FOREIGN TRADE BANK OF LATIN AMERICA, INC.
Form 20-F
April 27, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 20-F

¨ REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF

THE SECURITIES EXCHANGE ACT OF 1934

OR

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF

THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2011

OR

¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF

THE SECURITIES EXCHANGE ACT OF 1934

OR

¨ SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF

THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report ....

For the transition period from ______ to _______

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.	**REPUBLIC OF PANAMA**
(Translation of Registrant's name into English)	*(Jurisdiction of incorporation or organization)*

Calle 50 y Aquilino de la Guardia

P.O. Box 0819-08730

Panama City, Republic of Panama

(Address of principal executive offices)

Christopher Schech

Chief Financial Officer

(507) 210-8500

Email address: cschech@bladex.com

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	**Name of each exchange on which registered**
Class E Common Stock	New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act.

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

6,342,189	Shares of Class A Common Stock
2,531,926	Shares of Class B Common Stock
28,257,827	Shares of Class E Common Stock
0	Shares of Class F Common Stock
37,131,942	Total Shares of Common Stock

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

¨ Yes S No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

¨ Yes S No

Note – Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

S Yes ¨ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

¨ Yes S No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

¨ Large Accelerated Filer S Accelerated Filer ¨ Non-accelerated Filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

S U.S. GAAP ¨ IFRS ¨ Other

Indicate by check mark which financial statement item the Registrant has elected to follow.

¨ Item 17 S Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

¨ Yes S No

BANCO LATINOAMERICANO DE COMERCIO EXTERIOR, S.A.

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In this Annual Report on Form 20-F, or this Annual Report, references to the "Bank" or "Bladex" are to Banco Latinoamericano de Comercio Exterior, S.A., a specialized supranational bank incorporated under the laws of the Republic of Panama, or Panama, and its consolidated subsidiaries. References to "Bladex Head Office" are to Banco Latinoamericano de Comercio Exterior, S.A. in its individual capacity. References to "U.S. dollars" or "$" are to United States, or U.S., dollars. The Bank accepts deposits and raises funds principally in U.S. dollars, grants loans mostly in U.S. dollars and publishes its consolidated financial statements in U.S. dollars. The numbers and percentages set out in this Annual Report have been rounded and, accordingly, may not total exactly.

Upon written or oral request, the Bank will provide without charge to each person to whom this Annual Report is delivered, a copy of any or all of the documents listed as exhibits to this Annual Report (other than exhibits to those documents, unless the exhibits are specifically incorporated by reference in the documents). Written requests for copies should be directed to the attention of Christopher Schech, Chief Financial Officer, Bladex, as follows: (1) if by regular mail, to P.O. Box 0819-08730, Panama City, Republic of Panama, and (2) if by courier, to Calle 50 y Aquilino de la Guardia, Panama City, Republic of Panama. Telephone requests may be directed to Mr. Schech at 011 + (507) 210-8630. Written requests may also be faxed to Mr. Schech at 011 + (507) 269-6333 or sent via e-mail to cschech@bladex.com. Information is also available on the Bank's website at: http://www.bladex.com.

Forward-Looking Statements

In addition to historical information, this Annual Report contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. Forward-looking statements may appear throughout this Annual Report. The Bank uses words such as "believe," "intend," "expect," "anticipate," "plan," "may," "will," "should," "estimate," "potential," "project" and similar expressions to identify forward-looking statements. Such statements include, among others, those concerning the Bank's expected financial performance and strategic and operational plans, as well as all assumptions, expectations, predictions, intentions or beliefs about future events. Forward-looking statements involve risks and uncertainties, and actual results may differ materially from those discussed in any such statement. Factors that could cause actual results to differ materially from these forward-looking statements include the risks described in the section titled "Risk Factors." Forward-looking statements include statements regarding:

- the anticipated growth of the Bank's credit portfolio, including its trade finance portfolio;
- the Bank's ability to increase the number of clients;
- the Bank's ability to maintain its investment-grade credit ratings and preferred creditor status;
- the effects of changing interest rates, inflation, exchange rates and of an improving macroeconomic environment in Latin America and the Caribbean on the Bank's financial condition;
- the execution of the Bank's strategies and initiatives, including its revenue diversification strategy;
- anticipated operating income and return on equity in future periods;
- the Bank's level of capitalization and debt;

- the implied volatility of the Bank’s Treasury and Asset Management trading revenues;
- levels of defaults by borrowers and the adequacy of the Bank’s allowance and provisions for credit losses;
- the availability and mix of future sources of funding for the Bank’s lending operations;
- the adequacy of the Bank’s sources of liquidity to cover large deposit withdrawals;
- management’s expectations and estimates concerning the Bank’s future financial performance, financing, plans and programs, and the effects of competition;
- existing and future governmental banking and tax regulations, including the impact of complying with the Dodd-Frank Wall Street Reform and Consumer Protection Act, or the Dodd-Frank Act, on the Bank’s business, business practices, and costs of operation;
- credit and other risks of lending and investment activities; and
- the Bank’s ability to sustain or improve its operating performance.

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In addition, the statements included under the headings “Strategy in 2012” and “Trend Information” are forward-looking statements. Given the risks and uncertainties surrounding forward-looking statements, undue reliance should not be placed on these statements. Many of these factors are beyond the Bank’s ability to control or predict. The Bank’s forward-looking statements speak only as of the date of this Annual Report. Other than as required by law, the Bank undertakes no obligation to update or revise forward-looking statements, whether as a result of new information, future events, or otherwise.

PART I

Item 1. Identity of Directors, Senior Management and Advisers

Not required in this Annual Report.

Item 2. Offer Statistics and Expected Timetable

Not required in this Annual Report.

Item 3. Key Information

A. Selected Financial Data

The following table presents consolidated selected financial data for the Bank. The financial data presented below are at and for the years ended December 31, 2011, 2010, 2009, 2008, and 2007, and are derived from the Bank's consolidated financial statements for the years indicated, which were prepared in accordance with accounting principles generally accepted in the United States of America, or U.S. GAAP, and are stated in U.S. dollars. The consolidated financial statements for the years ended December 31, 2011, 2010, 2009, 2008 and 2007 were audited by the independent registered public accounting firm Deloitte, Inc. The consolidated financial statements of the Bank for each of the three years in the period ended December 31, 2011, or the Consolidated Financial Statements, are included in this Annual Report, together with the report of the independent registered public accounting firm Deloitte, Inc. The information below is qualified in its entirety by the detailed information included elsewhere herein and should be read in conjunction with Item 4, "Information on the Company," Item 5, "Operating and Financial Review and Prospects," and the Consolidated Financial Statements and notes thereto included in this Annual Report.

Consolidated Selected Financial Information

	As of and for the Year Ended December 31,				
	2011	2010	2009	2008	2007
	(In $ thousand, except per share data and ratios)				
Income Statement Data:					
Net interest income	$102,710	$74,503	$64,752	$77,847	$70,570
Fees and commissions, net	10,729	10,326	6,733	7,252	5,555

Reversal (provision) for credit losses [1]	(4,393)	4,835	(14,830)	1,544	1,475
Derivative financial instruments and hedging	2,923	(1,446)	(2,534)	9,956	(989)
Recoveries, net of impairment of assets	(57)	233	(120)	(767)	(500)
Net gain (loss) from investment fund trading	20,314	(7,995)	24,997	21,357	23,878
Net gain (loss) from trading securities	(6,494)	(3,603)	13,113	(20,998)	(12)
Net gain on sale of securities available-for-sale	3,413	2,346	546	67	9,119
Gain (loss) on foreign currency exchange	4,269	1,870	613	(1,596)	115
Other income (expense), net	477	833	912	656	(6)
Total operating expenses	(50,035)	(42,081)	(38,202)	(39,990)	(37,027)
Net income	83,856	39,821	55,980	55,327	72,177
Net income (loss) attributable to the redeemable noncontrolling interest	676	(2,423)	1,118	208	0
Net income attributable to Bladex	83,180	42,244	54,862	55,119	72,177
Balance Sheet Data:					
Trading assets	20,436	50,412	50,277	44,939	0
Investment securities	442,836	386,431	456,984	636,328	468,360
Investment fund	120,425	167,291	197,575	150,695	81,846
Loans	4,959,573	4,064,332	2,779,262	2,618,643	3,731,838
Allowance for loan losses	88,547	78,615	73,789	54,648	69,643
Total assets	6,360,032	5,100,087	3,878,771	4,362,678	4,698,571
Total deposits	2,303,506	1,820,925	1,256,246	1,169,048	1,462,371
Trading liabilities	5,584	3,938	3,152	14,157	13
Securities sold under repurchase agreements and short-term borrowings	1,700,468	1,360,327	399,132	1,212,921	1,504,710
Borrowings and long-term debt	1,487,548	1,075,140	1,390,387	1,204,952	1,010,316
Total liabilities	5,595,203	4,384,087	3,168,234	3,783,665	4,086,320
Capital Stock	279,980	279,980	279,980	279,980	279,980
Total stockholders' equity	759,282	697,050	675,637	574,324	612,251

	As of and for the Year Ended December 31,				
	2011	2010	2009	2008	2007
	(In $ thousand, except per share data and ratios)				
Weighted average basic shares	36,969	36,647	36,493	36,388	36,349
Weighted average diluted shares	37,145	36,814	36,571	36,440	36,414
Per Common Share Data:					
Basic earnings per share	2.25	1.15	1.50	1.51	1.99
Diluted earnings per share	2.24	1.15	1.50	1.51	1.98
Book value per share (period end)	20.45	18.99	18.49	15.77	16.83
Regular cash dividends per share	0.85	0.67	0.60	0.88	0.88
Special cash dividends per share	0.00	0.00	0.00	0.00	0.00
Selected Financial Ratios:					
Performance Ratios:					
Return on average assets [(2)]	1.46 %	0.97 %	1.38 %	1.09 %	1.76 %
Return on average stockholders' equity[(3)]	11.40 %	6.21 %	8.60 %	8.99 %	11.91 %
Net interest margin [(4)]	1.81 %	1.70 %	1.62 %	1.55 %	1.73 %
Net interest spread [(4)]	1.62 %	1.43 %	1.12 %	0.98 %	0.78 %
Total operating expenses to total average assets [(5)]	0.88 %	0.97 %	0.96 %	0.79 %	0.90 %
Regular cash dividend payout ratio	37.78 %	58.12 %	39.91 %	58.09 %	44.32 %
Special cash dividend payout ratio	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Liquidity Ratios:					
Liquid assets[(6)] / total assets	12.36 %	8.25 %	10.36 %	18.92 %	8.43 %
Liquid assets[(6)] / total deposits	34.11 %	23.10 %	32.00 %	70.62 %	27.08 %
Asset Quality Ratios:					
Non-accrual loans to total loans [(7)]	0.65 %	0.71 %	1.82 %	0.00 %	0.00 %
Impaired loans to total loans [(7)]	0.65 %	0.71 %	1.29 %	0.00 %	0.00 %
Charged-off loans to total loans	0.02 %	0.13 %	0.00 %	0.00 %	0.00 %
Allowance for loan losses to total loans, net of unearned income and deferred commission	1.79 %	1.94 %	2.66 %	2.09 %	1.87 %
Allowance for losses on off-balance sheet credit risk to total contingencies	2.45 %	3.50 %	8.28 %	6.95 %	2.51 %
Capital Ratios:					
Stockholders' equity to total assets	11.94 %	13.67 %	17.42 %	13.16 %	13.03 %
Average stockholders' equity to total average assets [(8)]	12.83 %	15.62 %	16.06 %	12.11 %	14.75 %
Leverage ratio[(9)]	8.4 x	7.3 x	5.7 x	7.6 x	7.7 x
Tier 1 capital to risk-weighted assets[(10)]	18.6 %	20.5 %	25.8 %	20.4 %	21.2 %
Total capital to risk-weighted assets[(11)]	19.9 %	21.8 %	27.0 %	21.6 %	22.5 %
Risk-weighted assets	$4,090,333	$3,416,782	$2,633,482	$3,143,971	$2,917,393

(1) Includes reversal of (provision for) loan losses and for losses on off-balance sheet credit risks. For information regarding reversal of (provision for) credit losses, see Item 5, "Operating and Financial Review and Prospects/Operating Results."

(2) Average assets calculated on the basis of unaudited daily average balances.

(3) Average stockholders' equity calculated on the basis of unaudited daily average balances.

(4) For information regarding calculation of the net interest margin and the net interest spread, see Item 5A, "Operating and Financial Review and Prospects/Operating Results/Net Interest Income and Margins."

(5) Total average assets calculated on the basis of unaudited daily average balances.

(6) Liquid assets consist of investment-grade 'A' securities, and cash and due from banks, excluding pledged regulatory deposits. See Item 18, "Financial Statements" Note 3 to the Audited Financial Statements.

(7) Non-accrual loans amounted $32 million in 2011, all of which corresponded to impaired loans, $29 million in 2010, all of which corresponded to impaired loans, and $51 million in 2009 of which $36 million corresponded to impaired loans in 2009. Impairment factors considered by the Bank's Management include collection status, collateral value, the probability of collecting scheduled principal and interest payments when due, and economic conditions in the borrower's country of residence.

(8) Average stockholders' equity and total average assets calculated on the basis of unaudited daily average balances.

(9) Leverage ratio is the ratio of total assets to stockholders' equity.

(10) Tier 1 capital is calculated according to Basel I capital adequacy guidelines, and is equivalent to stockholders' equity, excluding the Other Comprehensive Income account effect of the available-for-sale portfolio. The Tier 1 capital ratio is calculated as a percentage of risk-weighted assets. Risk-weighted assets are, in turn, also calculated based on Basel I capital adequacy guidelines.

(11) Total capital refers to Tier 1 capital plus Tier 2 capital, based on Basel I capital adequacy guidelines. Total capital refers to the total capital ratio as a percentage of risk-weighted assets.

B. Capitalization and Indebtedness

Not required in this Annual Report.

C. Reasons for the Offer and Use of Proceeds

Not required in this Annual Report.

D. Risk Factors

Risks Relating to the Bank's Business

Bladex faces liquidity risk, and its failure to adequately manage this risk could result in a liquidity shortage, which could adversely affect its financial condition, results of operations and cash flows.

Bladex, like all financial institutions, faces liquidity risk, or the risk of not being able to maintain adequate cash flow to repay its deposits and borrowings and fund its credit portfolio on a timely basis. Failure to adequately manage its liquidity risk could produce a cash shortage as a result of which the Bank would not be able to repay its obligations as they become due.

As of December 31, 2011, approximately 24% of the Bank's funding represents short-term borrowings from international banks, the majority of which are European, North American and Asian institutions, which compete with the Bank in its credit extension activity and represent a source of business for the Bank. If these international banks cease to provide funding to the Bank, the Bank would have to seek funding from other sources, which may not be available, or if available, may be at a higher cost.

Financial turmoil in the international markets could negatively impact liquidity in the financial markets, reducing the Bank's access to credit or increasing its cost of funding, which could lead to tighter lending standards. An example of this situation is the liquidity constraint experienced in the second half of 2007 in the international financial markets, which intensified during the third quarter of 2008, driven first by the subprime crisis in the United States and then followed by the credit crisis, and in the European sovereign debt crisis experienced in 2011. The reoccurrence of such unfavorable market conditions could have a material adverse effect on the Bank's liquidity.

As of December 31, 2011, approximately 52% of the Bank's total deposits represented deposits from state-owned banks, and 35% of the Bank's total deposits represented deposits from central banks.

As a U.S. dollar-based economy, Panama does not have a central bank in the traditional sense, and there is no lender of last resort to the banking system in the country. Central Banks in Latin America and the Caribbean, or the Region, would not be obligated to act as lenders of last resort if Bladex were to face a liquidity shortage and the Bank would have to rely on commercial liquidity sources to cover the shortfall.

The credit ratings of Bladex are an important factor in maintaining the Bank's liquidity. A reduction in the Bank's credit rating could reduce the Bank's access to debt markets or materially increase the cost of issuing debt, trigger additional collateral or funding requirements, and decrease the number of investors and counterparties willing or permitted, contractually or otherwise, to do business with or lend to the Bank. This in turn could reduce the Bank's liquidity and negatively impact its operating results and financial position.

The Bank's allowances for credit losses could be inadequate to cover credit losses related to its loans and contingencies.

The Bank determines the appropriate level of allowances for credit losses based on a process that estimates the probable loss inherent in its portfolio, which is the result of a statistical analysis supported by the Bank's historical portfolio performance, external sources, and the judgment of the Bank's Management. The latter reflects assumptions and estimates made in the context of changing political and economic conditions in the Region. The Bank's allowances could be inadequate to cover losses in its commercial portfolio due to exposure concentration or deterioration in certain sectors or countries, which in turn could have a material adverse effect on the Bank's financial condition, results of operations and cash flows.

The Bank's businesses are subject to market risk.

Market risk generally represents the risk that values of assets and liabilities or revenues will be adversely affected by changes in market conditions. Market risk is inherent in the financial instruments associated with many of the Bank's operations and activities, including loans, deposits, investment and trading securities, short-term borrowings, long-term debt, derivatives and trading positions. Among many other market conditions that may shift from time to time are fluctuations in interest rates and currency exchange rates, changes in the implied volatility of interest rates and changes in securities prices, due to changes in either market perception or actual credit quality of either the relevant issuer or its country of origin. Accordingly, depending on the instruments or activities impacted, market risks can have wide ranging, complex adverse effects on the Bank's financial condition, results of operations, cash flows and business.

See Item 11, "Quantitative and Qualitative Disclosure About Market Risk."

The Bank faces interest rate risk that is caused by the mismatch in maturities of interest-earning assets and interest-bearing liabilities. If not properly managed, this mismatch can reduce net interest income as interest rates fluctuate.

As a bank, Bladex faces interest rate risk because interest-bearing liabilities generally reprice at a different pace than interest-earning assets. Bladex's exposure to instruments whose values vary with the level or volatility of interest rates contributes to its interest rate risk. Failure to adequately manage eventual mismatches may reduce the Bank's net interest income during periods of fluctuating interest rates.

The Bank's credit portfolio may decrease or may not continue to grow at the present or a similar rate. Additionally, growth in the Bank's credit portfolio may expose the Bank to an increase in allowance for loan losses.

It is difficult to predict that the Bank's credit portfolio, including the Bank's foreign trade portfolio, will continue to grow in the future at historical rates. A reversal in the growth rate of the Region's economy and trade volumes could adversely affect the growth rate of the Bank's credit portfolio. Additionally, the future expansion of Bladex's credit portfolio may expose the Bank to higher levels of potential or actual losses and require an increase in credit risk reserves, which could negatively impact the Bank's operating results and financial position.

Increased competition and banking industry consolidation could limit the Bank's ability to grow and may adversely affect results of operations.

Most of the competition the Bank faces in the trade finance business comes from domestic and international banks, the majority of which are European and North American institutions. Many of these banks have substantially greater resources than the Bank and enjoy access to less expensive funding than the Bank does. It is difficult to predict how increased competition will affect the Bank's growth prospects and results of operations.

Over time, there has been substantial consolidation among companies in the financial services industry, and this trend continued accelerating in 2010 and 2011 as the credit crisis led to numerous mergers and asset acquisitions among industry participants and in certain cases reorganization, restructuring, or even bankruptcy. Merger activity in the financial services industry has produced companies that are capable of offering a wide array of financial products and services at competitive prices. In addition, whenever economic conditions and risk perception improve in the Region, competition from commercial banks, the securities markets and other new participants generally increases.

Globalization of the capital markets and financial services industries exposes the Bank to further competition. To the extent the Bank expands into new business areas and new geographic regions, the Bank may face competitors with more experience and more established relationships with clients, regulators and industry participants in the relevant market, which could adversely affect the Bank's ability to compete. The Bank's ability to grow its business and therefore, its earnings, is affected by these competitive pressures.

Operational problems or errors can have a material adverse impact on the Bank's business, financial condition, results of operations and cash flows.

Bladex, like all financial institutions, is exposed to operational risks, including the risk of fraud by employees and outsiders, failure to obtain proper internal authorizations, failure to properly document transactions, equipment failures, and errors by employees, and any failure, interruption or breach in the security or operation of the Bank's information technology systems could result in interruptions in such activities. Operational problems or errors may occur, and their occurrence may have a material adverse impact on the Bank's business, financial condition, results of operations and cash flows.

Any delays or failure to implement business initiatives that the Bank may undertake could prevent the Bank from realizing the anticipated revenues and benefits of the initiatives.

Part of the Bank's strategy is to diversify income sources through business initiatives, including targeting new clients and developing new products and services. These initiatives may not be fully implemented within the time frame the Bank expects, or at all. In addition, even if such initiatives are fully implemented, they may not generate revenues as expected. Any delays in implementing these business initiatives could prevent the Bank from realizing the anticipated benefits of the initiatives, which could adversely affect the Bank's business, results of operations and growth prospects.

Any failure to remain in compliance with applicable banking laws or other applicable regulations in the jurisdictions in which the Bank operates could harm its reputation and/or cause it to become subject to fines, sanctions or legal enforcement, which could have an adverse effect on the Bank's business, financial condition and results of operations.

Bladex has adopted various policies and procedures to ensure compliance with applicable laws, including internal controls and "know-your-customer" procedures aimed at preventing money laundering and terrorism financing; however, participation of multiple parties in any given trade finance transaction can make the process of due diligence difficult. Further, because trade finance can be more document-based than other banking activities, it is susceptible to documentary fraud, which can be linked to money laundering, terrorism financing, illicit activities and/or the circumvention of sanctions or other restrictions (such as export prohibitions, licensing requirements, or other trade

controls). While the Bank is alert to high-risk transactions, it is also aware that efforts, such as forgery, double invoicing, partial shipments of goods and use of fictitious goods, may be used to evade applicable laws and regulations. If the Bank's policies and procedures are ineffective in preventing third parties from using it as a conduit for money laundering or terrorism financing without its knowledge, the Bank's reputation could suffer and/or it could become subject to fines, sanctions or legal action (including being added to any "blacklists" that would prohibit certain parties from engaging in transactions with the Bank), which could have an adverse effect on the Bank's business, financial condition and results of operations. In addition, amendments to applicable laws and regulations in Panama and other countries in which the Bank operates could impose additional compliance burdens on the Bank.

Recent legislation regarding the financial services industry may subject the Bank to significant and extensive regulation, which may have an impact on the Bank's operations.

On July 21, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act, or Dodd-Frank Act, was signed into law. The Dodd-Frank Act is intended primarily to overhaul the financial regulatory framework in the United States following the global financial crisis and may impact substantially all financial institutions including the Bank. The Dodd-Frank Act, among other things, imposes higher prudential standards, including more stringent risk-based capital, leverage, liquidity and risk-management requirements, establishes a Bureau of Consumer Financial Protection, establishes a systemic risk regulator, consolidates certain federal bank regulators, imposes additional requirements related to corporate governance and executive compensation and requires various U.S. federal agencies to adopt a broad range of new implementing rules and regulations, for which they are given broad discretion. While we are closely monitoring this rulemaking process, the exact impact of new rules on our business remains uncertain. At this time, we cannot predict the impact or possible additional costs to us, if any, related to the implementation of, or compliance with, the potential future requirements under the Doff-Frank act. While many of the provisions in the Dodd-Frank Act will affect institutions that engage in activities in which the Bank does not engage, it will likely increase the Bank's regulatory compliance burden.

Risk Relating to the Region

The Bank's credit portfolio is concentrated in the Region. The Bank also faces borrower concentration. Adverse economic changes in the Region or in the condition of the Bank's largest borrowers could adversely affect the Bank's growth, asset quality, prospects, profitability, financial condition and financial results.

The Bank's credit activities are concentrated in the Region, which is a reflection of the Bank's mission and strategy. Historically, economies of countries in the Region have occasionally experienced significant volatility characterized, in some cases, by political uncertainty, slow growth or recessions, declining investments, government and private sector debt defaults and restructurings, and significant inflation and/or currency devaluation. Global economic changes, including fluctuations in oil prices, commodities prices, U.S. dollar interest rates and the U.S. dollar exchange rate, and slower economic growth in industrialized countries, could have a significant adverse effect on the economic condition of countries in the Region, including Panama and the other countries where the Bank operates. In turn, adverse changes affecting the economies of countries in the Region could have a significant adverse impact on the quality of the Bank's credit portfolio, including increased loan loss provisions, debt restructuring, and loan losses. As a result, this could also have an adverse impact on the Bank's asset growth, asset quality, prospects, profitability and financial condition.

The Bank's credit activities are concentrated in a number of countries. Adverse changes affecting the economies in one or more of those countries could have an adverse impact on the Bank's credit portfolio and, as a result, its financial condition, growth, prospects, results of operations and financial condition. As of December 31, 2011, approximately 70% of the Bank's credit portfolio was outstanding to borrowers in the following five countries: Brazil ($1,984 million, or 34%), Colombia ($839 million, or 14%), Mexico ($498 million, or 9%), Argentina ($390 million, or 7%), and Chile ($389 million, or 7%).

In addition, as of December 31, 2011, of the Bank's total credit portfolio balances, 10% were to five borrowers in Brazil, 7% were to five borrowers in Colombia, 4% were to five borrowers in Mexico, 6% were to five borrowers in Argentina, and 6% were to five borrowers in Chile. A significant deterioration of the financial or economic condition of any of these countries or borrowers could have an adverse impact on the Bank's credit portfolio, requiring the Bank to create additional allowances for credit losses, or suffer credit losses with the effect being accentuated because of this concentration.

Local country foreign exchange controls or currency devaluation may harm the Bank's borrowers' ability to pay U.S. dollar-denominated obligations.

The Bank makes mostly U.S. dollar-denominated loans and investments. As a result, the Bank faces the risk that local country foreign exchange controls will restrict the ability of the Bank's borrowers, even if they are exporters, to acquire dollars to repay loans on a timely basis, and/or that significant currency devaluation might occur, which could increase the cost, in local currency terms, to the Bank's borrowers of acquiring dollars to repay loans.

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Increased risk perception in countries in the Region where the Bank has large credit exposure could have an adverse impact on the Bank's credit ratings, funding activities and funding costs.

Increased risk perception in any country in the Region where the Bank has large exposures could trigger downgrades to the Bank's credit ratings. A credit rating downgrade would likely increase the Bank's funding costs, and reduce its deposit base and access to the debt capital markets. In that case, the Bank's ability to obtain the necessary funding to carry on its financing activities in the Region at meaningful levels could be affected in an important way.

Item 4. Information on the Company

A. History and Development of the Company

The Bank, a corporation *(sociedad anónima, S.A.)* organized under the laws of Panama and headquartered in Panama City, Panama, is a specialized supranational bank originally established by central banks of Latin American and Caribbean countries to promote trade finance in the Region.

The Bank was established pursuant to a May 1975 proposal of the XX Assembly of Governors of central banks in the Region, which recommended the creation of a supranational organization to increase the Region's foreign trade financing capacity. The Bank was constituted in 1978 as a corporation pursuant to the laws of Panama and commenced operations on January 2, 1979. Panama was selected as the location of the Bank's headquarters because of the country's importance as a banking center in the Region, the benefits of a fully U.S. dollar-based economy, the absence of foreign exchange controls, its geographic location, and the quality of its communications facilities. Under Contract No. 103-78 signed between Panama and Bladex, the Bank was granted certain privileges by the government of Panama, including an exemption from payment of income taxes in Panama.

On June 17, 2009, the Bank changed its name from "Banco Latinoamericano de Exportaciones, S.A." to "Banco Latinoamericano de Comercio Exterior, S.A.," although it continues to operate under the commercial name of "Bladex."

Bladex offers its services through its head office and subsidiaries in Panama City, its subsidiaries and offices in New York City, including its agency, or the New York Agency, and Bladex Asset Management Inc., or Bladex Asset Management, its subsidiaries in Brazil and the Cayman Islands, its international administrative office in Miami, or the Florida Administrative Office, and its representative offices in Buenos Aires, Argentina, in Mexico City, D.F. and Monterrey, Mexico, in Porto Alegre, Brazil, in Lima, Peru and in Bogotá, Colombia, as well as through a worldwide network of correspondent banks. The representative offices in Lima, Peru and Bogotá, Colombia started operations in

2011. Bladex's shares of Class E common stock are listed on the New York Stock Exchange, or NYSE, under the symbol "BLX."

Bladex Asset Management, Inc., or Bladex Asset Management, incorporated on May 24, 2006 under the laws of the State of Delaware, serves as investment manager for Bladex Offshore Feeder Fund, or the Feeder, and Bladex Capital Growth Fund, or the Fund, both of which are registered with the Cayman Island Monetary Authority, or CIMA, under the Mutual Funds Law of the Cayman Islands. The Feeder invests substantially all of its assets in the Fund. The objective of the Fund is to achieve capital appreciation by investing mainly in Latin American debt securities, stock indexes and currencies and trading derivative instruments. The Fund follows a macro strategy by trading a combination of products including foreign exchange, interest rate swaps, and derivative products to establish long and short positions, mainly in Latin American markets. Capital preservation is one of the Fund's main objectives, and the Fund's trading strategy emphasizes high liquidity, moderate volatility and lower leverage.

Bladex Holdings Inc., or Bladex Holdings, a wholly owned subsidiary of Bladex, incorporated under the laws of the State of Delaware on May 30, 2000, exercises control over Bladex Asset Management Inc. On September 8, 2009, Bladex Asset Management was registered as a foreign entity in the Republic of Panama, to permit the establishment of a branch in Panama, which is mainly engaged in providing administrative and operating services to Bladex Asset Management in the United States. On February 23, 2012 Bladex Asset Management was registered with the SEC as Investment Adviser.

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

Bladex Head Office is a member of BCG PA LLC, or BCG, a company incorporated under the laws of the State of Delaware, and owns a 50% interest BCG. BCG owns "Class C" shares of the Fund, entitling it to receive a performance allocation on third-party investments in the Feeder and in the Fund.

Bladex Investimentos Ltda. was incorporated under the laws of Brazil on May 3, 2011. Bladex Head Office owns 99% of Bladex Investimentos Ltda. and Bladex Holdings Inc. owns the remaining 1%. Bladex Investimentos Ltda. has invested substantially all its assets in Bladex Latam Fundo de Investimento Multimercado, or the Brazilian Fund, which was incorporated under the laws of Brazil on July 26, 2011.

The objective of the Brazilian Fund is to achieve capital gains by dealing in the interest, currency, securities, commodities and debt markets, and by trading instruments available in the spot and derivative markets. The Brazilian Fund is registered with the Brazilian Securities Commission, or CVM. This fund is a variable interest entity, or VIE, and has been consolidated in the consolidated financial statements of Bladex for the year ended December 31, 2011. As of December 31, 2011, Bladex Investimentos Ltda. holds 92% of the Brazilian Fund's net asset value.

BLX Brazil Ltd. was incorporated under the laws of the Cayman Islands on October 5, 2010. Bladex Head Office owns 99.8% of BLX Brazil Ltd. In turn, BLX Brazil Ltd. owns 99% of Bladex Asset Management Brazil – Gestora de Recursos Ltda., and Bladex Asset Management owns the remaining 1%. Bladex Asset Management Brazil – Gestora de Recursos Ltda. was incorporated under the laws of Brazil on January 6, 2011 and provides investment advisory services to the Brazilian Fund.

Clavex LLC, a former subsidiary of Bladex Holdings, was dissolved on April 7, 2011, and its net assets were transferred to its controlling entity. Clavex S.A., a former subsidiary of Bladex Head Office, was dissolved on August 30, 2011, and its net assets were transferred to Bladex Head Office.

Bladex's headquarters are located at Calle 50 y Aquilino de la Guardia, Panama City, Panama, and its telephone number is + (507) 210-8500.

Bladex's financial statements are prepared in accordance with U.S. GAAP.

See Item 18, "Financial Statements," notes 1 and 2(a).

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B. Business Overview

Overview

The Bank’s mission is to provide seamless support to Latin America’s foreign trade, while creating value for its stockholders. The Bank is principally engaged in providing trade financing to selected commercial banks, middle-market companies and corporations in the Region. The Bank’s lending and investing activities are funded by interbank deposits, primarily from central banks and financial institutions in the Region, by borrowings from international commercial banks and, to a lesser extent, by sales of the Bank’s debt securities to financial institutions and investors in Asia, Europe, North America and the Region. The Bank does not provide retail banking services to the general public, such as retail savings accounts or checking accounts, and does not take retail deposits.

Bladex intermediates in the financial and capital markets throughout the Region, through three business segments:

The Commercial Division is responsible for the Bank’s core business of financial intermediation and fee generation activities. The division’s portfolio includes the book value of loans extended, selected deposits placed, acceptances and contingencies. The majority of the Bank’s loans are extended in connection with specifically identified foreign trade transactions. Through its revenue diversification strategy, the Bank’s Commercial Division has introduced a broader range of products, services and solutions associated with foreign trade, including co-financing arrangements, underwriting of syndicated credit facilities, structured trade financing, asset-based financing in the form of factoring, vendor financing and leasing, and other fee-based services, such as electronic clearing services.

The Treasury Division is responsible for the Bank’s liquidity management and investment securities activities, including management of the Bank’s interest rate, liquidity, price and currency risks. The division controls deposits in banks and all of the Bank’s trading assets, securities available-for-sale and securities held-to-maturity.

The Asset Management Unit, which is based in New York City, New York and São Paulo, Brazil, is responsible for the Bank’s asset management activities, including investment advisory services for funds and managed accounts, and assets attributable to the Asset Management Unit comprise the balance of the Fund and the assets of the Brazilian Fund. The Fund follows a macro strategy by trading a combination of products including foreign exchange, interest rate swaps, and derivative products to establish long and short positions mainly in Latin American markets. The Brazilian Fund’s objective is to achieve capital gains by dealing in the interest, currency, securities, commodities and debt markets, and by trading instruments available in the spot and derivative markets. The Bank invested $7 million in the Brazilian Fund in 2011.

Historically, trade finance has been afforded favorable treatment under Latin American debt restructurings. This has been, in part, due to the perceived importance that governments and other borrowers in the Region have attributed to

maintaining access to trade finance. The Bank believes that, in the past, the combination of its focus on trade finance and the composition of its Class A shareholders has been instrumental in obtaining some exceptions on U.S. dollars convertibility and transfer limitations imposed on the servicing of external obligations, or preferred creditor status. Although the Bank maintains its focus both on trade finance and its Class A shareholders, it cannot guarantee that such exceptions will be granted in all future debt restructurings.

As of December 31, 2011, the Bank had 72 employees, or 35% of its total employees, across its offices responsible for marketing the Bank's financial products and services to existing and potential customers.

Developments During 2011

The macroeconomic environment in the Region faced significant challenges in 2011, firstly from the risk of overheating of Latin American economies, driven by growing local demand, and, subsequently, from a highly volatile external environment given the deterioration of the economic situation in developed countries, including principally in the European Union, or EU. The Bank's Management believes that these challenges were met reasonably well in the Region through various economic policies which were put in place even before the 2008-2009 crisis and which allowed for further consolidation of a strong financial position in the Region.

Despite weaker global economic growth, especially in large economies such as the EU, the U.S., and Japan, the Region continued to perform well, with exports growing 23% in 2011 while maintaining a trend towards greater diversification, supported by a steady inflow of foreign direct investment that grew 73% year-over-year. The Region also benefited from the sustained demand from China and other emerging countries for raw materials. Although GDP growth was more moderate in 2011 than in 2010, a year of recovery following the 2009 recession, in response to tighter monetary policies implemented in the second quarter of the year and a downward correction in global economic growth, the Region as a whole continued to improve its fiscal and solvency indicators, improving its global position in the face of greater international economic uncertainty.

These developments were reflected in the gradual improvement in the international ratings of some countries in the Region, such as Peru, Brazil, Colombia and Panama, with a generally higher investment grade in the Region. In this environment, Bladex has developed even further its capacity to support both international and inter-regional trade, which has resulted in its highest-ever geographic diversification of credit placements and a downward trend in systemic risk related to these placements throughout the period.

For the year 2011, net income attributable to Bladex was $83.2 million, a $40.9 million, or 97%, yearly increase when compared to $42.2 million in net income attributable to Bladex in 2010. Of total net income attributable to Bladex in 2011, the Commercial Division represented 64%, or $53.4 million, the Treasury Division represented 18%, or $14.7 million, and the Asset Management Unit represented $15.1 million, or 18%, of total net income, reflecting improved performance across all of the Bank's business segments.

The Bank's commercial portfolio grew by 20% during 2011, amounting to $5,354 million as of December 31, 2011, compared to $4,446 million as of December 31, 2010, as a result of higher growth and diversification from the Bank's established client base of corporations (which grew by 8%), financial institutions (which grew by 26%), along with the continuing business expansion into the middle-market segment (which grew by 101%). The ratio of allowance for credit losses to the Bank's commercial portfolio stood at 1.8% as of December 31, 2011 compared to 2.1% as of December 31, 2010.

Bladex's Tier 1 capitalization ratio remained strong at 18.6% with a leverage ratio of 8.4 times as of December 31, 2011, compared to 20.5% and 7.3 times, respectively, as of December 31, 2010, attributable to the Bank's continuous deployment of capital, as evidenced by portfolio growth.

The Bank's efficiency ratio improved to 36% for the year 2011, compared to 55% in 2010, mainly as a result of a $62 million increase in net operating revenues across all business segments, which exceeded the Bank's operating expenses growth of $8.0 million.

The Bank's liquidity level stood at $786 million as of December 31, 2011, compared to $421 million as of December 31, 2010, as the Bank maintained prudent liquidity management by increasing its liquidity position in response to volatility in the markets.

On January 17, 2012, the Bank's Board of Directors, or the Board, approved an increase in quarterly dividends distributed to holders of common shares from $0.20 to $0.25 per share pertaining to the fourth quarter of 2011. This increase in quarterly dividends reaffirmed the Bank's commitment to a dividend payout that reflects the Bank's growing core business.

The Superintendency of Banks of Panama, or the Superintendency, authorized Bladex to open a representative office in Lima, Peru on August 12, 2010 and on November 15, 2010, the Superintendency of Banks, Insurance & Private Administrators of Pension Funds of Peru gave the approval for such representative office. On March 1, 2011 the Bank commenced operations of the representative office located in Lima, Peru.

On January 20, 2011 Bladex received approval from the Superintendency to open a representative office in Bogotá, Colombia and obtained the approval from the Financial Superintendency of Colombia on April 19, 2011. In early May, 2011 the representative office in Bogotá, Colombia commenced operations.

See Item 5, "Operating and Financial Review and Prospects/Operating Results/Net Income" and Item 18, "Financial Statements," note 25.

Strategies for 2012 and Subsequent Years

Further extend the Bank's business in politically and economically stable, high-growth markets

The Bank's expertise in risk and capital management and extensive knowledge of the Region allows it to identify and strategically focus on stable and growth-oriented markets, including investment grade countries in the Region. Bladex maintains strategically placed representative offices in order to provide focused products and services in markets that the Bank considers key to its continued growth. In addition, the Bank continually considers establishing a presence in other strategic locations throughout the Region in order to rapidly respond to stability and growth trends it identifies.

Targeted growth in expanding and diversifying the Bank's client base

The Bank's strategy to participate in a broad range of activities and further diversify its client base includes targeting clients that offer the potential for longstanding relationships and a wider presence in the Region, such as financial institutions, large corporations and middle-market companies, including through participation in bilateral and co-financed transactions. The Bank intends to continue to cultivate existing and new longstanding client relationships through the quality of the Bank's services and the Bank's agile decision-making and credit approval processes.

Enhance current products and services providing relevant sector-specific solutions in the Region

The Bank intends to continue its focus on the development of expertise in the sectors in which the Bank currently operates, while strategically targeting industries with significant growth potential by offering sector-specific products and solutions to clients in these industries. These sectors include some of the most profitable industries in the Region, such as oil & gas, food, mining and agribusiness commodities, as well as growth sectors such as Latin American intra-regional trade. Bladex also intends to continue to explore key regional and local partnerships to bolster its range of services and increase its presence in key economic sectors throughout the Region.

Increase the range of products and services that the Bank offers

Due to the Bank's relationships throughout, and knowledge of, the Region, the Bank is strongly positioned to strategically identify key additional products and services to offer to clients. Following amendments to the Bank's Articles of Incorporation in 2009, the Bank's scope of potential activities was broadened to encompass all types of banking, investment, and financial and other businesses that support foreign trade flows and the development of the trade in the Region. The amendments reflect the Bank's ongoing strategy to develop new products and services, such as factoring and vendor finance, debt intermediation in primary and secondary markets, and structure financing, including export insurance programs, that complement the Bank's expertise in foreign trade finance and risk management.

The Bank’s Management expects generally a positive business environment for trade finance in 2012, and believes the Bank is well positioned to capture the growth forecasted for the Region, to transfer such value to its shareholders, and to comply with the Bank’s mission to support foreign trade in Latin America.

Lending Policies

The Bank extends credit directly to banks, corporations and middle–market companies within the Region. The Bank finances import and export transactions for all types of goods and products, with the exception of articles such as weapons, ammunition, military equipment, hallucinogenic drugs or narcotics not utilized for medical purposes. Imports and exports financed by the Bank are destined for buyers/sellers in countries both inside and outside the Region. The Bank analyzes credit requests from eligible borrowers in the light of credit risk criteria, including economic and market conditions. The Bank maintains a consistent lending policy and applies the same credit criteria to all types of potential borrowers in evaluating creditworthiness.

Due to the nature of trade finance, the Bank’s loans generally are unsecured. However, in certain instances, based upon the Bank’s credit review of the borrower and the economic and political situation and trends in the borrower’s home country, the Bank has determined that the level of risk involved may require that a loan be secured by pledged deposits and other collateral.

Country Credit Limits

The Bank maintains a continuous review of each country's risk profile evolution, supporting our analysis with various factors, both quantitative and qualitative, the main driving factors of which include: the evolution of macroeconomic policies (fiscal, monetary, and exchange rate policy), fiscal and external performance, price stability, level of liquidity in foreign currency, changes of legal and institutional framework, as well as material social and political events, among others, including industry analysis relevant to Bladex business activities.

Bladex has a methodology for capital allocation by country and its risk weights for assets. The Credit Policy and Risk Assessment Committee, or the CPER, of the Board approves a level of “allocated capital” for each country, in addition to nominal exposure limits. These country capital limits are reviewed at least annually in the quarterly meetings of the CPER. The methodology helps to establish the capital equivalent of each transaction, based on the internal numeric rating assigned to each country, which is approved by the CPER.

The amounts of capital allocated to a transaction is based on customer type (sovereign, state-owned or private, middle-market companies, corporate or financial institution), the type of transaction (trade or non-trade), and the average remaining term of the transaction (from one to 180 days, 181 days to a year, between one and three years, or longer than three years). Capital utilizations by the business units cannot exceed the Bank's reported stockholders' equity.

Borrower Lending Limits

The Bank generally establishes lines of credit for each borrower according to the results of its risk analysis and potential business prospects; however, the Bank is not required to lend under these lines of credit. Once a line of credit has been established, credit generally is extended after receipt of a request from the borrower for financing, usually related to foreign trade, which accounted for 54% of such credit as of December 31, 2011. Loan pricing is determined in accordance with prevailing market conditions and the borrower's creditworthiness.

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For existing borrowers, the Bank's Management has authority to approve credit lines up to the legal lending limit prescribed by Panamanian law (see "Regulation—Panamanian Law"), provided that the credit lines comply fully with the country credit limits and conditions for the borrower's country of domicile set by the Board. Approved borrower lending limits are reported to the CPER quarterly. Panamanian Law prescribes certain concentration limits, which are applicable and strictly adhered to by the Bank, including a thirty percent limit as a percentage of capital and reserves for any one borrower and borrower group, in the case of financial institutions, and a twenty-five percent limit as a percentage of capital and reserves for any one borrower and borrower group, in the case of corporate, sovereign and middle-market companies. As of December 31, 2011, the legal lending limit prescribed by Panamanian law for corporations and sovereign borrowers amounted to $190 million, and for financial institutions and financial groups amounted to $228 million. Non-compliance with the legal lending limit prescribed by Panamanian Law, could result in the assessment of administrative sanctions by the Superintendency for such violations, taking into consideration the magnitude of the offense and any prior occurrences, and the magnitude of damages and prejudice caused to third parties. On a quarterly basis, the CPER reviews the impaired portfolio, if any, along with certain non-impaired credits. As of December 31, 2011, the Bank was in full compliance with all regulatory limits. See Item 4, "Information on the Company/Business Overview/Regulation/Panamanian Law."

Credit Portfolio

The Bank's credit portfolio, which consists of the commercial portfolio and investment securities portfolio, increased to $5,814 million as of December 31, 2011, from $4,884 million as of December 31, 2010, and from $3,621 million as of December 31, 2009. The $930 million, or 19%, credit portfolio increase during 2011 was largely attributable to increased demand from the Bank's established client base of middle-market companies ($229 million, or 101%), corporations ($171 million, or 7%) and financial institutions ($586 million, or 29%), as demand in the Region increased, and was partially offset by a $56 million, or 19%, decrease in sovereign clients mostly related to the sale of securities available-for-sale.

The year 2011 was defined by a strong economic recovery in Latin America, as the Region is becoming an essential and key supplier of much of the food, minerals, energy and, in some cases, manufactured goods that a changing world requires as emerging nations continue to develop and as developed economies transform themselves in order to be able to compete. This recovery increased trade flows that added significant scale and diversification to the Bank's business.

Commercial Portfolio

The commercial portfolio includes the loan portfolio, selected deposits placed and contingencies and other assets (including confirmed and stand-by letters of credit and guarantees covering commercial and country risks, credit commitments, reimbursement undertakings, equity investments and customers' liabilities under acceptances).

The Bank's commercial portfolio increased to $5,354 million as of December 31, 2011, a 20% increase from $4,446 million as of December 31, 2010, and a 72% increase from $3,110 million as of December 31, 2009. The increase in 2011 was largely attributable to increased demand from the Bank's established client base of financial institutions ($506 million, or 26%), middle-market companies ($229 million or 101%) and corporations ($172 million, or 8%).

As of December 31, 2011, 59% of the Bank's commercial portfolio represented trade related credits, and the remaining balance consisted primarily of lending to banks and corporations. The corporate market segment represented 45% of the total commercial portfolio, of which 68% represented trade financing. The middle-market companies segment represented 8% of the total commercial portfolio, of which 68% represented trade financing.

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The following table sets forth the distribution of the Bank's commercial portfolio, by product category as of December 31 of each year:

	As of December 31,									
	2011[(1)]	**%**	**2010[(2)]**	**%**	**2009[(3)]**	**%**	**2008**	**%**	**2007**	**%**
	(in $ million, except percentages)									
Loans	$4,960	92.6	$4,064	91.4	$2,779	89.4	$2,619	85.5	$3,732	87.2
Selected deposits placed	30	0.6	0	0.0	0	0.0	0	0.0	0	0.0
Contingencies and other assets	364	6.8	382	8.6	331	10.6	444	14.5	550	12.8
Total	$5,354	100.0	$4,446	100.0	$3,110	100.0	$3,062	100.0	$4,281	100.0

(1) Includes non-accrual loans for $32 million as of December 31, 2011.
(2) Includes non-accrual loans for $29 million as of December 31, 2010.
(3) Includes non-accrual loans for $51 million as of December 31, 2009.

Loan Portfolio

As of December 31, 2011, the Bank's total loans amounted to $4,960 million, compared to $4,064 million as of December 31, 2010 and compared to $2,779 million as of December 31, 2009. As of December 31, 2011, 68% of the Bank's loans were scheduled to mature within one year. For more detailed information, see Item 5, "Operating and Financial Review and Prospects/Operating Results/Changes in Financial Condition" and "Operating and Financial Review and Prospects/Operating Results/Asset Quality and Allowance for Credit Losses," and Item 18, "Financial Statements," note 7 and note 8.

For more detailed information about non-accrual loans, see Item 18 "Financial Statements," note 7.

Loans by Country Risk

The following table sets forth the distribution of the Bank's loans by country risk at the dates indicated:

As of December 31,									
2011	% of Total	2010	% of Total	2009	% of Total	2008	% of Total	2007	% of Total

	Loans		Loans		Loans		Loans		Loans	
	(in $ million, except percentages)									
Argentina	$390	7.9	$237	5.8	$73	2.6	$151	5.8	$264	7.1
Bolivia	0	0.0	0	0.0	0	0.0	0	0.0	5	0.1
Brazil (1)	1,852	37.3	1,583	38.9	1,335	48.0	1,289	49.2	1,379	37.0
Chile	376	7.6	328	8.1	258	9.3	8	0.3	10	0.3
Colombia	734	14.8	585	14.4	200	7.2	285	10.9	400	10.7
Costa Rica	109	2.2	88	2.2	83	3.0	55	2.1	77	2.1
Dominican Republic	118	2.4	135	3.3	31	1.1	48	1.8	29	0.8
Ecuador	22	0.4	18	0.4	23	0.8	36	1.4	61	1.6
El Salvador	21	0.4	39	1.0	41	1.5	76	2.9	47	1.2
Germany	5	0.1	0	0.0	0	0.0	0	0.0	0	0.0
Guatemala	161	3.2	92	2.3	74	2.7	61	2.3	96	2.6
Honduras	46	0.9	38	0.9	23	0.8	45	1.7	49	1.3
Jamaica	2	0.0	64	1.6	31	1.1	15	0.6	77	2.1
Mexico (2)	416	8.4	404	9.9	302	10.9	380	14.5	410	11.0
Netherlands	20	0.4	0	0.0	0	0.0	0	0.0	0	0.0
Nicaragua	10	0.2	0	0.0	1	0.0	4	0.2	13	0.3
Panama	119	2.4	47	1.2	41	1.5	47	1.8	140	3.7
Paraguay	30	0.6	0	0.0	0	0.0	0	0.0	0	0.0
Peru	342	6.9	343	8.4	161	5.8	50	1.9	454	12.2
Spain	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Trinidad & Tobago	76	1.5	63	1.6	72	2.6	23	0.9	88	2.3
Uruguay	110	2.2	0	0.0	30	1.1	45	1.7	0	0.0

	As of December 31,									
	2011	% of Total Loans	2010	% of Total Loans	2009	% of Total Loans	2008	% of Total Loans	2007	% of Total Loans
	(in $ million, except percentages)									
Venezuela	0	0.0	0	0.0	0	0.0	0	0.0	135	3.6
Total	$4,960	100.0	$4,064	100.0	$2,779	100.0	$2,619	100.0	$3,732	100.0

(1) Includes non-accrual loans in Brazil of $1 million in 2010 and $7 million in 2009.

(2) Includes non-accrual loans in Mexico of $32 million in 2011, $28 million in 2010 and $44 million in 2009.

As of December 31, 2011, the loans extended in European countries represented 0.5% of the Bank's total loan portfolio and consisted of loans pertaining to Latin-America trade transactions extended to private corporations with solid reputations in the following countries: the Netherlands ($20 million, or 0.4% of the total loan portfolio), Germany ($5 million, or 0.1% of the total loan portfolio), and Spain ($0.3 million, or 0.0% of the total loan portfolio).

Loans by Type of Borrower

The following table sets forth the amounts of the Bank's loans by type of borrower at the dates indicated:

	As of December 31,									
	2011	% of Total Loans	2010	% of Total Loans	**2009**	% of Total Loans	2008	% of Total Loans	2007	% of Total Loans
	(in $ million, except percentages)									
Private sector commercial banks and financial institutions	$1,716	34.6	$1,381	34.0	$875	31.5	$577	22.0	$1,491	39.9
State-owned commercial banks	448	9.0	320	7.9	334	12.0	322	12.3	241	6.5
Central banks	0	0.0	0	0.0	0	0.0	25	1.0	0	0.0
Sovereign debt	27	0.5	54	1.3	96	3.4	67	2.6	113	3.0
State-owned exporting organizations	233	4.7	312	7.7	193	7.0	50	1.9	282	7.6
Private middle-market companies [1]	446	9.0	225	5.5	129	4.6	0	0.0	0	0.0
Private corporations [2]	2,090	42.1	1,772	43.6	1,153	41.5	1,577	60.2	1,605	43.0
Total [3]	$4,960	100.0	$4,064	100.0	$2,779	100.0	$2,619	100.0	$3,732	100.0

(1) In 2011, 42% of loans to private middle-market companies correspond to the industrial sector, 29% of loans correspond to the agricultural sector, and 5% correspond to oil and petroleum and derived products.

(2) In 2011, 36% of loans to private corporations correspond to the industrial sector, 29% of loans correspond to the agricultural sector, 20% of loans correspond to oil and petroleum derived products, and 2% of loans correspond to the mining sector.

(3) Includes $32 million, $29 million and $51 million in non-accrual loans in 2011, 2010 and 2009, respectively.

As of December 31, 2011, the Bank did not have any exposure to European sovereign debt.

As of December 31, 2011, the Bank's loan portfolio amounted to $4,960 million, an increase of $896 million, or 22%, from 2010 year-end balances. The increase resulted from improved conditions in the Latin American financial market and increased demand for the Bank's lending products. As of December 31, 2011, 20% of the Bank's $2,768 million loan exposure to private corporations, state-owned exporting organizations and private middle-market companies was concentrated in the oil & gas industry in countries such as Brazil, Chile, Argentina, Uruguay, the Dominican Republic, Trinidad & Tobago and the Netherlands.

Maturities and Sensitivities of the Loan Portfolio

The following table sets forth the remaining term of the maturity profile of the Bank's loan portfolio as of December 31, 2011, by type of rate and type of borrower:

	As of December 31, 2011 (in $ million)			
	Due in one year or less	Due after one year through five years	**Due after five years through ten years** [(1)]	Total
FIXED RATE				
Private sector commercial banks and financial institutions	814	0	0	814
State-owned commercial banks	414	0	0	414
Sovereign debt	17	3	0	20
State-owned exporting organizations	148	0	0	148
Private middle-market companies	250	21	0	271
Private corporations	642	52	0	693
Sub-total	$2,284	$ 76	$ 0	$2,360
FLOATING RATE				
Private sector commercial banks and financial institutions	441	462	0	903
State-owned commercial banks	1	33	0	34
Sovereign debt	7	0	0	7
State-owned exporting organizations	75	10	0	85
Private middle-market companies	97	78	0	175
Private corporations	474	903	19	1,396
Sub-total	$1,095	$ 1,486	$ 19	$2,599
Total	$3,379	$ 1,562	$ 19	$4,960

(1) The Bank's loan portfolio on private corporations matures no later than the year 2018.

Contingencies and Other Assets

The Bank's contingencies and other assets included in the commercial portfolio consist of selected financial instruments with off-balance sheet credit risk, customer liabilities under acceptances, and equity investment.

The Bank, on behalf of its client base, advises and confirms letters of credit to facilitate foreign trade transactions. The Bank also provides stand-by letters of credit, guarantees, and commitments to extend credit, which are binding legal agreements to lend to a customer.

The Bank applies the same credit policies used in its lending process to its evaluation of these instruments, and, once issued, the commitment is irrevocable and remains valid until its expiration. As of December 31, 2011, total contingencies and other assets in the commercial portfolio amounted to $364 million (7% of the total commercial portfolio), of which 79% corresponded to letters of credit, mainly in Ecuador.

As of December 31, 2010, total contingencies and other assets in the commercial portfolio amounted to $382 million (9% of the total commercial portfolio), of which 68% corresponded to letters of credit, mainly in Ecuador and Venezuela.

As of December 31, 2009, total contingencies and other assets in the commercial portfolio amounted to $331 million (11% of the total commercial portfolio).

The following table presents the amount of contingencies and other assets, as of December 31 of each year:

	As of December 31,					
	2011		2010		2009	
	Amount	% of Total Contingencies and other assets	Amount	% of Total Contingencies and other assets	Amount	% of Total Contingencies and other assets
	(in $ million, except percentages)					
Customers' liabilities under acceptances	$1	0.3	$27	7.1	$2	0.5
Contingencies						
Bolivia	1	0.3	0	0.0	0	0.0
Brazil	41	11.3	67	17.4	22	6.8
Chile	12	3.4	0	0.0	0	0.0
Colombia	2	0.7	0	0.0	0	0.0
Costa Rica	12	3.2	32	8.4	24	7.3
Dominican Republic	2	0.4	0	0.0	0	0.0
Ecuador	215	59.1	121	31.7	112	33.5
El Salvador	2	0.6	0	0.0	2	0.5
Guatemala	1	0.1	1	0.4	1	0.3
Honduras	0	0.1	0	0.1	0	0.1
Jamaica	0	0.1	0	0.0	0	0.0
Mexico	16	4.4	53	13.8	60	18.0
Panama	2	0.5	1	0.3	0	0.0
Peru	2	0.7	0	0.0	0	0.0
Spain	10	2.7	0	0.0	0	0.0
Switzerland	1	0.1	1	0.1	0	0.0
Uruguay	0	0.0	0	0.0	16	4.8
United States	22	6.0	0	0.0	0	0.0
Venezuela	22	6.0	78	20.5	92	27.8
Total Contingencies	$363	99.7	$355	92.9	$330	99.5
Total Contingencies and Other Assets	$364	100.0	$382	100.0	$331	100.0

See Item 18, "Financial Statements," note 18.

Investment Securities Portfolio

The Bank's investment securities portfolio consists of debt securities available-for-sale, securities held-to-maturity and some trading assets.

In the normal course of business, the Bank utilizes interest rate swaps for hedging purposes with respect to its assets (mainly its investment securities) and liabilities management activities.

The following table sets forth information regarding the carrying value of the Bank's investment securities portfolio at the dates indicated.

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	As of December 31,		
	2011	2010	2009
	(in $ millions)		
Trading assets [1]	17	50	50
Securities available-for-sale	416	353	457
Securities held-to-maturity	27	33	0
Total investment securities	$460	$437	$507

(1) The trading assets of $17 milion for the year ended December 31, 2011 does not include trading assets related to the Brazilian Fund ($3 million).

As of December 31, 2011, the Bank's securities available-for-sale amounted to $416 million and consisted of investments with issuers in the Region, of which 79% corresponded to sovereign borrowers, and 21% corresponded to private corporations and banks. The $63 million increase in the securities available-for-sale portfolio during 2011 compared to 2010 reflects the net effect of: (i) $364.9 million on investment securities acquired during 2011, (ii) the sale of $264.9 million in book value ($243.6 million in nominal value) which generated net gains of $3.4 million during 2011, (iii) redemption of $19.4 million of investment securities, (iv) a $10.7 million variance of mark-to-market of the available for sale securities portfolio, and (v) a -$6.7 million decrease in amortization of premiums and discounts.

As of December 31, 2010, the Bank's securities available-for-sale amounted to $353 million and consisted of investments with issuers in the Region, of which 63% corresponded to sovereign borrowers and 37% corresponded to state and private corporations. The $104 million decrease in the securities available-for-sale portfolio during 2010 compared to 2009 reflects the sale of $135 million in nominal value which generated net gains of $2.3 million during 2010.

As of December 31, 2009, the Bank's securities available-for-sale amounted to $457 million and consisted of investments with issuers in the Region, of which 80% were securities of banks and sovereign borrowers and 20% were securities of corporations.

The held-to-maturity portfolio amounted to $27 million as of December 31, 2011, compared to $33 million as of December 31, 2010. As of December 31, 2009 the Bank had no securities held-to-maturity.

See Item 18, "Financial Statements," notes 2 (j) and 5.

As of December 31, 2011, the Bank's trading assets amounted to $17 million, compared to $50 million as of December 31, 2010, and compared to the same amount as of December 31, 2009. See Item 18, "Financial Statements", notes 2(i) and 4.

Investment Fund

The Fund consists of the Bank's investment in the Fund's assets and liabilities and is managed by Bladex Asset Management.

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

The Board of Directors of the Fund controls the exposure of the Fund to certain risks through a risk matrix, which contains guidelines and parameters that the Fund's managers must follow. Specific risk management guidelines include limitations regarding capital usage and portfolio concentrations.

The Fund's asset value totaled $120 million as of December 31, 2011, compared to $167 million as of December 31, 2010, and compared to $198 million as of December 31, 2009, of which the minority interest in the investment fund amounted to $6 million, $19 million, and $35 million, respectively.

Bladex's ownership of the Feeder was 95.84% as of December 31, 2011, 88.67% as of December 31, 2010, and 82.34% as of December 31, 2009, with the remaining balances owned by third party investors.

As part of the Bank's decision to gradually reduce its exposure, the Bank redeemed $50 million during the year 2011.

See Item 18, "Financial Statements," notes 1, 2(e), 2(k), 6, and 22.

Total Outstandings by Country

The following table sets forth the aggregate amount of the Bank's cross-border outstandings, consisting of cash and due from banks, interest-earning deposits in other banks, trading assets, investment securities, loans, Investment Fund outstandings and accrued interest receivable, but not including contingencies as of December 31 of each year:

	As of December 31,					
	2011		2010		2009	
	Amount	% of Total Outstandings	Amount	% of Total Outstandings	Amount	% of Total Outstandings
	(in $ million, except percentages)					
Argentina	$392	6.1	$239	4.7	$74	1.9
Austria	0	0.0	0	0.0	0	0.0
Brazil	1,962	30.5	1,689	32.9	1,471	37.4
Chile	377	5.9	367	7.1	297	7.6
Colombia	843	13.1	711	13.8	345	8.8
Costa Rica	110	1.7	93	1.8	83	2.1
Dominican Republic	149	2.3	139	2.7	38	1.0
Ecuador	22	0.3	18	0.4	23	0.6
El Salvador	21	0.3	55	1.1	58	1.5
France	1	0.0	11	0.2	20	0.5
Germany	7	0.1	0	0.0	0	0.0
Guatemala	168	2.6	104	2.0	86	2.2
Honduras	46	0.7	38	0.7	23	0.6
Jamaica	2	0.0	65	1.3	31	0.8
Japan	11	0.2	62	1.2	100	2.5
Mexico	484	7.5	457	8.9	361	9.2
Panama	181	2.8	98	1.9	86	2.2
Peru	386	6.0	346	6.7	193	4.9
Switzerland	0	0.0	32	0.6	22	0.6
Trinidad & Tobago	77	1.2	63	1.2	72	1.8

United Kingdom	1		0.0	1	0.0	20	0.5
United States	779		12.1	297	5.8	239	6.1
Uruguay	110		1.7	0	0.0	30	0.8
Multilateral Organization	99		1.5	65	1.3	50	1.3
Other countries [(1)]	75		1.2	20	0.4	14	0.3
Sub-Total	$6,304		98.1	$4,969	96.7	$3,737	95.0
Investment Fund [(2)]	120		1.9	167	3.3	198	5.1
Total [(3)]	$6,425	$	100.0	$5,136	100.0	$3,934	100.0

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(1) Other countries consists of cross-border outstandings to countries in which cross-border outstandings did not exceed 1% for any of the periods indicated. Other countries in the year 2011 was comprised of $31 million in Paraguay, $20 million in the Netherlands, $10 million in Nicaragua, $10 million in China, and $4 million in Spain. Other countries in the year 2010 was comprised of $20 million in Finland. Other Countries in the year 2009 was comprised of $10 million in Portugal, $1 million in Nicaragua and $3 million of cash and due from banks.

(2) The balances in Investment Fund represent the participation of the Feeder in the net asset value of the Fund.

(3) The outstandings by country does not include contingencies. See Item 4, "Business Overview/Contingencies and Other Assets."

In allocating country risk limits, the Bank applies a portfolio management approach that takes into consideration several factors, including the Bank's perception of country risk levels, business opportunities, and economic and political analysis.

The composition of the outstandings per country portfolio has remained fairly stable over the 2009 to 2011 period. Some exposures in certain countries have been adjusted in accordance with the Bank's risk perception.

Cross-border outstandings in countries outside the Region correspond principally to the Bank's liquidity placements. See Item 5, "Operating and Financial Review and Prospects/Liquidity and Capital Resources/Liquidity."

The following table sets forth the amount of the Bank's cross-border outstandings by type of institution as of December 31 of each year:

	As of December 31,		
	2011	2010	2009
		(in $ million)	
Private sector commercial banks and financial institutions	$1,823	$ 1,560	$1,177
State-owned commercial banks	505	403	355
Central banks	761	265	178
Sovereign debt	238	307	434
State-owned exporting organizations	383	355	246
Private middle-market companies	449	227	130
Private corporations	2,146	1,852	1,216
Sub-Total	$6,304	$ 4,969	$3,737
Investment fund	120	167	198
Total	$6,425	$ 5,136	$3,934

Net Revenues Per Country

The following table sets forth information regarding the Bank's net revenues by country at the dates indicated, with net revenues calculated as the sum of net interest income, net fees and commissions, derivative financial instruments and hedging, net gain (loss) from investment fund trading, net gain (loss) from trading securities, net gain (loss) on sale of securities available-for-sale, net gain (loss) on foreign currency exchange, and other income (expense), net:

	For the year ended December 31,		
	2011	2010	2009
	(in $ million)		
Argentina	$ 8.4	$ 4.9	$ 2.0
Brazil	37.5	28.6	25.9
Chile	3.5	2.9	1.9
Colombia	12.0	5.1	5.8
Costa Rica	1.9	2.0	4.2
Dominican Republic	2.8	1.3	0.7
Ecuador	5.8	4.1	3.0
El Salvador	0.5	0.8	5.4
Guatemala	0.8	1.4	8.8
Honduras	1.8	1.4	1.1

	For the year ended December 31,		
	2011	2010	2009
	(in $ million)		
Jamaica	1.4	1.1	0.6
Mexico	18.8	15.7	16.8
Panama	2.5	1.6	3.3
Paraguay	0.4	0.0	0.0
Peru	8.7	5.0	0.5
Trinidad and Tobago	1.7	1.3	1.0
Uruguay	1.3	0.5	1.2
Venezuela	2.6	4.6	2.5
Other countries[1]	4.6	2.0	2.4
Asset Management Unit	21.1	(7.7)	22.1
Total net revenues	$ 138.3	$ 76.8	$ 109.1
Reversal (provision) for credit losses	(4.4)	4.8	(14.8)
Recoveries, net of impairment of assets	(0.1)	0.2	(0.1)
Operating expenses	(50.0)	(42.1)	(38.2)
Net income	$ 83.9	$ 39.8	$ 56.0
Net income (loss) attributable to the redeemable noncontrolling interest	0.7	(2.4)	1.1
Net income attributable to Bladex	$ 83.2	$ 42.2	$ 54.9

[1] Other countries consists of net revenues per country in which net revenues did not exceed $1 million for any of the periods indicated above.

The previous table provides a reconciliation of the net revenues (as defined previously) to the Bank's net income. Net revenues do not include the effects of reversals (provisions) for credit losses, recoveries on assets, net of impairments and operating expenses. The objective of the aforementioned table is to show net revenues before operating expenses generated from the Bank's Commercial Division, Treasury Division and Asset Management Unit, on a by-country basis. Given that the Bank's business segments generate revenues not only from net interest income, but from other sources including fees and commissions, gains and losses on investments and derivative financial instruments, which form part of other income rather than net interest income, the Bank adds those amounts to net interest income to show net revenues earned before operating expenses. Reversals (provisions) for credit losses, and recoveries, net of impairment of assets, are not included as part of net revenues as the Bank believes such amounts, which are based on Management estimates, may distort trend analysis. Thus, the Bank believes excluding such amounts from, net revenues provides a more accurate and clear indicator of the Bank's performance within its three segments for each country, and thus provides a better analysis of the efficiency of the Bank. The Bank also believes the presentation of net revenues helps facilitate comparisons of performance between periods. However, net revenues should not be considered a substitute for, or superior to, financial measures calculated differently on a U.S. GAAP basis. Furthermore, net revenues may be calculated differently by other companies in the financial industry.

Competition

The Bank operates in a highly competitive environment in most of its markets, and faces competition principally from regional and international banks, the majority of which are European or North American, in making loans and providing fee-generating services. The Bank competes in its lending and deposit-taking activities with other banks and international financial institutions, many of which have greater financial resources, enjoy access to less expensive funding and offer sophisticated banking services. Whenever economic conditions and risk perception improve in the Region, competition from commercial banks, the securities markets and other new participants generally increases. Competition may have the effect of reducing the spreads of the Bank's lending rates over its funding costs and constraining the Bank's profitability.

Increased open account exports and new financing requirements from multinational corporations are changing the way banks intermediate foreign trade financing. Trade finance volumes are also dependent on global economic conditions.

The Bank also faces competition from investment banks and the local and international securities markets, which provide liquidity to the financial systems in certain countries in the Region, as well as non-bank specialized financial institutions. The Bank competes primarily on the basis of agility, pricing, and quality of service. See Item 3, “Key Information/Risk Factors.”

Regulation

General

The Superintendency regulates, supervises and examines the Bank. The New York Agency is regulated, supervised and examined by the New York Banking Department and the Board of Governors of the Federal Reserve System, or the U.S. Federal Reserve Board, and the Florida International Administrative Office is regulated, supervised and examined by the Florida Office of Financial Regulation and the U.S. Federal Reserve Board. The Bank’s direct and indirect nonbanking subsidiaries doing business in the United States are subject to regulation by the U.S. Federal Reserve Board. The Feeder and the Fund are regulated by government authorities in the Cayman Islands. The regulation of the Bank by relevant Panamanian authorities differs from the regulation generally imposed on banks, including foreign banks, in the United States by U.S. federal and state regulatory authorities.

The Superintendency of Banks has signed and executed agreements or letters of understanding with 24 foreign supervisory authorities for the sharing of supervisory information under the principles of reciprocity, appropriateness, national agreement, and confidentiality. These 24 entities include the U.S. Federal Reserve Board, the Office of the Comptroller of Currency of the Treasury Department, or the OCC, the Federal Deposit Insurance Corporation and the Office of Thrift Supervision. In addition, the Statement of Cooperation between the United States and Panama promotes cooperation between U.S. and Panamanian banking regulators and demonstrates the commitment of the U.S. regulators and the Superintendency to the principles of comprehensive and consolidated supervision.

<u>Panamanian Law</u>

The Bank operates in Panama under a General Banking License issued by the National Banking Commission, predecessor of the Superintendency of Banks. Banks operating under a General Banking License, or General License Banks, may engage in all aspects of the banking business in Panama, including taking local and offshore deposits, as

well as making local and international loans.

All banking institutions in Panama are governed by Executive Decree 52 of April 30, 2008, or the Banking Law.

Under the Banking Law, a bank's capital composition includes primary, secondary and tertiary capital. Primary capital is made up of paid-in capital, declared reserves and retained earnings. Secondary capital is made up of undeclared reserves, hybrid instruments of debt and equity, and long-term subordinated debt. Tertiary capital is made up of short-term subordinated debt incurred for the management of market risk. Under the Banking Law, the sum of secondary and tertiary capital cannot exceed primary capital.

General License Banks must have paid-in capital of not less than $10 million. Additionally, they must maintain a minimum total capital of 8% of their total risk-weighted assets, and primary equity capital must be equal to or greater than 4% of the bank's assets and off-balance sheet operations that represent a contingency to the bank. The Superintendency is authorized to take into account market risks, operational risks and country risks, among others, to evaluate capital adequacy. In addition, the Superintendency is authorized to increase the minimum capital requirement percentage in Panama in the event that generally accepted international capitalization standards (the standards set by the Basel Committee on Banking Supervision) become more stringent.

General License Banks are required to maintain 30% of their global deposits in liquid assets (which include short-term loans to other banks and other liquid assets) of the type prescribed by the Superintendency. Under the Banking Law, deposits from central banks and other similar depositories of the international reserves of sovereign states are immune from attachment or seizure proceedings.

Pursuant to the Banking Law, banks cannot grant loans or issue guarantees or any other obligation, or Credit Facilities, to any one person or group of related persons in excess of 25% of the Bank’s total capital. This limitation also extends to Credit Facilities granted to parties related to the ultimate parent of the banking group. However, the Banking Law establishes that, in the case of Credit Facilities granted by mixed-capital banks with headquarters in Panama whose principal business is the granting of loans to other banks, the limit is 30% of the bank’s capital funds. As confirmed by the Superintendency, the Bank currently applies the limit of 30% of the Bank’s total capital with respect to the Bank’s credit facilities in favor of financial institutions and the limit of 25% of the Bank’s total capital with respect to the Bank’s credit facilities in favor of corporations, middle-market companies and sovereign borrowers.

Under the Banking Law, a bank and the ultimate parent of the banking group may not grant loans or issue guarantees or any other obligation to “related parties” that exceed (1) 5% of its total capital, in the case of unsecured transactions, and (2) 10% of its total capital, in the case of collateralized transactions (other than loans secured by deposits in the bank). For these purposes, a “related party” is (a) any one or more of the bank’s directors, (b) any stockholder of the bank who directly or indirectly owns 5% or more of the issued and outstanding capital stock of the bank, (c) any company of which one or more of the bank’s directors is a director or officer or where one or more of the bank’s directors is a guarantor of the loan or credit facility, (d) any company or entity in which the bank or any one of its directors or officers can exercise a controlling influence, (e) any company or entity in which the bank or any one of its directors or officers owns 20% or more of the issue and outstanding capital stock of the company or entity and (f) managers, officers and employees of the bank, or their respective spouses (other than home mortgage loans or guaranteed personal loans under general programs approved by the bank for employees). The Superintendency currently limits the total amount of secured and unsecured Credit Facilities (other than Credit Facilities secured by deposits in the bank) granted by a bank or the ultimate parent of a banking group to related parties to 25% of the total capital of the bank.

The Superintendency of Banks may authorize the total or partial exclusion of loans or credits from the computation of these limitations in cases of unsecured loans and other credits granted by mixed-capital banks with headquarters in Panama whose principal business is the granting of loans to other banks, which is the case of the Bank. This authorization is subject to the following conditions: (1) the ownership of shares in the debtor bank–directly or indirectly–by the shared director or shared officer, may not exceed 5% of the bank’s capital, or may not amount to any sum that would ensure his or her majority control over the decisions of the bank; (2) the ownership of shares in the creditor bank–directly or indirectly–by the debtor bank represented in any manner by the shared director or shared officer, may not exceed 5% of the shares outstanding of the creditor bank, or may not amount to any sum that would ensure his or her majority control over the decisions of the bank; (3) the shared director or shared officer must abstain from participating in the deliberations and in the voting sessions held by the creditor bank regarding the loan or credit request; and (4) the loan or credit must strictly comply with customary standards of discretion set by the grantor bank’s credit policy. The Superintendency will determine the amount of the exclusion in the case of each loan or credit submitted for its consideration.

The Banking Law contains additional limitations and restrictions with respect to related party loans and Credit Facilities. For instance, under the Banking Law, banks may not grant Credit Facilities to any employee in an amount that exceeds the employee's annual compensation package, and all Credit Facilities to managers, officers, employees or stockholders who are owners of 5% or more of the issued and outstanding capital stock of the lending bank or the ultimate parent of the banking group, will be made on terms and conditions similar to those given by the bank to its clients in arm's-length transactions and which reflect market conditions for a similar type of operation. Shares of a bank cannot be pledged or offered as security for loans or Credit Facilities issued by the bank.

In addition to the foregoing requirements, there are certain other requirements applicable to General License Banks, including (1) a requirement that a bank must notify the Superintendency before opening or closing a branch or office in Panama and obtain approval from the Superintendency before opening or closing a branch or subsidiary outside Panama, (2) a requirement that a bank obtain approval from the Superintendency before it liquidates its operations, merges or consolidates with another bank or sells all or substantially all of its assets, (3) a requirement that a bank must designate the certified public accounting firm that it wishes to contract to carry out the duty of external auditing for the new fiscal term, within the first three months of each fiscal term, and notify the Superintendency within 7 days of such designation, and (4) a requirement that a bank obtain prior approval from the Superintendency of the rating agency it wishes to hire to perform the risk rating of the bank, (5) a requirement that a bank must publish in a local newspaper the risk rating issued by the rating agency and any risk rating update, and (6) a requirement that a bank must provide written affirmation of the Bank's audited financial statements signed by the Bank's Chairman of the Board, the Chief Executive Officer and Chief Financial Officer. The subsidiaries of Panamanian banks established in foreign jurisdictions must observe the legal and regulatory provisions applicable in Panama regarding the sufficiency of capital, as prescribed under the Banking Law.

The Banking Law regulates banks and the entire "banking group" to which each bank belongs. Banking groups are defined as the holding company and all direct and indirect subsidiaries of the holding company, including the bank in question. Banking groups must comply with audit standards and various limitations set forth in the Banking Law, in addition to all compliance required of the bank in question. The Banking Law provides that banks and banking groups in Panama are subject to inspection by the Superintendency, which must take place at least once every two years. The Superintendency is empowered to request from any bank or any company that belongs to the economic group of which a bank in Panama is a member, the documents and reports pertaining to its operations and activities. Banks are required to file with the Superintendency weekly, monthly, quarterly and annual information, including financial statements, an analysis of their credit facilities and any other information requested by the Superintendency. In addition, banks are required to make available for inspection any reports or documents that are necessary for the Superintendency to ensure compliance with Panamanian banking laws and regulations. Banks subject to supervision may be fined by the Superintendency for violations of Panamanian banking laws and regulations. The Superintendency last inspected the Bank during the months of February through April, 2010, and the results of this inspection were satisfactory. During 2011, the Superintendency inspected the Bank with respect to Anti-Money Laundering, IT Security and other security measures, and the results of this inspection were satisfactory.

Panamanian Anti-Money Laundering laws and regulations

In Panama, all banks and trust corporations must take necessary measures to prevent their operations and/or transactions from being used to commit the felony of money laundering, terrorism financing or any other illicit activity contemplated in the laws and regulations addressing this matter.

United States Law

Bladex operates a New York state-licensed agency in New York, New York and maintains a direct wholly-owned non-banking subsidiary in Delaware, Bladex Holdings Inc., or Bladex Holdings, which is not engaged in activities other than owning one wholly owned subsidiary incorporated under the laws of the State of Delaware: Bladex Asset Management, incorporated on May 24, 2006. Another wholly-owned subsidiary, Clavex LLC, which was incorporated on June 15, 2006, was dissolved on April 7, 2011, and its net assets were transferred to its controlling entity. On October 30, 2006, the Bank established the Florida International Administrative Office in Miami, Florida. On April 16, 2008, Bladex incorporated a direct fifty percent (50%) owned subsidiary in Delaware with the name of BCG PA LLC, which receives the performance allocation of Bladex Capital Growth Fund.

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Federal Law

In addition to being subject to New York and Florida state laws and regulations, the New York Agency and the Florida International Administrative Office are subject to federal regulations, primarily under the International Banking Act of 1978, as amended, or IBA, and are subject to examination and supervision by the U.S. Federal Reserve Board. The IBA generally extends federal banking supervision and regulation to the U.S. offices of foreign banks and to the foreign bank itself. Under the IBA, the U.S. branches and agencies of foreign banks, including the New York Agency, are subject to reserve requirements on certain deposits. At present, the New York Agency has no deposits subject to such requirements. The New York Agency also is subject to reporting and examination requirements imposed by the U.S. Federal Reserve Board similar to those imposed on domestic banks that are members of the U.S. Federal Reserve System. The Foreign Bank Supervision Enhancement Act of 1991, or the FBSEA, amended the IBA to enhance the authority of the U.S. Federal Reserve Board to supervise the operations of foreign banks in the United States. In particular, the FBSEA expanded the U.S. Federal Reserve Board's authority to regulate the entry of foreign banks into the United States, supervise their ongoing operations, conduct and coordinate examinations of their U.S. offices with state banking authorities, and terminate their activities in the United States for violations of law or for unsafe or unsound banking practices.

In addition, under the FBSEA, state-licensed branches and agencies of foreign banks may not engage in any activity that is not permissible for a "federal branch" (i.e., a branch of a foreign bank licensed by the federal government through the OCC, rather than by a state), unless the U.S. Federal Reserve Board has determined that such activity is consistent with sound banking practices.

The New York Agency does not engage in retail deposit-taking from persons in the United States. Under the FBSEA, the New York Agency may not obtain Federal Deposit Insurance Corporation, or FDIC, insurance and generally may not accept deposits of less than $100,000, from persons in the United States, but may maintain credit balances incidental to its lawful powers, issue large-denomination obligations ($100,000 or more) to corporations, partnerships and associations, and accept deposits from non-U.S. citizens who are non-U.S. residents but must inform each customer that the deposits are not insured by the FDIC.

The IBA also restricts the ability of a foreign bank with a branch or agency in the United States to engage in non-banking activities in the United States, to the same extent as a U.S. bank holding company. Bladex is subject to certain provisions of the Federal Bank Holding Company Act of 1956, or the BHCA, because it maintains an agency in the United States. Generally, any nonbanking activity engaged in by Bladex directly or through a subsidiary in the United States is subject to certain limitations under the BHCA. Under the Gramm-Leach-Bliley Financial Modernization Act of 1999, or GLB Act, a foreign bank with a branch or agency in the United States may engage in a broader range of non-banking financial activities, provided it is qualified and has filed a declaration with the U.S. Federal Reserve Board to be a "financial holding company". The application with the U.S. Federal Reserve Board to obtain financial holding company status, filed by Bladex on January 29, 2008, has been withdrawn effective March 2, 2012, as Bladex no longer considers the financial holding company status to be a necessary requirement in order to achieve its long-term strategic goals and objectives. At present, Bladex has subsidiaries in the United States, Bladex

Holdings, a wholly-owned company incorporated under Delaware law that is not engaged in any activity, other than owning Bladex Asset Management, a Delaware corporation and BCG PA LLC, a fifty percent (50%) owned subsidiary incorporated under the laws of Delaware.

In addition, pursuant to the Financial Services Regulatory Relief Act of 2006, the U.S. Securities and Exchange Commission, or the SEC, and the U.S. Federal Reserve Board finalized Regulation R. Regulation R defines the scope of exceptions provided for in the GLB Act for securities brokerage activities which banks may conduct without registering with the SEC as securities brokers or moving such activities to a broker-dealer affiliate. The “push out” rules exceptions contained in Regulation R enable banks, subject to certain conditions, to continue to conduct securities transactions for customers as part of the bank’s trust and fiduciary, custodial, and deposit “sweep” functions, and to refer customers to a securities broker-dealer pursuant to a networking arrangement with the broker-dealer. The New York Agency is subject to Regulation R with respect to its securities activities.

Certain provisions of the Dodd-Frank Act also require regulatory agencies, including the SEC, to establish regulations for implementation of many of the provisions of the Dodd-Frank Act. While the Bank is closely monitoring this rulemaking process, the exact impact of new rules on its business remains uncertain. Bladex will continue to monitor all relevant developments and rulemaking initiatives, and expects to successfully implement any new applicable legislative and regulatory requirements. At this time, the Bank cannot predict the impact or possible additional costs to the Bank, if any, related to the implementation of, or compliance with, the potential future requirements under the Dodd-Frank Act.

Finally, under the regulations of the Office of Foreign Asset Control, or OFAC, the Bank is required to monitor and block transactions with certain “specially designated nationals” which OFAC has determined pose a risk to U.S. national security.

New York State Law

The New York Agency, established in 1989, is licensed by the Superintendent of Banks of the State of New York, or the Superintendent, under the New York Banking Law. The New York Agency maintains an international banking facility that also is regulated by the Superintendent and the U.S. Federal Reserve Board. The New York Agency is examined by the New York State Banking Department and is subject to banking laws and regulations applicable to a foreign bank that operates a New York agency. New York agencies of foreign banks are regulated substantially the same as, and have similar powers to, New York state-chartered banks, except with respect to capital requirements and deposit-taking activities.

The Superintendent is empowered by law to require any branch or agency of a foreign bank to maintain in New York specified assets equal to a percentage of the branch’s or agency’s liabilities, as the Superintendent may designate. Under the current requirement, the New York Agency is required to maintain a pledge of a minimum of $2 million with respect to its total third-party liabilities and such pledge may be up to 1% of the agency’s third party liabilities, or upon meeting eligibility criteria, up to a maximum amount of $100 million. As of December 31, 2011, the New York Agency maintained a pledge deposit with a carrying value of $3.0 million with the New York State Banking Department, complying with the minimum required amount.

In addition, the Superintendent retains the authority to impose specific asset maintenance requirements upon individual agencies of foreign banks on a case-by-case basis. No special requirement has been prescribed for the New York Agency.

The New York Banking Law generally limits the amount of loans to any one person to 15 percent of the capital, surplus fund and undivided profits of a bank. For foreign bank agencies, the lending limits are based on the capital of the foreign bank and not that of the agency.

The Superintendent is authorized to take possession of the business and property of a New York agency of a foreign bank whenever an event occurs that would permit the Superintendent to take possession of the business and property of a state-chartered bank. These events include the violation of any law, unsafe business practices, an impairment of capital, and the suspension of payments of obligations. In liquidating or dealing with an agency's business after taking possession of the agency, the New York Banking Law provides that the claims of creditors which arose out of transactions with the agency may be granted a priority with respect to the agency's assets over other creditors of the foreign bank.

Florida Law

The Florida International Administrative Office, established in October 2006, is licensed and supervised by the Florida Office of Financial Regulation under the Florida Financial Institutions Codes. The activities of the Florida International Administrative Office are subject to the restrictions described below as well as to Florida banking laws and regulations that are applicable generally to foreign banks that operate offices in Florida. The Florida International Administrative Office is also subject to regulation by the U.S. Federal Reserve Board under the IBA.

Pursuant to Florida law, the Florida International Administrative Office is authorized to conduct certain "back office" functions on behalf of the Bank, including administration of the Bank's personnel and operations, data processing and record keeping activities, and negotiating and servicing loans or extensions of credit and investments. Under the provisions the Florida Financial Institutions Codes, as well as the IBA and the regulations of the U.S. Federal Reserve Board, the Florida International Administrative Office is also permitted to function as a representative office of the Bank. In this capacity it may solicit new business for the Bank and conduct research. It may also act in a liaison capacity between the Bank and its customers.

Anti-Money Laundering Laws

U.S. anti-money laundering laws, as amended by the USA PATRIOT Act of 2001, impose significant compliance and due diligence obligations, on financial institutions doing business in the United States. Both the New York Agency and the Florida International Administrative Office are "financial institutions" for these purposes. Failure of a financial institution to comply with the requirements of these laws and regulations could have serious legal and reputational consequences for an institution. The New York Agency and the Florida International Administrative Office have adopted comprehensive policies and procedures to address these requirements.

Cayman Islands Law

The Feeder and the Fund, both incorporated in the Cayman Islands with limited liability on February 21, 2006, and BLX Brazil Ltd., incorporated in the Cayman Islands on October 5, 2010, are exempted companies pursuant to the Companies Law (2011 Revision) of the Cayman Islands, or the Companies Law. The registered office of these companies is c/o Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands. These companies have received an undertaking exempting them from taxation of all future profits until March 7, 2026 for the Feeder and the Fund, and until November 23, 2030 for BLX Brazil Ltd.

The Companies Law is derived, to a large extent, from the older Companies Acts of England, although there are significant differences between the Companies Law and the current Companies Act of England. Section 174 of the

Companies Law does not permit the Feeder and the Fund to trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of these companies carried on outside the Cayman Islands. This does not prevent the Feeder and the Fund from executing contracts in the Cayman Islands and exercising in the Cayman Islands all of their powers necessary for the carrying on of their business outside the Cayman Islands.

The Proceeds of Crime Law, 2008 of the Cayman Islands and the Terrorism Law (2011 Revision) of the Cayman Islands impose reporting obligations on residents of the Cayman Islands who know or suspect, or have reasonable grounds for knowing or suspecting, the involvement of another person in criminal conduct or with terrorism or terrorist property and the information for that knowledge or suspicion came to their attention in the course of business in the regulated sector.

The Bank is subject to banking regulations in each jurisdiction in which the Bank has a physical presence.

C. Organizational Structure

For information regarding the Bank's organizational structure, see Item 18, "Financial Statements," note 1.

D. Property, Plant and Equipment

The Bank owns its headquarters office, with 6,161 square meters of office space, located at Calle 50 and Aquilino de la Guardia in Panama City, Panama. The Bank leases 11.2 square meters of computer equipment hosting, located at Gavilan Street Balboa in Panama City, Panama and 21.2 square meters of office space and internet access in case of a contingency, located at 75E Street San Francisco, in Panama City, Panama. The Bank also leases, as contingency, 10.37 square meters of computer equipment hosting, located at Cable & Wireless Howard IDC, Brujas Street (Perimetral Oeste), behind the International Business Park, Arraijan, Panama.

In addition, the Bank leases office space for its representative offices in Mexico City and Monterrey, Mexico, Buenos Aires, Argentina, Lima, Peru, Bogotá, Colombia, Bladex Representação Ltda. in São Paulo and Porto Alegre, Brazil, its New York Agency in New York City, New York, and the Florida International Administrative Office in Miami, Florida. Bladex Asset Management Unit leases office space in São Paulo, Brazil and New York City, New York. See Item 18, "Financial Statements," notes 2(r), 9 and 19.

During the year 2012, the Bank is planning to move its offices to the Business Park - Tower V in Costa del Este, Panama. The move is planned for the second quarter of 2012. The total investment budget cost of the project is approximately $6.7 million, which is expected to be funded by the proceeds of the sale of the Bank's current premises. The current headquarter premises are under contract to sell. The fulfillment of the contract is expected to occur in congruence with the planned move to the new offices.

Item 4A. Unresolved Staff Comments

None.

Item 5. Operating and Financial Review and Prospects

The following discussion should be read in conjunction with the Bank's Consolidated Financial Statements and the notes thereto included elsewhere in this Annual Report. See Item 18, "Financial Statements."

Nature of Earnings

The Bank derives income from net interest income, fees and commissions, derivative financial instruments and hedging, recoveries, net of impairment of assets, net gain (loss) from investment fund trading, net gain (loss) from trading securities, net gain on sale of securities available-for-sale, and net gain (loss) on foreign currency exchange, and other income (net). Net interest income, or the difference between the interest income the Bank receives on its interest-earning assets and the interest it pays on interest-bearing liabilities, is generated principally by the Bank's lending activities. The Bank generates fees and commissions mainly through the issuance, confirmation and negotiation of letters of credit and guarantees and through loan origination.

A. Operating Results

The following table summarizes changes in components of the Bank's net income and performance for the periods indicated:

	For the Year Ended December 31,		
	2011	2010	2009
	(in $ thousand, except per share amounts and percentages)		
Total interest income	$ 157,427	$ 119,478	$ 141,964
Total interest expense	54,717	44,975	77,212
Net interest income	102,710	74,503	64,752
Provision for loan losses	(8,841)	(9,091)	(18,293)
Net interest income, after provision for loan losses	93,869	65,412	46,459
Other income (expense):			
Reversal of provision for losses on off-balance sheet credit risk	4,448	13,926	3,463
Fees and commissions, net	10,729	10,326	6,733
Derivative financial instruments and hedging	2,923	(1,446)	(2,534)
Recoveries, net of impairment of assets	(57)	233	(120)
Net gain (loss) from investment fund trading	20,314	(7,995)	24,997
Net gain (loss) from trading securities	(6,494)	(3,603)	13,113
Net gain on sale of securities available-for-sale	3,413	2,346	546
Gain on foreign currency exchange	4,269	1,870	613
Other income , net	477	833	912
Net other income	40,022	16,490	47,723
Total operating expenses	(50,035)	(42,081)	(38,202)
Net income	83,856	39,821	55,980
Net income (loss) attributable to the redeemable noncontrolling interest	676	(2,423)	1,118
Net income attributable to Bladex	$ 83,180	$ 42,244	$ 54,862
Basic earnings per share	$ 2.25	$ 1.15	$ 1.50
Diluted earnings per share	$ 2.24	$ 1.15	$ 1.50
Return on average assets	1.46 %	0.97 %	1.38 %
Return on average stockholders' equity	11.40 %	6.21 %	8.60 %

Business Segment Analysis

In 2011, the Bank made the following changes in the measurement methods used to determine business segment profit or loss: the current period's interest expenses allocation methodology reflects allocated funding on a matched-funded basis, net of risk-adjusted capital by business segment. The current period's operating expenses allocation methodology allocates overhead expenses based on resource consumption by business segment. Prior periods' presentation allocated interest expenses and overhead operating expenses based on the segments' average portfolio.

Comparative amounts for 2010 and 2009 have been reclassified to conform to the current period presentation.

The Bank determines net operating income by business segment in order to disclose the revenue and expense items related to its normal course of business, segregating from net operating income the impact of reversals (provisions) of reserves for loan losses and off-balance sheet credit risk and recoveries on assets. The following table summarizes net operating income of the Bank, both by business segment and on a consolidated basis for the periods indicated:

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	For the Year Ended December 31,		
	2011	2010	2009
	(in $ million, except percentages)		
COMMERCIAL DIVISION:			
Net interest income.	$ 81.7	$ 54.5	$ 53.9
Non-interest operating income	11.0	10.3	6.9
Operating expenses	(34.8)	(28.3)	(21.8)
Net operating income	57.9	36.5	39.0
Reversal (provision) for loan and off-balance sheet credit losses, net	(4.4)	4.8	(14.8)
Recoveries, net of impairment of assets	(0.1)	(0.2)	(0.1)
NET INCOME ATTRIBUTABLE TO BLADEX	$ 53.4	$ 41.5	$ 24.1
TREASURY DIVISION:			
Net interest income	$ 20.7	$ 20.7	$ 14.4
Non-interest operating income	4.2	(0.7)	11.9
Operating expenses.	(10.2)	(9.3)	(9.6)
Net operating income	14.7	10.7	16.7
NET INCOME ATTRIBUTABLE TO BLADEX	$ 14.7	$ 10.7	$ 16.7
ASSET MANAGEMENT UNIT:			
Net interest income .	$ 0.3	$ (0.7)	$ (3.5)
Non-interest operating income	20.5	(7.2)	25.5
Operating expenses	(5.0)	(4.5)	(6.8)
Net operating income	15.8	(12.4)	15.2
Net income	15.8	(12.4)	15.2
Net income (loss) attributable to the redeemable noncontrolling interest.	0.7	(2.4)	1.1
NET INCOME ATTRIBUTABLE TO BLADEX	$ 15.1	$ (10.0)	$ 14.1
CONSOLIDATED:			
Net interest income	$ 102.7	$ 74.5	$ 64.8
Non-interest operating income	35.7	2.4	44.3
Operating expenses.	(50.0)	(42.1)	(38.2)
Net operating income	88.4	34.8	70.9
Reversal (provision) for loan and off-balance sheet credit losses, net	(4.4)	4.8	(14.8)
Recoveries, net of impairment of assets.	(0.1)	0.2	(0.1)
Net income.	83.9	39.8	56.0
Net income (loss) attributable to the redeemable noncontrolling interest.	0.7	(2.4)	1.1
NET INCOME ATTRIBUTABLE TO BLADEX	$ 83.2	$ 42.2	$ 54.9

For further information on net income by business segment, see Item 18, “Financial Statements,” note 25.

The Commercial Division

The Commercial Division is responsible for the Bank's core business of financial intermediation and fee generation activities generated by the commercial portfolio. The division's portfolio includes loan portfolio, selected deposits placed, equity investments and contingencies and other assets. The Commercial Division's net income includes net interest income from loans, fees and commissions, allocated operating expenses, the reversal (provision) for credit losses, and recoveries, net of impairment of assets.

Year 2011 vs. Year 2010

The Commercial Division's net income amounted to $53.4 million for the year ended December 31, 2011, compared to the $41.5 million for the year ended December 31, 2010. The $11.9 million, or 29%, increase during the year 2011 was mainly due to: (i) a $27.2 million, or 50%, increase in net interest income, which amounted to $81.7 million in 2011, reflective of higher average loan portfolio balances (an increase of $1,319 million, or 40%) and improved net interest margins (an increase of 11 bps) and (ii) a $0.7 million, or 7%, increase in non-interest operating income, mainly as a result of increased commission income from higher average volumes in the letter of credit business (+28%). The revenue increase was partly offset by (i) a $6.5 million increase in operating expenses, as the Commercial Division expanded its sales force and local presence in various markets in the Region, and (ii) $4.4 million in credit provision charges during the year 2011, related to higher portfolio balances and shift in the composition of the commercial portfolio, as compared to $4.8 million in reversals of provisions during 2010.

The Commercial Division's portfolio balance amounted to $5,354 million as of December 31, 2011, compared to $4,446 million as of December 31, 2010, and compared to $3,110 million as of December 31, 2009. The 20% portfolio increase in 2011 compared to 2010 was attributable to increased demand from the Bank's established client base of corporations (an increase of 8%) and financial institutions (an increase of 26%), in addition to the Bank's continued business expansion into the middle-market segment (an increase of 101%) as the Bank's regional expansion and segment penetration activities continues to have results. In 2011, the Bank disbursed $8.2 billion in new loans, an increase of $2.7 billion, or 49%, compared to the year 2010, driven by strong demand from the Bank's established client base and benefitting from the Bank's expansion of its cross border vendor finance business during 2011. Of these disbursements during 2011, $583 million in loans were made to the middle-market companies. The non-accrual portfolio amounted to $32 million as of December 31, 2011, compared to $29 million as of December 31, 2010, and compared to $51 million as of December 31, 2009. The $32 million in non-accrual portfolio as of December 31, 2011 represented 0.6% of the total loan portfolio balance.

Year 2010 vs. Year 2009

The Commercial Division's net income amounted to $41.5 million for the year ended December 31, 2010, compared to $24.1 million for the year ended December 31, 2009. The $17.5 million, or 73%, net increase during the year was

primarily due to (i) a $19.7 million positive variation in reversal (provisions) for credit losses, due to an increase in the loan portfolio which was partially mitigated by an improvement of the risk profile of the Region, (ii) a $3.7 million increase in commissions and fees from loan commitments and letters of credit, (iii) a $0.6 million increase in net interest income mostly attributable to the income effects of an increase in average loan portfolio balances of 27%, and (iv) a $6.5 million increase in operating expenses as the Commercial Division expanded its sales force and local presence in various markets.

The Treasury Division

The Treasury Division is responsible for the Bank's liquidity, interest rate and foreign currency management, and investment securities activities. The Treasury Division's net income is presented net of allocated operating expenses, and includes net interest income on treasury assets (interest-bearing deposits with banks, investment securities, and trading assets); non-interest operating income (expense), such as net gain (loss) from trading securities, the sale of securities available-for-sale, foreign currency exchange, and derivative financial instruments and hedging.

Year 2011 vs. Year 2010

The Treasury Division reported net income of $14.7 million for the year ended December 31, 2011, compared to net income of $10.7 million for the year ended December 31, 2010. The $4.0 million, or 37%, increase during 2011 was due to the combined effects of a $4.9 million increase in non-interest operating income attributable to higher gains from sale of securities available-for-sale and the positive valuations of trading securities and their associated trading derivatives during the year, which was partially offset by increased operating expenses ($0.9 million).

Liquidity balance as of December 31, 2011 amounted to $786 million, compared to $421 million as of December 31, 2010, and compared to $402 million as of December 31, 2009. Liquid assets as of December 31, 2011 represented 12.4% of total assets and 34.1% of liability deposits, compared to 8.2% and 23.1%, respectively, as of December 31, 2010. Deposit balances increased $483 million, or 27%, to $2,304 million as of December 31, 2011 compared to $1,821 million as of December 31, 2010.

Funding costs continued to improve as weighted average funding cost for the year ended December 31, 2011 amounted to 1.12%, a decrease of 14 bps, or 11%, compared to 1.26% for the year ended December 31, 2010, as a result of lower average interbank market rates and improvement in funding costs of deposits. Borrowings and securities sold under repurchase agreements balances increased 31% during 2011 to $3,188 million as of December 31, 2011 compared to $2,435 million as of December 31, 2010.

Year 2010 vs. Year 2009

The Treasury Division reported net income of $10.7 million for the year ended December 31, 2010, compared to net income of $16.7 million for the year ended December 31, 2009. The 2010 results were mainly driven by a $3.6 million loss from trading securities, compared to a gain of $13.1 million in the year 2009. The $6.1 million decrease in 2010 compared to 2009 was primarily driven by trading portfolio valuations, as increases in securities valuations were more than offset by the diminished valuations of associated trading derivatives. This offset the $2.3 million gain on sale of securities available-for-sale during the year 2010 compared to a gain on sale of securities available-for-sale of $0.5 million in the year 2009.

The Asset Management Unit

The Asset Management Unit is responsible for the Bank’s asset management activities in the Investment Fund and assets of the Brazilian Fund (see Item 4.A “History and Development of the Company”). The Asset Management Unit’s

net income attributable to Bladex includes net interest and fee income from the investment fund, gains from investment fund trading, related other income (loss), direct and allocated operating expenses, net of net income attributable to the redeemable non-controlling interest.

Year 2011 vs. Year 2010

During 2011, Bladex's investment in the Fund contributed to net income of $15.1 million, compared to a net loss of $10.0 million in 2010. The $25.1 million year-over-year increase was due to the combined effects of: (i) a $27.7 million increase in non-interest operating income attributable to gains from investments in the Fund, (ii) a $1.0 million increase in net interest income, and was partially offset by a $0.5 million increase in operating expenses as a result of higher provisions for variable compensation tied to the performance of the Fund and a $3.1 million increase in net income attributable to the redeemable non-controlling interest.

The Asset Management Unit reviewed the Fund’s risk parameters in 2011 with a goal of mitigating volatility. With the same objective, the Bank decided to gradually reduce its exposure to the Fund. During the year 2011, the Bank redeemed $50.0 million from its investment in the Fund, contributing to a reduction in the Fund’s net asset value to $120 million as of December 31, 2011, compared to $167 million as of December 31, 2010. Third party participation in the Fund dropped to 4.2% as of December 31, 2011 from 11.3% as of December 31, 2010.

Year 2010 vs. Year 2009

During 2010, the Asset Management Unit reported a net loss of $10.0 million, compared to net income of $14.1 million in 2009. The $24.0 million year-over-year decrease was mainly due to the combined effects of: (i) a $32.8 million decrease in non-interest operating income attributable to the absence of the significant trading gains attained during 2009, and to the impact of trading losses experienced primarily during the second quarter of 2010, (ii) a $2.9 million positive variance in net interest income, and (iii) a $2.3 million decrease in operating expenses as a result of lower variable compensation tied to the performance of the Fund.

Third party participation in the Fund dropped to 11.3% as of December 31, 2010 from 17.6% as of December 31, 2009. During 2010, the Bank redeemed $6.0 million from its investment in the Fund. As of December 31, 2010, the Fund’s net assets totaled $167 million, compared to $198 million as of December 31, 2009.

Net Income attributable to Bladex

The 2011 results reflect the Bank’s solid positioning as a result of a well executed strategy focused on business growth, diversification of the Bank’s business activities, and the strengthening of the Bank’s position, supported by growing trade flows in Latin America, which resulted in net income attributable to Bladex of $83.2 million in 2011 compared to $42.2 million net income attributable to Bladex during 2010. The $40.9 million, or 97%, increase was mostly driven by $53.4 million in net income from the Commercial Division, $15.1 million in net income from the Asset Management Division and $14.7 million in net income from the Treasury Division.

For the year ended December 31, 2010, net income attributable to Bladex was $42.2 million, compared to $54.9 million in 2009. The 2010 results were mostly driven by $41.5 million in net income from the Commercial Division and $10.7 million in net income from the Treasury Division, which was offset by net losses of $10.0 million in the Asset Management Unit. The Bank’s 2010 results reflect the Bank’s capacity to leverage the trade flows that the Region has been recovering, to expand its operations and grow its core business through higher average credit volumes and higher fee income, strengthening even further its critical role in financial relations between Latin America and the international markets.

Net Interest Income and Margins

The following table sets forth information regarding net interest income, the Bank's net interest margin (net interest income divided by the average balance of interest-earning assets), and the net interest spread (the average yield earned on interest-earning assets, less the average yield paid on interest-bearing liabilities) for the periods indicated:

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	For the Year Ended December 31,		
	2011	2010	2009
	(in $ million, except percentages)		
Net interest income			
Commercial Division	81.7	$54.5	$53.9
Treasury Division	20.7	20.7	14.4
Asset Management Unit	0.3	(0.7)	(3.5)
Consolidated	$102.7	$74.5	$64.8
Net interest margin	1.81 %	1.70 %	1.62 %
Net interest spread	1.62 %	1.43 %	1.12 %

Distribution of Assets, Liabilities and Stockholders' Equity; Interest Rates and Differentials

The following table presents the distribution of consolidated average assets, liabilities and stockholders' equity, as well as the total dollar amounts of interest income from average interest-earning assets and the resulting yields, the dollar amounts of interest expense and average interest-bearing liabilities, and corresponding information regarding rates. Average balances have been computed on the basis of consolidated daily average balances:

Description	For the Year ended December 31,								
	2011			2010			2009		
	Average balance	Interest	Average yield/rate	Average balance	Interest	Average yield/rate	Average balance	Interest	Average yield/rate
	(in $ million, except percentages)								
Interest-Earning Assets									
Interest-earning deposits with banks	$458	$ 1	0.29 %	$384	$ 1	0.22 %	$592	$ 1	0.21 %
Loans, net of unearned income & deferred loan fees	4,576	138	2.97 %	3,243	102	3.09 %	2,569	113	4.36 %
Non-accrual loans [1]	29	2	8.03 %	44	3	7.55 %	17	1	4.92 %
Trading assets	30	2	5.79 %	51	3	6.11 %	102	7	6.95 %
Investment securities[2]	441	12	2.61 %	468	8	1.79 %	546	17	3.15 %
Investment fund	148	2	1.56 %	190	2	1.14 %	172	2	1.01 %
Total interest-earning assets	$5,681	$ 157	2.73 %	$4,378	$ 119	2.69 %	$3,998	$ 142	3.50 %
Non-interest-earning assets	71			42			46		
Allowance for loan losses	(81)			(75)			(79)		
Other assets	16			12			9		
Total Assets	$5,687			$4,357			$3,975		
Interest-Bearing Liabilities									
Deposits	$2,074	$ 9	0.42 %	$1,555	$ 9	0.54 %	$1,218	$ 11	0.93 %
Trading liabilities	2	0	n.m. (*)	4	0	n.m. (*)	9	0	n.m. (*)

Investment fund	0	0	n.m. (*)	0	1	n.m. (*)	0	2	n.m. (*)
Securities sold under repurchase agreements	267	14	5.02 %	179	1	0.79 %	263	6	2.24 %
Short-term borrowings	1,102	2	0.18 %	545	7	1.19 %	501	18	3.50 %
Borrowings and long-term debt	1,392	30	2.12 %	1,241	27	2.18 %	1,208	40	3.24 %
Total interest-bearing liabilities	$4,838	$ 55	1.12 %	$3,524	$ 45	1.26 %	$3,199	$ 77	2.38 %
Non-interest bearing liabilities and other liabilities	$111			$119			$122		
Total Liabilities	$4,949			$3,643			$3,321		
Redeemable noncontrolling interest	8			34			16		
Stockholders' equity	730			681			638		
Total Liabilities and Stockholders' Equity	$5,687			$4,357			$3,975		
Net interest spread			1.62 %			1.43 %			1.12 %
Net interest income and net interest margin		$ 103	1.81 %		$ 75	1.70 %		$ 65	1.62 %

(*) "n.m." means not meaningful.

(1) Interest received on non-accrual loans is only recorded as earned when collected.

(2) The average yield of the investment securities portfolio using cost-based average balances, would have been 2.65%, 2.02%, and 3.46%, for 2011, 2010, and 2009, respectively.

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Changes in Net Interest Income — Volume and Rate Analysis

Net interest income is affected by changes in volume and changes in interest rates. Volume changes are caused by differences in the level of interest-earning assets and interest-bearing liabilities. Rate changes result from differences in yields earned on interest-earning assets and rates accrued on interest-bearing liabilities. The following table sets forth a summary of the changes in net interest income of the Bank resulting from changes in average interest-earning asset and interest-bearing liability volume and changes in average interest rates for 2011 compared to 2010 and for 2010 compared to 2009. Volume and rate variances have been calculated based on daily movements in average balances over the period and changes in interest rates on average interest-earning assets and average interest-bearing liabilities.

	2011 vs. 2010			2010 vs. 2009		
	Volume(*)	**Rate(*)**	Net Change	**Volume(*)**	**Rate(*)**	Net Change
	(in $ thousand)					
Increase (decrease) in interest income						
Interest-bearing deposits with banks	$217	$294	$512	$(453)	$32	$(421)
Loans, net	40,190	(3,749)	36,441	21,017	(32,996)	(11,979)
Non-accrual loans	(1,168)	209	(959)	2,036	452	2,488
Trading assets	(1,212)	(164)	(1,375)	(3,162)	(863)	(4,025)
Investment securities	(721)	3,908	3,188	(1,425)	(7,559)	(8,984)
Investment fund	(655)	799	144	201	234	435
Total increase (decrease)	$36,652	$1,297	$37,949	$18,214	$(40,700)	$(22,486)
Increase (decrease) in interest expense						
Deposits	2,206	(1,918)	288	$1,853	(4,816)	(2,963)
Trading liabilities	0	0	0	0	0	0
Investment fund	(36)	(604)	(641)	(7)	(1,355)	(1,362)
S Securities sold under repurchase agreement and Short-term borrowings	7,355	227	7,581	(438)	(12,936)	(13,374)
Borrowings and long-term debt	3,262	(748)	2,513	714	(15,253)	(14,539)
Total increase (decrease)	$12,786	$(3,044)	$9,742	$2,123	(34,359)	(32,237)
Increase (decrease) in net interest income	$23,867	$4,341	$28,208	$16,091	$(6,340)	$9,751

(*) Volume variation effect in net interest income is calculated by multiplying the difference in average volumes by the current year's average yield. Rate variation effect in net interest income is calculated by multiplying the difference in average yield by the prior year's average volume.

Net Interest Income and Net Interest Margin Variation

2011 vs. 2010

The $28.2 million, or 38%, increase in net interest income for the year ended December 31, 2011 compared to the year ended December 31, 2010 primarily reflects:

i. Higher average interest-earning assets balances, primarily in average loan portfolio balances, which increased from $3.3 billion in 2010 to $4.6 billion in 2011, a $1.3 billion, or 40%, increase during the year. The higher average balance in interest-earning assets during 2011 resulted in a $36.7 million overall increase in interest income, partially offset by a $12.8 million increase in interest expense associated with an increase of $1.3 billion, or 37%, in interest-bearing liability balances (deposits, securities sold under repurchase agreements, short term borrowings and borrowings and long term debt) from $3.5 billion in 2010 to $4.8 billion in 2011. Higher average volumes in interest-earning assets and interest-bearing liabilities resulted in a net effect of a $23.9 million net increase in net interest income.

ii. A $4.3 million increase in net interest income during 2011 due to rate variances, as the average yield paid on interest-bearing liabilities decreased 14 bps to 1.12% in 2011 (from 1.26% in 2010), while the average yield on interest-earning assets increased 4 bps to 2.73% in 2011 (from 2.69% in 2010).

Net interest margin increased 11 bps to 1.81% in 2011 compared to 1.70% in 2010, mainly due to higher average loan portfolio balances and lending spreads as a result of greater market penetration, relative business growth and portfolio mix in the corporate and middle-market companies' segments, and in the financial institutions' segment, in a year characterized by liquidity constraints and volatility in the financial industry.

2010 vs. 2009

The $9.7 million, or 15%, increase in net interest income for the year ended December 31, 2010 compared to the year ended December 31, 2009 primarily reflects:

i. Higher average interest-earning assets balances, primarily average loan portfolio balances, which increased by $700 million, or 27%, to $3.2 billion in 2010 from $2.6 billion in 2009, resulting in a $18.2 million overall increase in interest income, which was partially offset by a $2.1 million increase in interest expense associated with an increase in average interest-bearing liability balances. The effect of higher average volumes in interest-earning assets and interest-bearing liabilities was a $16.1 million net increase in net interest income.

ii. Lower average interbank market rates for the Bank's assets and liabilities, which resulted in a $6.3 million decrease in net interest income during 2010 due to rate variances, as the average yield paid on interest-bearing liabilities decreased 112 bps to 1.26% in 2010 (from 2.38% in 2009), while the average yield on interest-earning assets decreased by 81 bps to 2.69% in 2010 (from 3.50% in 2009), both of which effects were mostly attributable to lower interbank market rates.

Net interest margin was 1.70% in 2010 compared to 1.62% in 2009 as the Bank (i) reduced its average liquidity balance throughout the year at a minimal return, and replaced it with more profitable lending balances, and (ii) increased its average deposit balances bearing lower cost of funds than that of its borrowings and debt, which average balances decreased for the year.

Reversal (Provision) for Loan Losses

	For the year ended December 31,		
	2011	2010	2009
	(in $ million)		
Net Brazil specific reserve reversals (provisions)	(0.7)	2.1	(2.4)
Net Mexico specific reserve reversals (provisions)	(3.6)	0.8	(12.0)
Total specific reserve reversals (provisions)	(4.3)	2.9	(14.4)

Generic reserve reversals (provisions) - due to changes in credit portfolio composition and risk levels	(4.5)	(11.9)	(3.9)
Total generic reserve reversals (provisions)	(4.5)	(11.9)	(3.9)
Total reversals (provisions) of allowance for loan losses	$(8.8)	$(9.1)	$(18.3)

As of December 31, 2011 and 2010, the Bank had $32.0 million and $29.0 million in non-accrual loans, respectively, all of which correspond to impaired loans for which specific reserves of $14.8 million and $11.5 million, respectively, have been allocated.

As of December 31, 2009, the Bank had $50.5 million in non-accrual loans. Based on analysis of these loans, the Bank identified impaired loans of $35.8 million for which specific reserves of $14.4 million have been allocated. The remaining $14.8 million of the non-accrual portfolio does not present impairment; therefore, no additional specific reserves have been recorded.

The $8.8 million provision for loan losses in 2011 was the result of: (i) $4.5 million in generic provision for loan losses driven by the combination of an increase in the Bank's loan portfolio, attributable to increased demand from the Bank's client base of corporations, financial institutions and middle-market clients, and an improvement in client-specific and country risk levels in the Region; and ii) $4.3 million in charges for specific loan loss reserves assigned to the impaired portfolio which totaled $32.0 million as of December 31, 2011.

During 2010, the Bank reversed $2.9 million in specific provisions assigned to the impaired portfolio.

The $11.9 million generic provision for loan losses in 2010 was primarily due to an increase in the loan portfolio which was partially mitigated by an improvement of the risk profile of the Region.

During 2009, there were no reversals of specific provisions for loan losses related to the impaired and restructured portfolio, as the Bank did not have any impaired or non-accrual loans during 2008. The Bank recorded $14.4 million in provision of specific reserves related to the non-accrual portfolio in 2009.

The $18.3 million provision for loan losses in 2009 was the result of: (i) a $14.4 million specific reserves provision assigned to non-accrual loans and (ii) a $3.9 million increase in generic provision for loan losses, as a reflection of higher loan balances.

The Bank’s loan loss reserve coverage was 1.8% as of December 31, 2011, a decrease from 1.9% as of December 31, 2010, and a decrease from 2.7% as December 31, 2009. The decrease in the loan loss reserve coverage reflects the impact of changes in the composition of the Bank’s loan portfolio and improvement of the risk profile of the portfolio on the Bank’s reserve model.

For more detailed information, see Item 5, “Operating and Financial Review and Prospects/Operating Results/Asset Quality and Allowance for Credit Losses,” and Item 18, “Financial Statements,” note 8.

For more detailed information about Non-Accrual Loans, see Item 18 “Financial Statements,” note 7.

Reversals (Provisions) for Losses on Off-Balance Sheet Credit Risk

The $4.4 million reversal of provision for losses on off-balance sheet credit risk in 2011 was primarily due to improved risk profile in the off-balance sheet exposures in the commercial portfolio, primarily in acceptances and contingencies, at the end of year 2011.

The $13.9 million reversal of provision for losses on off-balance sheet credit risk in 2010 was primarily the net result of changes in volume, composition, and improvement of the risk profile of the portfolio, together with the purchase of international insurance to mitigate exposures on the off-balance sheet credit risk portfolio.

The $3.5 million reversal of provision for losses on off-balance sheet credit risk in 2009 was primarily due to lower off-balance sheet balances in the commercial portfolio (acceptances and contingencies), and the impact on the Bank's reserve model of prudent off-balance sheet portfolio management considering risk levels in the Region.

The off-balance sheet reserve coverage decreased to 2.5% as of December 31, 2011, compared to 3.5% as of December 31, 2010, and compared to 8.2% as of December 31, 2009.

For more detailed information, see Item 5, "Operating and Financial Review and Prospects/Operating Results/Asset Quality and Allowance for Credit Losses," and Item 18, "Financial Statements," note 8.

Fees and Commissions, net

The Bank generates fee and commission income primarily from originating letters of credit confirmations, guarantees (including commercial and country risk coverage), loan origination and distribution, and service activities. The following table shows the components of the Bank's fees and commissions, net, for the periods indicated:

	For the Year Ended December 31,		
	2011	2010	2009
		(in $ thousand)	
Letters of credit	$9,360	$ 8,314	$4,973
Guarantees	14	158	1,017
Loan Fees	1,109	1,195	224
Third party investors (Bladex Asset Management)	115	516	281
Other [(1)]	131	143	239
Fees and commissions, net	$10,729	$ 10,326	$6,733

[(1)] Net of commission expense.

The $0.4 million, or 4%, increase in fees and commissions during 2011 was mostly attributable to increased commission income from higher average volumes in the letter of credit business (which increased 28%), partially offset by lower loan and asset management fee income.

The $3.6 million, or 53%, increase in 2010 compared to 2009 mainly reflects increased commission income from the letter of credit business, as a result of higher volumes of letters of credit in a more favorable economic environment.

For more information, see Item 18, "Financial Statements," notes 2(q).

Derivative Financial Instruments and Hedging

In 2011, 2010, and 2009, the Bank recorded a net gain of $2.9 million, a net loss of $1.4 million, and a net loss of $2.5 million, respectively, in derivative financial instruments and hedging.

The 2011 results reflect the effect of recording the effectiveness on hedging relationships, which was offset by the discount of the Bank's own credit risk when calculating the fair value of its cross currency swap portfolio that it contracts for hedging purposes.

The 2010 and 2009 results reflect the effect of recording the effectiveness (ineffectiveness) on hedging relationships and the discount of the Bank's own credit risk when calculating the fair value of its cross currency swap portfolio that it contracts for hedging purposes, which had a liability balance as of December 31, 2010. The fair value of these cross currency swaps improved during 2010 and 2009 and, as a consequence, the credit risk discount decreased when valuing these derivative instruments.

For additional information, see Item 11, "Quantitative and Qualitative Disclosure about Market Risk," and Item 18, "Financial Statements," notes 2(v) and 20.

Net Gain (Loss) from Investment Fund Trading

The Bank recorded a net gain of $20.3 million from investment fund trading in 2011, compared to a net loss of $8.0 million in 2010, and compared to a net gain of $25.0 million in 2009, related to the performance of the trading activities of the Fund.

For additional information, see Item 18, "Financial Statements," notes 6 and 22.

Net Gain (Loss) from Trading Securities

The Bank recorded a $6.5 million loss from trading securities in 2011, compared to a $3.6 million loss in 2010, and compared to a $13.1 million gain in 2009.

The $6.5 million loss in 2011 was due to diminished valuations of trading securities and valuations of financial instruments that do not qualify for hedge accounting.

The $3.6 million loss in 2010 was due to the increases in securities valuations which were more than offset by the diminished valuations of financial instruments that do not qualify for hedge accounting.

The $13.1 million gain in 2009 was due to the appreciation in mark-to-market of the trading securities portfolio in 2009, which is composed of all the securities that were sold in 2008 under repurchase agreements accounted for as sales.

For additional information, see Item 18, “Financial Statements,” notes 4 and 12.

Net Gain on Sale of Securities Available-for-Sale

The Bank purchases debt instruments as part of its Treasury activity with the intention of selling them prior to maturity. These debt instruments are classified as securities available-for-sale and are included as part of the Bank’s credit portfolio.

The Bank’s net gain on sale of securities available-for-sale in 2011 was $3.4 million, compared to $2.3 million in 2010, and compared to $0.5 million in 2009. Detail of the net gains is as follows:

	For the year ended December 31,		
	2011	2010	2009
	(in $ millions)		

Nominal amount	$243.6	$135.0	$137.0
Amortized cost	$(265.0)	$(151.3)	$(146.5)
Proceeds	279.7	167.2	150.6
Net effect of unwinding hedging derivatives of the available for-sale securities portfolio	(11.3)	(13.6)	(3.6)
Total net gain on sale of securities available-for-sale	$3.4	$2.3	$0.5

For additional information, see Item 18, "Financial Statements," notes 5.

Gain (Loss) on Foreign Currency Exchange

The Bank recorded a net gain of $4.3 million on foreign currency exchange during 2011, compared to a net gain of $1.8 million and $0.6 million on foreign currency exchange during 2010 and 2009, respectively. The $2.4 million increase during 2011 is mostly related to the effects of changes in assets and liabilities economically hedged with derivatives that do not qualify for hedge accounting.

Operating Expenses

The following table shows a breakdown of the components of the Bank's total operating expenses for the periods indicated:

	For the Year Ended December 31,		
	2011	2010	2009
	(in $ thousand)		
Salaries and other employee expenses	$29,268	$23,499	$20,201
Depreciation and amortization of premises and equipment.	2,166	2,510	2,671
Professional services	4,882	4,945	3,262
Maintenance and repairs	1,639	1,616	1,125
Expenses from the investment fund	1,540	890	3,520
Other operating expenses	10,540	8,621	7,423
Total operating expenses	$50,035	$42,081	$38,202

During 2011, operating expenses amounted to $50.0 million, compared to $42.1 million for the year 2010. The $8.0 million, or 19%, increase in operating expenses was primarily attributable to: (i) an increase in salary and other employee expenses associated with higher average headcount in support of expanding the Commercial Division as well as the risk management function, (ii) an increase in other operating expenses related higher rental costs associated with the new representative offices in Monterrey, Mexico, in Porto Alegre, Brazil, in Lima, Peru and in Bogotá, Colombia, established in support of the Commercial Division, as well as higher travel, communication and general expenses associated with increased average headcount and (iii) an increase in expenses from the Fund related to higher performance-related expenses.

The $3.9 million, or 10.2%, increase in operating expenses for the year ended December 31, 2010 compared to the year ended December 31, 2009 is attributable to: the net effect of higher salary and other employee expenses associated with higher average headcount and professional fees associated with the support of the expansion of the Commercial Division and the expansion in risk management, as well as capital market issuance programs, which was partially offset by lower performance – related expenses from the Fund.

Changes in Financial Condition

The following table presents components of the Bank's balance sheet at the dates indicated:

	As of December 31,		
	2011	2010	2009
	(in $ thousand)		
Assets			
Cash and due from banks	$12,814	$5,570	$2,961
Interest-bearing deposits in banks	830,670	431,144	421,595
Trading assets	20,436	50,412	50,277
Securities available-for-sale	416,300	353,250	456,984
Securities held-to-maturity	26,536	33,181	0
Investment fund	120,425	167,291	197,575
Loans	4,959,573	4,064,332	2,779,262
Allowance for loan losses	(88,547)	(78,615)	(73,789)
Unearned income and deferred fees	(6,697)	(4,389)	(3,989)
Loans, net	4,864,329	3,981,328	2,701,484
Customers' liabilities under acceptances	1,110	27,213	1,551
Accrued interest receivable	38,168	31,110	25,561
Premises and equipment, net	6,673	6,532	7,749
Derivative financial instruments used for hedging - receivable	4,159	2,103	828
Other assets	18,412	10,953	12,206
Total Assets	$6,360,032	$5,100,087	$3,878,771
Liabilities and Stockholders' Equity			
Deposits	$2,303,506	$1,820,925	$1,256,246
Trading liabilities	5,584	3,938	3,152
Securities sold under repurchase agreements	377,002	264,927	71,332
Short-term borrowings	1,323,466	1,095,400	327,800

	As of December 31,		
	2011	2010	2009
	(in $ thousand)		
Acceptances outstanding	1,110	27,213	1,551
Accrued interest payable	11,790	10,084	11,291
Borrowings and long-term debt	1,487,548	1,075,140	1,390,387
Derivative financial instruments used for hedging - payable	53,742	53,029	65,137
Reserve for losses on off-balance sheet credit risk	8,887	13,335	27,261
Other liabilities	22,568	20,096	14,077
Total Liabilities	$5,595,203	$4,384,087	3,168,234
Redeemable noncontrolling interest	5,547	18,950	34,900
Stockholders' Equity			
Common stock, no par value	279,980	279,980	279,980
Additional paid-in capital in excess of assigned value of common stock	130,177	133,815	134,820
Capital reserves	95,210	95,210	95,210
Retained earnings	372,644	320,153	301,389
Accumulated other comprehensive loss	(3,112)	(6,441)	(6,160)
Treasury stock	(115,617)	(125,667)	(129,602)
Total Stockholders' Equity	759,282	697,050	675,637
Total Liabilities and Stockholders' Equity	$6,360,032	$5,100,087	$3,878,771

2011 vs. 2010

During 2011, total assets increased by $1,260 million, or 25%, strengthened by a 22%, or $896 million, increase in the Bank's loan portfolio, as a result of strong growth in the three business segments of the loan portfolio. In addition, during the same period, cash and due from banks and interest-bearing deposits with banks collectively increased $406 million, or 93%, as a result of the market uncertainty experienced in 2011. As of December 31, 2011, the Bank's loan portfolio amounted $4,960 million and had an average maturity term of 373 days, with 68% of the portfolio scheduled to mature within one year. 57% of the loan portfolio was trade-related in nature and 43% constituted non-trade loans mainly extended to financial institutions and corporations.

As of December 31, 2011, the Bank's liquidity amounted to $786 million, compared to $421 million as of December 31, 2010, as the Bank maintained proactive liquidity management by increasing its liquidity position in response to volatility in the markets.

The increase in assets in 2011 was accompanied by a $1,211 million increase in liabilities, mainly from an increase in deposits (which increased by $483 million, or 27%), borrowings and long-term debt (which increased by $413 million, or 38%), short term borrowings (which increased by $228 million, or 21%), and securities sold under repurchase agreements (which increased by $112 million, or 42%), as a result of more demand for credit and more confidence from the Bank's international correspondent banks.

2010 vs. 2009

During 2010, total assets increased by $1,221 million, or 31%, strengthened by a 46%, or $1,285 million, increase in the Bank’s loan portfolio during the same period as a result of solid growth in the commercial activity of the Bank as a result of strong recovery in the Latin American economy and increased trade flows in the Region. As of December 31, 2010, the Bank’s loan portfolio amounted to $4,064 million, and had an average maturity term of 389 days, with 70% of the portfolio scheduled to mature within one year. 56% of the loan portfolio was trade-related in nature and 44% constituted non-trade loans mainly extended to private banks and private corporations.

The increase in assets during 2010 was offset by a $104 million decrease in the securities available-for-sale portfolio, mainly resulting from the sale of securities available-for-sale for a nominal amount of $135 million (carrying value of $151 million).

As of December 31, 2010, the Bank's liquidity amounted to $421 million, compared to $402 million as of December 31, 2009.

The increase in assets in 2010 was accompanied by a $1,216 million increase in liabilities, especially in deposits, securities sold under repurchase agreements and short term borrowing ($1,526 million), offset by a $315 million decrease in borrowings and long-term debt, as a result of increased liquidity levels in international markets, more demand for credit, and more confidence from the Bank's international correspondent banks.

Asset Quality

The Bank believes that its asset quality is a function of its strong client base, the importance that governments and borrowers alike attribute to maintaining continued access to trade financing, its preferred creditor status, and its strict adherence to commercial criteria in its credit activities. The Bank's management and the CPER review periodically a report of all loan delinquencies. The Bank's collection policies include rapid internal notification of any delinquency and prompt initiation of collection efforts, usually involving senior management.

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

Rating	Classification	Description
1 to 6	Normal	Clients with payment ability to satisfy their financial commitments.
7	Special Mention	Clients exposed to systemic risks specific to the country or the industry in which they are located, facing adverse situations in their operation or financial condition. At this level, access to new funding is uncertain.
8	Substandard	Clients whose primary source of payment (operating cash flow) is inadequate and who show evidence of deterioration in their working capital that does not allow them to satisfy payments on the agreed terms, endangering recovery of unpaid balances.

9	Doubtful	Clients whose operating cash flow continuously shows inability to service the debt on the originally agreed terms. Due to the fact that the debtor presents an impaired financial and economic situation, the likelihood of recovery is low.
10	Unrecoverable	Clients with operating cash flow that does not cover their costs, are in suspension of payments, or will likely have difficulties in fulfilling possible restructuring agreements, are in a state of insolvency, or have filed for bankruptcy, among others.

Impaired Assets and Contingencies

The Bank's assets that are subject to impairment consist mainly of loans and securities. For more information on impaired loans, see Item 18, "Financial Statements", Notes 2(m) and 7. For information on impaired securities, see Item 18, "Financial Statements," notes 2(j) and 5. For more information on contingencies, see Item 18, "Financial Statements", note 18, and see Item 5, "Operating and Financial Review and Prospects/Operating Results/Reversal (Provision) for Loan Losses."

The Bank identifies as delinquent those loans where no principal and/or interest payment has been received for 30 days after such payments were due. The outstanding balance of a loan is considered past due when the total principal balance of a single balloon payment has not been received within 30 days after such payment was due, or when no agreed-upon periodic payment has been received for a period of 90 days after the agreed-upon date. Loans are placed on a non-accrual status when interest or principal is overdue for 90 days or more, or before if the Bank's management believes there is uncertainty with respect to the ultimate collection of principal or interest.

A modified loan is considered a troubled debt restructuring when the debtor is experiencing financial difficulties and if the restructuring constitutes a concession to the debtor. A concession may include modification of terms such as an extension of maturity date, reduction in the stated interest rate, rescheduling of future cash flows, and reduction in the face amount of the debt or reduction of accrued interest, among others. Marketable securities received in exchange for loans under troubled debt restructurings are initially recorded at fair value, with any gain or loss recorded as a recovery or charge to the allowance, and are subsequently accounted for as securities available-for-sale.

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

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

The following table sets forth information regarding the Bank's impaired assets and contingencies at the dates indicated:

	As of December 31,				
	2011	2010	2009	2008	2007
	(in $ million, except percentages)				
Impaired loans	$32	$29	$36	$0	$0
Allocation from the allowance for loan losses	15	12	14	0	0
Impaired loans as a percentage of total loans, net of unearned income and deferred commission	0.6%	0.7 %	1.3 %	0.0 %	0.0 %
Impaired contingencies	$0	$0	$0	$0	$0

Allocation from the reserve for losses on off balance-sheet credit risks	0	0	0	0	0
Impaired contingencies as a percentage of total contingencies	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Impaired securities (par value)	$0	$0	$0	$0	$0
Estimated fair value adjustments on options and impaired securities(1)	0	0	0	0	0
Estimated fair value of impaired securities	$0	$0	$0	$0	$0
Impaired securities as a percentage of total securities(2)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Impaired assets and contingencies as a percentage of total credit portfolio(3)	0.6 %	0.6 %	1.0 %	0.0 %	0.0 %

(1) Includes impairment losses on securities, estimated unrealized gain (loss) on impaired securities, premiums and discounts.

(2) Total securities consist of investment securities considered part of the Bank's credit portfolio.

(3) The total credit portfolio consists of loans net of unearned income, fair value of investment securities, securities purchased under agreements to resell and contingencies.

As of December 31, 2011 and 2010, there were no impaired loans without related allowance.

The following table summarizes information regarding non-accrual loans, and interest amounts on non-accrual loans:

	For the year ended December 31,		
	2011	2010	2009
	(in $ thousands)		
Loans in non-accrual status			
Private corporations	$32,000	$28,000	$39,000
Private middle-market companies	0	1,002	11,534
Total loans in non-accrual status	$32,000	$29,002	$50,534
Foregone interest revenue at beginning of the year	$996	$928	$0
Interest which would have been recorded if the loans had not been in a non-accrual status	2,325	3,403	1,775
Interest income collected on non-accrual loans	(2,375)	(3,335)	(847)
Foregone interest revenue at end of the year	$946	$996	$928

The Bank has not had any troubled debt restructurings for each of the five years ended December 31, 2011.

Allowance for Credit Losses

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

The allowance for credit losses includes an asset-specific component and a formula-based component. The asset-specific component relates to provision for losses on credits considered impaired and measured on a case-by-case basis. A specific allowance is established when the discounted cash flows (or observable market price of collateral) of the credit is lower than the carrying value of that credit. The formula-based component is applied to the Bank's performing credit portfolio and is established based on a process that estimates the probable loss inherent in the portfolio, based on statistical analysis and management's qualitative judgment. The statistical calculation is a product of internal risk classifications, probabilities of default and loss given default. The probability of default is supported by Bladex's historical portfolio performance complemented by probabilities of default provided by external sources, in view of the greater robustness of this external data for some cases. The loss given default is based on Bladex's historical losses experience and best practices.

The reserve balances for estimating generic allowances is applicable to all classes of loans and off-balance sheet financial instruments of the Bank.

Reserves = S(E x PD x LGD)

where:

a) Exposure (E) = the total accounting balance (on- and off-balance sheet) at the end of the period under review.
b) Probabilities of Default (PD) = one-year probability of default applied to the portfolio. Default rates are based on the Bank's historical portfolio performance per rating category, complemented by Standard & Poor's, or S&P's probabilities of default for categories 6, 7 and 8, in view of the greater robustness of S&P data for such cases.

c) Loss Given Default (LGD) = a factor utilized, based on historical information and best practices in the banking industry. Management applies judgment for imprecision and uncertainty and historical loss experience.

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

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

For additional information regarding allowance for credit losses, see Item 18, "Financial Statements," notes 2(o) and 8.

The following table sets forth information regarding the Bank's allowance for credit losses with respect to the total commercial portfolio outstanding as of December 31 of each year:

	As of December 31,				
	2011	2010	2009	2008	2007
	(in $ million, except percentages)				
Components of the allowance for credit losses					
Allowance for loan losses:					
Balance at beginning of the year	$79	$74	$55	$70	$51
Provision (reversal)	9	9	18	(19)	12
Recoveries	2	1	1	4	6
Loans charged-off	(1)	(5)	0	0	0
Balance at the end of the year	89	79	74	55	70
Reserve for losses on off-balance sheet credit risk:					
Balance at beginning of the year	13	27	31	14	27
Provision (reversal)	(4)	(14)	(3)	17	(13)
Balance at end of the year	9	13	27	31	14
Total allowance for credit losses	$98	$92	$101	$85	$83
Allowance for credit losses to total commercial portfolio	1.83%	2.07%	3.25%	2.79%	1.95%
Net charge offs to average loans outstanding	0.02%	0.13%	0.00%	0.00%	0.00%

The following table sets forth information regarding the Bank's allowance for credit losses allocated by country of exposure as of December 31 of each year:

As of December 31,		
2011	2010	2009

	Total	%	Total	%	Total	%
	(in $ million, except percentages)					
Allowance for loan losses						
Argentina	$16	18.1	$28	35.1	$14	18.4
Brazil	11	13.0	13	15.9	17	23.5
Chile	2	2.0	1	1.1	2	2.2
Colombia	12	13.0	5	5.8	3	4.0
Costa Rica	3	3.3	2	3.0	4	4.8
Dominican Republic	6	6.9	5	6.9	2	2.7
Ecuador	3	3.1	2	2.7	4	5.1
El Salvador	1	0.6	1	1.3	2	2.3
Guatemala	4	4.8	1	1.4	1	1.9
Honduras	2	2.1	2	1.9	1	2.0
Jamaica	0	0.1	3	3.2	2	2.6

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	As of December 31,					
	2011		2010		2009	
	Total	%	Total	%	Total	%
	(in $ million, except percentages)					
Mexico	18	20.7	14	18.0	19	25.1
Peru	5	5.4	2	3.1	2	2.5
Uruguay	3	3.3	0	0.0	1	1.7
Other	3	3.4	0	0.6	1	1.1
Total Allowance for loan losses	$89	100.0	$79	100.0	$74	100.0
Reserve for losses on off-balance sheet credit risk						
Ecuador	7	82.7	10	72.5	21	75.8
Venezuela	1	7.0	2	18.0	4	15.3
Other	1	10.3	1	9.6	2	8.9
Total Reserve for losses on off-balance sheet credit risk	$9	100.0	$13	100.0	$27	100.0
Allowance for credit losses						
Argentina	16	16.5	$28	30.0	$14	13.4
Brazil	11	11.9	13	13.8	17	17.3
Chile	2	1.9	1	0.9	2	1.6
Colombia	12	11.9	5	5.0	3	2.9
Costa Rica	3	3.3	3	3.5	5	4.5
Dominican Republic	6	6.3	5	5.9	2	2.1
Ecuador	10	10.3	12	12.8	24	24.2
El Salvador	1	0.6	1	1.1	2	1.8
Guatemala	4	4.4	1	1.2	1	1.4
Honduras	2	2.0	2	1.7	2	1.5
Jamaica	0	0.1	3	2.7	2	1.9
Mexico	18	19.0	14	15.6	19	18.8
Peru	5	5.0	2	2.7	2	1.8
Uruguay	3	3.0	0	0.0	2	1.9
Venezuela	1	0.6	2	2.6	4	4.1
Other [(1)]	4	3.3	0	0.5	1	0.8
Total Allowance for credit losses	98	100.0	$92	100.0	$101	100.0

(1) Other consists of allowances for credit losses allocated to countries in which allowances for credit losses outstanding did not exceed $1 million for any of the periods.

The following table sets forth information regarding the Bank's allowance for credit losses by type of borrower as of December 31 of each year:

As of December 31,					
2011		2010		2009	
Total	%	Total	%	Total	%

	(in $ million, except percentages)					
Private sector commercial banks and Financial Institutions	$22	22.7	$15	15.5	$14	13.7
State-owned commercial banks	16	16.8	7	7.1	10	10.0
Central banks	0	0.1	9	9.9	20	20.3
Sovereign debt	0	0.3	0	0.4	1	1.1
State-owned exporting organization	3	3.3	5	5.7	5	5.0
Private middle - market companies	9	9.3	5	8.8	7	7.3
Private corporations	46	47.5	50	52.5	43	42.6
Total	$98	100.0	$92	100.0	$101	100.0

The following table sets forth the distribution of the Bank's loans charged-off against the allowance for loan losses by country as of December 31 of each year:

	As of December 31,									
	2011	%	2010	%	2009	%	2008	%	2007	%
	(in $ million, except percentages)									
Brazil	1	100.0	2	40.5	0	0.0	0	0.0	0	0.0
Mexico	0	0.0	3	59.5	0	0.0	0	0.0	0	0.0
Total	$1	100.0	$ 5	100.0	$ 0	0.0	$ 0	0.0	$ 0	0.0

Critical Accounting Policies

General

The Bank prepares its consolidated financial statements in conformity with U.S. GAAP. As a result, the Bank is required to make estimates, judgments and assumptions in applying its accounting policies that have a significant impact on the results it reports in its consolidated financial statements. Some of the Bank's accounting policies require Management to use subjective judgment, often as a result of the need to make estimates of matters that are inherently uncertain. The Bank's Management bases its estimates on historical experience and on various other assumptions that it believes to be reasonable under the circumstances. Actual results may differ from the estimates.

The Bank's critical accounting estimates include assessments of allowances for fair value of certain financial instruments, credit losses, and impairment of securities available-for-sale and held-to-maturity. For information regarding the Bank's significant accounting policies, see Item 18, "Financial Statements," note 2.

Variable interest entities

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

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

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

– the power to direct the activities of a VIE that most significantly impact the entity's economic performance; and

– the obligation to absorb losses or the right to receive benefits, as the case may be, of the entity that could potentially be significant to the VIE.

Fair Value of Financial Instruments

The Bank determines the fair value of its financial instruments using the fair value hierarchy established in U.S. GAAP, which requires the Bank to maximize the use of observable inputs (those that reflect the assumptions that market participants would use in pricing the asset or liability developed based on market information obtained from sources independent of the reporting entity) and to minimize the use of unobservable inputs (those that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances) when measuring fair value. Fair value is used on a recurring basis to measure assets and liabilities in which fair value is the primary basis of accounting. Additionally, fair value is used on a nonrecurring basis to evaluate assets and liabilities for impairment or for disclosure purposes. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Depending on the nature of the asset or liability, the Bank uses various valuation techniques and assumptions when estimating fair value.

The Bank applied the following fair value hierarchy:

Level 1 – Assets or liabilities for which an identical instrument is traded in an active market, such as publicly-traded instruments or futures contracts.

Level 2 – Assets or liabilities valued based on observable market data for similar instruments, quoted prices in markets that are not active, or other observable inputs that can be corroborated by observable market data for substantially the full term of the asset or liability.

Level 3 – Assets or liabilities for which significant valuation assumptions are not readily observable in the market. Instruments are measured based on the best available information, which might include some internally-developed data and considers risk premiums that a market participant would require.

When determining the fair value measurements for assets and liabilities that are required or permitted to be recorded at fair value, the Bank considers the principal or most advantageous market in which it would transact and considers the assumptions that market participants would use when pricing the asset or liability. When possible, the Bank uses active and observable markets to price identical assets or liabilities. When identical assets and liabilities are not traded in active markets, the Bank uses observable market information for similar assets and liabilities. However, certain assets and liabilities are not actively traded in observable markets and the Bank must use alternative valuation techniques to determine the fair value measurement. The frequency of transactions, the size of the bid-ask spread and the size of the investment are factors considered in determining the liquidity of markets and the relevance of observed prices in those markets. When there has been a significant decrease in the volume or level of activity for a financial

asset or liability, the Bank uses the present value technique which considers market information to determine a representative fair value in usual market conditions.

Additionally, as of December 31, 2011, 7% of the Bank's assets were accounted for at fair value using quoted market prices in an active market, and 2% of total assets were accounted for at fair value using internally developed models with significant observable market information.

The Bank's Management uses its best judgment in estimating the fair value of the Bank's financial instruments; however, there are limitations in any estimation technique. The estimated fair value amounts have been measured as of their respective year-ends, and have not been re-expressed or updated subsequent to the dates of these consolidated financial statements. As a result, the estimated fair values of these financial instruments subsequent to the respective reporting dates may be different than the amounts reported at each year-end.

Fair value calculations are only provided for a limited portion of the Bank's financial assets and liabilities. Due to a wide range of valuation techniques and the degree of subjectivity used in making the estimates, comparison of fair value information of the Bank and other companies may not be meaningful for comparative analysis.

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

Trading assets and liabilities and securities available-for-sale

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

Investment fund

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

Derivative financial instruments

Derivative instruments are recorded at their nominal amount, or notional amount in memorandum accounts. The accounting for changes in value of a derivative depends on whether the contract is for trading purposes or has been designated and qualifies for hedge accounting.

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, or CVA, which are applied to over-the-counter derivative instruments, in which the base valuation generally discounts expected cash flows using the London Interbank Offered Rate, or LIBOR, interest rate curves. Because not all counterparties have the same credit risk as that implied by the relevant LIBOR curve, a CVA is necessary to incorporate the market view of both counterparty credit risk and the Company's own credit risk in the valuation. Under U.S. GAAP the Bank is required to take into account its own credit risk when measuring the fair value of derivative positions as well as other liabilities for which it has elected fair value accounting. This is recognized on the balance sheet as a reduction in the associated liability to arrive at the fair value of the liability.

Own-credit and counterparty CVA is determined using a fair value curve consistent with the Bank's or counterparty credit rating. The CVA adjustment 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 credit valuation adjustments may be reversed or otherwise adjusted in future periods in the event of changes in the credit risk of Bladex or its counterparties, or due to the anticipated termination of the transactions. See Item 18, "Financial Statements," note 20.

Notwithstanding the level of subjectivity inherent in determining fair value, the Bank's Management believes that its estimates of fair value are adequate. The use of different models or assumptions could lead to changes in the Bank's reported results. See Item 18, "Financial Statements," note 22.

Allowance for Credit Losses

The classification of the Bank's credit portfolio for allowances for credit losses under U.S. GAAP is determined by risk management and approved by the CPER of the Bank's Board through statistical modeling, internal risk ratings and estimates. Informed judgments must be made when identifying impaired loans, the probability of default, the expected loss, the value of collateral and current economic conditions. Even though the Bank's Management considers its allowances for credit losses to be adequate, the use of different estimates and assumptions could produce different allowances for credit losses, and amendments to the allowances may be required in the future due to changes in the value of collateral, the amount of cash expected to be received or other economic events. In addition, risk management has established and maintains reserves for the probable credit losses related to the Bank's off-balance sheet exposures. See Item 18, "Financial Statements," note 2(o).

The estimates of the inherent risks of the Bank's portfolio and overall recovery vary with changes in the economy, individual industries or sectors, and countries and individual borrowers' or counterparties' concentrations, ability, capacity and willingness to repay their obligations. The degree to which any particular assumption affects the allowance for credit losses depends on the severity of the change and its relationship to the other assumptions. See Item 5, "Operating and Financial Review and Prospects/Operating Results/Allowance for Credit Losses."

Impairment of Investment Securities

The Bank conducts periodic reviews of all securities with unrealized losses to evaluate whether the impairment is other-than-temporary. Impairment of securities is evaluated considering numerous factors, and their relative

significance varies case-by-case. Factors considered in determining whether a loss is temporary include: (1) the length of time and extent to which the market value has been less than cost, (2) the severity of the impairment, (3) the cause of the impairment and the financial condition of the issuer, (4) activity in the market of the issuer which may indicate adverse credit conditions, and (5) the intent and ability of the Bank to retain the security for a sufficient period of time to allow for an anticipated recovery in market value (with respect to equity securities) and the intent and probability of the Bank to sell the security before the recovery of its amortized cost (with respect to debt securities). If, based on the analysis, it is determined that the impairment is other-than-temporary, the security is written down to its fair value, and a loss is recognized through earnings as impairment loss on assets.

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

In periods subsequent to the recognition of the other-than-temporary impairment, the difference between the new amortized cost and the expected cash flows to be collected is accreted as interest income. The present value of the expected cash flows is estimated over the life of the debt security. The other-than-temporary impairment of securities held-to maturity that has been recognized in other comprehensive income is accreted to the amortized cost of the debt security prospectively over its remaining life.

See Item 18, “Financial Statements,” note 2(j).

Recently issued accounting standards

During 2011, new accounting standards, modifications, interpretations, and updates to standards (“ASU”), applicable to the Bank, have been issued and are not in effect. These standards establish the following:

ASU 2011-03 – Transfers and Servicing (Topic 860)

The main objective of this update is to improve the accounting for repurchase agreements. The modifications of these amendments remove from the assessment of effective control over the transferred assets, the criterion relating to the transferor’s ability to repurchase or redeem financial assets on substantially the agreed terms. Consequently, the amendments also eliminate the requirement to demonstrate that the transferor possesses adequate collateral to replace the transferred assets in the event of bankruptcy of the counterparty.

This update is effective for interim and annual financial statements beginning on or after December 15, 2011. Early adoption is not permitted. The Bank is evaluating the potential impact of this update in its consolidated financial statements.

ASU 2011-04 – Fair Value Measurement (Topic 820)

The objective of this update is to improve the comparability of fair value measurements presented and disclosed in financial statements prepared in accordance with U.S. GAAP and International Financial Reporting Standards (IFRSs). The amendments in this update explain how to measure fair value and disclose related information.

This update is effective for interim and annual periods beginning after December 15, 2011. Early adoption is not permitted. The Bank is evaluating the potential impact of this update in its consolidated financial statements.

ASU 2011-05 – Comprehensive Income (Topic 220)

The objective of this update is to increase the prominence of items reported in other comprehensive income. This update provides two options for reporting other comprehensive income, where the entity should choose one and apply it consistently:

1. To present a single continuous financial statement. At the end of the income statement, the Bank shall present the components of comprehensive income in two sections, net income and other comprehensive income. If this option is elected, the name of the income statement changes to “statement of comprehensive income”.

2. To present comprehensive income in two separate but consecutive statements.

In addition, it is required to present, by component, the reclassification adjustments of items from the other comprehensive income that are reclassified to the net income on the financial statements where components of net income and components of other comprehensive income are presented.

This update is effective for interim and annual periods beginning on or after December 15, 2011, and should be applied retrospectively. The Bank is evaluating the potential impact of this update on presentation of OCI in its consolidated financial statements.

ASU 2011-11 – Balance Sheet (Topic 210)

This update requires an entity to disclose information about financial instruments and derivative instruments that are either offset in the balance sheet or subject to enforceable master netting arrangements or similar agreements, irrespective of whether they are offset. Entities are required to disclose both gross and net information about instruments and transactions eligible for offset and instruments and transactions subject to an agreement similar to a master netting arrangement.

This update is effective for interim and annual periods beginning on or after January 1, 2013. Entities should provide the disclosures required by this update retrospectively for all comparative periods presented. The Bank is evaluating the potential impact of these disclosures.

ASU 2011-12 – Comprehensive Income (Topic 220)

Under the amendments in ASU 2011-05, entities are required to present reclassification adjustments of items from the other comprehensive income that are reclassified to the net income on the financial statements where components of net income and components of other comprehensive income are presented.

The amendments of ASU 2011-12 defer indefinitely those paragraphs in ASU 2011-05 that pertain to how, when, and where reclassification adjustments are presented.

The amendments in this ASU are effective for interim and annual periods beginning on or after December 15, 2011.

B. Liquidity and Capital Resources

Liquidity

Liquidity refers to the Bank's ability to maintain adequate cash flows to fund operations and meet obligations and other commitments on a timely basis. The Bank maintains its liquid assets mainly in demand deposits, overnight funds and time deposits with well-known international banks. These liquid assets are adequate to cover 24-hour deposits from customers, which theoretically could be withdrawn on the same day. As of December 31, 2011, the Bank's 24-hour deposits from customers (overnight deposits, demand deposit accounts and call deposits) amounted to $70 million, representing 3% of the Bank's total deposits. The liquidity requirement resulting from these maturities is satisfied by the Bank's liquid assets, which as of December 31, 2011 were $786 million (representing 34% of total deposits) of which $10 million corresponds to time deposits.

As established by the Bank's liquidity policy, the Bank's liquid assets are held in the form of interbank deposits with reputable international banks that have A1, P1, or F1 ratings from two of the major internationally – recognized rating agencies and are located outside of the Region. These banks must have a correspondent relationship with the Bank. In addition, the Bank's liquidity policy allows for investing in negotiable money market instruments, including Euro certificates of deposit, commercial paper, bankers' acceptances and other liquid instruments with maturities of up to three years. These instruments must be of investment grade quality A or better and must have a liquid secondary market.

The Bank performs daily reviews and controls on its liquidity position, including the application of a series of limits to restrict its overall liquidity risk and the monitors the liquidity level according to the macroeconomic environment. Specific limits have been established to control (1) cumulative maturity "gaps" between assets and liabilities, for each maturity classification presented in the Bank's internal liquidity reports, and (2) concentrations of deposits taken from any client or economic group maturing in one day and total maximum deposits maturing in one day. The Bank has also established a minimum amount of liquidity to be maintained at the end of each day, as a percentage of total assets. As a precautionary measure, since the onset of the global financial crisis in September 2008, the Bank has consistently maintained a cash position in excess of the minimum required.

The Bank follows a Contingent Liquidity Plan, which provides for regular stress-testing of its liquidity position. The plan contemplates the regular monitoring of several quantified internal and external reference points (such as deposit level, quality of assets, Emerging Markets Bonds Index Plus, cost of funds and market interest rates), which in cases of high volatility would trigger implementation of a series of precautionary measures to reinforce the Bank's liquidity position. In the Bank's opinion, its working capital is sufficient for the Bank's present requirements.

The following table shows the Bank's liquid assets, by principal geographic area as of December 31 of each year:

	As of December 31,		
	2011	2010	2009
	(in $ million)		
Europe	$2	$60	$60
United States	762	287	219
Other O.E.C.D.	21	74	123
Total	$786	$421	$402

As of December 31, 2011, liquidity amounted to $786 million. $761 million, or 96%, of liquid assets were deposited at the Federal Reserve Bank in New York. The remaining liquid assets consisted of short-term funds deposited with other banks.

While the Bank's liabilities generally mature over somewhat shorter periods than its assets, the associated liquidity risk is diminished by the short-term nature of the loan portfolio, as the Bank is engaged primarily in the financing of foreign trade. As of December 31, 2011, the average original term to maturity of the Bank's short-term loan portfolio maturing up to one year based on original term was approximately 219 days.

Medium-term assets (maturing beyond one year based on original term) totaled $2,638 million as of December 31, 2011. Of that amount, $434 million was comprised of liquid bonds held primarily in the Bank's securities available-for-sale portfolio ($416 million) and trading assets ($17 million). The remaining $2,204 million in medium-term assets represented commercial loans of $2,185 million and $19 million in securities held-to-maturity.

Credit ratings

The cost and availability of financing for the Bank are influenced by its credit ratings, among other factors. The credit ratings of the Bank as of December 31, 2011, were as follows:

	As of December 31, 2011		
	Standard & Poor's	Moody's	Fitch
Short -Term	A-2	P-2	F2
Long-Term	BBB	Baa2	BBB
Rating Outlook	Stable	Stable	Stable

On December 6, 2011 Standard & Poor's, or S&P, affirmed the Bank's credit rating at "BBB/A-2", with Outlook Stable, following a review of Bladex under S&P's revised bank criteria (published on November 9, 2011). S&P also affirmed the rating on senior unsecured debt at "BBB", stating that the ratings reflect the Bank's adequate business position, strong capital and earnings, adequate risk position, above-average funding, and adequate liquidity compared with other banking institutions in Latin America. The credit ratings have been unchanged since May 13, 2008.

The credit ratings from Moody's Investor Service, Inc., or Moody's, have been unchanged since December 19, 2007, and on March 20, 2012, Moody's confirmed its credit ratings of the Bank.

The credit ratings from Fitch Ratings Ltd., or Fitch, have been unchanged since July 7, 2008, and on August 29, 2011, Fitch confirmed its credit ratings of the Bank.

Critical factors in maintaining the Bank's high credit ratings,under S&P critera, include a substantial expansion in core earnings, the maintenance of a high-quality balance sheet, and strong tier one capitalization. Although the Bank closely monitors and manages factors influencing its credit ratings, there is no assurance that such ratings will not be lowered in the future.

Funding Sources

The Bank's principal sources of funds are deposits, borrowed funds and floating and fixed rate placements. While these sources are expected to continue providing the majority of the funds required by the Bank in the future, the exact composition of the Bank's funding sources, as well as the possible use of other sources of funds, will depend upon future economic and market conditions. The following table shows the Bank's funding distribution as of December 31 of each year:

	As of December 31,		
	2011	2010	2009
	(in percentages)		
Interbank deposits	41.2 %	41.5 %	39.7 %
Securities sold under repurchase agreements	6.7 %	6.0 %	2.3 %
Borrowings and debts	50.2 %	49.5 %	54.2 %
Other liabilities.	1.9 %	2.9 %	3.9 %
Total liabilities	100.0%	100.0 %	100.0%

Short-term borrowings and borrowings and long-term debt are important funding sources for the Bank's loan portfolio because they permit the Bank to diversify its funding sources outside the Region, and because the Bank uses these borrowings and placements, which generally have longer maturities than deposits, to manage its asset and liability positions. See Item 5 "Asset/Liability Management."

Among other sources, Bladex funds itself through short- and medium-term loans taken from international correspondent banks. Among those European banks with credit lines in favor of Bladex, the largest country concentrations are from banks located in the United Kingdom and Germany. Bladex has not taken funding from banks based in Ireland or Greece. The volume of funds taken from Italian and Portuguese banks has been minimal in recent years, with no balance outstanding from Italian banks as of December 31, 2011, and $5 million outstanding from Portuguese banks as of that date. The balance of bilateral loans taken from Spanish banks represented 1.5% of the Bank's total liabilities as of December 31, 2011.

As concerns over European sovereign debt and interbank liquidity rose over the course of 2011, Bladex suffered minimal impact to the volume of credit lines available from its European correspondent banks. However, the pricing of credit from European banks in favor of Bladex did increase to some extent, reflecting increases in European banks' own funding costs, particularly during the fourth quarter of the year.

Bladex engages in interest rate swap and cross currency swap transactions, exclusively for hedging purposes. As of December 31, 2011, the volume of interest rate swaps contracted with European banks was $122 million. The counterparties to those interest rate swaps were highly-rated banks based in Germany, France, the United Kingdom, and Switzerland. The volume of cross currency swaps as of that date was $194 million, contracted with highly-rated banks from France, the United Kingdom, and Switzerland. As of December 31, 2011, Bladex had no derivative contracts outstanding with banks from any other European countries, apart from those mentioned above.

Deposits

The Bank obtains deposits principally from central and commercial banks in the Region. As of December 31, 2011, approximately 35% of the deposits held by the Bank were deposits made by central banks of countries in the Region and 52% of deposits held by the Bank were made by state owned banks. Many of these banks deposit a portion of their dollar reserves with the Bank. The average term remaining to maturity of deposits from central banks of countries in the Region as of December 31, 2011, 2010, and 2009, was 72 days, 53 days, and 57 days, respectively. The bulk of the Bank's other deposits is obtained primarily from commercial banks located in the Region. As of December 31, 2011, deposits from the Bank's five largest depositors, of which four were central banks in the Region, represented 65% of the Bank's total deposits. See Item 18, "Financial Statements," note 11.

The following table analyzes the Bank's deposits by country as of December 31 of each year:

	As of December 31,		
	2011	2010	2009

	(in $ million)		
Argentina	$71	$78	$87
Bahamas	2	2	0
Barbados	35	5	21
Brazil	465	359	266
Cayman Island	7	41	105
Colombia	4	7	55
Costa Rica	0	12	9
Dominican Republic	0	0	10
Ecuador	746	437	234
El Salvador	28	18	28
Guatemala	50	60	0
Haiti	78	3	3
Honduras	71	99	151
Jamaica	1	1	1
Japan	0	0	1
Mexico	50	50	0
Nicaragua	57	50	50
Panama	125	147	50

	As of December 31,		
	2011	2010	2009
	(in $ million)		
Paraguay	250	200	0
Peru	21	31	2
Trinidad and Tobago	19	19	20
United Kingdom	50	50	0
United States	27	15	0
Venezuela	146	137	162
Total	$2,304	$1,821	$1,256

Securities Sold Under Repurchase Agreements and Short-Term Borrowings

The Bank enters into repurchase agreements, or repos, with international banks, utilizing its investment securities portfolio as collateral to secure cost-effective funding. Repurchase agreements are accounted for either as sales of securities or as secured financings in the financial statements. As of December 31, 2011, securities sold under repurchase agreements amounted to $377 million, an increase of $112 million from $265 million as of December 31, 2010. See Item 18, “Financial Statements,” note 12.

The Bank’s short-term borrowings consist of borrowings from banks that have maturities of up to 365 days. These borrowings are made available to the Bank on an uncommitted basis for the financing of trade-related loans. Approximately 19 European and North American, four Asian and three Latin American banks provide these short-term borrowings to the Bank.

As of December 31, 2011, short-term borrowings amounted to $1,323 million, compared to $1,095 million as of December 31, 2010, an increase of $228 million. The increase in short-term borrowings was the result of more demand for credit and taking advantage of Bladex’s access to funding due to increased levels of liquidity. The average term remaining to maturity of short-term borrowings as of December 31, 2011 was approximately 147 days. See Item 18, “Financial Statements,” note 13.

The following table presents information regarding the amounts outstanding under, and interest rates on, the Bank’s short-term borrowings and securities sold under repurchase agreements at the dates and during the periods indicated.

	As of and for the Year Ended December 31,		
	2011	2010	2009
	(in $ million, except percentages)		

Short-term borrowings and securities sold under repurchase agreements						
Advances from banks	$ 1,323		$ 1,095		$ 328	
Securities sold under repurchase agreements	377		265		71	
Total short-term borrowings and securities sold under repurchase agreements	$ 1,700		$ 1,360		$ 399	
Maximum amount outstanding at any month-end	$ 1,700		$ 1,360		$ 1,094	
Amount outstanding at year-end	$ 1,700		$ 1,360		$ 399	
Average amount outstanding	$ 1,369		$ 724		$ 764	
Weighted average interest rate on average amount outstanding	1.12	%	1.09	%	2.77	%
Weighted average interest rate on amount outstanding at year end	0.91	%	0.58	%	1.61	%

Borrowings and Long-Term Debt

Borrowings consist of long-term and syndicated loans obtained from international banks. Debt instruments consist of notes issued under the Bank’s Euro Medium Term Note, or EMTN, Program and a local – currency bond issuance in Latin America.

Interest rates on most long-term borrowings are adjusted quarterly or semi-annually based on short-term LIBOR rates plus a credit spread. The credit spread is defined according to several factors, including credit ratings, risk perception, and the remaining term to maturity. The Bank uses these funds to finance its medium-term and long-term loan portfolio. As of December 31, 2011, the average term remaining to maturity of the Bank's medium and long-term debt was 1.6 years.

During 2011, the Bank continued accessing the Asian market, enabling it to incur two new syndicated loans, further expanding Bladex's network of Asian correspondent banks. In January, 2011 the Bank entered into a $130 million three-year term syndicated loan, and in August, 2011 the Bank entered into a $165 million three-year term syndicated loan. These financings represent the third and fourth cross-border syndicated loans arranged for Bladex in the Asian financial markets after the successful closing of two previous Bladex deals in August and November of 2009, both of which matured during 2011.

In addition, the Bank placed a $270 million three-year term global syndicated loan, taking advantage of the Bank's access to the international markets in April, 2011.

During 2009, the Bank entered into two syndicated loans with Asian lenders. The first syndicated loan, in the amount of $100 million, and the second syndicated loan, in the amount of $113 million, had a two-year term. These loans, which matured in 2011, were Bladex's first syndicated loans placed in Asia and were intended to diversify the Bank's funding sources and strengthen its presence in the Asian markets.

As part of its interest rate and currency risk management, the Bank may from time to time enter into foreign exchange forwards, cross-currency contracts and interest rate swaps to hedge the risk associated with a portion of the notes issued under its various programs.

Notes Program in Mexico

On February 22, 2012, the Bank established a short- and long-term notes program (the "Mexico Program") in the Mexican local market, registered with Mexican National Registry of Securities *(Registro Nacional de Valores)* maintained by the National Banking and Securities Commission *(Comisión Nacional Bancaria y de Valores),* for an authorized aggregate principal amount of 10 billion Mexican Pesos or its equivalent in "Investment Unit" *(Unidades de Inversión),* U.S. dollars or Euros and with maturities from one day to 30 years. On March 22, 2012, its successful completion of the first issuance of 2 billion pesos with a 3 year tenor at a floating-rate of 28-day TIIE plus 65 basis points.

144A/Reg S

On March 29, 2012, Bladex priced the first 144A/Reg S issuance in several years under their Euro Medium Term Note Program (EMTN), in the amount of $400,000,000 (Four hundred million US dollars) effective April 4, 2012. The Senior unsecured notes have a tenor of five years, with a fixed rate coupon of 3.75%. The transaction was oversubscribed, with total demand exceeding $2 billion dollars. The inflows of these funds were recorded in early April, 2012.

The following table presents information regarding the amounts outstanding under, and interest rates on, the Bank's borrowings and long-term debt at the dates and during the periods indicated. See Item 18, "Financial Statements," notes 14, 20 and Item 11, "Quantitative and Qualitative Disclosure About Market Risk." See Item 18, Consolidated Balance Sheet as of December 31, 2011 and 2010.

	As of and for the Year Ended December 31,		
	2011	2010	2009
	(in $ million, except percentages)		
Borrowings and long-term debt			
Amount outstanding at year-end	$ 1,488	$ 1,075	$ 1,390
Maximum amount outstanding at any month-end	$ 1,548	$ 1,400	$ 1,390
Average amount outstanding	$ 1,392	$ 1,241	$ 1,208
Weighted average interest rate on average amount outstanding	1.94 %	2.07 %	3.07 %
Weighted average interest rate on amount outstanding at year end	2.16 %	2.10 %	2.07 %

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Cost and Maturity Profile of Borrowed Funds and Floating-Rate and Fixed-Rate Placements

The following table sets forth certain information regarding the weighted average cost and the remaining maturities of the Bank's borrowed funds and floating and fixed-rate placements (including securities sold under repurchase agreements) as of December 31, 2011:

	Amount	Weighted Average Cost	
	(in $ million, except percentage)		
Short-term borrowings and Securities sold under repurchase agreements at fixed interest rate			
Due in 0 to 30 days	170	1.29	%
Due in 31 to 90 days	622	1.24	%
Due in 91 to 180 days	327	1.31	%
Due in 181 to 365 days	263	2.05	%
Total	$1,382	1.42	%
Short-term borrowings at floating interest rate			
Due in 31 to 90 days	75	1.12	%
Due in 91 to 180 days	93	5.70	%
Due in 181 to 365 days	150	1.76	%
Total	$318	2.76	%
Medium and long-term borrowings at fixed interest rate			
Due in 0 to 30 days	0	7.92	%
Due in 31 to 90 days	1	8.29	%
Due in 91 to 180 days	1	8.16	%
Due in 181 to 365 days	12	2.53	%
Due in 1 through 6 years	1	9.21	%
Total	$16	4.05	%
Medium and long-term borrowings at floating interest rate			
Due in 31 to 90 days	151	0.87	%
Due in 91 to 180 days	92	1.67	%
Due in 181 to 365 days	160	1.01	%
Due in 1 through 6 years	1,022	2.35	%
Total	$1,426	2.00	%
Medium and long-term fixed-rate placements			
Due in 1 through 6 years	46	6.50	%
Total	$46	6.50	%

The lines granted to Bladex are advised, they are not committed. The utilization of lines from correspondent banks may contain restrictions such as the assets to be financed should be trade related.

Cash flows

The following discussion highlights the major activities and transactions that affected the Bank's cash flows during 2011, 2010 and 2009.

Cash flows from operating activities

The Bank's operating assets and liabilities reflect the Bank's capital markets and lending activities, including the origination of loans and the purchase of securities such as the Bank's portfolio of securities available-for-sale. Operating assets and liabilities can vary significantly in the normal course of business due to the amount and timing of cash flows, which are affected by client-driven activities, market conditions, and trading strategies. Management believes cash flows from operations, adequate reserve coverage levels, and the Bank's ability to generate cash through short and long-term borrowings are sufficient to fund its operating liquidity needs.

For the year ended December 31, 2011, net cash provided by operating activities was $180.2 million. Net cash was provided by net income ($83.9 million), a net decrease in the Fund portfolio by $46.9 million, mainly due to redemptions of part of the Bank's interest therein, net decreases in the trading assets by $29.8 million, and by net cash of $17.2 million provided by activities of derivative financial instruments and hedging.

For the year ended December 31, 2010, net cash provided by operating activities was $69.0 million. Net cash was provided by net income, a net decrease in the investment fund portfolio by $30.3 million, and a $5.5 million increase in accrued interest receivable mainly due to an increase in the credit portfolio. Net cash was provided by net income and from adjustments for non-cash items such as the provision for credit losses, depreciation and amortization and stock-based compensation.

For the year ended December 31, 2009, net cash provided by operating activities was $17.5 million. In 2009, the net decline in trading liabilities and accrued interest payable was a result of the impact of the challenging environment that existed in 2008, and continued into the first half of 2009. In 2009, net cash generated from operating activities was lower than net income, largely as a result of net increases in the balance of the Fund in 2009.

Cash flows from investing activities

The Bank's investing activities predominantly include loans originated by the Bank, as well as the portfolio of securities available-for-sale and securities held-to-maturity.

For the year ended December 31, 2011, net cash of $1,006 million was used in investing activities, mostly from a net increase in loans originated by the Bank, resulting from increased commercial activity during 2011, and net cash used to purchase investment securities.

For the year ended December 31, 2010, net cash of $1,226 million was used in investing activities. This resulted primarily from a net increase in loans originated by the Bank due to improved conditions in the financial markets and increased demand for the Bank's lending products.

For the year ended December 31, 2009, net cash of $104.8 million was provided by investing activities, primarily from proceeds from the redemption and sale of securities available-for-sale and from the maturity of securities held-to-maturity. Offsetting these cash proceeds was a net increase in loans originated by the Bank, resulting primarily from the recovery of foreign trade in the Region and the resulting increase in demand for the Bank's lending products.

Cash flows from financing activities

The Bank's financing activities primarily reflect cash flows related to raising deposits, short-term borrowings and securities sold under repurchase agreements, and proceeds from, and repayments of, borrowings and long-term debt.

In 2011, net cash provided by financing activities was $1,196 million. This resulted from an increase in deposits, short-term borrowings and securities sold under repurchase agreements.

In 2010, net cash provided by financing activities was $1,175 million. This resulted from an increase in deposits, short-term borrowings and securities sold under repurchase agreements.

In 2009, net cash used in financing activities was $545.8 million; this reflected primarily a net decrease in short-term borrowings and securities sold under repurchase agreements, and the repayments of borrowings and long-term debt, and was partially offset by proceeds from borrowings and long-term debt, and a net increase in due to depositors.

Asset/Liability Management

The Bank seeks to manage its assets and liabilities to reduce the potential adverse impact on net interest income that could result from interest rate changes. The Bank controls interest rate risk through systematic monitoring of maturity mismatches. The Bank's investment decision-making takes into account not only the rates of return and the respective underlying degrees of risk, but also liquidity requirements, including minimum cash reserves, withdrawal and maturity of deposits and additional demand for funds. For any given period, a matched pricing structure exists when an equal amount of assets and liabilities are repriced. An excess of assets or liabilities over these matched items results in a "gap" or "mismatch," as shown in the table under "Interest Rate Sensitivity" below. A negative gap denotes liability sensitivity and normally means that a decline in interest rates would have a positive effect on net interest income, while an increase in interest rates would have a negative effect on net interest income. Most of the Bank's assets and most of its liabilities are denominated in U.S. dollars and, therefore, the Bank has no material foreign exchange risk. Non-dollar assets or liabilities are generally converted to U.S. dollars through the use of derivatives, which, though economically perfectly hedged, might give rise to some accounting volatility.

Interest Rate Sensitivity

The following table presents the projected maturities and interest rate adjustment periods of the Bank's assets, liabilities and stockholders' equity based upon the contractual maturities and adjustment dates as of December 31, 2011. The Bank's interest-earning assets and interest-bearing liabilities and the related interest rate sensitivity gap shown in the following table may not reflect positions in subsequent periods.

The Bank actively uses interest rate swaps as part of its interest rate risk management. Interest rate swaps are contracted either in a single currency or cross-currency for a prescribed period in order to exchange a series of interest payment flows, which generally involve swapping fixed for floating-rate.

See Item 11, "Quantitative and Qualitative Disclosure About Market Risk".

	Total	0-30 Days	31-90 Days	91-180 Days	181-365 Days	More than 365 Days	Non-Interest

							Sensitive
	(in $ million, except percentages)						
Interest-earning assets							
Cash, due from banks & interest-bearing deposits with banks	843	813	30	0	0	0	0
Trading assets	20	0	17	0	0	0	3
Securities available-for-sale	416	40	61	65	0	222	29
Securities held to maturity	27	0	0	14	7	6	0
Investment fund	120	0	0	0	0	0	120
Loans, net	4,864	852	2,119	1,543	340	105	(96)
Total interest-earning assets	6,292	1,706	2,226	1,622	347	334	57
Non-interest earning assets	50	0	0	0	0	0	50
Other assets	18	0	0	0	0	0	18
Total assets	6,360	1,706	2,226	1,622	347	334	126
Interest-bearing liabilities							
Deposits							
Demand	68	68	0	0	0	0	0
Time	2,236	1,474	402	196	152	12	0
Trading liabilities	6	0	0	0	0	5	1
Securities sold under repurchase agreements	377	102	194	82	0	0	0
Short-term borrowings	1,323	176	604	280	263	0	0
Borrowings and long-term debt	1,488	116	682	621	18	50	0
Total interest-bearing liabilities	5,497	1,936	1,882	1,179	433	67	1
Non-interest-bearing liabilities	98	0	0	0	0	0	98
Total liabilities	5,595	1,936	1,882	1,179	433	67	99
Redeemable noncontrolling interest	6	0	0	0	0	0	6
Stockholders' equity	759	0	0	0	0	0	759
Total liabilities and stockholders' equity	6,360	1,936	1,882	1,179	433	67	864
Interest rate sensitivity gap		(230)	344	443	(86)	267	(738)
Cumulative interest rate sensitivity gap		(230)	115	557	471	738	
Cumulative gap as a % of total interest-earning assets		-4%	2%	9%	7%	12%	

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The Bank’s interest rate risk is the exposure of earnings (current and potential) and capital to adverse changes in interest rates and is managed by attempting to match the term and repricing characteristics of the Bank’s interest rate sensitive assets and liabilities. The Bank’s interest rate risk typically arises from the Bank’s liability sensitive short-term position, which means that the Bank’s interest-bearing liabilities reprice more quickly than the Bank’s interest-earning assets. As a result, there is a potential adverse impact on the Bank’s net interest income from interest rate increases. The Bank’s policy with respect to interest rate risk provides that the Bank establish limits with regards to: (1) changes in net interest income due to a potential impact, given certain movements in interest rates and (2) changes in the amount of available equity funds of the Bank, given a one basis point movement in interest rates.

As part of its normal Treasury operation, Bladex is exploring new markets for short- and medium-term financing, anticipating funding needs related to the projected Bank's growth. These funding sources should come from the international correspondent banks and from new financings obtained in the capital markets.

Stockholders’ Equity

The following table presents information concerning the Bank’s capital position at the dates indicated:

	As of December 31,		
	2011	2010	2009
	(in $ thousand)		
Common stock	$279,980	$279,980	$279,980
Additional paid-in capital in excess of assigned value of common stock	130,177	133,815	134,820
Capital reserves	95,210	95,210	95,210
Retained earnings	372,644	320,153	301,389
Accumulated other comprehensive loss	(3,112)	(6,441)	(6,160)
Treasury stock	(115,617)	(125,667)	(129,602)
Total stockholders’ equity	$759,282	$697,050	$675,637

As of December 31, 2011, stockholders’ equity amounted to $759 million, compared to $697 million as of December 31, 2010 and compared to $676 million as of December 31, 2009.

The $62 million increase during 2011 compared to 2010 was the net result of: increased retained earnings as a result of net income attributable to Bladex of $83 million, partially offset by $31 million declared as cash dividends, $10 million net variance in treasury stock mostly due to compensation cost ($2 million) and the exercise of stock-based compensation plans ($4 million), and $3 million net variance in other comprehensive loss as the net result of improved valuations of the securities and/or the interest rate hedging instruments associated with such securities.

The $21 million increase during 2010 compared to 2009 was the net result of increased retained earnings as a result of net income attributable to Bladex of $42 million, partially offset by $23 million declared as cash dividends, and a $4 million net variance in treasury stock mostly due to compensation cost and the exercise of stock based compensation plans.

Capital reserves are established by the Bank from retained earnings. Capital reserves are intended to strengthen the Bank's capital position. Reductions of these reserves, for purposes such as the payment of dividends, require the approval of the Board and Panamanian banking authorities. Panamanian banking regulations do not require the Bank to maintain any particular level of capital reserves.

As of December 31, 2011, the capital ratio of total stockholders' equity to total assets was 11.9% and the Bank's Tier 1 and total capital ratios calculated according to Basel I capital adequacy guidelines were 18.6% and 19.9%, respectively. As of December 31, 2011, the Bank's total capital to risk-weighted asset ratio, calculated according to the guidelines of the Banking Law, was 16.19%. See Item 4, "Information on the Company / Business Overview / Regulation."

C. Research and Development, Patents and Licenses, etc.

Not applicable.

D. Trend Information

The following are the most important trends, uncertainties and events that are likely to materially affect the Bank or that would cause the financial information disclosed herein to not be indicative of the Bank's future operating results or financial condition:

- Changes in global economic conditions, including prices of oil and other commodities, the U.S. dollar exchange rate, interest rates, and slower economic growth in developed countries and trading partners, and the effect that these changes may have on the economic condition of countries in the Region, including the Region's foreign trade growth, and, therefore, the growth of the Bank's trade financing business;
- The effect that an economic slowdown or political events in the Region may have on the Bank's asset quality, results of operations and growth prospects;
- Risk perception in the markets in which the Bank operates, increased competition, and U.S. dollar liquidity, which could affect spreads over the cost of funds on the Bank's loan portfolio and, in turn, impact the Bank's net interest spreads; and
- A continued downturn in the capital markets, or a continued downturn in investor confidence, which could affect the Bank's access to funding or increase its cost of funding.

Year 2011

Bladex performance in 2011 was characterized by solid financial results, strong portfolio growth, prudent levels of liquidity, capital and credit quality. The Latin American Region experienced a 23% increase in trade flows, seizing a clear opportunity to capitalize on the Bank's competitive advantages in import/export finance. As of December 31, 2011, the Bank's commercial portfolio amounted to $5,354 million, an increase of $908 million or 20%, across all business segments, compared to $4,446 million as of December 31, 2010. The increase was mainly the result of the reinforcement of the Bank's client management team, continued expansion of Bladex's regional network of offices, and higher net interest spreads (162 bps in 2011 compared to 143 bps in 2010), despite a small decrease in average interbank market interest rates 6M LIBOR. Net interest margin increased 11 bps to 1.81% in 2011 compared to 1.70% in 2010, as a result of higher average balances, lending spreads and portfolio mix in the corporate and middle-market companies and financial institutions' segment which yield higher margins. The non-accrual portfolio amounted to $32 million, representing 0.6% of total loan portfolio as of December 31, 2011.

Given the volatility in global interbank liquidity conditions, arising in particular from challenging sovereign debt conditions in the Eurozone, Bladex maintained a conservative approach to liquidity management throughout the year. As a result, the Bank achieved a liquidity level of $786 million as of December 31, 2011, compared to $421 million as of December 31, 2010. Weighted average funding cost for the year ended December 31, 2011 amounted to 1.12%, a decrease of 14 bps, or 11%, compared to 1.26% for the year ended December 31, 2010, as a result of improvement in funding costs of deposits, most of which come from primarily from the Bank's Central Bank shareholders.

The Bank's net income for the year 2011 amounted to $83.2 million, of which $53.4 million was achieved by the Commercial Divison, $14.7 million by the Treasury Division, and $15.1 million by the Asset Management Unit. Tier 1 capital ratio stood at 18.6% while the Bank achieved a return on equity of 11.4% for the year 2011.

Year 2010

The Bank's performance during 2010 was characterized by solid growth in the commercial activity of the Bank, improving the scope and diversification of the Bank's business against background of a strong recovery in Latin America and of the increase in trade flows in the Region. The increase in commercial activity in the Region resulted in part from the improvement in the risk profile of countries in the Region, reflected by a general reduction of fiscal deficits, relative price stability and strengthened foreign reserves. As a result, the Bank's commercial portfolio as of December 31, 2010 amounted to $4,446 million, compared to $3,110 million as of December 31, 2009, resulting in a $1,336 million, or 43%, increase during the year. Market interest rates such as 6M LIBOR decreased from an average of 112 bps in 2009 to 52 bps in 2010, leading to a compression of lending spreads. Net interest margin improved to 1.70% for 2010 from 1.62% for 2009, as a result of lower costs of funds. Funding costs decreased to 126 bps in 2010 from 238 bps in 2009, due to increased average balances of deposits, borrowings and long-term debt. Liquidity balances remained high, amounting to $421 million as of December 31, 2010. The Bank's net income for the year 2010 resulted from the strong performance of the Commercial and the Treasury Divisions, offset by the losses from the Asset Management Unit.

Year 2009

Specific trends that affected the Bank's performance during 2009 included the pronounced decrease in market rates such as 6M LIBOR which saw a decrease from an average 306 bps in 2008 to an average of 112 bps in 2009, leading to a compression of lending spreads. An increase in funding margins from an average of 35 bps in 2008 to an average of 70 bps in 2009 as liquidity and access to capital markets became limited due to the repercussions of the financial crisis, also affected the Bank's lending spreads, particularly during the first half of 2009. During this period, the Bank maintained higher than normal levels of liquidity with adverse effect on margins. These effects were partially offset by an increase in lending margins from an average of 168 bps in 2008 to an average of 262 bps in 2009, as the Bank was able to pass on higher funding costs. The Bank also benefited from an improvement in market valuations in 2009 compared to the previous year which impacted favorably the results of the Bank's Asset Management Unit and

Treasury Division.

In addition, see Item 3, “Key Information/Risk Factors,” for a discussion of the risks the Bank faces, which could affect the Bank’s business, results of operations and/or financial condition.

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E. Off-Balance Sheet Arrangements

In the ordinary course of business, in order to meet the financing needs of its customers, the Bank enters into arrangements that are not recognized on its balance sheet. As of December 31, 2011, the Bank's off-balance sheet arrangements included letters of credit, stand-by letters of credit, guarantees (commercial risk and country risk), credit derivatives and credit commitments (including unused commitments and other commitments). These arrangements are kept off-balance sheet as long as the Bank does not incur an obligation relating to them or itself become entitled to an asset. Such off-balance sheet arrangements are exposed to credit risk. Therefore, a reserve for losses on off-balance sheet credit risk is recognized on the balance sheet, with the resulting provision recorded in the income statement. As of December 31, 2011, total reserves for losses on off-balance sheet arrangements amounted to $9 million, compared to $13 million as of December 31, 2010, and compared to $27 million as of December 31, 2009. See Item 18, "Financial Statements," note 8 and 18.

As of December 31, 2011, the total off-balance sheet portfolio amounted $364 million, compared to $381 million as of December 31, 2010, and compared to $332 million as of December 31, 2009.

Fees and commission income from off-balance sheet arrangements amounted to $11 million, $10 million and $7 million, for the years ended December 31, 2011, December 31, 2010 and December 31, 2009, respectively.

For additional information, see "Item 5, "Operating and Financial Review and Prospects/ Operating Results/ Fees and Commissions, net."

No obligations have arisen from variable interest entities as defined in U.S. GAAP, including indemnification agreements with the Bank's executive officers and directors. The Bank provides indemnity insurance pursuant to which directors and officers are indemnified or insured against liability or loss under certain circumstances, including liabilities or related losses arising under the Securities Act and the Exchange Act.

F. Contractual Obligations and Commercial Commitments

The following tables set forth information regarding the Bank's contractual obligations and commercial commitments as of December 31, 2011.

	Payments Due by Period		
Contractual Obligations [1]	Total	1 – 3 years	3 – 5 years

		Less than 1 year			More than 5 years
	(in $ million)				
Deposits	$2,304	$ 68	$ 2,236	$ 0	$ 0
Trading liabilities	6	0	6	0	0
Securities sold under repurchase agreement	377	377	0	0	0
Short-term borrowings	1,323	1,323	0	0	0
Borrowings and long-term debt [(2)]	1,488	418	1,069	0	0
Accrued interest payable	12	12	0	0	0
Leasehold obligations	2	1	1	0	0
Total contractual obligations	$5,511	$ 2,199	$ 3,312	$ 0	$ 0

(1) The contractual obligations exclude future contractual interest payment obligations as some obligations have floating interest rates.

(2) Certain debt obligations are subject to covenants that could accelerate the payment of these obligations.

	Amount of Commitment Expiration by Period				
Other Commercial Commitments	Total	Less than 1 year	1 – 3 years	3 – 5 years	More than 5 years
	(in $ million)				
Letters of credit [(3)]	$268	$ 268	$ 0	$ 0	$ 0
Stand-by letters of credit	19	19	0	0	0
Guarantees	0	0	0	0	0
Credit derivative	0	0	0	0	0
Other commercial commitments	76	44	30	1	1
Total Commercial Commitments	$363	$ 331	$ 30	$ 1	$ 1

(3) Includes acceptances outstanding for a total amount of $1 million as of December 31, 2011.

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The covenants included in some of our liabilities contracts are standard market covenants. Bladex has been and expects to continue to be in compliance with regards to these covenants.

See Item 18, “Financial Statements,” notes 18 and 19.

Item 6. Directors, Executive Officers and Employees

A. Directors and Executive Officers

Directors

The following table sets forth certain information concerning the Directors of the Bank as of the date of this Annual Report.

Name	Country of Citizenship	Position Held with The Bank	Year Term Expires	Director Since	Age
CLASS A					
Esteban Alejandro Acerbo Director Banco de la Nación Argentina, Argentina	Argentina	Director	2014	2010	50
Manuel Sánchez González Deputy Governor Banco de Mexico, Mexico	Mexico	Director	2014	2011	61
João Carlos Nobrega Pecego Regional General Manager – Head of Latin America Banco do Brasil, Brazil	Brazil	Director	2013	2010	48
CLASS E					
Mario Covo Chief Executive Officer Finaccess International, Inc., U.S.A.	U.S.A.	Director	2014	1999	54
Herminio Blanco Chief Executive Officer Soluciones Estratégicas Consultoría, Mexico	Mexico	Director	2013	2004	61
Maria da Graça França Brazil	Brazil	Director	2013	2004	63
William D. Hayes President					

Whaleco, Inc., U.S.A.	U.S.A.	Director	2013	2004	68
Guillermo Güémez García Mexico	Mexico	Director	2015	1997	71
ALL CLASSES OF COMMON STOCK (*)					
Gonzalo Menéndez Duque Director Banco de Chile, Chile	Chile	Chairman of the Board	2015	1990	63
Jaime Rivera Chief Executive Officer Bladex, Panama	Guatemala	Director	2015	2004	58

(*) Denotes class(es) of common stock of the Bank that elect the directors listed.

Esteban Alejandro Acerbo has served as Director of our Board since 2010. Mr. Acerbo has served as Director of Banco de la Nación Argentina and President of Nación Leasing since 2006. Mr. Acerbo has also served as main advisor of the Administrative Council on behalf of the partners and members of Garantizar – Sociedad de Garantías Recíprocas. He is President of Nación Reaseguros S.A., Compañía de Reaseguros. Mr. Acerbo is President of the following Commissions of Banco de la Nación Argentina: Commercial and Individual Banking since 2010 and from 2006 until 2008, Risk and Collection from 2008 to 2010 and Planning and Control from 2009 until 2010. He also has served as Vice President of the International Relations and Foreign Trade Commission of Banco de la Nación Argentina since 2008 and was Vice President of the Finance and Credit Policy Commission from 2006 to 2008. Mr. Acerbo was an Associate of the Treasury Division of the Ministry of Economy of Argentina in 2005, Advisor and associate in accounting, taxes and finance to the Chamber of Commerce, Industry and Production from 1991 to 2001. Prior to that, Mr. Acerbo was Principal of Estudio Acerbo y Asociados from 1989 to 2005, member of the Development Commission of the Production Office of the Daireaux Municipality, Argentina from 2001 to 2004 and associate in tax policy for the creation of industrial parks in different districts of the Buenos Aires Province in Argentina from 1999 to 2001. Mr. Acerbo's professional experience in the fields of tax, accounting and finance qualify him to serve on the Board.

Manuel Sánchez González has been a Director of our Board since 2011. He has also served as Deputy Governor of Banco de México, Mexico's central bank, since 2009. Prior to this appointment, he was Director of Investment at Valanza México, a private equity unit of BBVA Financial Group. He joined BBVA Bancomer Financial Group (formerly Bancomer Financial Group) in 1993 as Director of Financial Analysis and Investor Relations. From 1995 to 1997 he was Director of Planning and Finance of the Banking Services Division, and from 1997 to 2004 he served as the group's Chief Economist. Prior to those positions he was Director General of the Center for Economic Analysis and Research at the Instituto Tecnológico Autónomo de México (ITAM). Dr. Sánchez has been a Professor of Economics at ITAM and at various universities, including Boston College and the University of Chicago. He is the author of several articles published in books and specialized journals. He was coordinator and editor of the book *Procesos de Privatización en América Latina*, published in 1993, with contributions by research centers from Chile, Mexico, Colombia, and Argentina. He is also the author of *Economía Mexicana para Desencantados*, published in 2006, and has written op-ed articles for several newspapers and a column for Mexican newspaper *Reforma*. He has been a consultant for several companies and international institutions. Previous posts include Chief Economist at Grupo Vitro and Senior Economist at Grupo Industrial Alfa, in Monterrey, Mexico. Manuel Sánchez's professional experience in the fields of finance and economics and his academic skills qualify him to serve on the Board.

João Carlos de Nóbrega Pecego has served as Director of our Board since 2010. Mr. Pecego has served as Vice President of Banco Patagonia, Argentina since 2011 and Regional General Manager – Head of Latin America of Banco do Brasil based in Argentina since 2009. He has been employed by Banco do Brasil in various capacities since 1978, holding the positions of Executive Regional Manager of the South Region of Brazil (Rio Grande do Sul, Santa Catarina and Parana) from 2006 to 2009, Executive Manager responsible for Corporate and Project Finance from 2003 to 2006, Executive Manager of the Corporate Area of Banco do Brasil in Sao Paulo from 2000 to 2003, Regional Superintendent of the Sao Paulo Unit from 1995 to 2000, General Manager of the main agencies of Banco do Brasil in Sao Paulo from 1990 to 1995, and in various other capacities from 1978 to 1990. Mr. Pecego's professional experience relating to the banking industry qualifies him to serve on the Board.

Mario Covo has served as Director of our Board since 1999 and Director of Bladex Asset Management Inc. ("Bladex Asset Management") since 2008. Dr. Covo is the Managing Partner of Helios Advisors in New York. He was a founding partner of Finaccess International, Inc. in 2000 and of Columbus Advisors in 1995. Dr. Covo worked at Merrill Lynch from 1989 to 1995, where he was Head of Emerging Markets-Capital Markets. Prior to working for Merrill Lynch, Dr. Covo worked at Bankers Trust Company of New York from 1985 to 1989 as Vice President in the Latin American Merchant Banking Group, focusing on corporate finance and debt-for-equity swaps. Prior to that Dr. Covo was an International Economist for Chase Econometrics from 1984 to 1985, focusing primarily on Venezuela and Colombia. Dr. Covo's qualifications to serve on the Board include his extensive background and experience in the financial services industry, and his exposure to the markets where the Bank operates.

Herminio A. Blanco has served as Director of our Board since 2004. Dr. Blanco is the founder and CEO of Soluciones Estratégicas Consultoría in Mexico City. Dr. Blanco has been the Chairman of IQOM, a consulting corporation and daily analytical electronic newspaper specializing in international trade in Latin America, since 2005. He has been a member of the Advisory Board of SSA Mexico since 2008. Dr. Blanco has served on the boards of Banorte and CYDSA since 2006, the United States Chamber of Commerce Foundation since 2005 and Arcelor Mittal Steel U.S. since 2004. He has been a member of the International Advisory Committee of Mitsubishi Corporation and the Trilateral Commission since 2000. He was the Secretary of Trade and Industry of Mexico from 1994 to 2000, the Undersecretary for International Trade and Negotiations from 1993 to 1994 and Mexico's Chief Negotiator of the North American Free Trade Agreement (NAFTA) from 1990 to 1993. Dr. Blanco was one of the three members of the Council of Economic Advisors to the President of Mexico from 1985 to 1988. In addition, he was responsible for the negotiations of the Mexico-European Union and Mexico and the European Free Trade Area free trade agreements and various other free trade agreements with Latin American countries and with Israel. Dr. Blanco also contributed to the launching of negotiations for the free trade agreement with Japan. He was Assistant Professor of Economics at Rice University, in Houston, Texas from 1980 to 1985. Dr. Blanco served as senior advisor to the Finance Minister of Mexico from 1978 to 1980. Dr. Blanco's extensive experience and background in foreign trade and his academic and consulting skills qualify him to serve on the Board.

Maria da Graça França has served as Director of our Board since 2004. Ms. França served as Director of Internal Control of Banco do Brasil from 2006 to 2007. She also served in various other capacities during her tenure with Banco do Brasil, starting in 1971, including Head of North America and General Manager of Banco do Brasil, New York Branch from 2004 to 2005, Executive General Manager of the International Division in Brasilia, Brazil from 2002 to 2003, Regional Manager for the operations of the Bank in South America based in Argentina in 2002, General Manager of Banco do Brasil, Paris Branch from 1999 to 2002, Deputy General Manager of Banco do Brasil, Miami Branch from 1993 to 1999, General Manager of the department responsible for Banco do Brasil's foreign network from 1992 to 1993, Deputy General Manager for foreign exchange from 1989 to 1992, Assistant Manager within the Risk Management Area from 1988 to 1989, Assistant Manager for foreign exchange internal controls from 1984 to 1987 and employee in the Foreign Exchange Department from 1971 to 1984. Ms. França's qualifications to serve on the Board include her extensive experience in managing operations and internal controls in international banking.

William Dick Hayes has served as Director of our Board since 2004 and has served as a Director of Bladex Asset Management since 2008. Mr. Hayes has served as President of Whaleco, Inc., New York, Managing Director of MacGregor Design Development, LLC, Connecticut and since 1999, as Chairman and charter member of the Board of Directors and the Investment Committee of Tricon Forfaiting Fund Limited, Bermuda. He served as Managing Director-Emerging Markets and in various other capacities for West Merchant Bank, Chartered WestLB and Standard Chartered Merchant Bank from 1987 to 1999. Mr. Hayes served as Senior Vice President - Trading for Libra Bank Limited, New York Agency from 1986 to 1987, Principal of W.D. Hayes and Associates, California from 1984 to 1986, and in various capacities for Wells Fargo Bank, N.A., San Francisco, California from 1969 to 1984. Mr. Hayes' qualifications to serve on the Board include his background in the financial services industry, experience in emerging markets, and exposure to international capital markets.

Guillermo Güémez García has served as director on our Board since 1997. Mr. Güémez is member of the Board and chairman of the Risk Committee of Banco Santander (Mexico) S.A., chairman of the Audit Committee of Zurich

Compañia de Seguros S.A. and Zurich Vida Compañia de Seguros S.A., member of the Senior Advisory Board of Oliver Wyman Financial Services, member of the Board of Directors of Zurich Santander Seguros Mexico S.A., member of the Board of Financiera Mexicana para el Desarrollo Rural S.A. de C.V., member of the Investment Committee of Nacional Monte de Piedad IAP since 2012. Mr. Güémez has served as member of the Institute of International Finance Board of Director's Alumni Council, member of the Board of Directors of Zurich Compañia de Seguros S.A. and Zurich Vida Compañia de Seguros S.A., member of the Board of Directors and member of the Investment Committee of Afore Sura (former ING pension fund in México), member of the Strategy and Financial Committee of Nacional Monte de Piedad IAP, member of the Board of Geusa S.A. de C.V. and member of the Board of Fundación UNAM since 2011, and Chairman of the Advisory Board of the Bussiness School of Universidad Panamericana in Gudalajara since 2008. He served as Deputy Governor of Banco de Mexico from 1995 to 2010 and a Board Member of the National Insurance Commission and Casa de Moneda de Mexico since 1995. He served as President of the Executive Committee of Grupo Azucarero Mexico and Vice Chairman of Grupo de Embotelladoras Unidas, S.A. de C.V. from 1993 to 1994. Mr. Güémez served as Co-Chairman of the North American Committee, Board Member of Home Mart, S.A. de C.V. and Vice Chairman of the Board of Grupo Embotelladoras Unidas, S.A. de C.V. from 1992 to 1994. He served on the Mexican Business Coordinating Council for the North American Free Trade Agreement ("NAFTA") in the capacity of Executive Director from 1990 to 1992. He was employed by Banco Nacional de Mexico (Banamex) in various capacities from 1974 to 1991, including Manager for Foreign Currency Funding and International Credits from 1974 to 1978, Representative in London from 1979 to 1981, Executive Vice President of International Treasury and Foreign Exchange, Exchange Controls and Ficorca from 1982 to 1986, and Executive Vice President for International Products from 1986 to 1990. Mr. Güémez founded and was President of Euromex Casa de Cambio and Euroamerican Capital Corporation from 1986 to 1990. He also has served as a Board Member of the Institute of International Finance and as a Board Member and Chairman of the Executive Committee of International Mexican Bank Ltd. Prior to that Mr. Güémez was employed by Bank of America Corporation in Mexico as Assistant Representative. Mr. Güémez's qualifications to serve on the Board include his extensive background and professional experience in risk assessment, financial services and international banking.

Gonzalo Menéndez Duque has served as Director on our Board since 1990. Mr. Menéndez Duque is a senior director of the Luksic companies in Chile and serves as Director of the following Luksic group holding companies: Banco de Chile since 2001, Aguas de Antofagasta S.A. since 2004, Andsberg Investment Ltd. since 2007, Andsberg Ltd. since 2007, Antofagasta Group since 1997, Antofagasta PLC since 1985, Banchile Factoring S.A. since 2010, Holdings Quiñenco since 1996, Socofin S.A. since 2010, Compañía Sudamericana de Vapores S.A. and Sudamericana Agencias Aéreas y Marítimas S.A.-SAAM since 2011. In addition, he has served as President of Inversiones Vita since 2000, a Luksic group company. He also serves as Vice Chairman of Fundación Andrónico Luksic A. and Fundación Pascual Baburizza since 2005. Previously, Mr. Menéndez Duque served as Director and President of several companies related to Grupo Luksic since 1985, including the following: Banco de A. Edwards and related companies, Banco Santiago, Empresas Lucchetti, S.A., Banco O'Higgins, Banchile Corredores de Bolsa S.A. and Banchile Administradora General de Fondos. Mr. Menéndez Duque is the Chairman of our Board since 2002, previously he had been Chairman of our Board from 1995 to 1997. Mr. Menéndez Duque's skills, leadership and managerial experience in large complex organizations of various industries which are subject to extensive regulations, and his experience as a board member in different companies, qualify him to serve on the Board.

Jaime Rivera has served as a Director of the Bank since 2004, when he was appointed Chief Executive Officer. He joined the Bank in 2002 as Chief Operating Officer. Previously, Mr. Rivera served in various capacities for Bank of America Corporation, including positions in the U.S. as Managing Director of the Latin America Financial Institutions Group and the Latin America Corporate Finance team and on-site as General Manager in Brazil, Argentina, Uruguay and Guatemala, Marketing Manager in Chile, and as Manager of Latin America Information Systems in Venezuela. He has held Board positions with the Council of the Americas, the Florida International Bankers' Association, and the Latin American Agribusiness Development Corporation. Mr. Rivera is a member of the International Advisory Committee (IAC) to the Board of Directors of the NYSE Euronext. He has an MBA degree from Cornell University, a master of science degree from Northwestern University, and a bachelor of science degree from Northrop University. Mr. Rivera's academic background and his previous international banking experience throughout Latin America have provided him with the business skills, leadership and managerial abilities that qualify him to serve on the Board.

Executive Officers

The following table and information sets forth the names of the executive officers of Bladex, their respective positions at the date hereof and positions held by them with the Bank and other entities in prior years:

Name	**Position Held with The Bank**	**Country of Citizenship**	**Age**
Jaime Rivera	Chief Executive Officer	Guatemala	58
Rubens V. Amaral Jr.	Executive Vice President, Chief Commercial Officer	Brazil	52
Gregory D. Testerman	Executive Vice President - Senior Managing Director, Treasury & Capital Markets	U.S.A.	49

Name	Position Held with The Bank	Country of Citizenship	Age
Miguel Moreno	Executive Vice President, Chief Operating Officer	Colombia	58
Miguel A. Kerbes	Senior Vice President, Chief Risk Officer	Uruguay	52
Christopher Schech	Senior Vice President, Chief Financial Officer	Germany	47
Gustavo Díaz	Senior Vice President, Controller	Colombia	49
Julio C. Aguirre	Vice President, Chief Compliance Officer	Panama	44
Manuel Mejía-Aoun	Chief Investment Officer, Bladex Asset Management Inc.	Panama	53

Presented below is a brief biographical description of each executive officer that is not a member of the Bank's Board:

Rubens V. Amaral Jr. has served as Executive Vice President, Chief Commercial Officer of the Bank, and the alternate to the CEO since April 2004. He previously served as General Manager and Managing Director for North America of Banco do Brasil, New York Branch, from 2000 to 2004. Mr. Amaral served in various capacities with Banco do Brasil since 1975, holding the positions of Managing Director of the International Division and alternate member of the board of directors in 1998, Executive General Manager of the International Division in Sao Paulo from 1998 to 2000, Deputy General Manager in the New York Branch in charge of the Trade Finance and Correspondent Banking Department from 1994 to 1998, Head of Staff of the International Division from 1993 to 1994 and Advisor, Head of Department and General Manager in the Trade Finance Area at the International Department Division – Head Office from 1989 to 1993. Mr. Amaral also served as a representative in banking supervision for the Central Bank of Brazil from 1982 to 1988. Mr. Amaral has also had active participation in different Institutions in the banking industry, such as Trustee of the Board of Trustees of the Institute of International Bankers - IIB, member of the Advisory Board of the Center for Latin America Studies from the George Washington University, member of the International Advisory Council at Bankers Association for Finance and Trade - BAFT, and Director of the Brazilian American Chamber of Commerce, in New York.

Gregory D. Testerman has served as Executive Vice President, Senior Managing Director, Treasury & Capital Markets of the Bank since 2007. Mr. Testerman has served as a Director of Bladex Asset Management since 2006. Mr. Testerman previously served as Senior Vice President and Treasurer of the Bank from 2005 to 2006. Mr. Testerman served in various capacities with Banco Santander Central Hispano, S.A. from 1986 to 2003, including General Manager, Miami Agency, from 1999 to 2003, General Manager, Tokyo Branch and Country Manager in Japan from 1995 to 1999, Vice President, Head of Financial Control, Benelux and Asia Pacific, from 1991 to 1995, Second Vice President, Special Credit Valuation Assignment, London Branch, in 1991, Second Vice President, Treasury Operations Manager, Belgium, from 1989 to 1991, and Second Vice President, Management Reporting, Belgium, from 1986 to 1989. Mr. Testerman began his career with The Chase Manhattan Bank, N.A. and served as Assistant Treasurer in Belgium in 1986, after completing his training at the bank's headquarters in New York, from 1984 to 1986.

Miguel Moreno has served as Executive Vice President, Chief Operating Officer since July 2007. He previously served as Senior Vice President and Controller of the Bank since September 2001. He was a Management Consulting Partner for PricewaterhouseCoopers LLP, Bogotá, Colombia, from 1988 to 2001, and served as Vice President of Information Technology and Operations for Banco de Crédito, Bogotá, Colombia, from 1987 to 1988. Mr. Moreno served as Chief Executive Officer of TM Ingeniería, Bogotá, Colombia, from 1983 to 1987, and as Head of Industrial Engineering Department, Los Andes University, Colombia, from 1982 to 1984. Mr. Moreno was employed by SENA, Colombia, as Chief of the Organization and Systems Office, from 1977 to 1981, and served as Advisor to the Minister for the Finance and Public Credit Ministry of Colombia, from 1976 to 1977.

Miguel A. Kerbes has been in charge of the Risk Department of Bladex since 2000, serving as Senior Vice President, Chief Risk Officer for the Bank since July 2002, and as Vice President, Risk Management from 2000 to 2002. Mr. Kerbes has over 34 years of experience in risk management at prominent international financial institutions in Latin America. He served as the Risk Officer, Southern Cone Area for Banco Santander, with domicile in Chile, from 1995 to 2000, overseeing the Country Risk Managers for the area. From 1992 to 1995 he served with Bank of Boston, Chile as the Risk Director for credit and treasury risks and as Senior Risk Officer. From 1989 to 1992, Mr. Kerbes participated in the start-up of ING Bank in Chile, continuing as its Risk Officer. He had previously served with ING Bank in Uruguay and participated in the start-up of ING Bank from 1982 to 1992 the Bank's diverse subsidiaries in Argentina, Uruguay and Chile.

Christopher Schech has served as Senior Vice President, Chief Financial Officer of the Bank since September 2009. Previously, Mr. Schech served as Chief Financial Officer in the Region International division at Volvo Financial Services, part of AB Volvo Group based in Gothenburg, Sweden, covering operations in Latin America, Eastern Europe, Asia and Australia. Prior to that, Mr. Schech served in various capacities in Audit, Finance, and Business Development at General Electric Company (GE), from 1996 to 2008. Mr. Schech's background also includes serving in various positions in the Financial Services Audit Division at Coopers & Lybrand Deutsche Revision in Frankfurt, Germany, from 1990 to 1996.

Gustavo Díaz has served as Senior Vice President, Controller of the Bank since September 2009. Prior to joining the Bank, he served as Chief Audit Executive for Central American Bank for Economic Integration (CABEI) in Tegucigalpa, Honduras covering operations in Central America, from 2000 to 2009. Prior to that, he served as Director of Internal Audit and Chief Compliance Officer for Corporación Financiera del Valle (Corfivalle) in Colombia, from 1994 to 2000. Mr. Díaz was External Auditing Manager for KPMG in Colombia and Chile, from 1985 to 1994 specializing in the financial industry. Mr. Díaz has CIA, CFSA, and CCSA certifications, granted by The Institute of Internal Auditors (IIA) and AML/CA certification granted by FIBA and FIU.

Julio C. Aguirre has served as Vice President - Chief Compliance Officer of Bladex since February 2002. Previously, Mr. Aguirre served as Finance Manager at Banco Internacional de Panamá, where he was responsible for all matters related to Compliance for the bank and its subsidiaries. Mr. Aguirre holds a CP/AML certification granted by FIBA and FIU, is a member of the Money Laundering Prevention Committee – FELABAN, is President of the Compliance Officers Committee of Panama's Banking Association (ABP) and is President of the Organizing Committee of the Hemispheric Congress for the Money Laundering Prevention of the Panama Banking Association.

Manuel Mejía-Aoun has served as Chief Investment Officer of Bladex Asset Management since November 2005, and as a Director of Bladex Asset Management since 2008. Mr. Mejía-Aoun has over 25 years of investment experience in emerging markets. Prior to joining the Bank, he was Chief Executive Officer of Maxblue, Deutsche Bank's first personal financial consultancy business, focusing on high net worth investors in Latin America. Prior to that he headed the Latin American Foreign Exchange and Local Money Markets Sales and Trading Group at Deutsche Bank. In 1995, Mr. Mejía-Aoun served as Chief Emerging Markets Strategist at Merrill Lynch, covering fixed income securities in Latin America, Eastern Europe, Africa and Asia. From 1987 to 1995, he established and headed the

Emerging Markets Trading Group at Merrill Lynch.

B. Compensation

Cash and Stock-Based Compensation

Executive Officers Compensation

The aggregate amount of cash compensation paid by the Bank during the year ended December 31, 2011, to the executive officers employed in Bladex's Head Office as a group for services in all capacities was $2,875,092. During the fiscal year ended December 31, 2011, the Bank accrued, and paid on February 23, 2012, performance-based bonuses to the Bank's executive officers in the aggregate amount of $1,303,000.

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In addition, the aggregate amount of salaries and revenue sharing earned by the executive and non-executive employees of Bladex Asset Management during the year ended December 31, 2011, as a group, for services in all capacities, was $1,215,382.

In February 2008, the Board approved the 2008 Stock Incentive Plan (the "2008 Plan"), which allows the Bank to grant restricted shares, restricted stock units, stock options and/or other similar compensation instruments to the directors, executive officers and other non-executive employees of the Bank.

On February 15, 2011, the Bank granted 68,652 restricted stock units and 57,243 stock options to executive officers of the Bank. The Bank granted an additional 25,844 restricted stock units and 14,810 stock options to other non-executive employees of the Bank. These stock options have an exercise price of $17.81 and an expiration date of February 15, 2018. The restricted stock units vest at a rate of 25% per year, measured from the award date, with vesting occurring on each anniversary of the award date. The options vest at a rate of 25% per year, measured from the award date, with vesting occurring on each anniversary of the award date. As of December 31, 2011, the compensation cost charged against the Bank's 2011 income in connection with these restricted stock units and stock options was $301,056 and $45,970 respectively. The total remaining compensation cost of $1,241,243 will be charged over a period of 3.13 years.

The Bank sponsors a defined contribution plan for its expatriate officers. The Bank's contributions are determined as a percentage of the eligible officer's annual salary, with each officer contributing an additional amount withheld from his salary. All contributions are administered by a trust through an independent third party. During 2011, the Bank charged to salaries expense $119,074 with respect to the contribution plan. As of December 31, 2011, the total amount set aside or accrued by the Bank in 2011 to provide pension, retirement or similar benefits for executive officers was approximately $255,109.

2011 Chief Executive Officer Compensation

The 2011 compensation of the Bank's Chief Executive Officer included a base salary of $300,000, a performance-based cash bonus of $250,000, a performance-based stock option and a restricted stock units grant with a value of $325,000, an aggregate 2011 contribution from the Bank to the Chief Executive Officer's retirement plan account in the amount of $25,699, and limited perquisites and other benefits amounting to $10,450. In addition, the Chief Executive Officer has a contractual severance payment of $300,000 in the event of his termination without cause.

Results of the Advisory 2011 Say on Pay Shareholder Vote

At the Company's annual meeting of shareholders held in April of 2011, our shareholders were asked to approve the Bank's fiscal 2010 executive compensation programs. A substantial majority (94%) of the votes cast on the say on pay proposal at that meeting were voted in favor of the proposal. The Nomination and Compensation Committee believes that these results affirm our shareholders' support of the Bank's approach to executive compensation, and therefore did not change its approach in 2011. The Nomination and Compensation Committee will continue working to ensure that the design of the Bank's executive compensation program is focused on long-term shareholder value creation and emphasizes pay for performance.

Compensation and Risk

The Bank reviews and monitors the extent to which compensation practices and programs for senior executives and employees whose activities, individually or as a group, may create incentives for excessive risk taking.

In light of the actions referred to above, the Bank and the Board have not identified any risks arising from the Bank's compensation policies and practices that are reasonably likely to have a material adverse effect on the Bank. Furthermore, certain aspects of the executive compensation programs, such as the combination of performance-based short-term cash bonuses and performance-based long-term stock options, reduce the likelihood of excessive risk-taking, and instead create incentives for senior executives to work for long-term growth of the Bank.

Board of Directors Compensation

Each non-employee director of the Bank receives an annual cash retainer of $40,000 for his or her services as a director and the Chairman of the Board receives an annual cash retainer in the amount of $85,000. This annual retainer covers seven Board and/or shareholders' meetings. If the Board meets more than seven times, the Bank will pay each director an attendance fee of $1,500 for each additional Board and/or shareholders' meeting. The Chairman of the Board is eligible to receive an additional 50% of the attendance fee for each such additional Board, shareholders or committee meeting attended.

The Chairman of the Audit and Compliance Committee receives an annual retainer of $20,000 and the Chairmen of the Assets and Liabilities Committee, Nomination and Compensation Committee, Credit Policy and Risk Assessment Committee, and Business Committee each receive an annual retainer of $15,000. The non-Chairman members of the Audit and Compliance Committee receive an annual retainer of $10,000 and the non-Chairman members of the Assets and Liabilities Committee, Nomination and Compensation Committee, Credit Policy and Risk Assessment Committee, and Business Committee, each receive an annual retainer of $7,500. These annual retainers cover seven meetings of the Audit and Compliance Committee and six meetings each of the Assets and Liabilities Committee, Nomination and Compensation Committee, Credit Policy and Risk Assessment Committee, and Business Committee. When the Audit and Compliance Committee has met more than seven times and the Assets and Liabilities Committee, Nomination and Compensation Committee, Credit Policy and Risk Assessment Committee, and Business Committee have each met more than six times, the Bank will pay an attendance fee of $1,000 for each additional committee meeting. The Chairman of each committee of the Board is eligible to receive an additional 50% for each additional committee meeting attended.

The aggregate amount of cash compensation paid by the Bank during the year ended December 31, 2011 to the directors of the Bank as a group for their services as directors was $797,750.

The aggregate number of restricted shares awarded during the year ended December 31, 2011, to non-employee directors of the Bank as a group under the 2008 Plan was 25,541 class E shares, equal to $50,000 for each non-employee director of the Bank and $75,000 for the Chairman of the Board. As of December 31, 2011, the total cost for these restricted shares amounted to $461,526 of which $41,957 was registered during 2011, and the remaining compensation cost of $419,569 for these restricted shares will be charged against income over a period of 4.55 years.

Beneficial Ownership

As of December 31, 2011, the Bank's executive officers and directors as a group, beneficially owned an aggregate of 892,673 class E shares, representing approximately 3.16% (based on 28,257,827 class E shares outstanding as of December 31, 2011) of all issued and outstanding class E shares as of such date. As used in this Item (including, for the avoidance of doubt, as used in the tables included in this Item), "beneficial ownership" means the sole or shared power to vote or direct the voting or to dispose or direct the disposition of any security. For purposes of this Item, a person is deemed to be the beneficial owner of securities that can be acquired within 60 days from December 31, 2011 through the exercise of any option or through the vesting of any restricted stock or restricted stock units. Ordinary shares subject to options that are currently exercisable or exercisable within 60 days, or that constitute restricted stock or restricted stock units that will vest within 60 days, are deemed outstanding for computing the beneficial ownership percentage of the person holding such options, restricted stock or restricted stock units, but are not deemed outstanding for computing the ownership percentage of any other person.

The following table set forth information regarding beneficial ownership of the Bank's shares, including stock options, deferred equity units, and restricted stock units and holdings of unvested stock options, unvested deferred equity units, and unvested restricted stock units by the Bank's executive officers as of December 31, 2011.

Name and Position of Executive Officer	**Number of Shares Owned as of Dec. 31, 2011** (1)	**Number of Shares that may be acquired within 60 days of Dec. 31, 2011** (2)	Total Number of Shares Beneficially Owned	Percent of Class Beneficially Owned	**Stock Options** (3)	**Unvested Restricted Stock Units (2008 Stock Incentive Plan)** (4)	**Unvested Deferred Equity Units** (5)
Jaime Rivera Chief Executive Officer	14,525	326,020	340,545	1.21 %	493,891	23,322	0
Rubens V. Amaral Jr Executive Vice President Chief Commercial Officer	20,294	199,378	219,672	*	342,963	28,321	0
Gregory D. Testerman Executive Vice President Senior Managing Director Treasury and Capital Markets	0	145,243	145,243	*	261,709	28,795	0
Miguel Moreno Executive Vice President Chief Operating Officer	0	29,926	29,926	*	138,691	10,365	0
Miguel A. Kerbes Senior Vice President Chief Risk Officer	0	47,911	47,911	*	99,087	6,481	0
Christopher Schech Senior Vice President Chief Financial Officer	0	1,657	1,657	*	0	4,971	0
Gustavo Díaz Senior Vice President Controller	0	946	946	*	0	2,841	0
Julio Aguirre Vice President, Chief Compliance Officer	586	4,754	5,340	*	7,307	391	128
Manuel Mejía-Aoun (6) Chief Investment Officer Bladex Asset Management	5,000	0	5,000	*	0	0	0
Total	40,405	755,835	796,240	-	1,343,648	105,487	128

* Less than one percent of the outstanding class E shares.

(1) Includes shares purchased by the executive and restricted stock units or Deferred Equity Units vested and transferred to the executive as of such date.

(2) Includes vested indexed and traditional stock options, as well as options and restricted stock units that will vest within 60 days of December 31, 2011.

(3) Includes 57,243, 273,014, 384,040, and 157,248 stock options granted to executives officers on February 15, 2011, February 9, 2010, February 10, 2009 and February 12, 2008, respectively, under the 2008 Plan. Also, an aggregate amount of 14,810, 147,763, 217,945 and 75,155 stock options were granted to other non-executive employees under the 2008 Plan on February 15, 2011, February 9, 2010, February 10, 2009, and February 12, 2008 respectively. The exercise price and expiration date of these stock options are as follows: Grant of February 15, 2011, exercise price of $17.81 and expiration date of February 15, 2018, Grant of February 9, 2010, exercise price of $13.52 and expiration date of February 9, 2017; Grant of February 10, 2009, exercise price of $10.15 and expiration date of February 10, 2016, Grant of February 12, 2008, exercise price of $15.43 and expiration date of February 12, 2015. The figures in this column additionally include (i) 127,171 stock options granted to executive officers on February 13, 2007 under the Bank's discontinued 2006 Stock Option Plan, or the 2006 Plan, with an exercise price of $16.34 and expiration date of February 13, 2014 and (ii) 136,733, 83,176 and 125,023 stock options granted to executive officers on January 31, 2006, February 1, 2005, and April 13, 2004 under the Bank's discontinued indexed stock purchase option plan, or the Indexed Plan, with expiration date as follows: Grant of January 31, 2006, with an expiration date of January 31, 2016, Grant of February 1, 2005 with an expiration date of February 1, 2015 and Grant of April 13, 2004 with an expiration date of April 13, 2014.

(4) Includes 51,492, 32,932, and 21,063 unvested restricted stock units granted to executive officers on February 15, 2011, February 9, 2010 and February 10, 2009 respectively, under the 2008 Plan; these restricted stock units vest 25% each year on the relevant grant date's anniversary. Also, an aggregate amount of 25,844, 35,640, and 48,420 restricted stock units were granted to other non-executive officers under the 2008 Plan on February 15, 2011, February 9, 2010 and February 10, 2009 respectively.

(5) Deferred Equity Units under the Bank's discontinued Deferred Compensation Plan.

(6) The executive and non-executives of Bladex Asset Management are not eligible to receive grants under any of the equity compensation plans.

The following table sets forth information regarding beneficial ownership of the Bank's shares, including restricted shares, indexed stock options, and stock options and holdings of unvested restricted shares, unvested indexed stock options, and unvested stock options by members of the Bank's Board, in as of December 31, 2011:

Name of Director	**Number of Shares Owned as of Dec. 31, 2011 [1]**	**Number of Shares that may be acquired within 60 days of Dec. 31, 2011 [2]**	Total Number of Shares Beneficially Owned	Percent of Class Beneficially Owned	**Stock Options [3]**	**Restricted Shares [4]**
Esteban Alejandro Acerbo [5]	0	0	0	*	0	0
João Carlos de Nóbrega Pecego [6]	0	0	0	*	0	0
Manuel Sánchez González	0	0	0	*	0	2,767
Mario Covo	9,091	8,079	17,170	*	8,079	10,161
Herminio Blanco	28,616	8,079	36,695	*	8,079	10,161
Maria da Graça França	3,241	0	3,241	*	0	10,161
William Dick Hayes	5,486	8,079	13,565	*	8,079	10,161
Guillermo Güémez García	0	0	0	*	0	2,022
Gonzalo Menéndez Duque	13,641	12,121	25,762	*	12,121	15,240
Total	60,075	36,358	96,433	-	36,358	60,673

* Less than one percent of the outstanding class E shares.

(1) Includes class E shares purchased by the director or restricted shares vested and transferred to the director pursuant to the 2003 Restricted Stock Plan and the 2008 Plan as of such date.

(2) Includes vested indexed and traditional stock options.

(3) Includes (i) 9,536 stock options granted to directors on February 13, 2007 under the 2006 Plan, with an exercise price of $16.34 and expiration date of February 13, 2014 and 9,626, 7,970, 9,226 stock options granted to directors on January 31, 2006, February 1, 2005, and April 13, 2004 respectively, under the Indexed Plan, with expiration date as follows: Grant of January 31, 2006, with an expiration date of January 31, 2016, Grant of February 1, 2005 with an expiration date of February 1, 2015 and Grant of April 13, 2004 with an expiration date of April 13, 2014.

(4) Includes unvested restricted class E shares granted under the Bank's discontinued 2003 Restricted Stock Plan and the 2008 Plan. An aggregate amount of 25,541 restricted shares were granted to directors on July 18, 2011 under the 2008 Plan; these restricted shares granted under the 2008 Plan vest 20% each year on the relevant grant date's anniversary.

(5) 6,779 class E shares corresponding to Mr. Acerbo's entitlement under the 2008 Plan have been issued to his employer, Banco de la Nación Argentina.

(6) 6,779 class E shares corresponding to Mr. Pecego's entitlement under the 2008 Plan have been issued to his employer, Banco do Brasil.

For additional information regarding stock options granted to executive officers and directors, see Item 18, "Financial Statements," note 16.

C. Board Practices

Non-Executive Officers of the Board, Dignatarios

The following table sets forth the names, countries of citizenship, and ages of the Bank's non-executive officers of the Board, or Dignatarios, and their current office or position with other institutions. Dignatarios are elected annually by the members of the Board. Dignatarios attend meetings of the Board, participate in discussions and offer advice and counsel to the Board, but do not have the power to vote, unless they also are directors of the Bank.

Name	Country of Citizenship	Position held by Dignatario with the Bank	Age
Gonzalo Menéndez Duque			
Director	Chile	Chairman of the Board	63
Banco de Chile, Chile			
Maria da Graça França	Brazil	Treasurer	63
Ricardo Manuel Arango			
Partner	Panama	Secretary	51
Arias, Fábrega & Fábrega			

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For information regarding the date of expiration of the current term of office of the members of the Board and the period during which the directors have served in that office, see Item 6 "Directors and Executive Officers."

Committees of the Board

The Board conducts its business through meetings of the Board and through its committees. During the fiscal year ended December 31, 2011, the Board held 10 meetings. Each director attended an average of 95% of the total number of Board meetings held during the fiscal year ended December 31, 2011. All directors attended the prior year's annual meeting.

The following table sets forth the five committees established by the Board, the current number of members of each committee and the total number of meetings held by each committee during the fiscal year ended December 31, 2011:

Committee	Number of members	Total number of meetings held
Audit and Compliance Committee	4	7
Credit Policy and Risk Assessment Committee	5	5
Assets and Liabilities Committee	5	6
Business Committee	5	5
Nomination and Compensation Committee	4	8

Corporate Governance Committee

The Board has decided not to establish a corporate governance committee. Given the importance that corporate governance has for the Bank, the Board decided to address all matters related to corporate governance at the Board level and the Audit and Compliance Committee is responsible for promoting continued improvement in the Bank's corporate governance and verifying compliance with all applicable policies.

The Bank has included the information regarding its corporate governance practices necessary to comply with Section 303A of the NYSE's Listed Company Manual/Corporate Governance Rules on its website at http://www.bladex.com. See Item 16G, "Corporate Governance."

Shareholders, employees of the Bank, and other interested parties may communicate directly with the Board by corresponding to the address below:

Board of Directors of Banco Latinoamericano de Comercio Exterior, S.A.
c/o Mr. Gonzalo Menéndez Duque

Director and Chairman of the Board of Directors
Calle 50 and Aquilino de la Guardia

P.O. Box 0819-08730

Panama City, Republic of Panama

In addition, the Bank has selected EthicsPoint, an on-line reporting system, to provide shareholders, employees of the Bank, and other interested parties with an alternative channel to report anonymously, any actual or possible violations of the Bank's Code of Ethics, as well as other work-related situations or irregular or suspicious transactions, accounting matters, internal audit or accounting controls. In order to file a report, a link is provided on the Bank's website at http://www.bladex.com/Investors Center/Corporate Governance, under "Corporate Governance – Private Filing of Reports".

Audit and Compliance Committee

The Audit and Compliance Committee is a standing committee of the Board. According to its Charter, the Audit and Compliance Committee must be comprised of at least three directors. The current members of the Audit and Compliance Committee are Herminio Blanco (Chairman), Gonzalo Menéndez Duque, Esteban Alejandro Acerbo and Maria da Graça França.

The Board has determined that all members of the Audit and Compliance Committee are independent directors under the terms defined by applicable laws and regulations, including rules promulgated by the SEC under the Sarbanes-Oxley Act, Section 303A of the rules of the NYSE, and Agreement No. 04-2001 of the Superintendency. In addition, at least one of the members of the Audit and Compliance Committee is an "audit committee financial expert," as defined in the rules enacted by the SEC under the Sarbanes-Oxley Act. The Audit and Compliance Committee's financial expert is Gonzalo Menéndez Duque.

The purpose of the Audit and Compliance Committee is to provide assistance to the Board in fulfilling its oversight responsibilities regarding the processing of the Bank's financial information, the integrity of the Bank's financial statements, the Bank's system of internal controls over financial reporting, the performance of both the internal audit and the independent registered public accounting firm, the Bank's corporate governance, compliance with legal and regulatory requirements and the Bank's Code of Ethics. The Audit and Compliance Committee meets with each of the internal and independent auditors, and the Bank's management to discuss the Bank's audited consolidated financial statements and management's discussion and analysis of financial condition and results of operations.

The Audit and Compliance Committee meets at least six times a year, as required by the Superintendency, or more often if the circumstances so require. During the fiscal year ended December 31, 2011, the committee met seven times.

The Audit and Compliance Committee, in its capacity as a committee of the Board, is directly responsible for the final approval of its recommendation to the shareholders for the renewal or replacement of the Bank's independent auditors at the Annual Shareholders' Meeting, the compensation of the independent auditors (including the pre-approval of all audit and non-audit services) and oversight of the independent auditors, including the resolution of disagreements regarding financial reporting between the Bank's management and the independent auditors. The Bank's independent auditors are required to report directly to the committee.

The Charter of the Audit and Compliance Committee requires an annual self-evaluation of the committee's performance.

The Audit and Compliance Committee pre-approved all audit and non-audit services in 2011.

See Item 16A, “Audit and Compliance Committee Financial Expert” and Item 16C, “Principal Accountant Fees and Services.”

The Audit and Compliance Committee’s Charter may be found on the Bank’s website at http://www.bladex.com.

Credit Policy and Risk Assessment Committee

The Credit Policy and Risk Assessment Committee is a standing committee of the Board. The Board has determined that all members of the Credit Policy and Risk Assessment Committee are independent. The current members of the Credit Policy and Risk Assessment Committee are Mario Covo (Chairman), Gonzalo Menéndez Duque, Herminio Blanco, Guillermo Güémez García and João Carlos de Nóbrega Pecego.

The Credit Policy and Risk Assessment Committee is responsible for reviewing and recommending to the Board all credit policies and procedures related to the management of the Bank's risks. The committee also reviews the quality and profile of the Bank's credit facilities and the risk levels that the Bank is willing to assume. The committee's responsibilities also include, among other things, the review of operational and legal risks, the presentation for Board approval of country limits and limits exceeding delegated authority, and the approval of exemptions to credit policies.

The Credit Policy and Risk Assessment Committee performs its duties through the review of periodic reports from Risk Management, and by way of its interaction with the Chief Risk Officer and other members of the Bank's management. The committee meets at least four times per year. During the fiscal period ended December 31, 2011, the committee held five meetings.

The Credit Policy and Risk Assessment Committee Charter may be found on the Bank's website at http://www.bladex.com.

Assets and Liabilities Committee

The Assets and Liabilities Committee is a standing committee of the Board. The Board has determined that all members of the Assets and Liabilities Committee are independent directors. The current members of the Assets and Liabilities Committee are Guillermo Güémez García (Chairman), Mario Covo, William Dick Hayes, João Carlos de Nóbrega Pecego and Manuel Sánchez González.

The Assets and Liabilities Committee is responsible for reviewing and recommending to the Board all policies and procedures related to the Bank's management of assets and liabilities to meet profitability, liquidity, and market risk control objectives. As part of its responsibilities, the committee reviews and recommends to the Board, among other things, policies related to the Bank's funding, interest rate and liquidity gaps, liquidity investments, securities investments, derivative positions, funding strategies, and market risk.

The Assets and Liabilities Committee carries out its duties by reviewing periodic reports that it receives from the Bank's management, and by way of its interaction with the Executive Vice President-Senior Managing Director, Treasury & Capital Markets and other members of the Bank's management. The committee meets at least four times per year. During the fiscal year ended December 31, 2011, the committee held six meetings.

The Assets and Liabilities Committee Charter may be found on the Bank's website at http:// www.bladex.com.

Business Committee

The Business Committee is a standing committee of the Board. The Board has determined that all members of the Business Committee are independent directors. The current members of the Business Committee are William Dick Hayes (Chairman), Gonzalo Menéndez Duque, Herminio Blanco, Mario Covo and João Carlos de Nóbrega Pecego.

The Business Committee's primary responsibility is to support the Bank's management with business ideas and strategies and to provide follow-up on the business directives of the Board. The committee's main objective is to improve the Bank's efficiency in the management of the Bank's various business units.

The Business Committee meets at least four times per year. During the fiscal year ended December 31, 2011, the committee held five meetings.

The Business Committee Charter may be found on the Bank's website at http:// www.bladex.com.

Nomination and Compensation Committee

The Nomination and Compensation Committee is a standing committee of the Board. No member of the Nomination and Compensation Committee can be an employee of the Bank. The Board has determined that all members of the Nomination and Compensation Committee are independent under the terms defined by applicable laws and regulations, including rules promulgated by the SEC under the Sarbanes-Oxley Act, Section 303A of the rules of the NYSE, and Agreement No. 04-2001 of the Superintendency. The current members of the Nomination and Compensation Committee are Maria da Graça França (Chairman), Esteban Alejandro Acerbo, William Dick Hayes and Manuel Sánchez González.

The Nomination and Compensation Committee meets at least five times per year. During the fiscal year ended December 31, 2011, the committee held eight meetings.

The Nomination and Compensation Committee's primary responsibilities are to assist the Board by identifying candidates to become Board members and recommending nominees for the annual meetings of shareholders; by making recommendations to the Board concerning candidates for Chief Executive Officer and other executive officers and counseling on succession planning for executive officers; by recommending compensation for Board members and committee members, including cash and equity compensation; by recommending compensation for executive officers and employees of the Bank, including cash and equity compensation, policies for senior management and employee benefit programs and plans; by reviewing and recommending changes to the Bank's Code of Ethics; and by advising executive officers on issues related to the Bank's personnel.

The Nomination and Compensation Committee will consider qualified director candidates recommended by shareholders. All director candidates will be evaluated in the same manner regardless of how they are recommended, including recommendations by shareholders. For the current director nominees, the committee considers candidate qualifications and other factors, including, but not limited to, diversity in background and experience, industry knowledge, educational level and the needs of the Bank. Shareholders can mail any recommendations and an explanation of the qualifications of the candidates to the Secretary of the Bank at Calle 50 and Aquilino de la Guardia, P.O. Box 0819-08730, Panama City, Republic of Panama.

Although the Bank does not have a formal policy or specific guidelines for the consideration of diversity by the Nomination and Compensation Committee in identifying nominees for director, diversity is one of the factors the Nomination and Compensation Committee considers. The Nomination and Compensation Committee generally views and values diversity from the perspective of professional and life experiences, and recognizes that diversity in professional and life experiences may include considerations of gender, race, national origin or other characteristics, in identifying individuals who possess the qualifications that the Committee believes are important to be represented on the Board. The current composition of the Bank's Board of Directors, where out of a total of ten (10) members, six (6) different nationalities are represented, reflects the importance given to diversity by the Nomination and Compensation

Committee.

The Charter of the Nomination and Compensation Committee requires an annual self-evaluation of the committee's performance.

The Nomination and Compensation Committee Charter may be found on the Bank's website at http://www.bladex.com.

Mr. Jaime Rivera is the only executive officer that serves as a member of the Board. None of the Bank's executive officers serve as a director or a member of the Nomination and Compensation Committee, or any other committee serving an equivalent function, of any other entity that has one or more of its executive officers serving as a member of the Board or the Nomination and Compensation Committee. None of the members of the Nomination and Compensation Committee has ever been an employee of the Bank.

Advisory Council

The Advisory Council was created by the Board in April 2000 pursuant to the powers granted to the Board under the Bank's Articles of Incorporation. The duties of Advisory Council members consist primarily of providing advice to the Board with respect to the business of the Bank in their areas of expertise. Each member of the Advisory Council receives $5,000 for each Advisory Council meeting attended. The aggregate amount of fees for services rendered by the Advisory Council during 2011 amounted to $25,000. During the fiscal year ended December 31, 2011, the Advisory Council met once. The Advisory Council meets when convened by the Board.

The following table sets forth the names, positions, countries of citizenship and ages of the members of the Advisory Council of the Bank.

Name	Position	Country of Citizenship	Age
Roberto Feletti	Member of the National Chamber of Deputies, President of the Congressional Budgetary and Treasury Commission of Argentina	Argentina	53
Roberto Teixeira da Costa	Board Member Sul America, S.A.	Brazil	77
Carlos Martabit	General Manager, Finance Division BancoEstado	Chile	58
Santiago Perdomo	President Banco Colpatria – Red Multibanca Colpatria	Colombia	54
Alberto Motta, Jr	President Inversiones Bahía Ltd.	Panama	65
Enrique Cornejo	Director Soluciones Consultores Internacionales SAC	Peru	55

D. Employees

The following table presents the total number of permanent employees, geographically distributed, at the dates indicated:

	As of December 31,		
	2011	2010	2009
Bladex Head Office in Panama	135	132	127
New York Agency	4	7	7
Bladex Asset Management	9	9	5
Representative Office in Argentina	4	4	3
Representative Office in Brazil	20	18	12
Representative Office in Mexico	19	12	6
Florida International Administrative Office	10	6	4
Representative Office in Colombia	3	0	0
Representative Office in Peru	4	0	0
Total Number of Permanent Employees	208	188	164

The increase in number of permanent employees during 2011 and 2010 was associated with the expansion of the Bank's Commercial Division and the risk management area, as a result of the deployment of the Bank's strategic plan.

E. Share Ownership

See Item 6.B, "Directors, Executive Officers and Employees/Compensation/Beneficial Ownership."

Item 7. Major Stockholders and Related Party Transactions

A. Major Stockholders

As of December 31, 2011, the Bank was not directly or indirectly owned or controlled by another corporation or any foreign government, and no person was the registered owner of more than 8.7% of the total outstanding of voting capital stock of the Bank.

The following table sets forth information regarding the Bank's stockholders that are the beneficial owners of 5% or more of any one class of the Bank's voting stock as of December 31, 2011:

	As of December 31, 2011		
	Number of Shares	% of Class	% of Total Common Stock
Class A Common Stock			
Banco de la Nación Argentina [1] Bartolomé Mitre 326 1036 Buenos Aires, Argentina	1,045,348	16.5	2.8
Banco do Brasil [2] SBS Quadra 1-Bloco A CEP 70.0070-100 Brasilia, Brazil	974,551	15.4	2.6
Banco de Comercio Exterior de Colombia Edif. Centro de Comercio Internacional Calle 28 No. 13A-15 Bogotá, Colombia	488,547	7.7	1.3
Banco de la Nación (Perú) Ave. Republica de Panamá 3664 San Isidro, Lima, Perú	446,556	7.0	1.2
Banco Central del Paraguay Federación Rusa y Sargento Marecos Asunción, Paraguay	434,658	6.9	1.2
Banco Central del Ecuador Ave. 10 de Agosto N11- 409 y Briceño Quito, Ecuador	431,217	6.8	1.2
Banco del Estado de Chile Ave. Libertador Bernardo O'Higgins 1111 Santiago, Chile	323,413	5.1	0.9
Sub-total shares of Class A Common Stock	4,144,290	65.4	11.2
Total Shares of Class A Common Stock	6,342,189	100.0	17.1

Class B Common Stock	Number of Shares	% of Class	% of Total Common Stock
Banco de la Provincia de Buenos Aires. San Martin 137 C1004AAC Buenos Aires, Argentina	884,461	34.9	2.4
Banco de la Nación Argentina Bartolomé Mitre 326 1036 Buenos Aires, Argentina	295,945	11.7	0.8
The Korea Exchange Bank 181, Euljiro 2GA Jungu, Seoul, Korea	147,173	5.8	0.4
Sub-total shares of Class B Common Stock	1,327,579	52.4	3.6

Total Shares of Class B Common Stock	2,531,926	100.0	6.8

Class E Common Stock	Number of Shares	% of Class	% of Total Common Stock
Brandes Investment Partners, LP [3]			
11988 El Camino Real, Suite 500	3,216,456	11.4	8.7
San Diego, California 92130			
LSV Asset Management [4]			
1 N. Wacker Drive, Suite 4000	1,572,530	5.6	4.2
Chicago, Illinois 60606			
Sub-total shares of Class E Common Stock	4,788,986	17.0	12.9
Total Shares of Class E Common Stock	28,257,827	100.0	76.1

Class F Common Stock	Number of Shares	% of Class	% of Total Common Stock
Total Shares of Class F Common Stock	0	0.0	0.0
Total Shares of Common Stock	37,131,942		100.0

[1] Does not include an aggregate of 14,061 class E shares corresponding to former Directors' entitlements under the 2008 Stock Incentive Plan, that were issued to their employer, Banco de la Nación Argentina.

[2] Does not include an aggregate of 15,259 class E shares corresponding to former Directors' entitlements under the 2003 Restricted Stock Plan and the 2008 Stock Incentive Plan that were issued to their employer, Banco do Brasil.

[3] Source: Schedule 13G (Amendment No. 10) filing with the U.S. Securities and Exchange Commission dated January 10, 2012.

[4] Source: Schedule 13F filing with the U.S. Securities and Exchange Commission dated February 7, 2012.

As of December 31, 2011, the Bank's Class A common shares outstanding stood at the same level as of December 31, 2010. Class B common shares outstanding decreased by 10,095 shares during 2011 and Class E common shares outstanding increased by 431,497 shares during the same period.

All common shares have the same rights and privileges regardless of their class, except that:

- The affirmative vote of three-quarters (3/4) of the issued and outstanding Class A shares is required (1) to dissolve and liquidate the Bank, (2) to amend certain material provisions of the Articles of Incorporation, (3) to merge or consolidate the Bank with another entity and (4) to authorize the Bank to engage in activities other than those described in its Articles of Incorporation;
- The Class E shares are freely transferable without restriction to any person, while the Class A shares, Class B shares and Class F shares can only be transferred to qualified holders of each class;
- The Class B shares and Class F shares may be converted into Class E shares;
- The holders of Class A shares, Class B shares and Class F shares benefit from pre-emptive rights in respect of shares of the same class of shares owned by them that may be issued by virtue of a capital increase, in proportion to the shares of the class owned by them, but the holders of Class E shares do not; and
- All classes vote separately for their respective directors. The holders of the Class A common shares have the right to elect three (3) Directors; the holders of the Class E common shares can elect five (5) Directors; and the holders of the Class F common shares have the right to elect one (1) Director, so long as the number of issued and outstanding Class F common shares is equal to or greater than fifteen per cent (15%) of the total number of issued and outstanding common shares of the corporation.

Set forth below are the number of shares of each class of the Bank's stock issued and outstanding as of December 31, 2011:

Class of Shares	Number of Shares Outstanding as of December 31, 2011
Class A Common Shares	6,342,189
Class B Common Shares	2,531,926
Class E Common Shares	28,257,827
Class F Common Shares	0
Total Common Shares	37,131,942

The Bank had no preferred stock issued and outstanding as of December 31, 2011.

B. Related Party Transactions

Certain directors of the Bank are executive officers of banks and/or other institutions located in Latin America, the Caribbean and elsewhere. Some of these banks and/or other institutions own shares of the Bank's common stock and have entered into loan transactions with the Bank in the ordinary course of business. The terms and conditions of the loan transactions, including interest rates and collateral requirements, are substantially the same as the terms and conditions of comparable loan transactions entered into with other persons under similar market conditions. As a matter of policy, directors of the Bank do not participate in the approval process for credit facilities extended to institutions of which they are executive officers or directors, nor do they participate with respect to decisions regarding country exposure limits in countries in which such institutions are domiciled.

As of December 31, 2011, the Bank did not have any outstanding credit facility with any related parties as defined by the Superintendency.

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C. Interests of Experts and Counsel

Not required in this Annual Report.

Item 8. Financial Information

A. Consolidated Statements and Other Financial Information

The information included in Item 18 of this Annual Report is referred to and incorporated by reference into this Item 8.A.

There have been no legal or arbitration proceedings, which may have, or have had in the recent past, significant effects on the Bank's financial position or profitability, including proceedings pending or known to be contemplated.

Dividends

The Board's policy is to declare and distribute quarterly cash dividends on the Bank's common stock. Dividends are declared at the Board's discretion and, from time to time, the Bank has declared special dividends.

On January 17, 2012 the Bank increased the quarterly common dividend from $0.20 to $0.25 per common share corresponding to the fourth quarter 2011. For the first, second and third quarter of 2011, the Bank paid quarterly dividends of $0.20 per share outstanding.

During 2010, the Bank increased quarterly dividends from $0.15 to $0.17 in the third quarter of the fiscal year 2010 and from $0.17 to $0.20 per share in the fourth quarter of fiscal year 2010.

During 2011, Bladex declared $31.5 million in quarterly dividends, compared to $24.6 million in 2010, and compared to $21.9 million in 2009. No special dividends were declared during 2011, 2010 or 2009.

The following table presents information about common dividends paid on the dates indicated:

Payment date	Record date	Dividend per share
May 10, 2012	April 30, 2012	$ 0.25
February 9, 2012	January 31, 2012	$ 0.25
November 8, 2011	October 31, 2011	$ 0.20
August 9, 2011	August 1, 2011	$ 0.20
May 9, 2011	May 2, 2011	$ 0.20
February 11, 2011	February 3, 2011	$ 0.20
November 1, 2010	October 22, 2010	$ 0.17
August 4, 2010	July 26, 2010	$ 0.15
May 6, 2010	April 26, 2010	$ 0.15
February 8, 2010	January 29, 2010	$ 0.15
November 2, 2009	October 23, 2009	$ 0.15
August 3, 2009	July 23, 2009	$ 0.15
May 7, 2009	April 27, 2009	$ 0.15
February 9, 2009	January 29, 2009	$ 0.22
October 31, 2008	October 22, 2008	$ 0.22
July 31, 2008	July 21, 2008	$ 0.22
April 4, 2008	March 25, 2008	$ 0.22
January 17, 2008	January 7, 2008	$ 0.22

The following table presents information about preferred dividends paid on the dates indicated:

Payment date	Record date	Dividend per share
May 15, 2006	April 28, 2006	$ 2.22
November 15, 2005	October 31, 2005	$ 2.18
May 16, 2005	April 29, 2005	$ 2.15
November 15, 2004	November 8, 2004	$ 1.90
May 17, 2004	April 30, 2004	$ 0.40

The Bank has no preferred shares issued and outstanding as of December 31, 2011.

B. Significant Changes

No significant change has occurred since the date of the annual financial statements (December 31, 2011).

Item 9. The Offer and Listing

A. Offer and Listing Details

The Bank's Class E shares are listed on the NYSE under the symbol "BLX." The following table shows the high and low sales prices of the Class E shares on the NYSE for the periods indicated:

	Price per Class E Share (in $)	
	High	Low
2011	19.03	14.84
2010	18.99	11.87
2009	15.09	6.83
2008	20.74	8.17
2007	23.17	15.52
2012:		
March	21.52	18.93
February	20.38	18.42
January	19.14	16.00
2011:		
December	16.83	15.45
November	17.00	14.88

October	17.26	14.84
2011:		
First Quarter	19.03	16.41
Second Quarter	18.39	16.57
Third Quarter	18.94	15.18
Fourth Quarter	17.26	14.84
2010:		
First Quarter	15.14	13.33
Second Quarter	16.48	11.87
Third Quarter	15.00	11.90
Fourth Quarter	18.99	14.16

B. Plan of Distribution

Not required in this Annual Report.

C. Markets

The Bank’s Class A shares and Class B shares were sold in private placements or sold in connection with the Bank’s 2003 rights offering, are not listed on any exchange and are not publicly traded. The Bank’s Class E shares, which constitute the only class of shares publicly traded (listed on the NYSE), represent approximately 76.1% of the total shares of the Bank’s common stock issued and outstanding as of December 31, 2011. The Bank’s Class B shares are convertible into Class E shares on a one-to-one basis.

D. Selling Stockholders

Not required in this Annual Report.

E. Dilution

Not required in this Annual Report.

F. Expenses of the Issue

Not required in this Annual Report.

Item 10. Additional Information

A. Share Capital

Not required in this Annual Report.

B. Memorandum and Articles of Association

Articles of Incorporation

Bladex is a bank organized under the laws of the Republic of Panama, and its Articles of Incorporation are recorded in the Public Registry Office of Panama, Republic of Panama, Section of Mercantile Persons, at microjacket 021666, roll 1050 and frame 0002.

Article 2 of Bladex's Articles of Incorporation states that the purpose of the Bank is to promote the economic development and foreign trade of Latin American countries. To achieve this purpose, the Bank may engage in any banking or financial business, investment or other activity intended to promote the foreign trade and economic development of countries in Latin America. The Articles of Incorporation provide that Bladex may engage in activities beyond those described above provided that it has obtained stockholder approval in a resolution adopted upon the affirmative majority vote of the common shares, either present or represented, in a meeting of stockholders called to obtain such authorization, including the affirmative vote of the holders of three-fourths (3/4) of the Class A shares issued and outstanding.

Bladex's Articles of Incorporation provide that the Board shall direct and control the business and management of the assets of the Bank, except for those matters specifically reserved to stockholders by law or the Articles of Incorporation. The Board, however, may grant general and special powers of attorney authorizing directors, officers and employees of the Bank or other persons to transact such business and affairs within the competence of the Board, as the Board may deem convenient to entrust to such persons.

The Articles of Incorporation of Bladex do not contain a provision limiting the ability of the Board to approve a proposal, arrangement or contract in which a Director is materially interested, a provision limiting the ability of the Board to fix the compensation of its members, a provision requiring the mandatory retirement of a Director at any prescribed age, or a provision requiring a person to own a certain number of shares to qualify as a Director.

The Board consists of ten members: three Directors elected by the holders of the Class A common shares; five Directors elected by the holders of the Class E common shares; and two Directors elected by the holders of all common shares. For so long as the number of Class F common shares issued and outstanding is equal to or greater than fifteen percent (15%) of the total number of common shares issued and outstanding, the holders of the Class F common shares will have the right to elect one director and the Board will consist of eleven members. As of December 31, 2011, no Class F shares or preferred shares were issued and outstanding.

The number of Class F shares issued and outstanding is measured annually as provided in the Articles of Incorporation to determine whether the holders of Class F shares have a right to elect a Director or, if the holders of Class F shares have previously elected a Director whose term is not scheduled to expire, to determine whether to retain or replace such Director on the Board at the following annual ordinary shareholders' meeting.

The Directors are elected by stockholders for periods of three (3) years and they may be re-elected. The holders of the Class A, Class E and Class F shares vote separately as a class in the election of Directors representing their respective class. In the election of Directors, each stockholder of each class electing a Director has a number of votes equal to the number of shares of such class held by such stockholder multiplied by the number of Directors to be elected by such class. The stockholder may cast all votes in favor of one candidate or distribute them among two or more of the Directors to be elected, as the shareholder may decide.

All common shares have the same rights and privileges regardless of their class, except that:

- the affirmative vote of three-quarters (3/4) of the issued and outstanding Class A shares is required (A) to dissolve and liquidate the Bank, (B) to amend certain material provisions of the Articles of Incorporation, (C) to merge or consolidate the Bank with another entity and (D) to authorize the Bank to engage in activities other than those described as the purposes of the Bank in its Articles of Incorporation;
- the Class E shares are freely transferable, but the Class A shares, Class B shares and Class F shares may only be transferred to qualified holders;
- the Class B shares and Class F shares may be converted into Class E shares;
- the holders of Class A shares, Class B shares and Class F shares benefit from pre-emptive rights, but the holders of Class E shares do not;
- the classes vote separately for their representative directors; and
- the rights, preferences, privileges and obligations of the preferred shares are determined by the Board at the time of their issuance in a certificate of designation.

Under the Bank's Articles of Incorporation, preferred shares have no voting rights, except in accordance with their certificate of designation mentioned above. Holders of preferred shares will have the right to elect one Director only upon a default in the terms of such preferred shares and only if contemplated in the certificate of designation. In the event the holders of the preferred shares are entitled to elect a Director, the total number of Directors in the Board will be increased by one. The rights of the holders of the common shares may be changed by an amendment to the Articles of Incorporation of the Bank.

Amendments to the Articles of Incorporation may be adopted by the affirmative majority vote of the common shares represented at the respective meeting, except for the following amendments which require, in addition, the affirmative vote of three-quarters (3/4) of all issued and outstanding Class A shares: (i) any amendment to the Bank's purposes or powers, (ii) any amendment to the capital structure of the Bank and the qualifications to become a holder of any particular class of shares, (iii) any amendment to the provisions relating to the notice, quorum and voting at stockholders' meetings, (iv) any amendment to the composition and election of the Board, as well as notices, quorum and voting at meetings of Directors, (v) any amendments to the powers of the Chief Executive Officer of the Bank and (vi) any amendments to the fundamental financial policies of the Bank.

The Articles of Incorporation of Bladex provide that there will be a general meeting of holders of the common shares every year, on such date and in such place as may be determined by resolution of the Board, to elect Directors and transact any other business duly submitted to the meeting by the Board. In addition, extraordinary meetings of holders of the common shares may be called by the Board, as it deems necessary. The Board or the Chairman of the Board must call an extraordinary meeting of holders of the common shares when requested in writing by one or more holders of common shares representing at least one-twentieth (1/20) of the issued and outstanding capital.

Notice of meetings of stockholders, whether ordinary or extraordinary, are personally delivered to each registered shareholder or sent by fax, telex, courier, air mail or any other means authorized by the Board of the Directors, at least 30 days before the date of the meeting, counted from the date that the notice is sent. The notice of the meeting must include the agenda of the meeting. At any meeting of stockholders, stockholders with a right to vote may be represented by a proxy, who need not be a shareholder and who may be appointed by public or private document, with or without power of substitution.

Upon request to the Board or the Chairman of the Board, stockholders representing at least one-twentieth (1/20) of the issued and outstanding shares of any given class may hold a meeting separately as a class for the purpose of considering any matter which, in accordance with the provisions of the Articles of Incorporation and the By-laws, is within their competence. In order to have a quorum at any meeting of stockholders, a majority of the common shares issued and outstanding must be represented at the meeting. Whenever a quorum is not obtained at a meeting of stockholders, the meeting shall be held on the second date set forth in the notice of the meeting. All resolutions of stockholders shall be adopted by the affirmative majority vote of the common shares represented at the meeting where the resolution was adopted, except where a super-majority vote of the Class A shareholders is required, as described above.

Class A shares may be issued only as registered shares in the name of the following entities in Latin American countries: (i) central banks, (ii) banks in which the State is the majority shareholder or (iii) other government agencies. Class B shares may be issued only in the name of banks or financial institutions. Class E shares and preferred shares may be issued in the name of any person, whether a natural person or a legal entity. Class F shares may be issued only (i) in the name of state entities or agencies of countries that are not Latin American countries, including central banks and banks in which the State is the majority shareholder or (ii) in the name of multilateral financial institutions, whether international or regional.

Neither Bladex's Articles of Incorporation nor its By-laws contain any provision requiring disclosure with respect to a shareholder's ownership above a certain threshold. There are no conditions imposed by the Articles of Incorporation regarding changes in capital that are more stringent than conditions imposed by Panamanian law.

The Amended and Restated Articles of Incorporation were filed as an exhibit to the Form 20-F for the fiscal year ended December 31, 2008 filed with the SEC on June 26, 2009 and the By-Laws were filed as an exhibit to the Form

20-F for the fiscal year ended December 31, 2009 filed with the SEC on June 11, 2010.

C. Material Contracts

The Bank has not entered into any material contract outside the ordinary course of business during the two-year period immediately preceding the date of this Annual Report.

D. Exchange Controls

Currently, there are no restrictions or limitations under Panamanian law on the export or import of capital, including foreign exchange controls, the payment of dividends or interest, or the rights of foreign stockholders to hold or vote stock.

E. Taxation

The following is a summary of certain U.S. federal and Panamanian tax matters that may be relevant with respect to the acquisition, ownership and disposition of the Bank's Class E shares. Prospective purchasers of Class E shares should consult their own tax advisors as to the United States, Panamanian or other tax consequences of the acquisition, ownership and disposition of Class E shares. The Bank may be subject to the tax regime of other countries or jurisdictions due to its operations.

This summary does not address the consequences of the acquisition, ownership or disposition of the Bank's Class A or Class B shares.

United States Taxes

This summary describes the material U.S. federal income tax consequences of the ownership and disposition of the Class E shares, but does not purport to be a comprehensive description of all of the tax considerations that may be relevant to holders of Class E shares. This summary applies only to current holders that hold Class E shares as capital assets for U.S. federal income tax purposes and does not address classes of holders that are subject to special treatment under the United States Internal Revenue Code of 1986, as amended, or the Code, such as dealers in securities or currencies, financial institutions, tax-exempt entities, regulated investment companies, insurance companies, securities traders that elect mark-to-market tax accounting, persons subject to the alternative minimum tax, certain U.S. expatriates, persons holding Class E shares as part of a hedging, constructive ownership or conversion transaction or a straddle, holders whose functional currency is not the U.S. dollar, or a holder that owns 10% or more (directly, indirectly or constructively) of the voting shares of the Bank.

This summary is based upon the Code, existing, temporary and proposed regulations promulgated thereunder, judicial decisions and administrative pronouncements, all as in effect on the date of this Annual Report and which are subject to change (possibly on a retroactive basis) and to differing interpretations. Purchasers or holders of Class E shares should consult their own tax advisors as to the U.S. federal, state and local, and foreign tax consequences of the ownership and disposition of Class E shares in their particular circumstances.

As used herein, a “U.S. Holder” refers to a beneficial holder of Class E shares that is, for U.S. federal income tax purposes, (1) an individual citizen or resident of the United States, (2) a corporation, or an entity treated as a corporation, organized or created in or under the laws of the United States or any political subdivision thereof, (3) an estate the income of which is subject to U.S. federal income taxation without regard to the source of its income, (4) a trust, if both (A) a court within the United States is able to exercise primary supervision over the administration of the trust and (B) one or more U.S. persons (as defined in the Code) have the authority to control all substantial decisions of the trust, or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust, and (5) any holder otherwise subject to U.S. federal income taxation on net income basis with respect to Class E shares (including a non-resident alien individual or foreign corporation that holds, or is deemed to hold, any Class E share in connection with the conduct of a U.S. trade or business). If a partnership (including for this purpose any entity treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of Class E shares, the U.S. federal income tax consequences to a partner in the partnership will generally depend on the status of the partner and the activities of the partnership. A holder of Class E shares that is a partnership and the partners in such partnership should consult their own tax advisors regarding the U.S. federal income tax consequences of the ownership and disposition of Class E shares.

Taxation of Distributions

Subject to the "Passive Foreign Investment Company Status" discussion below, to the extent paid out of current or accumulated earnings and profits of the Bank as determined under U.S. federal income tax principles ("earnings and profits"), distributions made with respect to Class E shares (other than certain pro rata distributions of capital stock of the Bank or rights to subscribe for shares of capital stock of the Bank) will be includable in income of a U.S. Holder as ordinary dividend income in accordance with the U.S. Holder's regular method of accounting for U.S. federal income tax purposes whether paid in cash or Class E shares. To the extent that a distribution exceeds the Bank's earnings and profits, such distribution will be treated, first, as a nontaxable return of capital to the extent of the U.S. Holder's tax basis in the Class E shares and will reduce the U.S. Holder's tax basis in such shares, and thereafter as a capital gain from the sale or disposition of Class E shares. See Item 10, "Additional Information/Taxation/United States Taxes-Taxation of Capital Gains." The amount of the distribution will equal the gross amount of the distribution received by the U.S. Holder, including any Panamanian taxes withheld from such distribution.

Distributions made with respect to Class E shares out of earnings and profits generally will be treated as dividend income from sources outside the United States. U.S. Holders that are corporations will not be entitled to the "dividends received deduction" under Section 243 of the Code with respect to such dividends. Dividends may be eligible for the special 15% rate applicable to "qualified dividend income" received by an individual, provided, that (1) the Bank is not a "passive foreign investment company" in the year in which the dividend is paid nor in the immediately preceding year, (2) the class of stock with respect to which the dividend is paid is readily tradable on an established securities market in the United States, and (3) the U.S. Holder held his shares for more than 60 days during the 121-day period beginning 60 days prior to the ex-dividend date and meets other holding period requirements. Subject to certain conditions and limitations, Panamanian tax withheld from dividends will be treated as a foreign income tax eligible for deduction from taxable income or as a credit against a U.S. Holder's U.S. federal income tax liability. Distributions of dividend income made with respect to Class E shares generally will be treated as "passive" income or, in the case of certain U.S. Holders, "general category income," for purposes of computing a U.S. Holder's U.S. foreign tax credit.

Less than 25% of the Bank's gross income is effectively connected with the conduct of a trade or business in the United States, and the Bank expects this to remain true. If this remains the case, a holder of Class E shares that is not a U.S. Holder, or non-U.S. Holder, generally will not be subject to U.S. federal income tax or withholding tax on distributions received on Class E shares that are treated as dividend income for U.S. federal income tax purposes. Special rules may apply in the case of non-U.S. Holders (1) that are engaged in a U.S. trade or business, (2) that are former citizens or long-term residents of the United States, "controlled foreign corporations," corporations that accumulate earnings to avoid U.S. federal income tax, and certain foreign charitable organizations, each within the meaning of the Code, or (3) certain non-resident alien individuals who are present in the United States for 183 days or more during a taxable year. Such persons should consult their own tax advisors as to the U.S. federal income or other tax consequences of the ownership and disposition of Class E shares.

Taxation of Capital Gains

Subject to the "Passive Foreign Investment Company Status" discussion below, gain or loss realized by a U.S. Holder on the sale or other disposition of Class E shares generally will be subject to U.S. federal income tax as capital gain or loss in an amount equal to the difference between the U.S. Holder's tax basis in the Class E shares and the amount realized on the disposition. Such gain will be treated as long-term capital gain if the Class E shares are held by the U.S. Holder for more than one year at the time of the sale or other disposition. Otherwise, the gain will be treated as a short-term capital gain. Gain realized by a U.S. Holder on the sale or other disposition of Class E shares generally will be treated as U.S. source income for U.S. foreign tax credit purposes, unless the gain is attributable to an office or fixed place of business maintained by the U.S. Holder outside the United States or is recognized by an individual whose tax home is outside the United States, and certain other conditions are met. For U.S. federal income tax purposes, capital losses are subject to limitations on deductibility. As a general rule, U.S. Holders that are corporations can use capital losses for a taxable year only to offset capital gains in that year. A corporation may be entitled to carry back unused capital losses to the three preceding tax years and to carry over losses to the five following tax years. In the case of non-corporate U.S. Holders, capital losses in a taxable year are deductible to the extent of any capital gains plus ordinary income of up to $3,000. Unused capital losses of non-corporate U.S. Holders may be carried over indefinitely.

A non-U.S. Holder of Class E shares will generally not be subject to U.S. federal income tax or withholding tax on gain realized on the sale or other disposition of Class E shares. However, special rules may apply in the case of non-U.S. Holders (1) that are engaged in a U.S. trade or business, (2) that are former citizens or long-term residents of the United States, "controlled foreign corporations," corporations which accumulate earnings to avoid U.S. federal income tax, and certain foreign charitable organizations, each within the meaning of the Code, or (3) certain non-resident alien individuals who are present in the United States for 183 days or more during a taxable year. Such persons should consult their own tax advisors as to the United States or other tax consequences of the purchase, ownership and disposition of the Class E shares.

Passive Foreign Investment Company Status

Under the Code, certain rules apply to an entity classified as a "passive foreign investment company", or PFIC. A PFIC is defined as any foreign (i.e., non-U.S.) corporation if either (1) 75% or more of its gross income for the taxable year is passive income (generally including, among other types of income, dividends, interest and gains from the sale of stock and securities) or (2) 50% or more of its assets (by value) produce, or are held for the production of, passive income. The application of the PFIC rules to banks is not entirely clear under present U.S. federal income tax law. Banks generally derive a substantial part of their income from assets that are interest bearing or that otherwise could be considered passive under the PFIC rules. The Internal Revenue Service, or IRS, issued a notice in 1989, or the Notice, and has proposed regulations, the Proposed Regulations, that exclude from passive income any income derived in the active conduct of a banking business by a qualifying foreign bank, or the "active bank exception". The Notice and the Proposed Regulations have different requirements for qualifying as an active foreign bank, and for determining the banking income that may be excluded from passive income under the active bank exception.

Moreover, the Proposed Regulations have been outstanding since 1994 and will not be effective unless finalized.

While the Bank conducts, and intends to continue to conduct, a significant banking business, there can be no assurance that the Bank will satisfy the specific requirements for the active bank exception under either the Notice or the Proposed Regulations. However, based on certain estimates of the Bank's gross income and gross assets and the nature of its business, the Bank believes that it was not classified as a PFIC for the taxable year ending December 31, 2011.

If the Bank were to become a PFIC for purposes of the Code, unless a U.S. Holder makes one of the elections described below, a U.S. Holder generally will be subject to a special tax charge with respect to (a) any gain realized on the sale or other disposition of Class E shares and (b) any "excess distribution" by the Bank to the U.S. Holder (generally, any distributions including return of capital distributions, received by the U.S. Holder on the Class E shares in a taxable year that are greater than 125% of the average annual distributions received by the U.S. Holder in the three preceding taxable years, or, if shorter, the U.S. Holder's holding period). Under these rules (1) the gain or excess distribution would be allocated ratably over the U.S. Holder's holding period for the Class E shares, (2) the amount allocated to the current taxable year would be treated as ordinary income, (3) the amount allocated to each prior taxable year generally would be subject to tax at the highest rate in effect for that year; and (4) an interest charge at the rate generally applicable to underpayments of tax would be imposed with respect to the resulting tax attributable to each such prior taxable year. For purposes of the foregoing rules, a U.S. Holder of Class E shares that uses such stock as security for a loan will be treated as having disposed of such stock.

If the Bank were to become a PFIC, U.S. Holders of interests in a holder of Class E shares may be treated as indirect holders of their proportionate share of the Class E shares and may be taxed on their proportionate share of any excess distributions or gain attributable to the Class E shares. An indirect holder also must treat an appropriate portion of its gain on the sale or disposition of its interest in the actual holder as gain on the sale of Class E shares.

If the Bank were to become a PFIC, a U.S. Holder could make an election, provided the Bank complies with certain reporting requirements, to have the Bank treated, with respect to such U.S. Holder, as a “qualified electing fund”, hereinafter referred to as a QEF election, in which case, the electing U.S. Holder would be required to include annually in gross income the U.S. Holder’s proportionate share of the Bank’s ordinary earnings and net capital gains, whether or not such amounts are actually distributed. If the Bank were to become a PFIC, the Bank intends to so notify each U.S. Holder and to comply with all reporting requirements necessary for a U.S. Holder to make a QEF election and will provide to record U.S. Holders of Class E shares such information as may be required to make such QEF election.

If the Bank were to become a PFIC in any year, a U.S. Holder that beneficially owns Class E shares during such year must make an annual return on IRS Form 8621, which describes the income received (or deemed to be received if a QEF election is in effect) from the Bank. The Bank will, if applicable, provide all information necessary for a U.S. Holder of record to make an annual return on IRS Form 8621.

Additionally, recently enacted legislation creates an additional annual filing requirement for U.S. persons who are shareholders of a PFIC. The legislation does not describe what information will be required to be included in the additional annual filing, but rather grants the Secretary of the U.S. Treasury authority to decide what information must be included in such annual filing. If the Bank were a PFIC for a given taxable year, then U.S. Holders should consult their tax adviser concerning their annual filing requirements.

A U.S. Holder that owns certain “marketable stock” in a PFIC may elect to mark-to-market such stock and, subject to certain exceptions, include in income any gain (increases in market value) or loss (decreases in market value to the extent of prior gains recognized) realized as ordinary income or loss to avoid the adverse consequences described above. U.S. Holders of Class E shares are urged to consult their own tax advisors as to the consequences of owning stock in a PFIC and whether such U.S. Holder would be eligible to make either of the aforementioned elections to mitigate the adverse effects of such consequences.

Information Reporting and Backup Withholding

Each U.S. payor making payments in respect of Class E shares will generally be required to provide the IRS with certain information, including the name, address and taxpayer identification number of the beneficial owner of Class E

shares, and the aggregate amount of dividends paid to such beneficial owner during the calendar year. Under the backup withholding rules, a holder may be subject to backup withholding at a current rate of 28% with respect to proceeds received on the sale or exchange of Class E shares within the United States by non-corporate U.S. Holders and to dividends paid, unless such holder (1) is a corporation or comes within certain other exempt categories (including securities broker-dealers, other financial institutions, tax-exempt organizations, qualified pension and profit sharing trusts and individual retirement accounts), and, when required, demonstrates this fact or (2) provides a taxpayer identification number, certifies as to no loss of exemption and otherwise complies with the applicable requirements of the backup withholding rules. Non-U.S. Holders generally are exempt from information reporting and backup withholding, but may be required to provide a properly completed IRS Form W-8BEN (or other similar form) or otherwise comply with applicable certification and identification procedures in order to prove their exemption. Backup withholding is not an additional tax and any amounts withheld from a payment to a holder of Class E shares will be refunded (or credited against such holder's U.S. federal income tax liability, if any) provided that the required information is timely furnished to the IRS.

There is no income tax treaty between Panama and the United States.

Foreign Asset Reporting

Certain U.S. Holders who are individuals are required to report information relating to an interest in the Bank's Class E Shares, subject to certain exceptions (including an exception for Class E Shares held in custodial accounts maintained by United States financial institutions) by filing IRS Form 8938 with their annual U.S. federal income tax return. U.S. Holders are urged to consult their tax advisors regarding their information reporting obligations with respect to their ownership and disposition of the Class E Shares.

The above description is not intended to constitute a complete analysis of all tax consequences relating to the acquisition, ownership and disposition of the Class E Shares. Prospective purchasers should consult their own tax advisors to determine the tax consequences of their particular situations.

Panamanian Taxes

The following is a summary of the principal Panamanian tax consequences arising in connection with the ownership and disposition of the Bank's Class E shares. This summary is based upon the laws and regulations of Panama, as well as court precedents and interpretative rulings, in effect as of the date of this Annual Report, all of which are subject to prospective and retroactive change.

General Principle

The Bank is exempt from income tax in Panama under a special exemption granted to the Bank pursuant to Contract 103-78 of July 25, 1978 between the Nation and Bladex. In addition, under general rules of income tax in Panama, only income that is deemed to be Panamanian source income is subject to taxation in Panama. Accordingly, since the Bank's income is derived primarily from sources outside of Panama and is not deemed to be Panamanian source income, even in the absence of the special exemption, the Bank would have limited income tax liability in Panama.

Taxation of Distributions

Dividends, whether cash or in kind, paid by the Bank in respect of its shares are also exempt from dividend tax or other withholding under the special exemption described above. In the absence of this special exemption, there would be a 10% withholding tax on dividends or distributions paid in respect of the Bank's registered shares to the extent the dividends were paid from income derived by the Bank from Panamanian sources, and a 5% withholding tax on dividends or distributions paid from income derived by the Bank from non-Panamanian sources.

Taxation of Capital Gains

Since the Class E shares are listed on the NYSE, any capital gains realized by an individual or a corporation, regardless of its nationality or residency, on the sale or other disposition of such shares outside of Panama, would be exempted from capital gains taxes or any other taxes in Panama.

F. Dividends and Paying Agents

Not required in this Annual Report.

G. Statement by Experts

Not required in this Annual Report.

H. Documents on Display

Upon written or oral request, the Bank will provide without charge to each person to whom this Annual Report is delivered, a copy of any or all of the documents listed as exhibits to this Annual Report (other than exhibits to those documents, unless the exhibits are specifically incorporated by reference in the documents). Written requests for copies should be directed to the attention of Mr. Christopher Schech, Chief Financial Officer, Bladex, as follows: (1) if by regular mail, to P.O. Box 0819-08730, Panama City, Republic of Panama, and (2) if by courier, to Calle 50 y Aquilino de la Guardia, Panama City, Republic of Panama. Telephone requests may be directed to Mr. Schech at + (507) 210-8630. Written requests may also be faxed to Mr. Schech at + (507) 269-6333 or sent via e-mail to cschech@bladex.com. Information is also available on the Bank's website at: http://www.bladex.com.

I. Subsidiary Information

Not applicable.

Item 11. Quantitative and Qualitative Disclosure About Market Risk

The Bank's risk management policies, as approved by the Board from time to time, are designed to identify and control the Bank's credit and market risks by establishing and monitoring appropriate limits on the Bank's credit and market exposures. Certain members of the Board constitute the Assets and Liabilities Committee, which meets on a regular basis and monitors and controls the risks in each specific area. At the Management level, the Bank has a Risk Management Department that measures and controls the credit and market exposure of the Bank.

The Bank's businesses are subject to market risk. The components of this market risk are interest rate risk inherent in the Bank's balance sheet, foreign exchange risk, and the price risk in the Bank's investment portfolio and in the Bank's trading portfolios.

For quantitative information relating to the Bank's interest rate risk and information relating to the Bank's Management of interest rate risk, see Item 5, "Operating and Financial Review and Prospects/Liquidity and Capital Resources."

For information regarding derivative financial instruments, see Item 18, "Financial Statements," notes 2(v) and 20.

For information regarding investment securities, see Item 4, "Information on the Company/Business Overview/Investment Securities," and Item 18, "Financial Statements," note 5.

The table below lists for each of the years from 2012 to 2016 the notional amounts and weighted interest rates, as of December 31, 2011, for derivative financial instruments and other financial instruments that are sensitive to changes in interest rates, including the Bank's investment securities, loans, borrowings and placements, interest rate swaps, cross currency swaps, forward currency exchange agreements, and trading assets and liabilities. Amounts presented below exclude the Bank's participation in the Fund. The Bank consolidates the Feeder retaining the specialized accounting for investment companies applied by the Feeder in the Fund, reporting it within the "Investment Fund" line in the consolidated balance sheet; see Item 18, "Financial Statements", notes 2 (e) and 6.

Interest Rate Risk Management and Sensitivity

As of December 31, 2011

Expected maturity date

	2012		2013		2014		2015		2016		There-after		Without maturity	Total 2011		Fair value 2011
($ Equivalent in thousand)																
NON-TRADING ASSETS																
Investment Securities																
Fixed rate																
U.S. Dollars	7,050		78,250		38,571		76,000		71,000		89,585		-	360,456		389,446
Average fixed rate	3.04	%	7.56	%	7.41	%	7.22	%	4.83	%	6.72	%	-	6.64	%	
Floating rate																
U.S. Dollars	15,000		553		10,000		28,000		-		-		-	53,553		53,491
Average floating rate	1.13	%	4.04	%	2.56	%	2.25	%	-		-		-	2.01	%	
Loans [1]																
Fixed rate																
U.S. Dollars	2,259,536		14,277		45,326		11,169		-		-		-	2,330,308		2,332,904
Average fixed rate	3.14	%	4.49	%	5.04	%	4.41	%	-		-		-	3.20	%	
Mexican Peso	24,624		4,493		690		-		-		-		-	29,807		32,031
Average fixed rate	8.75	%	10.11	%	11.74	%	-		-		-		-	9.03	%	
Floating rate																
U.S. Dollars	1,095,322		531,045		538,598		344,838		70,839		18,654		-	2,599,296		2,548,376
Average floating rate	3.09	%	3.67	%	3.85	%	3.16	%	3.78	%	3.42	%	-	3.39	%	
Euro	162		-		-		-		-		-		-	162		162
Average floating rate	2.92	%	-		-		-		-		-		-	2.92	%	
LIABILITIES																
Borrowings and Placements [2]																
Fixed rate																
U.S. Dollars	1,343,202		-		-		-		-		-		-	1,343,202		1,341,021
Average fixed rate	1.33	%	-		-		-		-		-		-	1.33	%	
Mexican Peso	4,361		1,335		-		-		-		-		-	5,696		6,088
	8.31	%	9.21	%	-		-		-		-		-	8.52	%	

Average fixed rate									
Peruvian Soles	-	-	45,615	-	-	-	-	45,615	49,175
Average fixed rate	-	-	6.50 %	-	-	-	-	6.50 %	
Euro	38,850	-	-	-	-	-	-	38,850	38,962
Average fixed rate	2.98 %	-	-	-	-	-	-	2.98 %	
Chinese Renminbi	10,307	-	-	-	-	-	-	10,307	10,312
Average fixed rate	6.65 %	-	-	-	-	-	-	6.65 %	
Floating rate									
U.S. Dollars	628,867	273,775	581,933	-	-	-	-	1,484,575	1,439,187
Average floating rate	1.26 %	1.23 %	1.85 %	-	-	-	-	1.49 %	
Mexican Peso	93,109	101,188	65,474	-	-	-	-	259,771	253,526
Average floating rate	5.70 %	5.66 %	6.30 %	-	-	-	-	5.83 %	
Interest Rate Swaps									
U.S. Dollars fixed to floating	-	55,000	10,000	50,000	10,000	-	-	125,000	(10,301)
Average pay rate	-	7.76 %	7.75 %	7.13 %	3.75 %	-	-	7.19 %	
Average receive rate	-	4.36 %	2.87 %	2.91 %	2.38 %	-	-	3.50 %	
U.S. Dollars floating to fixed	20,000	-	-	-	-	-	-	20,000	(512)
Average pay rate	5.94 %	-	-	-	-	-	-	5.94 %	
Average receive rate	0.73 %	-	-	-	-	-	-	0.73 %	

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Expected maturity date

	2012	2013	2014	2015	2016	There-after	Without maturity	Total 2011	Fair value 2011
($ Equivalent in thousand)									
Cross Currency Swaps									
Receive U.S. Dollars	645	552	600	-	-	-	-	1,797	106
U.S. Dollars fixed rate	7.04 %	7.04 %	7.04 %	-	-	-	-	7.04 %	
U.S. Dollars floating rate	2.69 %	3.99 %	-	-	-	-	-	3.16 %	
Pay US Dollars	-	147,242	108,404	-	-	-	-	255,646	(37,075)
U.S. Dollars fixed rate	-	-	5.35 %	-	-	-	-	5.35 %	
U.S. Dollars floating rate	-	2.07 %	2.82 %	-	-	-	-	2.31 %	
Receive Mexican Peso	-	147,242	67,384	-	-	-	-	214,626	
Mexican Peso floating rate	-	5.66 %	6.30 %	-	-	-	-	5.86 %	
Pay Mexican Peso	483	552	600	-	-	-	-	1,635	
Mexican Peso fixed rate	12.50 %	12.50 %	12.50 %	-	-	-	-	12.50 %	
Receive Peruvian Soles	-	-	41,020	-	-	-	-	41,020	
Peruvian Soles fixed rate	-	-	6.50 %	-	-	-	-	6.50 %	
Pay Euro	162	-	-	-	-	-	-	162	
Euro floating rate	2.92 %	-	-	-	-	-	-	2.92 %	
Forward Currency Exchange Agreements									
Receive U.S. Dollars/ Pay Mexican Pesos	10,171	351	-	-	-	-	-	10,522	247
Average exchange rate	13.84	13.14	-	-	-	-	-	13.82	
Receive U.S. Dollars/ Pay Brazilian Reales	6,036	-	-	-	-	-	-	6,036	289
Average exchange rate	1.89	-	-	-	-	-	-	1.89	
Pay U.S. Dollars/ Receive Euro	42,742	-	-	-	-	-	-	42,742	(2,337)
Average exchange rate	1.38	-	-	-	-	-	-	1.38	
TRADING									
Trading Assets									
Debt securities:									
Fixed rate									
U.S. Dollars	-	17,000	-	-	-	-	-	17,000	17,488
Average fixed rate	-	5.20 %	-	-	-	-	-	5.20 %	
Floating rate									
Brazilian Reales	-	-	-	-	-	1,340	-	1,340	2,927
Average floating rate	-	-	-	-	-	5.32 %	-	5.32 %	
Trading Liabilities									
Interest rate swaps:									
U.S. Dollars fixed to floating	-	17,000	-	-	-	-	-	17,000	(748)
Average pay rate	-	5.20 %	-	-	-	-	-	5.20 %	
Average receive rate	-	1.84 %	-					1.84 %	
Cross currency swaps:									

Receive US Dollars	883		-	-	-	-	-	-	883		21	
U.S. Dollars floating rate	4.80	%	-	-	-	-	-	-	4.80	%		
Pay US Dollars	84,280		-	-	-	-	-	-	84,280		(4,836	)

Expected maturity date

	2012	2013	2014	2015	2016	There-after	Without maturity	Total 2011	Fair value 2011
($ Equivalent in thousand)									
U.S. Dollars floating rate	4.90 %	-	-	-	-	-	-	4.90 %	
Receive Mexican Peso	84,280	-	-	-	-	-	-	84,280	
Mexican Peso floating rate	5.70 %	-	-	-	-	-	-	5.70 %	
Pay Mexican Peso	883	-	-	-	-	-	-	883	
Mexican Peso fixed rate	11.00 %	-	-	-	-	-	-	11.00 %	
Futures:									
Currency futures	6	-	-	-	-	-	-	6	(4)
Index futures	31	-	-	-	-	-	-	31	-
Swap futures	54	48	-	-	-	-	-	102	4

[1] U.S. Dollars loans include $32.8 million of delinquent and restructured and impaired loans.

[2] Borrowings and placements include securities sold under repurchase agreements and short and long-term borrowings and debt.

As of December 31, 2010

Expected maturity date

	2011	2012	2013	2014	2015	There-after	Without maturity	Total 2010	Fair value 2010
($ Equivalent in thousand)									
NON-TRADING ASSETS									
Investment Securities									
Fixed rate									
U.S. Dollars	31,601	5,000	101,250	70,000	70,000	10,000	-	287,851	323,371
Average fixed rate	6.44 %	10.00 %	8.54 %	9.24 %	7.34 %	3.75 %	-	8.05 %	
Floating rate									
U.S. Dollars	-	25,000	-	-	38,000	-	-	63,000	63,085
Average floating rate	-	0.90 %	-	-	2.08 %	-	-	1.62 %	
Loans [1]									
Fixed rate									
U.S. Dollars	1,938,172	11,214	1,929	17,584	1,127	-	-	1,970,026	1,973,505
Average fixed rate	2.68 %	6.92 %	5.93 %	3.74 %	5.85 %	-	-	2.72 %	
Mexican Peso	23,848	6,688	2,442	627	-	-	-	33,605	37,471

Average fixed rate	10.02 %	10.48 %	11.78 %	12.50 %	-	-	-	10.28 %	
Floating rate									
U.S. Dollars	881,734	453,895	297,863	140,274	257,551	27,343	-	2,058,660	1,997,316
Average floating rate	2.52 %	3.04 %	3.41 %	4.00 %	2.93 %	3.19 %	-	2.92 %	
Mexican Peso	1,116	-	-	-	-	-	-	1,116	1,151
Average floating rate	11.00 %	-	-	-	-	-	-	11.00 %	
Euro	753	172	-	-	-	-	-	925	920
Average floating rate	2.28 %	2.24 %	-	-	-	-	-	2.28 %	
LIABILITIES									
Borrowings and Placements (2)									
Fixed rate									
U.S. Dollars	1,270,179	-	-	-	-	-	-	1,270,179	1,267,917
Average fixed rate	1.09 %	-	-	-	-	-	-	1.09 %	
Mexican Peso	15,610	4,923	1,507	-	-	-	-	22,040	23,653
Average fixed rate	8.22 %	8.31 %	9.21 %	-	-	-	-	8.31 %	
Peruvian Soles	-	-	-	43,827	-	-	-	43,827	47,753
Average fixed rate	-	-	-	6.50 %	-	-	-	6.50 %	
Floating rate									
U.S. Dollars	463,314	293,272	226,109	-	-	-	-	982,695	953,767
Average floating rate	1.48 %	0.81 %	1.24 %	-	-	-	-	1.22 %	
Mexican Peso	-	-	116,726	-	-	-	-	116,726	111,133
Average floating rate	-	-	5.79 %	-	-	-	-	5.79 %	

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Expected maturity date	2011	2012	2013	2014	2015	There-after	Without maturity	Total 2010	Fair value 2010
($ Equivalent in thousand)									
Interest Rate Swaps									
U.S. Dollars fixed to floating	17,800	5,000	95,000	70,000	70,000	10,000	-	267,800	(25,146)
Average pay rate	8.66%	10.00%	8.73%	9.24%	7.34%	3.75%	-	8.34%	
Average receive rate	5.21%	6.68%	4.89%	5.19%	2.91%	2.30%	-	4.41%	
U.S. Dollars floating to fixed	-	20,000	-	-	-	-	-	20,000	(1,499)
Average pay rate	-	5.94%	-	-	-	-	-	5.94%	
Average receive rate	-	0.68%	-	-	-	-	-	0.68%	
Cross Currency Swaps									
Receive U.S. Dollars	1,144	645	552	600	-	-	-	2,941	(168)
U.S. Dollars fixed rate	7.04%	7.04%	7.04%	7.04%	-	-	-	7.04%	
U.S. Dollars floating rate	2.08%	2.76%	3.84%	-	-	-	-	2.47%	
Pay US Dollars	-	-	147,242	41,020	-	-	-	188,262	(24,182)
U.S. Dollars fixed rate	-	-	-	5.35%	-	-	-	5.35%	
U.S. Dollars floating rate	-	-	2.29%	-	-	-	-	2.29%	
Receive Mexican Peso	-	-	147,242	-	-	-	-	147,242	
Mexican Peso floating rate	-	-	5.83%	-	-	-	-	5.83%	
Pay Mexican Peso	428	483	552	600	-	-	-	2,063	
Mexican Peso fixed rate	12.50%	12.50%	12.50%	12.50%	-	-	-	12.50%	
Receive Peruvian Soles	-	-	-	41,020	-	-	-	41,020	
Peruvian Soles fixed rate	-	-	-	6.50%	-	-	-	6.50%	
Pay Euro	716	162	-	-	-	-	-	878	
Euro floating rate	2.28%	2.24%	-	-	-	-	-	2.28%	