
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 UNDER THE
SECURITIES EXCHANGE ACT OF 1934

For the month of May, 2020

Commission File Number 1-11414

BANCO LATINOAMERICANO DE COMERCIO EXTERIOR, S.A.
(Exact name of Registrant as specified in its Charter)

FOREIGN TRADE BANK OF LATIN AMERICA, INC.
(Translation of Registrant's name into English)

Business Park Torre V, Ave. La Rotonda, Costa del Este
P.O. Box 0819-08730
Panama City, Republic of Panama
(Address of Registrant's Principal Executive Offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes No

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes No

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

Unaudited condensed consolidated interim statement as of March 31, 2020
and for the three months ended March 31, 2020 and 2019.

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

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

Unaudited condensed consolidated interim statement of financial position

March 31, 2020 and December 31, 2019

(In thousands of US dollars)

	Notes	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
Assets			
Cash and due from banks	6,7	1,353,018	1,178,170
Securities and other financial assets, net	5,6,8	86,326	88,794
Loans		5,337,487	5,892,997
Interest receivable		40,613	41,757
Allowance for loans losses		(99,941)	(99,307)
Unearned interest and deferred fees		(11,095)	(12,114)
Loans, net	5,6,9	5,267,064	5,823,333
Customers' liabilities under acceptances	5,6	66,657	115,682
Derivative financial instruments - assets	5,6,12	17,044	11,157
Equipment and leasehold improvements, net		18,110	18,752
Intangibles, net		1,236	1,427
Investment properties		3,494	3,494
Other assets	13	9,574	8,857
Total assets		<u>6,822,523</u>	<u>7,249,666</u>
Liabilities and Equity			
Liabilities:			
Demand deposits		302,442	85,786
Time deposits		2,165,154	2,802,550
Interest payable	6,14	2,467,596	2,888,336
Total deposits		5,048	5,219
		<u>2,472,644</u>	<u>2,893,555</u>
Securities sold under repurchase agreements	6,15	53,888	40,530
Borrowings and debt, net	6,16	3,137,018	3,138,310
Interest payable		10,045	10,554
Customers' liabilities under acceptances	5,6	66,657	115,682
Derivative financial instruments - liabilities	5,6,12	49,095	14,675
Allowance for loan commitments and financial guarantees contracts losses	5	2,443	3,044
Other liabilities	17	12,245	17,149
Total liabilities		<u>5,804,035</u>	<u>6,233,499</u>
Equity:			
Common stock		279,980	279,980
Treasury stock		(59,409)	(59,669)
Additional paid-in capital in excess of value assigned to common stock		120,586	120,362
Capital reserves		95,210	95,210
Regulatory reserves	23	136,019	136,019
Retained earnings		448,762	446,083
Other comprehensive income (loss)		(2,660)	(1,818)
Total equity		<u>1,018,488</u>	<u>1,016,167</u>
Total liabilities and equity		<u>6,822,523</u>	<u>7,249,666</u>

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

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

Unaudited condensed consolidated interim statements of profit or loss

For the three months ended March 31, 2020 and 2019

(In thousands of US dollars, except per share data and number of shares)

	Notes	2020	2019
Interest income:			
Deposits		2,459	5,357
Securities		640	942
Loans		55,890	67,255
Total interest income	20	<u>58,990</u>	<u>73,554</u>
Interest expense:			
Deposits		(11,462)	(17,694)
Borrowings and debt		(21,727)	(27,841)
Total interest expense	20	<u>(33,189)</u>	<u>(45,534)</u>
Net interest income		<u>25,801</u>	<u>28,020</u>
Other income (expense):			
Fees and commissions, net	19,20	3,073	2,350
Loss on financial instruments, net	11,20	(358)	756
Other income, net		240	945
Total other income, net	20	<u>2,955</u>	<u>4,051</u>
Total revenues		<u>28,756</u>	<u>32,071</u>
Impairment loss on financial instruments	5,20	89	(942)
Operating expenses:			
Salaries and other employee expenses		(7,007)	(6,311)
Depreciation of equipment and leasehold improvements		(735)	(691)
Amortization of intangible assets		(191)	(164)
Other expenses		(2,611)	(2,718)
Total operating expenses	20	<u>(10,543)</u>	<u>(9,884)</u>
Profit for the period		<u>18,302</u>	<u>21,245</u>
Per share data:			
Basic earnings per share (in US dollars)	18	<u>0.46</u>	<u>0.54</u>
Diluted earnings per share (in US dollars)	18	<u>0.46</u>	<u>0.54</u>
Weighted average basic shares (in thousands of shares)	18	<u>39,609</u>	<u>39,542</u>
Weighted average diluted shares (in thousands of shares)	18	<u>39,609</u>	<u>39,542</u>

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

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

Unaudited condensed consolidated interim statements of profit or loss and other comprehensive income

For the three months ended March 31, 2020 and 2019

(In thousands of US dollars)

	<u>2020</u>	<u>2019</u>
Profit for the period	18,302	21,245
Other comprehensive income (loss):		
Items that will not be reclassified subsequently to profit or loss:		
Change in fair value on equity instrument at FVOCI, net of hedging	320	257
Items that are or may be reclassified subsequently to profit or loss:		
Change in fair value on debt financial instruments at FVOCI, net of hedging	(1,230)	(1,781)
Reclassification of gains (losses) on financial instruments to the profit or loss	(117)	470
Exchange difference in conversion of foreign currency operation	185	(76)
Other comprehensive income (loss)	<u>(842)</u>	<u>(1,130)</u>
Total comprehensive income for the period	<u><u>17,460</u></u>	<u><u>20,115</u></u>

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

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

Unaudited condensed consolidated interim statements of changes in stockholders's equity

For the three months ended March 31, 2020 and 2019

(In thousands of US dollars)

	Common stock	Treasury stock	Additional paid-in capital in excess of value assigned to common stock	Capital reserves	Regulatory reserves	Retained earnings	Other comprehensive income	Total equity
Balances at January 1, 2019	279,980	(61,076)	119,987	95,210	136,019	423,050	420	993,590
Effect for change in accounting policy	-	-	-	-	-	(2,006)	-	(2,006)
Profit for the period	-	-	-	-	-	21,245	-	21,245
Other comprehensive income (loss)	-	-	-	-	-	-	(1,130)	(1,130)
Compensation cost - stock options and stock units plans	-	-	460	-	-	-	-	460
Exercised options and stock units vested	-	129	(129)	-	-	-	-	-
Dividends declared	-	-	-	-	-	(15,225)	-	(15,225)
Balances at March 31, 2019	<u>279,980</u>	<u>(60,947)</u>	<u>120,318</u>	<u>95,210</u>	<u>136,019</u>	<u>427,064</u>	<u>(710)</u>	<u>996,934</u>
Balances at January 1, 2020	279,980	(59,669)	120,362	95,210	136,019	446,083	(1,818)	1,016,167
Profit for the period	-	-	-	-	-	18,302	-	18,302
Other comprehensive income (loss)	-	-	-	-	-	-	(1,218)	(1,218)
Transfer of fair value on equity instrument at FVOCI	-	-	-	-	-	(376)	376	-
Compensation cost - stock options and stock units plans	-	-	484	-	-	-	-	484
Exercised options and stock units vested	-	260	(260)	-	-	-	-	-
Dividends declared	-	-	-	-	-	(15,247)	-	(15,247)
Balances at March 31, 2020	<u>279,980</u>	<u>(59,409)</u>	<u>120,586</u>	<u>95,210</u>	<u>136,019</u>	<u>448,762</u>	<u>(2,660)</u>	<u>1,018,488</u>

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

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

Unaudited condensed consolidated interim statements of cash flows

For the three months ended March 31, 2020 and 2019

(In thousands of US dollars)

	2020	2019
Cash flows from operating activities		
Profit for the period	18,302	21,245
Adjustments to reconcile profit for the year to net cash provided by (used in) operating activities:		
Depreciation of equipment and leasehold improvements	735	691
Amortization of intangible assets	191	164
Impairment (gain) loss on financial instruments	(89)	942
Gain, net on sale of financial assets at fair value through OCI	-	(109)
Amortization of premium and discount related to securities at amortized cost	100	92
Compensation cost - share-based payment	484	460
Net changes in hedging position	(2,527)	394
Interest income	(58,990)	(73,554)
Interest expense	33,189	45,534
Net decrease (increase) in operating assets:		
Pledged deposits	(37,149)	6,551
Loans	511,523	297,671
Other assets	(723)	10,737
Net increase (decrease) in operating liabilities:		
Due to depositors	(420,740)	(223,247)
Other liabilities	(4,986)	76
Cash flows provided by operating activities	39,320	87,647
Interest received	60,350	67,663
Interest paid	(33,869)	(48,756)
Net cash provided by operating activities	65,801	106,554
Cash flows from investing activities:		
Acquisition of equipment and leasehold improvements	(9)	(25)
Proceeds from the sale of securities at fair value through OCI	1,882	4,200
Proceeds from redemption of securities at amortized cost	14,825	12,700
Purchases of securities at amortized cost	(14,549)	(200)
Net cash provided by investing activities	2,149	16,675
Cash flows from financing activities:		
Increase (decrease) in securities sold under repurchase agreements	13,357	(11,535)
Net increase (decrease) in short-term borrowings and debt	103,460	(868,016)
Proceeds from long-term borrowings and debt	50,000	470,159
Repayments of long-term borrowings and debt	(81,631)	(633,752)
Payments of leases liabilities	(273)	(254)
Dividends paid	(15,165)	(15,383)
Net cash provided by (used in) financing activities	69,749	(1,058,781)
Increase (decrease) net in cash and cash equivalents	137,699	(935,552)
Cash and cash equivalents at beginning of the period	1,159,718	1,706,192
Cash and cash equivalents at end of the period	1,297,417	770,640

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

1. Corporate information

Banco Latinoamericano de Comercio Exterior, S. A. (“Bladex Head Office” and together with its subsidiaries “Bladex” or the “Bank”), headquartered in Panama City, Republic of Panama, is a specialized multinational bank established to support the financing of foreign 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 initiated operations on January 2, 1979. Under a contract law 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 Superintendence of Banks of Panama (the “SBP”).

In the Republic of Panama, banks are regulated by the SBP through Executive Decree No. 52 of April 30, 2008, which adopts the unique text of Law Decree No. 9 of February 26, 1998, modified by 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, liquidity and market risks, measures to prevent money laundering, the financing of terrorism and related illicit activities, and procedures for banking intervention and liquidation, among others.

Bladex Head Office’s subsidiaries are the following:

Bladex Holdings Inc. is a wholly owned subsidiary, incorporated under the laws of the State of Delaware, United States of America (USA), on May 30, 2000. Bladex Holdings Inc. has ownership in Bladex Representação Ltda.

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

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

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

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

The Bank has representative offices in Buenos Aires, Argentina; in Mexico City, Mexico; and in Bogota, Colombia, and has a representative license in Lima, Peru.

These unaudited condensed consolidated interim financial statements were authorized for issue by the Board of Directors on April 8, 2020.

2. Basis of preparation of the condensed consolidated interim financial statements

2.1 Statement of compliance

These unaudited condensed consolidated interim financial statements of Banco Latinoamericano de Comercio Exterior, S. A. and its subsidiaries have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (IAS 34) issued by the International Accounting Standards Board ("IASB"). As all the disclosures required by IFRS for annual period consolidated financial statements are not included herein, these unaudited condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements and the notes thereto as of and for the year ended December 31, 2019, contained in the Bank's annual audited consolidated financial statements. The unaudited condensed consolidated interim statements of profit or loss, other comprehensive income, changes in equity and cash flows for the periods presented are not necessarily indicative of results expected for any future period.

3. Changes in significant accounting policies

3.1 New accounting policies and amendments not yet adopted

As of January 1, 2020, the Bank applied the Interest Rate Benchmark Reform ("the Reform"), which contains amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures Information, issued by the International Accounting Standards Board (IASB) as the Phase 1 of the Project of IBOR Reform to address the increase in the level of uncertainty of the long-term feasibility of some benchmark interest rates and the first reforms applied to such rates. Phase 1 of the amendments addresses the effects on financial information due to such uncertainties.

On initial designation of the hedging relationship, the Bank formally documents the relationship between the hedging instrument and hedged item, including the risk management objective and strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationship. The Bank makes an assessment, both on inception of the hedging relationship and on an ongoing basis, of whether the hedging instrument is expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged item during the period for which the hedge is designated. For the purpose of evaluating whether the hedging relationship is expected to be highly effective, the Bank assumes that the benchmark interest rate is not altered as a result of IBOR reform.

If the Bank concludes that the actual result of a hedging relationship is not effective or is outside the minimum levels determined by Risk Management as highly effective, then the Bank determines if the hedging relationship continues to qualify for hedge accounting or whether it must be discontinued. This includes, for example, determining that the hedge is expected to be highly effective prospectively and that effectiveness of the hedging relationship can be reliably measured.

The Bank will cease to apply the amendments to its retrospective and prospective effectiveness assessment of the hedging relationship when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows of the hedged item or hedging instrument, or when the hedging relationship is discontinued.

4. Significant accounting policies

4.1. Judgments, estimates and significant accounting assumptions

A. Estimates and assumptions

The key assumptions concerning the future and other key sources of estimating uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Bank based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances beyond the control of the Bank. Such changes are reflected in the assumptions when they occur.

B. Going concern

The Bank's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Therefore, the condensed consolidated financial statements continue to be prepared on a going concern basis.

5. Financial risk

This note presents information about the Bank's exposure to financial risks and the Bank's management of capital.

A. Credit risk

i. Credit quality analysis

The following tables set out information about the credit quality of financial assets measured at amortized cost, and securities at FVOCI. Unless specifically indicated, for financial assets the amounts in the table represent gross carrying amounts. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

Loans

	March 31, 2020				
	PD Ranges	Stage 1	Stage 2	Stage 3	Total
Grades 1 - 4	0.03 - 0.74	2,543,852	-	-	2,543,852
Grades 5 - 6	0.75 - 3.95	2,044,471	228,209	-	2,272,680
Grades 7 - 8	3.96 - 30.67	340,782	118,328	-	459,110
Grades 9 - 10	30.68 - 100	-	-	61,845	61,845
		4,929,105	346,537	61,845	5,337,487
Loss allowance		(27,326)	(17,871)	(54,744)	(99,941)
Total		4,901,779	328,666	7,101	5,237,546

	December 31, 2019				
	PD Ranges	Stage 1	Stage 2	Stage 3	Total
Grades 1 - 4	0.03 - 0.74	2,928,401	-	-	2,928,401
Grades 5 - 6	0.75 - 3.95	2,330,150	85,173	-	2,415,323
Grades 7 - 8	3.96 - 30.67	343,606	143,822	-	487,428
Grades 9 - 10	30.68 - 100	-	-	61,845	61,845
		5,602,157	228,995	61,845	5,892,997
Loss allowance		(28,892)	(15,842)	(54,573)	(99,307)
Total		5,573,265	213,153	7,272	5,793,690

5. Financial risk (continued)

A. Credit risk (continued)

Loan commitments, financial guarantees issued and customers' liabilities under acceptances

	March 31, 2020				
	12-month PD Ranges	Stage 1	Stage 2	Stage 3	Total
Commitments and contingencies					
Grades 1 - 4	0.03 - 0.74	157,231	-	-	157,231
Grades 5 - 6	0.75 - 3.95	104,085	35,843	-	139,928
Grades 7 - 8	3.96 - 30.67	130,441	-	-	130,441
		<u>391,757</u>	<u>35,843</u>	<u>-</u>	<u>427,600</u>
Customers' liabilities under acceptances					
Grades 1 - 4	0.03 - 0.74	4,983	-	-	4,983
Grades 5 - 6	0.75 - 3.95	-	-	-	-
Grades 7 - 8	3.96 - 30.67	61,674	-	-	61,674
		<u>66,657</u>	<u>-</u>	<u>-</u>	<u>66,657</u>
		458,414	35,843	-	494,257
Loss allowance		(2,052)	(391)	-	(2,443)
Total		<u>456,362</u>	<u>35,452</u>	<u>-</u>	<u>491,814</u>
	December 31, 2019				
	12-month PD Ranges	Stage 1	Stage 2	Stage 3	Total
Commitments and contingencies					
Grades 1 - 4	0.03 - 0.74	153,874	-	-	153,874
Grades 5 - 6	0.75 - 3.95	150,631	27,446	-	178,077
Grades 7 - 8	4.13 - 30.43	161,421	-	-	161,421
		<u>465,926</u>	<u>27,446</u>	<u>-</u>	<u>493,372</u>
Customers' liabilities under acceptances					
Grades 1 - 4	0.03 - 0.74	13,367	-	-	13,367
Grades 5 - 6	0.75 - 3.95	5,491	-	-	5,491
Grades 7 - 8	4.13 - 30.43	96,824	-	-	96,824
		<u>115,682</u>	<u>-</u>	<u>-</u>	<u>115,682</u>
		581,608	27,446	-	609,054
Loss allowance		(2,683)	(361)	-	(3,044)
Total		<u>578,925</u>	<u>27,085</u>	<u>-</u>	<u>606,010</u>

5. Financial risk (continued)

A. Credit risk (continued)

Securities at amortized cost

	March 31, 2020				
	12-month PD Ranges	Stage 1	Stage 2	Stage 3	Total
Grades 1 - 4	0.03 - 0.74	74,200	-	-	74,200
		74,200	-	-	74,200
Loss allowance		(106)	-	-	(106)
Total		74,094	-	-	74,094

	December 31, 2019				
	12-month PD Ranges	Stage 1	Stage 2	Stage 3	Total
Grades 1 - 4	0.03 - 0.74	73,047	-	-	73,047
Grades 5 - 6	0.75 - 3.95	-	1,500	-	1,500
		73,047	1,500	-	74,547
Loss allowance		(103)	(10)	-	(113)
Total		72,944	1,490	-	74,434

Securities at fair value through other comprehensive income (FVOCI)

	March 31, 2020				
	12-month PD Ranges	Stage 1	Stage 2	Stage 3	Total
Grades 1 - 4	0.03 - 0.74	5,065	-	-	5,065
		5,065	-	-	5,065
Loss allowance		-	-	-	-
Total		5,065	-	-	5,065

	December 31, 2019				
	12-month PD Ranges	Stage 1	Stage 2	Stage 3	Total
Grades 1 - 4	0.03 - 0.74	5,094	-	-	5,094
		5,094	-	-	5,094
Loss allowance		-	-	-	-
Total		5,094	-	-	5,094

5. Financial risk (continued)

A. Credit risk (continued)

The following table presents information of the current and past due balances of loans in stages 1, 2 and 3:

	March 31, 2020			Total
	Stage 1	Stage 2	Stage 3	
Gross carrying amount				
Current	4,929,105	346,537	43,445	5,319,087
Past due				
90-120 days	-	-	3,724	3,724
151-180 days	-	-	-	-
More than 180 days	-	-	14,676	14,676
Total past due	-	-	18,400	18,400
Total	4,929,105	346,537	61,845	5,337,487

	December 31, 2019			Total
	Stage 1	Stage 2	Stage 3	
Gross carrying amount				
Current	5,602,157	228,995	47,169	5,878,321
Past due				
90-120 days	-	-	3,724	3,724
151-180 days	-	-	-	-
More than 180 days	-	-	10,952	10,952
Total past due	-	-	14,676	14,676
Total	5,602,157	228,995	61,845	5,892,997

As of March 31, 2020 and December 31, 2019, other financial assets were no past due or impaired balances.

The following table presents an analysis of counterparty credit exposures arising from derivative transactions. The Bank's derivative transactions are generally fully secured by cash.

	March 31,	
	Notional value USD	Derivative financial instrument -fair value asset
Interest rate swaps	470,667	3,675
Cross-currency swaps	401,721	2,346
Foreign exchange forwards	57,194	11,023
Total	929,582	17,044

	Derivative financial instrument -fair value liabilities
	(2,696)
	(46,399)
	-
Total	(49,095)

5. Financial risk (continued)

A. Credit risk (continued)

	December 31, 2019		
	Notional value USD	Derivative financial instrument - fair value asset	Derivative financial instrument - fair value liabilities
Interest rate swaps	521,333	407	(1,903)
Cross-currency swaps	369,869	10,125	(10,197)
Foreign exchange forwards	74,471	625	(2,575)
Total	965,673	11,157	(14,675)

ii. Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral.

Derivatives and repurchase agreements

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 pledged 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 International Swaps and Derivatives Association master agreement (“ISDA”) and similar master netting arrangements do not meet the criteria for offsetting in the consolidated statement of financial position. This is because they create for the parties to the agreement a right of set-off of recognized amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Bank or the counterparties or following other predetermined events.

Such arrangements provide for single net settlement of all financial instruments covered by the agreements in the event of default on any one contract. Master netting arrangements do not normally result in an offset of balance-sheet assets and liabilities unless certain conditions for offsetting are met.

Although master netting arrangements may significantly reduce credit risk, it should be noted that:

- Credit risk is eliminated only to the extent that amounts due to the same counterparty will be settled after the assets are realized.
- The extent to which overall credit risk is reduced may change substantially within a short period because the exposure is affected by each transaction subject to the arrangement.

Loans

The main types of collateral obtained are, as follows:

- For commercial lending, liens on real estate property, inventory and trade receivables.

The Bank also obtains guarantees from parent companies for loans to their subsidiaries. Management monitors the market value of collateral and will request additional collateral in accordance with the underlying agreement. It is the Bank’s policy to dispose of repossessed property in an orderly fashion. The proceeds are used to reduce or repay the outstanding claim. In general, the Bank does not occupy repossessed property for business use.

5. Financial risk (continued)

A. Credit risk (continued)

The Bank holds guarantees and other financial credit enhancements against certain exposures in the loan portfolio. As of March 31, 2020, and December 31, 2019, the coverage ratio to the carrying amount of the loan portfolio was 13% and 12% respectively.

iii. Implementation of forward-looking information

The Bank incorporates information of the economic environments on a forward-looking view, when assessing whether the credit risk of a financial instrument has significantly increased since initial recognition through customer and country rating models which include projections of the inputs under analysis.

Supplementary, for the expected credit loss measurement the results of the alert model can be considered, which are analyzed through a severity indicator to total risk resulting from the estimates and assumptions of several macroeconomics factors. These estimates and assumptions are supported by a base scenario associated to a probability of occurrence of 95%. Other scenarios represent optimistic and pessimistic results. The implementation and interpretation of the outcomes of the alert are based on the expert judgement of management, based on suggestions of areas such as Credit Risk, Economic Studies and Loan Recovery of the Bank.

The external information could include economic data and projections published by governmental committees, monetary agencies (e.g., Federal Reserve Bank and from countries where the Bank operates), supranational organizations (International Monetary Fund, The World Bank, World Trade Organization), private sector, academic projections, credit rating agencies, among other.

Principal macroeconomics variables of the country rating model with forward-looking scenarios are:

Variables	Description
GDP Growth (Var. %)	% Variation in the growth of the Gross Domestic Product (GDP)
ComEx Growth (Var. %)	% Variation in foreign trade growth (Exp. + Imp.)

The model uses, as main inputs, the following macroeconomic variables: the percentage variation of the gross domestic product of Latin America and the percentage of the foreign trade index growth. The main movements and changes in the variables are analyzed, in general and in particular for each country in the region. This historical and projected information over a period of five years allows Management a complementary means to estimate the macroeconomic effects in the Bank's portfolio.

5. Financial risk (continued)

A. Credit risk (continued)

The table below lists the macroeconomic assumptions by country used in the base, optimistic and pessimistic scenarios over the five-year average forecast period.

Country	Scenario	Variable					
		GDP Growth (Var.%)			ComEx Growth Index (Var.%)		
		March 31, 2020	December 31, 2021	December 31, 2019	March 31, 2020	December 31, 2019	December 31, 2019
Brazil	Central	2.3%	2.1%	2.1%	6.2%	4.0%	4.0%
	Upside	3.3%	3.1%	3.1%	9.7%	7.5%	7.5%
	Downside	0.9%	0.7%	0.7%	2.2%	0.0%	0.0%
Colombia	Central	3.5%	3.4%	3.4%	7.3%	5.5%	5.5%
	Upside	4.6%	4.5%	4.5%	10.3%	8.5%	8.5%
	Downside	2.2%	2.1%	2.1%	3.8%	2.0%	2.0%
Mexico	Central	1.8%	1.3%	1.3%	3.8%	2.5%	2.5%
	Upside	2.8%	2.3%	2.3%	7.8%	6.5%	6.5%
	Downside	0.6%	0.1%	0.1%	-0.7%	-2.0%	-2.0%
Chile	Central	2.6%	2.2%	2.2%	5.6%	2.7%	2.7%
	Upside	3.7%	3.3%	3.3%	9.1%	6.2%	6.2%
	Downside	1.4%	1.0%	1.0%	1.6%	-1.3%	-1.3%
Ecuador	Central	1.8%	1.2%	1.2%	4.7%	3.9%	3.9%
	Upside	2.8%	2.2%	2.2%	7.7%	6.9%	6.9%
	Downside	0.3%	-0.3%	-0.3%	1.2%	0.4%	0.4%
Guatemala	Central	3.4%	3.4%	3.4%	5.4%	5.4%	5.4%
	Upside	4.4%	4.4%	4.4%	8.4%	8.4%	8.4%
	Downside	2.2%	2.2%	2.2%	1.9%	1.9%	1.9%
Dominican Republic	Central	3.1%	2.8%	2.8%	7.4%	5.7%	5.7%
	Upside	4.1%	3.8%	3.8%	10.9%	9.2%	9.2%
	Downside	1.8%	1.5%	1.5%	3.4%	1.7%	1.7%
Panama	Central	4.8%	4.3%	4.3%	5.3%	3.8%	3.8%
	Upside	6.3%	5.8%	5.8%	8.3%	6.8%	6.8%
	Downside	1.8%	0.3%	0.3%	1.8%	0.3%	0.3%

5. Financial risk (continued)

A. Credit risk (continued)

iv. Loss allowances

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument.

Loans

	Stage 1	Stage 2	Stage 3	Total
Allowance for expected credit losses as of December 31, 2019	28,892	15,842	54,573	99,307
Transfer to lifetime expected credit losses	(183)	183	-	-
Net effect of changes in allowance for expected credit losses	(383)	2,748	56	2,421
Financial instruments that have been derecognized during the period	(8,296)	(902)	-	(9,198)
New financial assets originated or purchased	7,296	-	-	7,296
Write-offs	-	-	-	-
Recoveries	-	-	115	115
Allowance for expected credit losses as of March 31, 2020	27,326	17,871	54,744	99,941

	Stage 1	Stage 2	Stage 3	Total
Allowance for expected credit losses as of December 31, 2018	34,957	16,389	49,439	100,785
Transfer to lifetime expected credit losses	(2,488)	2,488	-	-
Net effect of changes in allowance for expected credit losses	(2,154)	5,881	7,987	11,714
Financial instruments that have been derecognized during the period	(27,118)	(8,916)	(500)	(36,534)
New financial assets originated or purchased	25,695	-	-	25,695
Write-offs	-	-	(2,405)	(2,405)
Recoveries	-	-	52	52
Allowance for expected credit losses as of December 31, 2019	28,892	15,842	54,573	99,307

5. Financial risk (continued)

A. Credit risk (continued)

Loan commitments, financial guarantee contracts and customers' liabilities under acceptances

The allowance for expected credit losses on loan commitments and financial guarantee contracts reflects the Bank's management estimate expected credit losses of customers' liabilities under acceptances and items such as: confirmed letters of credit, stand-by letters of credit, guarantees, and credit commitments.

	Stage 1	Stage 2	Stage 3	Total
Allowance for expected credit losses as of December 31, 2019	2,683	361	-	3,044
Net effect of changes in reserve for expected credit loss	(238)	30	-	(208)
Financial instruments that have been derecognized during the period	(1,580)	-	-	(1,580)
New instruments originated or purchased	1,187	-	-	1,187
Allowance for expected credit losses as of March 31, 2020	2,052	391	-	2,443

	Stage 1	Stage 2	Stage 3	Total
Allowance for expected credit losses as of December 31, 2018	3,089	200	-	3,289
Net effect of changes in reserve for expected credit loss	(17)	170	-	153
Financial instruments that have been derecognized during the year	(2,497)	(9)	-	(2,506)
New instruments originated or purchased	2,108	-	-	2,108
Allowance for expected credit losses as of December 31, 2019	2,683	361	-	3,044

5. Financial risk (continued)

A. Credit risk (continued)

Securities at amortized cost

	Stage 1	Stage 2	Stage 3	Total
Allowance for expected credit losses as of December 31, 2019	103	10	-	113
Net effect of changes in allowance for expected credit losses	-	-	-	-
Financial instruments that have been derecognized during the period	(27)	(10)	-	(37)
New financial assets originated or purchased	30	-	-	30
Allowance for expected credit losses as of March 31, 2020	106	-	-	106

	Stage 1	Stage 2	Stage 3	Total
Allowance for expected credit losses as of December 31, 2018	113	27	-	140
Net effect of changes in allowance for expected credit losses	(1)	(17)	-	(18)
Financial instruments that have been derecognized during the year	(46)	-	-	(46)
New financial assets originated or purchased	37	-	-	37
Allowance for expected credit losses as of December 31, 2019	103	10	-	113

Securities at fair value through other comprehensive income (FVOCI)

	Stage 1	Stage 2	Stage 3	Total
Allowance for expected credit losses as of December 31, 2019	-	-	-	-
Financial instruments that have been derecognized during the period	-	-	-	-
Allowance for expected credit losses as of March 31, 2020	-	-	-	-

5. Financial risk (continued)

A. Credit risk (continued)

	Stage 1	Stage 2	Stage 3	Total
Allowance for expected credit losses as of December 31, 2018	33	140	-	173
Financial instruments that have been derecognized during the year	(33)	(140)	-	(173)
Allowance for expected credit losses as of December 31, 2019	-	-	-	-

The following table provides a reconciliation between:

- Amounts shown in the previous tables reconciling opening and closing balances of loss allowance per class of financial instrument; and
- The 'impairment losses on financial instruments' line item in the condensed consolidated interim statement of profit or loss and other comprehensive income.

	Loans	Loan commitments and financial guarantee contracts	Securities		Total
			At amortized cost	FVOCI	
March 31, 2020					
Net effect of changes in allowance for expected credit losses	2,421	(208)	-	-	2,213
Financial instruments that have been derecognized during the year	(9,198)	(1,580)	-	(37)	(10,815)
New financial assets originated or purchased	7,296	1,187	-	30	8,513
Total	519	(601)	-	(7)	(89)

	Loans	Loan commitments and financial guarantee contracts	Securities		Total
			At amortized cost	FVOCI	
March 31, 2019					
Net effect of changes in allowance for expected credit losses	9,360	(266)	(8)	(7)	9,079
Financial instruments that have been derecognized during the year	(15,569)	(1,802)	-	(10)	(17,381)
New financial assets originated or purchased	7,763	1,481	-	-	9,244
Total	1,554	(587)	(8)	(17)	942

5. Financial risk (continued)

A. Credit risk (continued)

v. Credit-impaired financial assets

Credit-impaired loans and advances are graded 8 to 10 in the Bank's internal credit risk grading system.

The following table sets out a reconciliation of changes in the net carrying amount of credit-impaired loans .

	March 31, 2020	December 31, 2019
Credit-impaired loans and advances at beginning of period	54,573	49,439
Classified as credit-impaired during the period	-	-
Change in expected credit losses allowance	(115)	7,664
Release for asset sale	-	(500)
Recoveries of amounts previously written off	115	52
Interest income	171	323
Write-offs	-	(2,405)
Credit-impaired loans and advances at end of period	<u>54,744</u>	<u>54,573</u>

vi. Concentrations of credit risk

The Bank monitors concentrations of credit risk by sector, industry and by country. An analysis of concentrations of credit risk from loans, loan commitments, financial guarantees and investment securities is as follows.

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries
Notes to the unaudited condensed consolidated interim financial statements
(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)

5. Financial risk (continued)

A. Credit risk (continued)

Concentration by sector and industry.

	Loans		Securities				Loan commitments and financial guarantee contracts	
			At amortized cost		FVOCI			
	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
Carrying amount - principal	5,337,487	5,892,997	74,200	74,547	5,065	5,094	66,657	115,682
Amount committed/guaranteed	-	-	-	-	-	-	427,600	493,372
Concentration by sector								
Corporations:								
Private	1,611,790	1,782,808	6,998	2,998	-	-	160,810	213,161
State-owned	757,042	780,491	28,809	23,792	-	-	69,718	69,822
Financial institutions:								
Private	2,522,994	2,692,787	18,000	19,276	-	-	77,521	75,130
State-owned	398,440	589,690	-	-	-	-	186,208	250,941
Sovereign	47,221	47,221	20,393	28,481	5,065	5,094	-	-
Total	5,337,486	5,892,997	74,200	74,547	5,065	5,094	494,257	609,054
Concentration by industry								
Financial institutions	2,921,434	3,282,477	18,000	19,276	-	-	263,729	326,071
Industrial	875,826	925,375	30,706	21,658	-	-	127,381	143,560
Oil and petroleum derived products	530,687	561,068	5,101	5,132	-	-	46,492	71,571
Agricultural	265,337	327,288	-	-	-	-	-	-
Services	431,478	370,753	-	-	-	-	5,224	20,497
Mining	102,366	162,364	-	-	-	-	-	-
Sovereign	47,221	47,221	20,393	28,481	5,065	5,094	-	-
Other	163,138	216,451	-	-	-	-	51,431	47,355
Total	5,337,486	5,892,997	74,200	74,547	5,065	5,094	494,257	609,054

Banco Latinoamericano de Comercio Exterior, S. A. and Subsidiaries
Notes to the unaudited condensed consolidated interim financial statements
(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)

5. Financial risk (continued)

A. Credit risk (continued)

Risk rating and concentration by country

	Loans		Securities				Loan commitments and financial guarantee contracts	
	March 31, 2020	December 31, 2019	At amortized cost		FVOCI		March 31, 2020	December 31, 2019
	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
Carrying amount - principal	5,337,487	5,892,997	74,200	74,547	5,065	5,094	66,657	115,682
Amount committed/guaranteed	-	-	-	-	-	-	427,600	493,372
Rating								
1-4	2,543,852	2,928,401	74,200	73,047	5,065	5,094	162,214	167,241
5-6	2,272,680	2,415,323	-	1,500	-	-	139,928	183,568
7-8	459,110	487,428	-	-	-	-	192,115	258,245
10	61,845	61,845	-	-	-	-	-	-
Total	5,337,487	5,892,997	74,200	74,547	5,065	5,094	494,257	609,053
Concentration by country								
Argentina	194,526	226,481	-	-	-	-	-	-
Belgium	14,105	13,742	-	-	-	-	-	-
Bolivia	5,000	7,000	-	-	-	-	3,079	400
Brazil	959,464	1,015,316	-	1,500	-	-	-	50,000
Canada	-	-	-	-	-	-	657	657
Chile	578,710	683,132	-	-	5,065	5,094	8,388	8
Colombia	834,401	906,091	15,282	15,338	-	-	37,000	50,610
Costa Rica	221,288	220,380	-	-	-	-	59,752	59,161
Dominican Republic	104,139	289,853	-	-	-	-	16,500	16,500
Ecuador	169,761	174,267	-	-	-	-	185,253	252,391
El Salvador	64,900	54,232	-	-	-	-	5,596	5,555
France	149,144	152,530	-	-	-	-	47,906	47,906
Germany	33,725	34,613	-	-	-	-	-	-
Guatemala	295,270	278,557	-	-	-	-	44,808	44,200
Honduras	126,441	128,937	-	-	-	-	1,265	300
Hong Kong	-	10,400	-	-	-	-	-	-
Jamaica	31,603	38,312	-	-	-	-	-	-
Luxembourg	58,225	59,813	-	-	-	-	-	-
Mexico	485,150	754,465	21,416	21,505	-	-	30,000	27,377
Panama	379,455	268,355	37,502	36,204	-	-	26,659	25,304
Paraguay	120,348	127,970	-	-	-	-	10,652	10,652
Peru	196,976	150,301	-	-	-	-	6,742	8,033
Singapore	50,259	90,955	-	-	-	-	-	-
Switzerland	-	-	-	-	-	-	10,000	10,000
Trinidad and Tobago	181,676	181,676	-	-	-	-	-	-
United States of America	25,000	25,000	-	-	-	-	-	-
Uruguay	57,921	619	-	-	-	-	-	-
Total	5,337,487	5,892,997	74,200	74,547	5,065	5,094	494,257	609,054

5. Financial risk (continued)

A. Credit risk (continued)

vii. Offsetting financial assets and liabilities

The following tables include financial assets and liabilities that are offset in the condensed consolidated interim financial statement or subject to an enforceable master netting arrangement:

a) Derivative financial instruments – assets

March 31, 2020						
Description	Gross amounts of assets	Gross amounts offset in the consolidated statement of financial position	Net amount of assets presented in the consolidated statement of financial position	Gross amounts not offset in the consolidated statement of financial position		
				Financial instruments	Cash collateral received	Net Amount
Derivative financial instruments used for hedging	17,044	-	17,044	-	(12,006)	5,038
Total	17,044	-	17,044	-	(12,006)	5,038

December 31, 2019						
Description	Gross amounts of assets	Gross amounts offset in the consolidated statement of financial position	Net amount of assets presented in the consolidated statement of financial position	Gross amounts not offset in the consolidated statement of financial position		
				Financial instruments	Cash collateral received	Net Amount
Derivative financial instruments used for hedging	11,157	-	11,157	-	(9,350)	1,807
Total	11,157	-	11,157	-	(9,350)	1,807

5. Financial risk (continued)

A. Credit risk (continued)

b) Securities sold under repurchase and derivative financial instruments – liabilities

March 31, 2020						
Description	Gross amounts of liabilities	Gross amounts offset in the consolidated statement of financial position	Net amount of liabilities presented in the consolidated statement of financial position	Gross amounts not offset in the consolidated statement of financial position		Net Amount
				Financial instruments	Cash collateral pledged	
Securities sold under repurchase agreements	(53,888)	-	(53,888)	56,265	2,685	5,062
Derivative financial instruments used for hedging	(49,095)	-	(49,095)	-	47,916	(1,179)
Total	(102,983)	-	(102,983)	56,265	50,601	3,883

December 31, 2019						
Description	Gross amounts of liabilities	Gross amounts offset in the consolidated statement of financial position	Net amount of liabilities presented in the consolidated statement of financial position	Gross amounts not offset in the consolidated statement of financial position		Net Amount
				Financial instruments	Cash collateral pledged	
Securities sold under repurchase agreements	(40,530)	-	(40,530)	41,937	320	1,727
Derivative financial instruments used for hedging	(14,675)	-	(14,675)	-	14,632	(43)
Total	(55,205)	-	(55,205)	41,937	14,952	1,684

5. Financial risk (continued)

B. Liquidity risk

i. Exposure to liquidity risk

The key measure used by the Bank for managing liquidity risk is the ratio of net liquid assets to deposits from customers and short-term funding. For this purpose, 'net liquid assets' includes cash and cash equivalents which consist of deposits from banks, customers, debt securities issued, other borrowings and commitments maturing within the next month.

The following table details the Bank's liquidity ratios, described in the previous paragraph, as of March 31, 2020 and December 31, 2019, respectively, along with average information for the period:

	March 31, 2020	December 31, 2019
At the end of the period	121.05%	52.48%
Period average	90.58%	37.82%
Maximum of the period	185.50%	53.38%
Minimum of the period	53.26%	23.23%

The following table include the Bank's liquid assets by geographical location:

(in millions of USD dollars)	March 31, 2020	December 31, 2019
United State of America	1,293	1,132
Other O.E.C.D countries	-	4
Latin America	9	4
Other countries	-	20
Total	1,302	1,160

The following table includes the Bank's demand deposits from customers and its ratio to total deposits from customers:

(in millions of USD dollars)	March 31, 2020	December 31, 2019
Demand liabilities and "overnight"	596	86
% Demand liabilities and "overnight" of total deposits	24.12%	2.97%

The liquidity requirements resulting from the Bank's demand deposits from customers is satisfied by the Bank's liquid assets as follows:

(in millions of USD dollars)	March 31, 2020	December 31, 2019
Total liquid assets	1,302	1,160
% Total assets of total liabilities	52.66%	40.15%
% Total liquid assets in the U.S. Federal Reserve	99.31%	97.37%

5. Financial risk (continued)

B. Liquidity risk (continued)

The remaining liquid assets were composed of short-term deposits in other banks.

While the Bank's liabilities generally expire in shorter periods than their assets, the associated liquidity risk is diminished by the short-term nature of the loan portfolio, because the Bank is primarily engaged in financing foreign trade.

The following table includes the carrying amount for the Bank's loans and securities short-term portfolio with maturity within one year based on their original contractual term together with its average remaining term:

(in millions of USD dollars)	March 31, 2020	December 31, 2019
Loan portfolio and investment portfolio less than/equal to 1 year according to its original term	2,981	3,485
Average term (days)	282	189

The following table includes the carrying amount for the Bank's loans and securities medium term portfolio with maturity based over one year based on their original contractual term together with its average remaining term:

(in millions of USD dollars)	March 31, 2020	December 31, 2019
Loan portfolio and investment portfolio greater than/equal to 1 year according to its original term	2,442	2,497
Average term (days)	1,980	1,185

5. Financial risk (continued)

B. Liquidity risk (continued)

ii. Maturity analysis for financial liabilities and financial assets

The following table details the future undiscounted cash flows of assets and liabilities grouped by their remaining maturity with respect to the contractual maturity:

Description	March 31, 2020					Gross Inflow (outflow)	Carrying amount
	Up to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	More than 5 years		
Assets							
Cash and due from banks	1,353,018	-	-	-	-	1,353,018	1,353,018
Securities and other financial assets, net	11,457	9,233	12,971	60,947	-	94,608	86,326
Loans, net	1,390,815	909,647	1,319,462	1,768,660	156,134	5,544,718	5,267,064
Derivative financial instruments - assets	10,661	3,879	-	2,504	-	17,044	17,115
Total	2,765,951	922,759	1,332,433	1,832,111	156,134	7,009,388	6,723,523
Liabilities							
Deposits	(2,231,628)	(123,534)	(121,910)	-	-	(2,477,072)	(2,472,644)
Securities sold under repurchase agreements	(49,344)	(4,732)	-	-	-	(54,076)	(53,888)
Borrowings and debt, net	(1,237,027)	(734,905)	(316,380)	(914,777)	(13,006)	(3,216,095)	(3,137,018)
Derivative financial instruments - liabilities	(128)	-	(4,620)	(44,347)	-	(49,095)	(49,095)
Total	(3,518,127)	(863,171)	(442,910)	(959,124)	(13,006)	(5,796,338)	(5,712,645)
Contingencies							
Confirmed letters of credit	117,252	10,426	9,802	-	-	137,480	137,480
Stand-by letters of credit and guaranteed	90,465	65,491	94,032	10,132	-	260,120	260,120
Credit commitments	-	-	-	30,000	-	30,000	30,000
Total	207,717	75,917	103,834	40,132	-	427,600	427,600
Net position	(959,893)	(16,329)	785,689	832,855	143,128	785,450	583,278

5. Financial risk (continued)

B. Liquidity risk (continued)

Description	December 31, 2019					Gross Inflow (outflow)	Carrying amount
	Up to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	More than 5 years		
Assets							
Cash and due from banks	1,178,288	-	-	-	-	1,178,288	1,178,170
Securities and other financial assets, net	16,684	6,457	7,293	54,544	6,492	91,470	88,794
Loans, net	1,960,381	967,594	1,207,469	1,822,519	150,742	6,108,705	5,823,333
Derivative financial instruments - assets	-	625	-	10,532	-	11,157	11,157
Total	3,155,353	974,676	1,214,762	1,887,595	157,234	7,389,620	7,101,454
Liabilities							
Deposits	(2,574,180)	(198,786)	(122,680)	-	-	(2,895,646)	(2,893,555)
Securities sold under repurchase agreements	(40,691)	-	-	-	-	(40,691)	(40,530)
Borrowings and debt, net	(1,407,612)	(451,736)	(230,776)	(1,147,699)	(13,422)	(3,251,245)	(3,148,864)
Derivative financial instruments - liabilities	(2,425)	(775)	(1,711)	(12,014)	-	(16,925)	(14,675)
Total	(4,024,908)	(651,297)	(355,167)	(1,159,713)	(13,422)	(6,204,507)	(6,097,624)
Contingencies							
Confirmed letters of credit	84,235	77,493	7,592	-	-	169,320	169,320
Stand-by letters of credit and guaranteed	35,906	95,440	114,078	10,057	-	255,481	255,481
Credit commitments	-	-	-	68,571	-	68,571	68,571
Total	120,141	172,933	121,670	78,628	-	493,372	493,372
Net position	(989,696)	150,446	737,925	649,254	143,812	691,741	510,458

The amounts in the table above have been compiled as follows:

Type of financial instrument	Basis on which amounts are compiled
Financial assets and liabilities	Undiscounted cash flows, which include estimated interest payments.
Issued financial guarantee contracts, and loan commitments	Earliest possible contractual maturity. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.
Derivative financial liabilities and financial assets	Contractual undiscounted cash flows. The amounts shown are the gross nominal inflows and outflows for derivatives that have simultaneous gross and the net amounts for derivatives that are net settled.

5. Financial risk (continued)

B. Liquidity risk (continued)

iii. Liquidity reserves

As part of management of liquidity risk arising from financial liabilities, the Bank holds liquid assets comprising cash and cash equivalents, which can be readily sold to meet liquidity requirements.

The following table sets out the components of the Banks's liquidity reserves:

	March 31, 2020		December 31, 2019	
	Amount	Fair Value	Amount	Fair Value
Balance with Central Banks	1,267,730	1,267,730	1,129,016	1,129,016
Cash and balances with other bank	85,288	85,288	49,154	49,154
Total Liquidity reserves	1,353,018	1,353,018	1,178,170	1,178,170

iv. Financial assets available to support future funding

The following table sets out the Bank's financial assets available to support future funding:

March 31, 2020		Available as collateral	
	Guaranteed	Guaranteed	collateral
Cash and due from banks	55,333	1,297,685	
Notional of investment securities	55,300	23,000	
Loan portfolio	-	5,337,487	
Total assets	110,633	6,658,172	

December 31, 2019		Available as collateral	
	Guaranteed	Guaranteed	collateral
Cash and due from banks	18,452	1,159,718	
Notional of investment securities	40,531	38,045	
Loan portfolio	-	5,823,333	
Total assets	58,983	7,021,096	

5. Financial risk (continued)

C. Market risk

The Bank manages market risk by considering the consolidated financial situation of the Bank.

i. Interest rate risk

The following is a summary of the Bank's interest rate gap position for the financial assets and liabilities based on their next repricing date:

Description	March 31, 2020						Total
	Up to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	More than 5 years	Non interest rate risk	
Assets							
Demand deposits and time deposits	1,344,692	-	-	-	-	8,326	1,353,018
Securities and other financial assets	6,351	22,063	50,851	-	-	-	79,265
Loans	3,445,944	882,223	813,510	195,810	-	-	5,337,487
Total assets	4,796,987	904,286	864,361	195,810	-	8,326	6,769,770
Liabilities							
Demand deposits and time deposits	(2,224,511)	(122,783)	(120,302)	-	-	-	(2,467,596)
Securities sold repurchase agreements	(49,213)	(4,675)	-	-	-	-	(53,888)
Borrowings and debt	(2,672,021)	(218,044)	(73,392)	(153,965)	-	(19,596)	(3,137,018)
Total liabilities	(4,945,745)	(345,502)	(193,694)	(153,965)	-	(19,596)	(5,658,502)
Net effect of derivative financial instruments held for interest risk management	(128)	844	(4,620)	(45,443)	-	-	(49,347)
Total interest rate sensitivity	(148,886)	559,628	666,047	(3,598)	-	(11,270)	1,061,921
December 31, 2019							
Description	Up to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	More than 5 years	Non interest rate risk	Total
Assets							
Demand deposits and time deposits	1,155,155	-	-	-	-	-	1,155,155
Securities and other financial assets	14,935	6,351	5,055	53,300	-	-	79,641
Loans	4,031,432	1,096,355	548,028	208,443	8,739	-	5,892,997
Total assets	5,201,522	1,102,706	553,083	261,743	8,739	-	7,127,793
Liabilities							
Demand deposits and time deposits	(2,570,324)	(197,300)	(120,419)	-	-	(293)	(2,888,336)
Securities sold repurchase agreements	(40,530)	-	-	-	-	-	(40,530)
Borrowings and debt	(2,534,382)	(401,432)	(25,261)	(157,321)	-	(19,914)	(3,138,310)
Total liabilities	(5,145,236)	(598,732)	(145,680)	(157,321)	-	(20,207)	(6,067,176)
Net effect of derivative financial instruments held for interest risk management	(2,425)	(150)	(1,711)	(1,482)	-	-	(5,768)
Total interest rate sensitivity	53,861	503,824	405,692	102,940	8,739	(20,207)	1,054,849

Management of interest rate risk is complemented by monitoring the sensitivity of the Bank's financial assets and liabilities to various standard interest rate scenarios. Standard scenarios that are considered on a monthly basis include a 50bps, 100bps and 200bps, respectively, parallel fall or rise in all yield curves which are assessed accordingly to market conditions.

5. Financial risk (continued)

C. Market risk (continued)

i. Interest rate risk (continued)

The following is an analysis of the Bank's sensitivity to an increase or decrease in market interest rates, assuming no asymmetrical movements in yield curves and a constant financial position:

	Change in interest rate	Effect on profit or loss	Effect on Equity
March 31, 2020	+200 bps	(14,848)	(21,776)
	-200 bps	(4,120)	(21,776)
December 31, 2019	+200 bps	14,297	(66,840)
	-200 bps	(14,297)	66,840

Interest rate movements affect reported equity in the following ways:

- Retained earnings: increases or decreases in net interest income and in fair values of derivatives reported in profit or loss;
- Fair value reserve: increases or decreases in fair values of financial assets at FVOCI reported directly in equity; and
- Hedging reserve: increases or decreases in fair values of hedging instruments designated in qualifying cash flow hedge relationships.

This sensitivity provides a consideration of changes in interest rates, considering last period interest rate volatility.

i. Exposure to currency risk

The following table presents the maximum exposure amount in foreign currency of the Bank's carrying amount of total assets and liabilities, excluding derivative financial assets and liabilities which are included in other assets and liabilities based on their fair value.

	March 31, 2020						Total
	Brazilian Real	European Euro	Japanese Yen	Colombian Peso	Mexican Peso	Other Currencies (1)	
Exchange rate	5.19	1.10	107.68	4,965.38	23.60		
Assets							
Cash and due from banks	146	15	5	66	6,884	66	7,182
Loans	-	-	-	-	345,677	-	345,677
Total Assets	146	15	5	66	352,561	66	352,859
Liabilities							
Borrowings and debt	-	-	-	-	(352,187)	-	(352,187)
Total liabilities	-	-	-	-	(352,187)	-	(352,187)
Net currency position	146	15	5	66	374	66	672

(1) It includes other currencies such as: Argentine pesos, Australian dollar, Swiss franc, Sterling pound, Peruvian soles, and Renminbi.

5. Financial risk (continued)

C. Market risk (continued)

ii. Foreign exchange risk

	December 31, 2019						
	Brazilian Real	European Euro	Japanese Yen	Colombian Peso	Mexican Peso	Other Currencies (1)	Total
Exchange rate	4.02	1.12	108.67	3,287.50	18.88		
Assets							
Cash and due from banks	274	17	4	34	4,243	58	4,630
Loans	-	-	-	-	473,729	-	473,729
Total Assets	<u>274</u>	<u>17</u>	<u>4</u>	<u>34</u>	<u>477,972</u>	<u>58</u>	<u>478,359</u>
Liabilities							
Borrowings and debt	-	-	-	-	(478,038)	-	(478,038)
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(478,038)</u>	<u>-</u>	<u>(478,038)</u>
Net currency position	<u>274</u>	<u>17</u>	<u>4</u>	<u>34</u>	<u>(66)</u>	<u>58</u>	<u>321</u>

(1) It includes other currencies such as: Argentine pesos, Australian dollar, Swiss franc, Sterling pound, Peruvian soles, and Renminbi.

6. Fair value of financial instruments

The Bank determines the fair value of its financial instruments using the fair value hierarchy established in IFRS 13 - 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 inputs that 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 assess 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 inputs 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 inputs that market participants would use when pricing the asset or liability. When possible, the Bank uses active markets and observable prices to value identical assets or liabilities.

6. Fair value of financial instruments (continued)

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 valuation of the financial asset or liability, or in the 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:

A. Recurring valuation

Financial instruments at FVTPL and FVOCI

Financial instruments at FVTPL and FVOCI 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.

When quoted prices are available in an active market, financial instruments at FVTPL and financial instruments at FVOCI 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 for similar instruments, or where these are not available, by using internal valuation techniques, principally discounted cash flows models. Such securities are classified within levels 2 and 3 of the fair value hierarchy.

Derivative financial instruments and hedged items that qualify as a fair value hedging relationship

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 Overnight Index Swap (“OIS”) interest rate curves. Because not all counterparties have the same credit risk as that implied by the relevant OIS 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.

Financial instruments assets and liabilities recognized and designated as hedged items that qualify as a fair value hedging relationship are measured at amortized cost and adjusted for the effect of the risks covered in the hedging relationship.

6. Fair value of financial instruments (continued)

A. Recurring valuation (continued)

Financial instruments measured at fair value on a recurring basis by caption on the consolidated statement of financial position using the fair value hierarchy are described below:

	March 31, 2020			Total
	Level 1	Level 2	Level 3	
Assets				
Securities and other financial assets:				
Securities at FVOCI - Corporate debt	-	-	-	-
Securities at FVOCI - Sovereign debt	-	5,065	-	5,065
Equity instrument at FVOCI	-	-	-	-
Debt instrument at fair value through profit or loss	-	-	6,492	6,492
Total securities and other financial assets	-	5,065	6,492	11,557
Derivative financial instruments - assets:				
Interest rate swaps	-	3,675	-	3,675
Cross-currency swaps	-	2,346	-	2,346
Foreign exchange forwards	-	11,023	-	11,023
Total derivative financial instrument assets	-	17,044	-	17,044
Total assets at fair value	-	22,109	6,492	28,601
Liabilities				
Derivative financial instruments - liabilities:				
Interest rate swaps	-	2,696	-	2,696
Cross-currency swaps	-	46,399	-	46,399
Foreign exchange forwards	-	-	-	-
Total derivative financial instruments - liabilities	-	49,095	-	49,095
Total liabilities at fair value	-	49,095	-	49,095

6. Fair value of financial instruments (continued)

A. Recurring valuation (continued)

	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Assets				
Securities and other financial assets:				
Securities at FVOCI - Corporate debt	-	-	-	-
Securities at FVOCI - Sovereign debt	-	5,094	-	5,094
Equity instrument at FVOCI	-	1,889	-	1,889
Debt instrument at fair value through profit or loss	-	-	6,492	6,492
Total securities and other financial assets	-	6,983	6,492	13,475
Derivative financial instruments - assets:				
Interest rate swaps	-	407	-	407
Cross-currency swaps	-	10,125	-	10,125
Foreign exchange forwards	-	625	-	625
Total derivative financial instrument assets	-	11,157	-	11,157
Total assets at fair value	-	18,140	6,492	24,632
Liabilities				
Derivative financial instruments - liabilities:				
Interest rate swaps	-	1,903	-	1,903
Cross-currency swaps	-	10,197	-	10,197
Foreign exchange forwards	-	2,575	-	2,575
Total derivative financial instruments - liabilities	-	14,675	-	14,675
Total liabilities at fair value	-	14,675	-	14,675

Fair value calculations are provided only for a limited portion of assets and liabilities. Due to the wide range of valuation techniques and the degree of subjectivity used for estimates, comparisons of fair value information disclosed by the Bank with those of other companies may not be meaningful for comparative analysis.

6. Fair value of financial instruments (continued)

B. Non-recurring valuation

The following methods and inputs 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, interest receivable and certain financial liabilities including customer's demand and time deposits, securities sold under repurchase agreements, interest payable, and acceptances outstanding, due to their short-term nature, is considered to approximate their fair value. These instruments are classified in Level 2.

Securities at amortized cost

The fair value has been estimated upon current market quotations, where available. If quoted market prices are not available, fair value has been estimated based upon quoted prices of similar instruments, or where these are not available, on discounted expected future cash flows using market rates commensurate with the credit quality and maturity of the security. These securities are classified in Levels 2 and 3.

Loans

The fair value of the loan portfolio, including impaired loans, is estimated by discounting expected 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 March 31 of the relevant year. These assets are classified in Levels 2 and 3.

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 their fair value at the date of transfer. The fair value of these instruments is determined based upon quoted market prices when available or is 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.

Short and long-term borrowings and debt

The fair value of short and long-term borrowings and debt is estimated using discounted contractual future cash flows based on the current incremental borrowing rates for similar types of borrowing arrangements, considering the changes in the Bank's credit margin. These liabilities are classified in Level 2.

6. Fair value of financial instruments (continued)

B. Non-recurring valuation (continued)

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

	March 31, 2020				
	Carrying value	Fair value	Level 1	Level 2	Level 3
Assets					
Cash and deposits on banks	1,353,018	1,353,018	-	1,353,018	-
Securities at amortized cost ⁽¹⁾	74,761	72,557	-	49,526	23,031
Loans, net ⁽²⁾	5,267,064	5,240,179	-	5,174,056	66,123
Customers' liabilities under acceptances	66,657	66,657	-	66,657	-
Investment properties	3,494	3,494	-	-	3,494
Liabilities					
Deposits	2,467,596	2,467,596	-	2,467,596	-
Securities sold under repurchase agreements	53,888	53,888	-	53,888	-
Borrowings and debt, net ⁽³⁾	3,117,422	3,069,353	-	3,069,353	-
Customers' liabilities under acceptances	66,657	66,657	-	66,657	-
December 31, 2019					
	Carrying value	Fair value	Level 1	Level 2	Level 3
Assets					
Cash and deposits on banks	1,178,170	1,178,170	-	1,178,170	-
Securities at amortized cost ⁽¹⁾	75,271	75,724	-	56,914	18,810
Loans, net ⁽²⁾	5,823,333	6,162,885	-	6,101,040	61,845
Customers' liabilities under acceptances	115,682	115,682	-	115,682	-
Investment properties	3,494	3,494	-	-	3,494
Liabilities					
Deposits	2,888,336	2,888,336	-	2,888,336	-
Securities sold under repurchase agreements	40,530	40,530	-	40,530	-
Borrowings and debt, net ⁽³⁾	3,118,396	3,126,333	-	3,126,333	-
Customers' liabilities under acceptances	115,682	115,682	-	115,682	-

(1) The carrying value of securities at amortized cost is net of the accrued interest receivable of \$0.6 million and the allowance for expected credit losses of \$0.1 million as of March 31, 2020 and the accrued interest receivable of \$0.8 million and the allowance for expected credit losses of \$0.1 million as of December 31, 2019.

(2) The carrying value of loans at amortized cost is net of the accrued interest receivable of \$40.6 million, the allowance for expected credit losses of \$99.9 million and unearned interest and deferred fees of \$11 million for March 31, 2020, and the accrued interest receivable of \$41.7 million, the allowance for expected credit losses of \$99.3 million and unearned interest and deferred fees of \$12.1 million for December 31, 2019.

(3) Borrowings and debt excludes the lease liabilities for an amount of \$19.6 million and \$19.9 million as of March 31, 2020 and December 31, 2019, respectively.

6. Fair value of financial instruments (continued)

C. Valuation framework

The Bank has an established control framework for the measurement of fair values, which is independent of front office management, to verify the valuation of significant fair value measurements of derivative financial instruments, securities and other financial instrument. Specific controls include:

- Verification of observable pricing.
- Validation of performance of valuation models.
- A review and approval process for new models and changes to existing models.
- Analysis and assessment of significant valuation fluctuations.
- Review of significant unobservable inputs, valuation adjustments and changes to fair value measurement of Level 3 instruments.

D. Level 3 - Fair value measurement

The following table presents the movement of a Level 3 financial instruments measured at fair value

Carrying amount as of December 31, 2019	6,492
Unrealized loss	-
Carrying amount as of March 31, 2020	<u>6,492</u>

Significant inputs used to determine fair value for Level 3 financial instruments

The following table presents the significant inputs used to determine the fair value for Level 3 financial instruments:

Unobservable inputs	Observable inputs
- Discount rate for similar companies of the same business line adjusted due to the debt-equity structure of the issuer	- Average recovery factor for companies that reported default – Moody's

Fair value measurement sensitivity to unobservable inputs	Range of estimates
A significant increase in volatility would result in a lower fair value	12.97% a 27.50%

6. Fair value of financial instruments (continued)

D. Level 3 - Fair value measurement (continued)

The effect of unobservable inputs on fair value measurement

Although the Bank believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements in Level 3, changing one or more of the assumptions used would have the following effects.

<i>Debentures at fair value through profit or loss</i>	<i>Effect on profit or loss</i>
+ 100 bps to the observable and unobservable inputs	(230)
- 100 bps to the unobservable and observable inputs	240

7. Cash and due from banks

	March 31, 2020	December 31, 2019
Cash and due from banks	8,326	23,015
Interest-bearing deposits in banks	1,344,692	1,155,155
Total	1,353,018	1,178,170
Less:		
Pledged deposits	55,601	18,452
Total cash and cash equivalents	1,297,417	1,159,718

The following table presents the details of interest-bearing deposits in banks and pledged deposits:

	March 31, 2020		December 31, 2019	
	Amount	Interest rate range	Amount	Interest rate range
Interest-bearing deposits in banks:				
Demand deposits ⁽¹⁾	1,329,692	0.05% a 4.69%	1,135,155	1.55% a 5.10%
Time deposits	15,000	-	20,000	-
Total	1,344,692		1,155,155	
Pledged deposits	55,601	0.09%	18,452	1.55%

(1) Interest-bearing demand deposits based on daily rates determined by banks. In addition, rates of 4.69% and 5.10% corresponds to a deposit placed in MXN – México.

7. Cash and due from banks (continued)

The following table provides a breakdown of pledged deposits by country risk:

	March 31, 2020	December 31, 2019
Country:		
Netherlands	17,364	-
Switzerland	11,307	9,567
Mexico	7,750	-
Spain	7,290	-
Japan	3,850	1,470
United States of America ⁽¹⁾	6,706	5,645
France	1,334	1,770
Total	55,601	18,452

(1) Includes pledged deposits of \$5 million at March 31, 2020 and \$3.5 million at December 31, 2019, with the New York State Banking Department under March 1994 legislation and deposits pledged to guarantee derivative financial instrument transactions.

8. Securities and other financial assets, net

All securities and other financial assets as of March 31, 2020 and December 31, 2019 are presented as follows:

		At fair value				
		With changes in other comprehensive income (loss)				
	Amortized cost	Recyclable to profit and loss	Non-recyclable to profit and loss	With changes in profit or loss	Total securities and other financial assets, net	
At March 31, 2020						
Carrying amount						
Principal	74,200	5,065	-	6,492	85,757	
Interest receivable	667	8	-	-	674	
Reserves	(106)	-	-	-	(106)	
	<u>74,761</u>	<u>5,073</u>	<u>-</u>	<u>6,492</u>	<u>86,325</u>	

		At fair value				
		With changes in other comprehensive income (loss)				
	Amortized cost	Recyclable to profit and loss	Non-recyclable to profit and loss	With changes in profit or loss	Total securities and other financial assets, net	
At December 31, 2019						
Carrying amount						
Principal	74,547	5,094	1,889	6,492	88,022	
Interest receivable	837	48	-	-	885	
Reserves	(113)	-	-	-	(113)	
	<u>75,271</u>	<u>5,142</u>	<u>1,889</u>	<u>6,492</u>	<u>88,794</u>	

As of March 31, 2020, and December 31, 2019, the Bank sold 261,164 and 767,301 shares, respectively, which were designated in their initial recognition at fair value with changes in other comprehensive income due to market changes affecting the liquidity of the instrument. The cumulative fair value of the shares sold was \$1.7 million and \$4.8 million, respectively, and the cumulative loss recognized in OCI was \$376 thousand and \$151 thousand, respectively, transferred to retained earnings.

8. Securities and other financial assets, net (continued)

Securities and other financial assets by contractual maturity are shown in the following table:

At March 31, 2020	At fair value				Total securities and other financial assets, net
	Amortized cost	With changes in other comprehensive income		With changes in profit or loss	
		Recyclable to profit and loss	Non-recyclable to profit and loss		
Due within 1 year	28,101	-	-	-	28,101
After 1 year but within 5 years	46,099	5,065	-	-	51,164
After 5 years but within 10 years	-	-	-	-	-
Non maturity	-	-	-	6,492	6,492
Balance - principal	74,200	5,065	-	6,492	85,757

At December 31, 2019	At fair value				Total securities and other financial assets, net
	Amortized cost	With changes in other comprehensive income		With changes in profit or loss	
		Recyclable to profit and loss	Non-recyclable to profit and loss		
Due within 1 year	28,295	-	1,889	-	30,184
After 1 year but within 5 years	46,252	5,094	-	-	51,346
After 5 years but within 10 years	-	-	-	-	-
Non maturity	-	-	-	6,492	6,492
Balance - principal	74,547	5,094	1,889	6,492	88,022

The following table includes the securities pledged to secure repurchase transactions accounted for as secured pledged:

	March 31, 2020			December 31, 2019		
	Amortized cost	Fair value	Total	Amortized cost	Fair value	Total
Securities pledged to secure repurchase transactions	51,200	5,065	56,265	36,843	5,094	41,937
Securities sold under repurchase agreements	(49,013)	(4,875)	(53,888)	(35,647)	(4,883)	(40,530)

The following table presents the realized gains or losses on sale of securities at fair value through other comprehensive income :

	Three months ended March 31th	
	2020	2019
Realized gain on sale of securities	-	109
Realized loss on sale of securities	-	-
Net gain on sale of securities at FVOCI	-	109

9. Loans

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

	March 31, 2020	December 31, 2019
Fixed interest rates	2,566,052	2,757,333
Floating interest rates	2,771,435	3,135,664
Total	5,337,487	5,892,997

As of March 31, 2020, and December 31, 2019, 63% and 74% of the loan portfolio at fixed interest rates has remaining maturities of less than 180 days.

As of March 31, 2020, the range of interest rates on loans fluctuates from 1.20% to 13.93% (December 31, 2019 1.20% to 13.93%).

As of March 31, 2020, and December 31, 2019, the Bank had credit transactions in the normal course of business with 12% and 11%, respectively, of its Class "A" and "B" stockholders. All transactions were made based on arm's-length terms and subject to prevailing commercial criteria and market rates and were subject to all of the Bank's Corporate Governance and control procedures. As of March 31, 2020, and December 31, 2019, approximately 13% and 11%, respectively, of the outstanding loan portfolio was placed with the Bank's Class "A" and "B" stockholders and their related parties. As of March 31, 2020, 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 owner of record of more than 3.5 % of the total outstanding shares of the voting capital stock of the Bank.

Recognition and derecognition of financial assets

During the periods ended March 31, 2020 and December 31, 2019, the Bank sold loans measured at amortized cost. These sales were made based on compliance with the Bank's strategy to optimize credit risk of its loan portfolio.

The carrying amounts and gains arising from the derecognition of these financial instruments are presented in the following table. These gains are presented within the line "Gain (loss) on financial instruments, net" in the consolidated statement of profit or loss.

	Assignments and participations	Gains (losses)
Carrying amount as of March 31, 2020	5,000	-

10. Loan commitments and financial guarantee contracts

In the normal course of business, to meet the financing needs of its customers, the Bank is party to loan commitments and financial guarantee contracts. These instruments involve, to varying degrees, elements of credit and market risk in excess of the amount recognized in the consolidated statement of financial position. 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 loan commitments and financial guarantee contracts are as follows:

	March 31, 2020	December 31, 2019
Documentary letters of credit	137,479	169,320
Stand-by letters of credit and guarantees - commercial risk	260,121	255,481
Credit commitments	30,000	68,571
Total loans commitments and financial guarantee contracts	<u>427,600</u>	<u>493,372</u>

The remaining maturity profile of the Bank's outstanding loan commitments and financial guarantee contracts is as follows:

Maturities	March 31, 2020	December 31, 2019
Up to 1 year	387,468	424,744
From 1 to 2 years	30,132	8,628
From 2 to 5 years	10,000	60,000
Total	<u>427,600</u>	<u>493,372</u>

11. Gain (loss) on financial instruments, net

The following table sets forth the details for the gain or loss on financial instrument recognized in the consolidated statements of profit or loss:

	For the three months ended March 31,	
	2020	2019
(Loss) gain on derivative financial instruments and changes in foreign currency, net	(1,191)	270
Gain on financial instruments at fair value through profit or loss	833	377
Realized gain on sale of a financial instruments at FVOCI	-	109
	<u>(358)</u>	<u>756</u>

12. Derivative financial instruments

The following table details quantitative information on the notional amounts and carrying amounts of the derivative instruments used for hedging by type of risk hedged and type of hedge :

	March 31, 2020		
	Nominal amount	Carrying amount of hedging instruments	
		Asset ⁽¹⁾	Liability (2)
Interest rate risk			
Fair value hedges	397,667	3,675	(401)
Cash flow hedges	73,000	-	(2,295)
Interest rate and foreign exchange risk			
Fair value hedges	346,506	1,511	(41,824)
Cash flow hedges	55,215	835	(4,575)
Foreign exchange risk			
Cash flow hedges	57,194	11,023	-
Net investment hedges	-	-	-
	<u>929,582</u>	<u>17,044</u>	<u>(49,095)</u>

	December 31, 2019		
	Nominal amount	Carrying amount of hedging instruments	
		Asset ⁽¹⁾	Liability (2)
Interest rate risk			
Fair value hedges	398,333	407	(805)
Cash flow hedges	123,000	-	(1,098)
Interest rate and foreign exchange risk			
Fair value hedges	346,844	10,125	(8,527)
Cash flow hedges	23,025	-	(1,670)
Foreign exchange risk			
Cash flow hedges	72,391	625	(2,552)
Net investment hedges	2,080	-	(23)
	<u>965,673</u>	<u>11,157</u>	<u>(14,675)</u>

⁽¹⁾ Included in the condensed consolidated interim statement of financial position under the line Derivative financial instruments - assets.

⁽²⁾ Included in the condensed consolidated interim statement of financial position under the line Derivative financial instruments - liabilities.

12. Derivative financial instruments (continued)

The hedging instruments detailed in the tables above are presented in the consolidated statement of financial position as derivative financial instruments - assets or derivative financial instruments - liabilities.

As part of the financial risk management, the Bank uses the following hedging relationships:

- Fair value hedge
- Cash flow hedge
- Net investment hedge

For control purposes, derivative instruments are recorded at their nominal amount in memoranda 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 vice versa. The Bank also engages in certain foreign exchange forward contracts to serve customers' transaction needs and to manage 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 loan and investment portfolio. The Bank also uses foreign exchange forward contracts to hedge the foreign exchange risk associated with the Bank's equity investment in a non-U.S. dollar functional currency foreign entity. Derivative and foreign exchange forward 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.

A. Fair value hedge

This type of hedge is used to mitigate the risk of changes in foreign exchange currency rates, as well as changes in interest rate risk. Within the derivative financial instruments used by the Bank for fair value hedging are interest rate swap contracts whereby a series of interest rate flows in a single currency are exchanged over a prescribed period and cross currency swaps contracts that generally involve the exchange of both interest and principal amounts in two different currencies.

The Bank's exposure to interest rate risk is disclosed in Note 5(C)(i). Interest rate risk to which the Bank applies hedge accounting arises from fixed-rate euro medium term notes and other long-term notes issuances ("Certificados Bursatiles"), fixed-rate loans and advances, whose fair value fluctuates when benchmark interest rates change. The Bank hedges interest rate risk only to the extent of benchmark interest rates because the changes in fair value of a fixed-rate note or loan are significantly influenced by changes in the benchmark interest rate. Hedge accounting is applied where economic hedging relationships meet the hedge accounting criteria.

Before fair value hedge accounting is applied by the Bank, the Bank determines whether an economic relationship between the hedged item and the hedging instrument exists based on an assessment of the qualitative characteristics of these items and the hedged risk that is supported by quantitative analysis. The Bank considers whether the critical terms of the hedged item and hedging instrument closely align when assessing the presence of an economic relationship. The Bank assesses whether the fair value of the hedged item and the hedging instrument respond similarly to similar risks. The Bank further supports this qualitative assessment by using regression analysis to assess whether the hedging instrument is expected to be and has been highly effective in offsetting changes in the fair value of the hedged item. The sources of ineffectiveness mainly come from forward rates, discount rates and cross currency basis (cost of the operation).

12. Derivative financial instruments (continued)

A. Fair value hedge (continued)

The following table details the notional amounts and carrying amounts of derivative instruments used in fair value hedges by type of risk and hedged item, along with the changes during the period used to determine and recognize the ineffectiveness of the hedge:

	March 31, 2020				
	Nominal amount	Carrying amount of hedging instruments		Changes in fair value used to calculate hedge ineffectiveness ⁽³⁾	Ineffectiveness recognized in profit or loss ⁽³⁾
		Asset ⁽¹⁾	Liability ⁽²⁾		
Interest rate risk					
Loans	12,667	-	(269)	(97)	(3)
Securities at FVOCI	5,000	-	(132)	(87)	(17)
Borrowings and debt	380,000	3,675	-	750	(171)
Interest rate and foreign exchange risk					
Loans	6,092	1,511	-	1,227	268
Borrowings and debt	340,414	-	(41,824)	(42,532)	(112)
Total	744,173	5,186	(42,225)	(40,739)	(35)
December 31, 2019					
	Nominal amount	Carrying amount of hedging instruments		Changes in fair value used to calculate hedge ineffectiveness ⁽³⁾	Ineffectiveness recognized in profit or loss ⁽³⁾
		Asset ⁽¹⁾	Liability ⁽²⁾		
Interest rate risk					
Loans	13,333	-	(166)	(127)	(9)
Securities at FVOCI	5,000	-	(45)	(97)	(17)
Borrowings and debt	380,000	407	(594)	5,203	(65)
Interest rate and foreign exchange risk					
Loans	6,430	276	-	(482)	(214)
Borrowings and debt	340,414	9,849	(8,527)	7,234	55
Total	745,177	10,532	(9,332)	11,731	(250)

⁽¹⁾ Included in the condensed consolidated interim statement of financial position under the line Derivative financial instruments - assets.

⁽²⁾ Included in the condensed consolidated interim statement of financial position under the line Derivative financial instruments - liabilities.

⁽³⁾ Included in the condensed consolidated interim statement of profit or loss is the line Loss on financial instruments, net.

12. Derivative financial instruments (continued)

A. Fair value hedge (continued)

The following table details the notional amounts and carrying amounts of the hedged items at fair value by type of risk and hedged item, along with the changes during the period used to determine and recognize the ineffectiveness of the hedge:

	Carrying amount of hedged items		March 31, 2020		
	Asset	Liability	Line in the consolidated statement of financial position that includes the carrying amount of the hedged items	Accumulated amount of fair value hedge adjustments included in the carrying amount of the hedged items	Change in fair value of the hedged items used to calculate hedge ineffectiveness ⁽¹⁾
Interest rate risk					
Loans	13,011	-	Loans, net	252	94
Securities at FVOCI	5,065	-	Securities and other financial assets, net	24	70
Borrowings and debt	-	(385,712)	Borrowings and debt, net	(903)	(921)
Interest rate and foreign exchange risk					
Loans	4,750	-	Loans, net	(1,287)	(959)
Borrowings and debt	-	(297,707)	Borrowings and debt, net	41,280	42,420
Total	22,826	(683,419)		39,366	40,704
	Carrying amount of hedged items		December 31, 2019		
	Asset	Liability	Line in the consolidated statement of financial position that includes the carrying amount of the hedged items	Accumulated amount of fair value hedge adjustments included in the carrying amount of the hedged items	Change in fair value of the hedged items used to calculate hedge ineffectiveness ⁽¹⁾
Interest rate risk					
Loans	-	(385,712)	Loans, net	(903)	(921)
Securities at FVOCI	-	-	Securities and other financial assets, net	-	-
Borrowings and debt	4,750	-	Borrowings and debt, net	(1,287)	(959)
Interest rate and foreign exchange risk					
Loans	22,826	(683,419)	Loans, net	39,366	40,704
Borrowings and debt	-	-	Borrowings and debt, net	-	-
Total	27,576	(1,366,838)		37,176	81,244

⁽¹⁾ Included in the condensed consolidated interim statement of profit or loss is the line Loss on financial instruments, net.

12. Derivative financial instruments (continued)

A. Fair value hedge (continued)

The following table details the maturity of the notional amount for the derivative instruments used in fair value hedges:

Maturity	March 31, 2020		
	Interest rate swaps	Foreign exchange and interest rate risks	Total
Fair value hedge			
Less than 1 year	352,667	-	352,667
1 to 2 years	45,000	-	45,000
2 to 5 years	-	346,506	346,506
Total	397,667	346,506	744,173

Maturity	December 31, 2019		
	Interest rate swaps	Foreign exchange and interest rate risks	Total
Fair value hedge			
Less than 1 year	350,000	-	350,000
1 to 2 years	48,333	-	48,333
2 to 5 years	-	346,844	346,844
Total	398,333	346,844	745,177

B. Cash flow hedge

This type of hedge is used to mitigate the risk of changes in foreign exchange currency rates, as well as changes in interest rate risk, that could include variability in the future cash flows. Within the derivative financial instruments used by the Bank for a cash flow hedging are interest rate swaps contracts whereby a series of interest rate flows in a single currency are exchanged over a prescribed period, cross currency swaps contracts that generally involve the exchange of both interest and principal amounts in two different currencies, and foreign exchange forward contracts, an agreement to purchase or sell foreign currency at a future date at agreed-upon terms.

The Bank's exposure to market risk is disclosed in Note 5 (C) (ii). The Bank determines the amount of the exposure to which it applies hedge accounting by assessing the potential impact of changes in interest rates and foreign currency exchange rates on the future cash flows. This assessment is performed using analytical techniques, such as cash flow sensitivity analysis. As noted above for fair value hedges, by using derivative financial instruments to hedge exposures to changes in interest rates and foreign currency exchange rates, the Bank exposes itself to credit risk of the counterparties to the derivatives, which is not offset by the hedged items. This exposure is managed similarly to that off fair value hedges.

12. Derivative financial instruments (continued)

B. Cash flow hedge (continued)

The Bank determines whether an economic relationship exists between the cash flows of the hedged item and hedging instrument based on an assessment of the qualitative characteristics of these items and the hedged risk that is supported by quantitative analysis. The Bank considers whether the critical terms of the hedged item and hedging instrument closely align when assessing the presence of an economic relationship. The Bank assesses whether the cash flows of the hedged item and the hedging instrument respond similarly to the hedged risk, such as the benchmark interest rate or foreign currency. The Bank further supports this qualitative assessment by using sensitivity analysis to assess whether the hedging instrument is expected to be and has been highly effective in offsetting changes in the present value of the hedged item. The Bank assesses hedge effectiveness using the hypothetical derivative method, which creates a derivative instrument to serve as a proxy for the hedged transaction. The terms of the hypothetical derivative match the critical terms of the hedged item and it has a fair value of zero at inception. The sources of ineffectiveness arise mainly because of the differences in discount rates (OIS - Overnight Index Swap).

The maximum length of time over which the Bank has hedged its exposure to the variability in future cash flows on forecasted transactions is 3 years .

The Bank recognized the lifetime associated cost of the foreign exchange forward contracts into interest income, in profit or loss, as an adjustment to the yield on hedged items creating an accumulated reserve in OCI, reclassified to profit or loss at their maturity. The Bank estimates that approximately \$187 thousand are expected to be reclassified into profit or loss during the year ending March 31, 2021.

The Bank recognized the lifetime associated cost of the foreign exchange forward contracts into interest expense, in profit or loss, as an adjustment to the yield on hedge items creating an accumulated reserve in OCI, reclassified to profit or loss at their maturity. The Bank estimates that approximately \$6 thousand are expected to be reclassified into profit or loss during the year ending March 31, 2021.

The following table details the notional amounts and carrying amounts of derivative instruments used in cash flow hedges by type of risk and hedged item, along with the changes during the period used to determine and recognize the ineffectiveness of the hedge:

	March 31, 2020						
	<u>Nominal amount</u>	<u>Carrying amount of hedging instruments</u>		<u>Change in fair value used for calculating hedge ineffectiveness</u>	<u>Changes in the fair value of the hedging instruments recognized in OCI (3)</u>	<u>Ineffectiveness recognized in profit or loss (4)</u>	<u>Amount reclassified from the hedge reserve to profit or loss (4)</u>
		<u>Asset (1)</u>	<u>Liability (2)</u>				
Interest rate risk							
Borrowings and debt	73,000	-	(2,295)	(1,228)	(1,227)	1	(46)
Interest rate and foreign exchange risk							
Borrowings and debt	55,215	835	(4,575)	(2,040)	(2,042)	(2)	-
Foreign exchange risk							
Loans	57,194	11,023	-	10,593	10,594	1	(2,414)
Borrowings and debt	-	-	-	-	-	-	-
Total	<u>185,409</u>	<u>11,858</u>	<u>(6,870)</u>	<u>7,325</u>	<u>7,325</u>	<u>-</u>	<u>(2,460)</u>

12. Derivative financial instruments (continued)

B. Cash flow hedge (continued)

	December 31, 2019						
	Nominal amount	Carrying amount of hedging instruments		Change in fair value used for calculating hedge ineffectiveness	Changes in the fair value of the hedging instruments recognized in OCI ⁽³⁾	Ineffectiveness recognized in profit or loss ⁽⁴⁾	Amount reclassified from the hedge reserve to profit or loss ⁽⁴⁾
		Asset ⁽¹⁾	Liability ⁽²⁾				
Interest rate risk							
Borrowings and debt	123,000	-	(1,098)	(1,459)	(1,458)	1	39
Interest rate and foreign exchange risk							
Borrowings and debt	23,025	-	(1,670)	(284)	(283)	1	-
Foreign exchange risk							
Loans	72,391	625	(2,552)	(2,346)	(2,344)	2	(1,070)
Borrowings and debt	-	-	-	-	-	-	(5,545)
Total	<u>218,416</u>	<u>625</u>	<u>(5,320)</u>	<u>(4,089)</u>	<u>(4,085)</u>	<u>4</u>	<u>(6,576)</u>

(1) Included in the condensed consolidated interim statement of financial position under the line Derivative financial instruments - assets.

(2) Included in the condensed consolidated interim statement of financial position under the line Derivative financial instruments - liabilities.

(3) Included in equity in the condensed consolidated interim statement of financial position on the line Other comprehensive income.

(4) Included in the condensed consolidated interim statement of profit or loss under the line Loss on financial instruments, net.

The following table details the nominal amounts and carrying amounts of the cash flow hedged items by type of risk and hedged item, along with the changes during the period used to determine and recognize the ineffectiveness of the hedge:

	March 31, 2020				
	Carrying amount of hedged items		Line in the consolidated statement of financial position that includes the carrying amount of the hedged items	Change in the fair value of the hedged items used to calculate the hedge ineffectiveness ⁽⁴⁾	Cash flow hedge reserve
	Asset	Liability			
Interest rate risk					
Borrowings and debt	-	(20,099)	Borrowings and debt, net	1,227	2,255
Interest rate and foreign exchange risk					
Borrowings and debt	-	(51,771)	Borrowings and debt, net	2,042	204
Foreign exchange risk					
Loans	45,899	-	Loans, net	(10,594)	24
Deposits	-	-	Deposit	-	-
Total	<u>45,899</u>	<u>(71,870)</u>		<u>(7,325)</u>	<u>2,483</u>

12. Derivative financial instruments (continued)

B. Cash flow hedge (continued)

	December 31, 2019				
	Carrying amount of hedged items		Line in the consolidated statement of financial position that includes the carrying amount of the hedged items	Change in the fair value of the hedged items used to calculate the hedge ineffectiveness (4)	Cash flow hedge reserve
	Asset	Liability			
Interest rate risk					
Borrowings and debt	-	(70,110)	Borrowings and debt, net	1,458	1,072
Interest rate and foreign exchange risk					
Borrowings and debt	-	(21,234)	Borrowings and debt, net	283	(5)
Foreign exchange risk					
Loans	73,861	-	Loans, net	2,344	263
Deposit	-	-	Deposit	-	-
Total	73,861	(91,344)		4,085	1,330

(1) Included in the condensed consolidated interim statement of profit and loss or the line Loss on financial instruments, net.

The following table details the maturity of the derivative instruments used in cash flow hedges:

Maturity	March 31, 2020			
	Foreign exchange risk	Interest rate swaps	Foreign exchange and interest rate risks	Total
Cash flow hedge				
Less than 1 year	57,194	13,000	55,215	125,409
1 to 2 years	-	40,000	-	40,000
2 to 5 years	-	20,000	-	20,000
Total	57,194	73,000	55,215	185,409

Maturity	December 31, 2019			
	Foreign exchange risk	Interest rate swaps	Foreign exchange and interest rate risks	Total
Cash flow hedge				
Less than 1 year	74,471	63,000	23,025	160,496
1 to 2 years	-	40,000	-	40,000
2 to 5 years	-	20,000	-	20,000
Total	74,471	123,000	23,025	220,496

12. Derivative financial instruments (continued)

C. Net investment hedge

A foreign currency exposure arises from a net investment either in a subsidiary that has a different functional currency from that of the Bank or in a financial instrument in a foreign currency designated at FVOCI. The hedge risk in the net investment hedge is the variability in the US dollar against any other foreign currency that will result in a reduction in the carrying amount.

The Bank's policy is to hedge the net investment only to the extent of the debt principal; therefore, the hedge ratio is established by aligning the principal amount in foreign currency of the debt with the carrying amount of the net investment that is designated.

When the hedging instrument is a forward foreign exchange contract, the Bank establishes a hedge relationship where the notional of the forward foreign exchange contract matches the carrying amount of the designated net investment. The Bank ensures that the foreign currency in which the hedging instrument is denominated is the same as the functional currency of the net investment. The only source of ineffectiveness that is expected to arise from these hedging relationships is due to the effect of the counterparty and the Bank's own credit risk on the fair value of the derivative.

The following table details the notional amount and carrying amount of the derivative instruments used as net investment hedge by type of risk and hedged item, along with changes during the period used to determine and recognize the ineffectiveness of the hedge:

March 31, 2020							
	Nominal amount	Carrying amount of hedging instruments		Change in fair value used for calculating hedge ineffectiveness	Changes in the fair value of the hedging instruments recognized in OCI ⁽³⁾	Ineffectiveness recognized in profit or loss ⁽⁴⁾	Amount reclassified from the hedge reserve to profit or loss ⁽⁴⁾
		Asset ⁽¹⁾	Liability ⁽²⁾				
Foreign exchange risk							
Net investment	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-
December 31, 2019							
	Nominal amount	Carrying amount of hedging instruments		Change in fair value used for calculating hedge ineffectiveness	Changes in the fair value of the hedging instruments recognized in OCI ⁽³⁾	Ineffectiveness recognized in profit or loss ⁽⁴⁾	Amount reclassified from the hedge reserve to profit or loss ⁽⁴⁾
		Asset ⁽¹⁾	Liability ⁽²⁾				
Foreign exchange risk							
Net investment	2,080	-	(23)	(23)	(23)	-	(78)
Total	2,080	-	(23)	(23)	(23)	-	(78)

Derivative instruments used in net investment hedges at December 31, 2019 have a maturity of less than 30 days.

(1) Included in the condensed consolidated interim statement of financial position under the line Derivative financial instruments - assets.

(2) Included in the condensed consolidated interim statement of financial position under the line Derivative financial instruments - liabilities.

(3) Included in equity in the condensed consolidated interim statement of financial position on the line Other comprehensive income.

(4) Included in the condensed consolidated interim statement of profit or loss under the line of Loss on financial instruments, net.

12. Derivative financial instruments (continued)

C. Net investment hedge (continued)

The following table details the nominal value and carrying amount of the net investment hedged items by type of risk and hedged item, along with changes during the period used to determine and recognize the ineffectiveness of the hedge:

March 31, 2020					
	Carrying amount of hedged items		Line in the consolidated statement of financial position that includes the carrying amount of the hedged items	Change in the fair value of the hedged items used to calculate the hedge ineffectiveness ⁽¹⁾	Cash flow hedge reserve
	Asset	Liability			
Foreign exchange risk					
Net investment	-	-	Securities and other financial assets, net	-	-
Total	-	-		-	-
December 31, 2019					
	Carrying amount of hedged items		Line in the consolidated statement of financial position that includes the carrying amount of the hedged items	Change in the fair value of the hedged items used to calculate the hedge ineffectiveness ⁽¹⁾	Cash flow hedge reserve
	Asset	Liability			
Foreign exchange risk					
Net investment	1,889	-	Securities and other financial assets, net	23	23
Total	1,889	-		23	23

⁽¹⁾ Included in the condensed consolidated interim statement of profit or loss under the line Loss on financial instruments, net.

13. Other assets

Following is a summary of other assets:

	March 31, 2020	December 31, 2019
Accounts receivable	2,791	3,549
Interest receivable - deposits	20	26
IT projects under development	1,040	521
Other	5,723	4,761
	9,574	8,858

14. Deposits

The maturity profile of the Bank's deposits, excluding interest payable, as follows:

	March 31, 2020	December 31, 2019
Demand	302,442	85,786
Up to 1 month	780,789	1,285,949
From 1 month to 3 months	619,790	628,981
From 3 months to 6 months	496,974	593,431
From 6 months to 1 year	262,601	289,189
From 1 year to 2 years	5,000	5,000
	2,467,596	2,888,336

The following table presents additional information regarding the Bank's deposits

	March 31, 2020	December 31, 2019
Aggregate amounts of \$100,000 or more	2,467,417	2,888,043
Aggregate amounts of deposits in the New York Agency	343,372	240,003
	2,810,789	3,128,046
	March 31th	
	2020	2019
Interest expense on deposits made in the New York Agency	4,714	1,732

15. Securities sold under repurchase agreements

As of March 31, 2020, and December 31, 2019, the Bank has financing transactions under repurchase agreements for \$53.9 million and \$40.5 million, respectively.

During the period ended March 31, 2020 and December 31, 2019, interest expense related to financing transactions under repurchase agreements totaled \$193 thousand and \$287 thousand, respectively. These expenses are included as interest expense – borrowings and debt line in the consolidated statement of profit or loss.

16. Borrowings and debt

Borrowings consist of bilateral funding and syndicated loans obtained from international banks. Debt instruments consist of public and private issuances under the Bank's Euro Medium Term Notes Program ("EMTN") as well as public issuances in the Mexican and Japanese markets.

The Bank's funding activities include: (i) EMTN, which may be used to issue notes for up to \$2.250 million, 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 "Mexican Program") in the Mexican local market, registered with the Mexican National Registry of Securities administered 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 1 day to 30 years.

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 March 31, 2020, the Bank was in compliance with all those covenants.

Borrowings and debt are detailed as follows:

	March 31, 2020						
	Short-term			Long-term			
	Borrowings	Debt	Lease liabilities	Borrowings	Debt	Lease liabilities	Total
Carrying amount							
Principal	1,678,125	5,000	1,169	689,321	747,482	18,427	3,139,524
Prepaid commissions	-	-	-	(1,153)	(1,353)	-	(2,506)
	<u>1,678,125</u>	<u>5,000</u>	<u>1,169</u>	<u>688,168</u>	<u>746,129</u>	<u>18,427</u>	<u>3,137,018</u>
	December 31, 2019						
	Short-term			Long-term			
	Borrowings	Debt	Lease liabilities	Borrowings	Debt	Lease liabilities	Total
Carrying amount							
Principal	1,573,663	22,000	1,145	723,419	802,676	18,769	3,141,672
Prepaid commissions	-	-	-	(1,456)	(1,906)	-	(3,362)
	<u>1,573,663</u>	<u>22,000</u>	<u>1,145</u>	<u>721,963</u>	<u>800,770</u>	<u>18,769</u>	<u>3,138,310</u>

16. Borrowings and debt (continued)

Short-term borrowings and debt

The breakdown of short-term (original maturity of less than one year) borrowings and debt, along with contractual interest rates, is as follows :

	March 31, 2020	December 31, 2019
Short-term borrowings:		
At fixed interest rates	941,082	607,500
At floating interest rates	737,043	966,163
Total borrowings	<u>1,678,125</u>	<u>1,573,663</u>
Short-term debt:		
At fixed interest rates	5,000	22,000
At floating interest rates	-	-
Total debt	<u>5,000</u>	<u>22,000</u>
Total short-term borrowings and debt	<u>1,683,125</u>	<u>1,595,663</u>
Maximum balance at any month-end	<u>1,683,125</u>	<u>1,595,663</u>
Range of fixed interest rates on borrowings and debt in U.S. dollars	<u>1.05% a 3.47%</u>	<u>2.07% to 2.52%</u>
Range of floating interest rates on borrowings in U.S. dollars	<u>0.99% a 2.35%</u>	<u>2.09% to 2.35%</u>
Range of fixed interest rates on borrowings in Mexican pesos	<u>7.52%</u>	<u>8.08%</u>
Range of floating interest rates on borrowings in Mexican pesos	<u>7.06% a 8.55%</u>	<u>7.71% to 8.31%</u>
Range of fixed interest rates on borrowings in Euros	<u>1.00%</u>	<u>-</u>

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

	March 31, 2020	December 31, 2019
Currency		
US dollar	1,566,350	1,476,000
Mexican peso	83,725	119,663
Euro	33,050	-
Total	<u>1,683,125</u>	<u>1,595,663</u>

16. Borrowings and debt (continued)

Long-term borrowings and debt

The breakdown of borrowings and long-term debt (original maturity of more than one year), along with contractual interest rates, plus prepaid commissions as of March 31, 2020 and December 31, 2019, respectively, are as follows (excludes lease liabilities):

	March 31, 2020	December 31, 2019
Long-term borrowings:		
At fixed interest rates with due dates from April 2020 to February 2022	32,417	65,435
At floating interest rates with due dates from May 2020 to August 2023	656,904	657,984
Total long-term borrowings	689,321	723,419
Long-term debt:		
At fixed interest rates with due dates from May 2020 to March 2024	500,505	502,880
At floating interest rates with due dates from March 2022 to June 2023	246,977	299,796
Total long-term debt	747,482	802,676
Total long-term borrowings and debt	1,436,803	1,526,095
Less: Prepaid commissions	(2,506)	(3,362)
Total long-term borrowings and debt, net	1,434,297	1,522,733
Maximum outstanding balance at any month – end	1,525,103	1,527,126
Range of fixed interest rates on borrowings and debt in U.S. dollars	2.56% a 3.25%	2.56% a 3.25%
Range of floating interest rates on borrowings and debt in U.S. dollars	1.1% a 3.03%	2.46% a 3.36%
Range of fixed interest rates on borrowings in Mexican pesos	5.73% a 9.09%	5.73% a 9.09%
Range of floating interest rates on borrowings and debt in Mexican pesos	7.64% a 8.65%	8.14% a 9.13%
Range of fixed interest rates on debt in Japanese yens	0.52%	0.52%
Range of fixed interest rates on debt in Euros	3.75%	3.75%
Range of fixed interest rates on debt in Australian dollars	3.33%	3.33%

16. Borrowings and debt (continued)

Long-term borrowings and debt (continued)

The balances of long-term borrowings and debt by currency, excluding prepaid commissions, are as follows:

	March 31, 2020	December 31, 2019
Currency		
US dollar	1,068,593	1,097,611
Mexican peso	222,860	280,105
Japanese yen	68,569	67,831
Euro	58,365	59,465
Australian dollar	18,416	21,083
Total	<u>1,436,803</u>	<u>1,526,095</u>

Future payments of long-term borrowings and debt outstanding as of March 31, 2020, are as follows:

Payments	Outstanding
2020	393,722
2021	529,597
2022	392,620
2023	62,500
2024	58,364
	<u>1,436,803</u>

Reconciliation of movements of borrowings and debt arising from financing activities, as presented in the consolidated statements of cash flows:

	2020	2019
Balance as of January 1,	<u>3,138,310</u>	<u>3,518,446</u>
Net increase (decrease) in short-term borrowings and debt	103,460	(868,016)
Proceeds from long-term borrowings and debt	50,000	470,159
Repayments of long-term borrowings and debt	(81,631)	(633,752)
Payment of lease liabilities	(273)	(254)
Recognition of lease liabilities	-	20,734
Change in foreign currency	(74,745)	3,076
Adjustment of fair value for hedge accounting relationship	948	2,153
Other adjustments	949	662
Balance as of March 31,	<u>3,137,018</u>	<u>2,513,208</u>

16. Borrowings and debt (continued)

Lease liabilities

Maturity analysis of contractual undiscounted cash flows of the lease liability is detailed below:

	March 31, 2020	December 31, 2019
Due within 1 year	10,481	2,005
After 1 year but within 5 years	12,953	10,470
After 5 years but within 10 years	2,036	13,492
Total undiscounted lease liabilities	<u>25,470</u>	<u>25,967</u>
Short-term	1,169	1,145
Long-term	18,427	18,769
Lease liabilities included in the consolidated statement of financial position	<u>19,596</u>	<u>19,914</u>

Amounts recognized in the statement of cash flows

	March 31, 2020	December 31, 2019
Cash outflow for leases	<u>273</u>	<u>1,072</u>

Amounts recognized in profit or loss

	March 31, 2020	March 31, 2019
Interest on lease liabilities	<u>220</u>	<u>243</u>
Income from sub-leasing right-of-use assets	<u>94</u>	<u>75</u>

17. Other liabilities

Following is a summary of other liabilities:

	March 31, 2020	December 31, 2019
Accruals and other accumulated expenses	7,297	11,901
Accounts payable	2,149	2,526
Others	2,799	2,722
	<u>12,245</u>	<u>17,149</u>

18. Earnings per share

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

	For the three months ended March 31st	
	2020	2019
<i>(Thousands of U.S. dollars)</i>		
Profit for the period	18,302	21,245
<i>(U.S. dollars)</i>		
Basic earnings per share	0.46	0.54
Diluted earnings per share	0.46	0.54
<i>(Thousands of shares)</i>		
Weighted average of common shares outstanding applicable to basic EPS	39,609	39,542
Effect of diluted securities:		
Stock options and restricted stock units plan	-	-
Adjusted weighted average of common shares outstanding applicable to diluted EPS	<u>39,609</u>	<u>39,542</u>

19. Fee and commission income

Fee and commission income from contracts with customers broken down by main types of services according to the scope of IFRS 15, are detailed as follows:

	March 31, 2020			Total
	Syndications	Documentary and standby letters of credit	Other Commissions, net	
Opening and confirmation	-	2,146	291	2,437
Negotiation and acceptance	-	145	-	145
Amendment	-	142	-	142
Structuring	396	-	-	396
Other	-	31	(78)	(47)
	<u>396</u>	<u>2,464</u>	<u>213</u>	<u>3,073</u>

	March 31, 2019			Total
	Syndications	Documentary and standby letters of credit	Other Commissions, net	
Opening and confirmation	-	1,846	209	2,055
Negotiation and acceptance	-	163	-	163
Amendment	-	93	-	93
Structuring	-	-	-	-
Others	-	63	(24)	39
	<u>-</u>	<u>2,165</u>	<u>185</u>	<u>2,350</u>

The following table provides information on the ordinary income that is expected to be recognized on the contracts in force:

	Up to 1 year	1 to 2 years	More than 2 years	Total
	Ordinary income expected to be recognized on the contracts as of March 31, 2020	1,640	-	1,022

	Up to 1 year	1 to 2 years	More than 2 years	Total
	Ordinary income expected to be recognized on the contracts as of December 31, 2019	1,462	95	1,026

20. Business segment information

The Bank's activities are managed and executed in two business segments: Commercial and Treasury. Information related to each reportable segment is set out below. Business segment results are based on the Bank's managerial accounting process, which assigns assets, liabilities, revenue and expense items to each business segment on a systematic basis. The maximum decision-making operating authority of the Bank is represented by the Chief Executive Officer and the Executive Committee, who review the internal management reports for each division at least every six months. Segment profit, as included in the internal management reports is used to measure performance as management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate within the same industry.

The Bank's net interest income represents the main driver of profits; 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, mainly from financial instruments at fair value through OCI and financial instruments at fair value through profit or loss, which are included in net other income. 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.

The Commercial Business Segment encompasses the Bank's core business of financial intermediation and fee generating activities developed to cater to corporations, financial institutions and investors in Latin America. These activities include the origination of bilateral short-term and medium-term loans, structured and syndicated credits, loan commitments, and financial guarantee contracts such as issued and confirmed letters of credit, stand-by letters of credit, guarantees covering commercial risk, and other assets consisting of customers' liabilities under acceptances.

Profits from the Commercial Business Segment include (i) net interest income from loans; (ii) fees and commissions from the issuance, confirmation and negotiation of letters of credit, guarantees and loan commitments, and through loan structuring and syndication activities; (iii) gain on sale of loans generated through loan intermediation activities, such as sales in the secondary market and distribution in the primary market; (iv) recovery or impairment loss on financial instruments, as well as gain (loss) in other non-financial assets, net; and (v) direct and allocated operating expenses.

The Treasury Business Segment focuses on managing the Bank's investment portfolio, and the overall structure of its assets and liabilities to achieve more efficient funding and liquidity positions for the Bank, mitigating the traditional financial risks associated with the balance sheet, such as interest rate, liquidity, price and currency risks. Interest-earning assets managed by the Treasury Business Segment include liquidity positions in cash and cash equivalents, and financial instruments related to the investment management activities, consisting of securities at FVOCI and securities at amortized cost. The Treasury Business Segment also manages the Bank's interest-bearing liabilities, which constitute its funding sources, mainly deposits, short- and long-term borrowings and debt.

20. Business segment information (continued)

Profits from the Treasury Business Segment include net interest income derived from the above mentioned treasury assets and liabilities, and related net other income (net results from derivative financial instruments and foreign currency exchange, gain (loss) on financial instruments at FVTPL, gain (loss) on sale of securities at FVOCI, and other income), recovery or impairment loss on financial instruments, and direct and allocated operating expenses.

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

	March 31, 2020		
	Commercial	Treasury	Total
Interest income	55,891	3,099	58,990
Interest expense	(176)	(33,013)	(33,189)
Inter-segment net interest income	(30,948)	30,948	-
Net interest income	24,767	1,034	25,801
Other income (expense), net	3,349	(394)	2,955
Total income	28,116	640	28,756
Impairment loss on financial assets	89	-	89
Gain (impairment loss) on non-financial assets	-	-	-
Operating expenses	(7,341)	(3,202)	(10,543)
Segment profit (loss)	20,864	(2,562)	18,302
Segment assets	5,359,398	1,453,571	6,812,969
Segment liabilities	84,777	5,707,013	5,791,790
	March 31, 2019		
	Commercial	Treasury	Total
Interest income	67,255	6,299	73,554
Interest expense	(194)	(45,340)	(45,534)
Inter-segment net interest income	(39,274)	39,274	-
Net interest income	27,787	233	28,020
Other income (expense), net	2,598	1,453	4,051
Total income	30,385	1,686	32,071
Impairment (loss) profit on financial assets	(968)	26	(942)
Operating expenses	(7,310)	(2,574)	(9,884)
Segment profit (loss)	22,107	(862)	21,245
Segment assets	5,542,644	901,751	6,444,395
Segment liabilities	116,892	5,324,586	5,441,478

20. Business segment information (continued)

Reconciliation on information on reportable segments

	March 31, 2020	March 31, 2019
Profit for the period	<u>18,302</u>	<u>21,245</u>
Assets:		
Assets from reportable segments	6,812,969	6,444,395
Other assets - unallocated	9,554	5,947
Total assets	<u>6,822,523</u>	<u>6,450,342</u>
Liabilities:		
Liabilities from reportable segments	5,791,790	5,441,478
Other liabilities - unallocated	12,245	11,930
Total liabilities	<u>5,804,035</u>	<u>5,453,408</u>

The Bank applied IFRS 16, as of January 1, 2019, using the modified retrospective approach to recognize right-of-use assets for \$17.4 million presented within equipment and leasehold improvements and lease liabilities for \$20.9 million. As of March 31, 2020, assets and liabilities were allocated between Commercial and Treasury segments .

As a result of the adoption of the new standard, certain amounts related to equipment and leasehold improvements and intangibles were reclassified for presentation purposes in the consolidated financial statement.

21. Related party transactions

The detail of the assets and liabilities with related private corporations and financial institutions is as follows:

	March 31, 2020	December 31, 2019
Assets		
Demand deposits	1,868	3,812
Loans, net	66,714	49,101
Total asset	<u>68,582</u>	<u>52,913</u>
Liabilities		
Time deposits	80,000	120,000
Total liabilities	<u>80,000</u>	<u>120,000</u>
Contingencies		
Stand-by letters of credit	20,000	20,000
Loss allowance	(49)	(49)

21. Related party transactions (continued)

The detail of income and expenses with related parties is as follows:

	March 31,	
	2020	2019
Interest income		
Loans	540	750
Interest expense		
Deposits	(467)	(292)
Borrowing and debt ⁽¹⁾	-	(226)
Total interest expense	(467)	(518)
Net interest income (expenses)	73	232
Other income (expense)		
Fees and commissions, net	88	-
Gain on financial instruments, net	-	32
Total other income, net	88	32
Operating expenses		
Depreciation of equipment and leasehold improvements	-	(293)
Other expenses	-	(91)
Total operating expenses	-	(384)
Net income from related parties	162	(120)

(1) This caption includes the financial cost relating to leases and depreciation expense for the right-of-use assets that rises from the lease contract with related parties where the Bank acts as a lessee through March 31, 2019.

The total compensation paid to directors and the executives as representatives of the Bank amounted to:

	March 31,	
	2020	2019
Expenses:		
Compensation costs to directors	348	409
Compensation costs to executives	3,274	1,828

Compensation costs to directors and executives, include annual cash retainers and the cost of granted restricted stock and restricted stock units.

22. Litigation

Bladex is not engaged in any litigation that is significant to the Bank's business or, to the best of the knowledge of Bank's management, that is likely to have an adverse effect on its business, consolidated financial position or its consolidated financial performance.

23. Applicable laws and regulations

Liquidity index

Rule No. 2-2018 issued by the Superintendence of Banks of Panama (SBP) establishes that every general license or international license bank must guarantee, with a higher level of confidence, that it is in the position to face its intraday liquidity obligations in a period when liquidity pressure may affect the lending market. For that purpose, the Superintendence of Banks of Panama has established a short-term liquidity coverage ratio known as "Liquidity Coverage Ratio or LCR". This ratio is measured through the quotient of two amounts, the first one corresponds to the high-quality liquid assets and the second one corresponds to the net cash outflows in 30 days.

As of March 31, 2020 and December 31, 2019, the minimum LCR to be reported to the SBP was 25% for both periods. The Bank's LCR as of March 31, 2020 and December 31, 2019 was 121% and 131%, respectively.

Rule No. 4-2008 issued by the SBP establishes that every general license or international license bank must maintain, always, a minimum balance of liquid assets equivalent to 30% of the gross total of its deposits in the Republic of Panama or overseas up to 186 days, counted from the reporting date. The formula is based on the following parameters:

$$\frac{\text{Liquid assets}}{\text{Liabilities (Deposits Received)}} \times 100 = X\% \text{ (Liquidity ratio)}$$

As of March 31, 2020, and December 31, 2019, the percentage of the liquidity index reported by the Bank to the regulator was 109.85% and 100.36%, respectively.

Capital adequacy

The Banking Law in the Republic of Panama and the Rules No. 01-2015 and 03-2016 require that the general license banks maintain a total capital adequacy index that shall not be lower, at any time, than 8% of total assets and off-balance sheet irrevocable contingency transactions, weighted according to their risks; and ordinary primary capital that shall not be less than 4.5% of its assets and off-balance sheet transactions that represent an irrevocable contingency, weighted based on their risks; and a primary capital that shall not be less than 6% of its assets and off-balance sheet transactions that represent an irrevocable contingency, weighted based on their risks.

The primary objectives of the Bank's capital management policy are to ensure that the Bank complies with capital requirements imposed by local regulator and maintains strong credit ratings and healthy capital ratios to support its business and to maximize shareholder value.

The Bank manages its capital structure and adjusts it according to changes in economic conditions and the risk characteristics of its activities. To maintain or adjust the capital structure, the Bank may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous periods. However, they are under constant review by the Board.

	March 31, 2020	December 31, 2019
Tier 1 capital	<u>1,029,928</u>	<u>1,026,125</u>
Risk weighted assets	<u>5,373,187</u>	<u>5,937,648</u>
Tier 1 capital ratio	<u>19.17%</u>	<u>17.28%</u>

23. Applicable laws and regulations (continued)

Leverage ratio

Article No. 17 of the Rule No. 1-2015 establishes the leverage ratio of a regulated entity by means of the quotient between the ordinary primary capital and the total exposure for non-risk-weighted assets inside and outside the statement of financial position established by the SBP. For the determination of the exposure of off-balance-sheet operations, the criteria established for credit and counterparty credit risk positions will be used. The exposure of the derivatives will be the fair value at which it is recorded in the entity's assets.

The leverage ratio cannot be lower, at any time, than 3%. The Bank will inform to SBP as often as the compliance with the leverage ratio is determined.

	March 31, 2020	December 31, 2019
Ordinary capital	893,909	890,106
Non-risk-weighted assets	6,925,528	7,323,187
Leverage ratio	12.91%	12.15%

Specific credit provisions

Rule No. 4-2013, modified by Rule No. 8-2014, states that the specific provisions are originated from the objective and concrete evidence of impairment. These provisions must be established for credit facilities classified according to the risk categories denominated as: special mention, substandard, doubtful, or unrecoverable, both for individual credit facilities as for a group of such facilities. In the case of a group, it corresponds to circumstances that indicate the existence of deterioration in credit quality, although individual identification is still not possible.

Banks must calculate and maintain at all times the amount of the specific provisions determined by the methodology specified in this Rule, which takes into account the balance owed of each credit facility classified in any of the categories subject to provision, mentioned in the paragraph above; the present value of each guarantee available in order to mitigate risk, as established by type of collateral; and a weighting table that applies to the net exposure balance subject to loss of such credit facilities.

Article No. 34 of this Rule establishes that all credits must be classified in the following five (5) categories, according to their default risk and loan conditions, and establishes a minimum reserve for each classification: normal 0%, special mention 20%, substandard 50%, doubtful 80%, and unrecoverable 100%.

If there is an excess in the specific provision, calculated in accordance with this Rule, compared to the provision calculated in accordance with IFRS, this excess will be accounted for as a regulatory credit reserve in equity and will increase or decrease with appropriations from/to retained earnings. The balance of the regulatory credit reserve will not be considered as capital funds for calculating certain ratios or prudential indicators mentioned in the Rule.

Based on the classification of risks, collateral and in compliance with SBP Rule No. 4-2013, the Bank classified the loan portfolio as follows:

23. Applicable laws and regulations (continued)

Specific credit provisions (continued)

Loans	March 31, 2019					Total
	Normal	Special Mention	Substandard	Doubtful	Unrecoverable	
Corporations	2,294,446	12,541	-	-	61,845	2,368,832
Banks:						
Private	2,522,994	-	-	-	-	2,522,994
State-owned	398,440	-	-	-	-	398,440
	2,921,434	-	-	-	-	2,921,434
Sovereign	47,221	-	-	-	-	47,221
Total	5,263,101	12,541	-	-	61,845	5,337,487
Allowance for loan losses IFRS (*):	42,706	2,491	-	-	54,744	99,941

Loans	December 31, 2019					Total
	Normal	Special Mention	Substandard	Doubtful	Unrecoverable	
Corporations	2,487,859	13,595	-	-	61,845	2,563,299
Banks:						
Private	2,692,787	-	-	-	-	2,692,787
State-owned	589,690	-	-	-	-	589,690
	3,282,477	-	-	-	-	3,282,477
Sovereign	47,221	-	-	-	-	47,221
Total	5,817,557	13,595	-	-	61,845	5,892,997
Allowance for loan losses IFRS (*):	42,396	2,338	-	-	54,573	99,307

As of March 31, 2020 and December 31, 2019, there are no restructured loans.

(*) As of March 31, 2020, and December 31, 2019, there is no excess in the specific provision calculated in accordance with Agreement No. 8-2014 of the SBP, over the provision calculated in accordance with IFRS.

23. Applicable laws and regulations (continued)

Specific credit provisions (continued)

For statutory purposes only, non-accruing loans are presented by category as follows:

March 31, 2020						
Non-accruing loans	Normal	Special Mention	Substandard	Doubtful	Unrecoverable	Total
Impaired loans	-	-	-	-	61,845	61,845
Total	-	-	-	-	61,845	61,845

December 31, 2019						
Non-accruing loans	Normal	Special Mention	Substandard	Doubtful	Unrecoverable	Total
Impaired loans	-	-	-	-	61,845	61,845
Total	-	-	-	-	61,845	61,845

Credit risk coverage - dynamic provision

	March 31, 2020	December 31, 2019
Non-accruing loans:		
Private corporations	61,845	61,845
Total non-accruing loans	61,845	61,845
Interest that would be reversed if the loans had been classified as non-accruing loans	1,550	1,379
Income from collected interest on non-accruing loans	-	631

The SBP by means of Rule No. 4-2013, establishes the compulsory constitution of a dynamic provision in addition to the specific credit provision as part of the total provisions for the credit risk coverage.

The dynamic provision is an equity item associated to the regulatory capital but does not replace or offset the capital adequacy requirements established by the SBP.

Methodology for the constitution of the regulatory credit reserve

The Superintendence of Banks of Panama by means of the General Resolution of Board of Directors SBP-GJD-0003-2013 of July 9, 2013, establishes the accounting methodology for differences that arise between the application of the International Financial Reporting Standards (IFRS) and the application of prudential regulations issued by the SBP; as well as the additional disclosures required to be included in the notes to the consolidated financial statements.

23. Applicable laws and regulations (continued)

Methodology for the constitution of the regulatory credit reserve (continued)

The parameters established in this methodology are the following:

1. The calculations of accounting balances in accordance with IFRS and the prudential standards issued by the SBP will be carried out and the respective figures will be compared.
2. When the calculation made in accordance with IFRS results in a greater reserve or provision for the bank compared to the one resulting from the use of the prudential standards issued by the SBP, the Bank will account the IFRS figures.
3. When the impact of the use of prudential standards results in a greater reserve or provision for the Bank, the effect of the application of IFRS will be recognized in profit or loss, and the difference between IFRS calculation compared to the prudential standards calculation will be appropriated from retained earnings as a regulatory credit reserve. If the bank does not have sufficient retained earnings, the difference will be presented as an accumulated deficit account.
4. The regulatory credit reserve mentioned in paragraph 3 of this Rule may not be reversed against the retained earnings as long as there are differences between IFRS and the originated prudential regulations.

Considering that the Bank presents its consolidated financial statements under IFRS, specifically for its expected credit reserves under IFRS 9, the line "Regulatory credit reserve" established by the SBP has been used to present the difference between the application of the accounting standard used and the prudential regulations of the SBP to comply with the requirements of Rule No. 4-2013.

As of March 31, 2020, and December 31, 2019, the total amount of the dynamic provision and the regulatory credit reserve calculated according to the guidelines of Rule No. 4-2013 of the SBP is \$136.0 million for both periods, appropriated from retained earnings for purposes of compliance with local regulatory requirements. This appropriation is restricted from dividend distribution in order to comply with local regulations. The provision and reserve are detailed as follows:

	March 31, 2020	December 31, 2019
Dynamic provision	136,019	136,019
Regulatory credit reserve	-	-
	136,019	136,019

Capital reserve

In addition to capital reserves required by regulations, the Bank maintains a capital reserve of \$95.2 million, which was voluntarily established. Pursuant to Article No. 69 of the Banking Law, reduction of capital reserves requires prior approval of SBP.

24. Subsequent events

Bladex announced a quarterly cash dividend of \$0.25 US dollar cents per share corresponding to the first quarter of 2020. The cash dividend was approved by the Board of Directors at its meeting held on April 8, 2020 and it was payable on May 13, 2020 to the Bank's stockholders as of April 27, 2020 record date.

The outbreak of the novel Coronavirus disease, also known as COVID-19, initially reported in December of 2019, has spread rapidly as a pandemic among the world's population during the first quarter of 2020. The COVID-19 has negatively affected the economic conditions of companies in most of the countries in the world, causing global uncertainty which can significantly affect Bladex's operations, as well as the operations of its customers, counterparties and suppliers. The duration and severity of the impacts of COVID-19 are uncertain at this time, and the Bank cannot predict the impact it may have in its operations and financial situation, which could be material and adverse. The Bank's Management will continue to monitor and modify the operating and financial strategies in order to mitigate the possible risks that could affect the business.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: May 18, 2020

FOREIGN TRADE BANK OF LATIN AMERICA, INC.
(Registrant)

By: /s/ Ana Graciela de Méndez

Name: Ana Graciela de Méndez
Title: CFO
