowings and debt	-	-	-
	Derivative financial instruments and hedging	74	-	74
Cross-currency interest rate swaps	Interest income – loans	(33)	55	22
	Interest expense – borrowings and debt	4,352	(7,874)	(3,522)
	Derivative financial instruments and hedging	2,849	-	2,849
	Gain (loss) on foreign currency exchange	(17,427)	17,475	48
		(17,042)	19,922	2,880

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 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 7.48 years.

The Bank estimates that approximately $551 thousand of losses reported in OCI as of December 31, 2013 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, 2014.

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 5.

22. Accumulated other comprehensive income (loss)

As of December 31, 2013, 2012 and 2011 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:

(In thousands of US$)	Securities available-for-sale	Derivative financial instruments	Foreign currency translation adjustment, net of hedges	Total
Balance as of January 1, 2011	(3,744)	(2,697)	-	(6,441)
Net unrealized gains arising from the year	4,095	1,097	-	5,192
Reclassification adjustment for (gains) loss included in net income [(1)]	(2,079)	960	-	(1,119)
Foreign currency translation adjustment, net	-	-	(744)	(744)
Other comprehensive income (loss) from the year	2,016	2,057	(744)	3,329
Balance as of December 31, 2011	(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)

[(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:

2013

(In thousands of US$)

Details about accumulated other comprehensive income components	Amount reclassified form accumulated other comprehensive income	Affected line item in the statement 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 and debt
	(544)	Net gain (loss) on foreign currency exchange
	(1,985)	
Loss on foreign currency translation adjustment	(24)	Net loss from discontinued operations

2012

(In thousands of US$)

Details about accumulated other comprehensive income components	Amount reclassified form accumulated other comprehensive income	Affected line item in the statement 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 and debt
	6,160	Net gain (loss) on foreign currency exchange
	5,427	
Loss on foreign currency translation adjustment	-	Net loss from discontinued operations

2011

(In thousands of US$)

Details about accumulated other comprehensive income components	Amount reclassified form accumulated other comprehensive income	Affected line item in the statement where net income is presented
Realized gains (losses) on securities available-for-sale:		
	-	Interest income – securities available-for-sale
	2,079	Net gain on sale of securities available-for-sale
	-	Derivative financial instruments and hedging
	2,079	
Gains (losses) on derivative financial instruments:		
Forward foreign exchange	(124)	Interest income - loans
	172	Interest expense – borrowings and debt
	(1,008)	Net gain (loss) on foreign currency exchange
	(960)	
Loss on foreign currency translation adjustment	-	Net loss from discontinued operations

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, 2013

(In thousands of US$)

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

December 31, 2012

(In thousands of US$)

Description	Gross amounts of assets	Gross amounts offset in the balance sheet	Net amount of assets presented in the balance sheet	Gross amounts not offset in the balance sheet: Financial instruments	Gross amounts not offset in the balance sheet: Cash collateral received	Net amount
Derivative financial instruments	19,385	(27)	19,358	-	(2,950)	16,408

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 balance sheet as of December 31, 2013 and 2012:

(In thousands of US$)

Description	2013 Gross amounts of assets	2013 Gross amounts offset in the balance sheet	2013 Net amount of assets presented in the balance sheet	2012 Gross amounts of assets	2012 Gross amounts offset in the balance sheet	2012 Net amount of assets presented in the balance sheet
Derivative financial instruments:						
Trading assets	-	-	-	146	(27)	119
Derivative financial instruments used for hedging - receivable	15,217	-	15,217	19,239	-	19,239
Total derivative financial instruments	15,217	-	15,217	19,385	(27)	19,358

b) Financial liabilities and derivative financial instruments - liabilities

December 31, 2013

(In thousands of US$)

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

December 31, 2012

(In thousands of US$)

Description	Gross amounts of liabilities	Gross amounts offset in the balance sheet	Net amount of liabilities presented in the balance sheet	Gross amounts not offset in the balance sheet: Financial instruments	Cash collateral pledged	Net amount
Securities sold under repurchase agreements	158,374	-	158,374	(157,705)	(669)	-
Derivative financial instrument	44,078	(27)	44,051	-	(10,849)	33,202
Total	202,452	(27)	202,425	(157,705)	(11,518)	33,202

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 balance sheet as of December 31, 2013 and 2012:

(In thousands of US$)

	2013			2012		
Description	Gross amounts of liabilities	Gross amounts offset in the balance sheet	Net amount of liabilities presented in the balance sheet	Gross amounts of liabilities	Gross amounts offset in the balance sheet	Net amount of liabilities presented in the balance sheet
Securities sold under repurchase agreements	286,162	-	286,162	158,374	-	158,374
Derivative financial instruments:						
Trading liabilities	72	-	72	32,331	(27)	32,304
Derivative financial instruments used for hedging - payable	8,572	-	8,572	11,747	-	11,747
Total derivative financial instruments	8,644	-	8,644	44,078	(27)	44,051

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.

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.

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.

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

(In thousands of US$)	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.

(In thousands of US$)	2012			
	Quoted market prices in an active market (Level 1)	Internally developed models with significant observable market information (Level 2)	Internally developed models with significant unobservable market information (Level 3)	Total carrying value in the consolidated balance sheets
Assets				
Trading assets				
Sovereign bonds	5,146	-	-	5,146
Cross-currency swaps	49	-	-	49
Forward foreign exchange	-	50	-	50
Future contracts	20	-	-	20
Total trading assets	5,215	50	-	5,265
Securities available-for-sale				
Corporate debt	17,386	-	-	17,386
Sovereign debt	165,355	276	-	165,631
Total securities available-for-sale	182,741	276	-	183,017
Investment fund	-	105,888	-	105,888
Derivative financial instruments used for hedging - receivable				
Interest rate swaps	-	8,319	-	8,319
Cross-currency interest rate swaps	-	10,858	-	10,858
Forward foreign exchange	-	62	-	62
Total derivative financial instruments used for hedging - receivable	-	19,239	-	19,239
Total assets at fair value	187,956	125,453	-	313,409
Liabilities				
Trading liabilities				
Interest rate swaps	-	100	-	100
Cross-currency interest rate swaps	-	32,182	-	32,182
Forward foreign exchange	-	22	-	22
Total trading liabilities	-	32,304	-	32,304
Derivative financial instruments used for hedging – payable				
Interest rate swaps	-	6,600	-	6,600
Cross-currency interest rate swaps	-	4,688	-	4,688
Forward foreign exchange	-	459	-	459
Total derivative financial instruments used for hedging - payable	-	11,747	-	11,747
Total liabilities at fair value	-	44,051	-	44,051

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.

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.

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 since the second quarter of 2013 given the limited information available on the market. 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:

(In thousands of US$)	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 significant 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.

(In thousands of US$)	December 31, 2012				
	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 significant unobservable market information (Level 3)
Financial assets:					
Instruments with carrying value that approximates fair value	746,006	746,006	-	746,006	-
Securities held-to-maturity	34,113	34,149	19,444	14,705	-
Loans, net [(1)]	5,635,480	5,784,172	-	5,784,172	-
Financial liabilities:					
Instruments with carrying value that approximates fair value	2,494,734	2,494,824	-	2,494,824	-
Short-term borrowings	1,449,023	1,453,159	-	1,453,159	-
Long-term borrowings and debt	1,905,540	1,922,544	-	1,922,544	-
Commitments to extend credit, standby letters of credit, and financial guarantees written	5,781	4,841	-	4,841	-

[(1)] The carrying value of loans is net of the Allowance for loan losses of $73.0 million and unearned income and deferred fees of $7.1 million for December 31, 2012.

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Notes to consolidated financial statements

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, 2013, the Bank's capital adequacy ratio is 14.65% 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 Asset Management unit was discontinued since the fourth quarter of 2012. The segment information reflects this operational and management structure, in a manner consistent with the requirements outlined in ASC Topic 280 - Segment Reporting. The segment results are determined based on the Bank's managerial accounting process, which assigns consolidated balance sheets, revenue and expense items to each reportable division on a systematic basis.

The Bank incorporates net operating income[(3)] by business segment in order to disclose the revenue and expense items related to its normal course of business, segregating from the net income, the impact of reversals of reserves for loan losses and off-balance sheet credit risk, and recoveries on assets. In addition, the Bank's net interest income represents the main driver of net operating income; therefore, the Bank presents its interest-earning assets by business segment, to give an indication of the size of business generating net interest income. Interest-earning assets also generate gains and losses on sales, such as for securities available-for-sale and trading assets and liabilities, which are included in net other income, in the Treasury 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, trading securities and 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.

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

Business Segment Analysis [1]

(In thousands of US$)	2013	2012	2011
COMMERCIAL			
Interest income	192,979	183,365	140,697
Interest expense	(77,931)	(73,398)	(58,969)
Net interest income	115,048	109,967	81,728
Net other income [2]	15,338	12,216	11,001
Operating expenses	(40,945)	(38,322)	(34,895)
Net operating income [3]	**89,441**	**83,861**	**57,834**
Reversal of provision (provision) for loan and off-balance sheet credit losses	1,217	12,389	(4,393)
Recoveries, net of impairment of assets	108	-	(57)
Net income attributable to Bladex stockholders	**90,766**	**96,250**	**53,384**
Commercial assets and contingencies (end of period balances):			
Interest-earning assets [4 y 6]	6,141,630	5,708,456	4,982,876
Other assets and contingencies [5]	482,117	237,077	364,016
Total interest-earning assets, other assets and contingencies	**6,623,747**	**5,945,533**	**5,346,892**
TREASURY			
Interest income	12,324	9,072	16,730
Interest expense	(4,280)	(14,062)	4,252
Net interest income	8,044	(4,990)	20,982
Net other income (expense) [2]	(4,877)	14,612	25,102
Operating expenses	(13,361)	(17,492)	(15,192)
Net operating income [3]	**(10,194)**	**(7,870)**	**30,892**
Net income (loss)	**(10,194)**	**(7,870)**	**30,892**
Net income attributable to the redeemable noncontrolling interest	(4,185)	293	676
Net income (loss) attributable to Bladex stockholders	**(6,009)**	**(8,163)**	**30,216**
Treasury assets and contingencies (end of period balances):			
Interest-earning assets [6]	1,326,506	1,035,313	1,397,181
Redeemable noncontrolling interest	(49,898)	(3,384)	(5,547)
Total interest-earning assets, other assets and contingencies	**1,276,608**	**1,031,929**	**1,391,634**

(In thousands of US$)	2013	2012	2011
TOTAL			
Interest income	205,303	192,437	157,427
Interest expense	(82,211)	(87,460)	(54,717)
Net interest income	123,092	104,977	102,710
Net other income [2]	10,461	26,828	36,103
Operating expenses	(54,306)	(55,814)	(50,087)
Net operating income [3]	**79,247**	**75,991**	**88,726**
Reversal of provision (provision) for loans and off-balance sheet credit losses	1,217	12,389	(4,393)
Recoveries, net of impairment of assets	108	-	(57)
Net income – business segment	80,572	88,380	84,276
Net income (loss) attributable to the redeemable noncontrolling interest	(4,185)	293	676
Net income attributable to Bladex stockholders – business segment	**84,757**	**88,087**	**83,600**
Other income unallocated - gain on sale of premises and equipment	-	5,626	-
Discontinued operations (Note 3)	(4)	(681)	(420)
Net income attributable to Bladex stockholders	**84,753**	**93,032**	**83,180**
Total assets and contingencies (end of period balances):			
Interest-earning assets [4 y 6]	7,468,136	6,743,769	6,380,057
Other assets and contingencies [5]	482,117	237,077	364,016
Redeemable noncontrolling interest	(49,898)	(3,384)	(5,547)
Total interest-earning assets, other assets and contingencies	**7,900,355**	**6,977,462**	**6,738,526**

(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.

Reconciliation of Net other income:	2013	2012	2011
Net other income – business segment	10,461	26,828	36,103
Reversal of provision (provision) for losses on off-balance sheet credit risk	(381)	4,046	4,448
Recoveries, net of impairment of assets	108	-	(57)
Gain on sale of premises and equipment	-	5,626	-
Net other income – consolidated financial statements	**10,188**	**36,500**	**40,494**

(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.

Reconciliation of Total assets:	2013	2012	2011
Interest-earning assets – business segment	7,468,136	6,743,769	6,380,057
Allowance for loan losses	(72,751)	(72,976)	(88,547)
Customers' liabilities under acceptances	1,128	1,157	1,110
Accrued interest receivable	40,727	37,819	38,168
Equipment and leasehold improvements, net	10,466	12,808	6,673
Derivative financial instruments used for hedging - receivable	15,217	19,239	4,159
Other assets	8,389	14,580	18,412
Total assets – consolidated financial statements	**7,471,312**	**6,756,396**	**6,360,032**

Geographic information is as follows:

(In thousands of US$)	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$)	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

(In thousands of US$)	2011				
	Panama	Brazil	United States of America	Cayman Islands	Total
Interest income	144,491	114	10,595	2,227	157,427
Interest expense	(53,411)	-	(983)	(323)	(54,717)
Net interest income	91,080	114	9,612	1,904	102,710
Long-lived assets:					
Equipment and leasehold improvements, net	6,125	10	538	-	6,673

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