OFFERING MEMORANDUM



Banco Latinoamericano de Comercio Exterior, S.A.

(incorporated under the laws of the Republic of Panama)

U.S.$200,000,000

7.500% Perpetual Non-Cumulative Fixed-to-Fixed Subordinated Notes

The 7.500% Perpetual Non-Cumulative Fixed-to-Fixed Subordinated Notes offered hereby (the "notes") will be issued by Banco Latinoamericano de Comercio Exterior, S.A. ("Bladex," the "Issuer" or the "Bank"), a corporation (sociedad anónima) organized under the laws of the Republic of Panama ("Panama"), domiciled at Torre V, Business Park Avenida La Rotonda, Urb. Costa del Este P.O. Box 0819-08730 Panama City, Republic of Panama, with contact telephone +507 210 8500. The Bank was organized in 1977, incorporated in 1978 as a corporation pursuant to the laws of the Republic of Panama, and officially began operations on January 2, 1979.

The notes are perpetual instruments with no fixed maturity or fixed redemption date. We have the option to redeem the notes, in whole or in part, as described below. The notes will constitute additional tier 1 capital of the Bank in accordance with Panamanian banking laws at the date of issuance. The notes will be our direct, unsecured, subordinated obligations and will rank *pari passu* without preference among themselves. In the event an Insolvency or Liquidation Event (as defined herein) occurs in respect of the Bank, the notes will rank: (i) junior in right of payment to the payment of all of our Senior Debt (as defined herein); (ii) *pari passu* in right of payment among themselves and with our Parity Securities (as defined herein); and (iii) senior in right of payment to the payment of our Junior Securities (as defined herein). See "Description of the Notes—Ranking."

Interest on the notes will initially accrue at a rate of 7.500% per year until September 18, 2032 (the "Initial Reset Date") and will be payable semi-annually in arrears on March 18 and September 18 of each year, beginning March 18, 2026. The Initial Reset Date and every fifth anniversary thereafter will each be a "Reset Date." Subject to the limitations on interest described below, from, and including, each Reset Date, including the Initial Reset Date, to, but excluding, the next succeeding Reset Date, interest on the notes will accrue at a fixed rate *per annum* equal to the sum of (a) the Treasury Rate (as defined below) and (b) 373.60 basis points (rounded to two decimal places, with any value equal to or lesser than 0.005 being rounded down). The ratio of the total principal amount of the notes being offered to the paid-in capital (defined as common shares plus additional paid-in capital) of the Bank is 0.7 to 1.0. Interest payments on the notes will be non-cumulative.

We will have the right to cancel the payment of interest on the notes at any time without giving rise to an event of default. In the event that any interest payment is cancelled, unpaid interest will not accrue and, subject to specified exceptions, until interest payments on a subsequent Interest Payment Date (as defined herein), and with respect to the relevant interest period, have been paid in full, we will recommend to our shareholders that they refrain from voting to take and, to the fullest extent permitted by applicable law, will otherwise act to prevent any (i) declaration, payment or distribution of dividend or the making of a payment on or in respect of, any of our Junior Securities or Parity Securities; or (ii) redemption, purchase or other acquisition for any consideration any of our or our subsidiaries' Junior Securities or any Parity Securities. See "Description of the Notes—Limitation on Interest." Pursuant to Panamanian law, following the administrative taking of control of the Issuer by the Superintendency of Banks of Panama and subsequent reorganization of the Issuer ordered by such entity, the reorganizer or the reorganization board (as the case may be) appointed by the Superintendency of Banks of Panama may decree that the principal amount and/or interest owed under the notes be used to absorb our losses. The Superintendency of Banks of Panama may take this action in the absence of any Acceleration Event or other similar legal proceeding. The notes will provide for the write-off on a permanent basis, in a minimum amount corresponding to the balance of any losses allocated to the Tier 1 capital, under applicable laws and regulations of the Superintendency of Banks of Panama, upon the occurrence of certain events described under "Description of the Notes—Loss Absorption."

We may redeem the notes, subject to the prior approval of the Superintendency of Banks or any other applicable Panamanian regulator, if such approval is then required, on the Initial Reset Date or on any interest payment date thereafter, in whole or in part at par, subject to certain requirements. See "Description of the Notes—Redemption—Optional Redemption." In addition, we may redeem the notes, subject to the prior approval of the Superintendency of Banks or any other applicable Panamanian regulator, if such approval is then required, at any time after the fifth anniversary of the issue date, in whole but not in part, upon the occurrence of a Tax Event (as defined herein), Regulatory Event (as defined herein) or Rating Agency Event (as defined herein), subject to certain requirements. See "Description of the Notes—Redemption—Early Redemption Upon Tax Event" and "Description of the Notes—Redemption—Early Redemption Upon Regulatory Event or Rating Agency Event."

Prior to this offering there has been no market for the notes. Application has been made for the listing of the notes on the official list of the Luxembourg Stock Exchange (the "Official List") and to trading on the Euro MTF market (the "Euro MTF"). The notes may also be listed and/or traded on or by such other or further stock exchange(s), listing authorit(y)(ies) and/or system(s) as may be agreed between the Issuer and the relevant Global Coordinators and Book-Running Managers. This offering memorandum constitutes a Prospectus for the purpose of Luxembourg law dated July 16, 2019 on prospectuses for securities.

Investing in the notes involves risks that are described in the "Risk Factors" section beginning on page 40 of this offering memorandum.

Price per note: 100.000% plus accrued interest, if any, from September 18, 2025

The notes have not been and will not be registered under the Panamanian Securities Law (Law-Decree N° 1 of July 8, 1999, as amended and restated from time to time, the "Panamanian Securities Laws") with the Panamanian Superintendency of the Securities Market *(Superintendencia del Mercado de Valores de la República de Panamá)* (the "SMV"). Accordingly, (i) the notes cannot be publicly offered or sold in Panama, except in transactions exempted from registration under the Panamanian Securities Laws, (ii) the SMV has not reviewed the information contained in this offering memorandum, (iii) the notes and the offering thereof are not subject to the supervision of the SMV, and (iv) the notes do not benefit from the tax incentives provided by Panamanian Securities Laws.

The notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), any U.S. state securities laws or the securities laws of any other jurisdiction. The notes may not be offered or sold except (a) to qualified institutional buyers within the meaning of Rule 144A under the Securities Act ("Rule 144A"), in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A, and (b) to non-U.S. persons in compliance with Regulation S under the Securities Act ("Regulation S"). For further details about eligible offerees and resale restrictions, see "Transfer Restrictions."

The notes will be issued in the form of one or more registered notes in global form without interest coupons and will be deposited with a custodian for The Depository Trust Company ("DTC") in New York, New York and registered in the name of Cede & Co., as nominee of DTC. Investors may hold their interests in global notes representing the notes through organizations that are participants in DTC, including Euroclear Bank SA/NV ("Euroclear"), or Clearstream Banking, société anonyme Luxembourg ("Clearstream"). We expect that delivery will be made in book-entry form through the facilities of DTC for the accounts of its direct and indirect participants, including Euroclear and Clearstream on September 18, 2025.

Global Coordinators and Book-Running Managers

BofA Securities **J.P. Morgan**

Passive Joint Book-Running Manager

Jefferies

The date of this offering memorandum is: September 10, 2025.

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NOTICE TO INVESTORS

In making your investment decision, you should rely only on the information contained in this offering memorandum. We and the initial purchasers have not authorized any other person to provide you with different information. If anyone provides you with different information or inconsistent information, you should not rely on it.

You should assume that the information appearing in this offering memorandum is accurate as of the date on the front cover of this offering memorandum only. Our business, properties, financial condition, results of operations and prospects may have changed since that date. Neither the delivery of this offering memorandum nor any sale of notes made hereunder shall under any circumstances imply that the information herein is correct as of any date subsequent to the date on the cover of this offering memorandum.

We have prepared this offering memorandum for use solely in connection with the proposed offering of the notes described in this offering memorandum.

The initial purchasers make no representation or warranty, expressed or implied, as to the accuracy or completeness of the information contained in this offering memorandum. Nothing contained in this offering memorandum is, or shall be relied upon as, a promise or representation by the initial purchasers as to the past or future.

This offering memorandum is intended solely for the purpose of soliciting indications of interest in the notes from qualified investors and does not purport to summarize all of the terms, conditions, covenants and other provisions relating to the terms of the notes that are contained in the indenture being entered into in connection with the issuance of the notes and other transaction documents described herein. This offering memorandum summarizes certain documents and other information, and we refer you to those sources for a more complete understanding of what we discuss in this offering memorandum. Certain of the market information in this offering memorandum has been obtained by us from publicly available sources deemed by us to be reliable. We accept responsibility only for correctly extracting and reproducing such information. Notwithstanding any investigation that the initial purchasers may have conducted with respect to the information contained in this offering memorandum, the initial purchasers accept no liability in relation to the information contained in this offering memorandum or its distribution or with regard to any other information supplied by us or on our behalf.

Neither we nor the initial purchasers are making an offer to sell, or a solicitation of an offer to buy, the notes in any jurisdiction except where such an offer or sale is permitted. You must comply with all applicable laws and regulations in force in any jurisdiction in which you purchase, offer or sell the notes or possess or distribute this offering memorandum and you must obtain any consent, approval or permission required by you for the purchase, offer or sale of the notes under the laws and regulations applicable to you in force in any jurisdiction to which you are subject or in which you make such purchases, offers or sales. Neither we nor the initial purchasers are responsible for your compliance with those legal requirements.

By accepting this offering memorandum, you acknowledge that:

- you have been afforded an opportunity to request from us, and to review, all additional information considered by you to be necessary to verify the accuracy of, or to supplement, the information contained in this offering memorandum;
- you have not relied on the initial purchasers or any person affiliated with the initial purchasers or their agents in connection with your investigation of the accuracy of such information or your investment decision; and
- no person has been authorized to give any information or to make any representation concerning us or the notes other than those as set forth in this offering memorandum. If given or made, any such other information or representation should not be relied upon as having been authorized by us, the initial purchasers or their agents.

We have made available this offering memorandum solely to qualified institutional buyers, and to investors who are non-U.S. persons, so they can consider a purchase of the notes. We are relying upon an exemption from registration under the Securities Act for an offer and sale of securities, which do not involve a public offering within the meaning of the Securities Act. By purchasing the notes, you will be deemed to have made certain acknowledgments, representations and agreements as set forth under "Transfer Restrictions" in this offering memorandum. The notes are subject to restrictions on transfer and resale and may not be transferred or resold except as permitted under the Securities Act and applicable state securities laws. As a prospective purchaser, you should be

aware that you may be required to bear the financial risks of this investment for an indefinite period of time. See "Plan of Distribution" and "Transfer Restrictions."

In making an investment decision, prospective investors must rely on their own examination of us and the terms of the offering, including the merits and risks involved. None of us, the initial purchasers or any of our or their respective representatives are making any representation to you regarding the legality of an investment by you under applicable legal investment or similar laws. We are not providing you with any legal, business, tax or other advice in this offering memorandum, and prospective investors should not construe anything in this offering memorandum as legal, business or tax advice. Each prospective investor should consult its own advisors as needed to make its investment decision and to determine whether it is legally permitted to purchase the notes under applicable legal investment or similar laws or regulations.

No person has been authorized to give any information or to make any representation other than those contained in this offering memorandum in connection with the offering of the notes, and any information or representation not contained in this offering memorandum must not be relied upon as having been authorized by us or by the Initial Purchasers. Neither the delivery of this offering memorandum nor any sale of the notes pursuant to this offering shall, under any circumstances, constitute a representation or create any implication that the information contained herein is correct as of any time subsequent to the date hereof or that there has been no change in the affairs of any party mentioned herein since that date. You should assume that the information appearing in this offering memorandum is accurate only as of the date on the front cover of this offering memorandum. Our business, financial condition, results of operations and prospects may have changed since that date.

None of the U.S. Securities and Exchange Commission, any United States state securities commission, the SMV, or any other United States regulatory authority or commission has approved or disapproved of these securities or determined if this offering memorandum is truthful or complete. Furthermore, these authorities have not confirmed the accuracy or determined the adequacy of this offering memorandum. Any representation to the contrary is a criminal offense.

The notes will not be registered under the Securities Act. This offering memorandum does not contain all the information that would be required in a registration statement filed under the Securities Act.

None of us, the initial purchasers or any of our or their representatives is making any representation to you regarding the legality of an investment by you under applicable legal investment or similar laws. You should consult with your own advisors as to legal, tax, business, financial and related aspects of a purchase of the notes.

Application has been made to admit the notes to listing on the Official List and to trading on the Euro MTF.

We confirm that, after having made all reasonable inquiries, this offering memorandum contains all information with regard to us and the notes that is material to the offering and sale of the notes, that the information contained in this offering memorandum is true and accurate in all material respects and is not misleading and that there are no omissions of any facts from this offering memorandum that, by their absence herefrom, make this offering memorandum misleading. We accept responsibility for the information contained in this offering memorandum regarding us and the notes. The opinions and intentions expressed in this offering memorandum regarding us and the notes are honestly held and based on reasonable assumptions.

NOTICE TO PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA

The notes are not intended to be offered, sold, or otherwise made available to and should not be offered, sold, or otherwise made available to any retail investor in the European Economic Area. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the notes or otherwise making them available to retail investor in the European Economic Area may be unlawful under the PRIIPs Regulation.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM

This offering memorandum is not a prospectus for the purposes of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "UK Prospectus Regulation").

The notes are not intended to be offered, sold, or otherwise made available to and should not be offered, sold, or otherwise made available to any retail investor in the United Kingdom ("UK"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018; or (ii) a customer within the meaning of the provisions the of Financial Services and Markets Act 2000 (as amended, the "FSMA") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation. Consequently no key information document required by the PRIIPs Regulation (EU) as it forms part of domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

In the UK, this offering memorandum and any other material in relation to the notes described herein are being distributed only to, and are directed only at, persons who are "qualified investors" (as defined in the UK Prospectus Regulation) who are (i) persons having professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, or (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Order; or (iii) persons to whom it would otherwise be lawful to distribute them, all such persons together being referred to as "relevant persons". In the UK, the notes are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire the Notes will be engaged only with relevant persons.

NOTICE TO PANAMANIAN INVESTORS

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE PANAMANIAN SECURITIES LAWS WITH THE SMV. ACCORDINGLY, (I) THE NOTES CANNOT BE OFFERED OR SOLD IN PANAMA, EXCEPT IN TRANSACTIONS EXEMPTED FROM REGISTRATION UNDER THE PANAMANIAN SECURITIES LAWS, (II) THE SMV HAS NOT REVIEWED THE INFORMATION CONTAINED IN THIS OFFERING MEMORANDUM, (III) THE NOTES AND THE OFFERING THEREOF ARE NOT SUBJECT TO THE SUPERVISION OF THE SMV, AND (IV) THE NOTES DO NOT BENEFIT FROM THE TAX INCENTIVES PROVIDED BY THE PANAMANIAN SECURITIES LAWS.

AVAILABLE INFORMATION

At any time when the Issuer is not subject to Section 13 or 15(d) of the Exchange Act and is not exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, the Bank will prepare and furnish, upon the request of any holder of the notes, information specified in Rule 144A(d)(4) under the Securities Act (i) to such holder, (ii) to a prospective purchaser of a note (or beneficial interests therein) that is a QIB designated by such holder, and (iii) to the Trustee for delivery to any applicable holders, at the Issuers's expense, in each case in order to permit compliance by such holder with Rule 144A in connection with the resale of such note (or beneficial interest therein) in reliance upon Rule 144A. All such information shall be in the English language. See "Transfer Restrictions."

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

General

In this offering memorandum, unless the context otherwise requires, references to the "Bank," "Bladex," "we," "our," or "us" mean Bladex and its consolidated subsidiaries (as described in "Business of Bladex—History and Development of the Company"). References to Bladex's Financial Statements are to the financial statements of Banco Latinoamericano de Comercio Exterior, S.A. and its subsidiaries, with all intercompany balances and transactions having been eliminated for consolidating purposes. References to "Bladex Head Office" are to Banco Latinoamericano de Comercio Exterior, S.A. in its individual capacity. References to Bladex's loan portfolio (the "Loan Portfolio") are to the Bank's principal balance of loans, excluding interest receivable, allowance for loan losses, unearned interest and deferred fees. References to Bladex's commercial portfolio (the "Commercial Portfolio") are to the Bank's Loan Portfolio plus customers' liabilities under acceptances, and loan commitments and financial guarantee contracts, such as confirmed and stand-by letters of credit, and guarantees covering commercial risk. References to Bladex's credit portfolio (the "Credit Portfolio") are to the Bank's Commercial Portfolio plus Bladex's investment portfolio (the "Investment Portfolio") consisting of the principal balance of securities at fair value through other comprehensive income ("FVOCI") and the principal balance of securities at amortized cost, excluding the interest receivable and the allowance for expected credit losses.

Financial Information

Our (i) unaudited condensed consolidated statements of financial position as of June 30, 2025, and related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month periods ended on June 30, 2025 and 2024 (the "interim financial statements"), (ii) audited consolidated statements of financial position as of December 31, 2024 and 2023, and related consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the years ended December 31, 2024 and 2023 (the "2024 annual financial statements") and (iii) audited consolidated statements of financial position as of December 31, 2023 and 2022, and related consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the years ended December 31, 2023 and 2022 (the "2023 annual financial statements" and together with our 2024 annual financial statements, our "annual financial statements") contained in this offering memorandum have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"), and is stated in U.S. dollars. Our annual financial statements and our interim financial statement are collectively referred to herein as our "financial statements".

In this offering memorandum, references to "$," "U.S.$" and "U.S. dollars" are to United States dollars.

Effect of Rounding

Certain figures included in this offering memorandum and in our financial statements have been rounded for ease of presentation. Percentage figures included in this offering memorandum have not in all cases been calculated on the basis of such rounded figures but on the basis of such amounts prior to rounding. For this reason, percentage amounts in this offering memorandum may vary from those obtained by performing the same calculations using the figures in our financial statements. Certain other amounts that appear in this offering memorandum may not sum due to rounding.

FORWARD-LOOKING STATEMENTS

This offering memorandum includes forward-looking statements. All statements other than statements of historical fact included in this offering memorandum regarding our business, financial condition, results of operations and certain of our plans, objectives, assumptions, projections, expectations or beliefs and statements regarding other future events or prospects are forward-looking statements. These statements include, without limitation, those concerning: our strategy and our ability to achieve it; our possible or assumed future results of operations; capital expenditures and investment plans; adequacy of capital; and financing plans. In addition, this offering memorandum includes forward-looking statements relating to our potential exposure to various types of market risks, such as macroeconomic risk, Panama-specific risks, foreign exchange rate risk, interest rate risks and other risks related to our financial performance. The words "aim," "may," "will," "expect," "is expected to," "anticipate," "believe," "future," "continue," "help," "estimate," "plan," "schedule," "intend," "should," "would be," "seeks," "estimates," "shall," or the negative or other variations thereof, as well as other similar expressions regarding matters that are not historical fact, are or may indicate forward-looking statements.

We have based these forward-looking statements on our management's current views with respect to future events and financial performance. These views reflect the best judgment of our management but involve a number of risks and uncertainties which could cause actual results to differ materially from those predicted in our forward-looking statements and from past results, performance or achievements. Although we believe that the estimates reflected in the forward-looking statements are reasonable, such estimates may prove to be incorrect. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, among other things:

- changes in general economic conditions in North America, Central America, South America and the jurisdictions in which the Bank or its customers operate, such as new, continuing or deepening recessions, persistent inflation and shifting trends, fluctuations in employment rates and changes in immigration policies, disruption of supply chains, trade disputes, sanctions and trade embargos and its impact on commodities prices, currency exchange rates and monetary policy uncertainties (including, without limitation, as a result of the geopolitical crisis resulting from the conflict between Israel, Hamas and Iran and the wider conflict in the Middle East, the Russian-Ukrainian conflict and the potential outbreak of contagious disease, such as the COVID-19 pandemic);

- changes in global economic conditions, including but not limited to, the geopolitical crisis resulting from the conflict between Israel, Hamas, and Iran and the wider conflict in the Middle East, the Russian-Ukrainian conflict, related sanctions and trade embargos, global shipping disruptions in the Red Sea and the Panama Canal, the impact on commodities prices, currency exchange rates and monetary policy uncertainties;

- devaluation of the currencies and interest rate increases or fluctuations in countries in which the Bank conducts its business and globally;

- defaults by one or more financial institutions;

- the Bank's ability to grow its Credit Portfolio, which consists of the Commercial Portfolio and the Investment Portfolio (as defined herein);

- the Bank's ability to increase the number of its clients;

- the Bank's ability to maintain its investment-grade credit ratings and de facto preferred creditor status;

- the effects of exchange rates and the macroeconomic environment in both in Latin America and the Caribbean (the "Region");

- the risks related to the discontinuation of reference rates, and the related replacement of those rates with other reference rates available in the market, including increased expenses, litigation and the effectiveness of hedging strategies;

- the execution of the Bank's strategies and initiatives, including its revenue diversification strategy;

- anticipated profits and return on equity in future periods;

- the Bank's level of capitalization and debt;

- the implied volatility of the Bank's Treasury profits;

- levels of defaults by borrowers and the adequacy of the Bank's allowance for losses on financial instruments and the measure of its expected credit loss model;

- 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;

- government regulations and tax laws and changes therein;

- increases in applicable compulsory reserve and deposit requirements;

- the effectiveness of the Bank's risk management policies;

- failure in, or breach of, the Bank's operational or security systems or infrastructure;

- regulation of the Bank's business and operations on a consolidated basis;

- the effects of possible changes in economic or financial sanctions, requirements, or trade embargoes, changes in international trade, tariffs, restrictions or policies globally and in the Region, and specifically, the effects of trade disputes and restrictions on the countries in which we operate or are exposed to, based on our financing activities;

- credit and other risks of lending and investment activities;

- the Bank's ability to sustain or improve its operating performance; and

- other risks and uncertainties described in "Risk Factors."

We urge you to read the sections of this offering memorandum entitled "Risk Factors," "Operating and Financial Review and Prospects," and "Business of Bladex" for a more complete discussion of the factors that could affect our future performance and the industries in which we operate. Additionally, new risks and uncertainties can emerge from time to time, and it is not possible for us to predict all future risks and uncertainties, nor can we assess their potential impact. Accordingly, you should not place undue reliance on forward-looking statements as a prediction of actual results.

All forward-looking statements included in this offering memorandum are based on information available to us on the date of this offering memorandum. We undertake no obligation to update publicly or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as may be required by

applicable law. All other written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements contained throughout this offering memorandum.

ENFORCEMENT OF CIVIL LIABILITIES AND SERVICE OF PROCESS

We have been advised by our Panamanian counsel, Arias, Fábrega & Fábrega, that no treaty exists between the United States and Panama for the reciprocal enforcement of foreign judgments and that there is doubt as to the enforceability, in original actions in Panamanian courts, of liabilities predicated solely on United States federal securities laws and as to the enforceability in Panamanian courts of judgments of United States courts obtained in actions predicated upon the civil liability provision of the United States federal securities laws. In any case, judgments of courts outside Panama, including but not limited to judgments of United States courts, may only be recognized and enforced by the courts of Panama in the event that the Supreme Court of Panama validates the judgment by issuing a writ of exequatur. Subject to a writ of exequatur, any final money judgment rendered by any foreign court will be recognized, conclusive, and enforceable in the courts of Panama without reconsideration of the merits, provided that (i) such foreign court grants reciprocity to the enforcement of judgments of courts of Panama, (ii) the party against whom the judgment was rendered, or its agent, was personally served (service by mail not being sufficient) in such action within such foreign jurisdiction, (iii) the judgment arises out of a personal action against the defendant, (iv) the obligation under the judgment is lawful in Panama and does not contradict the public policy of Panama, (v) the judgment, in accordance with the laws of the country where it was rendered, is final and not subject to appeal, (vi) the judgment is properly authenticated by diplomatic or consular officers of Panama, or pursuant to the 1961 Hague Convention Abolishing the Requirement of Legalization of Foreign Public Documents, and (vii) a copy of the final judgment is translated into Spanish by a licensed translator in Panama.

A majority of our directors and officers are residents of Panama or elsewhere outside the United States, and all or a significant portion of the assets of those persons may be, and the most significant portion of our assets are, located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon such persons, or to enforce against them judgments predicated upon the civil liability provisions of U.S. federal securities laws, or otherwise obtained, in U.S. courts. Because all or a substantial portion of our assets are located outside the United States, any judgment obtained in the United States against us may not be fully collectible in the United States.

Furthermore, your rights under the notes may be subject to the takeover of administrative control (*toma de control administrativo*), intervention, reorganization, forceful liquidation of the Bank and the administrative laws of Panama, and we cannot assure you that you will be able to effectively enforce your rights in such or similar proceedings. In addition, other laws of Panama may be materially different from, or in conflict with, each other, including in the areas of rights of creditors, priority of government entities and related party creditors. The application of these laws, or any conflict among them, could call into question what and how Panamanian laws should apply. The laws of Panama may not be as favorable to your interests as the laws of jurisdictions with which you are familiar.

We are a bank duly licensed in Panama, and, therefore, in accordance with Decree Law No. 9 of February 26, 1998, as amended by Decree Law No. 2 of February 22, 2008 and compiled in a single text by Executive Decree No. 52 of April 30, 2008 (the "Banking Law"), in case of an attachment, seizure, lien or any other precautionary measure in Panama against assets owned by us, the Court shall provide the relevant order to the SBP before its execution. The SBP shall have 30 days to make the proper arrangements in accordance with the provisions of the Banking Law. If the SBP makes no arrangement or does not take any measures whatsoever within this period, the judge will continue with the execution of the respective resolution as provided for in the Judicial Code of Panama, without prejudice to the powers that the Banking Law grants the SBP. Such issues may adversely affect your ability to enforce your rights under the notes in Panama, as the case may be, or limit any amounts that you may receive.

The Issuer will make an appointment so that the process by which any proceedings in the State of New York may be served on it by being delivered to the New York Agency of Bladex, 708 Third Avenue, 16th Floor, New York, New York 10017 (or its other address in New York from time to time).

SUMMARY

This summary highlights selected information about us and should be read as an introduction to the more detailed information included in this offering memorandum. This summary does not contain all the information you should consider before investing in the notes. You should read this entire offering memorandum carefully for a more complete understanding of our business and this offering, including "Risk Factors," "Presentation of Financial and Other Information," "Selected Financial Information," "Operating and Financial Review and Prospects" and our financial statements and related notes.

The information presented is a summary of the principal terms and conditions of the offering, including the details of the risk factors included in the same. Potential investors that are interested should read this section together with the totality of the information contained in this offering memorandum and request clarification if you do not understand any of the terms and conditions, including the risk factors, of the offering.

Overview

The Bank

The Bank, a corporation *(sociedad anónima)* organized under the laws of Panama and headquartered in Panama City, Panama, is a specialized multinational bank originally established by central banks of Latin American and Caribbean countries to promote foreign trade and economic integration in the Region. The legal name of the Bank is Banco Latinoamericano de Comercio Exterior, S.A. Translated into English, the Bank is also known as Foreign Trade Bank of Latin America, Inc. The commercial name of the Bank is Bladex.

As of (or for the six months ended as of, as applicable) June 30, 2025, the Bank had, on a consolidated basis:

- $12,674 million in total assets;
- $8,597 million in loans– principal balance;
- $1,415 million in total equity;
- a return on average total assets of 2.0%;
- a Tier 1 Basel III capital to risk-weighted assets ratio of 15.0%; and
- return on average total equity of 17.0%.

The Bank was established pursuant to a May 1975 proposal presented to the Assembly of Governors of Central Banks in the Region, which recommended the creation of a multinational organization to increase foreign trade financing capacity of the Region. The Bank was organized in 1977, incorporated in 1978 as a corporation pursuant to the laws of the Republic of Panama, and officially began 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 a contract-law signed in 1978 between the Republic of Panama and Bladex, the Bank was granted certain privileges by the Republic of Panama, including an exemption from payment of income taxes in the Republic of Panama.

The Bank's mission is to provide financial solutions to financial institutions, companies and investors doing business in Latin America, supporting trade and integration across the Region.

As a specialized multinational bank with a strong and historic commitment to Latin America, the Bank possesses extensive knowledge of business practices, risk and regulatory environments, accumulated over forty years of doing business throughout the entire Region. Bladex provides foreign trade solutions to a select client base of

premier Latin-American financial institutions and corporations, and has developed an extensive network of correspondent banking institutions with access to the international capital markets. Bladex enjoys a preferred creditor status in certain jurisdictions, being recognized for its strong capitalization, prudent risk management and sound corporate governance standards. Bladex fosters long-term relationships with clients, and over the years it has developed a reputation for excellence when responding to its clients' needs, in addition to having a solid financial track record, which has reinforced its brand recognition and its franchise value in the Region, and contributes to the Bank achieving its vision of being recognized as a leading institution in supporting trade and integration across Latin America.

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 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.

The Bank offers its services through its head office in Panama City, its agency in New York (the "New York Agency"), its subsidiary in São Paulo, Brazil, its representative offices in Buenos Aires, Argentina; Mexico City, Mexico; and Bogotá, Colombia, and its representative license in Peru, as well as through a worldwide network of correspondent banks.

Bladex's head office is located at Torre V, Business Park, Avenida La Rotonda, Urb. Costa del Este, Panama City, Republic of Panama.

The New York Agency, which began operations in 1989, is located at 10 Bank Street, Suite 1220, White Plains, NY 10606. The New York Agency is principally engaged in financing transactions related to international trade, mainly the confirmation and financing of letters of credit for customers in the Region. The New York Agency is also authorized to book transactions through an International Banking Facility ("IBF").

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

Our Strengths

Over the course of more than three decades, Bladex has developed competitive strengths that it believes set it apart from its competitors and will allow it to continue to grow and improve its return on capital:

Leader in the trade finance sector within Latin America

Bladex is a financial institution in the trade finance sector and has a presence in most countries in the Region, providing it with a competitive advantage in intra-regional trade. Intra-regional trade has been increasing at an average rate of approximately 4% per year from 2005 through 2024 due to the expansion of Latin American corporations and the proliferation of free trade agreements within the Region. Regional exports amounted to approximately $1,441 billion in 2024. Since starting operations in 1979, the Bank has established a well-diversified Commercial Portfolio (defined below) across a variety of industries and markets. Most of the Bank's exposure is in countries such as Brazil, Mexico, Colombia, Chile and Panama, and in targeted industries and to key participants in the international trade value chain within the Region. These participants include, among others, financial institutions and corporations in the oil/gas and industrial sectors, comprised substantially of metal manufacturing, food and beverages, electric power, plastics and packaging, and other manufacturing industries.

Trade finance focus with strong track record of recovery

The Bank operates primarily in the trade finance sector, which is generally short-term in nature and considered to be a limited risk sector. According to standards published by the Bank for International Settlements, trade finance has a lower risk weighting than long-term lending. Additionally, due to its extensive experience and knowledge of the trade finance sector, the Bank has a strong track record of recovery and repayment rates. Bladex's

impaired credits represent only 0.2% of its total Credit Portfolio as of June 30, 2025, and the Bank has also demonstrated a strong ability to recover loans in financial distress situations. For example, the Bank recovered more than 84% of its past due loans in Argentina after the 2001 crisis in that country.

Strong liquidity position and capitalization

The Bank possesses a strong liquidity position in the form of cash and cash equivalents and highly liquid corporate debt securities rated 'A-' or above (international scale credit rating), accounting for 15.5% of total assets as of June 30, 2025, and a short-term Commercial Portfolio with an average remaining maturity of 117 days, reflecting the Bank's focus on trade finance. The Bank's "Commercial Portfolio" refers to gross loans excluding interest receivable, allowance for loan losses, unearned interest and deferred fees (collectively, the "Loan Portfolio"), customers' liabilities under acceptances, loan commitments and financial guarantee contracts, such as confirmed and stand-by letters of credit, and guarantees covering commercial risk. The Bank also has a strong capital position, which reflects among other factors significant short-term deposits mostly made by central banks from 23 countries in the Region which comprise a portion of the Bank's shareholding base. The Bank's Tier 1 Ratio (calculated based on the Basel III capital adequacy guidelines published by the Basel Committee on Banking Supervision (the "Basel Committee")) of 15.0% as of June 30, 2025, is even more significant in light of the relatively short-term life of its portfolio. In addition, as of June 30, 2025, the Bank's Capital Adequacy Ratio, calculated according to the guidelines of the Banking Law (as defined below), was 13.9%, well above the Panamanian required minimum of 8% of total risk-weighted assets.

Significant deposit base and diversified funding sources

The Bank's principal sources of funds are deposits and, to a lesser extent borrowed funds and floating and fixed rate debt 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 on prevailing economic and market conditions. As of June 30, 2025, Bladex's sources of funding consisted of deposits (62%), long-term borrowings and debt (24%), short-term borrowings and debts (12%) and securities sold under repurchase agreements (2%). The Bank obtains deposits principally from central and commercial banks primarily located in the Region. As of June 30, 2025, 37% of the deposits held by the Bank were deposits from central banks or their designees (i.e., the Bank's Class A shareholders), and 63% of the Bank's deposits represented deposits from corporations, financial institutions, brokers and multilaterals. The Bank's short-term borrowings and debt consist of borrowings from banks and debt instruments from notes issued under the Program that have maturities of up to 365 days. The Bank's short- and medium-term borrowings mainly come from international correspondent banks from the United States, Mexico, Japan, Canada, Europe and multilateral organizations. The Bank continues to diversify its funding sources beyond Central Bank deposits, bilateral lines of credit, capital markets transactions and cross border borrowings. The launch of its Yankee CD program in November 2019, has successfully further diversified the Bank's depositor base by adding new depositors and increasing deposit alternatives. As of June 30, 2025, the Bank's Yankee CD program represented 20% of total deposits.

In addition, the Bank has a successful track record in the global syndicated loan markets. In October 2022, the Bank closed a $123 million syndicated loan with Mizuho Bank, LTD as Lead Arranger and Bookrunner. Furthermore, in May 2024, the Bank closed a $400 million syndicated loan, with Sumitomo Mitsui Banking Corporation acting as Sole Lead Arranger, Administrative Agent and Bookrunner. The lenders were longstanding participants from previous transactions and new lenders from the United States, Asia and Europe. Debt capital markets have also been a source of funding for the Bank's activities. In September 2024, the Mexican National Registry of Securities (*Registro Nacional de Valores*) authorized increasing the aggregate amount of the Mexico Program from MXN25 billion to MXN35 billion or its equivalent in Investment Units (*Unidades de Inversión*). As of June 30, 2025, the Bank had seven outstanding medium-term issuances (series) under the Mexico Program, for a total principal amount of MXN17.97 billion, equivalent to $961 million. Under the Mexico Program, the Bank primarily targets non-bank institutional investors and has issued multiple placements with short-, medium-, and long-term tenors. Moreover, in March 2023, Bladex successfully completed the registration of its Revolving Corporate Bond Program in Panama (the "Panama Program"). This program, with a maximum principal amount of $300 million for the issuance of short- and long-term notes, is a key component of the Bank's strategy to diversify its investor base. It allows for the participation of new investors not only from Panama but also from across the Central American region. As of June

30, 2025, there were 15 outstanding issuances (series) under the Panama Program. The total outstanding principal amount of issuances under this program was $82.1 million with an average term of two years and eleven months.

Long-term client relationships with top-tier companies in the Region

Due to the Bank's long history of specialized focus on trade finance in the Region, it has built strong relationships with some of the Region's largest companies and has gained significant expertise in local markets and industry sectors. Bladex's extensive coverage of the Region, with offices in strategic locations such as Panama, New York, Mexico City, São Paulo, Buenos Aires, Bogotá, and its representative license in Peru, puts it in an ideal position to serve important clients and gain access to new clients in the Region. The Bank's market leadership provides it with strong regional brand recognition, and it uses its commercial name, "Bladex," in every country it operates.

Long track record of success

The Bank was the first Latin American bank with common shares listed on the NYSE (1992), the first such bank to be rated "Investment Grade" (1992) and the first such bank to place a non-guaranteed syndicated loan in Asia (2009), which was a $100 million, two-year term loan. Since 1979, Bladex has provided seamless support to foreign trade business in the Region while creating value.

Experienced team with deep knowledge in the trade finance, banking and finance sectors within Latin America

Bladex's executive officers have broad experience in banking, trade finance and with financial institutions in Latin America, bringing an average of approximately 25 years of professional experience in the financial sector. The Bank's well-defined strategy, which is executed by a highly skilled and experienced team, has positioned the Bank to take advantage of trends in Latin American trade finance and to grow the Bank's business in a sustainable manner.

Strong commitment from central banks in the Region

Currently the Bank is supported by central banks and other state-owned banks from 23 countries in the Region which hold Class A common stock of the Bank. As of June 30, 2025, 17.0% of Bladex's common stock was held by these Class A shareholders. The Bank believes that the participation of these central banks and other state-owned banks has been instrumental in the Bank's obtaining "preferred creditor" status in the past. The Bank obtains deposits principally from central and commercial banks primarily located in the Region. As of June 30, 2025, 37% of the deposits held by the Bank were deposits from central banks or their designees (i.e., the Bank's Class A shareholders). The average term remaining to maturity of deposits from the Region's central and state-owned banks as of December 31, 2024, 2023 and 2022, was 38 days, 47 days and 38 days, respectively.

Our Strategies

Continue to strengthen the Bank's business model, further leverage competitive advantages, expand the customer base and improve the value proposition to customers.

The Bank's Board of Directors and management, assisted by a global strategic consulting firm, has developed a five-year strategic plan for the period 2022-2026 (the "Medium Term Strategic Plan"). The fundamental components of the Medium Term Strategic Plan include strengthening the Bank's business model, better leveraging its competitive advantages, expanding its customer base and improving the value proposition offered to the Bank's customers.

A new compensation plan for the management with key performance indicators linked to the results of the Medium Term Strategic Plan and a variable individual compensation linked to the success of the strategies related to the Medium Term Strategic Plan, are concrete steps that the Bank has taken aiming to ensure its successful implementation. Management believes that it has the right pillars in place to support the achievement of this plan and that its ongoing implementation will improve the profitability of the Bank's business while ensuring that the Bank

remains faithful to its mission of promoting foreign trade and regional integration in a sustainable way, without changing the Bank's business model.

Optimize the Bank's credit origination processes

Optimizing the Bank's commercial effectiveness in order to strengthen credit origination is one of the key goals of the Medium Term Strategic Plan. To this end, since implementing the Medium Term Strategic Plan two years ago, the Bank has successfully streamlined key processes to ensure faster client onboarding and enhanced operational capabilities, as well as optimizing capital. The Bank plans to continue focusing on lending to its top-tier client base of banks and corporations throughout the Region, favoring strategic sectors and taking advantage of business opportunities emerging from the expected Regional economic recovery, a positive commodity cycle and the continuance of an increasing trend in trade flows in the Region.

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 located representative offices and a subsidiary in Brazil in order to provide focused products and services in markets that the Bank considers key to its continued growth.

Targeted growth in expanding and diversifying the Bank's offering of products and services, as well as the exposure to its client base

The Bank's strategy is to participate in activities associated with trade and the trade supply chain, as well as integration across Latin America, targeting clients that offer the potential for longstanding relationships and a wider presence in the Region, such as financial institutions, corporations, sovereigns and state-owned entities. The Bank seeks to achieve this through participation in bilateral and co-financed transactions and by strengthening the short- and medium-term trade and non-trade financing that it provides. The Bank intends to continue enhancing existing client relationships and establish new client-relationships through its Region-wide expertise, product knowledge, quality of service, agile decision-making process and client approach, and by strategically targeting industries and participants in the value chain of international trade by country within the Region, without shifting the Bank's target customer base or materially increasing credit risk.

The Bank plans to focus its future efforts on growing its business with a larger number of corporate clients along the trade value chain, which management believes will reinforce the Bank's business model, enhance origination capacity and all the Bank to deploy capital most effectively. The Bank also intends to continue diversifying its credit risk profile, in order to continue to mitigate the impact of potential losses, should they occur. The optimization phase of the Strategic Plan has now concluded, enabling the Bank to significantly grow its customer base in strategic markets and increase lending margins through an efficient pricing policy on an expanded client base.

The expansion phase of the Strategic Plan is currently focused on broadening the Bank's product offering. To that end, the Bank is deploying the necessary technological platforms to scale its initiatives. As a result of the Bank's relationships throughout the Region, management believes it is well positioned to strategically identify key products and services to offer to clients. The Bank's Articles of Incorporation permit a broad scope of potential activities, encompassing all types of banking, investment, and financial and other businesses that support foreign trade flows and the development of trade and integration in the Region. This supports the Bank's ongoing strategy to develop and expand products and services that complement the Bank's expertise in foreign trade finance and risk management, in which we believe there is significant upside potential such as: i) letters of credit client base diversification, ii) vendor finance with a focus on supply chain finance through electronic platforms, iii) opportunistic project finance as well as financing acquisitions from the Bank's structuring and syndication business desk, as well as liability management transactions, iv) complementing bilateral short-term plain vanilla trade lending with buy- and sell-side working capital solutions for corporations, and v) the incorporation of treasury products to better satisfy our clients' needs.

In addition, the Bank has strengthened its commercial sales force, specifically the client service team, not only by increasing its size but also its capabilities by introducing team members with the diverse backgrounds and skill sets necessary to develop, manage and commercialize the new products and services that the Bank expects to offer. The Bank continues to view the incorporation of new talent as fundamental for improving its results of

operations and implementing its Medium Term Strategic Plan and has implemented a talent management strategy focused on attracting highly qualified employees to enhance the competence of its existing workforce.

Streamline the Bank's operating model and processes for supporting the execution of its strategy to achieve greater efficiency

The Bank intends to improve its key processes, focusing mainly on client service and development of new products. The main objective is to reduce process inefficiencies in order to allow the ongoing introduction of new products and increase the number of transactions, improving efficiency and productivity throughout its organization and simultaneously enhancing the Bank's capability to mitigate potential operational risk. For example, the Bank has a new trade finance platform, in partnership with CGI, a global leader in trade finance technology, which is operative after successfully concluding final tests, and we started rolling out the system to selected pilot clients in July 2025. This platform is expected to substantially transform the Bank's letters of credit unit by providing a state-of-the-art digital client interface, significantly enhancing efficiency security and client experience, and enhancing transaction processing capabilities for working capital solutions. In addition, the Bank has selected a vendor for its new treasury software and is currently in the initial phase of construction after concluding the implementation and finalizing adjustments with the vendor to ensure a seamless rollout. Management currently anticipates that the first phase of the Bank's new treasury software will be ready for deployment in the third quarter 2026. Management anticipates that for the next few years the Bank will be working closely with key strategic IT vendors in order to ensure that the Bank's product suite expansion has a robust and scalable backend. In addition, as part of the implementation of the remaining phases of the Medium-Term Strategic Plan, the Bank seeks to leverage increased digitization and automatization of its internal processes as part of its efforts to expand its offer of services and products, both in the commercial and treasury segments. These efforts are focused on business scaling, which management believes will enhance processing capacity and improve client-focused services and experiences.

Recent Developments

During 2024, the combination of slowing inflation and resilient economic activity allowed banks to begin reducing benchmark interest rates, especially in the United States, even though inflation rates remained above target levels. Economic growth was not uniform among regions.

According to the International Monetary Fund, in 2024, the Euro Zone grew almost 0.8%, while the United States grew more than 3% after the pandemic and Latin America grew by approximately 2%.

The post-pandemic era has been characterized by the normalization of supply chains, higher prices and a strong services economy.

According to the United Nations Conference on Trade and Development, global trade in services expanded by more than 6% in 2024, while trade in goods recovered at a 2% rate in 2024 after having registered almost no expansion in 2023. These expansions contributed to greater economic resilience, despite renewed geopolitical tensions; although they also played a role in the normalization of high interest rates.

Central Banks in developed countries generally eased monetary policies in 2024; however, interest rates remain significantly high due the persistence of inflation. The U.S. Federal Reserve cut its upper level reference rate by 100 basis points to 4.5% during the fourth quarter of 2024, which still represents a restrictive rate. Similarly, the European Central Bank also cut its reference rate by 100 basis points to 3% in 2024, which represents a less restrictive rate.

In the United States, despite high interest rates and above-target inflation, private consumption remained strong in 2024, boosting growth in part due to still pro-cyclical government expenditures, but also due to a structurally resilient economy. According to the Economist Intelligence Unit, private consumption in the United States grew by a strong 2.8% in 2024, while government consumption expanded by 3.4% and total GDP grew by 2.8%, a rate that exceeded the average growth in most of developed countries and Latin America. Recently, however, uncertainty has increased due to the measures that the Trump administration has implemented to date, and the signals it has given about policies it plans to implement in future periods. Tariffs across the board, strict immigration policies, and trade

tensions with China, as well as with several other countries and trading blocs globally, have raised the likelihood of a United States recession, or even stagflation, in 2025. Headline inflation in the United States continues to be above 3%.

Recent events have increased caution across markets and have led to the postponement of investments in several cases, as investors await clarity on the real effects these factors will have on the U.S. and other key global economies, including the economy of the Region. We therefore expect growth in the Region to remain uneven. While Mexico, Panama, Ecuador and Colombia are growing below expectations and continue to register low investment rates, countries like Chile, Costa Rica, the Dominican Republic, El Salvador, Guatemala and Perú remain close to their respective long-term target growth or even slightly above.

The policies of the new United States administration are expected to continue generating uncertainty due to, among other factors: (i) remittances from the United States account for nearly a quarter of the national GDP in each of Honduras, Guatemala and El Salvador, making the new administration's strict immigration policy a significant risk factor for these economies; and (ii) the United States remains the main trading partner for most of the economies in the Region. In the case of Mexico, exports to the United States represent approximately 80% of total exports. In this context, tariffs can be a risk for the balance of payments in most Latin American countries. In addition, commodity prices may be affected if there is a strong deceleration in economic activity, which may, in turn, affect countries like Colombia, Chile, Peru, Ecuador and Argentina.

During the first half of 2025, global markets have operated within a complex macroeconomic environment characterized by persistent trade tensions and evolving policy priorities, resulting in heightened market volatility and investor uncertainty. Geopolitical instability has escalated, notably through the ongoing conflict between Palestine and Israel, as well as Israel's recent conflict with Iran, which have contributed significantly to upward pressure on global oil prices. While governments worldwide have increasingly adopted protectionist trade measures, the economic impact of such policies has thus far been less severe than market participants initially anticipated.

The Latin American region presents a varied but generally resilient economic landscape. Consumer spending continues to function as the primary growth driver across the region, although capital investment remains subdued. According to International Monetary Fund projections, regional economic expansion is expected to experience a modest deceleration in 2025, primarily attributable to reduced economic activity in Brazil and Mexico. Conversely, several economies including Colombia, Chile, Panama, Costa Rica, and Guatemala are projected to experience accelerated growth trajectories during the second half of the year.

Despite these circumstances, Bladex realized a net profit of $115.9 million for the first six months of 2025, as business growth continued broad-based with strong momentum in Central American markets, with top line revenues of Net Interest Income and Fees increasing 6% and 39% year-over-year, respectively. This strong performance reaffirmed the Bank's resilience and adaptability of its business model in the face of an increasingly complex macroeconomic environment and volatile trade conditions.

Environmental, Social and Governance (ESG)

The Bank's Commitment to ESG

The Bank's Board, Executive Committee and employees recognize that strong governance, environmental stewardship, and social responsibility are critical to building long-term business success. The Bank is committed to sustainable business practices and have implemented oversight and processes throughout its operations to effectively manage Environmental, Social, and Governance (ESG) matters relevant to its business over time. Through various initiatives, the bank aims to make a positive impact in the communities in which it operates, embed social and environmental considerations in its business and investment decisions, provide a supportive and inclusive workplace environment, and act in environmentally conscious ways.

The Bank's ESG approach is articulated through four main axes: Responsible management of the environment, the promotion of inclusive social practices, the strengthening of solid governance and sustainable finance. The Bank considers that these areas are fundamental to achieve sustainable and balanced growth aligned with the values that guide its organization.

The Bank perceives the implementation of ESG as an opportunity to make its risk management processes more robust and to identify new areas of opportunity. The Bank does not seek to reduce the spectrum of its services or to stop financing certain sectors or industries, however, it is seeking to integrate ESG into its business to drive value for its shareholders and the communities in which it operates.

Since 2022 the Bank has been working with external ESG experts to define a roadmap to start formalizing a sustainability and ESG program. This process included a thorough assessment of the Bank's current operations and practices, to identify key areas for improvement and opportunities to strengthen its ESG approach. As a result, policies and procedures were established, institutionalizing ESG principles within the organization, and seeking their integration at all levels and in strategic decision-making.

At the end of 2024, the Bank successfully concluded the initial phase supported by consultants, which allowed the Bank to make significant progress in consolidating its ESG Action Framework. The Bank has appointed a new head to lead the sustainability and ESG area, who will be responsible for directing the execution of the Bank's sustainability and ESG agenda.

The Bank is in the process of formalizing its Framework of Action with representatives of each area, in charge of the implementation of ESG policies and tracking the progress defined by the external consultants. This team, with both a strategic and operational focus, will be responsible for ensuring the continuity and efficient implementation of ESG projects.

Clawback Policy

In 2023, the Bank adopted a recovery policy (or "Clawback Policy") that complies with NYSE filed listing standards and SEC rules. Under the policy, if the Bank is required to prepare an accounting restatement due to material noncompliance with any financial reporting requirement under the U.S. federal securities laws, the Board will, subject to certain exceptions, seek to recover "excess incentive-based compensation" from each individual who is a Section 16 officer or was a Section 16 officer during the performance period for such incentive-based compensation. For this purpose, excess incentive-based compensation generally is the amount of incentive-based compensation that is based on a financial performance measure that is in excess of the amount that otherwise would have been received had such incentive-based compensation been determined based on restated amounts in the accounting restatement. The Clawback Policy applies to incentive-based compensation for which the financial performance metric was attained during the three-year period preceding the date of the accounting restatement.

Our Corporate Structure

The following chart presents Bladex's corporate structure as of June 30, 2025. The percentages represent the total share capital owned by the parent company of each entity.

Bladex Head Office's current subsidiaries are the following:



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

- Bladex Representação Ltda., incorporated under the laws of Brazil on January 7, 2000, acts as the Bank's subsidiary in Brazil. Bladex Head Office owns 99.999% of Bladex Representação Ltda. and Bladex Holdings owns the remaining 0.001%.

- Bladex Development Corp. ("Bladex Development") was incorporated under the laws of the Republic of Panama on June 5, 2014. Bladex Head Office owns 100% of Bladex Development.

Bladex commenced operations in 1979 with total equity of $25 million paid by 186 shareholders and, as of June 30, 2025, had total equity of $1,415 million. Bladex has four classes of common shares as follows:

- Class A shares: central banks, state-owned entities or government agencies from 23 countries in the Region, own all of Bladex's Class A shares, which as of June 30, 2025, comprised 17.0% of Bladex's common stock;

- Class B shares: 61 commercial banks or financial institutions, mostly from the Region, own Bladex's Class B shares, which as of June 30, 2025, comprised 4.6% of Bladex's common stock;

- Class E shares: Bladex's Class E shares are listed on the NYSE and as of June 30, 2025, comprised 78.4% of its common stock; and

- Class F shares: state entities and agencies of non–Latin American countries, including, among others, central banks and those banks with the related state agency as the majority shareholder, and multilateral financial institutions that are international or regional institutions may own Class F shares. As of June 30, 2025, no Class F shares have been issued.

As of June 30, 2025, the Bank's Board of Directors (the "Board") was composed of three Directors representing holders of the Class A common shares, five Directors representing holders of the Class E common shares, and two Directors representing all classes of common shares. The affirmative vote of three-quarters of the issued and outstanding Class A shares is required (i) to dissolve and liquidate the Bank, (ii) to amend certain material provisions

of the Bank's Articles of Incorporation, (iii) to merge or consolidate the Bank with another entity and (iv) to authorize the Bank to engage in activities other than those described in its Articles of Incorporation.

This offering memorandum contains certain of our trademarks, trade names and service marks, including our logo. Each trademark, trade name or service mark of any company appearing in this offering memorandum belongs to its respective holder.

THE OFFERING

The following is a brief summary of certain material provisions of this offering. Some of the terms and conditions described below are subject to important limitations and exceptions. For a more complete description of the terms of the notes, see "Description of the Notes" in this offering memorandum.

Issuer	Banco Latinoamericano de Comercio Exterior, S.A.
Notes	U.S.$200,000,000 aggregate principal amount of 7.500% perpetual non-cumulative fixed-to-fixed subordinated notes. The notes are perpetual instruments with no fixed maturity or fixed redemption date.
Issue Price	100.000% of the principal amount, plus accrued interest, if any, from September 18, 2025.
Issue Date	September 18, 2025.
Interest	Subject to the limitations on interest described in "Description of the Notes—Limitation on Interest", from, and including, September 18, 2025 (the "**Closing Date**") to, but excluding, September 18, 2032 (the "**Initial Reset Date**"), interest on the notes will initially accrue at a fixed rate of 7.500% per annum. The Initial Reset Date and every fifth anniversary thereafter will each be a "Reset Date." Subject to the limitations on interest described in "Description of the Notes —Limitation on Interest", from, and including, each Reset Date, including the Initial Reset Date, to, but excluding, the next succeeding Reset Date, interest on the notes will accrue at a fixed rate per annum equal to the sum of (a) the Treasury Rate (as defined below) and (b) 373.60 basis points (rounded to two decimal places, with any value equal to or lesser than 0.005 being rounded down). "Independent Investment Banker" means an independent investment banking institution of national standing appointed by the Issuer. "**Reset Determination Date**" means, with respect to any Reset Date, the second Business Day immediately preceding such Reset Date. "**Treasury Rate**" means, with respect to any Reset Determination Date, the yield determined by the Independent Investment Banker after 4:15 p.m., New York City time (or after such time as yields on U.S. government securities are posted daily by the Board of Governors of the Federal Reserve System), on the Reset Determination Rate, based upon the yield or yields for the most recent day that appear after such time on such day in the most recent statistical release published by the Board of Governors of the

Federal Reserve System designated as "Selected Interest Rates (Daily) – H.15" or any successor designation or publication ("H.15") under the caption "U.S. government securities—Treasury constant maturities—Nominal" or any successor caption or heading ("H.15 TCM"). In determining the Treasury Rate, the Independent Investment Banker shall select, as applicable: (1) the yield for the Treasury constant maturity on H.15 exactly equal to the period from the applicable Reset Date to the next succeeding Reset Date; or (2) if there is no such Treasury constant maturity on H.15 exactly equal to such period, the two yields—one yield corresponding to the Treasury constant maturity on H.15 immediately shorter than and one yield corresponding to the Treasury constant maturity on H.15 immediately longer than such period—and shall interpolate to the next Reset Date on a straight-line basis (using the actual number of days) using such yields and rounding the result to three decimal places; or (3) if there is no Treasury constant maturity on H.15 shorter than or longer than such period, the yield for the single Treasury constant maturity on H.15 closest to such period. For purposes of this definition, the applicable Treasury constant maturity or maturities on H.15 shall be deemed to have a maturity date equal to the relevant number of months or years, as applicable, of such Treasury constant maturity from the applicable Reset Date.

If on the Reset Determination Date H.15 TCM is no longer published, the Independent Investment Banker shall calculate the Treasury Rate based on the rate per annum equal to the semi-annual equivalent yield to maturity at 11:00 a.m., New York City time, on the Reset Determination Date of the United States Treasury security maturing on, or with a maturity that is closest to, the next succeeding Reset Date. If there is no United States Treasury security maturing on the next succeeding Reset Date but there are two or more United States Treasury securities with a maturity date equally distant from the next succeeding Reset Date, one with a maturity date preceding the next succeeding Reset Date and one with a maturity date following the next succeeding Reset Date, the Independent Investment Banker shall select the United States Treasury security with a maturity date preceding the next succeeding Reset Date. If there are two or more United States Treasury securities maturing on the next succeeding Reset Date or two or more United States Treasury securities meeting the criteria of the preceding sentence, the Independent Investment Banker shall select from among these two or more United States Treasury securities the United States Treasury security that is trading closest to par based upon the average of the bid and asked prices for such United States Treasury securities at 11:00 a.m., New York City time. In determining the Treasury Rate in accordance with the terms of this paragraph, the semi-annual yield to maturity of the applicable United States Treasury security shall be based upon the average of the bid and asked prices (expressed as a percentage of principal amount) at 11:00 a.m., New York

City time, of such United States Treasury security, and rounded to three decimal places.

Interest payments are non-cumulative such that if an interest payment is cancelled (in whole or in part) as a result of the limitation described below, the unpaid interest will not accrue or be due and payable at any time and the failure to pay such interest will not constitute a default or an event of default. Accordingly, holders of the notes will not have any claim thereof whether or not interest is paid in respect of any other period. Subject to the limitations on interest described on "Description of the Notes—Limitation on Interest", with respect to each Interest Payment Date, interest on the notes will accrue from the date of original issuance, or the most recent Interest Payment Date, as applicable.

Promptly following the Reset Determination Date (and in any case no later than 15 Business Days thereafter), the Issuer will deliver to the trustee and paying agent an Officers' Certificate, which sets forth the interest rate for the notes. In no event will the trustee or any paying agent be responsible for determining the interest rates on any Reset Determination Date or verifying or confirming any component thereof.

Interest Payment Dates ..... Subject to the limitations on interest described in "Limitation on Interest," interest on the notes will be payable semi-annually in arrears on each March 18 and September 18 of each year (each an "Interest Payment Date"), commencing on March 18, 2026.

Cancellation of Interest Payments ..... Interest on the notes will not be due and payable on an Interest Payment Date (a "Cancellation of Interest") and such interest will not accrue or accumulate in the event that:

(i) the Issuer determines that it is, or that such interest payment would result in it being, in noncompliance with applicable capital regulations or operational limits set by the Superintendency of Banks of Panama;

(ii) the Issuer determines that such interest payment would result in the notes no longer being characterized as Target Capital Instruments (as defined below);

(iii) the Superintendency of Banks of Panama determines that such interest payment may not be made;

(iv) certain Insolvency or Liquidation Events occur which limit the Issuer's ability to make payments in full in respect of the notes;

(v) certain defaults with respect to the Senior Debt having a principal amount in excess of U.S.$50,000,000 occur;

(vi) the Issuer, at its sole discretion, elects to suspend the payment and accrual of interest (a "Non-Payment Election").

Notwithstanding the above, no payment of interest may be suspended with respect to any outstanding principal of notes that have been called for redemption and remain unpaid after a Redemption Date (as defined below).

"Target Capital Instrument" means any securities or instruments that classify as Additional Tier 1 Capital (*Capital Primario Adicional*), under applicable laws and regulations of the Superintendency of Banks of Panama as in effect from time to time.

Target Capital Instrument will also include any such other securities or instruments with a classification by the Superintendency of Banks of Panama which denotes a greater equity content than Additional Tier I Capital (*Capital Primario Adicional*), under applicable laws and regulations of the Superintendency of Banks of Panama as in effect from time to time.

Dividend Stopper: The Indenture will provide that, in the event that interest has not been paid as a result of a Non-Payment Election or the Issuer otherwise fails to pay interest on the notes on any Interest Payment Date, the Issuer will recommend to its shareholders that they refrain from voting to take and, to the fullest extent permitted by applicable law, will otherwise act to prevent, any of the following actions until interest payments on a subsequent Interest Payment Date, and with respect to the relevant interest period, have been paid in full: (i) declare, pay or distribute a dividend or make a payment on or in respect of, any of the Issuer's Junior Securities or Parity Securities, or (ii) redeem, purchase or otherwise acquire for any consideration any of the Issuer's or the Issuer's subsidiaries' Junior Securities or any Parity Securities, until the next Interest Payment Date on which a full payment of interest due on the notes on such date has been made, except, in the case of (i) or (ii), for: (a) by conversion into, or in exchange for, Junior Securities, (b) in connection with transactions effected by or for the Issuer's customers or any of its subsidiaries' customers or in connection with interest, trading or market-making activities in respect of the Junior Securities or Parity Securities, (c) in connection with the satisfaction of the Issuer's obligations or the obligations of any of its subsidiaries under any employee benefit plans or similar arrangements with, or for the benefit of employees, officers, directors or consultants; (d) as a result of a reclassification of the Issuer's capital stock or the capital stock of any of its subsidiaries or the exchange or conversion of one class or series of capital stock for another class or series of capital stock; or (e) the purchase of the fractional interests in shares of the Issuer's capital stock or the capital stock of any of its subsidiaries pursuant to the conversion or exchange provisions of that capital stock (or the security being converted or exchanged).

Optional Redemption	Subject to the prior approval of the Superintendency of Banks of Panama or any other applicable Panamanian regulator, if such approval is then required, we may at our option redeem the notes in whole or in part, on the Initial Reset Date or on any Interest Payment Date occurring thereafter, at the Redemption Price (as defined below), solely if (i) we replace the notes subject to redemption with securities or other instruments that qualify as Tier 1 capital deemed to be of equal or greater quality than that of the redeemed notes, or (ii) we prove to the Superintendency of Banks that our capital position will significantly exceed minimum capital requirements following redemption. See "Description of the Notes—Redemption—Optional Redemption." "Redemption Price" means (i) 100% of the then outstanding aggregate principal amount of the notes to be redeemed on a proposed date of redemption (the "Redemption Date"), as set out in the notice of redemption delivered pursuant to "Redemption—Notice of Redemption," *plus* (ii) accrued and unpaid interest, if any, thereon with respect to the then current interest period through but excluding the Redemption Date, *plus* (iii) any other amounts accrued and unpaid thereon under the terms of the notes and the indenture, including Additional Amounts, if any.
Redemption Upon Tax Event	Subject to the prior approval of the Superintendency of Banks of Panama or any other applicable Panamanian regulator, if such approval is then required, at any time after the fifth anniversary of the issue date of the notes, we may at our option redeem the notes, in whole but not in part, at any time upon the occurrence of a Tax Event by giving notice of redemption to holders, at the Redemption Price, solely if (i) we (a) replace the notes subject to redemption with securities or other instruments that qualify as Tier 1 capital deemed to be of equal or greater quality than that of the redeemed notes, or (b) prove to the Superintendency of Banks of Panama that our capital position will significantly exceed minimum capital requirements following redemption, (ii) we certify to the paying agent (unless we are acting as sole paying agent, in which case, we will certify directly to the holders of the notes) in writing immediately prior to the giving of such notice that we have or will become obligated to pay Additional Amounts with respect to the notes or would not be entitled to deduct any interest to be paid on the notes (or such deduction is materially limited), in whole or in part, for Panamanian income tax purposes, and (iii) such obligation or circumstance cannot be avoided by taking reasonable measures available to us. See "Description of the Notes—Redemption—Early Redemption Upon Tax Event." "Tax Event" means a determination by the Issuer that, immediately prior to the giving of the notice of redemption, on the next Interest Payment Date the Issuer would, as a result of changes in, or amendments to, the laws (or any

	regulations or rulings promulgated thereunder) of a Taxing Jurisdiction, be obligated to pay Additional Amounts or would not be entitled to claim a deduction, in whole or in part, for Panamanian income tax purposes, in respect of any interest to be paid on the notes (or such deduction is materially limited) and such change in law occurs after the later of the issue date of the notes and the date the Taxing Jurisdiction became a Taxing Jurisdiction. The terms "Additional Amounts," "Taxing Jurisdiction" and "Officer's Certificate" are defined under "Description of the Notes—Redemption—Early Redemption Upon Tax Event."
Redemption Upon Regulatory Event or Rating Agency Event.....	Subject to the prior approval of the Superintendency of Banks of Panama or any other applicable Panamanian regulator, if such approval is then required, at any time after the fifth anniversary of the issue date of the notes, we may at our option redeem the notes, in whole but not in part, by giving notice of redemption pursuant to "Redemption—Notice of Redemption," at the Redemption Price, solely if (i) we (a) replace the notes subject to redemption with securities or other instruments that qualify as Tier 1 capital deemed to be of equal or greater quality than that of the redeemed notes, or (b) prove to the Superintendency of Banks that our capital position will significantly exceed minimum capital requirements following redemption, and (ii) we certify to the paying agent (unless we are acting as sole paying agent, in which case, we will certify directly to the holders of the notes) in writing immediately prior to the giving of such notice that a Regulatory Event or a Rating Agency Event has occurred. See "Description of the Notes—Redemption—Early Redemption Upon Regulatory Event or Rating Agency Event." "Rating Agency Event" means that, any time on or after the issue date of the notes, the Issuer receives confirmation from any Rating Agency that then publishes a rating for the Issuer that an amendment, clarification or change has occurred in the equity credit criteria for securities such as the notes, which amendment, clarification or change results (1) in the length of time for which such current criteria are scheduled to be in effect being shortened with respect to the notes or (2) in a lower equity credit for the notes than the then respective equity credit assigned by such Rating Agency or its predecessor on the issue date of the notes. For purposes of this definition, "Rating Agency" means Standard & Poor's Ratings Services, Fitch Inc. and Moody's Investors Service, Inc. or, if Standard & Poor's Ratings Services, Fitch Inc. or Moody's Investors Service, Inc. shall not make a rating on the notes publicly available, a nationally recognized statistical rating agency or agencies, as the case may be, selected by the Issuer (as certified by a resolution of the Board of Directors) which shall substitute Standard &

Poor's Ratings Services, Fitch Inc. or Moody's Investors Service, Inc., as the case may be.

"Regulatory Event" means that, as a result of any change in, or amendment to, applicable law, regulations or rules, the Issuer (i) is notified in writing by the Superintendency of Banks of Panama that the notes will no longer be classified as Target Capital Instruments, or (ii) determines, in its sole discretion, that the notes may no longer be classified as Target Capital Instruments.

Covenants ..... The indenture governing the notes will contain covenants that, among other things:

- limit our ability to consolidate with or merge into any other corporation or spin-off, convey or transfer our properties and assets substantially as an entirety to any person; and
- require us to furnish to the trustee certain supplementary and periodic information, documents and reports.

These covenants are subject to a number of important limitations and exceptions. See "Description of the Notes—Covenants".

Payment of Additional Amounts ..... All payments in respect of the notes will be made free and clear of and without any deduction or withholding for or on account of any present or future Taxes, unless the withholding or deduction of such Taxes is required by law or the official interpretation thereof, or by the administration thereof. If we are required by any law of any Taxing Jurisdiction to withhold or deduct any Taxes from or in respect of any sum payable under the notes, we will (i) pay such additional amounts ("Additional Amounts") as may be necessary in order that the net amounts receivable by holders of any notes after such withholding or deduction will equal the respective amounts which would have been receivable by such holder in the absence of such withholding or deduction, (ii) make such withholding or deduction, and (iii) pay the full amount withheld or deducted to the relevant tax or other authority in accordance with applicable law, subject to certain exceptions.

Ranking ..... The notes will be our direct, unsecured, subordinated obligations and will rank *pari passu* without preference among themselves. In the event an Insolvency or Liquidation Event (as defined below) occurs in respect of the Issuer, the notes will rank:

- junior in right of payment to the payment of all of our Senior Debt;
- *pari passu* in right of payment among themselves and with our Parity Securities; and

- senior in right of payment to the payment of our Junior Securities.

"Common Shares" means all existing and future common shares of the Issuer.

"Insolvency or Liquidation Event" means (i) emergency measures (*medidas correctivas*) or the appointment of an advisor (*asesor*), (ii) the taking of operating and administrative control (*control administrativo y operativo*) or the appointment of an administrator (*administrador*), (iii) reorganization (*reorganización*) or the appointment of a reorganizer (*reorganizador*), (iv) forceful liquidation (*liquidación forzosa*) or the appointment of a liquidator (*liquidador*), (v) insolvency, (vi) moratorium of payments, (vii) assignment for the benefit of creditors, (viii) marshalling of assets and liabilities, (ix) voluntary liquidation (*liquidación voluntaria*), (x) dissolution, (xi) winding up or (xii) other similar measures or proceedings with respect to the Issuer.

"Junior Securities" means all existing or future: (i) Common Shares (as defined below); (ii) Preferred Shares (as defined below); and (iii) other securities or instruments of the Issuer which, by its terms or by operation of law, rank junior in right of payment to the notes in an Insolvency or Liquidation Event, with regards to principal, interest or dividend.

"Parity Securities" means any existing or future securities or instruments of the Issuer which, by their terms or by operation of law, rank *pari passu* in right of payment with the notes in an Insolvency or Liquidation Event, with regards to principal, interest or other amounts. For the avoidance of doubt, the Issuer's outstanding perpetual bonds are considered Parity Securities.

"Preferred Shares" means all existing and future preferred shares of the Issuer, whether perpetual or not, and whether cumulative or not.

"Senior Debt" means all existing and future: (i) debt of the liquidation estate (*deudas de la masa*) in the event of our forceful liquidation; (ii) new deposits created during a reorganization period ordered by the Superintendency of Banks; (iii) deposits with a balance of U.S.$10,000.00 or less; (iv) claims from employees for unpaid wages and other employee's severance and compensation payments, (v) claims from the Panamanian Social Security Administration (*Caja de Seguro Social*) for unpaid employer-employee social security contributions; (vi) claims from the Panamanian government or any municipality for unpaid taxes; (vii) indebtedness or other obligation of the Issuer (including subordinated debt of the Issuer, with the exception of Parity Securities) or any other claims of the Issuer's other creditors; and (viii) other claims that are granted preference as a matter of law, except for (x) claims of holders of notes in respect of the notes, (y) claims in

	respect of Parity Securities and (z) claims in respect of Junior Securities.
Loss Absorption	Pursuant to Panamanian law, in the event of an administrative taking of control of the Issuer by the Superintendency of Banks of Panama and subsequent reorganization of the Issuer ordered by such entity, the reorganizer or the reorganization board (as the case may be) appointed by the Superintendency of Banks of Panama may decree that the principal amount and/or interest owed under the notes be used to absorb our losses. The Superintendency of Banks of Panama may take this action in the absence of any Acceleration Event or other similar legal proceeding. The notes will provide for the write-off on a permanent basis, in a minimum amount corresponding to the balance of any losses allocated to the Tier 1 capital, under applicable laws and regulations of the Superintendency of Banks of Panama, upon the occurrence of any of the following events: (a) a decree by the reorganizer or the reorganization board (as the case may be) appointed by the Superintendency of Banks of Panama pursuant to a reorganization process of the Issuer, ordering the full or partial write-off of the principal and/or interest of the notes to absorb losses; (b) determination by the Superintendency of Banks of Panama of a write-off of the notes; or (c) the Issuer's Tier 1 capital ratio falls below 5.125% (a "Non-Viability Event"). See "Description of the Notes—Defaults and Remedies—Loss Absorption."
Acceleration Event	There will be no right of acceleration in the case of a default in any payment on the notes (whether when due, upon redemption or otherwise) or the performance of any of our other obligations under the indenture or the notes. Acceleration of the notes will occur only upon the occurrence and continuation of an Acceleration Event, in which case the principal of and accrued interest on the notes then outstanding will become immediately due without any declaration or other act on the part of the trustee or any holder. See "Description of the Notes—Defaults and Remedies—Acceleration Event." "Acceleration Event" means that the Superintendency of Banks of Panama has entered a decree or similar order for the forceful liquidation (*liquidación forzosa*), voluntary liquidation (*liquidación voluntaria*), banking resolution, winding down or similar action of the Issuer and such decree or similar order has become effective and is no longer subject to challenge, appeal or revision.

Use of Proceeds.....	The net proceeds from the offering will be used for general corporate purposes (as further described under "Use of Proceeds").
Further Issuances.....	Subject to the limitations contained in the indenture, we may from time to time, without notice to or consent of the holders of the notes, create and issue an unlimited principal amount of additional notes on terms and conditions substantially identical to those of the notes offered hereby (except for the issue date, issue price and amount and date of the first payment of interest thereon) which additional notes shall be consolidated and form a series with the notes offered hereby. See "Description of the Notes."
Governing Law; Submission to Jurisdiction	The notes are being issued as direct, unsecured, junior subordinated obligations and the indenture provides that it and the notes will be governed by, and be construed in accordance with, the laws of the State of New York. We will submit to the jurisdiction of the United States federal and state courts located in the Borough of Manhattan in The City of New York in respect of any action arising out of or based on the notes.
Listing	Application has been made to list the notes on the Official List and for trading on the Euro MTF.
Book-Entry; Form and Denomination.....	The notes will be issued in the form of one or more global notes without coupons, registered in the name of a nominee of DTC, as depositary, for the accounts of its participants including Euroclear and Clearstream. The notes will be issued in minimum denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof. The notes will not be issued in definitive form except under certain limited circumstances. See "Description of the Notes—Book-Entry System; Delivery and Form—Certificated Notes."
Trustee, Security Registrar and Paying Agent.....	The Bank of New York Mellon
Transfer Restrictions; no Registration Rights	The notes have not been registered under the Securities Act and are subject to restrictions on transfer and resale. The notes may only be offered and sold (1) to persons who are QIBs, in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A; or (2) to non-U.S. Persons (as defined in Regulation S of the Securities Act) in offshore transactions in reliance on Regulation S under the Securities Act; and (3) in accordance with any applicable law. We will not be required to, nor do we intend to, register the notes for resale under the Securities Act or to offer to exchange the notes for notes registered under the Securities Act or the securities laws of any jurisdiction. See "Notice to Investors."

No Established Trading Market.....	The notes are a new issue of securities with no established trading market. We cannot assure you that an active or liquid trading market for the notes will develop. If an active or liquid trading market for the notes does not develop, the market price and liquidity of the notes may be adversely affected.
Risk Factors.....	Investing in the notes involves substantial risks and uncertainties. **See "Risk Factors" in this offering memorandum for a discussion of factors you should carefully consider before deciding to purchase any notes.** **Some of the risk factors include:** • Performance in the financial services industry is affected by market conditions, fiscal, monetary, and regulatory policies and the macroeconomic climate; • Bladex is exposed to 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; • The Bank's allowance for losses on financial instruments could be inadequate to cover credit losses mostly related to its loans, loan commitments and financial guarantee contracts; • The Bank's businesses are subject to market risk inherent to the Bank's financial instruments, as fluctuations in different metrics may have adverse effects on its financial position; • The Bank is exposed to interest rate risk and fluctuations in interest rates may negatively impact the Bank's business; • The Bank's Commercial Portfolio may decrease or may not grow as expected. Additionally, growth in the Bank's Commercial Portfolio or other factors, including those beyond the Bank's control, may expose the Bank to increases in its allowance for expected credit losses; • Increased competition and banking industry consolidation could limit the Bank's ability to grow and may adversely affect results of operations; • The Bank's businesses rely heavily on data collection, management and processing, and information systems, several of which are provided

by third parties. Operational failures or security breaches with respect to any of the foregoing could adversely affect the Bank, including the effectiveness of its risk management and internal control systems; additionally, the Bank may experience cyberattacks or system defects and failures (including failures to update systems), viruses, worms, and other malicious software from computer "hackers" or other sources, which could unexpectedly interfere with the operation of the Bank's systems;

- Operational problems or errors can have a material adverse impact on the Bank's business, financial condition and 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 these initiatives;

- 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;

- Changes in applicable law and regulation may have a material adverse effect on the Bank;

- Payments on certain notes may be subject to U.S. withholding under FATCA (as defined herein);

- The Bank makes estimates and assumptions in connection with the preparation of its consolidated Financial Statements, and any changes to those estimates and assumptions could have a material adverse effect on its operating results;

- 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 mission is focused on supporting trade and integration across the Region. As a result, any increases in tariffs, supply chain disruptions or other restrictions or impediments affecting foreign trade, or resulting uncertainty that reduces international trade flows, either throughout the Region or globally, could adversely affect the

Bank's business, results of operations or market value of the notes;

- Local country foreign exchange controls or currency devaluation, monetary tightening, higher interest rates and rising inflation may harm the Bank's borrowers' ability to pay U.S. dollar-denominated obligations;

- A significant portion of the Bank's Loan Portfolio consists of loans made to borrowers in the oil/gas and agribusiness sectors in the Region. Lending in these sectors presents unique risks related to commodities pricing;

- A downgrade in the Bank's credit ratings may adversely affect its funding costs, access to capital, access to loan and debt capital markets, liquidity and, as a result, its business and results of operations. Increased risk perception in countries in the Region where the Bank has large credit exposures could have an adverse impact on the Bank's credit ratings;

- Bladex's obligations under the notes will be subordinated to certain statutory liabilities;

- Bladex may issue further debt or other instruments which may rank *pari passu* with or senior to the notes;

- An active trading market for the notes may not develop;

- Conflicts of interest may arise between the interests of the Calculation Agent and the interests of the holders of notes;

- Certain benchmark rates, including EURIBOR, may be discontinued or reformed in the future;

- Inflation and corresponding increases in market interest rates may adversely affect the value of the notes.

- The notes will be unsecured and subordinated and rank junior in payment and in liquidation to all of our existing and future senior obligations. The notes will be subordinated to all other indebtedness of the Bank (with the exception of Parity Securities) and will also be subordinated to certain statutory liabilities;

- If we fail to pay interest, there is no cumulative interest on the notes;

- Holders have limited recourse in the event of non-payment on the notes; and

- The notes have no maturity date and are not redeemable at the holder's option at any time.

For a more comprehensive discussion of such risks, see "Risk Factors" in this offering memorandum.

SUMMARY FINANCIAL AND OPERATING INFORMATION

The following tables set forth summary consolidated financial data for the Bank at and for each of the periods indicated. The (i) summary statement of financial position data as of June 30, 2025, and the summary profit or loss data as of and for each of the six-month periods ended June 30, 2025 and 2024, and (ii) summary statement of financial position data as of December 31, 2024, 2023 and 2022, and the summary profit or loss data as of and for each of the three years in the period ended December 31, 2024, are qualified in their entirety by, and should be read in conjunction with, the annual financial statements and notes to those statements included in this offering memorandum.

The financial data presented herein were prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"), and is stated in U.S. dollars. The information below is qualified in its entirety by the detailed information included and incorporated by reference herein and should be read in conjunction with "Business of Bladex," and the annual financial statements and notes to those statements included in this offering memorandum.

Consolidated Statement of Financial Position Information

	As of June 30,	As of December 31,		
	2025	2024	2023	2022
Assets		*(in $ thousands)*		
Cash and due from banks	1,997,581	1,965,145	2,047,452	1,241,586
Investment Securities	1,377,813	1,201,930	1,022,131	1,023,632
Loans	8,583,899	8,383,829	7,220,520	6,760,434
Customers' liabilities under acceptances	602,232	245,065	261,428	163,345
Trading derivative financial instruments - assets	2,189	-	-	-
Hedging derivative financial instruments - assets	63,713	22,315	157,267	68,159
Equipment, leases and leasehold improvements, net	19,417	19,676	16,794	17,282
Intangibles assets	3,462	3,663	2,605	2,104
Other assets	23,901	17,050	15,595	7,368
Total Assets	**$12,674,207**	**$11,858,673**	**$10,743,792**	**$9,283,910**
Liabilities and Equity				
Customer deposits	6,491,382	5,461,901	4,451,025	3,205,386
Securities sold under repurchase agreements	196,562	212,931	310,197	300,498
Borrowings and debt, net	3,779,353	4,352,316	4,351,988	4,416,511
Interest payable	44,581	37,508	49,217	47,878
Lease Liabilities	18,713	19,232	16,707	16,745
Acceptance outstanding	602,232	245,065	261,428	163,345
Trading derivative financial instruments - liabilities.	191	-	-	-
Hedging derivative financial instruments - liabilities	69,217	141,705	40,613	33,761
Allowance for losses on loan commitments and financial guarantee contracts	11,877	5,375	5,059	3,628
Other liabilities	44,619	45,431	53,734	26,811
Total Liabilities	**$11,258,727**	**$10,521,464**	**$9,539,968**	**$8,214,563**
Equity				
Common stock	279,980	279,980	279,980	279,980
Treasury stock	(97,578)	(105,601)	(110,174)	(114,097)
Additional paid-in capital in excess of value assigned to common stock	120,854	124,970	122,046	120,498
Capital reserves	95,210	95,210	95,210	95,210
Regulatory reserves	149,665	149,666	136,019	136,019
Retained earnings	861,430	792,005	673,281	543,612
Other comprehensive income	5,919	979	7,462	8,125

	As of June 30,	As of December 31,		
	2025	2024	2023	2022
Total Equity	**$1,415,480**	**$1,337,209**	**$1,203,824**	**$1,069,347**
Total Liabilities and Equity	**$12,674,207**	**$11,858,673**	**$10,743,792**	**$9,283,910**

Consolidated Statement of Profit or Loss Information

	For the Six Months Ended June 30,		For the Year Ended December 31,		
	2025	2024	2024	2023	2022
Consolidated Statement of Profit or Loss Data:			(*in $ thousands, except per share data and ratios*)		
Total interest income	$383,851	$388,945	$785,032	$679,260	$332,621
Total interest expense	(250,856)	(263,301)	(525,821)	(446,077)	(184,610)
Net interest income	**132,995**	**125,644**	**259,211**	**233,183**	**148,011**
Fees and commissions, net	30,495	22,005	44,401	32,519	19,791
Gain (loss) on financial instruments, net	4,145	(191)	(483)	(45)	(1,410)
Other income, net	356	170	507	462	280
Total other income, net	34,996	21,984	44,425	32,936	18,661
Total revenues	**167,991**	**147,628**	**303,636**	**266,119**	**166,672**
Provision for credit losses	(10,235)	(9,713)	(17,299)	(27,463)	(19,521)
Total operating expenses	(41,840)	(36,525)	(80,464)	(72,498)	(55,111)
Profit for the period	**$115,916**	**$101,390**	**$205,873**	**$166,158**	**$92,040**
Weighted average basic shares (in thousands of shares)	37,072	36,692	36,740	36,481	36,304
Basic earnings per share	3.13	2.76	5.60	4.55	2.54

Other Financial Data and Selected Ratios

	For the Six Months Ended June 30,		For the Year Ended December 31,		
	2025	2024	2024	2023	2022
			(*in $ millions, except percentages*)		
Other Financial Data					
Average interest-earning assets	$11,362	$10,312	$10,484	$9,374	$8,678
Average total assets [1]	$11,942	$10,816	$10,967	$9,821	$8,901
Average total equity [2]	$1,378	$1,236	$1,270	$1,132	$1,029

	As of and for the Six Months Ended June 30,		As of and for the Year Ended December 31,		
	2025	2024	2024	2023	2022
			(*in $ thousands, except per share data and ratios*)		
Selected Financial Ratios					
Performance Ratios:					
Return on average total assets [1]	1.96%	1.89%	1.88%	1.69%	1.03%
Return on average total equity [2]	16.96%	16.50%	16.20%	14.68%	8.95%
Net interest margin [3]	2.36%	2.45%	2.47%	2.49%	1.71%
Net interest spread [3]	1.68%	1.77%	1.75%	1.84%	1.39%
Efficiency Ratio [4]	24.9%	24.7%	26.5%	27.2%	33.1%
Total operating expenses to average total assets [5]	0.71%	0.68%	0.73%	0.74%	0.62%

	As of and for the Six Months Ended June 30,		As of and for the Year Ended December 31,		
	2025	2024	2024	2023	2022
	(in $ thousands, except per share data and ratios)				
Regular cash dividend payout ratio [6]	39.9%	36.2%	35.7%	22.0%	39.4%
Liquidity Ratios:					
Liquid assets [7] / total assets	15.46%	17.41%	16.18%	18.61%	13.67%
Liquid assets [7] / total deposits	30.39%	36.11%	35.44%	45.35%	39.77%
Asset Quality Ratios:					
Total Impaired Credits [8] to Credit Portfolio [9]	0.15%	0.10%	0.15%	0.11%	0.40%
Credit-impaired loans [8] to Loan Portfolio [10]	0.22%	0.14%	0.20%	0.14%	0.45%
Charged-off loans to average Loan Portfolio	0.00%	0.00%	0.00%	0.31%	0.01%
Allowance for loan losses to Loan Portfolio	0.95%	0.85%	0.93%	0.83%	0.82%
Allowance for losses on loan commitments and financial guarantee contracts to loan commitments, financial guarantees issued and customers' liabilities under acceptances	0.53%	0.64%	0.32%	0.38%	0.38%
Capital Ratios:					
Total equity	$1,415,480	$1,263,595	$1,337,209	$1,203,824	$1,069,347
Total equity to total assets	11.17%	11.59%	11.28%	11.20%	11.52%
Average total equity to average total assets [11]	11.54%	11.43%	11.58%	11.53%	11.56%
Total assets to total equity	9.0x	8.6x	8.9x	8.9x	8.7x
Tier 1 capital to risk-weighted assets (Basel III – IRB) [12]	15.0%	16.2%	15.5%	15.4%	15.3%
Risk-weighted assets (Basel III – IRB) [12]	$9,433,424	$7,798,780	$8,603,751	$7,805,982	$6,995,827
Capital Adequacy Ratio (Regulatory) [13]	13.9%	14.0%	13.6%	13.6%	13.2%
Risk-weighted assets (Regulatory) [13]	$10,156,335	$9,100,832	$9,873,772	$8,898,408	$8,117,913
Leverage Ratio (Regulatory) [14]	9.9%	10.1%	9.8%	9.7%	9.7%
Stock Information:					
Basic shares period end	37,231	36,787	36,791	36,540	36,325
Book value per share (period end) [15]	38.02	34.35	36.35	32.95	29.44
Regular cash dividends declared per share	1.25	1.00	2.00	1.00	1.00

(1) For the six-month periods ended June 30, 2025, and 2024 and for the years 2024, 2023 and 2022, return on average total assets is calculated as profit for the year divided by average total assets. Average total assets for such periods, is calculated on the basis of daily average balances.

(2) For the six-month periods ended June 30, 2025, and 2024 and for the years 2024, 2023 and 2022, return on average total equity is calculated as profit for the year divided by average total equity. Average total equity for such periods, is calculated on the basis of daily average balances.

(3) For the six-month periods ended June 30, 2025, and 2024 and for the years 2024, 2023 and 2022, net interest margin is calculated as net interest income divided by the average balance of interest-earning assets. Average balance of interest-earning assets for such periods, is calculated on the basis of daily average balances. Net interest spread is calculated as average yield earned on interest-earning assets, less the average yield paid on interest-bearing liabilities. For more information regarding calculation of the net interest margin and the net interest spread, see "Operating and Financial Review and Prospects—Operating Results—Net Interest Income and Margins."

(4) Efficiency ratio is total operating expenses as a percentage of total revenues.

(5) For the six-month periods ended June 30, 2025, and 2024, the total operating expenses to average total assets is calculated by the annualization of the total operating expenses divided by average total assets. Average total assets for such periods, is calculated on the basis of daily average balances.

(6) The Bank calculates regular cash dividend payout ratio as regular cash dividends declared per share during the relevant period divided by basic earnings per share.

(7) Liquid assets consist of total cash and due from banks, less time deposits with original maturity over 90 days and other restricted deposits, plus "securities at FVOCI - corporate debt". See "Operating and Financial Review and Prospects—Liquidity and Capital Resources—Liquidity" and the Financial Statements included herein.

(8) Total impaired credits consist of the principal balance of credit impaired loans and credit impaired securities. As of June 30, 2025, the Bank had credit-impaired loans of $18.7 million in principal balance, and no credit impaired securities. As of December 31, 2024, the Bank had credit-impaired loans of $17.0 million, and no credit impaired securities. As of December 31, 2023, the Bank had credit-impaired loans of $10.1 million of credit-impaired loans and no credit-impaired securities. As of December 31, 2022, the Bank had credit-impaired loans of $30.1 million, and $5.0 million impaired securities. 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.

(9) Credit Portfolio refers to "loans – principal balance, loans commitments and financial guarantee contracts" and "investments securities – principal".

(10) Loan Portfolio refers to "loans – principal balance".

(11) For the six-month periods ended June 30, 2025, and 2024 and for the years 2024, 2023 and 2022, average total assets and average total equity are calculated on the basis of daily average balances.
(12) Tier 1 Capital is calculated according to Basel III capital adequacy guidelines and is equivalent to total equity excluding certain effects such as accumulated other comprehensive income (loss) ("OCI") of the securities at fair value through OCI. Tier 1 Capital ratio is calculated as a percentage of risk-weighted assets. Risk-weighted assets are estimated based on Basel III capital adequacy guidelines, utilizing internal-ratings based approach or "IRB" for credit risk and standardized approach for operational risk.
(13) As defined by the Superintendency of Banks of Panama through Rules No. 01-2015, 03-2016 and 05-2023, based on Basel III standardized approach.
(14) As defined by the Superintendency of Banks of Panama through Article No. 17 of Rule No. 1-2015 that establishes the leverage ratio of a regulated entity by means of the quotient between the ordinary primary capital and the total exposure for non-risk-weighted assets inside and outside the consolidated statement of financial position.
(15) Book value per share refers to the Bank's total equity divided by the Bank's outstanding common basic shares at the end of the period.

Consolidated Capitalization

	As of June 30, 2025
	(in $ thousands)
Securities sold under repurchase agreements	196,562
Short-term borrowings and debt, net	1,239,549
Long-term borrowings and debt, net	2,539,804
Equity [(1)]	
Common stock	279,980
Treasury stock	(97,578)
Additional paid-in capital in excess of assigned value of common stock	120,854
Other equity instrument	-
Capital reserves	95,210
Regulatory Reserves	149,665
Retained earnings	861,430
Other comprehensive income	5,919
Total Equity	**$1,415,480**
Total Capitalization and Debt	**$5,391,395**
Capital Adequacy Ratio (Regulatory)	13.9%
Tier 1 capital to risk weighted assets (Basel III – IRB)	15.0%

(1) As of June 30, 2025, the issued and outstanding common stock of Bladex, all of which have been fully paid, consisted of 6,342,189 shares of Class A common stock, 1,712,034 shares of Class B common stock and 29,176,972 shares of Class E common stock, each with an assigned value of $6.67 per share.

RISK FACTORS

An investment in the notes involves a high degree of risk. In addition to the other information contained in this offering memorandum, you should carefully consider the following risk factors before purchasing the notes. If any of the possible events described below occurs, our business, financial condition, results of operations or prospects could be materially and adversely affected. As a result, the value of the notes may decline, and you could lose all or part of your investment. The risks and uncertainties below are those known to us and that we currently believe may materially affect us and the notes. We may face additional risks and uncertainties not currently known to us or which as of the date of this offering memorandum we might not consider significant, which may also adversely affect us.

Risks Relating to the Bank's Business

Performance in the financial services industry is affected by market conditions, fiscal, monetary and regulatory policies and the macroeconomic climate.

The Bank's business is materially affected by market and macroeconomic conditions in the countries in which it operates and globally. A market downturn and weak macroeconomic conditions can be precipitated by a number of factors, including geopolitical events, such as international armed conflicts, war, or acts of terrorism, the imposition of sanctions, global trade or global supply chain disruptions, including energy shortages and food insecurity, changes in monetary or fiscal policy, changes in immigration policies, policies on human capital, the imposition or increase of tariffs, changes in trade policies or international trade disputes, significant inflationary or deflationary price changes, disruptions in one or more concentrated economic sectors, weak or slowing economic growth, the current or anticipated impact of climate change, acute and/or chronic extreme weather events or natural disasters, such as wildfires, the emergence or continuation of widespread health emergencies or pandemics, cyberattacks, or local and regional civil unrest. Such developments can have unpredictable and destabilizing effects on the global markets and, consequently, the Bank's results of operations and financial condition.

Adverse changes in interest rates, credit spreads, securities prices, market volatility and liquidity, foreign exchange rates, commodity prices, a default by a market participant or class of counterparties, availability and market conditions of financing, liquidity and other market fluctuations, as well as changes in investor sentiment, can affect our earnings and sources of funding and ultimately our financial and capital positions. As financial markets are global and highly interconnected, local and regional events can have widespread effects well beyond the countries in which they occur. Any of these developments may adversely affect the Bank's business or financial results.

Furthermore, a market downturn and weak macroeconomic conditions can be precipitated by global uncertainties regarding fiscal and monetary policies. Such developments can have unpredictable and destabilizing effects. Actions taken by the U.S. Federal Reserve or other central banks, including changes in target rates, balance sheet management and lending facilities, are beyond the Bank's control and difficult to predict, particularly in an inflationary environment. This can affect interest rates and the value of financial instruments and other assets, such as debt securities, and impact the Bank's borrowers and potentially increase delinquency rates and may also raise government debt levels, adversely affect businesses and increase uncertainty surrounding monetary policy. During the last year, monetary policy in response to high inflation has led to a significant increase in market interest rates and a flattening and/or inversion of the yield curve. This has resulted in and may continue to result in volatility in equity and other markets, further volatility of the U.S. dollar, a widening in credit spreads and higher interest rates and recessionary concerns. In the second half of 2024, the Federal Reserve began an easing cycle by cutting its policy rate by 100 basis points, while inflation, although still above target, has eased to a more sustainable level. However, uncertainty continues to be atypically high and inflationary pressure continues to persist, both of which factors can result in high interest rates. Higher interest rates could lead to higher unemployment levels, which could in turn increase delinquency rates. Cuts to the federal funds rate, in the event of an economic downturn, could result in a more protracted period of a flat and/or inverted yield curve.

Additionally, changes to existing regional laws and regulatory policies and evolving priorities, including those related to financial regulation, taxation, international trade, fiscal policy, climate change (including efforts to transition to a low-carbon economy) and healthcare, may adversely impact regional or global economic activity, our customers' and our earnings and operations. Changes to international trade and investment policies both in the Region

and abroad could negatively impact financial markets. The ongoing escalation of tensions between the United States, China, the European Union, Mexico, Canada, Colombia and other U.S. trading partners could lead to further measures that adversely affect financial markets, disrupt world trade and commerce and lead to trade retaliation, including through the use of tariffs, foreign exchange measures or the large-scale sale of U.S. Treasury bonds. For example, during the first quarter of 2025, the United States has both implemented and threatened measures on countries and governments perceived to be uncooperative or challenging the United States' foreign policy agenda, including trade disputes, export controls, trade restrictions, and embargoes. Any restrictions on the activities of businesses, could also negatively affect financial markets.

As financial markets are global and highly interconnected, local and regional events can have widespread effects well beyond the countries in which they occur. Any of these developments may adversely affect the Bank's business or financial results.

Geopolitical events: For example, as a result of the Russian invasion of Ukraine on February 24, 2022 and the ongoing hostilities, the United States, Switzerland, the European Union, the United Kingdom and others have announced sanctions against certain Russian banks, companies and individuals, as well as the Russian Central Bank, and have announced that certain Russian banks will be barred from using the Society for Worldwide Interbank Financial Telecommunication (SWIFT) messaging system. The scale of the conflict and the unprecedented speed and extent of sanctions have heightened volatility across global markets and may produce many of the effects described above, including in ways that cannot now be anticipated. We could be materially affected if a crisis develops, regionally or globally, as a result of disruptions in markets due to macroeconomic or political developments, or as a result of the failure of a major market participant.

Beginning in October 2023, Israel and Hamas have been involved in a serious and escalating armed conflict. A sharp escalation of the conflict has brought Israel into direct conflict with Iran and led to the involvement of other countries in the conflict. The Israel-Hamas war and the wider conflict in the Middle East are expected to have a material negative impact on oil prices and global growth as well as further global economic consequences, including but not limited to the possibility of severely diminished liquidity and credit availability, declines in consumer confidence, scarcity in certain raw materials and products, declines in economic growth, increases in inflation rates and uncertainty about economic and political stability. The involvement of the Houthis rebels in Yemen has also disrupted a key global shipping route, increasing the cost of global shipping. Although the length and impact of the ongoing conflict is unpredictable, the conflict in Gaza and the wider conflict in the Middle East has created and could lead to further market disruptions, including significant volatility in commodity prices, credit and capital markets.

The geopolitical tensions surrounding the Panama Canal pose specific risks for banks, particularly those involved in international trade financing. Diplomatic tensions between the U.S. and Panama due to conflicting claims about the Canal's control and Chinese influence over the Canal, could destabilize investments in the region, increasing credit risk for banks operating in Latin America, as well as reduce transit through the Canal. In addition, ongoing conversations on the application of fees on the Canal bring uncertainty in shipping costs. As a bank located in Panama and focused in large part on international trade, any material developments with respect to the foregoing could have a material adverse effect on the Bank's financial condition and results of operations.

Growing tensions and protectionist policies could affect the globalization of the economy, reducing international trade and the integration of financial markets. These factors could have an adverse effect on the Bank's financial condition and results of operations.

The outbreak and spread of a pandemic and other large-scale public health events could have a negative impact on the Bank's business: Economic conditions in the countries in which the Bank operates may be adversely affected by an outbreak of a contagious disease, such as COVID-19, which develops into a regional or global pandemic and other large scale public health events. The measures taken by governments, regulators and businesses to respond to any such pandemic or event have led and may lead in a future to slower or negative economic growth, supply chain disruptions and inflationary pressures, resulting in contraction in the global and regional economies, substantial volatility in the financial markets, crises in markets for goods and services, as well as significant disruptions in certain regional real estate markets, increased unemployment, increased credit and counterparty risk, and operational challenges. These factors and other consequences of pandemics or epidemics may negatively affect our financial condition, including possible constraints on capital and liquidity, as well as a higher cost of capital.

The extent to which the COVID-19 pandemic or other pandemics or epidemics, the ongoing conflict between Israel, Hamas and Iran and the wider conflict in the Middle East, the Russia–Ukraine war, and current inflationary pressures and related adverse economic conditions affect the Bank's business, results of operations and financial condition, as well as the Bank's regulatory capital and liquidity ratios, will depend on future developments.

Defaults by one or more financial institutions could adversely affect financial markets generally and the Bank specifically.

Concerns, rumors about or an actual default by one or more financial institutions could lead to significant liquidity problems, losses or defaults by other institutions because the commercial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships between institutions. This risk is typically referred to as systemic risk. Concerns about defaults by and failures of many financial institutions could lead to material losses or defaults by financial institutions and financial intermediaries with which the Bank interacts on a daily basis, such as clearing agencies, clearing houses, banks, securities firms and exchanges. As an example, in the first half of 2023, Silicon Valley Bank and other banks in the United States faced liquidity issues, which caused withdrawals of deposits from these banks and volatility in international markets. Central banks took measures designed to guarantee the liquidity of the banking system. The Bank's credit risk exposure will also materially increase if the collateral held cannot be realized or can only be liquidated at prices insufficient to cover the full amount of the exposure. In addition, if other banks and financial institutions enter receivership or become insolvent in the future in response to financial conditions affecting the banking system and financial markets, the Bank`s ability to access cash and cash equivalents and investments in marketable securities may be threatened. Any decline in available funding or access to the Bank`s cash and liquidity resources could, among other risks, adversely impact its ability to meet the Bank's financial obligations or fulfill other obligations, or result in breaches of its financial and/or contractual obligations. These factors, among others, could have a material adverse effect on the Bank's financial condition, results of operations and cash flows.

Bladex is exposed to 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, is exposed to liquidity risk. Liquidity risk is the risk that the Bank will be unable to maintain adequate cash flow to repay its deposits and borrowings and fund its Credit Portfolio on a timely basis. The Bank's capacity and cost of funding may be impacted by a number of factors, such as changes in market conditions (e.g., in interest rates), credit supply, changes in credit ratings, regulatory changes, systemic shocks, changes to our relationships with our funding providers based on real or perceived changes in our risk profile and volatility in the banking and financial sectors, and changes in the market's perception of the Bank, among others. Failure to adequately manage its liquidity risk could produce a shortage of available funds, which may cause the Bank to be unable to repay its obligations as they become due.

Additionally, the Bank's liquidity or cost of funds may be negatively impacted by unexpected simultaneous draws on lines of credit, slower customer payment rates, the withdrawal of or failure to attract customer deposits (which could result from attrition driven by customers seeking higher yielding deposits or securities products, customer desire to utilize an alternative financial institution perceived to be safer, changes in customer spending behavior due to inflation, decline in the economy or other drivers resulting in an increased need for cash), increased regulatory liquidity, capital and margin requirements, which could result in the inability to transfer liquidity internally or failure or default by a significant market participant or third party (including clearing agents, custodians, central banks or central counterparty clearinghouses (CCPs)). These factors also have the potential to increase the Bank's cost of funding, which could lead to tighter lending standards and a slowdown in the growth of its Credit Portfolio.

Several of these factors may arise due to circumstances beyond the Bank's control, such as general market volatility, disruption, shock or stress, the emergence or continuation of widespread health emergencies or pandemics, U.S. Federal Reserve and other central banks' policy decisions (including fluctuations in interest rates), negative views or loss of confidence about the Bank or the financial services industry generally or due to a specific news event, changes in the regulatory environment or governmental fiscal or monetary policies, actions by credit rating agencies or an operational problem that affects third parties or the Bank. The impact of these potentially sudden events, whether within our control or not, could include an inability to sell assets or redeem investments, unforeseen outflows of cash, the need to draw on liquidity facilities, the reduction of financing balances, debt repurchases to support the secondary

market or meet client requests, the need for additional funding for commitments and contingencies and unexpected collateral calls, among other things, the result of which could be increased costs and/or a liquidity shortfall.

As of June 30, 2025, 37% of the Bank's total deposits represented deposits from central banks or their designees (i.e., the Bank's Class A shareholders), 25% of the Bank's deposits represented deposits from state-owned and private corporations, 21% of the Bank's deposits represented deposits from private sector commercial banks and financial institutions, 12% of the Bank's deposits represented deposits from brokers and 5% of the Bank's deposits represented deposits from international organizations. The Bank does not accept retail deposits from individuals. Consequently, the Bank's funding source of deposits is highly concentrated in its main depositors. Any disruption or material decrease in current or historic deposit levels, in particular levels of deposits made by central banks and their designees (i.e., the Bank's Class A shareholders) or any of the Bank's main depositors due, among other factors, to any change in their U.S. dollar liquidity strategies which currently include making deposits with the Bank, could have a material adverse effect on the Bank's liquidity, results of operations and financial condition. In addition, if some private or state-owned international banks cease to provide deposits to the Bank or cease to provide funding to the Bank at historically applicable interest rates, the Bank would have to seek funding from other sources, which may not be available, or if available, may be at a higher cost.

Lastly, Panama is a U.S. dollar-based economy. Panama does not have a central bank, deposits are not insured by any government agency and there is no lender of last resort to local financial institutions in the Panamanian banking sector in the event of financial difficulties or system-wide liquidity disruptions, which could adversely affect the banking system in the country.

Any of the above factors, either individually or in the aggregate, could adversely affect the Bank's liquidity, financial condition, results of operations and cash flows.

The Bank's allowance for losses on financial instruments could be inadequate to cover credit losses mostly related to its loans, loan commitments and financial guarantee contracts.

The Bank determines the appropriate level of allowances for losses based on a forward-looking process that estimates the probable loss inherent in its Credit 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 Bank's level of allowances reflects assumptions and estimates made in the context of changing political and economic conditions in the Region, including but not limited to adverse economic effects arising from rising inflation and recession risk, disruptions to economic activity, global supply chain issues and labor shortages. If the models, estimates and assumptions the Bank uses to establish reserves or the judgments it makes in extending credit to its borrowers or counterparties, which are more sensitive due to the current uncertain macroeconomic and geopolitical environment, prove inaccurate in predicting future events, the Bank may suffer losses in excess of its expected credit losses.

Moreover, the Bank's allowances for losses could be inadequate to cover losses in its Credit Portfolio due to, among other factors, concentration of exposure or deterioration in certain sectors or countries, including but not limited to the impact of significant geopolitical and social developments such as any material increases in tariffs in key economies or a trade war, the conflict between Israel, Hamas and Iran and the wider conflict in the Middle East, and the Russia-Ukraine war, which in turn could have a material adverse effect on the Bank's financial condition, results of operations and cash flows. See "—Performance in the financial services industry is affected by market conditions, fiscal, monetary and regulatory policies and the macroeconomic climate."

If the Bank is unable to effectively maintain the quality of its Loan Portfolio, its business, financial condition and results of operations may be materially and adversely affected.

The Bank's financial condition and results of operations are affected by its ability to effectively maintain the quality of its Loan Portfolio. There is no assurance that the quality of the Bank's Loan Portfolio will remain at the current level or improve. The quality of the Bank's Loan Portfolio may be negatively affected by a variety of factors, many of which are beyond the Bank's control. These factors include, among others, adverse development in general economic conditions, changes in interest rates, epidemics and natural disasters. The quality of the Bank's Loan Portfolio may also deteriorate if the Bank is not able to manage credit risks.

If the Bank is unable to effectively maintain and manage the quality of its Loan Portfolio due to any reason, the delinquency rates and the charge-offs of its Loan Portfolio may increase and its business, competitive position, financial condition and results of operations may be materially and adversely affected.

The Bank's businesses are subject to market risk inherent in the Bank's financial instruments, as fluctuations in different metrics may have adverse effects on its financial position.

Market risk generally represents the risk that the 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 and securities at amortized cost, deposits, financial instruments at fair value through profit or loss ("FVTPL") and securities at FVOCI, short-term and long-term borrowings and debt, derivatives and trading positions. This risk may result from fluctuations in different metrics: interest rates, currency exchange rates and changes in the implied volatility of interest rates and changes in securities prices, due to changes in either market perception or actual credit quality or credit ratings of either the relevant issuer or its country of origin. This risk may also result from turmoil in the international financial markets, including but not limited to any material increases in tariffs in key economies or a trade war, the ongoing effects of the ongoing conflict between Israel, Hamas and Iran and the wider conflict in the Middle East, the Russia-Ukraine war, volatility in commodity prices, trade volumes and other factors. 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 "—Performance in the financial services industry is affected by market conditions, fiscal, monetary and regulatory policies and the macroeconomic climate."

Furthermore, although most of the Bank's Investment Portfolio is at amortized cost, with the intention to be held to maturity, the Bank cannot predict the amount of realized or unrealized gains or losses on its financial instruments for any future period. Gains or losses on the Bank's Investment Portfolio may not contribute to its net revenue in the future or may cease to contribute to its net revenue at levels consistent with more recent periods. The Bank may not successfully realize the appreciation or depreciation now existing in its consolidated Investment Portfolio or in any assets of such portfolio.

The Bank is exposed to interest rate risk and fluctuations in interest rates may negatively impact the Bank's business.

Fluctuations in interest rates may negatively impact the Bank's business. The Bank's primary source of income from operations is net interest income. The level of net interest income is primarily a function of the average balance of interest-earning assets, the average balance of interest-bearing liabilities and the spread between the yield on such assets and the cost of such liabilities during a given period. These factors are influenced by the volume, pricing and mix of both interest-earning assets and interest-bearing liabilities which, in turn, may be impacted by external factors such as the economy, client demand and product preferences, competition for loans and deposits and market interest rates. Conditions such as inflation, deflation, recession, unemployment, money supply, or other factors beyond the Bank's control may also affect interest rates.

The rate paid on a portion of the Bank's deposits and short-term borrowings may be influenced by short-term interest rates, the level of which is driven primarily by the U.S. Federal Reserve and other central banks' monetary policy actions and levels of liquidity in markets. However, the yields generated by certain loans and securities may also be driven by medium- and longer-term interest rates, which are set by the market and at times, influenced by the U.S. Federal Reserve's and other central banks' actions. The level of net interest income is therefore influenced by movements in such interest rates and the pace at which such movements occur. If the interest rates on the Bank's interest-bearing liabilities increase faster than the interest rates on the Bank's interest-earning assets, the Bank's net interest income may decrease, potentially leading to a decrease in the Bank's earnings may occur. Conversely, the yield the Bank earns on assets could decrease faster or to a larger extent than the Bank's ability to lower rates paid on deposits or borrowings. Various assets and liabilities may also reset to different indices, which may not always move in the same direction or to the same degree. Financial instruments with embedded optionality or prepayment risk may further impact net interest income. Failure to adequately manage potential mismatches between interest-bearing liabilities and interest-earning assets may reduce the Bank's net interest income during periods of fluctuating interest rates. As a result, the Bank's business, results of operations or financial condition may be adversely affected.

Changes in interest rates can also affect the slope of the yield curve and consequently impact the Bank's net interest margin. In general, a negative parallel shift in the yield curve or prolonged periods with a flatter or inverted yield curve could cause the Bank's net interest income and net interest margin to contract. Changes in the yield curve may also adversely affect the duration and expected cash flows of certain callable investment securities or loans by increasing call option exercise or prepayment risks.

An increase in interest rates on loans could also have a negative impact on the Bank's results of operations by reducing the ability of borrowers to make payments under adjustable-rate loan obligations. These circumstances could not only result in increased loan defaults, foreclosures and charge-offs, but also necessitate further increases to the allowance for expected credit losses, which may materially and adversely affect the Bank business, results of operations or financial condition.

The Bank's Commercial Portfolio may decrease or may not grow as expected. Additionally, growth in the Bank's Commercial Portfolio or other factors, including those beyond the Bank's control, may expose the Bank to increases in its allowance for expected credit losses.

The Bank's Commercial Portfolio, including its Loan Portfolio, may not grow at anticipated levels or may decrease in future periods due, among other potential factors, to reduced demand for new credits and/or unscheduled voluntary prepayments by clients. As of June 30, 2025, the Bank's Commercial Portfolio increased 8% to $10,819 million, from $10,035 million as of December 31, 2024, and as of December 31, 2024, the Bank's Commercial Portfolio increased 18% to $10,035 million, from $8,521 million as of December 31, 2023, in each case due to the Bank's continued focus on expanding its customer and product base with new client onboarding and sustained cross selling efforts which increased business volumes, while also preserving the high quality of borrowers. Increases in the Bank's lending activity led to corresponding increases in the Bank's funding activities as well as an increase in the allowance for expected credit losses.

Furthermore, any future expansion of the Bank's Commercial Portfolio may expose the Bank to higher levels of potential or actual losses and require an increase in the allowance for expected credit losses, which could negatively impact the Bank's operating results and financial position. Furthermore, the Bank's historical loan loss experience may not be indicative of its future loan losses. Credit-impaired or low credit quality loans can also increase the Bank's allowance for expected credit losses and thereby negatively impact the Bank's results of operations. The Bank may not be able to effectively control the level of impaired credits in its total Credit Portfolio. In particular, the amount of its reported credit-impaired loans may increase in the future as a result of growth in its Loan Portfolio, including loans that the Bank may acquire in the future, changes in its business profile or factors beyond the Bank's control, such as the impact of economic trends and political events affecting the Region, certain industries or financial markets and global economies, or particular clients' businesses, all of which could be negatively impacted by the geopolitical and macroeconomic conditions in the Region and abroad. See "Performance in the financial services industry is affected by market conditions, fiscal, monetary, and regulatory policies and the macroeconomic climate." These factors, among others, could have a material adverse effect on the Bank's financial condition, results of operations and cash flows.

Reforms to and replacement of interbank offered rates ("IBORs") and reference rates or indices may adversely affect the Bank's business, financial condition and results of operations.

Risks and challenges associated with reference rate reform, including the potential replacement of benchmark rates with alternative reference rates ("ARRs") (e.g., the cessation of Bloomberg Short-Term Bank Yield Index in November 2024 and the replacement of the Equilibrium Interest Rate (or TIIE) in Mexico, which came into effect in 2025 for Mexican financial institutions), could expose the Bank to various financial, operational, supervisory, conduct and legal risk.

Use of ARRs for impacted benchmarks may vary across or within categories of contracts, products and services, potentially resulting in market fragmentation, decreased trading volumes and liquidity, increased complexity and modeling and operational risks. ARRs may have compositions and characteristics that differ from replaced benchmarks, including limited liquidity and less predictable performance over time. Any mismatch between the adoption of ARRs in loans, securities and derivatives markets may impact hedging or other financial arrangements that the Bank has implemented, resulting in unanticipated market exposures. Transition to ARRs may adversely affect the yield on loans or securities held by the Bank, amounts paid on the Bank's securities and received and paid on

derivatives the Bank has entered into, the value of such loans, securities or derivative instruments, the trading market for such products and contracts, and the Bank's effective use of hedging instruments to manage risk. There is no assurance that impacted benchmarks will transition to ARRs without delay or potential disputes.

The transition of any products using impacted benchmarks ("Impacted Products") that do not include fallback provisions or adequate fallback mechanisms may require additional efforts to modify their terms, and may be more challenging to modify if all impacted parties are required to consent to such modification. Litigation or other disputes may occur as a result of the interpretation or application of any transition-related legislation or regulations adopted in the U.S. and/or foreign jurisdictions, including if the laws or regulations in jurisdictions overlap.

The Impacted Products may contain language giving the Bank discretion to determine the successor rate (including the applicable spread adjustment) to the existing benchmark. The Bank may face a risk of litigation, disputes or other actions from customers, counterparties, investors or others based on various claims, for example, that the Bank incorrectly interpreted or enforced contract provisions, failed to appropriately communicate the transition effects of ARRs to existing and future products, treated affected parties unfairly or made inappropriate product recommendations to or investments on behalf of our clients, engaged in anti-competitive behavior or unlawfully manipulated markets or benchmarks.

ARR-based products that the Bank develops, launches and/or support may perform differently from Impacted Products during times of economic stress, adverse or volatile market conditions and across the credit and economic cycle, which may impact the value, return on and profitability of our ARR-based assets. New financial products linked to ARRs may have additional legal, financial, accounting, tax, operational, market, compliance, reputational, competitive or other risks to us, our customers and other market participants. Scrutiny by banking regulators in the U.S. and globally on transition plans, preparations and readiness could result in regulatory action, litigation and/or the need to change the products offered by our businesses.

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

Most of the competition the Bank faces in its business comes from domestic and international banks, and in particular European, North American and Asian institutions. Many of these banks have substantially greater resources than the Bank, may have better credit ratings, and may have 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. 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 market entrants 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 markets, the Bank may face competitors with more experience and more established relationships with clients, regulators and industry participants in the relevant market, as well as less expensive funding, which could adversely affect the Bank's ability to compete. The Bank's ability to grow its business and therefore, its earnings, may be affected by these competitive pressures.

The Bank also faces increased competition from local financial institutions which have access to comparable or better resources than the Bank. Local financial institutions are also clients of the Bank and there is complexity in managing the balance when a local financial institution is both a client and a competitor. Additionally, many local financial institutions are able to gain direct access to the capital markets and low-cost funding sources, threatening the Bank's historical role as a provider of U.S. dollar funding.

As a result of the foregoing, increased competition and banking industry consolidation could limit the Bank's ability to grow and may adversely affect its results of operations.

The Bank's businesses rely heavily on data collection, management and processing, and information systems, several of which are provided by third parties. Operational failures or security breaches with respect to any of the foregoing could adversely affect the Bank, including the effectiveness of its risk management and internal control systems. Additionally, the Bank may experience cyberattacks or system defects and failures (including failures to update systems), viruses, worms, and other malicious software from computer "hackers" or other sources, which could unexpectedly interfere with the operation of the Bank's systems.

All of the Bank's principal businesses are highly dependent on the ability to timely collect and process a large amount of financial and other information across numerous and diverse markets, at a time when transaction processes have become increasingly complex with increasing volume. The proper functioning of financial control, accounting or other data collection and processing and information systems is critical to the Bank's businesses, financial integrity and to its ability to compete effectively. A partial or complete failure of any of these primary systems could materially and adversely affect the Bank's decision-making process, risk management, financial integrity and internal control systems, as well as the Bank's ability to respond on a timely basis to changing market conditions. If the Bank cannot maintain effective data collection, management and processing and information systems, it may be materially and adversely affected.

The Bank also relies on third party technology suppliers for many of its core operating systems that are crucial to its business activities. Any issues associated with those suppliers may have a significant impact on the Bank's capacity to process transactions and conduct its business. Additionally, these suppliers have access to the Bank's core systems and databases, exposing the Bank to vulnerability from its technology providers. Any security problems and security vulnerabilities of such third parties may have a material adverse effect on the Bank.

The Bank is also dependent on information systems to operate its website, process transactions, respond to customer inquiries on a timely basis and maintain cost-efficient operations. While the Bank has implemented policies and procedures designed to manage information security, the Bank may experience cyberattacks or operational problems with its information systems as a result of system defects and failures (including failures to update systems), viruses, worms, and other malicious software from computer "hackers" or other sources, which could unexpectedly interfere with the operation of the Bank's systems.

Furthermore, the Bank manages and stores certain proprietary information and sensitive or confidential data relating to its clients and to its operations. The Bank may be subject to breaches of the information technology systems it uses for these purposes. Additionally, the Bank operates in many geographic locations and is exposed to events outside its control, including the potential proliferation of regulatory requirements regarding local storage of data, use of local services or technology, or sharing of intellectual property. Despite the contingency plans the Bank has in place, its ability to conduct business in any of its locations may be adversely impacted by a disruption to the infrastructure that supports its business.

The growth and use of digital assets and blockchain technology is also expected to play an important role in upcoming years. Any failure on our part to strategically assess the impact of new technologies could have a negative impact in our operations and financial condition.

The use of artificial intelligence-powered engines is becoming increasingly popular and it exposes us to the risk of inadvertently disclosing confidential information. The use by our employees or third-party providers of any such engines in connection with our business may lead to the incorporation of confidential information into publicly available training sets, which represents both a reputational risk and a loss of opportunities connected to such confidential information. We may also inadvertently violate laws and regulations covering the use the data on which artificial intelligence engines run. The disclosures and violations described may affect the Bank's business and operations.

In addition, the Bank has and expects to continue to implement certain remote working policies. These arrangements have necessitated new and increased reliance on information technology, such as videoconferencing and other infrastructure. As a result, the Bank has faced and will continue to face new challenges and operational risks, including maintenance of supervisory and surveillance controls, as well as increased fraud and data security risks. While the Bank has taken measures to manage these risks, such measures have never been tested on the scale or duration that the Bank is currently experiencing, and there is risk that these measures will prove not to have been

effective in the current unprecedented operating environment. Due to the evolving nature of cybersecurity risks and the Bank's reduced visibility and control in light of remote working, the Bank's efforts to provide appropriate policies and security measures may prove insufficient to mitigate all cybersecurity and data protection threats. Any failure or hacking of these and other systems could materially and adversely affect the Bank's business and operations.

The Bank's ability to remain competitive depends in part on its ability to upgrade its information technology on a timely and cost-effective basis. The Bank continually makes investments and improvements in its information technology infrastructure in order to remain competitive, improve efficiency, reduce the risk of error and improve the client experience. The Bank may not be able to maintain the level of capital expenditures necessary to support the improvement or upgrading of its information technology infrastructure. Any failure to effectively improve or upgrade its information technology infrastructure and management information systems in a timely manner could have a material adverse effect on the Bank. The Bank's reputation could also suffer if the Bank is unable to protect its customers' information from being used by third parties for illegal or improper purposes.

For financial institutions, cybersecurity risks have increased due to the widespread use of digital technologies, cloud computing and mobile devices to conduct financial business and transactions. In addition, cyberattacks by hackers, terrorists, criminal organizations, nation states and extremists have also increased in frequency and sophistication. Current geopolitical tensions also may lead to increased risk of cyberattack from foreign state actors. In particular, the Russian invasion of Ukraine and the imposition of significant sanctions on Russia and Hamas by the United States, Switzerland, the European Union, the United Kingdom and others may result in an increase in the risk of cyberattacks.

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

Operating failures, including those that result from human error or fraud, not only may increase the Bank's costs and cause losses, but may also give rise to conflicts with its clients, lawsuits, regulatory fines, sanctions, interventions, reimbursements and other indemnity costs, all of which may have a material adverse impact on the Bank's business, financial condition, reputation, results of operations and cash flows. Ethical misconduct or breaches of applicable laws by the Bank's businesses or its employees could also be damaging to the Bank's reputation, and could result in litigation, regulatory action or penalties. Operational risk also includes: (i) legal risk associated with inadequacy or deficiency in contracts signed by the Bank; (ii) penalties due to noncompliance with laws, such as anti-money laundering ("AML") and embargo regulations; and (iii) punitive damages to third parties arising from the activities undertaken by the Bank. Also, the Bank has additional services for the proper functioning of its business and technology infrastructure, such as networks, internet and systems, among others, provided by external or outsourced companies. Impacts on the provision of these services, caused by these companies due to the lack of supply or the poor quality of the contracted services, can affect the conduct of the Bank's business as well as its clients. Operational problems or errors such as these may have a material adverse impact on the Bank's business, financial condition, reputation, 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 these initiatives.

Part of the Bank's strategy is to diversify income sources through certain 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, which could adversely affect the Bank's business, results of operations and growth prospects. 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.

The Bank's hedging strategy may not be able to prevent losses.

The Bank uses diverse instruments and strategies to hedge its exposures to a number of risks associated with its business, but the Bank may incur losses if such hedges are not effective. The Bank may not be able to hedge its positions, or do so only partially, or its hedges may not have the desired effectiveness to mitigate the Bank's exposure to the diverse risks and market in which it is involved.

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 a material adverse effect on the Bank's business, financial condition and results of operations.

Bladex has adopted various policies and procedures to promote compliance with applicable laws, including internal controls and "know-your-customer" procedures aimed at preventing money laundering and terrorism financing. However, the participation of multiple parties in any given transaction can increase complexity and require additional time for due diligence. Also, because trade finance can be more reliant on document-based information 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 remains alert to potentially 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 (including the United States) could impose additional compliance burdens on the Bank.

The perception of Panama by certain international financial regulatory bodies as a jurisdiction with increased susceptibility to shortcomings in financial compliance may result in increased international regulatory requirements or adverse publicity which may adversely affect the Panamanian financial sector and the Panamanian economy and, consequently, our financial condition and results of operation.

Supranational organizations rate jurisdictions for tax transparency, governance, real economic activity, corporate tax rate, prevention of money laundering, financing of terrorism, among others. Depending on prevailing international regulatory concerns, certain countries that are considered to less than adequately cooperate with such supranational organizations may be put on a "grey" or "black" list. From time to time in the recent past, Panama has been included or threatened with inclusion on these aforementioned lists. For example, from June 2014 until February 2016, Panama was included in the "grey" list of the Financial Action Task Force ("FATF"). In June 2019, Panama was once again included on the FATF "grey" list. In March 2022, the FATF expressed significant concern about the fact that Panama failed to fully address remaining measures in its action plan that aimed to resolve swiftly the identified strategic deficiencies in its regime to counter money laundering, terrorist financing, and proliferation financing, which fully expired in January 2021. In October 2023, the FATF announced that Panama is no longer under increased monitoring, acknowledging the completion of its action plan and substantial progress in enhancing its AML/CFT regime. In October 2023, Panama was also removed from the FATF "grey" list and as of the date of this offering memorandum remains off the list. However, the Bank cannot assure you that Panama will not be placed on the FATF "grey" list again in the future.

In addition, in February 2019 the Commission of the European Union (the "European Commission") proposed to include Panama, together with other 22 countries, in a blacklist of nations determined by the European Commission to have strategic deficiencies in the prevention of terrorism financing and/or money laundering. Although that proposal was not initially approved by the country members of the European Union, the European Commission later announced in May 2020 that it had added Panama to its blacklist. Nonetheless, in March of 2024, the European Commission announced the removal of Panama from its list of high-risk countries with strategic deficiencies in the prevention of money laundering and terrorist financing.

Most recently, in June 2025, the European Commission and the European Parliament adopted a Delegated Act that formally removed Panama from the list of jurisdictions considered high-risk for AML/CFT purposes, recognizing the country's substantial progress in strengthening its regulatory framework. Notwithstanding such removal, the Bank cannot assure you that Panama will not be reincluded into such list in the future. Further, during 2017, the European Union Economic and Financial Affairs Council, or ECOFIN, released a list of non-cooperative jurisdictions for tax purposes. The stated aim of this list, and accompanying report, was to promote good governance worldwide in order to maximize efforts to prevent tax fraud and tax evasion. Panama's adherence to the Convention

on Mutual Administrative Assistance in Tax Matters of the Organization for Economic Cooperation and Development ("OECD") in 2017 notwithstanding, on February 18, 2020 the European Union finance ministers added Panama to its list of non-cooperative jurisdictions for tax purposes for allegedly having shortcomings over exchange of tax information on request based on the OECD's Global Forum on Transparency and Exchange of Information for Tax Purposes ("Global Forum") report published in November 2019. Panama was once again included on this list in February of 2024. Inclusion on these lists may result in significant reputational damage. Furthermore, inclusion on the European Union list for non-cooperative jurisdictions allows European Union member states to implement defensive measures to protect their tax revenue and fight against tax fraud, evasion and abuse.

The government of Panama has implemented several initiatives to strengthen its regulatory framework, such as the enactment and subsequent amendment of Law No. 23 in 2015 to create a regulatory framework for various supervisory agencies, individuals and legal entities to monitor, control, promote and strengthen international cooperation in the prevention of money laundering, financing of terrorism and proliferation of weapons of mass destruction.

Nevertheless and depending on international regulatory concerns, continued efforts by Panama to adopt additional regulatory reform may not be readily accepted by international financial regulatory bodies. In the event Panama is included in any such "grey" list or "black" list, even if such inclusion is later rescinded, the resulting reputational and regulatory consequences may adversely affect the Panamanian economy and, consequently, our financial condition and results of operation. Moreover, measures imposed by supranational organizations against "grey-" or "black-" listed jurisdictions may also include the enactment of substantive laws and regulations with which the Bank and other participants in the Panamanian financial sector may be obligated to comply. These additional laws and regulations, as well as any international standards adopted therewith, could increase regulatory costs or otherwise have a material adverse effect on the Bank's business, financial condition and results of operation.

Any failure to comply with anti-money laundering, anti-corruption, anti-bribery and anti-terrorist financing laws and regulations could damage the Bank's reputation and/or expose the Bank to penalties.

Financial crime is continually evolving and has become the subject of enhanced regulatory scrutiny and supervision by regulators globally. AML, anti-terrorist financing, anti-corruption, sanctions and "know your customer" laws and regulations are increasingly complex and detailed and have become the subject of enhanced regulatory supervision, requiring improved systems, sophisticated monitoring and skilled compliance personnel.

The Bank believes that it is in compliance in all material respects with applicable AML, anti-terrorist financing, anti-corruption and sanctions laws and regulations and have adopted policies and procedures, including internal controls and "know your customer" procedures, aimed at preventing money laundering, terrorist financing and similar financial crimes. These require implementation and embedding within its business of effective controls and monitoring, which in turn requires ongoing changes to systems and operational activities and proactive and adaptable responses from the Bank so that the Bank is able to deter threats and criminality effectively. Even known threats can never be fully eliminated, and there may be instances where the Bank could be used by other parties to engage in money laundering and other illegal or improper activities. Furthermore, the entities or business the Bank acquires may not comply with the same control standards and procedures as the Bank.

In addition, the Bank relies heavily on its employees to assist it by identifying and reporting such activities, and its employees have varying degrees of experience in recognizing criminal tactics and understanding the level of sophistication of criminal organizations. Where the Bank outsources any of its customer due diligence, customer screening or anti-financial crime operations, it remains responsible and accountable for full compliance and any breaches. If the Bank is unable to apply the necessary scrutiny and oversight, there remains a risk of regulatory breach.

If the Bank is unable to fully comply with applicable AML, anti-terrorist financing and sanctions laws and regulations, or the "know your customer" or other standards, procedures or expectations related thereto, its regulators and relevant law enforcement agencies have the ability and authority to impose significant fines and other penalties on it, including requiring a complete review of its business systems, day-to-day supervision by external consultants, and ultimately the revocation of licenses, any of which could have a material adverse effect on the Bank.

The Superintendency of Banks of Panama ("Superintendencia de Bancos de Panamá" or the "Superintendency of Banks") routinely examines banks to assess compliance with these laws, regulations and procedural standards and may provide comments or findings of deficiencies. The Bank believes that its AML, anti-terrorist financing, sanctions, "know your customer" and other such policies and procedures are in compliance in all material respects with the applicable provisions of Panamanian law. Any failure to comply with applicable laws, regulations, procedural standards or expectations could cause the Bank considerable reputational damage.

In addition, the Bank relies upon its relevant counterparties to maintain and properly apply their own appropriate compliance measures, procedures, and internal policies. Such measures, procedures and internal policies may not be completely effective in preventing third parties from using the Bank's (and its relevant counterparties') services as a conduit for illicit purposes (including illegal cash operations) without the Bank (or its relevant counterparties') knowledge. If the Bank is associated with, or even accused of, breaches in AML, anti-terrorism, or sanctions requirements, its reputation could suffer and/or it could become subject to fines, sanctions or legal enforcement, including being added to any "blacklists" by international monitoring organizations FATF that would prohibit certain parties from engaging in transactions with the Bank, which could have a material adverse effect on it. Any resulting governmental fines or reputational damage, whether affecting the Bank directly or indirectly through its counterparties, could impact the Bank's relationships with rating agencies, creditors, customers and employees and therefore have a materially adverse effect on it.

Any investigation of potential violations of anti-corruption, sanctions, anti-bribery or AML laws by governmental authorities in any jurisdiction where the Bank operates could materially and adversely affect its business, financial condition, results of operations and prospects. In addition, if its officers, employees, shareholders, counterparties or other entities related to the Bank fail to comply with any applicable anti-corruption, sanctions, anti-bribery or AML laws, they may be subject to criminal, administrative or civil penalties and other remedial measures. Moreover, adverse publicity about any such regulatory or legal actions or investigations and allegations by other parties with respect to violations of applicable anti-corruption, sanctions, anti-bribery or AML laws by the Bank's officers, employees, shareholders, counterparties or other entities related to it could damage the Bank's reputation and brand image, negatively impact the Bank's ability to, when applicable, obtain contracts, assignments, permits and other government authorizations, even if the regulatory or legal action is unfounded or not material to its operations.

Expansion and/or enforcement of U.S. economic or financial sanctions, requirements or trade embargoes could have a material adverse effect on the Bank.

The Bank requires all subsidiaries, branches, agencies and offices to comply in all material respects with applicable Sanctions (as defined below). The Bank continues to monitor activities relating to those jurisdictions which are subject to Sanctions and periodically updates its global Sanctions policy to promote compliance with the various requirements resulting from these changes in Sanctions.

The U.S. has expanded Sanctions on Nicaragua, North Korea, Russia, China and Venezuela, and issued an executive order modifying Sanctions with respect to Sudan. Furthermore, in recent years, the United States Department of the Treasury's Office of Foreign Assets Control ("OFAC") has designated some notable groups or financial institutions on the Specially Designated Nationals ("SDN") List in the regions or jurisdictions where the Bank, its counterparties, or its customers are located, have operations, or do business.

For example, since 2015 and through 2025, the U.S. has continued to expand Sanctions in respect of the Government of Venezuela and certain Venezuelan nationals, including certain Venezuelan government officials effectively blocking all property and interests in property of the Government of Venezuela pursuant to Executive Order 13884 of August 5, 2019. With regard to any Sanctions targeting persons who have been added to OFAC's SDN List or other persons considered blocked persons under OFAC sanctions, U.S. persons may not make to such persons, or receive from such persons, any contribution or provision of funds, goods, or services. These Sanctions also prohibit, with certain limited exceptions, (a) transactions by a U.S. person or within the United States relating to new debt with a maturity greater than 30 days or new equity, of the Government of Venezuela, bonds issued by the Government of Venezuela prior to August 25, 2017, and dividend payments or other distributions of profits to the Government of Venezuela from its controlled entities, and (b) direct or indirect purchases by a U.S. person or within the United States of securities from the Government of Venezuela (other than new debt with a maturity of 30 days or less). These recent Sanctions relating to Venezuela have also resulted in the designation of certain state-owned

financial institutions, as SDNs, including Banco De Desarrollo Económico y Social de Venezuela ("BANDES"), Banco Bandes Uruguay S.A., Banco Bicentenario del Pueblo, de la Clase Obrera, Mujer y Comunas, Banco Universal C.A., Banco de Venezuela, S.A. Banco Universal and Banco Prodem S.A.

Beginning in 2018, the U.S. also expanded Sanctions in respect of the Government of Nicaragua and certain Nicaraguan nationals. Like the Venezuela-related Sanctions, these recent Sanctions have also resulted in the designation of certain financial institutions, as SDNs, including Banco Corporativo S.A., a subsidiary to the Venezuelan government-funded Alba de Nicaragua, S.A.

As a result of the Russian invasion of Ukraine on February 24, 2022 and the ongoing hostilities, the United States has announced sanctions against certain Russian banks, companies and individuals, as well as the Russian Central Bank, and has announced that certain Russian banks will be barred from using the Society for Worldwide Interbank Financial Telecommunication (SWIFT) messaging system. In addition, generally applicable investment, export, and import bans and restrictions have been put in place. In response to such sanctions and restrictions, as well as asset flight, Russia has implemented certain countermeasures. These sanctions, restrictions and Russian countermeasures may adversely affect the Bank, its customers and the markets in which the Bank operates by creating regulatory, reputational and market risks.

While the Bank does not consider that its business activities with counterparties with whom transactions are restricted or prohibited under U.S. Sanctions are material to its business, these aforementioned recent developments and any future expansion of Sanctions could have a material adverse impact on the Bank due to, among other things, the following:

- Bladex may be owned, directly or indirectly, by, or have shareholders which are, central banks, multilateral development banks or other persons which may be the current or future target of Sanctions. Importantly, as of the date of this offering memorandum, no SDN or blocked person currently has any operational or management role in the Bank, or has any authority to negotiate on behalf of the Bank or make binding commitments on behalf of the Bank.

- Bladex may maintain counterparties that are organized in, located in or otherwise do business in jurisdictions which may or whose government may be the target of Sanctions.

Changes in applicable law and regulation may have a material adverse effect on the Bank.

The Bank is subject to extensive laws and regulations regarding the Bank's organization, operations, lending and funding activities, capitalization and other matters. The Bank has no control over applicable law and government regulations, which govern all aspects of its operations, including but not limited to regulations that impose:

- Minimum capital requirements;

- Reserve and compulsory deposit requirements;

- Funding restrictions;

- Lending limits, earmarked lending and other credit restrictions;

- Limits on investments in fixed assets;

- Corporate governance, financial reporting and employee compensation requirements;

- Accounting and statistical requirements;

- Competition policy; and

- Other requirements or limitations.

The regulatory structure governing financial institutions, such as the Bank, is continuously evolving. Disruptions and volatility in the global financial markets resulting in liquidity problems at major international financial institutions could lead the governments in jurisdictions in which the Bank operates to change laws and regulations applicable to financial institutions based on such international developments.

In response to the global financial crisis, which began in late 2007, national and intergovernmental regulatory entities, such as the Basel Committee on Banking Regulations and Supervisory Practices (the "Basel Committee") proposed reforms to prevent the recurrence of a similar crisis, including the Basel III framework, which creates new higher minimum regulatory capital requirements. On December 16, 2010 and January 13, 2011, the Basel Committee issued its original guidance (which was updated in 2013) on a number of regulatory reforms to the regulatory capital framework in order to strengthen minimum capital requirements, including the phasing out of innovative Tier 1 and 2 Capital instruments with incentive-based redemption clauses and implementing a leverage ratio on institutions in addition to current risk-based regulatory requirements. The Superintendency of Banks 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. Non-compliance with this legal lending limit could result in the assessment of administrative sanctions by the Superintendency of Banks 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. The Bank follows Basel III criteria to determine capitalization levels, and has determined the Bank's Tier 1 capital ratio (Basel III – IRB) to be 15.5% as of December 31, 2024. In addition, as of December 31, 2024, the Bank's Capital Adequacy Ratio, calculated according to the guidelines of the Banking Law (as defined below), was 13.6%.

Based on the Bank's current regulatory capital ratios, as well as conservative assumptions on expected returns and asset growth, the Bank does not anticipate that additional regulatory capital will be required to support our operations in the near future. However, depending on the effects of the rules that complete the implementation of the Basel III framework on Panamanian banks and particularly on other Bank operations, the Bank may need to reassess its ongoing funding strategy for regulatory capital.

The Bank also has operations in countries outside of Panama, including the United States. Changes in the laws or regulations applicable to the Bank business in the countries in which it operates or adoption of new laws, such as the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") in the United States, and the related rulemaking, may have a material adverse effect on the Bank's business, financial condition, and results of operations. The Dodd-Frank Act was signed into law on July 21, 2010 and was intended to overhaul the financial regulatory framework in the United States following the global financial crisis and has substantially impacted all financial institutions that are subject to its requirements. The Dodd-Frank Act, among other things, imposes higher prudential standards, including more stringent risk-based capital, leverage, liquidity and risk-management requirements, established a Bureau of Consumer Financial Protection, established a systemic risk regulator, consolidated 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.

In 2014, the U.S. Federal Reserve Board issued a final rule strengthening supervision and regulation of large U.S. bank holding companies and foreign banking organizations (such as the Bank). The final rule establishes a number of enhanced prudential standards for large U.S. bank holding companies and foreign banking organizations to help increase the resiliency of their operations. These standards include liquidity, risk management, and capital. The final rule was required by Section 165 of the Dodd-Frank Act. Under the final rule, foreign banking organizations with combined U.S. assets of $50 billion or more will be required to establish a U.S. risk committee and employ a U.S. chief risk officer to help ensure that the foreign bank understands and manages the risks of its combined U.S. operations. In addition, these foreign banking organizations will be required to meet enhanced liquidity risk-management standards, conduct liquidity stress tests, and hold a buffer of highly liquid assets based on projected funding needs during a 30-day stress test event. Foreign banking organizations with total consolidated assets of $50 billion or more, but combined U.S. assets of less than $50 billion, are subject to enhanced prudential standards. However, the capital, liquidity, risk-management, and stress testing requirements applicable to these foreign banking organizations are substantially less than those applicable to foreign banking organizations with a larger U.S. presence.

In addition, the final rule implements stress testing requirements for foreign banking organizations with total consolidated assets of more than $10 billion and risk committee requirements for foreign banking organizations that meet the asset threshold and are publicly traded. While the majority of these enhanced prudential standards are not currently applicable to the Bank, they could ultimately become applicable as the Bank grows, its U.S. presence or assets increase or if the Dodd-Frank Act is later amended, modified or supplemented with new legislation.

On December 10, 2013, pursuant to the Dodd-Frank Act, federal banking and securities regulators issued final rules to implement Section 619 of the Dodd-Frank Act (the "Volcker Rule"). Generally, subject to certain exceptions, the Volcker Rule restricts banks from: (i) short-term proprietary trading as principal in securities and other financial instruments, and (ii) sponsoring or acquiring or retaining an ownership interest in private equity and hedge funds. The Volcker Rule prohibitions and restrictions generally apply to banking entities, including the Bank, unless an exception applies. Based on analysis of applicable regulations and the Bank's investment activities, the Bank has determined that its current investment activities are not subject to the Volcker Rule restrictions.

The Dodd-Frank Act also will have an impact on the Bank's derivatives activities if it enters into swaps or security-based swaps with U.S. persons. In particular, Bladex may be subject to mandatory trade execution, mandatory clearing and mandatory posting of margin in connection with its swaps and security-based swaps with U.S. persons.

On March 18, 2010, the Hiring Incentives to Restore Employment Act of 2010, Pub. L. 111-147 (H.R. 2847), added Sections 1471 through 1474 (collectively, "FATCA") to Subtitle A of the Internal Revenue Code of 1986, as amended (the "Code"). FATCA requires withholding agents, including foreign financial institutions ("FFIs"), to withhold thirty percent (30%) of certain payments to a FFI unless the FFI has entered into an agreement with the U.S. Internal Revenue Service ("IRS") to, among other things, report certain information with respect to U.S. accounts. FATCA also imposes on withholding agents certain withholding, documentation, and reporting requirements with respect to certain payments made to certain non-financial foreign entities.

On April 27, 2016, Panama signed an intergovernmental agreement ("Panama IGA") with the United States for purposes of FATCA. Under the Panama IGA, most Panamanian financial institutions are required to register with the IRS and comply with the requirements of the Panama IGA, including with respect to due diligence, reporting, and withholding.

To this end, the Bank registered with the IRS on April 23, 2014 as a Registered Deemed-Compliant Financial Institution (including a Reporting Financial Institution under a Model 1 IGA) and is required under the Panama IGA to identify U.S. persons and report certain information required by the IRS, through the tax authorities in Panama.

Any changes in applicable laws and regulations, as well as the volume and complexity of the laws and regulations applicable to the Bank, may have a material adverse effect on the Bank.

Payments on certain notes may be subject to U.S. withholding under FATCA.

The United States has enacted rules, commonly referred to as FATCA, that generally impose a reporting and withholding regime with respect to certain payments made two years after the date the relevant final Treasury regulations are published in the Federal Register by entities that are classified as financial institutions under FATCA. The United States has entered into an intergovernmental agreement regarding the implementation of FATCA with Panama IGA. Under the Panama IGA, as currently drafted, the Issuer does not expect payments made on or with respect to the notes to be subject to withholding under FATCA. However, significant aspects of when and how FATCA will apply remain unclear, and no assurance can be given that withholding under FATCA will not become relevant with respect to payments made on or with respect to the notes in the future. Prospective investors should consult their own tax advisors regarding the potential impact of FATCA.

Any failure by the Bank to maintain effective internal controls over financial reporting may adversely affect investor confidence and, as a result, the value of investments in its securities.

The Bank is required under the Sarbanes-Oxley Act of 2002 to furnish a report by the Bank's management on the effectiveness of its internal control over financial reporting and to include a report by its independent auditors

attesting to such effectiveness. Any failure by the Bank to maintain effective internal control over financial reporting could adversely affect its ability to report accurately its financial condition or results of operations. If the Bank is unable to conclude that its internal control over financial reporting is effective, or if its independent auditors determine that Bladex has a material weakness or significant deficiency in its internal control over financial reporting, the Bank could lose investor confidence in the accuracy and completeness of its financial reports, the market prices of its shares could decline, and could be subject to sanctions or investigations by the SEC or other regulatory authorities. Failure to remedy any material weakness in its internal control over financial reporting, or to implement or maintain other effective control systems required of public companies subject to SEC regulation, also could restrict the Bank's future access to the capital markets.

The Bank makes estimates and assumptions in connection with the preparation of its consolidated Financial Statements, and any changes to those estimates and assumptions could have a material adverse effect on its operating results.

In connection with the preparation of its consolidated financial statements, the Bank uses certain estimates and assumptions based on historical experience and other factors. While the Bank's management believes that these estimates and assumptions are reasonable under the current circumstances, they are subject to significant uncertainties, some of which are beyond its control. Should any of these estimates and assumptions change or prove to have been incorrect, its reported operating results could be materially adversely affected.

The loss of senior management, or the Bank's ability to attract and maintain key personnel, could have a material adverse effect on it.

The Bank's ability to maintain its competitive position and implement its strategy depends on its senior management. The loss of some of the members of the Bank's senior management, or the Bank's inability to maintain and attract additional personnel, could have a material adverse effect on its operations and ability to implement its strategy. The Bank's performance and success are largely dependent on the talents and efforts of highly skilled individuals. Talent attraction and retention is one of the key pillars for supporting the results of Bladex, which is focused on client satisfaction and sustainable performance. The Bank's ability to attract, develop, motivate and retain the right number of appropriately qualified people is critical to its performance and ability to thrive throughout the Region. Concurrently, the Bank faces the challenge of providing a new experience to employees, so that the Bank is able to attract and retain highly-qualified professionals who value environments offering equal opportunities and who wish to build their careers in dynamic, cooperative workplaces, which encourage diversity and meritocracy and are up to date with new work models.

The Bank's performance could be adversely affected if it were unable to attract, retain and motivate key talent. As the Bank is highly dependent on the technical skills of its personnel, including successors to crucial leadership positions, as well as their relationships with clients, the loss of key components of the Bank's workforce could make it difficult to compete, grow and manage the business. A loss of such expertise could have a material adverse effect on the Bank's financial performance, future prospects and competitive position.

Financial institutions such as the Bank are facing increased scrutiny on climate and broader environmental, social and governance (ESG)- related issues from governments, regulators, shareholders and other bodies, leading to reputational and other risks.

Financial institutions are facing increased scrutiny on climate and broader environmental, social and governance (ESG)- related issues from governments, regulators, shareholders and other bodies, leading to reputational and other risks if the Bank is not seen to support the transition to a lower carbon economy, and to protect biodiversity and human rights. In addition, there is a general lack of consistent and comprehensive ESG data and methodologies available today, which means that the Bank may be reliant on estimates and qualitative approaches when assessing ESG-related risks to its business, which may, among other things, introduce a degree of uncertainty into any of the Bank's climate-related disclosures.

In this context, the risk of "greenwashing" also represents both a regulatory and reputational risk for the Bank. Greenwashing refers to the risk of making inaccurate or misleading claims to stakeholders and third parties about the sustainability-related features of a company's products or investments. The rapidly evolving regulatory

environment surrounding greenwashing, and any resulting impact on the Bank's reputation, could negatively affect the Bank's financial condition and results of operations.

Although the Bank intends to develop and implement its approach to environmental risk assessments and management in order to promote the integration of environmental-related factors across its business activities, both rapidly changing regulatory, as well as stakeholder demands, combined with an increasing focus by stakeholders, may materially affect the Bank's business if it fails to adopt such demands or appropriately implement strategic plans to address them.

The Bank's ability to maintain its competitive position depends, in part, on the success of new products and services it offers to its customers and on its ability to offer products and services that meet the customers' needs during the whole life cycle of the products or services. The Bank's failure to manage various risks it faces as it expands its range of products and services could have a material adverse effect on the Bank.

The success of the Bank's operations and its profitability depends, in part, on the success of new products and services it offers to its customers and its ability to offer products and services that meet their needs during their entire life cycle. However, the Bank's customers' needs, or desires may change over time, and such changes may render its products and services obsolete, outdated or unattractive and the Bank may not be able to develop new products that meet its customers' changing needs. The Bank's success is also dependent on its ability to anticipate and leverage new and existing technologies that may have an impact on products and services in the banking industry. Technological changes may further intensify and complicate the competitive landscape and influence customer behavior. If the Bank cannot respond in a timely fashion to the changing needs of its customers, it may lose existing or potential customers, which could in turn materially and adversely affect the Bank. In addition, the cost of developing products is likely to affect the Bank's results of operations.

As the Bank expands the range of products and services, some of which may be at an early stage of development in the markets of certain regions where the Bank operates, the Bank will be exposed to new and potentially increasingly complex risks, such as the conduct risk in the relationship with customers, and development expenses. The Bank's employees and its risk management systems, as well as the Bank's experience may not be sufficient to enable the Bank to properly manage such risks. Any or all of these factors, individually or collectively, could have a material adverse effect on the Bank.

The Bank may not be successful in implementing its business strategy, including its Medium Term Strategic Plan.

The Bank cannot assure you that it will be able to successfully manage all factors necessary to achieve its goals and implement its business strategy, including its Medium Term Strategic Plan. If the Bank is unable to optimize its commercial effectiveness in order to strengthen its credit origination and continue to grow its customer base, or if the Bank is unable to broaden its product offering and identify key products and services to offer to its clients, the Bank's business, financial condition, results of operations and prospects could be materially and adversely affected.

Risks Relating to the Region

The Bank's credit activities are concentrated in the Region. The Bank also faces borrower concentration. Adverse economic developments 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.

As a reflection of the Bank's mission and strategy, the Bank's credit and other activities are concentrated in the Region, and are therefore highly susceptible to macroeconomic factors throughout the Region, as well as in individual countries. Economies in the Region have historically experienced significant volatility evidenced, in some cases, by political uncertainty, including with respect to upcoming elections, slow economic growth or recessions, increases in unemployment and the resulting reduction in consumer purchasing power, declining investments, fluctuations in interest rates and the capital markets, government and private sector debt defaults and restructurings, and significant inflation and/or currency devaluation. The recent adoption of protectionist policies by the new United States administration, including tariffs and changes in immigration policy has also created uncertainty in the region

where the Bank operates and may lead to higher levels of inflation. Furthermore, the far-reaching impacts of the ongoing war in Ukraine, such as persistently high energy and food costs, have further weakened a global economy. Such weakening global economic activity is likely to reduce the growth prospects in the Region. Moreover, aggressive monetary tightening in major economies to decrease inflation could result in significant economic difficulties for the Region, mainly through the effects of higher borrowing costs and a more expensive U.S. dollar. The latter could worsen even more increasing inflation in the Region. See "—Risks Relating to the Bank's Business— Performance in the financial services industry is affected by market conditions, fiscal, monetary and regulatory policies and the macroeconomic climate."

Global economic and geopolitical changes, including the persistent effects of the COVID-19 pandemic, changes in exchange control, trade, and immigration policies, the ongoing conflict between Israel, Hamas and Iran and the wider conflict in the Middle East, the war in Ukraine and their spillover effects of each of these factors on the global economy and markets, inflationary pressure, volatility in commodity prices, any material increases in tariffs in key economies or a trade war, oil and energy prices, U.S. dollar interest rates and U.S. dollar exchange rates, and any slowing of economic growth in industrialized countries, have had and could continue to have adverse effects on the economic condition of countries in the Region in which the Bank operates.

Banks, including Bladex, that operate in countries considered to be emerging markets may be particularly susceptible to disruptions and reductions in the availability of credit or increases in financing costs, which may have a material adverse impact on their operations. In particular, the availability of credit to financial institutions operating in emerging markets is significantly influenced by an aversion to global risk. In addition, any factor that may impact investors' confidence, such as a downgrade in credit ratings of a particular country or an intervention by a government or monetary authority in any such markets, may affect the price or availability of resources for financial institutions in these markets, which may affect the Bank.

The Bank also faces borrower concentration, with its credit activities being in a number of countries. Adverse changes affecting one or more of these economies could have a material 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 June 30, 2025, 49% of the Bank's Credit Portfolio was outstanding to borrowers in the following five countries: Brazil ($1,501 million, or 12%), Guatemala ($1,299 million, or 11%), Mexico ($1,193 million, or 10%), Colombia ($989 million, or 8%), and Dominican Republic ($930 million, or 8%).

In addition, as of December 31, 2024, of the Bank's total Credit Portfolio balances, 7% were to five borrowers in Guatemala, 5% were to five borrowers in Brazil, 5% were to five borrowers in Dominican Republic, 5% were to five borrowers in Colombia and 4% were to five borrowers in Mexico. A significant deterioration of the financial or economic condition of any of these countries or borrowers could have a material adverse impact on the Bank's Credit Portfolio, potentially requiring the Bank to create additional allowances for expected credit losses, or suffer credit losses with the effect accentuated because of this concentration.

The Bank's mission is focused on supporting trade and integration across the Region. As a result, any increases in tariffs, supply chain disruptions or other restrictions or impediments affecting foreign trade, or resulting uncertainty that reduces international trade flows, either throughout the Region or globally, could adversely affect the Bank's business, results of operations or market value of the notes.

The Bank's mission is focused on supporting trade and integration across the Region, and a significant portion of the Bank's operations is derived from financing trade related transactions. As a result, increases in tariffs, changes in political, regulatory and economic conditions in the United States or in the Region, or in policies governing infrastructure, trade and foreign investment in the United States, or other restrictions on foreign trade throughout the Region or globally could adversely affect the Bank's business and results of operations. For example, the United States has imposed tariffs on a variety of imports from countries throughout the world, including the Region, including certain tariffs on steel, aluminum and automobiles, among others. In addition, the United States has threatened additional tariffs and trade measures against several countries and trading blocs related to other products. Several countries and trading blocs have implemented countermeasures. There can be no assurance that the prevalence and quantity of tariffs and similar measures implemented or increased globally and, in the Region, will not continue to increase, and that such measures will not have a material adverse effect on the global or Regional economies as a whole, and as a result on the Bank's financial condition and results of operations.

Additionally, the United States, United Kingdom, European Union, Switzerland and other countries across the Region and the world have imposed severe sanctions and trade restrictions against Russia, certain individuals and companies in response to the military attack on Ukraine. The Russian government has also imposed certain countermeasures, which include restrictions relating to foreign currency accounts and security transactions. The Bank's policy is to comply with all applicable laws, including sanctions and export controls, in the jurisdictions in which it operates. At present, numerous complex regimes are developing rapidly in response to the escalating conflict and the Bank is working carefully to comply with all relevant requirements and to address their potential consequences. There can be no assurance that the U.S., China, Russia, Mexico, Canada, Colombia, or other countries, including those in the Region, will not move to implement further tariffs or restrictions on trade, or what the scope and effects of any such restrictions might be. Any such tariffs or restrictions, or uncertainty surrounding any future restrictions, could materially adversely affect international trade flows, which is a core sector underlying the Bank's business model.

Furthermore, the macroeconomic, trade and regulatory environment has become increasingly fragmented, with the ongoing war in Ukraine, the conflict between Israel, Hamas and Iran and the wider conflict in the Middle East, increasing inflationary pressures alongside other factors, continuing to disrupt supply chains in several industries globally and in the Region. The mismatch between supply and demand has increased volatility in commodity and other prices, particularly in the energy sector, creating further challenges for monetary authorities and the Bank's customers. Furthermore, international markets, commodities prices and supply chains continue to be significantly disrupted by the escalating conflict between Israel, Hamas and Iran and the wider conflict in the Middle East, as well as Russia's invasion of Ukraine, and the resulting sanctions and other measures imposed on Russia and certain Russian entities and individuals. These developments are expected to continue negatively affecting the economies of the Region, and it remains uncertain when and how international trade flows will recover from these and other current disruptions.

Any such disruptions in international trade flows could materially and adversely affect the demand and pricing of the Bank's trade related lending activities, and therefore have a material adverse effect on the Bank's business, financial condition, results of operations and share price.

The Region's economies remain vulnerable to inflationary pressures. Elevated levels of inflation in the Region may have a material adverse effect on the Region's economic growth and, therefore, the Bank's results of operations and financial condition.

The ongoing war in Ukraine, the conflict between Israel, Hamas and Iran and the wider conflict in the Middle East, persistent elevated levels of inflation, the devaluation of currencies against the U.S. Dollar, the fluctuation of interest rates, tighter financial conditions, economic deceleration of key trading partners, and social discontent are among the macroeconomic factors that have led to a slower economic growth in the Region in 2024. In addition, the adoption of protectionist policies such as those related to tariffs and immigration issues could potentially lead to higher inflation in the United States, which had been gradually declining following the swift monetary tightening across the Region since 2021, together with the withdrawal of most of the pandemic fiscal stimulus and the reversal of external price pressures. Financing costs could be affected by inflation and are expected to remain high in the coming years. Further significant increases in interest rates will continue to affect global financial conditions and carry the risk of triggering a recession. Should monetary policy rates move materially higher than current expectations, a realignment of market expectations could cause turbulence in financial asset prices. Higher global and domestic financing costs can accelerate capital outflows and represent a challenge for the Region, given large public and external financing needs in some countries and the limited resources to finance investment in the Region. Furthermore, the combined effect of Russia's invasion of Ukraine and conflict between Israel, Hamas and Iran and the wider conflict in the Middle East are all recessive and inflationary, which could cause risks of stagflation within the Region.

Although economic conditions vary from country to country, the Region's economy continues to be vulnerable to inflationary pressure and to experience slow economic growth. Though inflationary pressures slowed during 2024 as a result of a number of factors, including lower food and energy prices resulting from monetary policy tightening, there is considerable uncertainty around inflation forecasts for the coming years. Tighter labor markets, wage pressures, the adoption of tariffs and a history of backward indexation continue to create uncertainty around inflation rates. Core inflation (that is, excluding food and energy) in the Region remains high.

Amidst these uncertainties, financial markets have continued to experience volatility. The Bank cannot predict the decisions and policies that the governments in major global markets and in the Region will adopt in the future to combat rising inflation, which could generate uncertainty in the international markets and could have a negative effect on economies in the Region. Persistent inflation in the Region may have a material adverse effect on the Region's economic growth and, therefore, the Bank's results of operations and financial condition.

Local country foreign exchange controls or currency devaluation, and elevated inflation, 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 foreign exchange controls may restrict the ability of the Bank's borrowers to acquire dollars to repay loans on a timely basis, even if they are exporters, 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. Asset risks may rise for banks that lend to exporters or high value-added manufacturers, particularly in the automotive supplier and technology sectors in the Region. Any of these factors could harm the Bank's borrowers' ability to pay U.S. dollar-denominated obligations, which could adversely affect the Bank's business and results of operations.

A significant portion of the Bank's Loan Portfolio consists of loans made to borrowers in the oil/gas and agribusiness sectors in the Region. Lending in these sectors presents unique risks related to commodities pricing.

As of June 30, 2025, $975 million, or 11% of the Bank's Loan Portfolio was comprised of oil and petroleum derived products related loans, and $483 million, or 5% of the Bank's Loan Portfolio was comprised of loans to the agricultural sector. Repayment of these loans depends substantially, in some cases, on producing, exploring and exporting and also marketing the oil/gas or other commodities. Most of these loans are unsecured and collateral securing some of these loans may be illiquid. In addition, the limited purpose of some agricultural-related collateral affects credit risk because such collateral may have limited or no other uses to support values when loan repayment problems emerge. Many external factors can impact the Bank's borrowers' ability to repay their loans, including commodity price volatility (i.e., oil and sugar prices), increased global shipping costs due to tensions in the Red Sea and a slowdown in Panama Canal traffic due to drought conditions, pandemics, epidemics, war such as the conflict between Israel, Hamas and Iran and the wider conflict in the Middle East or the war in Ukraine, trade disputes, the escalation tensions between key trading partners and sanctions implemented as a result, the impact of supply chain disruptions, inflation and rising interest rates, adverse weather conditions, water issues, land values, production costs, changing government regulations and subsidy programs, changing tax treatment, technological changes, labor market shortages/increased wages, and changes in consumers' preferences, over which the Bank's borrowers may have no control. These factors, as well as volatility in certain commodity prices, including the price of oil, which has increased significantly recently, could adversely impact the ability of those to whom the Bank has made loans to perform under the terms of their borrowing arrangements with the Bank, which in turn could result in credit losses and adversely affect the Bank's business, financial condition and results of operations.

A downgrade in the Bank's credit ratings may adversely affect its funding costs, access to capital, access to loan and debt capital markets, liquidity and, as a result, its business and results of operations. Increased risk perception in countries in the Region where the Bank has large credit exposures could have an adverse impact on the Bank's credit ratings.

Credit ratings represent the opinions of independent rating agencies regarding the Bank's ability to repay its indebtedness, and affect the cost and other terms upon which it is able to obtain funding. Each of the rating agencies reviews its ratings and rating methodologies on a periodic basis and may decide on a grade change at any time, based on factors that affect the Bank's financial strength, such as liquidity, capitalization, asset quality and profitability. Credit ratings are essential to the Bank's capability to raise capital and funding through the issuance of debt, loan transactions, as well as to the cost of such financing.

Among other factors, increased risk perception in any country where the Bank has large exposures could trigger downgrades to the Bank's credit ratings. Such perception of increased risk could result from events which are beyond the Bank's control, such as economic or political crises or the macroeconomic deterioration of certain key economic sectors, among other factors. For instance, in the fourth quarter of 2023, Panama experienced a significant political and economic disruption due to the Supreme Court's voiding of the Panamanian government's concession

contract with a Canadian mining company, First Quantum, which led to widespread protests that caused disruptions in various key sectors.

The government of Jose Raúl Mulino's (elected May 5, 2024), commitment to fiscal austerity as previously expressed by president Mulino may change, and depending on those circumstances may cause a loss of investor confidence or a downgrade of Panama's investment rate credit rating, a downgrade in the credit rating, which would adversely affect the Bank's operations in Panama.

A credit rating downgrade would likely increase the Bank's funding costs, and may create liquidity risk, reduce its deposit base and access to the lending and debt capital markets, trigger additional collateral or funding requirements or decrease the number of investors and counterparties willing or permitted, contractually or otherwise, to do business with or lend to the Bank. As a result, the Bank's ability to obtain the necessary funding to carry on its financing activities in the Region at meaningful levels could be affected adversely, which could have a negative effect on its business and results of operations.

Climatic and natural phenomena such as tropical storms, floods, mudslides and earthquakes may adversely affect lending volume and the quality of the Loan Portfolio.

The Bank is exposed to natural disasters in Panama, such as earthquakes, floods and mudslides. Although earthquakes in Panama are not common, the country is located in a seismic zone. The country is also vulnerable to El Niño phenomenon, which provokes floods and mudslides in the north and central Andean regions. Recent drought conditions have also slowed shipping traffic through the Panama Canal. This weather phenomenon negatively affected Panama's GDP and the financial condition of certain of the Bank's clients.

A natural disaster of this nature or any other type of disaster could impair the Bank's operational capacity. The Bank's business continuity plans include emergency response, disaster recovery, operations continuity, crisis management, data protection and recovery and critical systems redundancy. Although the Bank tests its business continuity plans annually, these plans may prove to be ineffective which could have a material adverse effect on the Bank's ability to carry out its businesses, especially if an incidence or disaster affects computer-based data systems or damages customer or other data. In addition, if a significant number of the Bank's employees were affected by the natural disaster, the Bank's ability to conduct business could be impaired.

Risks Relating to the Notes

The notes will be unsecured and subordinated and rank junior in payment and in liquidation to all of our existing and future senior obligations. The notes will be subordinated to all other indebtedness of the Bank (with the exception of Parity Securities) and will also be subordinated to certain statutory liabilities.

Under Panamanian law, in order to qualify as Tier 1 capital, the notes are required to be subordinated to all deposits, any creditors generally, any other subordinated indebtedness and to certain other statutory preferences (with the exception of Parity Securities). In the event of an intervention and/or liquidation of the Bank, those statutory preferences, including certain direct, unconditional and unsecured general obligations, will have preference over any other claims, including claims by any investor under the notes. See "Regulation and Supervision."

The notes will not be secured by any of our assets or any of the assets of our subsidiaries. As a result, the notes will be effectively subordinated and rank junior in payment and in liquidation to all of our secured obligations that we or our subsidiaries have currently outstanding or may incur in the future (or any indebtedness that is initially unsecured to which we subsequently grant security) to the extent of the value of the assets securing such indebtedness.

In the event of any distribution to our creditors in a voluntary liquidation or dissolution of the Bank, or in a mandatory process of liquidation as established by Panamanian regulation, the holders of obligations of the Bank will be entitled to receive payment in full of such senior obligations (including interest after the commencement of any voluntary or mandatory liquidation and dissolution proceeding at the rate specified in the applicable senior obligations) and of all other subordinated obligations of the Bank (with the exception of Parity Securities), before the holders of notes will be entitled to receive any payment with respect to the notes, if any.

As a result of the subordination provisions described above, in the event of a voluntary or mandatory liquidation and dissolution or reorganization of the Bank, holders of notes may recover ratably less than creditors of the Bank who are holders of other obligations. Moreover, in the event of the occurrence of an Event of Default, the holders of the notes may be unable to accelerate the obligations due under the notes or otherwise commence an insolvency proceeding.

In addition, creditors of the Issuer may hold negotiable instruments or other instruments governed by local law that grant rights to attach the assets of the Issuer at the inception of judicial proceedings in the relevant jurisdiction, which attachment is likely to result in priorities benefitting those creditors when compared to the rights of holders of the notes.

As of June 30, 2025, our outstanding consolidated financial obligations amounted to $1,239.5 million, compared to $1,653.4 million as of December 31, 2024. Of this amount, $935.1 million was denominated in U.S. dollars, $275.2 million in Mexican pesos, and U.S.$29.4 million in euros. These obligations are not secured and are structurally subordinated to all liabilities of our subsidiaries, none of which guarantee the notes or have any obligation to make payments under them. The indenture governing the notes will not prohibit us or our subsidiaries from incurring additional secured (or unsecured) indebtedness in the future. In any liquidation, dissolution, bankruptcy or other similar proceeding, the holders of any of our existing or future secured indebtedness and the secured indebtedness of our subsidiaries may assert rights against the assets pledged to secure that indebtedness and may consequently receive payment from these assets before they may be used to pay other creditors, including the holders of the notes.

In addition, the notes are obligations exclusively of the Bank and not of any of our subsidiaries. None of our subsidiaries is a guarantor of the notes, and the notes are not required to be guaranteed by any subsidiaries we may acquire or create in the future. Therefore, in any bankruptcy, liquidation or similar proceeding, all claims of creditors (including trade creditors) of our subsidiaries will have priority over our equity interests in such subsidiaries (and therefore the claims of our creditors, including holders of the notes) with respect to the assets of such subsidiaries. Even if we are recognized as a creditor of one or more of our subsidiaries, our claims would still be effectively subordinated to any security interests in the assets of any such subsidiary and to any indebtedness or other liabilities of any such subsidiary senior to our claims. Consequently, the notes will be structurally subordinated to all indebtedness and other liabilities of any of our subsidiaries and any subsidiaries that we may in the future acquire or establish as financing vehicles or otherwise. In addition, future debt and security agreements entered into by our subsidiaries may contain various restrictions, including restrictions on payments by our subsidiaries to us and the transfer by our subsidiaries of assets pledged as collateral.

If we fail to pay interest, there is no cumulative interest on the notes.

Pursuant to the terms of the notes, we may choose not to pay interest on the notes in the following events:

- the Issuer determines that it is, or that such interest payment would result in it being, in noncompliance with applicable capital regulations or operational limits set by the Superintendency of Banks;
- the Issuer determines that such interest payment would result in the notes no longer being characterized as Target Capital Instruments;
- the Superintendency of Banks determines that such interest payment will not be made;
- certain insolvency or liquidation events occur which limit the Issuer's ability to make payments in full in respect of the notes;
- certain defaults with respect to the Senior Debt having a principal amount in excess of U.S.$50,000,000 occur; or
- if the Issuer, at its sole discretion, elects to suspend the payment and accrual of interest.

There can be no assurance interest payments on the notes will not be suspended and cancelled in the future. In the event of a cancellation of an interest payment on the notes, as described above, this interest will not accrue or accumulate and will not be deemed due and payable under the terms of the notes, will be deemed extinguished, and such failure to pay an interest amount will not constitute a payment default. There can be no assurance that interest payments with respect to the notes will not be suspended in the future. Holders will bear the risk of any such non-payment of interest.

Holders have limited recourse in the event of non-payment on the notes.

In the event that we fail to comply with our obligation to pay interest under the notes, holders may notify us of the breach and may file the legal actions they deem appropriate to enforce their rights and demand compliance with our obligations under the notes. However, they will not have the right to declare the notes expired or accelerate the notes, nor will they have the right to request or initiate an insolvency, forced liquidation or other similar process in against us.

The outstanding principal on the notes may only be accelerated and declared due and payable when the SBP issues a resolution or similar order ordering our liquidation, whether voluntary or forced, and the resolution or similar order becomes effective and final.

For the avoidance of doubt, there will be no default in the payment of interest where we have duly suspended payment of interest on the notes in accordance with the terms and conditions of the notes.

The notes have no maturity date and are not redeemable at the holder's option at any time.

The notes are perpetual, have no fixed maturity or mandatory redemption date, and are not redeemable at the holder's option at any time. As a result, holders will be entitled to receive a return of the principal of the investment only if we (i) elect to exercise the call option in relation to the notes, which may only happen on or after the seventh anniversary of the issue date of the notes, or (ii) redeem the notes for taxation reasons or following a Regulatory Event or a Rating Agency Event, and provided that we are in compliance with the applicable risk based capital requirements. Therefore, holders should be aware that they will be required to bear the financial risks of an investment in the notes indefinitely.

The notes will be redeemable at our option.

While the notes have no fixed maturity date or fixed redemption date, the notes may be redeemed, in whole or in part, at our option on the Initial Reset Date (as defined in "Description of the Notes—Redemption—Optional Redemption") or on any interest payment date thereafter, subject to the prior approval of the Superintendency of Banks or any other applicable Panamanian regulator, if such approval is then required. In addition, we may redeem the notes subject to the prior approval of the Superintendency of Banks or any other applicable Panamanian regulator, if such approval is then required, at any time after the fifth anniversary of the issue date of the notes, in whole but not in part, upon the occurrence of a tax event, subject to certain requirements. See "Description of the Notes—Redemption—Early Redemption Upon Tax Event." In addition, we may redeem the notes subject to the prior approval of the Superintendency of Banks or any other applicable Panamanian regulator, if such approval is then required, at any time after the fifth anniversary of the issue date of the notes, in whole but not in part, upon the occurrence of certain regulatory events or rating agency events and subject to certain requirements. See "Description of the Notes—Redemption—Early Redemption Upon Regulatory Event or Rating Agency Event." Prospective investors should also be aware that the insolvency and resolution laws of Panama may differ significantly from bankruptcy or resolution regimes in other jurisdictions with which they may be more familiar.

Provided that we redeem the notes, we must substitute the redeemed notes with securities or other instruments qualifying as Additional Tier 1 Capital of equal or greater quality than the redeemed notes, or we must prove to the Superintendency of Banks that our capital position will significantly exceed the minimum capital requirements following the redemption.

As a result, we may effectively redeem the notes without the holders receiving any compensation for the lost opportunity to continue receiving a higher rate. In addition, in the event that the notes, due to prevailing market conditions, are traded above their nominal value, holders may suffer an impairment in the value of their investment if at that time we decide to exercise the redemption option. There is no penalty applicable to the extent we elect to redeem all or a part of the notes.

Loss absorption under certain circumstances.

Pursuant to Panamanian law, following the administrative taking of control of the Issuer by the Superintendency of Banks and subsequent reorganization of the Issuer ordered by such entity, the reorganizer or the reorganization board (as the case may be) appointed by the Superintendency of Banks may decree that the principal amount and/or interest owed under the notes be used to absorb the Issuer's losses. The Superintendency of Banks may take this action in the absence of any Acceleration Event or other similar legal proceeding. The notes will provide for the write-off on a permanent basis, in a minimum amount corresponding to the balance allocated to the Tier 1 capital, under applicable laws and regulations of the Superintendency of Banks, upon the occurrence of any of the following events: (i) a decree by the reorganizer or the reorganization board (as the case may be) appointed by the Superintendency of Banks pursuant to a reorganization process of the Issuer, ordering the full or partial write-off of the principal and/or interest of all the notes to absorb losses; or (ii) determination by the Superintendency of Banks of a write-off of the notes. Therefore, holders should be aware that they will be required to bear the financial risks that their investment in the notes may be written-off on a permanent basis. See "Description of the Notes—Defaults and Remedies—Loss Absorption."

Holders of the notes may find it difficult to enforce civil liabilities against us or our directors, officers and controlling persons.

We are organized under the laws of Panama. Substantially all of our directors, officers and controlling persons reside outside the United States. In addition, all or a substantial portion of our assets are located outside the United States. As a result, it may be difficult for holders of the notes to effect service of process within the United States on such persons or to enforce judgments against them or us, including in any action based on civil liabilities under the U.S. federal securities laws. There is uncertainty as to the enforceability against such persons in Panama, whether in original actions or in actions to enforce judgments of U.S. courts, of liabilities based solely on the U.S. federal securities laws. In addition, the bankruptcy, reorganization, liquidation, insolvency, laws governing trusts, administrative and other laws of Panama may be materially different from, or in conflict with, each other, including in the areas of rights of creditors, priority of government entities and other third-party and related-party creditors, treatment of intercompany debt, ability to obtain post-bankruptcy filing loans or to pay interest and the duration of proceedings. The laws of Panama may not be as favorable to your interests as the laws of jurisdictions with which you are familiar. The application of these laws, or any conflict among them, could call into question how the laws of Panama should apply.

The notes are a new issue of securities for which there is currently no public market. You may be unable to sell your notes if a trading market for the notes does not develop.

The notes will constitute a new issue of securities. There is no existing market for trading of the notes, and we cannot assure you that in the future a market for the notes will develop, or that you will be able to sell any notes you have purchased, or that any such notes may be sold for any particular price. We will apply to list the notes on the Official List. However, no assurance can be given that we will be able to obtain or maintain such listing or that, if listed, a trading market will develop. We do not intend to apply for listing of the notes on any securities exchange other than the Official List. Lack of a liquid, active trading market for the notes may adversely affect the price of the notes or may otherwise impede a holder's ability to dispose of the notes. Additionally, if such market were to develop, the notes could trade at prices that may be higher or lower than the initial offering price depending on many factors, including prevailing interest rates, our results of operations and financial condition and political and economic developments in and affecting Panama and the markets for similar securities.

The initial purchasers have advised us that they intend to make a market in the notes, but they are not obligated to do so and may, in their sole discretion, discontinue any market making in the notes at any time. If the

initial purchasers do not facilitate trading in the notes for any reason, we cannot assure you that another firm or person will do so.

In addition, trading or resale of the notes (or beneficial interests therein) may be negatively affected by other factors described in this offering memorandum arising from this transaction or the market for securities of Panamanian issuers generally. As a result, we cannot assure you of the level of liquidity of any trading market for the notes and, as a result, you may be required to bear the financial risk of your investment in the notes indefinitely.

There are restrictions on your ability to transfer the notes.

The notes have not been and will not be registered under the Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Such exemptions include offers and sales that occur outside the United States in compliance with Regulation S and in accordance with any applicable securities laws of any other jurisdiction and sales to qualified institutional buyers as defined under Rule 144A. For a discussion of certain restrictions on resale and transfer, see "Plan of Distribution" and "Transfer Restrictions". Consequently, a holder of notes must be able to bear the economic risk of their investment in the notes for the term of the notes.

We cannot assure you that the credit ratings for the notes will not be lowered, suspended or withdrawn by the rating agencies.

The credit ratings of the notes may change after issuance. Such ratings are limited in scope, and do not address all material risks relating to an investment in the notes, but rather reflect only the views of the rating agencies at the time the ratings are issued. An explanation of the significance of such ratings may be obtained from the rating agencies. We cannot assure you that such credit ratings will remain in effect for any given period of time or that such ratings will not be lowered, suspended or withdrawn entirely by the rating agencies, if, in the judgment of such rating agencies, circumstances so warrant. Any lowering, suspension or withdrawal of such ratings may have an adverse effect on the market price and marketability of the notes. Negative developments in our business, results of operations and financial condition or other factors could cause the ratings agencies to lower the credit ratings, or ratings outlook, of our short- and long-term debt and, consequently, impair our ability to raise new financing or refinance our current borrowings and increase our costs of issuing any new debt instruments. Any of these factors could adversely affect us.

The U.S. federal income tax consequences of investing in the notes are not certain.

No authority directly addresses the U.S. federal income tax characterization of securities like the notes. The determination of whether an obligation represents debt, equity, or some other instrument or interest is based on all the relevant facts and circumstances. Despite the fact that the notes are denominated debt, we intend to treat the notes as equity interests in the Bank for U.S. federal income tax purposes. However, the characterization of the notes is not binding on the Internal Revenue Service (the "IRS"), and no assurance can be given that the IRS will not assert, or a court would not sustain, a contrary position regarding the characterization of the notes. U.S. Holders should consult their own independent tax advisors regarding the characterization of the notes for U.S. federal income tax purposes. See "Taxation – U.S. Federal Income Tax Considerations – Characterization of the notes."

Depending upon the value and the nature of our assets and the amount and nature of our income over time, we could be classified as a passive foreign investment company for U.S. federal income tax purposes.

The application of the passive foreign investment company ("PFIC") rules to the Bank is subject to uncertainty in several respects. 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. However, the IRS has issued guidance that exclude from passive income any income derived in the active conduct of a banking business by a qualifying foreign bank (the "active bank exception"). If we are a PFIC for any taxable year during which a U.S. Holder (as defined under "Taxation—U.S. Federal Income Tax Considerations") held the notes, the U.S. Holder might be subject to increased U.S. federal income tax liability and to additional reporting obligations. We do not intend to provide the

information necessary for the U.S. Holder to make a qualified electing fund election with respect to the notes. U.S. Holders should consult their own independent tax advisors regarding the application of the PFIC rules to an investment in the notes. See "Taxation—U.S. Federal Income Tax Considerations— Passive Foreign Investment Company."

Payments on the notes may be subject to U.S. federal income withholding under FATCA.

The United States has enacted rules, commonly referred to as FATCA, that generally impose a reporting and withholding regime with respect to certain U.S. source payments (including interest and dividends) and certain payments made by entities that are classified as financial institutions under FATCA. The United States has entered into an Intergovernmental Agreement regarding the implementation of FATCA with Panama (the "IGA"). Under the current terms and conditions of the IGA, we do not expect payments made on or with respect to the notes to be subject to withholding under FATCA. However, significant aspects of when and how FATCA will apply remain unclear, and no assurance can be given that withholding under FATCA will not become relevant with respect to payments made on or with respect to the notes in the future. Prospective investors should consult their own tax advisors regarding the potential impact of FATCA.

USE OF PROCEEDS

We estimate that the net proceeds from this offering will be approximately U.S.$198.1 million, after deducting commissions payable to the initial purchasers and other estimated expenses of approximately U.S.$1.9 million related to the offering. The purpose of this offering is to strengthen the Bank's Primary Capital (*Capital Primario*, as defined by the Superintendency of Banks of Panama). We intend to use the net proceeds from this offering for general corporate purposes.

IMPACT OF THE ISSUANCE AND CAPITALIZATION

The following table sets forth our consolidated capitalization as of June 30, 2025:

- on a historical basis; and
- on an as adjusted basis to give effect to this offering of notes and the use of proceeds from this offering as described in "Use of Proceeds."

The historical results presented below are not necessarily indicative of the results to be expected for any future period. This table should be read in conjunction with "Selected Financial Information," "*Operating and Financial Review and Prospects*," and our audited financial information, unaudited financial information, and related notes included elsewhere in this offering memorandum.

The "as adjusted" column reflects the issuance of notes and the application of proceeds.

	As of June 30, 2025	
	Actual	**Adjusted**
	(in $ thousands)	
Securities sold under repurchase agreements	196,562	196,562
Short-term borrowings and debt, net	1,239,549	1,239,549
Long-term borrowings and debt, net	2,539,804	2,539,804
Equity [(1)]		
Common stock	279,980	279,980
Treasury stock	(97,578)	(97,578)
Additional paid-in capital in excess of assigned value of common stock	120,854	120,854
Other equity instrument	-	200,000
Capital reserves	95,210	95,210
Regulatory Reserves	149,665	149,665
Retained earnings	861,430	861,430
Other comprehensive income	5,919	5,919
Total Equity	**$1,415,480**	**$1,615,480**
Total Capitalization and Debt	**$5,391,395**	**$5,591,395**
Ordinary primary capital ratio (Regulatory)	13.9%	13.9%
Capital Adequacy Ratio (Regulatory)	13.9%	15.9%
CET1 capital to risk weighted assets (Basel III – IRB)	15.0%	15.0%
Tier 1 capital to risk weighted assets (Basel III – IRB)	15.0%	17.1%

(1) As of June 30, 2025, the issued and outstanding common stock of Bladex, all of which have been fully paid, consisted of 6,342,189 shares of Class A common stock, 1,712,034 shares of Class B common stock and 29,176,972 shares of Class E common stock, each with an assigned value of $6.67 per share.

SELECTED FINANCIAL INFORMATION

The following tables set forth our selected financial information. The consolidated statement of financial position as of June 30, 2025, and the consolidated statement of profit or loss for the six-month periods ended June 30, 2025, and 2024, are derived from our interim financial statements and related notes for such periods. The consolidated statement of financial position and the consolidated statement of profit or loss as of and for the years ended December 31, 2024, 2023 and 2022 are derived from our financial statements and related notes for such periods. The interim financial statements and financial statements are included elsewhere in this offering memorandum. The following information has been prepared in accordance with IFRS Accounting Standards.

The selected financial information presented below should be read in conjunction with "Presentation of Financial and Other Information," "Operating and Financial Review and Prospects" and interim financial statements, and our financial statements and related notes included elsewhere in this offering memorandum.

Consolidated Statement of Financial Position Information

	As of June 30,	As of December 31,		
	2025	2024	2023	2022
Assets		*(in $ thousands)*		
Cash and due from banks	1,997,581	1,965,145	2,047,452	1,241,586
Investment Securities	1,377,813	1,201,930	1,022,131	1,023,632
Loans	8,583,899	8,383,829	7,220,520	6,760,434
Customers' liabilities under acceptances	602,232	245,065	261,428	163,345
Trading derivative financial instruments - assets	2,189	-	-	-
Hedging derivative financial instruments - assets	63,713	22,315	157,267	68,159
Equipment, leases and leasehold improvements, net	19,417	19,676	16,794	17,282
Intangibles assets	3,462	3,663	2,605	2,104
Other assets	23,901	17,050	15,595	7,368
Total Assets	**$12,674,207**	**$11,858,673**	**$10,743,792**	**$9,283,910**
Liabilities and Equity				
Customer deposits	6,491,382	5,461,901	4,451,025	3,205,386
Securities sold under repurchase agreements	196,562	212,931	310,197	300,498
Borrowings and debt, net	3,779,353	4,352,316	4,351,988	4,416,511
Interest payable	44,581	37,508	49,217	47,878
Lease Liabilities	18,713	19,232	16,707	16,745
Acceptance outstanding	602,232	245,065	261,428	163,345
Trading derivative financial instruments - liabilities	191	-	-	-
Hedging derivative financial instruments - liabilities	69,217	141,705	40,613	33,761
Allowance for losses on loan commitments and financial guarantee contracts	11,877	5,375	5,059	3,628
Other liabilities	44,619	45,431	53,734	26,811
Total Liabilities	**$11,258,727**	**$10,521,464**	**$9,539,968**	**$8,214,563**
Equity				
Common stock	279,980	279,980	279,980	279,980
Treasury stock	(97,578)	(105,601)	(110,174)	(114,097)
Additional paid-in capital in excess of value assigned to common stock	120,854	124,970	122,046	120,498
Capital reserves	95,210	95,210	95,210	95,210
Regulatory reserves	149,665	149,666	136,019	136,019
Retained earnings	861,430	792,005	673,281	543,612
Other comprehensive income	5,919	979	7,462	8,125
Total Equity	**$1,415,480**	**$1,337,209**	**$1,203,824**	**$1,069,347**
Total Liabilities and Equity	**$12,674,207**	**$11,858,673**	**$10,743,792**	**$9,283,910**

Consolidated Statement of Profit or Loss Information

	For the Six Months Ended June 30,		For the Year Ended December 31,		
	2025	2024	2024	2023	2022
Consolidated Statement of Profit or Loss Data:			(*in $ thousands, except per share data and ratios*)		
Total interest income	$383,851	$388,945	$785,032	$679,260	$332,621
Total interest expense	(250,856)	(263,301)	(525,821)	(446,077)	(184,610)
Net interest income	**132,995**	**125,644**	**259,211**	**233,183**	**148,011**
Fees and commissions, net	30,495	22,005	44,401	32,519	19,791
Gain (loss) on financial instruments, net	4,145	(191)	(483)	(45)	(1,410)
Other income, net	356	170	507	462	280
Total other income, net	34,996	21,984	44,425	32,936	18,661
Total revenues	**167,991**	**147,628**	**303,636**	**266,119**	**166,672**
Provision for credit losses	(10,235)	(9,713)	(17,299)	(27,463)	(19,521)
Total operating expenses	(41,840)	(36,525)	(80,464)	(72,498)	(55,111)
Profit for the period	**$115,916**	**$101,390**	**$205,873**	**$166,158**	**$92,040**
Weighted average basic shares (in thousands of shares)	37,072	36,692	36,740	36,481	36,304
Basic earnings per share	3.13	2.76	5.60	4.55	2.54

Other Financial Data and Selected Ratios

	For the Six Months Ended June 30,		For the Year Ended December 31,		
	2025	2024	2024	2023	2022
			(*in $ millions, except percentages*)		
Other Financial Data					
Average interest-earning assets	$11,362	$10,312	$10,484	$9,374	$8,678
Average total assets [1]	$11,942	$10,816	$10,967	$9,821	$8,901
Average total equity [2]	$1,378	$1,236	$1,270	$1,132	$1,029

	As of and for the Six Months Ended June 30,		As of and for the Year Ended December 31,		
	2025	2024	2024	2023	2022
			(*in $ thousands, except per share data and ratios*)		
Selected Financial Ratios					
Performance Ratios:					
Return on average total assets [1]	1.96%	1.89%	1.88%	1.69%	1.03%
Return on average total equity [2]	16.96%	16.50%	16.20%	14.68%	8.95%
Net interest margin [3]	2.36%	2.45%	2.47%	2.49%	1.71%
Net interest spread [3]	1.68%	1.77%	1.75%	1.84%	1.39%
Efficiency Ratio [4]	24.9%	24.7%	26.5%	27.2%	33.1%
Total operating expenses to average total assets [5]	0.71%	0.68%	0.73%	0.74%	0.62%
Regular cash dividend payout ratio [6]	39.9%	36.2%	35.7%	22.0%	39.4%
Liquidity Ratios:					
Liquid assets [7] / total assets	15.46%	17.41%	16.18%	18.61%	13.67%
Liquid assets [7] / total deposits	30.39%	36.11%	35.44%	45.35%	39.77%
Asset Quality Ratios:					
Total Impaired Credits [8] to Credit Portfolio [9]	0.15%	0.10%	0.15%	0.11%	0.40%

	As of and for the Six Months Ended June 30,		As of and for the Year Ended December 31,		
	2025	2024	2024	2023	2022
	(in $ thousands, except per share data and ratios)				
Credit-impaired loans [8] to Loan Portfolio [10]	0.22%	0.14%	0.20%	0.14%	0.45%
Charged-off loans to average Loan Portfolio	0.00%	0.00%	0.00%	0.31%	0.01%
Allowance for loan losses to Loan Portfolio	0.95%	0.85%	0.93%	0.83%	0.82%
Allowance for losses on loan commitments and financial guarantee contracts to loan commitments, financial guarantees issued and customers' liabilities under acceptances	0.53%	0.64%	0.32%	0.38%	0.38%
Capital Ratios:					
Total equity	$1,415,480	$1,263,595	$1,337,209	$1,203,824	$1,069,347
Total equity to total assets	11.17%	11.59%	11.28%	11.20%	11.52%
Average total equity to average total assets [11]	11.54%	11.43%	11.58%	11.53%	11.56%
Total assets to total equity	9.0x	8.6x	8.9x	8.9x	8.7x
Tier 1 capital to risk-weighted assets (Basel III – IRB) [12]	15.0%	16.2%	15.5%	15.4%	15.3%
Risk-weighted assets (Basel III – IRB) [12]	$9,433,424	$7,798,780	$8,603,751	$7,805,982	$6,995,827
Capital Adequacy Ratio (Regulatory) [13]	13.9%	14.0%	13.6%	13.6%	13.2%
Risk-weighted assets (Regulatory) [13]	$10,156,335	$9,100,832	$9,873,772	$8,898,408	$8,117,913
Leverage Ratio (Regulatory) [14]	9.9%	10.1%	9.8%	9.7%	9.7%
Stock Information:					
Basic shares period end	37,231	36,787	36,791	36,540	36,325
Book value per share (period end) [15]	38.02	34.35	36.35	32.95	29.44
Regular cash dividends declared per share	1.25	1.00	2.00	1.00	1.00

(1) For the six-month periods ended June 30, 2025, and 2024 and for the years 2024, 2023 and 2022, return on average total assets is calculated as profit for the year divided by average total assets. Average total assets for such periods, is calculated on the basis of daily average balances.

(2) For the six-month periods ended June 30, 2025, and 2024 and for the years 2024, 2023 and 2022, return on average total equity is calculated as profit for the year divided by average total equity. Average total equity for such periods, is calculated on the basis of daily average balances.

(3) For the six-month periods ended June 30, 2025, and 2024 and for the years 2024, 2023 and 2022, net interest margin is calculated as net interest income divided by the average balance of interest-earning assets. Average balance of interest-earning assets for such periods, is calculated on the basis of daily average balances. Net interest spread is calculated as average yield earned on interest-earning assets, less the average yield paid on interest-bearing liabilities. For more information regarding calculation of the net interest margin and the net interest spread, see "Operating and Financial Review and Prospects—Operating Results—Net Interest Income and Margins."

(4) Efficiency ratio is total operating expenses as a percentage of total revenues.

(5) For the six-month periods ended June 30, 2025, and 2024, the total operating expenses to average total assets is calculated by the annualization of the total operating expenses divided by average total assets. Average total assets for such periods, is calculated on the basis of daily average balances.

(6) The Bank calculates regular cash dividend payout ratio as regular cash dividends declared per share during the relevant period divided by basic earnings per share.

(7) Liquid assets consist of total cash and due from banks, less time deposits with original maturity over 90 days and other restricted deposits, plus "securities at FVOCI - corporate debt". See "Operating and Financial Review and Prospects—Liquidity and Capital Resources—Liquidity" and the Financial Statements included herein.

(8) Total impaired credits consist of the principal balance of credit impaired loans and credit impaired securities. As of June 30, 2025, the Bank had credit-impaired loans of $18.7 million in principal balance, and no credit impaired securities. As of December 31, 2024, the Bank had credit-impaired loans of $17.0 million, and no credit impaired securities. As of December 31, 2023, the Bank had credit-impaired loans of $10.1 million of credit-impaired loans and no credit-impaired securities. As of December 31, 2022, the Bank had credit-impaired loans of $30.1 million, and $5.0 million impaired securities. 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.

(9) Credit Portfolio refers to "loans – principal balance, loans commitments and financial guarantee contracts" and "investments securities – principal".

(10) Loan Portfolio refers to "loans – principal balance".

(11) For the six-month periods ended June 30, 2025, and 2024 and for the years 2024, 2023 and 2022, average total assets and average total equity are calculated on the basis of daily average balances.

(12) Tier 1 Capital is calculated according to Basel III capital adequacy guidelines and is equivalent to total equity excluding certain effects such as accumulated other comprehensive income (loss) ("OCI") of the securities at fair value through OCI. Tier 1 Capital ratio is calculated as a percentage of risk-weighted assets. Risk-weighted assets are estimated based on Basel III capital adequacy guidelines, utilizing internal-ratings based approach or "IRB" for credit risk and standardized approach for operational risk.

(13) As defined by the Superintendency of Banks of Panama through Rules No. 01-2015, 03-2016 and 05-2023, based on Basel III standardized approach.

(14) As defined by the Superintendency of Banks of Panama through Article No. 17 of Rule No. 1-2015 that establishes the leverage ratio of a regulated entity by means of the quotient between the ordinary primary capital and the total exposure for non-risk-weighted assets inside and outside the consolidated statement of financial position.
(15) Book value per share refers to the Bank's total equity divided by the Bank's outstanding common basic shares at the end of the period.

OPERATING AND FINANCIAL REVIEW AND PROSPECTS

This section, which generally discusses the Bank's financial condition and results from operations for the six-month periods ending on June 30, 2025 and 2024, and as of June 30, 2025, and for the years ending on December 31, 2024, 2023 and 2022, and includes year-on-year (or period on period, as applicable) comparisons of those results, should be read in conjunction with the financial statements and the notes thereto included elsewhere in this offering memorandum. This discussion intends to provide the reader with information that will assist in understanding the Bank's Financial Statements, the changes in certain key items in those Financial Statements from period to period and the primary factors that accounted for those changes. It also discusses certain performance metrics that management uses to assess the Bank's performance. Additionally, the discussion in this section provides information about the financial results of each of the Bank's business segments in order to provide a better understanding of how each of those segments and its results of operations affect the financial position and results of operations of the Bank as a whole.

Recent Developments

During 2024, the combination of slowing inflation and resilient economic activity allowed banks to begin reducing benchmark interest rates, especially in the United States, even though inflation rates remained above target levels. Economic growth was not uniform among regions.

According to the International Monetary Fund, in 2024, the Euro Zone grew almost 0.8%, while the United States grew more than 3% after the pandemic and Latin America grew by approximately 2%.

The post-pandemic era has been characterized by the normalization of supply chains, higher prices and a strong services economy.

According to the United Nations Conference on Trade and Development, global trade in services expanded by more than 6% in 2024, while trade in goods recovered at a 2% rate in 2024 after having registered almost no expansion in 2023. These expansions contributed to greater economic resilience, despite renewed geopolitical tensions; although they also played a role in the normalization of high interest rates.

Central Banks in developed countries generally eased monetary policies in 2024; however, interest rates remain significantly high due the persistence of inflation. The U.S. Federal Reserve cut its upper level reference rate by 100 basis points to 4.5% during the fourth quarter of 2024, which still represents a restrictive rate. Similarly, the European Central Bank also cut its reference rate by 100 basis points to 3% in 2024, which represents a less restrictive rate.

In the United States, despite high interest rates and above-target inflation, private consumption remained strong in 2024, boosting growth in part due to still pro-cyclical government expenditures, but also due to a structurally resilient economy. According to the Economist Intelligence Unit, private consumption in the United States grew by a strong 2.8% in 2024, while government consumption expanded by 3.4% and total GDP grew by 2.8%, a rate that exceeded the average growth in most of developed countries and Latin America. Recently, however, uncertainty has increased due to the measures that the Trump administration has implemented to date, and the signals it has given about policies it plans to implement in future periods. Tariffs across the board, strict immigration policies, and trade tensions with China, as well as with several other countries and trading blocs globally, have raised the likelihood of a United States recession, or even stagflation, in 2025. Headline inflation in the United States continues to be above 3%.

Recent events have increased caution across markets and have led to the postponement of investments in several cases, as investors await clarity on the real effects these factors will have on the U.S. and other key global economies, including the economy of the Region. We therefore expect growth in the Region to remain uneven. While Mexico, Panama, Ecuador and Colombia are growing below expectations and continue to register low investment rates, countries like Chile, Costa Rica, the Dominican Republic, El Salvador, Guatemala and Perú remain close to their respective long-term target growth or even slightly above.

The policies of the new United States administration are expected to continue generating uncertainty due to, among other factors, the following: (i) remittances from the United States account for nearly a quarter of the national GDP in each of Honduras, Guatemala and El Salvador, making the new administration's strict immigration policy a significant risk factor for these economies; and (ii) the United States remains the main trading partner for most of the economies in the Region. In the case of Mexico, exports to the United States represent approximately 80% of total exports. In this context, tariffs can be a risk for the balance of payments in most Latin American countries. In addition, commodity prices may be affected if there is a strong deceleration in economic activity, which may, in turn, affect countries like Colombia, Chile, Peru, Ecuador and Argentina.

During the first half of 2025, global markets have operated within a complex macroeconomic environment characterized by persistent trade tensions and evolving policy priorities, resulting in heightened market volatility and investor uncertainty. Geopolitical instability has escalated, notably through the ongoing conflict between Palestine and Israel, as well as Israel's recent conflict with Iran, which have contributed significantly to upward pressure on global oil prices. While governments worldwide have increasingly adopted protectionist trade measures, the economic impact of such policies has thus far been less severe than market participants initially anticipated.

The Latin American region presents a varied but generally resilient economic landscape. Consumer spending continues to function as the primary growth driver across the region, although capital investment remains subdued. According to International Monetary Fund projections, regional economic expansion is expected to experience a modest deceleration in 2025, primarily attributable to reduced economic activity in Brazil and Mexico. Conversely, several economies including Colombia, Chile, Panama, Costa Rica, and Guatemala are projected to experience accelerated growth trajectories during the second half of the year.

Despite these circumstances, Bladex realized a net profit of $115.9 million for the first six months of 2025, as business growth continued broad-based with strong momentum in Central American markets, with top line revenues of Net Interest Income and Fees increasing 6% and 39% year-over-year, respectively. This strong performance reaffirmed the Bank's resilience and adaptability of its business model in the face of an increasingly complex macroeconomic environment and volatile trade conditions.

Critical Accounting Estimates

The Bank prepares its annual financial statements in conformity with IFRS Accounting Standards.

The Consolidated annual financial statements have been prepared on a historical cost basis, except for the following items measured on a fair value basis: (i) securities and other financial instruments at FVOCI and FVTPL, (ii) financial assets and financial liabilities designated as hedged items in qualifying fair value hedging relationships, (iii) investment property, and (iv) share-based payments. The carrying values of recognized financial assets and financial liabilities that are designated as hedged items in qualifying fair value hedging relationships are measured at amortized cost adjusted for the hedge risk components associated with the hedging relationship.

The preparation of the annual financial statements requires Management to make estimates and use assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the reporting date of the annual financial statements and the reported amounts of revenues and expenses during the year. Material estimates that are particularly susceptible to significant changes relate to the determination of the allowances for expected credit losses, impairment of securities, and the fair value of financial instruments. Actual results may differ from these estimates if conditions or underlying circumstances were to change.

See note 3.21 to our annual financial statements "Judgments, estimates and significant accounting assumptions" for a related discussion on the Bank's critical accounting estimates. Additionally, the following significant accounting policies that involve critical accounting estimates can be found on:

- Reserve for expected credit losses (See notes 3.4, 5, and 6 to our annual financial statements);
- Fair value measurement and fair value on financial instruments (See notes 3.4, 3.21, 7, and 13 to our annual financial statements); and

- Business model assessment (See note 3.4) to our annual financial statements.

Nature of Earnings

The Bank derives income from net interest income and net other income, which includes fees and commissions, net, gain (loss) on financial instruments, net, 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 expense the Bank 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, guarantees, and credit commitments, and through loan structuring and syndication activities.

Operating Results

The following table summarizes changes in components of the Bank's profit for the year and performance for the periods indicated. The operating results in any period are not indicative of the results that may be expected for any future period:

	For the Six Months Ended June 30,		For the Year Ended December 31,		
	2025	**2024**	**2024**	**2023**	**2022**
	(in $ thousands, except per share amounts and percentages)				
Total interest income	$383,851	$388,945	$785,032	$679,260	$332,621
Total interest expense	(250,856)	(263,301)	(525,821)	(446,077)	(184,610)
Net interest income	**132,995**	**125,644**	**259,211**	**233,183**	**148,011**
Other income (expense):					
Fees and commissions, net	30,495	22,005	44,401	32,519	19,791
Gain (loss) on financial instruments, net	4,145	(191)	(483)	(45)	(1,410)
Other income, net	356	170	507	462	280
Total other income, net	34,996	21,984	44,425	32,936	18,661
Total revenues	**167,991**	**147,628**	**303,636**	**266,119**	**166,672**
Provision for credit losses	(10,235)	(9,713)	(17,299)	(27,463)	(19,521)
Operating expenses:					
Salaries and other employee expenses	(26,322)	(23,431)	(51,923)	(47,232)	(34,219)
Depreciation of equipment, improvements to leased property and investment property	(1,414)	(1,185)	(2,499)	(2,280)	(2,154)
Amortization of intangible assets	(674)	(474)	(1,064)	(814)	(561)
Other expenses	(13,430)	(11,435)	(24,978)	(22,172)	(18,177)
Total operating expenses	(41,840)	(36,525)	(80,464)	(72,498)	(55,111)
Profit for the period	**$115,916**	**$101,390**	**$205,873**	**$166,158**	**$92,040**
Basic earnings per share (in US dollars)	$3.13	$2.76	**$5.60**	**$4.55**	**$2.54**
Weighted average basic shares (in thousands of shares)	37,072	36,692	36,740	36,481	36,304
Return on average total assets [(1)]	1.96%	1.89%	1.88%	1.69%	1.03%
Return on average total equity [(2)]	16.96%	16.50%	16.20%	14.68%	8.95%

(1) For the six-month periods ended June 30 2025 and 2024 and for the years 2024, 2023 and 2022, return on average total assets is calculated as profit for the year divided by average total assets. Average total assets for such periods is calculated on the basis of daily average balances.

(2) For the six-month periods ended June 30 2025 and 2024 and for the years 2024, 2023 and 2022, return on average total equity for such periods is calculated as profit for the year divided by average total equity. Average total equity is calculated on the basis of daily average balances.

Profit for the Year

Bladex's profit for the six-month period ended June 30, 2025, totaled $115.9 million, or $3.13 per share, compared to $101.4 million, or $2.76 per share for the same period in 2024. The $14.5 million, or 14% year-on-year

increase in profits was primarily attributable to (i) the $7.4 million year-on-year increase in total net interest income supported by the increase in business volumes, the stabilization of margins and disciplined pricing, together with a higher deposit base allowing for an efficient costs of funds, (ii) an $8.5 million, or 39% year-on-year increase in income from fees and commissions, net mainly derived from increased fees and commissions income from each of the Bank's business lines, stemming from an effective strategic execution, strong cross-selling initiatives and optimized processes, and (iii) a $4.3 million year-on-year increase in gain (loss) on financial instruments, net which was largely a result of gains on financial instruments derived from hedging derivatives positions. These combined effects were partially offset by a $5.3 million, or 15% year-on-year increase in operating expenses, primarily a result of increased personnel expenses and other expenses aimed at enhancing business volumes, modernization and strengthening the Bank's strategy execution capabilities.

Bladex's profit for 2024 totaled $205.9 million, or $5.60 per share, compared to $166.2 million, or $4.55 per share for 2023. The $39.7 million, or 24% increase in profits was primarily attributable to (i) the $26.0 million, or 11% increase in net interest income, mainly resulting from the improvement of lending spreads, the positive impact of higher average market rates during the first half of the year and increased average credit balances, (ii) the $11.5 million, or 35% increase in total other income, net mainly derived from increased fees and commissions income from each of the Bank's business lines, stemming from the continued addition of new clients, increased transactions and the capture of profitable transactional opportunities, and (iii) a $10.2 million, or 37% decrease in provision for credit losses, mostly related to individually assessed credit provisions on certain written-off financial instruments allocated to 2023. These combined effects were partially offset by our $8.0 million, or 11% increase in operating expenses mostly associated with increased headcount aimed at enhancing business volumes and strengthening the Bank's strategy execution capabilities, and other expenses resulting from ongoing investments in technology and business initiatives related to strategy execution.

Bladex's profit for 2023 totaled $166.2 million, or $4.55 per share, compared to $92.0 million, or $2.54 per share for 2022. The $74.1 million, or 81% increase in profits was primarily attributable to (i) the $85.2 million, or 58% increase in net interest income, mainly resulting from the enhancement of lending spreads, the continued positive impact of higher average market rates and increased average credit balances, and (ii) the $14.3 million, or 76% increase in total other income, net mainly derived from higher structuring and syndication fee activity and the increase in commissions from the Bank's letter of credit business. These combined effects were partially offset by (i) a $7.9 million, or 41% increase in provision for credit losses, mainly driven by (a) the growth in the Bank's Credit Portfolio and to (b) an individually assessed credit provision allocation on certain impaired financial instruments classified as Stage 2, and (ii) a $17.4 million, or 32% increase in operating expenses mostly associated with higher personnel expenses in line with the Bank's focus on strengthening its execution capabilities and higher performance-based variable compensation, in each case resulting from the execution of the Bank's strategy.

Net Interest Income and Margins

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

	For the Six Months Ended June 30,		For the Year Ended December 31,		
	2025	**2024**	**2024**	**2023**	**2022**
			(in $ millions, except percentages)		
Net interest income by Business Segment					
Commercial	$118.7	$112.3	$231.0	$203.8	$133.3
Treasury	14.3	$13.3	28.3	$29.4	$14.7
Total Net Interest Income	**$133.0**	**$125.6**	**$259.2**	**$233.2**	**$148.0**
Net interest margin	2.36%	2.45%	2.47%	2.49%	1.71%
Net interest spread	1.68%	177%	1.75%	1.84%	1.39%

Net Interest Income Variation

Six months ended June 30, 2025, vs. six months ended June 30, 2024

For the six months ended June 30, 2025, the Bank's net interest income totaled $133.0 million, compared to $125.6 million during the six months ended June 30, 2024. The $7.4 million, or 6% increase in net interest income during the first half of 2025 was the result of a steady increase in business volumes, margin stability and disciplined pricing, together with a higher deposit base allowing for an efficient cost of funds, partly offset by the continued effect of increased U.S. dollar market liquidity driving competitive pricing.

2024 vs. 2023

For the year ended December 31, 2024, the Bank's net interest income totaled $259.2 million, compared to $233.2 million during the year ended December 31, 2023. The $26.0 million, or 11% increase in net interest income during 2024 was the result of the combined effect of the increase in the average balances of productive assets in both the Bank's Loan Portfolio and Investment Portfolio, that resulted in a net volume increase of $938 million in 2024 when compared to 2023, which positively impacted net interest income by $31 million year-on-year. This increase was the result of new client onboarding and cross-selling efforts, supported by the improvement of lending spreads and the impact of higher average market rates during the first half of the year.

2023 vs. 2022

For the year ended December 31, 2023, the Bank's net interest income totaled $233.2 million, compared to $148.0 million during the year ended December 31, 2022. The $85.2 million, or 58% increase in net interest income during 2023 was the result of the combined effect of the continued increase in lending spreads, increased asset rates which improved the return on equity funding such assets, a higher market base-rate differential between assets and liabilities and the impact of higher market rates in 2023, which positively impacted net interest income by $84.0 million year-on-year. This increase was also a result of an increase in the average balances of productive assets in both the Bank's Loan Portfolio and Investment Portfolio, that resulted in a net volume increase of $1.2 million in 2023 when compared to 2022.

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

The following table presents the distribution of consolidated average assets, liabilities and 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 average daily average balances:

	For the Six Months ended June 30,					
	2025			2024		
	Average balance	Interest	Average yield/rate	Average balance	Interest	Average yield/rate
	(in $ millions, except percentages)					
Interest-Earning Assets						
Interest bearing deposits with banks [1]	$1,650	$35.7	4.30%	$1,871	$50.7	5.36%
Securities at fair value though OCI	124	3.6	5.74%	90	4.6	4.62%
Securities at amortized cost [2]	1,136	26.9	4.71%	1,033	21.1	5.05%
Loans, net of unearned interest [2]	8,453	317.7	7.47%	7,318	315.0	8.52%
Total interest-earning assets	**$11,362**	**$383.9**	**6.72%**	**$10,312**	**$388.9**	**7.46%**
Allowance for loan losses	(60)			(60)		
Non-interest earning assets	640			564		
Total Assets	**$11,942**			**$10,816**		
Interest-Bearing Liabilities						
Deposits	$5,922	$142.4	4.78%	$5,079	$146.5	5.71%
Securities sold under repurchase agreement	212	5.3	4.94%	236	6.2	5.16%
Short-term borrowings and debt	1,019	25.7	5.03%	1,144	37.9	6.55%
Long-term borrowings and debt, net [3]	2,740	77.5	5.62%	2,696	72.7	5.33%
Total interest-bearing liabilities	**$9,893**	**$250.9**	**5.04%**	**$9,155**	**$263.3**	**5.69%**
Non-interest bearing liabilities and other liabilities	$672			$426		
Total Liabilities	**10,564**			**9,580**		

Total equity	1,378			1,236		
Total Liabilities and Equity	**$11,942**			**$10,816**		
Net interest spread			**1.68%**			**1.77%**
Net interest income and net interest margin		**$133.0**	**2.36%**		**$125.6**	**2.45%**

(1) Gross of interest receivable and the allowance for losses relating to deposits.
(2) Gross of interest receivable and the allowance for losses relating to financial instruments at amortized cost.
(3) Includes lease liabilities, net prepaid commissions.
Not: Interest income and/or expense includes the effect of derivate financial instrments used for hedging.

	For the Year ended December 31,								
	2024			2023			2022		
Description	**Average balance**	**Interest**	**Average yield/rate**	**Average balance**	**Interest**	**Average yield/rate**	**Average balance**	**Interest**	**Average yield/rate**
	(in $ millions, except percentages)								
Interest-Earning Assets									
Interest bearing deposits with banks	$1,756	$92.5	5.18%	$1,584	$80.6	5.02%	$1,033	$18.8	1.80%
Investment securities (1)	1,151	50.8	4.34%	974	32.5	3.28%	1,039	24,0	2.28%
Loans	7,578	641.7	8.33%	6,816	566.2	8.19%	6,606	289.8	4.33%
Total interest-earning assets	10,484	$785.0	**7.36%**	$9,374	$679.3	**7.15%**	**$8,678**	**$332.6**	3.78%
Allowance for loan losses	(65)			(51)			(51)		
Non-interest-earning and other assets	548			498			274		
Total Assets	**$10,967**			**$9,821**			**$8,901**		
Interest-Bearing Liabilities									
Demand deposits	$545	28.8	5.19%	$505	25.3	4.94%	$356	6.6	1.82%
Time deposits	4,787	272.1	5.59%	3,514	191.8	5.38%	2,997	59.4	1.96%
Deposits (2)	5,332	300.9	5.55%	4,019	217.0	5.33%	3,353	66.0	1.94%
Securities sold under repurchase agreements and short-term borrowings and debt	1,145	71.1	6.11%	1,893	103.4	5.39%	2,212	48.1	2.14%
Long-term borrowings and debt, net (3)	2,734	153.8	5.53%	2,383	125.6	5.20%	2,052	70.5	3.39%
Total interest-bearing liabilities	**$9,211**	**$525.8**	**5.61%**	**$8,295**	**446.1**	**5.30%**	**$7,617**	**184.6**	**2.39%**
Non-interest bearing liabilities and other liabilities	485			394			255		
Total Liabilities	**$9,697**			**$8,689**			**$7,872**		
Total equity	**1,270**			**$1,132**			**$1,029**		
Total Liabilities and Equity	**$10,967**			**$9,821**			**$8,901**		
Net interest spread			1.75%			1.84%			1.39%
Net interest income and net interest margin		$259.2	2.47%		$233.2	2.49%		$148.0	1.71%

(1) Investment securities are securities in the Bank's Investment Portfolio, which consists of securities at FVOCI and at amortized cost that are non-taxable securities. The average yield using cost-based average balances would have been 4.24%, 3.29%, and 2.34% for 2024, 2023 and 2022, respectively.
(2) The Bank obtains deposits in the form of demand deposits and time deposits from its central bank shareholders, commercial banks and corporations.
(3) Includes lease liabilities and average balance is presented net of prepaid commissions.
Note: Interest income and/or expense includes the effect of derivative financial instruments used for hedging.

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 paid on interest-bearing liabilities. The following tables sets forth a summary of the changes in net interest income of the Bank, resulting from changes in its interest-earning assets and interest-bearing liabilities' average volume and average interest rate changes for 2024 compared to 2023 and 2023 compared to 2022. Volume and rate variances have been calculated based on average balances and average interest rates over the periods presented. The annual rates include the impact of changes in market rates, as well as the impact of any change in composition of the various products within each category of asset or liability. This analysis is calculated separately for each product and, as a result, changes in the granularity or groupings considered in this analysis would produce a different attribution result, and due to the complexities involved, precise allocation of changes in interest rates between volume and rates is inherently complex and judgmental.

	2024 vs. 2023			2023 vs. 2022		
	Volume(*)	Rate (*)	Net Change	Volume (*)	Rate (*)	Net Change
			(in $ thousands)			
Increase (decrease) in interest income						
Interest bearing deposits with banks	$9,152	$2,775	$11,927	$14,153	$47,633	$61,786
Investment securities	6,721	11,659	18,380	(1,617)	10,043	8,426
Loans	66,146	9,319	75,465	9,318	267,109	276,427
Total increase (decrease)	**$82,019**	**$23,753**	**$105,772**	**$21,854**	**$324,785**	**$346,639**
(Increase) decrease in interest expense						
Demand deposits	(2,142)	(1,402)	(3,544)	(3,676)	(15,009)	(18,685)
Time deposits	(72,561)	(7,743)	(80,304)	(11,854)	(120,459)	(132,313)
Total Deposits	(74,703)	(9,145)	(83,848)	(15,530)	(135,468)	(150,998)
Securities sold under repurchase agreement and short-term borrowings and debt	43,931	(11,588)	32,343	7,777	(62,541)	(54,764)
Long-term borrowings and debt, net	(19,862)	(8,377)	(28,239)	(12,909)	(42,796)	(55,705)
Total (increase) decrease	**$(50,634)**	**$(29,110)**	**$(79,744)**	**$(20,662)**	**$(240,805)**	**$(261,467)**
Increase (decrease) in net interest income	**$31,385**	**$(5,357)**	**$26,028**	**$1,192**	**$83,980**	**$85,172**

(*) Volume variation effect is calculated by multiplying the difference in average volumes by the prior year's average yield. Rate variation effect is calculated by multiplying the difference in average yield by the prior year's average volume. Mix variation effect is calculated by multiplying the difference in average volumes by the difference in average rates and allocated proportionally to the absolute volume and rate variation effects.

Fees and commissions, net

The Bank generates fee and commission income primarily from letters of credit confirmations, the issuance of guarantees covering commercial risk, credit commitments, and loan origination, structuring and syndication activities. The following table shows the components of the Bank's fees and commissions, net, for the periods indicated:

	For the Six Months Ended June 30,		For the Year Ended December 31,		
	2025	2024	2024	2023	2022
				(in $ thousands)	
Letters of credit and guarantees	$14,542	$12,531	$26,542	$21,463	$14,573
Structured services	12,378	5,021	10,220	7,427	4,925
Credit commitments	4,198	3,980	7,710	4,675	1,185
Other commissions	529	870	$1,011	-	(3)
Total fee and commission income	**$31,647**	**$22,402**	**$45,483**	**$33,565**	**$20,680**
Fees and commissions expense	(1,152)	(397)	(1,082)	(1,046)	(889)
Fees and Commissions, net	**$30,495**	**$22,005**	**$44,401**	**$32,519**	**$19,791**

During the six months ended June 30, 2025, fees and commissions totaled $30.5 million, compared to $22.0 million for the same period in 2024. The $8.5 million, or 39% year-on-year increase in fees and commissions was driven by higher fees in each of the Bank's business lines and in particular (i) the $7.4 million, or 147% year-on-year increase in the Bank's transaction-based structured loans as a result of successful profitable transactions and (ii) a $2.0 million, or 16% year-on-year increase in commissions from the Bank's letters of credit and guarantees, mainly attributable to an effective strategic execution, strong cross-selling initiatives and optimized processes.

During the year ended December 31, 2024, fees and commissions totaled $44.4 million, compared to $32.5 million for the year ended December 31, 2023. The $11.9 million, or 37% increase in fees and commissions was mainly attributable to: (i) a $5.1 million, or 24% year-over-year increase in commissions from the Bank's letters of credit and guarantees, due to increased transactions stemming from higher economic activity and increased trade flows in Latin America, (ii) the $2.8 million, or 38% year-over-year increase in the Bank's transaction-based structured loans, as the Bank was able to close twelve mandated structured transactions during 2024, in a total principal amount of $2,563 million, compared to four transactions closed during 2023, in a total principal amount of $1,805 million, and (iii) the $3.0 million, or 65% year-over-year increase in commissions from credit commitments.

During the year ended December 31, 2023, fees and commissions totaled $32.5 million, compared to $19.8 million for the year ended December 31, 2022. The $12.7 million, or 64% increase in fees and commissions was mainly attributable to: (i) a $6.9 million, or 47% year-over-year increase in commissions from the Bank's letters of credit and guarantees, due to higher economic activity and increased trade flows in Latin America, (ii) the $2.5 million year-over-year increase in the Bank's transaction-based structured loans, as the Bank was able to close four mandated structured transactions during 2023, in a total principal amount of $1,805 million, compared to seven transactions closed during 2022, in a total principal amount of $1,232 million and (iii) the $3.5 million, or 295% year-over-year increase in commissions from credit commitments.

Loss on financial instruments, net

The following table sets forth the details of the Bank's gain (loss) on financial instruments, net, for the periods indicated:

	For the Six Months Ended June 30,		For the Year Ended December 31,		
	2025	**2024**	**2024**	**2023**	**2022**
			(in $ thousands)		
Gain (loss) on derivative financial instruments and foreign currency exchange, net	$3,245	$(191)	$(802)	$3,813	$(1,920)
Realized gain on financial instruments at FVTPL	1,095	-	251	-	510
Loss on sale of financial instruments at amortized cost	(436)	-	-	(3,858)	-
Realized gain on financial instruments at FVOCI	241	-	68	-	-
Loss on financial instruments, net	**$4,145**	**$(191)**	**$(483)**	**$(45)**	**$(1,410)**

During the six months ended June 30, 2025, the Bank recorded a net gain on financial instruments of $4.1 million, compared to a net loss on financial instruments of $0.2 million for the same period in 2024. The $4.1 million gain on financial instruments during the first six months of 2025 was mainly attributable to (i) a $3.2 million gain on derivative financial instruments primarily due to the ineffectiveness of the Bank's foreign currency derivatives position to hedge risk, and fair value and cash flow hedge, and a (ii) $1.1 million realized gain on the sale of financial instruments at fair value through profit or loss.

During the year ended December 31, 2024, the Bank recorded a net loss on financial instruments of $0.5 million, compared to a net loss on financial instruments of $0.05 million for the year ended December 31, 2023, and a net loss on financial instruments of $1.4 million for the year ended December 31, 2022. The $0.5 million loss on financial instruments during 2024 was mainly attributable to a $0.8 million loss from the ineffectiveness of the Bank's foreign currency derivatives position to hedge risk, mostly associated with a portion of the notes issued under the Bank's "Mexico Program", which was partially offset by a $0.3 million gain on the sale of financial instruments at fair value through profit or loss.

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 funding programs.

The Bank purchases debt instruments with the intention of selling them prior to maturity, with the realized gain (loss) on the sale of securities recorded on financial instruments at fair value with changes in other comprehensive income. These debt instruments are classified as securities at FVOCI and are included as part of the Bank's Credit Portfolio.

The gain (loss) on sale of loans corresponds to income derived from the Bank's selected loan sales. During six months ended June 30, 2025 and the years ended in December 31, 2024, 2023 and 2022, the Bank reported no material results from sale of loans.

Other income, net

During the six-month periods ended June 30, 2025 and 2024 the Bank recorded $0.4 million and $0.2 million in other income, net, respectively.

During the year ended December 31, 2024, the Bank recorded $0.5 million in other income, net, compared to $0.5 million and $0.3 million for the years ended December 31, 2023, and 2022, respectively. This line-item is mostly related to miscellaneous income, and the annual variations are partly attributable to changes in income related to break funding cost charged to customers in loan prepayments, among other.

Provision for credit losses

For the first six month of 2025 the Bank's provisions for credit losses totaled $10.2 million compared to $9.7 million for the same period in 2024. The slight increase mainly resulted from the effect of the strengthening of reserves for exposures in higher-risk credit profiles.

For the year ended December 31, 2024, the Bank's provisions for credit losses totaled $17.3 million compared to provisions for credit losses of $27.5 million for the year ended December 31, 2023. The decrease in provision for credit losses in 2024 was mostly related to individually assessed credit provisions on certain written-off financial instruments allocated to 2023.

For the year ended December 31, 2023, the Bank's provisions for credit losses totaled $27.5 million compared to provisions for credit losses of $19.5 million for the year ended December 31, 2022. The increase in provision for credit losses in 2023 was mostly related to (i) the growth of the Credit Portfolio, as balances increased 9% year-over-year at the end of 2023 when compared to 2022, and (ii) credit provision allocations on Stage 2 financial instruments with increased risk since origination as balances increased during the year to $364 million from $147 million in 2022.

Gain on non-financial assets, net

For the six-month periods ended June 30, 2025 and 2024, and for each of the years ended December 31, 2024, 2023, and 2022, the Bank had no gains on non-financial assets and no investment properties measured at fair value through profit or loss.

Operating Expenses

For the first six month of 2025 the Bank's operating expenses totaled $41.8 million, compared to $36.5 million for the same period in 2024. The $5.3 million or 15% increase in operating expenses during the first half of 2025 were mostly associated with higher personnel expenses and other expenses aimed at enhancing business volumes, modernization and strengthening the Bank's strategy execution capabilities.

During the year ended December 31, 2024, the Bank's operating expenses totaled $80.5 million, compared to $72.5 million for the year ended December 31, 2023. The $8.0 million or 11% increase in operating expenses during 2024 were mostly associated with higher personnel expenses from increased headcount aimed at enhancing business volumes and strengthening the Bank's strategy execution capabilities, and other expenses resulting from ongoing investments in technology and business initiatives related to strategy execution.

During the year ended December 31, 2023, the Bank's operating expenses totaled $72.5 million, compared to $55.1 million for the year ended December 31, 2022. The $17.4 million or 32% increase in operating expenses during 2023 were mostly associated with higher personnel expenses in line with the Bank's focus on strengthening its execution capabilities and higher performance-based variable compensation, in each case resulting from the execution of the Bank strategy.

Business Segment Analysis

The Bank's activities are managed and executed in two business segments: Commercial and Treasury.

The business segment results are determined based on the Bank's managerial accounting process as defined by IFRS 8 – Operating Segments, which assigns assets, liabilities, revenue and expense items to each business segment on a systemic basis.

The Bank's net interest income represents the main driver of profits for the year. Interest income is generated by interest-earning assets, which include interest-bearing deposits with banks, loans, and investment securities. Interest expense is allocated to interest-earning assets on a matched-funded basis, net of risk adjusted capital allocated by business segment. The operating expense allocation methodology assigns overhead expenses based on resource consumption by business segment. The following table summarizes certain information of the Bank's operations by business segment for the periods indicated:

	For the Six Months Ended June 30,		For the Year Ended December 31,		
	2025	**2024**	**2024**	**2023**	**2022**
	(in $ thousands, except percentages)				
COMMERCIAL BUSINESS SEGMENT:					
Net interest income	$118,685	$112,303	$230,959	$203,748	$133,354
Other income, net	32,400	22,452	45,436	33,792	20,809
Total revenues	151,085	134,755	276,395	237,540	154,163
Provision for credit losses	(10,257)	(10,314)	(17,930)	(26,785)	(13,376)
Operating expenses	(33,192)	(29,240)	(63,983)	(57,324)	(43,156)
Profit for the segment	**$107,636**	**$95,201**	**$194,482**	**$153,431**	**$97,631**
TREASURY BUSINESS SEGMENT:					
Net interest income	$14,310	$13,341	$28,252	$29,435	$14,657
Other expense, net	2,596	(468)	(1,011)	(856)	(2,148)
Total revenues	16,906	12,873	27,241	28,579	12,509
Reversal of (provision for) credit losses	22	601	631	(678)	(6,145)
Operating expenses	(8,648)	(7,285)	(16,481)	(15,174)	(11,955)
Profit (loss) for the segment	**$8,280**	**$6,189**	**$11,391**	**$12,727**	**$(5,591)**
TOTAL:					
Net interest income	$132,995	$125,644	$259,211	$233,183	$148,011
Other income, net	34,996	21,984	44,425	32,936	18,661
Total revenues	167,991	147,628	303,636	266,119	166,672
Provision for credit losses	(10,235)	(9,713)	(17,299)	(27,463)	(19,521)
Operating expenses	(41,840)	(36,525)	(80,464)	(72,498)	(55,111)
Total profit for reportable segments	**$115,916**	**$101,390**	**$205,873**	**$166,158**	**$92,040**

The Commercial Business Segment

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

Profits from the Commercial Business Segment include: (i) net interest income from loans; (ii) fees and commissions from the issuance, confirmation and negotiation of letters of credit, guarantees and loan commitments, and from loan structuring and syndication activities; (iii) gain on sale of loans generated through loan intermediation activities, such as infrequent sales in the secondary market; (iv) gain (loss) on sale on financial instruments measured at FVTPL; (v) reversal of (provision for) credit losses; (vi) gain (loss) on other non-financial assets, net; and (vii) direct and allocated operating expenses.

Six months ended June 30, 2025, vs. six months ended June 30, 2024

For the six months ended June 30, 2025, the Bank's profit from the Commercial Business Segment totaled $107.6 million, a $12.4 million, or 13% increase from $ 95.2 million in the first half of 2024. This was mainly a result of (i) a $9.9 million, or 44% increase in total other income, net, primarily as a result of increased fees and commissions from each of the Bank's business lines, driven by an effective strategic execution, strong cross-selling initiatives and optimized processes and (ii) a $6.4 million, or 6% increase in net interest income, primarily from the increased top-line revenues as Credit Portfolio balances increased 18% year-on-year as a result of strong credit demand. These results were partially offset by a $4.0 million, or 14% increase in operating expenses mostly associated with increased personnel costs and other expenses related to the execution of the Bank's strategy.

Year 2024 vs. Year 2023

The Bank's profit from the Commercial Business Segment totaled $194.5 million for 2024, a $41.1 million, or 27% increase from $153.4 million in 2023. This was mainly a result of (i) a $27.2 million, or 13% increase in net interest income, primarily as a result of the positive impact of higher average lending volumes and spreads, (ii) a $11.6 million, or 34% increase in total other income, net, primarily as a result of increased fees and commissions from each of the Bank's business lines, stemming from the continued addition of new clients, increased transactions and the capture of profitable transactional opportunities and (iii) a $8.9 million, or 33% decrease in provision for credit losses. These results were partially offset by a $6.7 million, or 12% increase in operating expenses mostly associated with increased personnel costs and other expenses related to the execution of the Bank's strategy.

Year 2023 vs. Year 2022

The Bank's profit from the Commercial Business Segment totaled $153.4 million for 2023, a $55.8 million, or 57% increase from $97.6 million in 2022. This was mainly a result of (i) a $70.4 million, or 53% increase in net interest income, primarily as a result of the positive impact of higher average lending volumes and sustained margin expansion and (ii) a $13.0 million, or 62% increase in other income, primarily as a result of increased income from the Bank's letters of credit business (which increased by $6.8 million or 49%) and increased fees and commissions income from the Bank's transaction-based structuring and syndication activity (which increased by $2.5 million). These results were partially offset by (i) a $13.4 million, or 100% increase in provision for credit losses as a result of higher provisions requirements associated with increased Commercial Portfolio balances during 2023 and reserve allocation of financial instruments to Stage 2 with increased risk since origination, and (ii) a $14.2 million, or 33% increase in operating expenses mostly associated with increased personnel costs and other expenses related to the implementation of the Bank's strategy.

The Treasury Business Segment

The Treasury Business Segment focuses on managing the Bank's Investment Portfolio, and the overall structure of its assets and liabilities to achieve more efficient funding and liquidity positions for the Bank, mitigating the traditional financial risks associated with the balance sheet, such as interest rate, liquidity, price and currency risks. Interest-earning assets managed by the Treasury Business Segment include liquidity positions in cash and cash equivalents, as well as highly liquid corporate debt securities rated 'A-' or above, and financial instruments related to the investment management activities, consisting of securities at FVOCI and securities at amortized cost. The Treasury Business Segment also manages the Bank's interest-bearing liabilities, which constitute its funding sources, mainly deposits, borrowed funds and floating and fixed rate debt placements.

Profits from the Treasury Business Segment include net interest income derived from the above-mentioned treasury assets and liabilities, and related net other income (gain (loss) on derivative financial instruments and foreign currency exchange, gain (loss) on sale of securities at FVOCI, and other income), reversal of (provision for) credit losses, and direct and allocated operating expenses.

Six months ended June 30, 2025, vs. six months ended June 30, 2024

For the six months ended June 30, 2025, the Treasury Business Segment reported a profit of $8.3 million, compared to $6.2 million for the same period in 2024. The $2.1 million, or 34% increase in profit from the Treasury Business Segment was primarily driven by increased Net Interest Income resulting from an effective funding and liquidity management, coupled with increased other income results from gains on financial instruments derived from hedging derivatives positions and reversals of provisions for credit losses. These results were offset by increased operating expenses mostly associated with increased personnel costs and other expenses related to the execution of the Bank's strategy.

Year 2024 vs. Year 2023

The Treasury Business Segment reported a profit of $11.4 million for 2024, compared to $12.7 million for 2023. The $1.3 million, or 10% decrease in profit from the Treasury Business Segment was mainly due to (i) a $1.3 million, or 5% decrease in total revenues mainly derived from the net effect of the lowering of market rates during the second half of the year and higher average liquidity and investment portfolio balances derived from an efficient cost of funds management and (ii) the $0.6 million in reversals of provisions for credit losses for 2024, compared to $0.7 million in provisions for credit losses for 2023, due to the shift in the Investment Portfolio towards investment-grade credit securities. These results were offset by (i) higher operating expenses of $16.5 million for 2024, compared to $15.2 million for 2023, mostly associated with increased personnel costs and other expenses related to the execution of the Bank's strategy.

Year 2023 vs. Year 2022

The Treasury Business Segment reported a profit of $12.7 million for 2023, compared to a loss of $5.6 million for 2022. The $18.3 million, or 328% increase in profit from the Treasury Business Segment was mainly due to a $16.1 million, or 128% increase in total revenues mainly derived from the net effect of the continued positive impact of higher market rates and higher average liquidity and investment portfolio balances. These results were offset by (i) provisions for credit losses of $0.7 million for 2023, compared to $6.1 million for 2022, representing a $5.5 million or 89% decrease in provisions for credit losses mostly associated with the $4.9 million allocation of individual reserves of impaired securities classified as Stage 3 during 2022 and (ii) higher operating expenses of $15.2 million for 2023, compared to $12.0 million for 2022, mostly associated with increased personnel costs and other expenses related to the implementation of the Bank's strategy.

Changes in Financial Position

The following table presents components of the Bank's consolidated statements of financial position as of the dates indicated:

	As of June 30,	As of December 31,		
	2025	2024	2023	2022
		(in $ thousands)		
Cash and due from banks	1,997,581	1,965,145	$2,047,452	$1,241,586
Investment Securities	1,377,813	1,201,930	1,022,131	1,023,632
Loans	8,583,899	8,383,829	7,220,520	6,760,434
Customers' liabilities under acceptances	602,232	245,065	261,428	163,345
Trading derivative financial instruments - assets	2,189	-	-	-
Hedging derivative financial instruments - assets	63,713	22,315	157,267	68,159
Equipment, leases and leasehold improvements, net	19,417	19,676	16,794	17,282
Intangibles assets	3,462	3,663	2,605	2,104
Other assets	23,901	17,050	15,595	7,368
Total Assets	**$12,674,207**	**$11,858,673**	**$10,743,792**	**$9,283,910**
Liabilities and Equity				
Customer deposits	6,491,382	5,461,901	4,451,025	3,205,386
Securities sold under repurchase agreement	196,562	212,931	310,197	300,498
Borrowings and debt, net	3,779,353	4,352,316	4,351,988	4,416,511

	As of June 30,	As of December 31,		
	2025	2024	2023	2022
Interest payable	44,581	37,508	49,217	47,878
Lease Liabilities	18,713	19,232	16,707	16,745
Acceptance outstanding	602,232	245,065	261,428	163,345
Trading derivative financial instruments - liabilities	191	-	-	-
Hedging derivative financial instruments - liabilities	69,217	141,705	40,613	33,761
Allowance for losses on loan commitments and financial guarantee contract	11,877	5,375	5,059	3,628
Other liabilities	44,619	45,431	53,734	26,811
Total Liabilities	**$11,258,727**	**$10,521,464**	**$9,539,968**	**$8,214,563**
Equity				
Common stock	279,980	279,980	279,980	279,980
Treasury stock	(97,578)	(105,601)	(110,174)	(114,097)
Additional paid-in capital in excess of value assigned to common stock	120,854	124,970	122,046	120,498
Capital reserves	95,210	95,210	95,210	95,210
Regulatory reserves	149,665	149,666	136,019	136,019
Retained earnings	861,430	792,005	673,281	543,612
Other comprehensive income	5,919	979	7,462	8,125
Total Equity	**$1,415,480**	**$1,337,209**	**$1,203,824**	**$1,069,347**
Total Liabilities and Equity	**$12,674,207**	**$11,858,673**	**$10,743,792**	**$9,283,910**

June 30, 2025, vs. December 31, 2024

As of June 30, 2025, total assets amounted to $12,674 million, a 7% increase compared to $11,859 million as of December 31, 2024, which was mainly attributable to an overall increase in the Bank's interest-earning assets, particularly the Loan Portfolio and Investment Portfolio, as described below.

The Bank's amount of cash and due from banks totaled $1,998 million as of June 30, 2025, resulting in an increase of $32.4 million, or 2%, compared to $1,965 million as of December 31, 2024, as the Bank further improved its mid-year liquidity position in response to higher interest-bearing assets.

Investments securities are mostly comprised of the Bank's Investment Portfolio, in the form of both securities at FVOCI and securities at amortized cost, consisting of investment-grade credit securities, highly liquid corporate debt securities rated 'A-' or above and investments in securities issued by Latin American entities related to the Bank's investment management activities, which amounted to $1,378 million, or 11% of total assets as of June 30, 2025, a 15% increase compared to $1,202 million, or 10% of total assets as of December 31, 2024.

Loans totaled $8,584 million, as of June 30, 2025, compared to $8,384 million as of December 31, 2024. The $200 million, or 2% increase as of June 30, 2025, was mainly attributable to a strong demand during the period reflecting sustained growth in commercial activity across the Region, as the Bank continued focusing on expanding its customer and product bases with new client onboarding and cross selling efforts.

As of June 30, 2025, total liabilities amounted to $11,259 million, a $737 million or 7% increase, compared to $10,521 million as of December 31, 2024, which was mainly attributable to increased funding sources in the form of deposit balances which totaled $6,491 million as of June 30, 2025, a $1,029 million or 19% increase compared to $5,462 million as of December 31, 2024, highlighting the change in the funding structure towards increased reliance in deposits from central banks and other financial institutions and increasing its Yankee CD program and Mexican Program principal amounts, providing granularity and complementing the short-term funding structure. As a result, deposit balances as a percentage of total liabilities increased to 58% as of June 30, 2025, compared to 52% of total liabilities as of December 31, 2024. The majority of the deposits are placed by central banks or designees (i.e., Class A shareholders of the Bank), with 37% and 38% of total deposits at June 30, 2025 and December 31, 2024, respectively. As of June 30, 2025, borrowings and debt, net decreased by $573 million, or 13% to $3,779 million from $4,352 million as of December 31, 2024.

The Bank's equity consists of issued and fully paid ordinary common stock and retained earnings. Total equity increased by 6% to $1,415 million as of June 30, 2025, compared to $1,337 million as of December 31, 2024.

December 31, 2024, vs. December 31, 2023

As of December 31, 2024, total assets amounted to $11,859 million, a 10% increase compared to $10,744 million as of December 31, 2023, which was mainly attributable to an overall increase in the Bank's interest-earning assets, particularly the Loan Portfolio and Investment Portfolio, as described below.

The Bank's amount of cash and due from banks totaled $1,964 million as of December 31, 2024, resulting in a decrease of $84 million, or 4%, compared to $2,047 million as of December 31, 2023, the Bank further improved its mid-year liquidity position in response to higher interest-bearing assets.

Securities, net are mostly comprised of the Bank's Investment Portfolio, in the form of both securities at FVOCI and securities at amortized cost, consisting of investment-grade credit securities, highly liquid corporate debt securities rated 'A-' or above and investments in securities issued by Latin American entities related to the Bank's investment management activities, which amounted to $1,202 million, or 10% of total assets as of December 31, 2024, an 18% increase compared to $1,022 million, or 10% of total assets as of December 31, 2023.

As of December 31, 2024, the Bank's Loan Portfolio, totaled $8,375 million, compared to $7,196 million as of December 31, 2023. The $1,180 million, or 16% Loan Portfolio increase as of December 31, 2024, was mainly attributable to higher lending origination during the year, as the Bank continued focusing on expanding its customer and product bases with new client onboarding and cross selling efforts.

As of December 31, 2024, total liabilities amounted to $10,521 million, a $981 million or 10% increase, compared to $9,540 million as of December 31, 2023, which was mainly attributable to increased funding sources in the form of deposit balances which totaled $5,413 million as of December 31, 2024, a $1,005 million or 23% increase compared to $4,408 million as of December 31, 2023, mostly associated with the Bank's cross selling strategy and increasing its Yankee CD program to $1.2 billion in principal amount, complementing the short-term funding structure and an increase in deposit balances from central banks and other financial institutions. As a result, deposit balances as a percentage of total liabilities increased to 51% as of December 31, 2024, compared to 46% of total liabilities as of December 31, 2023. The majority of the deposits are placed by central banks or designees (i.e., Class A shareholders of the Bank), with 38% and 39% of total deposits at the end of 2024 and 2023, respectively. As of December 31, 2024, borrowings and debt, net remained stable at $4,352 million, a $0.3 million or a 0.01% increase, compared to $4,352 million as of December 31, 2023.

The Bank's equity consists of issued and fully paid ordinary common stock and retained earnings. Total equity increased by 11% to $1,337 million as of December 31, 2024, compared to $1,204 million as of December 31, 2023. The increased equity level during 2024 was primarily due to the net effect of profits totaling $205.9 million in 2024, net of $73.5 million in declared cash dividends driven by increased total revenues on the Bank's continued successful strategy execution and favorable market conditions.

December 31, 2023, vs. December 31, 2022

As of December 31, 2023, total assets amounted to $10,744 million, a 16% increase compared to $9,284 million as of December 31, 2022, which was mainly attributable to an overall increase in the Bank's interest-earning assets, particularly the cash and due from Banks, as described below.

The Bank's amount of cash and due from banks totaled $2,047 million as of December 31, 2023, resulting in an increase of $806 million, or 65%, compared to $1,242 million as of December 31, 2022, as a result of the Bank's proactive and prudent liquidity management approach.

Securities, net are mostly comprised of the Bank's Investment Portfolio, in the form of both securities at FVOCI and securities at amortized cost, consisting of investment-grade credit securities, highly liquid corporate debt securities rated 'A-' or above and investments in securities issued by Latin American entities related to the Bank's

investment management activities, which amounted to $1,022 million, or 10% of total assets as of December 31, 2023, a 0.1% decrease compared to $1,024 million, or 11% of total assets as of December 31, 2022.

As of December 31, 2023, the Bank's loans, or the Loan Portfolio, totaled $7,196 million, compared to $6,763 million as of December 31, 2022. The $433 million, or 6% Loan Portfolio increase as of December 31, 2023 was mainly due to a higher volume of lending origination year-over-year, as the Bank focused on expanding its customer and product base with new client onboarding and cross selling efforts.

As of December 31, 2023, total liabilities amounted to $9,540 million, a $1,325 million or 16% increase, compared to $8,215 million as of December 31, 2022, which was mainly attributable to increased funding sources in the form of deposit balances which totaled $4,408 million as of December 31, 2023, a $1,217 million or 38% increase compared to $3,191 million as of December 31, 2022, mostly associated with the Bank's cross selling strategy and increasing its Yankee CD program to $1.1 billion in principal amount, complementing the short-term funding structure and an increase in deposit balances from central banks and other financial institutions. As a result, deposit balances as a percentage of total liabilities increased to 46% as of December 31, 2023, compared to 39% of total liabilities as of December 31, 2022. The plurality of the deposits are placed by central banks or designees (i.e., Class A shareholders of the Bank), with 39% and 45% of total deposits at the end of 2023 and 2022, respectively. As of December 31, 2023, borrowings and debt, net amounted to $4,352 million, a $65 million or 1% decrease, compared to $4,417 million as of December 31, 2022, as the Bank relied more on the growth of its deposit base for short-term funding, as a result of the Bank's cross selling strategy.

The Bank's equity consists of issued and fully paid ordinary common stock and retained earnings. Total equity increased by 13% to $1,204 million as of December 31, 2023, compared to $1,069 million as of December 31, 2022. The increased equity level during 2023 was primarily due to the net effect of profits totaling $166.2 million in 2023, net of $36 million in declared cash dividends driven by higher total revenues resulting from the Bank's successful strategy execution and favorable market conditions.

Equity

The following table presents information concerning the Bank's capital position as of the dates indicated:

	As of June 30,	As of December 31,		
	2025	2024	2023	2022
		(in $ thousands)		
Common stock	$279,980	$279,980	$279,980	$279,980
Treasury stock	(97,578)	(105,601)	(110,174)	(114,097)
Additional paid-in capital in excess of value assigned to common stock	120,854	124,970	122,046	120,498
Capital reserves	95,210	95,210	95,210	95,210
Regulatory reserves	149,665	149,666	136,019	136,019
Retained earnings	861,430	792,005	673,281	543,612
Other comprehensive income (loss)	5,919	979	7,462	8,125
Total equity	**$1,415,480**	**$1,337,209**	**$1,203,824**	**$1,069,347**

The Bank's equity consists of issued and fully paid ordinary common stock and retained earnings. As of June 30, 2025, total equity increased to $1,415 million, compared to $1,337 million as of December 31, 2024. Total equity increased $78 million, or 6% during the six months ended June 30, 2025, primarily due to profits totaling $116 million, resulting in increased retained earnings profits for $69.4 million net of declared cash dividends for $46.5 million, representing $1.25 per share.

As of December 31, 2024, total equity increased to $1,337 million, compared to $1,204 million as of December 31, 2023 and $1,069 million as of December 31, 2022. Total equity increased $133 million, or 11% during the year ended December 31, 2024, primarily due to profits totaling $206 million, resulting in increased retained earnings on 2024 profits for $119 million net of declared cash dividends for $73.5 million, representing $2.00 per share.

As of December 31, 2023, total equity increased to $1,204 million, compared to $1,069 million as of December 31, 2022 and $992 million as of December 31, 2021. Total equity increased $135 million, or 13% during

the year ended December 31, 2023, primarily due to profits totaling $166 million, resulting in increased retained earnings on 2023 profits for $130 million net of declared cash dividends for $36 million, representing $1.00 per share.

Capital reserves are established as an appropriation of retained earnings and, as such, are a form of 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 of the Superintendency of Banks.

For the Bank's expected credit reserves, the line-item "Regulatory Reserves" established by the Superintendency of Banks presents the difference between the application of the IFRS Accounting Standards 9 and the prudential regulations of the Superintendency of Banks to comply with the requirements of Rule No. 4-2013.

As of each of June 30, 2025, and December 31, 2024, the total amount of the regulatory reserves calculated according to the guidelines of Rule No. 4-2013 of the Superintendency of Banks was $149.7 million, appropriated from retained earnings for purposes of compliance with local regulatory requirements. As of December 31, 2023, and 2022, the total amount of the regulatory reserves calculated according to the guidelines of Rule No. 4-2013 of the Superintendency of Banks was $136.0 million. This appropriation is restricted from dividend distribution in order to comply with local regulations.

As of June 30, 2025, the capital ratio of total equity to total assets was 11.2%, and the Bank's Tier 1 capital ratio calculated according to Basel III capital adequacy guidelines (utilizing IRB approach for credit risk) was 15.0%, compared to 11.3% and 15.5%, respectively, as of December 31, 2024. The total assets to total equity ratio as of June 30, 2025, was 9.0x and the 2024 total assets to total equity ratio was 8.9x compared to 8.9x in 2023.

As of June 30, 2025, the Bank's regulatory Capital Adequacy Ratio, calculated according to the guidelines of the Superintendency of Banks, was 13.9%, compared to 13.6% as of each of December 31, 2024 and 2023. See "Regulation."

Off-Balance Sheet Arrangements

In the normal course of business, in order to meet the financing needs of its customers, the Bank is party to loan commitments and financial guarantee contracts. These instruments involve, to varying degrees, elements of credit and market risk in excess of the amount recognized in the consolidated statement of financial position. Credit risk represents the possibility of loss resulting from the failure of a customer to perform in accordance with the terms of a contract. The contractual amount of these instruments represents the maximum possible credit risk should the counterparty draw down the commitment or the Bank fulfill the obligation under the guarantee, and the counterparty subsequently fails to perform according to the terms of the contract. Most of these commitments and guarantees expire without the counterparty drawing on the credit line or a default occurring. As a result, the total contractual amount of these instruments does not represent our future credit exposure or funding requirements.

As of June 30, 2025, the Bank's off-balance sheet arrangements included documentary letters of credit, stand-by letters of credit, and guarantees (covering commercial risk). 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.

The Bank's outstanding off-balance sheet arrangements and total loan commitments and financial guarantee contracts are as follows:

	As of June 30,	As of December 31,		
	2025	2024	2023	2022
		(in $ thousands)		
Documentary letters of credit	$374,759	$536,350	$345,608	$304,789
Stand-by letters of credit and guarantees – Commercial risk	642,540	520,285	490,626	351,625
Total off-balance sheet arrangements	**$1,017,299**	**$1,056,635**	**$836,234**	**$656,414**
Commitments loans	509,208	348,223	227,472	122,960
Commitments letter of credit	93,451	9,522	-	-
Total loan commitments and financial guarantee contracts	**$1,619,958**	**$1,414,380**	**$1,063,706**	**$779,374**

Fees and commission income from off-balance sheet arrangements amounted to $18 million for the six months ended June 30, 2025, compared to $17 million for the same period in 2024.

The allowance for loan commitments and financial guarantee contracts losses reflects management's estimates of expected credit losses on off-balance sheet items and is recognized in the consolidated statement of financial position, with the resulting recovery or impairment loss recorded in the consolidated statement of profit or loss. As of June 30, 2025, total allowance for loan commitments and financial guarantee contracts losses amounted to $11.9 million, compared to $5.4 million as of December 31, 2024, $5.1 million as of December 31, 2023, and $3.6 million as of December 31, 2022.

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 Risk Policy and Assessment Committee and the Finance and Business Committee, which meet on a regular basis and monitor and control the risks in each specific area. At the management level, the Bank has a Risk Management Department that measures and controls overall risk management of the Bank (credit, operational and market risk).

The Bank's businesses are subject to market risk. The components of this market risk are interest rate risk inherent in the Bank's financial position, foreign exchange risk, and the price risk in the Bank's investment securities portfolio.

Interest Rate Risk Management and Sensitivity

The tables below list the notional amounts and weighted interest rates, as of December 31, 2024 and 2023, 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 and forward currency exchange agreements.

As of December 31, 2024:

	Expected maturity date								
	2025	2026	2027	2028	2029	There-after	Without maturity	Total 2024	Fair value 2024
	($ Equivalent in thousands)								
ASSETS:									
Securities and other financial assets									
Fixed rate									
U.S. Dollars	253,204	323,431	243,757	254,958	85,466	28,510	—	1,189,326	1,203,700
Average fixed rate	4.56 %	3.20 %	4.26 %	4.73 %	4.18 %	1.92 %	—	4.07 %	
Loans at amortized cost									
Fixed rate									
U.S. Dollars	4,589,881	137,045	45,292	37,701	15,428	3,752	—	4,829,099	4,895,124
Average fixed rate	6.99 %	7.19 %	7.14 %	6.85 %	7.82 %	6.00 %	—	7.00 %	
Mexican Peso	17,832	15,487	—	—	—	—	—	33,319	29,850
Average fixed rate	15.53 %	16.28 %	—	—	—	—	—	15.88 %	
Chilean Peso	9,155	—	—	—	—	—	—	9,155	9,156
Average fixed rate	7.24 %	—	—	—	—	—	—	7.24 %	
Floating rate									
U.S. Dollars	1,171,836	842,874	523,944	212,833	248,304	185,408	—	3,185,199	3,306,191
Average floating rate	7.67 %	7.71 %	7.71 %	8.39 %	8.14 %	7.75 %	—	7.78 %	

	Expected maturity date								
	2025	2026	2027	2028	2029	There-after	Without maturity	Total 2024	Fair value 2024
	($ Equivalent in thousands)								
Mexican Peso	149,123	17,298	33,995	44,433	37,310	—	—	282,159	296,284
Average floating rate	12.93 %	13.37 %	13.23 %	13.35 %	13.39 %	—	—	13.12 %	
Euro	10,743	3,434	8,568	10,044	3,452	—	—	36,241	37,320
Average floating rate	5.19 %	5.85 %	5.54 %	5.47 %	6.64 %	—	—	5.55 %	
LIABILITIES:									
Borrowings and Placements [1]									
Fixed rate									
U.S. Dollars	1,799,895	114,665	79,774	15,666	37,655	—	—	2,047,655	2,054,031
Average fixed rate	4.40 %	5.18 %	5.18 %	5.97 %	5.73 %	—	—	4.51 %	
Mexican Peso	243,471	15,561	196,606	71,820	86,558	—	—	614,016	627,978
Average fixed rate	7.79 %	9.09 %	9.49 %	9.75 %	10.58 %	—	—	8.99 %	
Euro	86,666	10,355	10,355	—	—	—	—	107,376	106,679
Average fixed rate	3.26 %	0.90 %	0.90 %	—	—	—	—	2.81 %	
Japanese Yen	6,358	31,786	30,793	—	43,734	—	—	112,671	113,689
Average fixed rate	0.77 %	1.19 %	1.23 %	—	1.49 %	—	—	1.30 %	
Australian Dollar	—	—	—	—	—	9,133	—	9,133	11,358
Average fixed rate	—	—	—	—	—	6.92 %	—	6.92 %	
Sterling Pound	—	—	4,629	—	—	—	—	4,629	4,400
Average fixed rate	—	—	1.50 %	—	—	—	—	1.50 %	
Peruvian Soles	—	—	—	—	25,020	—	—	25,020	26,769
Average fixed rate	—	—	—	—	7.00 %	—	—	7.00 %	
Floating rate									
U.S. Dollars	175,000	312,739	430,000	8,000	—	—	—	925,739	937,507
Average floating rate	5.17 %	5.76 %	5.66 %	6.31 %	—	—	—	5.61 %	
Mexican Peso	130,234	241,463	109,280	207,195	11,756	28,728	—	728,656	752,290
Average floating rate	10.72 %	10.72 %	10.68 %	10.63 %	10.75 %	11.52 %	—	10.72 %	
INTEREST RATE SWAPS:									
Interest Rate Swaps – Deposits									
U.S. Dollars fixed to floating	71,000	60,000	—	—	—	—	—	131,000	(116)
Average pay rate	5.55 %	5.46 %	—	—	—	—	—		
Average receive rate	5.60 %	5.10 %	—	—	—	—	—		
Interest Rate Swaps – Repos									
U.S. Dollars fixed to floating	—	68,985	—	—	—	—	—	68,985	71
Average pay rate	—	5.54 %	—	—	—	—	—		
Average receive rate	—	5.11 %	—	—	—	—	—		
Interest Rate Swaps – Borrowings									
U.S. Dollars fixed to floating	—	25,000	50,000	—	—	—	—	75,000	(424)
Average pay rate	—	5.93 %	5.59 %	—	—	—	—		
Average receive rate	—	5.44 %	4.83 %	—	—	—	—		
Interest Rate Swaps – Issuances									
U.S. Dollars fixed to floating	44,263	229,283	99,693	172,141	163,493	29,268	—	738,142	(4,313)
Average pay rate	5.91 %	5.42 %	5.13 %	5.92 %	6.07 %	5.98 %	—		
Average receive rate	5.75 %	5.37 %	5.04 %	5.38 %	5.57 %	5.34 %	—		
Mexican Peso fixed to floating	—	—	119,700	—	—	—	—	119,700	425

	Expected maturity date								
	2025	2026	2027	2028	2029	There-after	Without maturity	Total 2024	Fair value 2024
	($ Equivalent in thousands)								
Average pay rate	—	—	11.35 %	—	—	—	—		
Average receive rate...	—	—	9.20 %	—	—	—	—		
CROSS CURRENCY SWAPS:									
Cross Currency Swaps									
Receive U.S. Dollars ..	20,757	—	—	—	—	—	—	20,757	
U.S. Dollars fixed rate	6.79 %	—	—	—	—	—	—		
Pay U.S. Dollars.....	435,072	323,323	238,938	156,596	178,884	39,393	—	1,372,206	
U.S. Dollars fixed rate	3.55 %	3.06 %	3.09 %	4.73 %	4.99 %	5.34 %	—		
U.S. Dollars floating rate.....	—	6.18 %	5.93 %	—	6.30 %	6.94 %	—		
Receive Mexican Peso	367,959	232,756	164,571	138,134	84,987	28,728	—	1,017,135	
Mexican Peso fixed rate.....	9.06 %	6.50 %	9.20 %	9.75 %	10.78 %	—	—		
Mexican Peso floating rate.....	10.71 %	10.72 %	10.62 %	10.62 %	—	11.52 %	—		
Receive Euro.....	49,702	—	—	—	—	—	—	49,702	
Euro fixed rate.....	3.46 %	—	—	—	—	—	—		
Pay Euro	20,709	10,354.5	10,354.5	—	—	—	—	41,418	
Euro fixed rate.....	3.05 %	0.90 %	0.90 %	—	—	—	—		
Receive Japanese Yen	6,358	31,917	31,790	—	44,506	—	—	114,571	
Japanese Yen fixed rate	0.77 %	1.15 %	1.22 %	—	1.41 %	—	—		
Receive Australian Dollar.....	—	—	—	—	—	24,237	—	24,237	
Australian Dollar fixed rate.....	—	—	—	—	—	6.81 %	—		
Receive Sterling Pound	—	—	4,629	—	—	—	—	4,629	
Sterling Pound fixed rate.....	—	—	0.90 %	—	—	—	—		
Receive Peruvian Soles	—	—	—	—	25,020	—	—	25,020	
Peruvian Soles fixed rate.....	—	—	—	—	7.00 %	—	—		
Pay Chilean Pesos	9,155	—	—	—	—	—	—	9,155	
Chilean Pesos fixed rate.....	7.24 %	—	—	—	—	—	—		
FORWARD CURRENCY EXCHANGE AGREEMENTS:									
Receive Mexican Peso/ Pay U.S. Dollars.....	19,068	—	—	—	—	—	—	19,068	(411)
Average exchange rate	20.41 %	—	—	—	—	—	—		
Receive Euro/ Pay U.S. Dollars	876	—	—	—	—	—	—	876	(12)
Average exchange rate	1.05 %	—	—	—	—	—	—		

(1) Borrowings and placements include Repos, short and long-term borrowings and debt, gross of prepaid commissions.

As of December 31, 2023:

	Expected maturity date								
	2024	2025	2026	2027	2028	There-after	Without maturity	Total 2023	Fair value 2023
	($ Equivalent in thousands)								
ASSETS:									
Securities and other financial assets									
Fixed rate									
U.S. Dollars	157,376	255,863	287,160	152,097	129,716	29,156	—	1,011,368	1,009,206
Average fixed rate	4.04 %	4.75 %	3.54 %	4.57 %	4.89 %	5.36 %	—	4.30 %	
Loans at amortized cost									
Fixed rate									
U.S. Dollars	3,643,101	81,553	46,826	21,148	18,599	4,811	—	3,816,038	3,852,586
Average fixed rate	7.87%	7.29 %	6.74 %	6.17 %	6.17 %	6.00 %		7.83 %	
Mexican Peso	10,978	1,469	—	—	—	—	—	12,447	12,374
Average fixed rate	13.55 %	12.75 %	—	—	—	—	—	13.45 %	
Floating rate									
U.S. Dollars	949,962	840,737	729,704	236,641	128,829	159,730	—	3,045,603	3,077,974
Average floating rate	8.04 %	8.63 %	9.21 %	9.61 %	9.91 %	9.88 %	—	8.78 %	
Mexican Peso	127,881	104,449	2,592	7,927	37,816	10,453	—	291,118	293,790
Average floating rate	14.01 %	13.64 %	14.75 %	13.96 %	14.42 %	13.41 %	—	13.91 %	
Euro	1,840	4,094	5,502	10,056	8,869	—	—	30,361	30,705
Average floating rate	8.49 %	8.24 %	7.65 %	6.88 %	6.22 %	—	—	7.11 %	
LIABILITIES:									
Borrowings and Placements [1]									
Fixed rate									
U.S. Dollars	1,134,356	446,586	20,378	30,000	15,995	—	—	1,647,315	1,634,838
Average fixed rate	5.48 %	2.71 %	5.79 %	5.81 %	5.85 %	—	—	4.74 %	
Mexican Peso	—	240,800	6,185	244,181	88,350	27,977	—	607,493	607,164
Average fixed rate	—	6.96 %	6.50 %	9.40 %	9.75 %	10.78 %	—	8.52 %	
Euro	54,898	11,040	11,040	11,040	—	—	—	88,018	87,712
Average fixed rate	3.77 %	0.90 %	0.90 %	0.90 %	—	—	—	2.69 %	
Japanese Yen	35,460	7,092	35,703	21,203	—	14,184	—	113,642	113,193
Average fixed rate	0.47 %	0.77 %	1.19 %	1.10 %	—	1.27 %	—	0.93 %	
Australian Dollar	17,038	—	—	—	—	10,248	—	27,286	27,262
Average fixed rate	1.41 %	—	—	—	—	6.79 %	—	3.43 %	
Sterling Pound	—	—	—	4,716	—	—	—	4,716	4,493
Average fixed rate	—	—	—	1.50 %	—	—	—	1.50 %	
Swiss Franc	11,889	—	—	—	—	—	—	11,889	11,507
Average fixed rate	0.35 %	—	—	—	—	—	—	0.35 %	
Floating rate									
U.S. Dollars	426,000	300,000	162,775	—	8,000	—	—	896,775	903,486
Average floating rate	6.22 %	6.65 %	6.77 %	—	7.31 %	—	—	6.48 %	
Mexican Peso	929,915	—	280,142	—	—	—	—	1,210,057	1,214,019
Average floating rate	12.05 %	—	11.91 %	—	—	—	—	12.01 %	
Euro	63,508	—	—	—	—	—	—	63,508	63,794
Average floating rate	4.55 %	—	—	—	—	—	—	4.55 %	
INTEREST RATE SWAPS:									
Interest Rate Swaps – Investment Securities									
U.S. Dollars fixed to floating	10,000	—	—	—	—	—	—	10,000	101

	Expected maturity date								
	2024	2025	2026	2027	2028	There-after	Without maturity	Total 2023	Fair value 2023
	($ Equivalent in thousands)								
Average pay rate	3.55 %	—	—	—	—	—	—		
Average receive rate	5.48 %	—	—	—	—	—	—		
Interest Rate Swaps – Loans									
U.S. Dollars fixed to floating	10,000	—	—	—	—	—	—	10,000	(519)
Average pay rate	5.59 %	—	—	—	—	—	—		
Average receive rate	7.75 %	—	—	—	—	—	—		
Interest Rate Swaps – Borrowings									
U.S. Dollars fixed to floating	101,999	—	—	—	—	—	—	101,999	73
Average pay rate	5.96 %	—	—	—	—	—	—		
Average receive rate	5.87 %	—	—	—	—	—	—		
Interest Rate Swaps – Issuances									
U.S. Dollars fixed to floating	11,420	44,263	224,283	104,778	26,400	—	—	411,144	713
Average pay rate	6.24 %	6.67 %	6.38 %	6.98 %	6.36 %	—	—		
Average receive rate	5.89 %	5.75 %	5.44 %	5.56 %	5.35 %	—	—		
Mexican Peso fixed to floating	—	—	147,250	—	—	—	—	147,250	635
Average pay rate	—	—	12.39 %	—	—	—	—		
Average receive rate	—	—	9.20 %	—	—	—	—		
Interest Rate Swaps – Deposits									
U.S. Dollars fixed to floating	301,000	6,000	—	—	—	—	—	307,000	3,564
Average pay rate	6.20 %	6.57 %	—	—	—	—	—		
Average receive rate	6.14 %	5.64 %	—	—	—	—	—		
CROSS CURRENCY SWAPS:									
Cross Currency Swaps									
Pay U.S. Dollars	879,436	206,496	323,322	125,742	89,232	53,811	—	1,678,039	0
U.S. Dollars fixed rate	4.54 %	2.25 %	3.05 %	2.12 %	4.82 %	4.32 %	—		
U.S. Dollars floating rate	6.27 %	—	7.08 %	6.73 %	—	7.80 %	—		
Receive Mexican Peso	760,344	240,606	286,325	102,317	88,350	27,977	—	1,505,919	135,849
Mexican Peso fixed rate	—	6.97 %	6.50 %	9.20 %	9.28 %	10.78 %	—		
Mexican Peso floating rate	12.10 %	—	11.87 %	—	—	—	—		
Receive Euro	88,320	11,040	11,040	11,040	—	—	—	121,440	(15,314)
Euro	3.75 %	0.90 %	0.90 %	0.90 %	—	—	—		
Receive Japanese Yen	35,500	7,100	35,642	21,300	—	14,200	—	113,742	(13,639)
Japanese Yen fixed rate	0.52 %	0.77 %	1.15 %	1.10 %	—	1.27 %	—		
Receive Australian Dollar	17,037	—	—	—	—	10,222	—	27,259	(1,788)
Australian Dollar fixed rate	1.41 %	—	—	—	—	6.81 %	—		
Receive Sterling Pound	—	—	—	4,716	—	—	—	4,716	(396)
Sterling Pound fixed rate	—	—	—	1.50 %	—	—	—		
Receive Swiss Franc	11,889	—	—	—	—	—	—	11,889	1,262
Swiss Franc fixed rate	0.35 %	—	—	—	—	—	—		
FORWARD CURRENCY EXCHANGE AGREEMENTS:									
Receive Mexican Peso/ Pay U.S. Dollars	11,192	—	—	—	—	—	—	11,192	(12)
Average exchange rate	16.97 %	—	—	—	—	—	—		

(1) Borrowings and placements include Repos, short and long-term borrowings and debt, gross of prepaid commissions.

Although certain assets and liabilities may have similar maturities or periods of re-pricing, they may be impacted in varying degrees by changes in market interest rates. The maturity of certain types of assets and liabilities may fluctuate in advance of changes in market rates, while the maturity of other types of assets and liabilities may lag behind changes in market rates. In the event of a change in interest rates, prepayment and early withdrawal levels could deviate significantly from the maturities assumed in calculating the table above.

Foreign Exchange Risk Management and Sensitivity

The Bank accepts deposits and raises funds principally in U.S. dollars and makes most loans in U.S. dollars. Currency exchange risk arises when the Bank accepts deposits or raises funds in one currency and lends or invests the proceeds in another. In general, foreign currency-denominated assets are funded with liability instruments denominated in the same currency. In those cases where assets are funded in different currencies, forward foreign exchange or cross currency swap contracts are used to fully hedge the risk resulting from this cross-currency funding, which, though economically hedged, might give rise to some accounting volatility.

The Bank does not run any foreign exchange trading business, nor does it maintain open positions in any currencies beyond the minimum operational balances required to run the business of its representative offices and the foreign currency-denominated assets, liabilities and hedging derivative instruments.

Most of the Bank's assets and most of its liabilities are denominated in U.S. dollars and, therefore, the Bank has no significant foreign exchange risk, nor does it hold material open foreign exchange positions. As of June 30, 2025, the Bank had an equivalent of $446 million in non-U.S. dollar financial assets and $445 million of non-U.S. dollar financial liabilities, reflecting a net currency position of $0.5 million. Most of this net currency position came from the Bank's Mexican pesos loan book, which as of June 30, 2025, amounted to the equivalent of $416 million, mostly funded with liabilities denominated in the same currency. The rest of the open position is hedged with derivatives in order to avoid any currency mismatch.

Price Risk Management and Sensitivity

Price risk corresponds to the risk that arises from the volatility in the price of the financial instruments held by the Bank, which may result from observed transaction prices that fluctuate freely according to supply and demand or from changes in the risk factors used for determining prices (interest rates, exchange rates, credit risk spreads, etc.).

The table below lists the carrying amount and fair value of the Investment Portfolio and the interest rate swaps associated with this portfolio as of the dates below:

	As of December 31, 2024		As of December 31, 2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(in $ thousands)			
INVESTMENT SECURITIES				
Securities at amortized cost (1)	1,102,444	1,104,215	1,010,266	997,341
Securities at FVOCI	99,486	99,485	11,865	11,865
Interest rate swaps (2)	—	—	10,000	101

(1) As of December 31, 2024 and 2023, the carrying value of securities at amortized cost is net of accrued interest receivable of $13.9 million and $12.4 million, and the allowance for expected credit losses of $1.3 million and $1.6 million, respectively.

(2) As of December 31, 2024 and 2023, includes interest rate swaps that applies for hedge accounting.

Other Operating Results

For a discussion of interest rate sensitivity, see "Business of Bladex—Funding Sources—Interest Rate Sensitivity." For a discussion of contractual obligations and commercial commitments, see "Business of Bladex—

Contractual Obligations and Commercial Commitments." For a discussion of the Bank's liquidity, see "Business of Bladex—Liquidity."

BUSINESS OF BLADEX

In the following section, as well as in "Risk Factors," all references to "Bladex Head Office" are to Banco Latinoamericano de Comercio Exterior, S.A. in its individual capacity, and all references to "Bladex" or the "Bank" are to Banco Latinoamericano de Comercio Exterior, S.A. together with its consolidated subsidiaries.

History and Development of the Company

Banco Latinoamericano de Comercio Exterior, S.A., headquartered in Panama City, Panama, is a specialized multinational bank originally established by central banks of Latin American and Caribbean countries to promote foreign trade and economic integration in the Region. The legal name of the Bank is Banco Latinoamericano de Comercio Exterior, S.A. Translated into English, the Bank is also known as Foreign Trade Bank of Latin-America, Inc. The commercial name of the Bank is Bladex.

The Bank was established pursuant to a May 1975 proposal presented to the Assembly of Governors of Central Banks in the Region, which recommended the creation of a multinational organization to increase the foreign trade financing capacity of the Region. The Bank was organized in 1977, incorporated in 1978 as a corporation pursuant to the laws of the Republic of Panama, and officially began operations on January 2, 1979. Under a contract-law signed in 1978 between the Republic of Panama and Bladex, the Bank was granted certain privileges by the Republic of Panama, including an exemption from payment of income taxes in Panama.

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

In the Republic of Panama, banks are governed by Decree-Law 9 of February 26, 1998, as amended, and banking regulations issued by the Superintendency of Banks pursuant thereto. The main aspects of this law and its regulations include: the authorization of banking licenses, minimum capital and liquidity requirements, consolidated supervision, procedures for management of credit and market risks, measures to prevent money laundering, the financing of terrorism and related illicit activities, and procedures for banking intervention and liquidation, among others.

The Bank offers its services through its head office in Panama City, its New York Agency, its subsidiary in Sao Paulo, Brazil, its representative offices in Buenos Aires, Argentina; Mexico City, Mexico; and Bogotá, Colombia, and its representative license in Peru, as well as through a worldwide network of correspondent banks.

The Bank's headquarters office is located at Torre V, Business Park, Avenida La Rotonda, Urb. Costa del Este, Panama City, Republic of Panama, and its telephone number is +507 210-8500.

The New York Agency, which began operations in 1989, is located at 10 Bank Street, Suite 1220, White Plains, NY 10606, and its telephone number is +1 (914) 328-6640. The New York Agency is principally engaged in financing transactions related to international trade, mainly the confirmation and financing of letters of credit for customers in the Region. The New York Agency is also authorized to book transactions through an IBF.

Overview

The Bank

The Bank, a corporation *(sociedad anónima)* organized under the laws of Panama and headquartered in Panama City, Panama, is a specialized multinational bank originally established by central banks of Latin American and Caribbean countries to promote foreign trade and economic integration in the Region. The legal name of the Bank is Banco Latinoamericano de Comercio Exterior, S.A. Translated into English, the Bank is also known as Foreign Trade Bank of Latin America, Inc. The commercial name of the Bank is Bladex.

As of (or for the six months ended as of, as applicable) June 30, 2025, the Bank had, on a consolidated basis:

- $12,674 million in total assets;
- $8,597 million in loans– principal balance;
- $1,415 million in total equity;
- a return on average total assets of 2.0%;
- a Tier 1 Basel III capital to risk-weighted assets ratio of 15.0%; and
- return on average total equity of 17.0%.

The Bank was established pursuant to a May 1975 proposal presented to the Assembly of Governors of Central Banks in the Region, which recommended the creation of a multinational organization to increase foreign trade financing capacity of the Region. The Bank was organized in 1977, incorporated in 1978 as a corporation pursuant to the laws of the Republic of Panama, and officially began 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 a contract-law signed in 1978 between the Republic of Panama and Bladex, the Bank was granted certain privileges by the Republic of Panama, including an exemption from payment of income taxes in the Republic of Panama.

The Bank's mission is to provide financial solutions to financial institutions, companies and investors doing business in Latin America, supporting trade and integration across the Region.

As a specialized multinational bank with a strong and historic commitment to Latin America, the Bank possesses extensive knowledge of business practices, risk and regulatory environments, accumulated over forty years of doing business throughout the entire Region. Bladex provides foreign trade solutions to a select client base of premier Latin-American financial institutions and corporations, and has developed an extensive network of correspondent banking institutions with access to the international capital markets. Bladex enjoys a preferred creditor status in certain jurisdictions, being recognized for its strong capitalization, prudent risk management and sound corporate governance standards. Bladex fosters long-term relationships with clients, and over the years it has developed a reputation for excellence when responding to its clients' needs, in addition to having a solid financial track record, which has reinforced its brand recognition and its franchise value in the Region, and contributes to the Bank achieving its vision of being recognized as a leading institution in supporting trade and integration across Latin America.

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 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.

The Bank offers its services through its head office in Panama City, its agency in New York (the "New York Agency"), its subsidiary in São Paulo, Brazil, its representative offices in Buenos Aires, Argentina; Mexico City, Mexico; and Bogotá, Colombia, and its representative license in Peru, as well as through a worldwide network of correspondent banks.

Bladex's head office is located at Torre V, Business Park, Avenida La Rotonda, Urb. Costa del Este, Panama City, Republic of Panama.

The New York Agency, which began operations in 1989, is located at 10 Bank Street, Suite 1220, White Plains, NY 10606. The New York Agency is principally engaged in financing transactions related to international trade, mainly the confirmation and financing of letters of credit for customers in the Region. The New York Agency is also authorized to book transactions through an International Banking Facility ("IBF").

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

Our Strengths

Over the course of more than three decades, Bladex has developed competitive strengths that it believes set it apart from its competitors and will allow it to continue to grow and improve its return on capital:

Leader in the trade finance sector within Latin America

Bladex is a financial institution in the trade finance sector and has a presence in most countries in the Region, providing it with a competitive advantage in intra-regional trade. Intra-regional trade has been increasing at an average rate of approximately 4% per year from 2005 through 2024 due to the expansion of Latin American corporations and the proliferation of free trade agreements within the Region. Regional exports amounted to approximately $1,441 billion in 2024. Since starting operations in 1979, the Bank has established a well-diversified Commercial Portfolio (defined below) across a variety of industries and markets. Most of the Bank's exposure is in countries such as Brazil, Mexico, Colombia, Chile and Panama, and in targeted industries and to key participants in the international trade value chain within the Region. These participants include, among others, financial institutions and corporations in the oil/gas and industrial sectors, comprised substantially of metal manufacturing, food and beverages, electric power, plastics and packaging, and other manufacturing industries.

Trade finance focus with strong track record of recovery

The Bank operates primarily in the trade finance sector, which is generally short-term in nature and considered to be a limited risk sector. According to standards published by the Bank for International Settlements, trade finance has a lower risk weighting than long-term lending. Additionally, due to its extensive experience and knowledge of the trade finance sector, the Bank has a strong track record of recovery and repayment rates. Bladex's impaired credits represent only 0.2% of its total Credit Portfolio as of June 30, 2025, and the Bank has also demonstrated a strong ability to recover loans in financial distress situations. For example, the Bank recovered more than 84% of its past due loans in Argentina after the 2001 crisis in that country.

Strong liquidity position and capitalization

The Bank possesses a strong liquidity position in the form of cash and cash equivalents and highly liquid corporate debt securities rated 'A-' or above (international scale credit rating), accounting for 15.5% of total assets as of June 30, 2025, and a short-term Commercial Portfolio with an average remaining maturity of 117 days, reflecting the Bank's focus on trade finance. The Bank's "Commercial Portfolio" refers to gross loans excluding interest receivable, allowance for loan losses, unearned interest and deferred fees (collectively, the "Loan Portfolio"), customers' liabilities under acceptances, loan commitments and financial guarantee contracts, such as confirmed and stand-by letters of credit, and guarantees covering commercial risk. The Bank also has a strong capital position, which reflects among other factors significant short-term deposits mostly made by central banks from 23 countries in the Region which comprise a portion of the Bank's shareholding base. The Bank's Tier 1 Ratio (calculated based on the Basel III capital adequacy guidelines published by the Basel Committee on Banking Supervision (the "Basel Committee")) of 15.0% as of June 30, 2025, is even more significant in light of the relatively short-term life of its portfolio. In addition, as of June 30, 2025, the Bank's Capital Adequacy Ratio, calculated according to the guidelines of the Banking Law (as defined below), was 13.9%, well above the Panamanian required minimum of 8% of total risk-weighted assets.

Significant deposit base and diversified funding sources

The Bank's principal sources of funds are deposits and, to a lesser extent borrowed funds and floating and fixed rate debt 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 on prevailing economic and market conditions. As of June 30, 2025, Bladex's sources of funding consisted of deposits (62%), long-term borrowings and debt (24%), short-term borrowings and debts (12%)

and securities sold under repurchase agreements (2%). The Bank obtains deposits principally from central and commercial banks primarily located in the Region. As of June 30, 2025, 37% of the deposits held by the Bank were deposits from central banks or their designees (i.e., the Bank's Class A shareholders), and 63% of the Bank's deposits represented deposits from corporations, financial institutions, brokers and multilaterals. The Bank's short-term borrowings and debt consist of borrowings from banks and debt instruments from notes issued under the Program that have maturities of up to 365 days. The Bank's short- and medium-term borrowings mainly come from international correspondent banks from the United States, Mexico, Japan, Canada, Europe and multilateral organizations. The Bank continues to diversify its funding sources beyond Central Bank deposits, bilateral lines of credit, capital markets transactions and cross border borrowings. The launch of its Yankee CD program in November 2019, has successfully further diversified the Bank's depositor base by adding new depositors and increasing deposit alternatives. As of June 30, 2025, the Bank's Yankee CD program represented 20% of total deposits.

In addition, the Bank has a successful track record in the global syndicated loan markets. In October 2022, the Bank closed a $123 million syndicated loan with Mizuho Bank, LTD as Lead Arranger and Bookrunner. Furthermore, in May 2024, the Bank closed a $400 million syndicated loan, with Sumitomo Mitsui Banking Corporation acting as Sole Lead Arranger, Administrative Agent and Bookrunner. The lenders were longstanding participants from previous transactions and new lenders from the United States, Asia and Europe. Debt capital markets have also been a source of funding for the Bank's activities. In September 2024, the Mexican National Registry of Securities (*Registro Nacional de Valores*) authorized increasing the aggregate amount of the Mexico Program from MXN25 billion to MXN35 billion or its equivalent in Investment Units (*Unidades de Inversión*). As of June 30, 2025, the Bank had seven outstanding medium-term issuances (series) under the Mexico Program, for a total principal amount of MXN17.97 billion, equivalent to $961 million. Under the Mexico Program, the Bank primarily targets non-bank institutional investors and has issued multiple placements with short-, medium-, and long-term tenors. Moreover, in March 2023, Bladex successfully completed the registration of its Revolving Corporate Bond Program in Panama (the "Panama Program"). This program, with a maximum principal amount of $300 million for the issuance of short- and long-term notes, is a key component of the Bank's strategy to diversify its investor base. It allows for the participation of new investors not only from Panama but also from across the Central American region. As of June 30, 2025, there were 15 outstanding issuances (series) under the Panama Program. The total outstanding principal amount of issuances under this program was $82.1 million with an average term of two years and eleven months.

Long-term client relationships with top-tier companies in the Region

Due to the Bank's long history of specialized focus on trade finance in the Region, it has built strong relationships with some of the Region's largest companies and has gained significant expertise in local markets and industry sectors. Bladex's extensive coverage of the Region, with offices in strategic locations such as Panama, New York, Mexico City, São Paulo, Buenos Aires, Bogotá, and its representative license in Peru, puts it in an ideal position to serve important clients and gain access to new clients in the Region. The Bank's market leadership provides it with strong regional brand recognition, and it uses its commercial name, "Bladex," in every country it operates.

Long track record of success

The Bank was the first Latin American bank with common shares listed on the NYSE (1992), the first such bank to be rated "Investment Grade" (1992) and the first such bank to place a non-guaranteed syndicated loan in Asia (2009), which was a $100 million, two-year term loan. Since 1979, Bladex has provided seamless support to foreign trade business in the Region while creating value.

Experienced team with deep knowledge in the trade finance, banking and finance sectors within Latin America

Bladex's executive officers have broad experience in banking, trade finance and with financial institutions in Latin America, bringing an average of approximately 25 years of professional experience in the financial sector. The Bank's well-defined strategy, which is executed by a highly skilled and experienced team, has positioned the Bank to take advantage of trends in Latin American trade finance and to grow the Bank's business in a sustainable manner.

Strong commitment from central banks in the Region

Currently the Bank is supported by central banks and other state-owned banks from 23 countries in the Region which hold Class A common stock of the Bank. As of June 30, 2025, 17.0% of Bladex's common stock was held by these Class A shareholders. The Bank believes that the participation of these central banks and other state-owned banks has been instrumental in the Bank's obtaining "preferred creditor" status in the past. The Bank obtains deposits principally from central and commercial banks primarily located in the Region. As of June 30, 2025, 37% of the deposits held by the Bank were deposits from central banks or their designees (i.e., the Bank's Class A shareholders). The average term remaining to maturity of deposits from the Region's central and state-owned banks as of December 31, 2024, 2023 and 2022, was 38 days, 47 days and 38 days, respectively.

Our Strategies

Continue to strengthen the Bank's business model, further leverage competitive advantages, expand the customer base and improve the value proposition to customers.

The Bank's Board of Directors and management, assisted by a global strategic consulting firm, has developed a five-year strategic plan for the period 2022-2026 (the "Medium Term Strategic Plan"). The fundamental components of the Medium Term Strategic Plan include strengthening the Bank's business model, better leveraging its competitive advantages, expanding its customer base and improving the value proposition offered to the Bank's customers.

A new compensation plan for the management with key performance indicators linked to the results of the Medium Term Strategic Plan and a variable individual compensation linked to the success of the strategies related to the Medium Term Strategic Plan, are concrete steps that the Bank has taken aiming to ensure its successful implementation. Management believes that it has the right pillars in place to support the achievement of this plan and that its ongoing implementation will improve the profitability of the Bank's business while ensuring that the Bank remains faithful to its mission of promoting foreign trade and regional integration in a sustainable way, without changing the Bank's business model.

Optimize the Bank's credit origination processes

Optimizing the Bank's commercial effectiveness in order to strengthen credit origination is one of the key goals of the Medium Term Strategic Plan. To this end, since implementing the Medium Term Strategic Plan two years ago, the Bank has successfully streamlined key processes to ensure faster client onboarding and enhanced operational capabilities, as well as optimizing capital. The Bank plans to continue focusing on lending to its top-tier client base of banks and corporations throughout the Region, favoring strategic sectors and taking advantage of business opportunities emerging from the expected Regional economic recovery, a positive commodity cycle and the continuance of an increasing trend in trade flows in the Region.

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 located representative offices and a subsidiary in Brazil in order to provide focused products and services in markets that the Bank considers key to its continued growth.

Targeted growth in expanding and diversifying the Bank's offering of products and services, as well as the exposure to its client base

The Bank's strategy is to participate in activities associated with trade and the trade supply chain, as well as integration across Latin America, targeting clients that offer the potential for longstanding relationships and a wider presence in the Region, such as financial institutions, corporations, sovereigns and state-owned entities. The Bank seeks to achieve this through participation in bilateral and co-financed transactions and by strengthening the short- and medium-term trade and non-trade financing that it provides. The Bank intends to continue enhancing existing client relationships and establish new client-relationships through its Region-wide expertise, product knowledge, quality of service, agile decision-making process and client approach, and by strategically targeting industries and

participants in the value chain of international trade by country within the Region, without shifting the Bank's target customer base or materially increasing credit risk.

The Bank plans to focus its future efforts on growing its business with a larger number of corporate clients along the trade value chain, which management believes will reinforce the Bank's business model, enhance origination capacity and all the Bank to deploy capital most effectively. The Bank also intends to continue diversifying its credit risk profile, in order to continue to mitigate the impact of potential losses, should they occur. The optimization phase of the Strategic Plan has now concluded, enabling the Bank to significantly grow its customer base in strategic markets and increase lending margins through an efficient pricing policy on an expanded client base.

The expansion phase of the Strategic Plan is currently focused on broadening the Bank's product offering. To that end, the Bank is deploying the necessary technological platforms to scale its initiatives. As a result of the Bank's relationships throughout the Region, management believes it is well positioned to strategically identify key products and services to offer to clients. The Bank's Articles of Incorporation permit a broad scope of potential activities, encompassing all types of banking, investment, and financial and other businesses that support foreign trade flows and the development of trade and integration in the Region. This supports the Bank's ongoing strategy to develop and expand products and services that complement the Bank's expertise in foreign trade finance and risk management, in which we believe there is significant upside potential such as: i) letters of credit client base diversification, ii) vendor finance with a focus on supply chain finance through electronic platforms, iii) opportunistic project finance as well as financing acquisitions from the Bank's structuring and syndication business desk, as well as liability management transactions, iv) complementing bilateral short-term plain vanilla trade lending with buy- and sell-side working capital solutions for corporations, and v) the incorporation of treasury products to better satisfy our clients' needs.

In addition, the Bank has strengthened its commercial sales force, specifically the client service team, not only by increasing its size but also its capabilities by introducing team members with the diverse backgrounds and skill sets necessary to develop, manage and commercialize the new products and services that the Bank expects to offer. The Bank continues to view the incorporation of new talent as fundamental for improving its results of operations and implementing its Medium Term Strategic Plan and has implemented a talent management strategy focused on attracting highly qualified employees to enhance the competence of its existing workforce.

Streamline the Bank's operating model and processes for supporting the execution of its strategy to achieve greater efficiency

The Bank intends to improve its key processes, focusing mainly on client service and development of new products. The main objective is to reduce process inefficiencies in order to allow the ongoing introduction of new products and increase the number of transactions, improving efficiency and productivity throughout its organization and simultaneously enhancing the Bank's capability to mitigate potential operational risk. For example, the Bank has a new trade finance platform, in partnership with CGI, a global leader in trade finance technology, which is operative after successfully concluding final tests, and we started rolling out the system to selected pilot clients in July 2025. This platform is expected to substantially transform the Bank's letters of credit unit by providing a state-of-the-art digital client interface, significantly enhancing efficiency security and client experience, and enhancing transaction processing capabilities for working capital solutions. In addition, the Bank has selected a vendor for its new treasury software and is currently in the initial phase of construction after concluding the implementation and finalizing adjustments with the vendor to ensure a seamless rollout. Management currently anticipates that the first phase of the Bank's new treasury software will be ready for deployment in the third quarter 2026. Management anticipates that for the next few years the Bank will be working closely with key strategic IT vendors in order to ensure that the Bank's product suite expansion has a robust and scalable backend. In addition, as part of the implementation of the remaining phases of the Medium-Term Strategic Plan, the Bank seeks to leverage increased digitization and automatization of its internal processes as part of its efforts to expand its offer of services and products, both in the commercial and

treasury segments. These efforts are focused on business scaling, which management believes will enhance processing capacity and improve client-focused services and experiences.

Recent Developments

During 2024, the combination of slowing inflation and resilient economic activity allowed banks to begin reducing benchmark interest rates, especially in the United States, even though inflation rates remained above target levels. Economic growth was not uniform among regions.

According to the International Monetary Fund, in 2024, the Euro Zone grew almost 0.8%, while the United States grew more than 3% after the pandemic and Latin America grew by approximately 2%.

The post-pandemic era has been characterized by the normalization of supply chains, higher prices and a strong services economy.

According to the United Nations Conference on Trade and Development, global trade in services expanded by more than 6% in 2024, while trade in goods recovered at a 2% rate in 2024 after having registered almost no expansion in 2023. These expansions contributed to greater economic resilience, despite renewed geopolitical tensions; although they also played a role in the normalization of high interest rates.

Central Banks in developed countries generally eased monetary policies in 2024; however, interest rates remain significantly high due the persistence of inflation. The U.S. Federal Reserve cut its upper level reference rate by 100 basis points to 4.5% during the fourth quarter of 2024, which still represents a restrictive rate. Similarly, the European Central Bank also cut its reference rate by 100 basis points to 3% in 2024, which represents a less restrictive rate.

In the United States, despite high interest rates and above-target inflation, private consumption remained strong in 2024, boosting growth in part due to still pro-cyclical government expenditures, but also due to a structurally resilient economy. According to the Economist Intelligence Unit, private consumption in the United States grew by a strong 2.8% in 2024, while government consumption expanded by 3.4% and total GDP grew by 2.8%, a rate that exceeded the average growth in most of developed countries and Latin America. Recently, however, uncertainty has increased due to the measures that the Trump administration has implemented to date, and the signals it has given about policies it plans to implement in future periods. Tariffs across the board, strict immigration policies, and trade tensions with China, as well as with several other countries and trading blocs globally, have raised the likelihood of a United States recession, or even stagflation, in 2025. Headline inflation in the United States continues to be above 3%.

Recent events have increased caution across markets and have led to the postponement of investments in several cases, as investors await clarity on the real effects these factors will have on the U.S. and other key global economies, including the economy of the Region. We therefore expect growth in the Region to remain uneven. While Mexico, Panama, Ecuador and Colombia are growing below expectations and continue to register low investment rates, countries like Chile, Costa Rica, the Dominican Republic, El Salvador, Guatemala and Perú remain close to their respective long-term target growth or even slightly above.

The policies of the new United States administration are expected to continue generating uncertainty due to, among other factors: (i) remittances from the United States account for nearly a quarter of the national GDP in each of Honduras, Guatemala and El Salvador, making the new administration's strict immigration policy a significant risk factor for these economies; and (ii) the United States remains the main trading partner for most of the economies in the Region. In the case of Mexico, exports to the United States represent approximately 80% of total exports. In this context, tariffs can be a risk for the balance of payments in most Latin American countries. In addition, commodity prices may be affected if there is a strong deceleration in economic activity, which may, in turn, affect countries like Colombia, Chile, Peru, Ecuador and Argentina.

During the first half of 2025, global markets have operated within a complex macroeconomic environment characterized by persistent trade tensions and evolving policy priorities, resulting in heightened market volatility and investor uncertainty. Geopolitical instability has escalated, notably through the ongoing conflict between Palestine

and Israel, as well as Israel's recent conflict with Iran, which have contributed significantly to upward pressure on global oil prices. While governments worldwide have increasingly adopted protectionist trade measures, the economic impact of such policies has thus far been less severe than market participants initially anticipated.

The Latin American region presents a varied but generally resilient economic landscape. Consumer spending continues to function as the primary growth driver across the region, although capital investment remains subdued. According to International Monetary Fund projections, regional economic expansion is expected to experience a modest deceleration in 2025, primarily attributable to reduced economic activity in Brazil and Mexico. Conversely, several economies including Colombia, Chile, Panama, Costa Rica, and Guatemala are projected to experience accelerated growth trajectories during the second half of the year.

Despite these circumstances, Bladex realized a net profit of $115.9 million for the first six months of 2025, as business growth continued broad-based with strong momentum in Central American markets, with top line revenues of Net Interest Income and Fees increasing 6% and 39% year-over-year, respectively. This strong performance reaffirmed the Bank's resilience and adaptability of its business model in the face of an increasingly complex macroeconomic environment and volatile trade conditions.

Environmental, Social And Governance (ESG)

The Bank's Commitment to ESG

The Bank's Board, Executive Committee and employees recognize that strong governance, environmental stewardship, and social responsibility are critical to building long-term business success. The Bank is committed to sustainable business practices and have implemented oversight and processes throughout its operations to effectively manage Environmental, Social, and Governance (ESG) matters relevant to its business over time. Through various initiatives, the bank aims to make a positive impact in the communities in which it operates, embed social and environmental considerations in its business and investment decisions, provide a supportive and inclusive workplace environment, and act in environmentally conscious ways.

The Bank's ESG approach is articulated through four main axes: Responsible management of the environment, the promotion of inclusive social practices, the strengthening of solid governance and sustainable finance. The Bank considers that these areas are fundamental to achieve sustainable and balanced growth aligned with the values that guide its organization.

The Bank perceives the implementation of ESG as an opportunity to make its risk management processes more robust and to identify new areas of opportunity. The Bank does not seek to reduce the spectrum of its services or to stop financing certain sectors or industries, however, it is seeking to integrate ESG into its business to drive value for its shareholders and the communities in which it operates.

Since 2022 the Bank has been working with external ESG experts to define a roadmap to start formalizing a sustainability and ESG program. This process included a thorough assessment of the Bank's current operations and practices, to identify key areas for improvement and opportunities to strengthen its ESG approach. As a result, policies and procedures were established, institutionalizing ESG principles within the organization, and seeking their integration at all levels and in strategic decision-making.

At the end of 2024, the Bank successfully concluded the initial phase supported by consultants, which allowed the Bank to make significant progress in consolidating its ESG Action Framework. The Bank has appointed a new head to lead the sustainability and ESG area, who will be responsible for directing the execution of the Bank's sustainability and ESG agenda.

The Bank is in the process of formalizing its Framework of Action with representatives of each area, in charge of the implementation of ESG policies and tracking the progress defined by the external consultants. This

team, with both a strategic and operational focus, will be responsible for ensuring the continuity and efficient implementation of ESG projects.

Clawback Policy

In 2023, the Bank adopted a recovery policy (or "Clawback Policy") that complies with NYSE filed listing standards and SEC rules. Under the policy, if the Bank is required to prepare an accounting restatement due to material noncompliance with any financial reporting requirement under the U.S. federal securities laws, the Board will, subject to certain exceptions, seek to recover "excess incentive-based compensation" from each individual who is a Section 16 officer or was a Section 16 officer during the performance period for such incentive-based compensation. For this purpose, excess incentive-based compensation generally is the amount of incentive-based compensation that is based on a financial performance measure that is in excess of the amount that otherwise would have been received had such incentive-based compensation been determined based on restated amounts in the accounting restatement. The Clawback Policy applies to incentive-based compensation for which the financial performance metric was attained during the three-year period preceding the date of the accounting restatement.

Our Corporate Structure

The following chart presents Bladex's corporate structure as of June 30, 2025. The percentages represent the total share capital owned by the parent company of each entity.

Bladex Head Office's current subsidiaries are the following:



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

- Bladex Representação Ltda., incorporated under the laws of Brazil on January 7, 2000, acts as the Bank's subsidiary in Brazil. Bladex Head Office owns 99.999% of Bladex Representação Ltda. and Bladex Holdings owns the remaining 0.001%.

- Bladex Development Corp. ("Bladex Development") was incorporated under the laws of the Republic of Panama on June 5, 2014. Bladex Head Office owns 100% of Bladex Development.

Bladex commenced operations in 1979 with total equity of $25 million paid by 186 shareholders and, as of June 30, 2025, had total equity of $1,415 million. Bladex has four classes of common shares as follows:

- Class A shares: central banks, state-owned entities or government agencies from 23 countries in the Region, own all of Bladex's Class A shares, which as of June 30, 2025, comprised 17.0% of Bladex's common stock;

- Class B shares: 61 commercial banks or financial institutions, mostly from the Region, own Bladex's Class B shares, which as of June 30, 2025, comprised 4.6% of Bladex's common stock;

- Class E shares: Bladex's Class E shares are listed on the NYSE and as of June 30, 2025, comprised 78.4% of its common stock; and

- Class F shares: state entities and agencies of non–Latin American countries, including, among others, central banks and those banks with the related state agency as the majority shareholder, and multilateral financial institutions that are international or regional institutions may own Class F shares. As of June 30, 2025, no Class F shares have been issued.

As of June 30, 2025, the Bank's Board of Directors (the "Board") was composed of three Directors representing holders of the Class A common shares, five Directors representing holders of the Class E common shares, and two Directors representing all classes of common shares. The affirmative vote of three-quarters of the issued and outstanding Class A shares is required (i) to dissolve and liquidate the Bank, (ii) to amend certain material provisions of the Bank's Articles of Incorporation, (iii) to merge or consolidate the Bank with another entity and (iv) to authorize the Bank to engage in activities other than those described in its Articles of Incorporation.

Business Activities

Lending Policies

The Bank extends credit directly to financial institutions and corporations within the Region. The Bank finances import and export transactions for all types of goods and products, with the exception of certain restricted items such as weapons, ammunition, military equipment and hallucinogenic drugs or narcotics not utilized for medical purposes. Imports and exports financed by the Bank are destined for buyers and sellers in countries both inside and outside the Region. The Bank analyzes credit requests from eligible borrowers by applying its 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 are generally 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 may determine that the level of risk involved requires that a loan be secured by collateral.

Country Credit Limits

The Bank maintains a continual review of each country's risk profile evolution, supporting its 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 CPER of the Bank's Board approves a level of "allocated capital" for each country in addition to notional exposure limits. These country capital limits are reviewed at least once a year by the CPER and more often if necessary. The methodology helps to establish the capital equivalent of each transaction, based on the internal numeric rating assigned to each country, which is reviewed and approved by the CPER.

The amount of capital allocated to a transaction is based on customer type (sovereign, state-owned or private corporations, or financial institutions), 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 total 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 obligated to lend under these lines of credit. Once a line of credit has been established, credit generally is extended after receipt of an application from the borrower for financing. Loan pricing is determined in accordance with prevailing market conditions and the borrower's creditworthiness.

Depending on the proposed amount, lines of credit are approved by different credit committees. The Bank's management credit committee has authority to approve credit lines up to $30 million, under the allowed terms and conditions approved for each country by the Board credit committees. Credit lines exceeding that amount and/or conditions, must be approved by other credit committees, which are composed of certain members of the Board. All credit lines must fully comply with the Legal Lending Limit established by the Panamanian Regulator. Panamanian Law sets forth certain concentration limits, which are applicable and strictly adhered to by the Bank, including a 30% limit as a percentage of capital and reserves for any one borrower and borrower group, in the case of certain financial institutions, and a 25% limit as a percentage of capital and reserves for any borrower and borrower group, in the case of corporate and sovereign entities. As of June 30, 2025, the Bank's legal lending limit prescribed by Panamanian law for corporations and sovereign borrowers amounted to $354 million, and for financial institutions and financial groups amounted to $424 million. Panamanian law also sets lending limits for related party transactions, which are described in more detail in the section "Supervision and Regulation–Panamanian Law." Non-compliance with this legal lending limit could result in the assessment of administrative sanctions by the Superintendency of Banks 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. As of June 30, 2025, the Bank was in compliance with regulatory legal lending limits.

Credit Portfolio

The Bank's Credit Portfolio consists of the Commercial Portfolio and the Investment Portfolio. The Bank's Commercial Portfolio includes: (i) the Loan Portfolio, (ii) customers' liabilities under acceptances, and (iii) loan commitments and financial guarantee contracts, such as confirmed and stand-by letters of credit, and guarantees covering commercial risk. The Bank's Investment Portfolio consists of the principal balance of securities at FVOCI and the principal balance of securities at amortized cost, excluding interest receivable and the allowance for expected credit losses.

As of June 30, 2025, the Credit Portfolio totaled $12,182 million, up from $11,224 million as from December 31, 2024, representing a $958 million or 9% increase. As of December 31, 2024, the Credit Portfolio amounted to $11,224 million, compared to $9,532 million as of December 31, 2023, a $1,692 million, or 18% increase, and $8,726 million as of December 31, 2022. These increases were largely attributable to the Bank's higher lending origination and business growth stemming from the strong credit demand across all business products.

	As of June 30, 2025		As of December 31, 2024		2023		2022	
	Amount	% of Total Outstandings	Amount	% of Total Outstandings	Amount	% of Total Outstandings	Amount	% of Total Outstandings
				(*in $ millions, except percentages*)				
Argentina	$254	2.1	$110	1.0	$52	0.5	$56	0.6
Bolivia	-	0.0	1	0.0	4	0.1	4	0.0
Brazil	1,501	12.3	1,455	13.0	1,124	11.8	1,105	12.7
Canada	76	0.6	82	0.7	86	0.9	13	0.2
Chile	545	4.5	539	4.8	550	5.8	575	6.6
Colombia	989	8.1	1,006	9.0	1,030	10.8	811	9.3
Costa Rica	541	4.4	415	3.7	345	3.6	327	3.7
Dominican Republic	930	7.6	974	8.7	800	8.4	612	7.0
Ecuador	502	4.1	487	4.3	450	4.7	416	4.8
El Salvador	100	0.8	90	0.8	83	0.9	30	0.3
Guatemala	1,299	10.7	1,111	9.9	804	8.4	813	9.3
Honduras	209	1.7	216	1.9	223	2.3	180	2.1
Jamaica	89	0.7	43	0.4	102	1.1	14	0.2
Mexico	1,193	9.8	1,231	11.0	984	10.3	993	11.4
Panama	615	5.1	545	4.9	438	4.6	582	6.7
Paraguay	212	1.7	192	1.7	187	2.0	155	1.8
Peru	788	6.5	801	7.1	791	8.3	655	7.5
Puerto Rico	40	0.3	32	0.3	-	0.0	-	0.0
Suriname	150	1.2	0	0.0	-	0.0	-	0.0
Trinidad & Tobago	188	1.6	167	1.5	133	1.4	129	1.5
United States of America	873	7.2	753	6.7	614	6.4	559	6.4
Uruguay	156	1.3	67	0.6	113	1.2	35	0.4
Multilateral Organizations	76	0.6	99	0.9	12	0.1	35	0.4
Other countries [1]	856	7.1	808	7.1	607	6.4	627	7.1
Total [2]	**$12,182**	**100.0**	**$11,224**	**100.0**	**$9,532**	**100.0**	**$8,726**	**100.0**

(1) "Other Non-Latam" consists of Risk in highly rated countries outside the Region related to transactions carried out in the Region. As of June 30, 2025, "Other Non-Latam" was comprised of European countries ($509 million) and Asian-Pacific countries ($347 million). As of December 31, 2024, "Other Non-Latam" was comprised of European countries ($411 million) and Asian-Pacific countries ($397 million). As of December 31, 2023, "Other Non-Latam" was comprised of European countries ($377 million) and Asian-Pacific countries ($230 million). As of December 31, 2022, "Other Non-Latam" was comprised of European countries ($415 million) and Asian-Pacific countries ($212 million).

(2) The outstandings by country of the Credit Portfolio include (i) loans - principal balance (or the "Loan Portfolio"); (ii) principal balance of securities at FVOCI and at amortized cost, gross of interest receivable and the allowance for expected credit losses; and (iii) loan commitments and financial guarantee contracts, such as confirmed and stand-by letters of credit, and guarantees covering commercial risk and other assets consisting of customers' liabilities under acceptances.

Commercial Portfolio

As of June 30, 2025, the Bank's Commercial Portfolio reached $10,819 million, a 785 million or 8% increase from $10,035 million as of December 31, 2024. These variations resulted from the Bank's continued strong credit demand, reflecting the sustained growth in commercial activity across the Region.

The Bank's Commercial Portfolio amounted to $10,035 million as of December 31, 2024, compared to $8,521 million as of December 31, 2023, a $1,514 million, or 18% increase, and $7,706 million as of December 31, 2022. These variations resulted from the Bank's continued focus on expanding its customer and product base with new client onboarding and sustained cross selling efforts which increased business volumes during the year.

As of June 30, 2025, 69% of the Bank's Commercial Portfolio remaining-term profile was scheduled to mature within one year, compared to 73% as of December 31, 2024, 69% as of December 31, 2023 and 72% as of December 31, 2022, which reflects the predominantly short-term nature of the Bank's lending originations.

As of those same dates, trade-related finance transactions represented 46%, 42%, 46%, and 42%, respectively, of the Bank's Commercial Portfolio, while trade-related finance transactions represented 63%, 58%,

66% and 60%, respectively, of the Bank's short-term origination. See "Business of Bladex—Business Activities—Loan Portfolio."

As of June 30, 2025, the exposure of the Commercial Portfolio was focused on preserving sound credit quality through well diversified exposures to top-tier clients across the Region. The Bank's traditional client base of financial institutions represented 32% of the total Commercial Portfolio, sovereign and state-owned corporations accounted for 12%, and corporates represented 56% of the total Commercial Portfolio. The Commercial Portfolio continued to be well diversified across corporate sectors, with the most significant exposures in Electric Power at 9%, Food and Beverage at 8%, Oil & Gas (Integrated) at 7%, Oil & Gas (Downstream) at 6% and Metal Manufacturing at 5% of the Commercial Portfolio.

Geographically, 38% of the Commercial Portfolio was distributed in investment grade countries as of June 30, 2025. On a country-risk basis, Brazil continued to represent the largest country-risk exposure at 14% of the total Commercial Portfolio, followed by Guatemala at 12%, Mexico at 11%, Colombia and the Dominican Republic, each at 9% and Peru at 7% of the total Commercial Portfolio. Credit to borrowers in top-rated countries outside of Latin America, where such credits relate to transactions ultimately carried out within the Region, represented 7% of the total Commercial Portfolio.

As of December 31, 2024, the Bank's traditional client base of financial institutions represented 36% of the total Commercial Portfolio, and corporations represented 64% of the total Commercial Portfolio, of which 33% and 67% of such percentages were trade-related financing, respectively. In addition, the Commercial Portfolio continued to be well diversified across corporate sectors, with industry concentration levels of 5% of the total Commercial Portfolio or lower as of December 31, 2024, except for certain sectors such as electric power at 10%, food and beverage at 8% and other manufacturing industries, oil/gas (downstream) and oil/gas (integrated), each at 5% of the Commercial Portfolio as of December 31, 2024.

Geographically, 40% of the Commercial Portfolio remained distributed in investment grade countries as of December 31, 2024, a decrease of 1% from December 31, 2023. On a country-risk basis, Brazil continued to represent the largest country-risk exposure at 14% of the total Commercial Portfolio, followed by Mexico at 12%, Guatemala at 11%, and Colombia and the Dominican Republic, each at 10% of the total Commercial Portfolio. Credit to borrowers in top-rated countries outside of Latin America, where such credits relate to transactions ultimately carried out within the Region, represented 8% of the total Commercial Portfolio.

The following table sets forth the distribution of the Bank's Commercial Portfolio, by product category, as of the applicable dates:

	As of June 30,		As of December 31,					
	2025	%	2024	%	2023	%	2022	%
			(in $ millions, except percentages)					
Loans - principal balance	$8,597.0	79.4	$ 8,375.2	83.5	$ 7,195.6	84.4	6,763.0	87.8
Loan commitments and financial guarantee contracts	1,620.0	15.0	1,414.3	14.1	1,063.7	12.5	779.4	10.1
Customers' liabilities under acceptances	602.2	5.6	245.1	2.4	261.4	3.1	163.3	2.1
Total	**$ 10,819.2**	**100.0**	**$ 10,034.6**	**100.0**	**$ 8,520.7**	**100.0**	**$ 7,705.7**	**100.0**

Loan Portfolio

As of June 30, 2025, the Bank's Loan Portfolio totaled $8,597 million, a $222 million or 3% increase compared to December 31, 2024. As of December 31, 2024, the Bank's Loan Portfolio totaled $8,375 million, compared to $7,196 million as of December 31, 2023, a $1,179 million, or 16% Loan Portfolio increase, and $6,763 million as of December 31, 2022. These increases were attributable to higher lending origination during the year, as the Bank continued its focus on expanding its customer and product base stemming from the strong credit demand across all business products.

As of June 30, 2025, the Loan Portfolio had an average remaining maturity term of 424 days, and 58% of the Bank's Loan Portfolio was scheduled to mature within one year. As of December 31, 2024, the Loan Portfolio had an average remaining maturity term of 395 days, and 61% of the Bank's Loan Portfolio was scheduled to mature within one year, compared to an average remaining maturity of 424 days, or 56% maturing within one year as of December 31, 2023, and 398 days, or 59% maturing within one year as of December 31, 2022.

As of June 30, 2025, the principal balance of the Bank's credit-impaired loans amounted to $18.7 million, (or 0.22% of the Loan Portfolio), a $1.7 million or 10% increase compared to December 31, 2024. This increase was primarily due to a new single credit-impaired exposure classified as Stage 3 (under accounting standard IFRS 9). As a result, the allowance for expected credit losses of loans at amortized cost classified as Stage 3 (under accounting standard IFRS 9) increased to $13.8 million, representing 74% of the notional exposure as of June 30, 2025.

As of December 31, 2024, the Bank's credit-impaired loans totaled $17 million (or 0.20% of the Loan Portfolio), compared to $10 million (or 0.14% of the Loan Portfolio) as of December 31, 2023, and $30 million (or 0.45% of the Loan Portfolio) as of December 31, 2022. Credit-impaired loans increased to $17 million in 2024 due to a new single credit-impaired exposure of $7 million of a private corporation related to support activities for the oil and gas industry classified as Stage 3 (under accounting standard IFRS 9). As a result, the allowance for expected credit losses of loans at amortized cost classified as Stage 3 (under accounting standard IFRS 9) increased to $12.5 million, representing 73% of the notional exposure.

Loans classified as Stage 1 under IFRS Accounting Standards 9, with credit conditions unchanged since origination, increased by 4% during the first six months of 2025, while loans classified as Stage 2 under IFRS Accounting Standards 9, which represent loan exposures whose credit conditions have deteriorated since origination, decreased by 38% over the same period, representing 3% of total Loan Portfolio as of June 30, 2025.

Loans classified as Stage 1 under IFRS Accounting Standards 9, with credit conditions unchanged since origination, increased by 16% during 2024, as a result of the Loan Portfolio growth during the year, while loans classified as Stage 2 under IFRS Accounting Standards 9, which represent loan exposures whose credit conditions have deteriorated since origination, increased by 20% year-over-year, representing 4% of total Loan Portfolio as of December 31, 2024.

Loan Portfolio by Country

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

	As of December 31,					
	2024	% of Total Loans	2023	% of Total Loans	2022	% of Total Loans
	(in $ millions, except percentages)					
Argentina	$110	1.3	$52	0.7	$56	0.8
Belgium	18	0.2	14	0.2	25	0.4
Brazil	1,243	14.8	1,009	14.0	980	14.5
Canada	12	0.1	23	0.3	-	0.0
Chile	451	5.4	455	6.3	417	6.2
China	15	0.2	-	0.0	-	0.0
Colombia	909	10.9	939	13.0	702	10.4
Costa Rica	352	4.2	285	4.0	261	3.9
Dominican Republic	852	10.2	637	8.9	580	8.6
Ecuador	218	2.6	191	2.7	111	1.6
El Salvador	70	0.8	83	1.2	30	0.4
France	92	1.1	27	0.4	127	1.9

	As of December 31,					
	2024	% of Total Loans	2023	% of Total Loans	2022	% of Total Loans
	(in $ millions, except percentages)					
Guatemala	998	11.9	704	9.8	746	11.0
Honduras	214	2.6	222	3.1	176	2.6
Hong Kong	0	0.0	15	0.2	3	0.0
Italy	2	0.0	-	0.0	-	0.0
Jamaica	43	0.5	102	1.4	14	0.2
Japan	9	0.1	12	0.2	15	0.2
Luxembourg	-	0.0	90	1.3	115	1.7
Mexico	1,019	12.2	838	11.6	823	12.2
Panama	452	5.4	374	5.2	533	7.9
Paraguay	192	2.3	187	2.6	151	2.2
Peru	414	4.9	536	7.4	479	7.1
Puerto Rico	22	0.3	-	0.0	-	0.0
Singapore	280	3.3	146	2.0	152	2.2
Trinidad and Tobago	167	2.0	133	1.8	129	1.9
United Kingdom	74	0.9	37	0.5	51	0.8
United States of America	134	1.6	74	1.0	53	0.8
Uruguay	13	0.2	11	0.2	34	0.5
Total	**$8,375**	**100.0**	**$7,196**	**100.0**	**$6,763**	**100.0**

The risk relating to countries outside the Region pertains to transactions carried out in the Region, with credit risk transferred outside the Region by way of legally binding corporate guarantees that are payable at first demand. As of December 31, 2024, the Bank's combined Loan Portfolio associated with European country risk represented $186 million, or 2.2% of the total Loan Portfolio, compared to $168 million, or 2.4% of the total Loan Portfolio as of December 31, 2023 and $318 million, or 4.7% as of December 31, 2022.

For information as of June 30, 2025, see Note 3.A, (Credit Risk of the Bank), to the interim financial statements.

Loan Portfolio by Type of Borrower

The following table sets forth the amounts of the Bank's Loan Portfolio by type of borrower as of the dates indicated:

	As of December 31,					
	2024	% of Total Loans	2023	% of Total Loans	2022	% of Total Loans
	(*in $ millions, except percentages*)					
Private financial institutions	$2,521	30.1	$ 2,248	31.2	$ 2,245	33.2
State-owned financial institutions	414	4.9	465	6.5	720	10.7
State-owned corporations	964	11.5	1,205	16.7	1,116	16.5
Private corporations	4,394	52.5	3,192	44.4	2,553	37.7
Sovereign	82	1.0	86	1.2	129	1.9
Total	**$ 8,375**	**100.0**	**$ 7,196**	**100.0**	**$ 6,763**	**100.0**

As of June 30, 2025, the Bank's Loan Portfolio industry exposure mainly included: (i) 30% in the financial institutions sector; (ii) 30% in the manufacturing sector; (iii) 11% in the oil and petroleum derived products; (iv) 8%

in the services sector; (v) 6% in the agricultural sector; (vi) 3% in the mining sector; and (vii) 1% in the sovereign sector. No other industry sector exceeded 10% exposure of the Loan Portfolio.

For information as of June 30, 2025, see Note 3.A, (Credit Risk of the Bank), to the interim financial statements.

As of December 31, 2024, the Bank's Loan Portfolio industry exposure mainly included: (i) 35% in the financial institutions sector; (ii) 28% in the industrial sector, mostly comprised of food and beverage (8%), electric power (7%), metal manufacturing (4%), other manufacturing industries (3%), miscellaneous manufacturing (2%), petrochemical (2%), paper (1%) and plastic and packaging (1%); and (iii) 11% in the oil/gas sector, which in turn was divided into downstream (5%), integrated (5%) and upstream (1%). No other industry sector exceeded 10% exposure of the Loan Portfolio.

Maturities and Sensitivities of the Loan Portfolio to Changes in Interest Rates

The following table sets forth the remaining term of the maturity profile of the Bank's Loan Portfolio by gross carrying amount as of December 31, 2024, by type of rate and type of borrower:

	As of December 31, 2024 *(in $ millions)*			
	Due in one year or less	**Due after one year through five years**	**Due after five years**	**Total**
FIXED RATE				
Private financial institutions	$ 1.424	$ 15	$ -	$ 1.439
State-owned financial institutions	386	10	-	396
State-owned corporations	678	41	-	719
Private corporations	2.098	162	4	2.264
Sovereign	31	23	-	54
Subtotal	**$ 4,617**	**$ 251**	**$ 4**	**$ 4,872**
FLOATING RATE				
Private financial institutions	$ 480	$ 552	50	$ 1.082
State-owned financial institutions	10	8	-	18
State-owned corporations	21	224	-	245
Private corporations	815	1.180	135	2.130
Sovereign	6	22	-	28
Subtotal	**$ 1,332**	**$ 1,986**	**$ 185**	**$ 3,503**
Total	**$ 5,949**	**$ 2,237**	**$ 189**	**$ 8,375**

Note: Scheduled amortization repayments fall into the maturity category in which the payment is due, rather than that of the final maturity of the loan.

Investment Portfolio

As part of its Credit Portfolio, the Bank holds an Investment Portfolio, in the form of both securities at FVOCI and investment securities at amortized cost. This Investment Portfolio consists of the principal balance of: (i) highly liquid corporate debt securities rated 'A-' or above, complementing the Bank's liquidity position; and (ii) securities primarily issued by investment-grade, non-Latam issuers, mostly in the U.S., to further diversify the Bank's overall country risk exposure. In addition, this Investment Portfolio provides contingent liquidity funding, as most of these securities are eligible as collateral at the U.S. Federal Reserve's discount window.

The following table sets forth information regarding the carrying value of the Bank's Investment Portfolio, net, as of the dates indicated.

	As of June 30,	As of December 31,		
	2025	2024	2023	2022
		(in $ millions)		
Securities at amortized cost	$1,266	$1,090	$999	$942
Securities at FVOCI	97	99	12	78
Investment Portfolio – principal balance	**$1,363**	**$1,189**	**$1,011**	**$1,020**
Interest receivable	16	14	13	12
Reserves	(1)	(1)	(2)	(8)
Investment securities	**1,378**	**1,202**	**1,022**	**1,024**

During the periods under review herein, the Bank did not hold instruments in obligations of the U.S. Treasury or other U.S. Government agencies or corporations, or in states of the U.S. or its municipalities.

As of June 30, 2025, December 31, 2024, 2023 and 2022, securities held by the Bank of any single issuer did not exceed 10% of the Bank's equity.

Securities at amortized cost

As of June 30, 2025, the principal balance of the Bank's securities at amortized cost increased to $1,266 million, a $176 million or 16% increase compared to December 31, 2024. These mostly consist of investment-grade securities outside of Latin America held at amortized cost, further enhancing country and credit-risk diversification and providing contingent liquidity funding.

As of December 31, 2024, the principal balance of the Bank's securities at amortized cost increased to $1,090 million, from $999 million as of December 31, 2023, a $91 million, or 9% increase during the year in the securities at amortized cost portfolio. These increases were mostly attributable to $388 million of investment securities acquired in 2024 to increase Treasury's investment management activities to complement the Bank's commercial activities and as a tool to optimize country exposures, which was partially offset by $299 million in proceeds received from the redemption of investment securities. As of December 31, 2024, securities at amortized cost with a carrying value of $213 million were pledged to secure repurchase transactions accounted for as secured financings.

As of December 31, 2023, the principal balance of the Bank's securities at amortized cost increased to $999 million, from $942 million as of December 31, 2022. The $57 million, or 6% increase during the year in the securities at amortized cost portfolio was mostly attributable to $435 million of securities at amortized cost purchased in 2023 to increase Treasury's investment management activities to complement the Bank's commercial activities and as a tool to optimize risk-return opportunities and country exposures, which was partially offset by $298 million in proceeds received from the redemption of securities at amortized cost and $59 million in proceeds from the sale of securities at amortized cost. As of December 31, 2023, securities at amortized cost with a carrying value of $310 million were pledged to secure repurchase transactions accounted for as secured financings.

Securities at FVOCI

As of June 30, 2025, the principal balance of the Bank's FVOCI securities totaled $97 million, a slight decrease from December 31, 2024. The portfolio composition shifted to include $49 million in Colombian state-owned securities and $48 million in multilateral securities, compared to $99 million solely in multilateral securities at the end of 2024. As of June 30, 2025, $48 million of the Bank's securities at FVOCI consisted of corporate debt securities classified as high-quality liquid assets ("HQLA") in accordance with the specifications of the Basel Committee.

As of December 31, 2024, the principal balance of the Bank's securities at FVOCI increased to $99 million, from $12 million as of December 31, 2023. The $87 million increase during the year in the securities at FVOCI was mainly attributable to $86 million of investment securities acquired in 2024. As of December 31, 2024, the Bank's securities at FVOCI consisted of corporate debt securities classified as high-quality liquid assets ("HQLA") in accordance with the specifications of the Basel Committee.

As of December 31, 2023, the principal balance of the Bank's securities at FVOCI decreased to $12 million, from $78 million as of December 31, 2022. The $66 million decrease during the year in the securities at FVOCI was mainly attributable to $79 million in proceeds received from redemption of securities at FVOCI during 2023, which was partly offset by $12 million of securities at FVOCI purchased in 2023. As of December 31, 2023, the Bank's securities at FVOCI consisted of corporate debt securities classified as high-quality liquid assets ("HQLA") in accordance with the specifications of the Basel Committee.

Investment Portfolio by Country Risk, Type of Borrower and Contractual Maturity

The following tables set forth the distribution of the Bank's Investment Portfolio, presented in principal amounts, by country risk, type of borrower and contractual maturity, as of the dates indicated:

	As of December 31,					
	2024		2023		2022	
	Amount	%	Amount	%	Amount	%
	(in $ millions, except percentages)					
Australia	$10	0.8	$5	0.5	$9	0.9
Belgium	15	1.3	-	0.0	-	0.0
Brazil	24	2.0	31	3.1	70	6.8
Canada	44	3.7	38	3.8	13	1.3
Chile	37	3.1	79	7.8	113	11.0
Colombia	15	1.2	24	2.3	54	5.3
Costa Rica	8	0.7	8	0.8	10	1.0
Dominican Republic	-	0.0	5	0.5	5	0.5
France	15	1.3	-	0.0	-	0.0
Germany	30	2.5	15	1.5	-	0.0
Ireland	14	1.2	15	1.5	9	0.9
Israel	-	0.0	5	0.5	5	0.5
Italy	-	0.0	14	1.3	-	0.0
Japan	61	5.2	38	3.8	4	0.4
Mexico	28	2.3	62	6.2	101	10.0
Multilateral Organizations	99	8.3	12	1.2	35	3.4
Norway	10	0.8	10	1.0	-	0.0
Panama	71	6.0	34	3.3	29	2.8
Peru	30	2.6	31	3.0	61	5.9
South Korea	14	1.2	2	0.3	-	0.0
Sweden	15	1.2	-	0.0	-	0.0
United Kingdom	38	3.2	43	4.3	-	0.0
United States of America	611	51.4	540	53.3	502	49.3
Total	**$1,189**	**100.0**	**$1,011**	**100.0**	**$1,020**	**100.0**

	As of December 31,					
	2024		2023		2022	
	Amount	%	Amount	%	Amount	%
			(in $ millions, except percentages)			
Private financial institutions	$353	29.7	$312	30.8	$251	24.6
State-owned financial institutions	$127	10.7	47	4.6	85	8.3
Sovereign debt	91	7.7	49	4.9	64	6.3
State-owned corporations	12	1.0	21	2.0	52	5.1
Private corporations	606	50.9	582	57.7	568	55.7
Total	**$1,189**	**100.0**	**$1,011**	**100.0**	**$1,020**	**100.0**

For more information see Note 6 to our interim financial statements.

	As of December 31,					
	2024		2023		2022	
	Amount	%	Amount	%	Amount	%
			(in $ millions, except percentages)			
In one year or less	$253	21.3	157	15.6	301	29.5
After one year through five years	908	76.3	825	81.5	711	69.7
After five years through ten years	28	2.4	29	2.9	8	0.8
Total	**$1,189**	**100.0**	**$1,011**	**100.0**	**$1,020**	**100.0**

As of June 30, 2025, our Investment Portfolio totaled $1,363 million, a $174 million, or 15% increase compared to $1,189 million as of December 31, 2024. For more information see Note 6 to our interim financial statements. For more information on maturities see Note 3.C (Market Risk of the Bank) to the interim financial statements.

Loan Commitments and Financial Guarantee Contracts

The Bank, on behalf of its client base, advises and confirms letters of credit to facilitate foreign trade transactions. When confirming letters of credit, the Bank adds its own unqualified assurance that the issuing bank will pay, with the understanding that, if the issuing bank does not honor drafts drawn on the letter of credit, the Bank will. The Bank also provides stand-by letters of credit, guarantees, and commitments to extend credit, which are binding legal agreements to disburse or lend to clients, subject to the customers' compliance with customary conditions precedent or other relevant documentation. Commitments generally have fixed expiration dates or other termination clauses and require payment of a fee to the Bank. As some commitments expire without being drawn down, the total commitment amounts do not necessarily represent future liquidity requirements.

The Bank applies the same credit policies and criteria used in its lending process to its evaluation of these instruments, and, once issued, the commitment is irrevocable and remains valid until its expiration. Credit risk arises from the Bank's obligation to make payment in the event of a client's contractual default to a third party.

Loan commitments and financial guarantee contracts amounted to $1,620 million, or 15% of the total Commercial Portfolio, as of June 30, 2025, a $206 million or 15% increase compared to December 31, 2024. Loan commitments and financial guarantee contracts amounted to $1,414 million, or 14% of the total Commercial Portfolio, as of December 31, 2024, compared to $1,064 million, or 12% of the total Commercial Portfolio, as of December 31, 2023, and $779 million, or 10% of the total Commercial Portfolio, as of December 31, 2022. Confirmed and stand-by letters of credit and guarantees covering commercial risk represented 63% of the total loan commitments and financial guarantee contracts as of June 30, 2025, 75% as of December 31, 2024, 79% as of December 31, 2023 and 84%, as of December 31, 2022.

The following table presents the distribution of the Bank's loan commitments and financial guarantee contracts by country risk, as of December 31 of each year:

	As of December 31,					
	2024		2023		2022	
	Amount	% of Total loan commitments and financial guarantee contracts	Amount	% of Total loan commitments and financial guarantee contracts	Amount	% of Total loan commitments and financial guarantee contracts
	(in $ millions, except percentages)					
Loan commitments and financial guarantee contracts						
Bolivia	1	0.1	4	0.4	4	0.5
Brazil	188	13.3	84	7.9	55	7.0
Canada	26	1.9	25	2.3	-	0.0
Chile	51	3.6	16	1.5	45	5.8
Colombia	82	5.8	68	6.3	54	7.0
Costa Rica	55	3.9	52	4.9	56	7.2
Denmark	-	0.0	-	0.0	12	1.5
Dominican Republic	122	8.6	158	14.9	21	2.7
Ecuador	230	16.3	164	15.4	196	25.1
El Salvador	20	1.4	-	0.0	-	0.0
France	32	2.2	51	4.8	67	8.6
Germany	15	1.1	15	1.4	10	1.3
Guatemala	113	8.0	98	9.2	55	7.0
Honduras	2	0.1	1	0.1	4	0.5
Mexico	184	13.0	84	7.9	69	8.9
Netherlands	26	1.8	1	0.1	-	0.0
Panama	17	1.2	28	2.7	19	2.5
Paraguay	-	0.0	-	0.0	3	0.4
Peru	171	12.1	106	10.0	81	10.4
Puerto Rico	10	0.7	-	0.0	-	0.0
Singapore	7	0.5	7	0.7	24	3.1
United States of America	7	0.5	-	0.0	3	0.4
Uruguay	55	3.9	102	9.5	1	0.1
Total loan commitments and financial guarantee contracts	**$1,414**	**100.0**	**$1,064**	**100.0**	**$779**	**100.0**

As of June 30, 2025, the Bank's loan commitments and financial guarantee contracts amounted to $1,620 million. For more information see Note 3.A, (Credit Risk of the Bank), to the interim financial statements.

Funding Sources

The Bank's principal sources of funds are deposits and, to a lesser extent, borrowed funds and floating and fixed rate debt 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 on economic and market conditions. The following table shows the Bank's funding distribution as of the dates indicated:

	As of June 30,	As of December 31,		
	2025	2024	2023	2022
		(in percentages)		
Deposits	61.8	54.3	48.6	40.3
Securities sold under repurchase agreements	1.9	2.1	3.4	3.8
Short-term borrowings and debt, net	11.9	16.6	19.0	27.8
Long-term borrowings and debt, net	24.4	27.0	29.0	28.1
Total interest-bearing liabilities	**100.0%**	**100.0%**	**100.0%**	**100.0%**

The Bank has issued public debt in Mexico, Panama, the United States and Japan. The Bank has also placed private issuances of debt in different markets, primarily in Asia, Europe and Latin America.

Deposits

The Bank obtains deposits principally from central and commercial banks primarily located in the Region. As of June 30, 2025, 37% of the deposits held by the Bank were deposits made by the Bank's Class A shareholders and their designees. As of December 31, 2024, 42% of the deposits held by the Bank were deposits made by central and state-owned banks in the Region. The average term remaining to maturity of deposits from the Region's central and state-owned banks as of December 31, 2024, 2023 and 2022, was 38 days, 47 days and 38 days, respectively. As of December 31, 2024, deposits from the Bank's five largest depositors, all except two of which were central and state-owned banks in the Region, represented 37% of the Bank's total deposits, compared to 33% as of December 31, 2023. All of the Bank's deposits are uninsured.

The following table analyzes the Bank's deposits by country, excluding interest payable, as of the dates indicated below:

	As of December 31,		
	2024	**2023**	**2022**
		(in $ millions)	
Argentina	$89	$154	$156
Bahamas	3	15	2
Barbados	-	-	3
Bolivia	1	3	-
Brazil	718	495	361
Canada	36	-	2
Cayman Islands	80	50	-
Chile	52	83	78
Colombia	145	145	73
Costa Rica	225	381	118
Curacao	28	14	-
Dominican Republic	128	178	86
Ecuador	1,126	514	288
El Salvador	65	37	25
France	-	38	5
Germany	185	147	5
Guatemala	109	129	116
Haiti	77	78	74
Honduras	242	227	261
Japan	-	-	4
Korea	19	20	-
Luxembourg	80	50	50
Mexico	197	103	41
Multinational	270	210	220
Netherlands	1	12	1
Nicaragua	-	-	1
Panama	993	765	775
Paraguay	93	118	115
Peru	170	40	71
Puerto Rico	8	-	-
Singapore	34	32	30
Spain	-	82	29
Trinidad and Tobago	37	25	24
United Kingdom	62	82	-

	As of December 31,		
	2024	2023	2022
		(in $ millions)	
United States of America	136	172	132
Uruguay	4	9	45
Total	**$5,413**	**$4,408**	**$3,191**

Repos

The Bank enters into financing transactions under repurchase agreements ("Repos") with international banks from time to time, utilizing its investment securities portfolio as collateral to secure cost-effective funding. Repos are reported as secured financings in the Financial Statements. As of June 30, 2025, the Bank had outstanding Repos for $197 million. As of December 31, 2024, the Bank had outstanding Repos for $213 million, compared to outstanding Repos for $310 million as of December 31, 2023, and $300 million as of December 31, 2022.

Borrowings and Debt

Short- and long-term borrowings and debt provide a global diversification of the Bank's funding sources. The Bank uses these borrowings and debt placements, which generally have longer maturities than deposits, to manage its asset and liability positions.

Short-Term Borrowings and Debt

The Bank's short-term borrowings and debt consist of borrowings from banks and debt instruments from notes issued under the Bank's Euro Medium-Term Note Program that have maturities of up to 365 days.

Short-term borrowings are made available to the Bank on an uncommitted basis for the financing of trade-related loans as well as for general business purposes. The Bank's short- and medium-term borrowings mainly come from international correspondent banks from the United States, Mexico, Japan, Canada, Europe and multilateral organizations.

As of June 30, 2025, short-term borrowings and debt totaled $1,240 million, a $414 million or 25% decrease compared to December 31, 2024. As of December 31, 2024, short-term borrowings and debt totaled $1,653 million, a 4% decrease compared to $1,725 million as of December 31, 2023, as the Bank relied more on the growth of its deposits base for short-term funding, as a result of the Bank's cross selling strategy. The average term remaining to maturity of short-term borrowings and debt as of December 31, 2024 was 94 days, compared to 137 days as of December 31, 2023.

The following table presents information regarding the amounts outstanding under, and interest rates on, the Bank's short-term borrowings and debt at the dates and during the periods indicated.

	As of and for the Year Ended December 31,		
	2024	2023	2022
	(in $ millions, except percentages)		
Short-term borrowings and debt (*)			
Amount outstanding at year-end	$1,653	$1,725	$2,196
Maximum amount outstanding at any month-end	$1,653	$1,810	$2,196
Average amount outstanding during the year	$930	$1,621	$1,826
Weighted average interest rate on average amount outstanding	6.29%	5.73%	2.20%
Weighted average interest rate on amount outstanding at year end	3.62%	6.12%	4.54%

(*) Gross of transaction costs of $0.0 million, $0.3 million, $1.4 million as of December 31, 2024, 2023 and 2022, respectively.

Short-term borrowings as of June 30, 2025, totaled $1,240 million. For more information see Note 14 to our interim financial statements.

Long-term borrowings and debt

Long-term borrowings consist of long-term bilateral and syndicated loans obtained from international banks. Debt instruments currently consist of private issuances under the Bank's Euro Medium-Term Note Program, as well as public issuances in Mexico and Panama.

Interest rates on most long-term borrowings and issuances are adjusted monthly, quarterly or semi-annually based on short-term SOFR rates plus a credit spread. The credit spread is defined according to several factors, including credit ratings, risk perception, and the original contractual term to maturity. The Bank uses these funds primarily to finance its medium-term and long-term Loan Portfolio, as well as to further enhance the stability of its overall funding base.

As of June 30, 2025, gross long-term borrowings and debt totaled $2,547 million, a $162 million or 6% decrease compared to December 31, 2024. As of December 31, 2024, gross long-term borrowings and debt increased 3% to $2,709 million from $2,636 million as of December 31, 2023, as a result of the Bank's commercial lending origination activities and its liquidity position management. As of December 31, 2024 the average term remaining to maturity of the Bank's medium and long-term borrowing and debt was 762 days, compared to 710 days as of December 31, 2023.

The following table presents information regarding the gross amounts outstanding under, and interest rates on, the Bank's long-term borrowings and debt at the dates and during the periods indicated.

	As of and for the Year Ended December 31,		
	2024	**2023**	**2022**
	(in $ millions, except percentages)		
Long-term borrowings and debt (*)			
Amount outstanding at year-end	$2,709	$2,636	$2,231
Maximum amount outstanding at any month-end	$2,850	$2,636	$2,234
Net average amount outstanding during the year	$2,734	$2,383	$2,052
Weighted average interest rate on average amount outstanding	5.53%	5.20%	3.39%
Weighted average interest rate on amount outstanding at year end	5.98%	5.32%	4.72%

(*) Gross of transaction costs of $9.6 million, $8.2 million and $8.7 million as of December 31, 2024, 2023 and 2022, respectively.

Long-term borrowings and debt as of June 30, 2025 totaled $2,547 million. For additional information see Note 14 to our interim financial statements.

Global syndicated loans continue to provide a vehicle to access new sources of financing. As of June 30, 2025, the Bank has two outstanding syndicated loans in an aggregate principal amount of $522.7 million:

- In May 2024, the Bank closed a $400 million syndicated loan, with Sumitomo Mitsui Banking Corporation acting as Sole Lead Arranger, Administrative Agent and Bookrunner. The lenders were longstanding participants from previous transactions and new lenders from the United States, Asia and Europe.

- Additionally, in November 2022, the Bank closed a $122.7 million syndicated loan with Mizuho Bank, LTD as Lead Arranger and Bookrunner.

Some borrowing agreements include various events of default and covenants related to minimum capital adequacy ratios, incurrence of additional liens, and asset sales, as well as other customary covenants, representations and warranties. As of June 30, 2025, the Bank was in compliance with all covenants.

Debt Capital Markets

Mexico Program

In September 2024, the Mexican National Registry of Securities (Registro Nacional de Valores) authorized increasing the aggregate amount of the Mexico Program from MXN25 billion to MXN35 billion or its equivalent in Investment Units (Unidades de Inversión), U.S. dollars or Euros and with maturities from one day to 30 years.

As of June 30, 2025, the total principal amount outstanding of issuances of "certificados bursátiles" in the Mexican capital markets under this Mexico Program was MXN17.97 billion, equivalent to $961 million.

There are seven outstanding medium-term issuances (series) under the Mexico Program: Series Bladex 22 in the principal amount of MXN1,256,222,200 which matures in February 2026; Series Bladex 22-2 in the principal amount of MXN4,237,142,400 which matures in August 2027; Series Bladex 23 in the principal amount of MXN3,500,000,000 which matures in July 2026; Series Bladex 23-2 in the principal amount of MXN1,500,000,000 which matures in July 2028; Series Bladex 23-3 in the principal amount of MXN1,775,000,000 which matures in October 2029; Series Bladex 24 in the principal amount of MXN1,700,000,000 which matures in February 2027 and Series Bladex 24-2 in the principal amount of MXN4,000,000,000 which matures in March 2028.

Program in Panama

In March 2023, Bladex successfully completed the registration of its Revolving Corporate Bond Program in Panama (the "Panama Program"). This program, with a maximum principal amount of $300 million for the issuance of short and long term notes, is a key component of the Bank's strategy to diversify its investor base. It allows for the participation of new investors not only from Panama but also from across the Central American region.

As of June 30, 2025, there are 15 outstanding issuances (series) under the Panama Program. The total outstanding principal amount of issuances under this program was $82.1 million with an average term of two years and eleven months.

The Program

The Bank renewed the Program on July 21, 2021, which is primarily targeted at non-bank institutional investors and includes multiple placements with short-, medium-, and long-term tenors.

During the first six months of 2025, the Bank issued $15 million in new private placements; and as of June 30, 2025, private issuances through its Euro Medium-Term Note Program amounted to $289 million, placed primarily in Asia, Europe and Latin America. In addition, the Bank has one outstanding bond which matures in September of 2025 and which was issued in 2020 pursuant to Rule 144A/Regulation S with a total principal amount of $400 million as of June 30, 2025.

Colombian Debt Capital Market

In January 2025, Bladex successfully completed the registration of its first Bond issuance in Colombia. This issuance, with a maximum amount of 300,000 million Colombian Pesos of short- and long-term notes, is a key component of the Bank's strategy to diversify its investor base. It allows for the participation of new investors not only from Colombia but also from across the South American region.

Cash Flows

Management believes that cash flows from operations, including the Bank's adequate reserve coverage levels, and its ability to generate cash through its financing activities (such as short- and long-term borrowings and debt) are sufficient to fund its investing activities and core lending activities, as well as the Bank's operating liquidity needs.

The following discussion highlights the major activities and transactions that affected the Bank's cash flows during the first six-month period of 2025 and the full year of 2024, 2023 and 2022.

Cash flows from operating activities

The Bank's operating activities mainly include cash generated by profit for the year, adjustments to reconcile profit for the year to net cash provided by or used in operating activities, net changes in operating assets, which predominantly include loans originated by the Bank, and net changes in operating liabilities, primarily from raising deposits from central banks as well as state-owned and private banks and corporations in the Region. Operating activities 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 and demand, market conditions, and business strategies.

For the six-month period ended June 30, 2025, net cash provided by operating activities was $1,071 million, as compared to $652 million for the six-month period ended June 30, 2024. The increase is mainly attributable to net increase of $1,034 million in operating liabilities due to depositors and to net positive changes in hedging position and foreign currency.

For the year ended December 31, 2024, net cash used by operating activities was $123 million, mainly attributable to a net increase of $1,214 million in loans and a net increase of $1,005 million in operating liabilities due to depositors.

For the year ended December 31, 2023, net cash provided by operating activities was $1,062 million, mainly attributable to a net increase of $1,217 million in operating liabilities due to depositors and a net increase of $406 million in loans.

For the year ended December 31, 2022, net cash used by operating activities was $770 million, mainly attributable to a net increase of $1,054 million in loans and a net increase of $154 million in operating liabilities due to depositors.

Cash flows from investing activities

The Bank's investing activities include the portfolio of securities at FVOCI and at amortized cost, as well as the cash used on acquisition or proceeds from disposal of equipment and leasehold improvements, and intangible assets. Investing activities can vary significantly in the normal course of business due to the amount and timing of cash flows, which are mainly affected by market conditions, and business strategies.

For the six-month period ended June 30, 2025, net cash used in investing activities was $167 million, as compared to $125 million for the six-month period ended June 30, 2024, primarily as a result of the $362 million in purchases of securities at amortized cost and $59 million in purchases of securities at FVOCI, which was partially offset by $175.0 million in proceeds from the redemption of securities at amortized cost.

For the year ended December 31, 2024, net cash used in investing activities was $180 million, primarily as a result of the $388 million in purchases of securities at amortized cost and $86 million in purchases of securities at FVOCI, which was partially offset by $299 million in proceeds from the redemption of securities at amortized cost.

For the year ended December 31, 2023, net cash used in investing activities was $13 million, primarily as a result of the $435 million in purchases of securities at amortized cost, which was partially offset by $298 million in proceeds from the redemption of securities at amortized cost and $79 million in proceeds from the redemption of securities at FVOCI.

For the year ended December 31, 2022, net cash used in investing activities was $167 million, primarily as a result of the $459 million in purchases of securities at amortized cost, which was partially offset by $133 million proceeds from the redemption of securities at amortized cost and $113 million in proceeds from the redemption of securities at FVOCI.

Cash flows from financing activities

The Bank's financing activities primarily reflect cash flows related to raising funds from short-term borrowings and debt from international correspondent banks, and proceeds from, and repayments of, long-term borrowings and debt through bilateral or syndicated borrowing facilities, as well as issuances in the capital markets.

For the six-month period ended June 30, 2025, the net cash used in financing activities was $813 million, as compared to $713 million for the six-month period ended June 30, 2024, which was primarily the result of the $433 million net decrease in short-term borrowings and debt and the $383 million in payments of long-term borrowings and debt.

For the year ended December 31, 2024, the net cash provided in financing activities was $136 million, which was primarily the result of a $1,192 million proceeds from long-term borrowings and debt, which was partially offset by the repayment of $826 million in long-term borrowings and debt and a $97 million decrease in securities sold under repurchase agreements along with $73 million paid as cash dividends and a $59 million net decrease in short-term borrowings and debt.

For the year ended December 31, 2023, the net cash used in financing activities was $253 million, which was primarily the result of a $496 million in proceeds from long-term borrowings and debt, along with $10 million from the increase in securities sold under repurchase agreements, which was partially offset by a $501 million net decrease in short-term borrowings and debt, along with the repayment of $221 million in long-term borrowings and debt and $36 million paid as cash dividends.

For the year ended December 31, 2022, the net cash provided by financing activities was $916 million, which was primarily the result of a $1,038 million in proceeds from long-term borrowings and debt, along with $579 million net increase in short-term borrowings and debt, which was partially offset by the repayment of $537 million in long-term borrowings and debt, along with $127 million from the decrease in securities sold under repurchase agreements and $36 million paid as cash dividends.

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 July 28, 2025, the Board declared a quarterly cash dividend of $0.625 per share corresponding to the second quarter of 2025. The cash dividend will be paid on September 3, 2025, to Bank's shareholders registered as of August 15, 2025.

The cash dividend declared per share to the Bank's shareholders totaled $2.125 per common share for the year ended December 31, 2024, a dividend increase of $0.875 per common share compared to the $1.250 per common share cash dividend declared for the year ended December 31, 2023 and to the $1.00 per common share cash dividend declared for the year ended December 31, 2022.

No special dividends were declared during the first six months ended June 30, 2025, and the three-year period ended December 31, 2024.

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

Payment date	Record date	Dividend per share
September 3, 2025	August 15, 2025	0.625
June 3, 2025	May 16, 2025	0.625
March 25, 2025	March 10, 2025	0.625
November 26, 2024	November 8, 2024	0.500
August 20, 2024	August 5, 2024	0.500

May 15, 2024	April 29, 2024	0.500
March 19, 2024	March 4, 2024	0.500
November 16, 2023	October 30, 2023	0.250
August 15, 2023	July 31, 2023	0.250
May 17, 2023	May 4, 2023	0.250
March 28, 2023	March 10, 2023	0.250
November 30, 2022	November 14, 2022	0.250
August 30, 2022	August 15, 2022	0.250
June 1, 2022	May 16, 2022	0.250
March 22, 2022	March 7, 2022	0.250
November 23, 2021	November 9, 2021	0.250

The Bank had no preferred shares issued and outstanding as of June 30, 2025.

Cost and Maturity Profile

The following table sets forth certain information regarding the weighted average cost and the remaining maturities of the Bank's gross borrowed funds, including Repos, and placements at fixed and floating interest rate as of December 31, 2024:

	Amount (*)	Weighted Average Cost
	(in $ millions, except percentage)	
Short-term Repos and borrowings at fixed interest rate		
Due in 0 to 30 days	$277	4.43%
Due in 31 to 90 days	732	5.39%
Due in 91 to 180 days	395	5.08%
Due in 181 to 365 days	73	4.67%
Total	**$1,477**	**5.09%**
Short-term borrowings at floating interest rate		
Due in 31 to 90 days	$175	9.15%
Due in 181 to 365 days	125	5.14%
Total	**$300**	**7.48%**
Short-term placements at fixed interest rate		
Due in 91 to 180 days	$1	5.70%
Total	**$1**	**5.70%**
Medium and long-term borrowings and repos at fixed interest rate		
Due in 1 through 6 years	$150	5.33%
Total	**$150**	**5.33%**
Medium and long-term borrowings at floating interest rate		
Due in 0 to 30 days	$1	10.96%
Due in 91 to 180 days	1	10.96%
Due in 181 to 365 days	3	10.96%
Due in 1 through 6 years	812	6.14%
Total	**$817**	**6.17%**
Medium and long-term placements at fixed interest rate		
Due in 0 to 30 days	$6	0.77%
Due in 91 to 180 days	239	6.70%
Due in 181 to 365 days	414	2.37%
Due in 1 through 6 years	634	7.17%
Total	**$1,293**	**5.52%**
Medium and long-term placements at floating interest rate		
Due in 1 through 6 years	$537	10.64%
Total	**$537**	**10.64%**
Grand Total	**$4,575**	**6.22%**

(*) Gross of prepaid commissions of $9.6 million as of December 31, 2024.

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 maturities and repricing 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, nor does it hold significant open foreign exchange positions. The foreign exchange risk is mitigated by the use of derivatives, which, though economically hedged, might give rise to some accounting volatility.

Interest Rate Sensitivity

The Bank 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 and hedge the risk associated with a portion of the notes issued under its various programs and the funds borrowed through bilateral loans and syndications.

The following table presents the projected maturities and interest rate adjustment periods of the Bank's total assets, liabilities and equity based upon the contractual maturities and rate-adjustment (repricing) dates as of December 31, 2024. 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.

	Total	0-30 Days	31-90 Days	91-180 Days	181-365 Days	More than 365 Days	Non-Interest Sensitive / without maturity
			(in $ millions, except percentages)				
Interest-earning assets							
Cash and due from banks	$1,964	$1,941	$0	$5	$15	$0	$3
Investment Portfolio [(1)]	1,189	37	46	65	105	936	-
Loans [(1)]	8,375	2,237	2,816	2,026	1,039	257	-
Total interest-earning assets	**11,528**	**4,215**	**2,862**	**2,096**	**1,159**	**1,193**	**3**
Non-interest earning assets, allowance for credit losses and other asset	331	-	-	-	-	-	331
Total assets	**$11,859**	**$4,215**	**$2,862**	**$2,096**	**$1,159**	**$1,193**	**$334**
Interest-bearing liabilities							
Deposits	$5,413	$3,366	$1,038	$646	$336	$24	$3
Securities sold under repurchase agreements	213	-	134	-	59	20	-
Borrowings and debt [(2)]	4,352	1,276	1,656	802	460	158	-
Total interest-bearing liabilities	**9,978**	**4,642**	**2,828**	**1,448**	**855**	**202**	**3**
Non-interest-bearing liabilities and other liabilities	544	-	-	-	-	-	544
Total liabilities	**$10,522**	**4,642**	**2,828**	**1,448**	**855**	**202**	**547**
Total Stockholders' equity	1,337	-	-	-	-	-	1,337
Total liabilities and stockholders' equity	**$11,859**	**$4,642**	**$2,828**	**$1,448**	**$855**	**$202**	**$1,884**
Interest rate sensitivity gap	-	(427)	34	648	304	991	(1,550)
Cumulative interest rate sensitivity gap	-	(427)	(393)	255	559	1,550	-
Cumulative gap as a % of total interest-earning assets	-%	-4%	-3%	2%	5%	13%	-%

(1) Gross of interest receivable, loss allowance and unearned interests and deferred fees.
(2) Gross of prepaid commissions.

For information as of June 30, 2025 see Note 3.C. (Market Risk of the Bank) to the interim financial statements.

The Bank's interest rate risk is the exposure of earnings (current and potential) and capital to changes in interest rates. Due to the fact that the significant majority of the Bank's assets and liabilities are either short-term or have short-term market-based repricing schedules, the Bank has a relatively low exposure to interest rate volatility, with most interest rate sensitivity being short-term in nature (up to six months to a year). Through an active interest rate management strategy, the Bank has aligned this moderate exposure to profit from an increase in short-term market-based rates. The Bank's policy with respect to interest rate risk provides that the Bank establishes 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.

Contractual Obligations and Commercial Commitments

The following tables set forth information regarding the Bank's contractual obligations and commercial commitments as of December 31, 2024.

	Payments Due by Period				
Contractual Obligations	**Total**	**Less than 1 year**	**1 – 3 years**	**3 – 5 years**	**More than 5 years**
			(in $ millions)		
Deposits	$5,413	$5,329	$78	$6	$0
Securities sold under repurchase agreements	213	124	89	-	-
Short-term borrowings and debt	1,653	1,653	-	-	-
Long-term borrowings and debt [(1)]	2,709	665	1,801	205	38
Accrued interest payable	87	87	-	-	-
Future contractual interest payable, not yet accrued [(2)]	446	73	290	65	18
Lease liabilities	19	1	18	-	-
Total contractual obligations	**$10,540**	**$7,932**	**$2,276**	**$276**	**$56**

(1) Gross of prepaid commissions of $9.6 million as of December 31, 2024. Certain debt obligations are subject to covenants that could accelerate the payment of these obligations.

(2) Consists of future interest payable on interest-bearing liabilities and their hedges, calculated on the basis of their respective interest rates as of December 31, 2024 for the days remaining to maturity. Some of these obligations have floating interest rates which could fluctuate in the future and hence change the value of interest payable accordingly.

	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 $ millions)		
Letters of credit [(1)]	$782	$782	$0	—	—
Stand-by letters of credit	470	438	32	—	—
Guarantees	50	34	16	—	—
Other commercial commitments	357	152	197	—	8
Total Commercial Commitments	**$1,659**	**$1,406**	**$246**	—	**$8**

(1) Includes customers' liabilities under acceptances outstanding (on-balance sheet assets) for a total amount of $245 million as of December 31, 2024.

The covenants included in some of the Bank's liabilities contracts are standard market covenants. Bladex has been and expects to continue to be in compliance with regard to these covenants.

Asset Quality

The Bank believes that its fundamental 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

periodically review a report of all 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 assigns to each exposure a risk rating which is defined using quantitative and qualitative factors that are indicative of the risk of loss. This rating is considered for purposes of identifying significant increases in credit risk. These factors may vary depending on the nature of the exposure and the type of borrower. Each exposure is assigned a risk rating at the time of initial recognition based on the information available about the customer and the country. Exposures are subject to continuous monitoring, which may result in the change of an exposure to a different risk rating.

The table below provides a mapping of the Bank's internal credit risk grades to external ratings.

Internal rating	12 - month average PD % (1)	External rating (2)	Description
1 to 4	0.09	Aaa – Ba1	Exposure in customers or countries with payment ability to satisfy their financial commitments.
5 to 6	2.26	Ba2 – B3	Exposure in customers or countries with payment ability to satisfy their financial commitments, but with more frequent reviews.
7	7.81	Caa1 – Caa3	Exposure in customers whose primary source of payment (operating cash flows) is inadequate, and who show evidence of deterioration in their working capital that does not allow them to satisfy payments on the agreed terms, or in countries where the operation involves certain risks.
8-9	34.52	Ca	Exposure in customers whose operating cash flows continuously shows insufficiency to service the debt on the originally agreed terms, or in countries where the operation is limited or restricted to certain terms, structure and types of credits.
10	100	C	Exposure to customers with operating cash flow that does not cover their costs, are in suspension of payments, presumably will also have difficulties fulfilling possible restructuring agreements, are in a state of insolvency, or have filed for bankruptcy, among others.

(1) PD refers to probability of default.
(2) External rating according to Moody's Investors Services.

In order to periodically monitor the quality of the portfolio, customers and countries are reviewed every three to twelve months, depending on the risk rating.

The Bank's process for recognition of financial assets and liabilities is discussed in Note 3 to the annual financial statements, "Significant accounting policies to the Consolidated Financial Statements."

Impairment of Financial Assets

The Bank's process for recognition of financial assets and liabilities is discussed in Note 3 – Significant accounting policies to the annual financial statements.

The following table sets forth information regarding the principal balance of the total impaired credits as of the dates indicated:

	As of June 30,	As of December 31,		
	2025	2024	2023	2022
	(in $ millions, except percentages)			
Credit-impaired loans	$18.7	$17.0	$10.1	$30.1
Credit-impaired securities	—	—	—	5.0
Impaired credits	$18.7	$17.0	$10.1	$35.1
Asset-specific allocation from the allowance for loan losses	13.8	12.5	6.9	25.6
Credit-impaired loans as a percentage of Loan Portfolio	0.2%	0.2%	0.1%	0.4%
Impaired credits as a percentage of Credit Portfolio	0.2%	0.2%	0.1%	0.4%

As of the end of each reported period, the Bank did not have credit-impaired loans in its Loan Portfolio without related allowances.

For information as of June 30, 2025, see Note 3.A, (Credit Risk of the Bank), to the interim financial statements.

The following table sets forth the distribution of the Bank's loan write-off by gross carrying amount against the allowance for loan losses by country for the periods indicated:

	For the year ended December 31,					
	2024	%	2023	%	2022	%
	(in $ millions, except percentages)					
Mexico	—	—	$21	100%	—	—
Panama	—	—	—	—	$1	100%
Total	—	—	**$21**	**100%**	**$1**	**100%**

As of June 30, 2025, the Bank had no write-offs against the allowance for loan losses. In addition, during the six months ended June 30, 2025, the Bank had $47 thousand in investment securities write-offs against allowance for expected credit losses.

During the year ended December 31, 2024, the Bank had no write-offs against the allowance for loan losses, compared to $21.1 million, representing 0.31% of that year's average Loan Portfolio in 2023, and compared to $0.9 million, representing 0.01% of that year's average Loan Portfolio in 2022. The write-off against individually assigned allowance for credit losses in 2023 was associated with an impaired credit of a single non-bank financial intermediary borrower.

In addition, during the year ended December 31, 2024, the Bank did not have investment securities write-offs against allowance for expected credit losses, compared to a total of $7 million of investment securities write-offs in 2023. The Bank did not have investment securities write-offs against allowance for expected credit losses in 2022.

In the three-year period ended December 31, 2024, the Bank disbursed $62,871 million in credits and had financial instruments write-offs for $29 million, representing 0.05% of total credits disbursed.

The following table summarizes information regarding outstanding credit-impaired balances as of the dates indicated:

	As of December 31,		
	2024	**2023**	**2022**
		(in $ thousands)	
Credit-impaired loans:			
Colombia:			
Private corporations	$6,933	—	—
Mexico:			
Non-bank financial intermediaries	—	—	20,000
Panama:			
Private corporations	10,107	10,107	10,107
Total credit-impaired loans	**$17,040**	**$10,107**	**$30,107**
Credit-impaired securities:			
Mexico:			
Non-bank financial intermediaries	—	—	$4,995
Total credit-impaired securities	—	—	**$4,995**
Total impaired credits	**$17,040**	**$10,107**	**$35,102**

As of December 31, 2024, the Bank had impaired credits of $17 million (or 0.15% of the Credit Portfolio), compared to $10 million (or 0.11% of the Credit Portfolio) as of December 31, 2023 and $35 million (or 0.40% of the Credit Portfolio) as of December 31, 2022. As of December 31, 2024, outstanding impaired credits, in a total amount of $17 million were related to a borrower in the retail trade sector, accounting for 59% of the Bank's total impaired credits classified as Stage 3 (under IFRS Accounting Standards 9), with individually assigned allowance for credit losses of $7.0 million, representing 70% of the notional exposure, and a borrower in the support activities for the oil and gas industry sector, accounting for the remaining 41% of the Bank's total impaired credits classified as Stage 3 (under IFRS 9), with individually assigned allowance for credit losses of $5.4 million, representing 78% of the notional exposure.

As of the end of each reported period, the Bank did not have, other than those specified above, loans with principal or interest payments contractually past due by 90 days or more.

Potential problem loans

In order to carefully monitor the credit risk associated with clients, the Bank has established quarterly reports to identify potential problem loans, which are then included on a watch list. In general, these are loans due by clients that could face difficulties meeting their repayment obligations, but who otherwise have had a good payment history. These potential difficulties could be related to factors such as a decline in economic activity, financial weakness or any other event that could affect the client's business. Potential problem loans are primarily those rated as "7 or 8" pursuant to the Bank's internal risk rating, and classified as Stage 2 under IFRS Accounting Standards 9. As of December 31, 2024, the exposure of five clients for a total of $71.3 million, or 0.9% of the Loan Portfolio, were considered as potential problem loans under these guidelines, compared to four clients for a total of $69.6 million, or 1.0% of the Loan Portfolio as of December 31, 2023.

Allowance for expected credit losses on financial instruments

The following table sets forth information regarding the Bank's allowance for expected credit losses with respect to the total Credit Portfolio outstanding as of June 30, 2025, and December 31 of each year:

	As of June 30,	As of December 31,		
	2025	2024	2023	2022
	(in $ millions, except percentages)			
Components of the allowance for losses				
Allowance for loan losses:				
Balance at beginning of the year	$78.2	$59.4	$55.2	$41.5
Provisions	3.7	17.6	25.3	13.5
Recoveries	—	1.1	—	1.1
Write-offs	—	—	(21.1)	(0.9)
Balance at the end of the year	$81.9	$78.2	$59.4	$55.2
Allowance for loan commitments and financial guarantee contract losses:				
Balance at beginning of the year	$5.4	$5.1	$3.6	$3.8
Provisions (reversals)	6.5	0.3	1.5	(0.2)
Balance at end of the year	$11.9	$5.4	$5.1	$3.6
Allowance for Investment Portfolio losses:				
Balance at beginning of the year	$1.3	$1.6	$8.0	$1.8
(Reversals) provisions	(0.1)	(0.6)	0.6	6.2
Recoveries	—	0.3	—	—
Investment Portfolio Write-offs	—	—	(7.0)	—
Balance at end of the year	$1.2	$1.3	$1.6	$8.0
Total allowance for Credit Portfolio losses	**$95.0**	**$84.9**	**$66.1**	**$66.8**
Allowance for cash and due from banks losses	$0.1	—	—	$0.0
Total allowance for expected credit losses	**$95.1**	**$84.9**	**$66.1**	**$66.8**
Total allowance for Credit Portfolio losses to total Credit Portfolio	0.78%	0.76%	0.69%	0.77%

The total allowance for Credit Portfolio losses amounted to $95.0 million as of June 30, 2024, representing 0.78% of the total Credit Portfolio, compared to $84.9 million and 0.76%, respectively, as of December 31, 2024. The $10.1 million increase compared to December 31, 2024, was mostly associated with the growth of the Commercial Portfolio, as balances increased 8% compared to December 31, 2024.

The total credit allowance for losses amounted to $84.9 million as of December 31, 2024, representing 0.76% of the total Credit Portfolio, compared to $66.1 million and 0.69%, respectively, as of December 31, 2023, and $66.8 million and 0.77%, respectively, as of December 31, 2022. The $18.8 million year-over-year increase in 2024 was mostly associated with the growth of the Loan Portfolio, as balances increased 16% year-over-year at the end of 2024 when compared to 2023, credit provision allocations for financial instruments classified as Stage 3 and the net effect of write-offs against individually assigned allowance for credit losses in 2023 associated with an impaired credit of a single non-bank financial intermediary borrower.

The total credit allowance for losses amounted to $66.1 million as of December 31, 2023, representing 0.69% of the total Credit Portfolio, compared to $66.8 million and 0.77%, respectively, as of December 31, 2022, and $47.1 million and 0.64%, respectively, as of December 31, 2021. The $0.7 million year-over-year decrease in 2023 was mainly associated with the $28.1 million in total credit write-offs against individually assessed credit provision allocations, partially offset by the $27.4 million in provisions for expected credit losses associated with the growth of the Credit Portfolio, as balances increased 9% year-over-year at the end of 2023 when compared to 2022, and credit provision allocations on Stage 2 for financial instruments with increased risk since origination.

The following table sets forth information regarding the Bank's allowance for expected credit losses allocated by country of exposure as of the dates indicated:

	As of December 31,					
	2024		2023		2022	
	Total	%	Total	%	Total	%
	(in $ millions, except percentages)					
Allowance for loan losses						
Argentina	$7.9	10.1	$3.4	5.7	$3.9	7.1
Brazil	4.6	5.9	4.4	7.4	3.9	7.1
Canada	0.1	0.1	1.7	2.9	—	—
Chile	1.2	1.5	1.0	1.7	0.4	0.7
Colombia	17.7	22.6	4.0	6.7	2.4	4.2
Costa Rica	1.4	1.8	1.0	1.7	2.9	5.3
Dominican Republic	3.9	5.0	2.7	4.5	2.1	3.8
Ecuador	7.0	9.0	6.6	11.2	3.4	6.2
El Salvador	1.9	2.4	1.8	3.0	0.5	0.9
Guatemala	5.1	6.5	3.4	5.7	3.4	6.2
Honduras	5.5	7.0	5.9	9.9	3.8	6.9
Jamaica	0.7	0.9	1.7	2.9	0.1	0.2
Mexico	4.3	5.5	4.2	7.1	19.1	34.6
Panama	9.0	11.5	9.2	15.5	6.6	12.0
Peru	4.2	5.4	6.2	10.4	0.3	0.5
Other [1]	3.7	4.8	2.2	3.7	2.4	4.3
Total Allowance for loan losses	**$78.2**	**100.0%**	**$59.4**	**100.0%**	**$55.2**	**100.0%**
Allowance for loan commitments and financial guarantee contract losses						
Canada	—	—	$1.1	21.6	—	—
Ecuador	2.2	40.7	1.9	37.3	2.1	58.3
Other [1]	3.2	59.3	2.1	41.1	1.5	41.7
Total allowance for loan commitments and financial guarantee contract losses	**$5.4**	**100.0%**	**$5.1**	**100.0%**	**$3.6**	**100.0%**
Allowance for Investment Portfolio losses						
Mexico	$0.1	7.7	$0.1	6.3	$4.4	55.0
United States of America	0.6	46.2	0.8	49.9	2.4	29.9
Other [1]	0.6	46.1	0.7	43.8	1.2	15.1
Total allowance for Investment Portfolio losses	**$1.3**	**100.0%**	**$1.6**	**100.0%**	**$8.0**	**100.0%**

[1] Other consists of allowances for expected credit losses allocated to countries in which total allowances for expected credit losses outstanding did not exceed $1 million for any of the periods.

	As of December 31,					
	2024		2023		2022	
	Total	%	Total	%	Total	%
	(in $ millions, except percentages)					
Total allowance for credit losses						
Argentina	$7.9	9.3	$3.4	5.1	$3.9	5.8
Brazil	5.3	6.2	5.2	7.9	4.8	7.2
Canada	0.1	0.1	2.8	4.2	—	—
Chile	1.3	1.5	1.2	1.8	0.5	0.7
Colombia	18.0	21.2	4.4	6.7	2.7	4.0
Costa Rica	1.6	1.9	1.2	1.8	3.5	5.2

	As of December 31,					
	2024		2023		2022	
	Total	%	Total	%	Total	%
Dominican Republic	4.3	5.1	3.1	4.7	2.1	3.1
Ecuador	9.2	10.8	8.5	12.9	5.5	8.2
El Salvador	2.3	2.7	1.8	2.7	0.5	0.7
Guatemala	5.3	6.2	3.7	5.6	3.6	5.4
Honduras	5.5	6.5	5.9	8.9	3.8	5.7
Jamaica	0.7	0.8	1.7	2.6	0.1	0.2
Mexico	5.2	6.1	4.5	6.8	23.6	35.3
Panama	9.3	11.0	9.3	14.1	6.7	10.0
Peru	4.3	5.1	6.3	9.5	0.4	0.7
United States of America	0.7	0.8	1.0	1.5	2.6	3.9
Other [1]	3.9	4.7	2.1	3.2	2.5	3.9
Total Allowance for credit losses	**$84.9**	**100.0%**	**$66.1**	**100.0%**	**$66.8**	**100.0%**

The following table sets forth information regarding the Bank's allowance for loan losses, loan commitments and financial guarantee contract losses and Investment Portfolio losses, by type of borrower as of the dates indicated:

	As of December 31,					
	2024		2023		2022	
	Total	%	Total	%	Total	%
	(in $ millions, except percentages)					
Private Financial Institutions	$20.5	24.1	$15.6	23.6	$32.8	49.1
State-owned financial institutions	4.2	5.0	3.5	5.3	4.0	6.0
State-owned corporations	8.1	9.5	5.3	8.0	4.7	7.0
Private corporations	50.6	59.6	40.1	60.7	23.1	34.6
Sovereign	1.5	1.8	1.6	2.4	2.2	3.3
Total	**$84.9**	**100.0%**	**$66.1**	**100.0%**	**$66.8**	**100.0%**

For information as of June 30, 2025, see Note 3.A. Note 3.A, (Credit Risk of the Bank), to the interim financial statements.

Total Revenues per Country

The following table sets forth information regarding the Bank's total revenues by country at the dates indicated, with total revenues calculated as the sum of net interest income plus total other income, net – which includes fees and commissions, net; gain (loss) on financial instruments, net; and other income, net:

	For the year ended December 31,		
	2024	**2023**	**2022**
		(in $ millions)	
Argentina	$7.6	$4.7	$4.7
Brazil	30.1	25.6	15.1
Chile	11.6	11.3	8.1
Colombia	35.5	32.6	16.2
Costa Rica	12.7	10.4	9.2
Dominican Republic	22.8	20.2	9.3
Ecuador	17.4	15.1	12.6
El Salvador	2.8	2.2	2.3
Guatemala	28.8	24.1	17.0
Honduras	7.4	6.3	6.1
Jamaica	4.1	3.3	2.5
Mexico	44.6	35.4	24.8
Panama	6.4	6.8	6.0
Paraguay	2.7	2.7	2.5
Peru	25.3	20.5	8.7
Trinidad and Tobago	7.0	6.8	6.3
Uruguay	1.9	1.2	1.5
Other countries [(1)]	35.1	36.9	13.8
Total revenues	**$303.6**	**$266.1**	**$166.7**

(1) Other countries consist of total income per country in the Region in which total income did not exceed $1 million for any of the periods indicated above, and top-rated countries outside of Latin America.

The above table provides total revenues by country, as they are presented in the Bank's Consolidated Financial Statements, and which are generated from the Bank's Commercial and Treasury Business Segments.

Revenues

During the period ended June 30, 2025, the Bank recorded total revenues of $168 million, representing a $20.4 million or 14% increase compared to the same period in 2024. The main drivers of this increase were a steady increase in business volumes, margin stability and disciplined pricing, together with a higher deposit base, partly offset by the continued effect of increased USD market liquidity driving competitive pricing. This increase was also due to higher fees in each of the Bank's commission-earning business lines, its syndications desk and off-balance sheet business (letters of credit and commitments), which were driven by an effective strategic execution, strong cross-selling initiatives and optimized processes.

During the year ended December 31, 2024, the Bank recorded total revenues of $303.6 million, representing a $37.5 million or a 14% increase compared to 2023. The main driver of this increase was the improvement of lending spreads, the net positive impact of higher market rates during the first half of the year, increased average balances and increased fees and commissions income from each of the Bank's business lines, stemming from the continued addition of new clients, an increased number of transactions and the capture of profitable transactional opportunities, fostered by the Bank's continued successful strategy execution and favorable market conditions.

During the year ended December 31, 2023, the Bank recorded total revenues of $266.1 million, representing a $99.4 million or a 60% increase compared to 2022. The main driver of this increase was the net positive impact of higher market rates and increased average balances and increased fees and commissions income from the Bank's

letters of credit business and the transaction-based structuring and syndication activity, fostered by the Bank's successful strategy execution and favorable market conditions.

Credit Ratios

The following table sets forth information regarding certain credit ratios, along with each of the components used in their calculation, as of the dates indicated:

	As of June 30,	As of December 31,		
	2025	2024	2023	2022
		(in $ millions, except percentages)		
Total allowance for credit losses to impaired credits [1]	**506%**	**498%**	**654%**	**190%**
Allowance for credit losses	$95.1	$84.9	$66.1	$66.8
Impaired credits	$19	$17	$10	$35
Total allowance for expected credit losses to total Credit Portfolio	**0.78%**	**0.76%**	**0.69%**	**0.77%**
Allowance for expected credit losses	$95.1	$84.9	$66.1	$66.8
Credit Portfolio	$12,182	$11,224	$9,532	$8,726
Impaired credits to Credit Portfolio	**0.15%**	**0.15%**	**0.11%**	**0.40%**
Impaired credits	$19	$17	$10	$35
Credit Portfolio	$12,182	$11,224	$9,532	$8,726
Total allowance for loan losses to Credit-impaired loans [1]	**437%**	**459%**	**588%**	**183%**
Allowance for loan losses	$81.9	$78.2	$59.4	$55.2
Credit-impaired loans	$19	$17	$10	$30
Total allowance for loan losses to Loan Portfolio	**0.95%**	**0.93%**	**0.83%**	**0.82%**
Allowance for loan losses	$81.9	$78.2	$59.4	$55.2
Loan Portfolio	$8,597	$8,375	$7,196	$6,763
Credit-impaired loans to Loan Portfolio	**0.22%**	**0.20%**	**0.14%**	**0.45%**
Credit-impaired loans	$19	$17	$10	$30
Loan Portfolio	$8,597	$8,375	$7,196	$6,763
Charge-offs to average Loan Portfolio [2]	**—**	**—**	**0.31%**	**0.01%**
Private Corporations	—	—	—	$1
Non Bank Financial Intermediaries	—	—	$21	—
Total charge-offs	$0	$0	$21	$1
Average Loan Portfolio	**$8,453**	**$7,578**	**$6,816**	**$6,601**

(1) Total impaired credits consist of the principal balance of credit-impaired loans and credit-impaired investment securities. 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.

(2) Average loan portfolio for the first six months ended as of June 30, 2025, and the full year ended in 2024, 2023 and 2022, is calculated on the basis of daily average balances.

For information pertaining to loss allowances as of June 30, 2025, see Note 3.A (Credit Risk of the Bank) to the Bank's interim financial statements.

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.

As established by the Bank's liquidity policy, the Bank's liquid assets are held in overnight deposits with the Federal Reserve Bank of the United States of America or 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 primarily located outside of the Region. In addition, the Bank's liquidity policy allows for investing in negotiable money market instruments, including Euro certificates of deposit, commercial paper, corporate debt securities, and

other liquid instruments with maturities of up to three years. These instruments must be of investment grade quality A or better, must have a liquid secondary market and be considered as such according to Basel III rules.

The Bank performs daily reviews, controls and periodic stress tests on its liquidity position, including the application of a series of limits to restrict its overall liquidity risk and to monitor the liquidity level according to the macroeconomic environment. The Bank determines the level of liquid assets to be held on a daily basis, by adopting an LCR methodology referencing the Basel Committee guidelines and as required by the Superintendency of Banks of Panama. The Bank also monitors the stability of its funding base in alignment with the principles established by Basel's Net Stable Funding Ratio.

In addition, the Bank follows cumulative maturity "gaps" between assets and liabilities, for each maturity classification presented in the Bank's internal liquidity reports and maintains limits for concentrations of deposits taken from any client or economic group and total maximum deposits maturing in one day.

The Bank maintains a Contingent Liquidity Plan in order to ensure a robust liquidity position to respond to any potential impact on the availability of resources. The plan contemplates the regular monitoring of several quantified internal and external reference benchmarks (such as deposit level, Emerging Markets Bonds Index Plus, SOFR-OIS spread 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.

The Bank's capacity to maintain strong liquidity levels, even in a context of increased market volatility and uncertainty, is attributable to historically diversified and stable funding sources, including deposits from central banks in Latin America and the Caribbean, who are also the Bank's Class A shareholders. Moreover, the Bank has maintained access to a significant number of correspondent banks and from debt capital markets investors across the globe, which have maintained and even increased their willingness to fund the Bank. In addition, the Bank, through its New York Agency, has maintained and occasionally has accessed the U.S. Federal Reserve's discount window utilizing its investment-grade securities portfolio as collateral. The Bank plans to hold a portfolio of high-quality assets eligible to be submitted to the U.S. Federal Reserve's discount window, as a lender of last resort to face any possible situations of market disruption.

In the Bank's opinion, its liquidity position is adequate for the Bank's present requirements.

The following table shows the Bank's liquid assets by principal geographic risk area as of June 30, 2025 and December 31 of each year:

	As of June 30,	As of December 31,		
	2025	2024	2023	2022
		(in $ millions)		
United States of America	$1,907	$1,650	$1,904	$1,194
Other O.E.C.D. countries	1	41	1	-
Multilateral Organizations	-	224	87	60
Latin America	3	3	7	15
Total	**$1,959**	**$1,918**	**$1,999**	**$1,269**

The Bank's liquid assets, in the form of cash and due from banks and highly rated corporate debt securities (above 'A') classified as Securities FVOCI, totaled $1,959 million as of June 2025, compared to $1,918 million as of December 31, 2024, and compared to $1,999 million as of December 31, 2023. The Bank has a proactive and prudent liquidity management approach, which follows the Basel methodology for LCR, as required by the Superintendency of Banks of Panama. The Bank's LCR as of June 30, 2025, December 31, 2024, and 2023 was 161.1%, 264.6% and 205.8%, respectively. Liquid assets to total assets ratio amounted to 15.5% as of June 30, 2025, compared to 16.2% as of December 31, 2024, and 18.6% as of December 31, 2023, while at these same dates, the liquid assets to total deposits ratios were 30.4%, 35.4% and 45.3%, respectively.

As of June 30, 2025, $1,871 million, or 95.5% of the Bank's liquid assets were held in deposits with the Federal Reserve Bank of the United States of America, compared to $1,021 million, or 53.5% of the Bank's liquid assets as of December 31, 2024, or to $1,884 million, or 94.3% as of December 31, 2023.

As of June 30, 2025, $48 million or 2% of liquid assets represented corporate debt securities classified as HQLA in accordance with the specifications of the Basel Committee, compared to $99 million, or 5% of total liquid as of December 31, 2024, and $12 million, or 1% as of December 31, 2023.

The Bank's liquid assets satisfied the liquidity requirement resulting from the maturities of the Bank's 24-hour deposits from customers (demand and overnight deposits), which as of June 30, 2025, December 31, 2024, and 2023 amounted to $1,165 million, $694 million and $748 million, respectively, representing 18.1%, 12.8% and 17.0% of the Bank's total deposits, excluding interest payable, respectively.

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 June 30, 2025, December 31, 2024, and 2023, the Bank's short-term loans and investment portfolio (maturing within one year based on original contractual term) totaled $5,057 million, $5,127 million and $4,087 million, respectively. As of June 30, 2025, December 31, 2024, and 2023, these instruments combined had an average original term to maturity of 192, 187 and 197 days, respectively.

Medium-term assets (loans and investment portfolio maturing beyond one year based on original contractual term) totaled $4,903 million, $4,438 million and $4,119 million as of June 30, 2025, December 31, 2024, and 2023, respectively. As of June 30, 2025, December 31, 2024, and 2023, these medium-term assets had an average original term to maturity of three years, ten months (1,402 days), three years, nine months (1,388 days) and three years, nine months (1,381 days), respectively.

Competition

The Bank operates in a highly competitive environment in most of its markets, and faces competition principally from international banks, the majority of which are European, North American or Asian, as well as Latin American regional banks, 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.

The Bank also faces increased competition from local financial institutions which have access to comparable or better resources than the Bank. Local financial institutions are also clients of the Bank and there is complexity in managing the balance when a local financial institution is a client and a competitor. Additionally, many local financial institutions are able to gain direct access to the capital markets and low-cost funding sources, threatening the Bank's historical role as a provider of U.S. dollar funding.

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 "Risk Factors."

Property, Plant and Equipment

The Bank leases its headquarters located at Business Park - Tower V, Costa del Este, Panama City, Panama, which comprises 5,703 square meters of office space, plus a new lease agreement starting on June 15, 2025 for 1,273 square meters of additional office space. The Bank leases computer hosting equipment spaces located at Gavilan Street Balboa, Panama City, Panama and 21 square meters of office space and internet access, as a contingency, located at 75E Street San Francisco, Panama City, Panama.

In addition, the Bank leases office space for its representative offices in Mexico City, Mexico; Buenos Aires, Argentina; Bogotá, Colombia; São Paulo, Brazil; and its New York Agency in White Plains, New York.

Legal Proceedings

At the date of this offering memorandum, 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.

Recent Events

Quarterly dividend payment

On June 3, 2025, and March 25, 2025, the Bank paid a $0.625 per share dividend to shareholders, respectively. The record dates of these payments were May 16, 2025, and March 10, 2025, respectively.

On September 3, 2025, the Bank expects to pay a $0.625 per share dividend to shareholders. The record date of this payment was August 15, 2025.

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 the date of this offering memorandum, were as follows:

	Fitch	**Moody's**	**S&P**
Short-Term	F2	P-2	A-2
Long-Term	BBB	Baa2	BBB
Rating Outlook	Stable	Stable	Stable

Critical factors supporting the Bank's investment-grade credit ratings mainly include its improved profitability, solid capitalization, prudent risk management, its historically solid asset quality and financial performance, and increasing diversification of its funding structure. 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.

Credit Rating from S&P's Global Ratings ("S&P")

The credit ratings from S&P have been unchanged at "BBB/A-2" since May 13, 2008, with the most recent affirmation of the Bank's credit ratings on May 28, 2025. The outlook remained stable.

Credit Rating from Moody's Investors Service, Inc. ("Moody's")

The Bank's credit ratings from Moody's have been unchanged at "Baa2/P-2" since December 19, 2007, with the latest affirmation of the Bank's credit ratings on July 2, 2025. The outlook remained stable.

Credit Rating from Fitch Ratings Ltd. ("Fitch")

The Bank's credit ratings from Fitch have been unchanged at "BBB/F2" with the latest affirmation of the Bank's credit ratings on May 15, 2025. The outlook remained stable.

REGULATION AND SUPERVISION

General

The Superintendency of Banks regulates, supervises and examines the Bank on a consolidated basis. The New York Agency is regulated, supervised and examined by the New York State Department of Financial Services and the Board of Governors of the Federal Reserve System (the "U.S. Federal Reserve Board" or "Federal Reserve"). 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 Bank is subject to regulations in each jurisdiction in which the Bank has a physical presence. 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 28 foreign supervisory authorities regarding the sharing of supervisory information under the principles of reciprocity, appropriateness, national agreement and confidentiality. These entities include the Federal Reserve, the Federal Reserve Bank, the Office of the Comptroller of the Currency of the Treasury Department or the OCC and the Federal Deposit Insurance Corporation. 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 of Banks to the principles of comprehensive and consolidated supervision.

Banks in Panama are subject to the Decree Law No. 9 of February 26, 1998, as amended and consolidated in a unified text by Executive Decree No. 52 of April 30, 2008, and banking regulations issued by the Superintendency of Banks (the "Banking Law").

Panamanian Law

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 ("General License Banks") may engage in all aspects of the banking business in Panama, including taking local and foreign deposits, as well as making local and international loans.

Capital

General License Banks are required to maintain a minimum paid-in capital of U.S.$10 million. As of the date of this offering memorandum, General License Banks are required to maintain a Regulatory Capital to Risk-Weighted Assets Ratio of 8.0%, and an Ordinary Primary Capital to Risk-Weighted Assets ratio of 4.5%. In addition, General License Banks are required to maintain a ratio of Primary Capital to Risk Weighted Assets of 6.0%. The Superintendency of Banks is authorized to increase the minimum capital requirement percentages in Panama with respect to all banks or in connection with any bank in particular when such bank's risk profile makes it advisable.

Adjusted capital consists of the sum of (i) primary capital (Tier 1 Capital), (ii) secondary capital (Tier 2 Capital) and (iii) the credit balance of the dynamic reserves. Primary capital is further divided into ordinary capital (Common Equity Tier 1) and additional capital (Additional Tier 1). As from July 1st, 2024, banks are required to progressively add a capital conservation buffer comprised of Common Equity Tier I Capital which is designed to ensure that banks build up capital buffers outside periods of stress which can be drawn down as losses are incurred.

Primary Capital

(i) *Ordinary Capital* includes paid-in capital in shares, surplus capital, declared reserves, retained earnings, minority interests in equity accounts of consolidated subsidiaries, other items of net total earnings and any other reserves authorized by the Superintendency of Banks.

(ii) *Additional Primary Capital* includes (i) instruments issued by a bank that comply with the criteria to be classified as Additional Primary Capital and that are not classified as Ordinary Primary capital, (ii) issuance premiums from financial instruments considered Additional Primary Capital, (iii) financial

instruments that are issued by consolidated affiliates of the bank, and held by a third party and (iv) any other financial instrument resulting from capital adjustments of Additional Primary Capital. Additional Primary Capital, such as the notes, must comply with the following requirements:

a. the notes must be fully issued and paid-in by investors;

b. the notes must be subordinated to depositors, general creditors, and subordinated debt of the regulated entity;

c. the notes must not be secured or covered by a guarantee from the issuer or any related entity, nor benefit from any arrangement that legally or economically enhances its seniority over other creditors of the regulated entity;

d. the notes must be perpetual, meaning it has no maturity date, no step-up clauses, and no other incentives for early redemption;

e. the notes may only be redeemed at the initiative of the issuer after a minimum of five years, and only if:

    i. the bank receives prior authorization from Superintendency of Banks; and

    ii. the bank replaces the redeemed instrument with capital of equal or higher quality, or demonstrates that its capital position remains well above minimum requirements after exercising the call option;

f. the issuer of the notes must have full discretion to cancel dividend or interest payments at any time;

g. the notes must not allow for the accumulation or deferral of dividends or interest in any form, including payment in other common or preferred shares and the issuer may eliminate dividend payments;

h. the notes must not allow, either automatically or at the holder's option, conversion into any class of shares other than common equity (common shares);

i. the yield or return payable on the notes must not vary based on the financial condition or operating results of the issuer;

j. the yield must be fixed or determined based on an independent market index;

k. the notes must not contain clauses that, due to potentially unfavorable conditions, would incentivize the issuer to redeem it early; and

l. the notes must not have been purchased by the issuer or any related party under its control or significant influence, nor should its purchase have been directly or indirectly financed by the issuer.

(iii) *Capital Conservation Buffer* includes an additional capital buffer of 2.5% comprised of ordinary primary capital over risk weighted assets which is established above the regulatory minimum capital requirement established in Rule 1-2015.

Secondary Capital

Secondary capital includes (i) financial instruments that comply with the criteria set forth in Rule No. 1-2015 to be classified as secondary capital which are not allocated to Primary Capital, (ii) subscription premiums paid on

financial instruments that are classified as secondary capital, (iii) financial instruments issued by consolidated affiliates of the bank to third parties that meet the criteria for classification as Secondary Capital which are not allocated to Primary Capital, (iv) reserves for future losses (excluding provisions assigned to the deterioration of assets valued on an individual or collective basis up to 1.25% of credit risk-weighted assets) and (v) regulatory adjustments applied to the calculation of Secondary Capital.

Dynamic Reserves

The calculation of the dynamic reserve is equal to (i) the sum of multiplying the outstanding amount of the risk-weighted assets classified as normal by the alpha factor of 1.5%; plus the result of multiplying the positive variation between quarters of the risk-weighted assets classified as normal by the beta factor of 5% if the variation result is negative then the number added is zero; minus (ii) the quarterly variation of the outstanding amount of the specific reserves (as defined below). The dynamic reserve must be between 1.25% and 2.5% of the risk-weighted assets amount corresponding to the credit facilities classified in the Normal category and cannot decrease in respect to the amount calculated for the previous quarter, except for cases when such decrease is as a result of a conversion from dynamic reserves to specific reserves that complies with the criteria established by the Superintendency of Banks. The increases or decreases of the specific reserve and the dynamic reserve are allocated to, or from, retained earnings, and do not affect recorded net profit. Such reserves cannot be distributed to shareholders.

Capital Buffer applicable to Systemically Important Banks

Rule No. 7-2025 establishes guidelines for the constitution and management of a capital buffer applicable to locally systemically important banks (the "SIB Capital Buffer"), setting forth the minimum principles and general criteria to be considered in assessing and determining, from a local perspective, the degree of systemic importance of official banks and general license banks. The SIB Capital Buffer applicable to locally systemic banks is intended to accumulate ordinary primary capital in excess of the regulatory capital requirements set forth in the rules issued by the Superintendency of Banks on capital adequacy, the capital conservation buffer, and the credit risk (dynamic reserves). Once constituted, the SIB Capital Buffer shall be maintained on a permanent basis, except during periods of systemic stress or tension, as determined by the Superintendency of Banks.

For the purposes of this framework, a bank is considered to be a locally systemically important bank when its financial deterioration or potential insolvency and noncompliance with regulatory ratios would generate negative externalities which, although not significant from an international standpoint, could compromise the stability of the banking system, the local economy, and even generate effects that extend to neighboring countries.

In accordance with the foregoing, a bank shall be deemed to be a locally systemically important bank if the ratio of its size within the local economy, measured as the bank's total assets relative to Panama's Gross Domestic Product (GDP), is equal to or greater than 6%.

Once a bank has been identified as locally systemic, the level of systemic importance of each bank that qualifies as a systemically important bank will be assigned on the basis of four categories: size, interconnectedness, substitutability, and complexity. Each of these categories carries their own individual indicators, and the respective weighting percentages.

The Superintendency of Banks may, whenever deemed appropriate, include other categories and indicators for determining the degree of systemic importance of a bank, and may make adjustments to the weightings assigned to each of the above factors.

The determination of the level of systemic importance of a bank and thus its corresponding SIB Capital Buffer requirement will be defined on the basis of the weighted average of the bank's scores across the four categories (size, interconnectedness, substitutability, and complexity). The bank's score for each category will be equal to the weighted average of its percentage participation in each relevant variable. These participations are multiplied by ten thousand.

Banks with a score equal to or greater than 1,000 will be considered level 1 systemically important and will require a SIB Capital Buffer of 1% and banks with a score of less than 1,000 will be considered level 2 systemically important and will require a SIB Capital Buffer of 0.5%.

The capital buffer applicable to locally systemic banks corresponds to the degree of systemic importance resulting from the periodic evaluations carried out by the Superintendency of Banks. Locally systemic banks shall establish a capital buffer in accordance with the systemic level assigned, based on risk-weighted assets (credit, market, and operational), composed of ordinary primary capital and in addition to all other regulatory capital requirements established.

This framework will enter into force on July 1, 2027. The Superintendency of Banks has established a progressive implementation of the SIB Capital Buffer. Banks that are determined to be locally systemically important banks shall have to progressively implement the corresponding SIB Capital Buffer and fully implement the applicable SIB Capital Buffer by July 1st, 2032.

Loan Classification and Loan Loss Reserves

Regulations require that banks have loan loss allowances. The calculation of the specific reserves requires that the Loan Portfolio be classified according to parameters prescribed in the regulation. The regulations set out clear requirements intended to achieve consistent credit classifications of loans based on the type banking portfolio they fall into (i.e., consumer, corporate, etc.) and also establishes rules to calculate specific and general loan loss provisions. There are five categories of loan classifications: Normal, Special Mention, Sub-standard, Doubtful and Unrecoverable. Regulations require banks to suspend accruing interest on impaired loans.

Specific reserves are reserves required in connection with the credit classification of a loan. They are created for individual credit facilities as well as for a consolidated group of credit facilities. Specific reserve requirements take into account the classification of the loan as well as the guarantees provided by the borrowers to secure such loans. Guarantees are calculated at present value in accordance with the requirements established by banking regulations.

Banks may create their own financial models to determine the amount of the specific reserves, subject to the approval of the Superintendency of Banks. In any event, the internal financial models must comply with the minimum specific reserve requirements and the following minimum requirements: Special Mention loans 2%; Sub-standard loans 15%; Doubtful loans 50%; and Unrecoverable 100%. Compliance with regulations on loan classification and loan loss reserves are monitored by the Superintendency of Banks through reports, as well as on- and off-site examinations.

Liquidity

General License Banks are required to maintain 30% of their total gross deposits in qualifying liquid assets as prescribed by the Superintendency of Banks (which include short-term loans to other banks and other liquid assets). Qualifying liquid assets must be free of liens, encumbrances and transfer restrictions. Additionally, General License Banks are required to maintain assets in Panama of no less than 60% of their local deposits or any other percentage fixed by the Superintendency of Banks. 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, deposits from the subsidiaries or affiliates located overseas are excluded from gross global deposits for purposes of calculating the liquidity ratio. The Superintendency of Banks may impose concentration limits and cash requirements, as well as weights per type of liquid assets.

Qualifying liquid assets for purposes of the regulatory liquidity ratio include: (i) gold; (ii) credit balances in the banking clearing agency; (iii) certain domestic bank deposits and domestic obligations with a maturity not exceeding 186 days; (iv) certain foreign bank deposits with a maturity not exceeding 186 days; (v) treasury notes and other securities issued by Panama with a maturity not exceeding one year; (vi) certain obligations guaranteed by foreign governments with investment grade; (vii) certain investment grade, marketable obligations issued by foreign governments or by international financial institutions of which Panama is a member; (viii) certain obligations guaranteed by banks; and (ix) certain marketable securities issued by foreign private and governmental agencies (with

long-term investment grade of AAA/Aaa or higher); and (x) deposits within the banking group, subject to restrictions set in Rule 4-2008. Qualifying liquid assets must be free of liens, encumbrances and transfer restrictions. The Superintendency of Banks may impose concentration limits and cash requirements, as well as weights per type of liquid assets.

The Superintendency of Banks requires general license banks to monitor their liquidity and identify potential liquidity risk events that may affect the bank. Banks must undertake stress tests and active monitoring of their intra-day liquidity. The stress tests performed by the bank should include at minimum: (a) the simultaneous exhaustion of liquidity in different markets; (b) restrictions on access to secured and unsecured funding; (c) limitations on foreign currency exchange and difficulties on the settlement of foreign currency exchange transactions; and (d) analysis of the possible effects of severe stress scenarios.

Banks are required to have a contingent funding plan which should include: (i) a diversified pool of contingent funding options; (ii) provide detail as to potential amounts and values that could be obtained from each of the funding options; (iii) procedures that detail the priority of the funding sources; and (iv) a flexible framework which will allow the bank to react effectively to different situations.

General license banks are required to calculate and comply with the LCR established by the Superintendency of Banks. The regulation establishes two bands of ratios that can be applicable to banks in Panama. The Superintendency determines, according to internal criteria, the band applicable to each bank. The band 1 banks are required to maintain a ratio of 50% and the band 2 banks are required to maintain a ratio of 100%, as of December 2022. The Superintendency of Banks has confirmed that the band 2 is applicable to the Bank. The Superintendency of Banks defines the LCR as the stock of high-quality liquid assets over total net cash outflows over the next 30 calendar days. The definition is based on the Basel III Liquidity Coverage Ratio and liquidity risk monitoring tools published by the Basel Committee on Banking Supervision and adjusted by the Superintendency of Banks.

Lending Limits

Pursuant to the Banking Law, banks cannot grant loans or issue guarantees or any other obligation ("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 of Banks, 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 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 shareholder of the bank that 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 of Banks 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 process regarding the loan or credit request; and (4) the loan or credit must strictly comply with customary prudential standards set by the grantor bank's credit policy. The Superintendency of Banks 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 shareholders 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.

Corporate Governance

The board of directors of a bank must be comprised of at least seven members, with knowledge and experience in the banking business, including at least two independent directors. The majority of the members of the board of directors may not be part of the banks' management nor have material conflicts of interest. Neither the Chief Executive Officer, nor the Chief Operating Officer or Chief Financial Officer may preside over the board of directors. Members of the board of directors who participate in board-established committees shall have specialized knowledge and experience in the areas assigned to the committees in which they participate. The board of directors shall meet at least every three months. The board of directors shall keep detailed minutes of all meetings.

Minimum corporate governance requirements for banking institutions include: (a) documentation of corporate values, strategic objectives and codes of conduct; (b) documentation that evidences compliance with the corporate values and code of conduct of the bank; (c) a defined corporate strategy that can be used to measure the contribution to the bank of each level of the corporate governance structure; (d) the designation of responsibilities and authorized decision-making authorities within the bank, and their individual powers and approval levels; (e) the creation of a system that regulates interaction and cooperation of the board of directors, senior management and external and internal auditors; (f) creation of control systems for independent risk management; (g) prior approval, monitoring and verification of risks for credit facilities with existing conflicts of interest; (h) creation of policies for recruitment, induction, continuous and up-to-date staff training and financial and administrative incentives; (i) existence of internal and public information that guarantee the transparency of the corporate governance system; (j) creation of a direct supervision system for each level of the organizational structure; (k) external audits independent from management and the board of directors; and (l) internal audits independent from management of the bank.

Banks are required to adopt internal policies to review and ensure that its shareholders, members of the board of directors senior management and key executives possess recognized competence, reputation, moral and economic solvency at all times, regardless of the nature, complexity and risk profile of the entity. The internal policies are required to include the review, identification, and monitoring of these characteristics with the intent of mitigating any risks that may affect the operations of a bank as well as its stability, reputation, and sustainability.

Integral Risk Management

Panamanian banking regulations contain guidelines for integral risk management of financial institutions. Integral risk management is a process intended to identify potential events that can affect banks and to manage those events according to their nature and risk level. These guidelines cover the different risks that could affect banking operations such as: (i) credit risk; (ii) counterparty risk; (iii) liquidity risk; (iv) market risk; (v) operational risk; (vi) reputational risk; (vii) country risk; (viii) contagion risk; (ix) strategic risk; (x) information technology risk; and (xi) concentration risk. Banks are required to have policies for the management and mitigation of all risks to which they

are exposed. The board of directors, management and the risk committee of the board of directors are responsible for compliance with the integral risk management policies created to mitigate the exposure of the bank to such risks.

Additional Regulatory Requirements

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 of Banks before opening or closing a branch or office in Panama and obtain approval from the Superintendency of Banks before opening or closing a branch or subsidiary outside Panama, (2) a requirement that a bank obtain approval from the Superintendency of Banks 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 perform external audit duties for the new fiscal term, within the first three months of each fiscal term, and notify the Superintendency of Banks within 7 days of such designation, (4) a requirement that a bank obtain prior approval from the Superintendency of Banks of the rating agency it wishes to hire to perform the risk analysis and 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, (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, (7) a requirement that a bank notify the Superintendency of Banks in the event of any change in ownership in a bank or economic group to which a bank belongs (regardless of whether or not such change in ownership results in a change of control), and (8) a requirement that a bank notify the Superintendency of Banks in the event that it creates any pledge or security interest over the common shares of the bank or over the common shares of any entity that directly or indirectly is the principle shareholder or exercises control over the bank. 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.

Supervision, Inspection and Reports

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 of Banks, which must take place at least once every two years. The Superintendency of Banks 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 of Banks weekly, monthly, quarterly and annual information, including financial statements, an analysis of their Credit Facilities and any other information requested by the Superintendency of Banks. In addition, banks are required to make available for inspection any reports or documents that are necessary for the Superintendency of Banks to ensure compliance with Panamanian banking laws and regulations. Banks subject to supervision may be fined by the Superintendency of Banks for violations of Panamanian banking laws and regulations.

Panamanian laws and regulations governing Anti-Money Laundering, Terrorism Finance and the Prevention of the Proliferation of Weapons of Mass Destruction

Panama has enacted extensive legislation and regulations to prevent and fight money laundering activities and the financing of terrorism and weapons of mass destruction by financial institutions and certain other businesses.

Financial and non-financial supervised entities are subject to supervision, reporting and compliance requirements by various government agencies. The following entities are deemed to be "financial supervised entities": (i) banks; (ii) bank groups; (iii) trust companies; (iv) leasing companies; (v) factoring companies; (vi) credit, debit or pre-paid card processing entities; (vii) companies engaged in remittances or wire transfers; and (viii) companies that provide any other service related to trust companies. These entities must comply with measures to prevent their operations and/or transactions from being used for money laundering operations, terrorism financing or any other illicit activity. Banks and trust companies are regulated and supervised by Superintendency.

The laws and regulations require supervised entities to perform due diligence reviews on their clients and their transactions. The verification of information and documentation will depend on the clients' risk profile. Supervised entities have the obligation to ensure that the information provided by their clients is up-to-date. In addition, banks are required to know and keep information about the ultimate beneficial owners of their clients. Clients classified as higher risk clients are required to update their information more frequently, as an extended or enhanced due diligence measure. Supervised entities are further required to implement a system of client classification by risk profiles, based on factors such as nationality, country of birth or incorporation, domicile, profession or trade, geographic region of the customer's activities, corporate structure, type, amount and frequency of transactions, source of funds, politically exposed persons, products, services and channels. The disclosure of ultimate beneficiaries is limited to up to 10% ownership if the owner is a natural person; otherwise, further disclosure is required. This requirement does not apply to listed entities. The foreign clients of banks must also provide the bank with the foreign tax identification number of the country where the client is a taxpayer and a sworn statement which states that flows of the deposits and disbursements held or issued by the bank will comply with all fiscal obligations in the country or countries where said foreign client has fiscal residence.

Banks must comply with basic supervision and monitoring measures in order to prevent and avoid the use of their banking operations and/or transactions for money laundering operations. These basic measures include: (i) compliance with "Know Your Customer" policies; (ii) supervision of employee activities; (iii) tracking the movement of every customer's account to be aware of their regular activities and be able to identify unusual transactions; (iv) keeping a registry of every suspicious transaction and notifying suspicious transactions to the Financial Analysis Unit (a Panamanian governmental agency under the Ministry of the Presidency); (v) conducting internal audits at least every six months on accounts with funds exceeding U.S.$10,000.00, with the purpose of determining if transactions made in these accounts are consistent with the account holder's usual behavior; and (vi) monitoring accounts of clients labelled as politically exposed persons.

Furthermore, banks that provide correspondent banking services to foreign banks must assess, review and monitor the policies and internal controls of such foreign banks to prevent money laundering, terrorism financing or any other illicit activities.

Insolvency, Intervention, Reorganization and Voluntary and Compulsory Liquidation

Under the Banking Law, the Superintendency of Banks can assume the administrative and operating control of a bank, including possession of its assets and seizure of its management in order to defend the best interest of the bank's depositors and creditors, under any of the following grounds: (i) at the request of the bank; (ii) if the bank may not continue operations without endangering the interests of the depositors; (iii) as a consequence of the evaluation of an advisor's report; (iv) noncompliance with the measures ordered by the Superintendency of Banks; (v) if the bank carries out its operations in an illegal, negligent or fraudulent manner; (vi) if the bank has suspended payment of its obligations; and (vii) if the Superintendency of Banks confirms that capital adequacy, solvency or liquidity of the bank has deteriorated in such a way as to require the Superintendency of Bank's intervention. At the moment of seizing administrative and operating control of the bank, the Superintendent will designate an interim administrator to exclusively exercise the legal representation of the bank on behalf of the Superintendency. The term of the interim administration will not be longer than 30 days, except in extraordinary circumstances where such term is extended, in which case the extension shall not be longer than 30 days. The interim administrator may be an employee of the seized bank.

Upon expiration of the period of administrative control, the Superintendent will decide upon the reorganization of the bank, the compulsory liquidation of the bank or the return of administrative and operating control to the directors or legal representatives of the bank, as the case may be.

If the Superintendent decides on a reorganization, the reorganizer shall have ample powers, including those to (i) amortize all losses against primary and secondary capital, as well as to determine the value of the stock at that point in time; (ii) appoint new executive officers; (iii) authorize the issuance of new stock as well as its sale to third parties at a price determined by the reorganizer; (iv) negotiate and execute the merger or consolidation of the bank with one or more banks, the obtaining of loans for the bank, the sale or partial liquidation of the bank's assets or the acceptance of liens over said assets; and (v) recommend to the Superintendency the compulsory liquidation of the bank.

If the Superintendency of Banks considers that the compulsory liquidation of the bank is necessary, it will order the administrative liquidation of the bank and will designate a liquidator. In the event of liquidation, the bank's obligations will be paid in the following order of precedence: (i) all of our secured indebtedness with respect to the value of our assets securing that indebtedness; (ii) debts of the liquidation estate (*deudas de la masa*) in the event of our forced liquidation; (iii) new deposits created during a reorganization period ordered by the Superintendency of Banks; (iv) deposits with a balance of U.S.$10,000 or less; (v) claims from employees for unpaid wages and other employee's severance and compensation payments; (vi) claims from the Panamanian Social Security Administration (*Caja de Seguro Social*) for unpaid employer-employee social security contributions; (vii) claims from the Panamanian government or any municipality for unpaid taxes; and (viii) other claims that are granted preference as a matter of law. Payments of all obligations will be made pro rata to the applicable participants.

While the Banking Law treats senior unsecured indebtedness issued at different times as pari passu in accordance with the terms of that indebtedness, the civil code treats previously issued senior unsecured indebtedness as senior to any new senior unsecured indebtedness. While we expect that a court would treat all of our senior unsecured indebtedness as *pari passu* in accordance with the Banking Law, we cannot assure you that a court would not apply the civil code, which would make all senior unsecured debt issued prior to the notes senior to the notes.

The liquidator or liquidation board will have ample powers, including those to: (i) suspend or limit the payment of obligations in accordance with the availability of funds; (ii) employ the necessary personnel and dismiss those employees whose fraudulent or negligent behavior has created or abetted the conditions leading to the liquidation, (iii) manage the bank's correspondence and issue any document on behalf of the bank; (iv) manage, control and guard the assets of the bank; (v) assign or sell assets at fair market value, net of reserves and any other adjustment required by the Superintendency of Banks; (vi) transfer to a trust a portion or all of the assets and liabilities of the bank with the prior consent of the Superintendency of Banks; (vii) take any action and enter into any contract that will permit the transfer of the assets or liabilities to a trust; (viii) establish the terms and conditions of the trust for purposes of the liquidation of the transferred assets and liabilities; and (ix) any other power granted by the Superintendency of Banks.

United States Law

The Bank operates the New York Agency and maintains a direct wholly-owned non-banking subsidiary in Delaware, Bladex Holdings, which is not engaged in banking activities. See "Business of Bladex—History and Development of the Company."

The U.S. banking industry is highly regulated under federal and state law. These regulations affect the operations of the Bank in the United States. Set forth below is a brief description of the bank regulatory framework that is or will be applicable to the New York Agency. This description is not intended to describe all laws and regulations applicable to the New York Agency. Banking statutes, regulations and policies are continually under review by Congress and state legislatures and federal and state regulatory agencies, including changes in how they are interpreted or implemented, could have a material adverse impact on the New York Agency and its operations. In addition to laws and regulations, state and federal bank regulatory agencies (including the U.S. Federal Reserve Board) may issue policy statements, interpretive letters and similar written guidance applicable to the New York Agency (including the Bank). These issuances also may affect the conduct of the New York Agency's business or impose additional regulatory obligations. The brief description below is qualified in its entirety by reference to the full text of the statues, regulations, policies, interpretive letters and other written guidance that are described.

U.S. Federal Law

In addition to being subject to New York state laws and regulations, the New York Agency is subject to federal regulations, primarily under the International Banking Act of 1978, as amended ("IBA"). The New York Agency is 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 (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 ("FDIC"), insurance and generally may not accept deposits from persons in the United States, but may accept credit balances incidental to its lawful powers, from persons in the United States, 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 Bank Holding Company Act of 1956 (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. Among other limitations, the provisions of the BHCA include the so-called "Volcker Rule," which may restrict proprietary trading activities conducted by Bladex and its affiliates with U.S. clients or counterparties, as well as certain private funds-related activities with US nexus. Under the Gramm-Leach-Bliley Financial Modernization Act of 1999 (the "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 the Bank on January 29, 2008, was withdrawn, effective March 2, 2012, as the Bank no longer considered the financial holding company status to be a necessary requirement in order to achieve its long-term strategic goals and objectives. At present, the Bank has a subsidiary in the United States, Bladex Holdings, a wholly-owned corporation incorporated under Delaware law that is not presently engaged in any activity.

In addition, pursuant to the Financial Services Regulatory Relief Act of 2006, 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.

New York State Law

The New York Agency, established in 1989, is licensed by the Superintendent of Financial Services of the State of New York (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 Department of Financial Services 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, subject to certain exceptions (including 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

U.S.$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 U.S.$100 million. As of June 30, 2025, the New York Agency maintained a pledge deposit with the New York State Department of Financial Services, in satisfaction of 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.

The New York Banking Law generally limits the amount of loans to any one person to 15% 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.

U.S. Anti-Money Laundering Laws

U.S. anti-money laundering laws, including the Financial Recordkeeping and Reporting of Currency and Foreign Transactions Act of 1970 (commonly known as the Bank Secrecy Act), as amended by the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (commonly referred to as the PATRIOT Act), impose significant compliance and due diligence obligations, on financial institutions doing business in the United States, including, among other things, requiring these financial institutions to maintain appropriate records, file certain reports involving currency transactions, conduct certain due diligence with respect to their customers and establish anti-money laundering compliance programs designed to detect and report suspicious or unusual activity.

On January 1, 2020, the Anti-Money Laundering Act of 2020 ("AMLA 2020") became effective when the U.S. Congress overrode former President Donald Trump's veto of the National Defense Authorization Act. AMLA 2020 is the most consequential anti-money laundering legislation passed by the U.S. Congress in decades. Among its many provisions, AMLA 2020 provides for expanded whistleblower rewards and protections, the establishment of a beneficial ownership registration database that will be implemented by the Financial Crimes Enforcement Network ("FinCEN"), new Bank Secrecy Act violations and enhanced penalties for repeat and egregious violators. AMLA 2020 requires that various U.S. regulatory agencies (such as FinCEN) promulgate regulations implementing the requirements of AMLA 2020.

The New York Agency is a "financial institution" for purposes of the Bank Secrecy Act and must comply with the aforementioned anti-money laundering laws and regulations. The failure of a financial institution to comply with the requirements of these laws and regulations could have serious legal, reputational and financial consequences for such institution. The New York Agency has adopted risk-based policies and procedures reasonably designed to promote compliance in all material respects with these laws and their implementing regulations, but the changes to the Bank Secrecy Act effected through AMLA may expose the New York Agency to heightened anti-money laundering requirements, obligations, or regulatory uncertainty as additional anti-money laundering requirements are developed and implemented.

U.S. Economic or Financial Sanctions, Requirements or Trade Embargoes

The economic or financial sanctions, requirements or trade embargoes (collectively, the "Sanctions") imposed, administered or enforced from time to time by the OFAC and other U.S. governmental authorities, require all U.S. persons, including U.S. branches or agencies of foreign banks operating in the U.S. (such as the New York Agency) to comply with these sanctions, and require U.S. financial institutions to block accounts and other property of, or reject unlicensed trade and financial transactions with specified countries, entities, and individuals. Failure to comply with applicable Sanctions can have serious legal, reputational and financial consequences for an institution subject to these requirements and Sanctions, in general, may have a direct or indirect adverse impact on the business

or operations of parties that engage in trade finance or international commerce. The New York Agency has adopted risk-based policies and procedures reasonably designed to promote compliance in all material respects with applicable Sanctions. However, despite the Bank's internal controls and good faith attempts to comply with Sanctions, it may, from time to time, process or effect transactions which are the subject of Sanctions or in which a person subject to Sanctions has an interest due to the nature of the Bank's activities, the geographical location of the Bank's counterparties and customer base, or these parties' attempts to conceal or disguise the true nature of their involvement in these transactions.

Other U.S. Laws/Regulations

The New York Agency's operations are also subject to federal or state laws and regulations applicable to financial institutions which relate to credit transactions and financial privacy. These laws, include, without limitation, the following:

- State usury laws and federal laws concerning interest rates and other charges collected or contracted for by the New York Agency;

- Equal Credit Opportunity Act, prohibiting discrimination on the basis of race, creed or other prohibited factors in extending credit;

- Check Clearing for the 21st Century Act (also known as "Check 21"), which gives "substitute checks," such as digital check images and copies made from that image, the same legal standing as the original paper check; and

- Rules and regulations of the various state and federal agencies charged with the responsibility of implementing such state or federal laws.

Information Security

The Bank has approved policies and implemented procedures defining roles and responsibilities for managing information security as part of the Information Security and Technological Risk Management Framework. These policies and procedures, which apply throughout the Bank, cover any access to data, resource management and information systems by the Bank's employees, providers and suppliers, as well as any other person who deals with the Bank on a permanent or temporary basis and has some form of access to data, resource management and IT systems.

The Bank's Information Security Team is responsible for overseeing compliance with the policies and procedures by any person with access to our systems. The Bank also engages independent third-party reviews of its cyber-security program.

The cyber-security program was developed using a holistic approach, which enables us to cover both the technical and strategic measures in a single framework. This framework is based on four fundamental pillars: Perimeter Security, Service and Infrastructure Security, User Security and Data Security.

MANAGEMENT

Directors

The address of our Board of Directors is Torre V, Business Park, Avenida La Rotonda, Urb. Costa del Este, P.O. Box 0819-08730, Panama City, Republic of Panama.

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

Name	Country of Citizenship	Position Held with The Bank	Year Term Expires	Director Since	Age
CLASS A					
Daniel Tillard ..... President Banco de la Nación de Argentina	Argentina	Director	2026	2024	68
José Alberto Garzón Gaitán..... Legal Vice President and General Secretary Banco de Comercio Exterior de Colombia	Colombia	Director	2026	2017	55
Tarciana Gomes Medeiro..... Executive President Banco do Brasil	Brazil	Director	2028	2024	46
CLASS E					
Angelica Ruiz Celis..... Senior Vice President BP Group	Mexico	Director	2028	2023	51
Mario Covo..... Founding Partner DanaMar LLC	United States	Director	2026	1999	68
Miguel Heras Castro..... Founder and Managing Partner MKH Capital Partners	Panama	Chairman of the Board	2027	2015	56
Ricardo Manuel Arango..... Senior Partner Arias, Fábrega & Fábrega	Panama	Director	2028	2016	64
Roland Holst..... Board Member Sudameris Bank	Paraguay	Director	2028	2017	56
ALL CLASSES OF COMMON STOCK (1)					
Alexandra Aguirre..... Partner Holland & Knight LLP in Miami, Fl	United States	Director	2027	2020	49
Isela Costantini..... Chief Executive Officer GST Financial Services in Argentina	Argentina	Director	2027	2019	54

Daniel Tillard, Member of the Board of Directors since September 2024. Mr. Tillard is the current President of Banco de la Nación Argentina, since December 2023. During two consecutive presidential terms (2015-2019 and 2019-2023), he was President of Banco de la Provincia de Córdoba; Director of Banco Provincia de Buenos Aires (2007-2015); President of Provincia Bursátil S.A. (2007-2015); Director of Red Link (2007-2015); and Alternate

Director of SEDESA Seguros de Depósitos S.A. (2007-2015). He was also Manager of Banco de la Provincia de Córdoba S.A. (2006-2007); Alternate Director of Banco de Inversión y Comercio Exterior S.A. (1995-1996); and Technical Manager of the Córdoba Stock Exchange (1983-1985). Mr. Tillard holds a degree in Economics from the National University of Córdoba, Argentina. He completed the IX Inter-American Course on Capital Market Development (IBMEC Instituto Brasileiro de Mercado de Capitais – 1984) and the Senior Management Program (IAE Universidad Austral – 2010). His professional training includes specialties in Economics, Finance, and Administration; and he has experience and expertise in the Management of Financial Institutions, Capital Markets, and Fiduciary Businesses. Mr. Tillard's professional experience in the banking industry distinguishes him as a valuable member of the Board of Directors.

José Alberto Garzón has served as a Director of the Board since 2017. Mr. Garzón has served as Legal Vice President and General Secretary of Banco de Comercio Exterior de Colombia S.A. (Bancoldex) in Colombia since 2003, Administrative Vice President from 2016 to 2017 and in various other capacities in Bancoldex since 1995, holding the positions of Director of the Legal Department and Attorney in the Legal Department. Mr. Garzón chairs the Board of Directors of the Colombian Institute of Corporate Governance and chairs the Rediscount Entities and Public Banking Committee of the Colombian Banking and Financial Entities Association – Asobancaria since 2021, and has served as a member of the Board of Directors, Audit Committee, Corporate Governance Committee and Risk Management Committee of Fiduciaria Colombiana de Comercio Exterior S.A. (Fiducoldex) in Colombia since 2016, Leasing Bancoldex S.A. Compañía de Financiamiento in Colombia since 2015 and Segurexpo de Colombia, S.A. Aseguradora de Crédito, Colombia between 2000 and 2021. Previously Mr. Garzón was an Attorney at Legis Editores in Colombia and General Manager of Servibolsa Ltda. Servicios Inmobiliarios in Colombia. Mr. Garzón was a Professor of Credit Insurance in the Insurance Law Program at Pontificia Universidad Javeriana in Colombia and History of Political Ideas and Insurance at Fundación Universitaria Jorge Tadeo Lozano in Colombia. Mr. Garzón holds a Law degree and a Master's degree in Financial Law from Universidad del Rosario in Colombia. Mr. Garzón also holds a Law degree and a Master's degree in Financial Law from Universidad del Rosario in Colombia, a Master's degrees in Commercial Law and Project Finance Studies from Universidad de Los Andes in Colombia and Insurance Law from Pontificia Universidad Javeriana in Colombia. Mr. Garzón is a graduate of Transformative Business Leadership at Centro de Liderazgo y Gestión and of Leading Economic Growth at Harvard's Kennedy School. Mr. Garzón's first-hand experience and vast knowledge of administrative, legal risk and regulatory matters relating to the banking industry and, in particular, trade finance qualifies him to serve on the Board.

Tarciana Gomes Medeiro, Member of the Board of Directors since April 2024. Ms. Medeiros is CEO and member of the Board of Directors of Banco do Brasil since 2023 and is currently a member of the Board of Directors of Brasilprev Seguros e Previdencia S.A. (a private pension and insurance company), Elo Participaçãoes, Brazilian Federation of Banking Associations (FEBRABAN) and Fundação Banco do Brasil. Ms. Medeiros held various positions at Banco do Brasil since 2000, including Executive Manager of Loans Solutions for Individuals, Head of the Commercial Superintendency of BB Seguros and Executive Manager of Customer Service in the Office of Retail Business. Ms. Medeiros holds a bachelor's degree in Business Administration from Faculdade AIEC, a Postgraduate degree in Business and Marketing from ESAB, an MBA in BI and Analytics from USP/Esalq, an MBA in Management and Business in Marketing and an MBA in Leadership, Innovation and Management both from PUC-RS Universidad Pontificia and participated in various management and leadership programs at Banco do Brasil. Ms. Medeiros' professional experience in the banking industry and on boards of directors qualifies her to serve on the Board of Directors.

Angelica Ruiz Celis, Member of the Board since March 2023, is Senior Vice President at BP since 2020 and was Head of Country for Mexico at BP from 2018 to 2020. Ms. Ruiz has served as Vice President Managing Director LATAM for Vestas, Strategy and Commercial Director, Chief Financial Officer and Business Services Director at Petrofac Integrated Energy Services, Mexico. Previously Ms. Ruiz was General Manager-MD, Commercial and Business Development Global Manager and Strategy and Planning Manager at Grupo Mexicana de Servicios Subacuáticos S.A. de C.V., Strategy and Transformation, Outsourcing and Project Manager at CAP Gemini Ernst & Young. Ms. Ruiz has been recognized as one of the 100 Most Influential Women in Mexico by Forbes in 2021, Most Influential Leaders in LATAM by Bloomberg in 2021 and Leaders in Energy by Petroleum and Energy Ranking in 2018. Ms. Ruiz is a graduate of London Business School, Executive Education-Leadership, holds a specialized Oil & Gas Education at University of Texas, Austin, and a Master's in Business Administration (MBA) Operations Management and Supervision at Instituto Panamericano en Alta Dirección (IPADE). Also Ms. Ruiz holds a Master of Business Administration (MBA) at Richard Ivey School of Business at University of Western Ontario, Canada, a B.A.

in Economics at Instituto Tecnológico Autónomo de México, and a Bachelor of Arts (B.A.) in Mathemathics at Boston University. Ms. Ruiz's leadership skills and regional experience in more than eight Latin American countries in various executive roles including the energy industry, strategy, operations and commercial with a global focus, qualify her to serve in the Board.

Mario Covo has served as a Director of the Board since 1999. Dr. Covo is a Founding Partner of DanaMar LLC in New York, a financial consulting firm established in 2013, and of Larch Lane Partners, an investment advisory firm established in 2019. Dr. Covo was a Founding Partner of Helios Advisors LLC, a Founding Partner of Finaccess International, Inc. and a Founding Partner of Columbus Advisors. Dr. Covo worked at Merrill Lynch, where he was Managing Director Head of Emerging Markets-Capital Markets. Prior to working for Merrill Lynch, Dr. Covo worked at Bankers Trust Company of New York 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, focusing primarily on Latin America. Dr. Covo holds a Ph.D. in Economics from Rice University and a B.A. with honors from Instituto Tecnológico Autónomo de Mexico. Dr. Covo's extensive background and experience in the financial services industry, and his exposure to the markets in which the Bank operates qualify him to serve on the Board.

Miguel Heras Castro has served as a Director of the Board since 2015 and was elected Chairman of the Board in 2019. Mr. Heras is the Founder and Managing Partner of MKH Capital Partners, a private equity firm based in Florida, U.S.A. Since 1999, he has served as Managing Director and as a member of the Board of Directors of Inversiones Bahia, Ltd. in Panama, the largest investment group in Central America, focusing on the financial, infrastructure, energy, real estate, and communications markets. Mr. Heras currently serves on the boards of Avelo Airlines, Wax Center Partners, Copa Colombia, Televisora Nacional and Bahía Motors. He is also a member of The Wharton School of the University of Pennsylvania Executive Board for Latin America. He obtained extensive knowledge and experience in the banking industry while serving as a member of the Board of Directors and Asset-Liability Committee (ALCO) of Banco Continental de Panama for more than 5 years. Mr. Heras structured the acquisition of several companies and banking institutions, and in 2007 led the negotiation for the integration of the banking businesses of Banco Continental de Panamá and Banco General, which converted Banco General into one of the largest banks in Central America. In addition, Mr. Heras was also a member of the Board of Directors of Amnet Telecommunications Holdings, Clean Streak Ventures, Cable and Wireless (Panama) Inc. and the Panamanian Stock Exchange. Mr. Heras was Minister of the Treasury of the Republic of Panama and President of the Council on Foreign Trade from 1996 to 1998. He served as Vice Minister of the Treasury from 1994 to 1996. Mr. Heras holds a Bachelor of Science in Economics from the Wharton School of the University of Pennsylvania. Mr. Heras' professional expertise in economics, finance and private equity, executive management leadership and his experience as a board member of different companies qualifies him to serve on the Board.

Ricardo Manuel Arango has served as a Director of the Board since 2016. Mr. Arango is Senior Partner of the law firm Arias, Fábrega & Fábrega, in Panama. Since 2004, Mr. Arango has held several leadership positions in the firm, contributing to shape the organization into a leading Latin-American law firm. Mr. Arango has served as a member of the board of directors of the Panama Canal Authority since 2016 and as a member of the board of directors and audit and compliance committees of Banco General since 2012. Mr. Arango served as a member of the board of directors of Corporación La Prensa and as Chairman of its Editorial Committee. He also served as a member of the board of directors of the Panama Stock Exchange and as its Chairman. Mr. Arango is a member of the Latin American Business Council (CEAL). Mr. Arango worked at White & Case in New York and worked as an associate with Arias, Fábrega & Fábrega, in Panama, becoming a partner of the firm in 1995. Mr. Arango's professional practice focuses on finance, capital markets, banking regulations, corporate governance and compliance and mergers and acquisitions. Mr. Arango has acted as lead counsel in some of the largest and most complex financial transactions and acquisitions in Panama and Central America. From 1998 to 1999, Mr. Arango headed the Presidential Commission that drafted Panama's current securities act. Mr. Arango is admitted to practice law in New York and Panama and holds a Bachelor's degree in Law and Political Science from the University of Panama, a Master of Laws degree from Harvard Law School and a Master of Laws degree from Yale Law School. Mr. Arango's strong knowledge of the regulatory frameworks under which the Bank operates, skills in managing legal, compliance, operational and credit risks of the banking industry, perspective based on his combined legal and business acumen, in-depth understanding of the Bank's business and operations and experience as a board member of different companies, qualify him to serve on the Board.

Roland Holst, Member of the Board since 2017, was Treasurer and Member Ex-Officio of the Board from May 2017 to October 2017 and was previously a board member from 2014 to 2017. Dr. Holst is a board member of Sudameris Bank, Paraguay since 2017 and served as a Director of the board of Banco Central del Paraguay from 2012 to 2017. He was Head of Fixed Income Research at State Street Global Markets in Boston, Massachusetts and Quantitative Analyst at Starmine Corp. in San Francisco, California. He was a Teaching Assistant of Econometrics, Public Finance, Finance, Program Evaluation, Macroeconomics and Labor Economics at the University of Chicago. Dr. Holst worked at Garantia PFP, a pension fund, as an Investment Manager and was General Manager of Bolsa de Valores de Asunción, Paraguay. He is the author of "Social Security and Policy Risk: Evidence of its effects on welfare costs and savings" published in 2007. Dr. Holst holds a Ph.D. in Public Policy and a Master in Economics from the University of Chicago. He also holds a Master in Economics from Universidad Católica de Asunción, Paraguay, degrees in Economics and Agronomy from Universidad Nacional de Asunción, Paraguay and a Financial Risk Manager (FRM) certification. Mr. Holst's professional experience in the fields of finance and economics and his academic accomplishments qualify him to serve on the Board.

Alexandra Aguirre has served as a Director of the Board since 2020. Ms. Aguirre is a partner at Holland and Knight LLP, Miami, Florida since June 2022. Ms. Aguirre was previously a partner at Morrison & Foerster, LLP from 2019 to 2022. Ms. Aguirre has served as Chairman of the Board and General Counsel of Pan American Development Foundation since 2015, and also a member of the board of directors of the Women Lawyer's Interest Group of the International Bar Association since 2019. Previously, Ms. Aguirre was a shareholder of Greenberg Traurig, LLP, member of the Presidential Advisory Council (PAC) of the INCAE Business School, and an associate at Hunton & Williams LLP. Ms. Aguirre has been listed for Latin America's Top 100 Lawyers (Latinvex 2019-2021), "40 under 40" by The M&A Advisor 2015, and the Florida Super Lawyers Rising Star (Super Lawyers Magazine 2009). She was also a finalist to receive the Top Dealmaker of the Year Award, in the Corporate Category by Daily Business Review magazine in 2012 and recipient of the 2008 Latin Lawyers magazine M&A Deal of the Year award. Ms. Aguirre holds a Bachelor's Degree in Marketing and Entrepreneurial from Babson College and a Juris Doctor from Northeastern University School of Law. Ms. Aguirre is qualified to practice law in the states of Florida and New York, as well as the District of Columbia. Ms. Aguirre's professional expertise in corporate finance law, corporate governance, and cross border financing transactions in Latin America and the United States, and her experience as a member of the board of directors of different entities, qualify her to serve on the Board of Directors.

Isela Costantini has served as a Director of the Board since 2019. Ms. Costantini is Chief Executive Officer of GST Financial Services in Argentina. Ms. Costantini is a member of the boards of Barrick Gold Corporation, Barrick Gold International Advisory Board, and Prosegur S.A. In addition, Ms. Costantini is a counsel member of CIPPEC (Centro de Implementación de Políticas Públicas para la Equidad y el Crecimiento). Ms. Costantini has previously served as President and Chief Executive Officer of Aerolíneas Argentinas and former member of the board of San Miguel S.A. and Food Bank Argentina. Previously, Ms. Costantini held multiple positions at General Motors, where she began working in 1998 and became President of the company for Argentina, Paraguay and Uruguay. Ms. Costantini holds a Social Communications Degree, with a Major in Advertising from Pontificia Universidade Catolica do Parana (PUC-PR), Brazil and an MBA, with specialization in Marketing and International Business from Loyola University in Chicago. Ms. Costantini professional expertise in restructuring, cultural transformation, marketing and communications, and experience as a board member and in leadership roles in different entities, qualify her to serve on the Board.

Executive Officers

The following table and biographies set forth the names of the executive officers of the Bank, 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
Jorge Salas	Chief Executive Officer	Spain	55
Samuel Canineu	Executive Vice President Chief Commercial Officer	Brazil	44
Annette van Hoorde de Solis	Executive Vice President Chief Financial Officer	Panama	53
Eduardo Vivone	Executive Vice President Treasury and Capital Markets	Argentina	60

Alejandro Tizzoni	Executive Vice President Chief Risk Officer	Argentina	48
Olazhir Ledezma	Executive Vice President Strategic Planning	Peru	53
Jorge Luis Real	Executive Vice President Chief Legal Officer and Secretary of the Board of Directors	Panama	52
Adriana Lizzeth Díaz	Executive Vice President Chief Audit Officer	Colombia	41
Carlos Daniel Raad	Executive Vice President Chief Investor Relations Officer	Colombia	45
Tatiana Calzada	Executive Vice President Chief Compliance Officer	Panama	55
Geraldine Abreu	Executive Vice President Technology & Operations Chief Technology Officer	Venezuela	58

Presented below is a brief biographical description of each executive officer:

Jorge Salas has been the Chief Executive Officer of the Bank since March 9, 2020. Before joining Bladex, Mr. Salas served as President and Chief Executive Officer of Banesco USA, in Coral Gables Florida for 5 years, and previously worked in various capacities in the Banesco Financial group since 2000, including as President and Chief Executive Officer of Banesco Panama from 2008 to 2014. Mr. Salas holds a Degree in Business Administration (Banking and Finance) from Universidad Metropolitana, in Caracas, Venezuela, a Diploma for Specialization in Economics from the University of Colorado at Boulder, as well as a Master in Public Policy and an MBA both from the University of Chicago.

Samuel Canineu has served as Executive Vice President – Commercial Banking, Chief Commercial Officer since August 2021. From late 2020 to early 2021, he served as Chief Country Officer at Greensill, São Paulo, Brazil. From 2003 to 2020, he held various positions at ING Group in the Americas, including Vice President of Leveraged Finance (New York), Head of Loan Syndications Latin America (New York), and CEO of ING Brazil. Mr. Canineu holds a Bachelor´s Degree in Business Administration from Fundação Getúlio Vargas in Brazil and a Master's Degree in Business Administration from Columbia University in New York (graduating in the top 5% of his class).

Annette van Hoorde de Solís, was appointed as Executive Vice President, Chief Financial Officer or CFO of the Bank starting April 25, 2025. Prior to her appointment as CFO, Mrs van Hoorde de Solís served as Senior Vice President of Asset & Liability Management, where she led the development and execution of funding and liquidity strategies, expanded the Bank's access to international capital markets, and ensured alignment with evolving regulatory requirements. Mrs. van Hoorde de Solís joined Bladex in 2005, as Business Manager for the Asset Management Division, where she worked through 2012. Mrs. van Hoorde de Solís has an extensive background in the banking industry as well as in the Project Management field, with over 20 years of experience in asset and liability management, funding strategy and capital markets execution. As a Project Manager, Mrs. van Hoorde de Solís worked for different consulting firms in the United States from 1994 to 2001. After moving back to Panama, Mrs. van Hoorde de Solís had different managerial positions in the banking industry. Mrs. van Hoorde de Solís earn her M.S. in Industrial and Systems Engineering from Virginia Polytechnic and State University.

Eduardo Vivone was appointed Executive Vice President, Treasury and Capital Markets, in February 2018, and has served as Senior Vice President, Head of Treasury, since September 2013. He also served as Senior Vice President, Funding, from April through August 2013. Before joining the Bank, he served as Head of Global Markets for HSBC Bank Panama from 2010 to 2012, Regional Sector Head, Government Sector – Global Banking, Americas for HSBC Securities, New York from 2007 to 2010, Head of Treasury for HSBC Bank, Spain from 2003 to 2007, Head of Balance Sheet Management and Forward Foreign Exchange for HSBC Bank, Argentina from 1998 to 2003, and he served in diverse capacities for Banco Roberts, Buenos Aires from 1990 to 1998, serving his last two years as Head of Financial Planning. Mr. Vivone is a Certified Public Accountant and holds a Master's degree in Finance from the University of CEMA, Buenos Aires, Argentina, and a Bachelor's degree in Accounting from University of Buenos Aires, Argentina.

Alejandro Tizzoni has served as Executive Vice President, Chief Risk Officer of the Bank since May 2016. He also served in various capacities within the Risk Management Department since 2006, as Senior Vice President

from 2012 to 2016, Vice President from 2008 to 2012 and Senior Analyst from 2006 to 2008. Mr. Tizzoni served in different capacities in the credit risk area in banking and the international private sector in Argentina and Chile from 1997 to 2006. Mr. Tizzoni is a FIBA Anti-Money Laundering certified associate (AMLCA) by Florida International University, performed a fintech program by Saïd Business School, University of Oxford, holds a Master Degree in Enterprise Risk Management from the NYU Stern School of Business, an MBA from the University of Louisville, and a Bachelor's degree in Business Administration and a Certified Public Accountant, both from the University of Buenos Aires in Argentina.

Olazhir Ledezma has served as Executive Vice President – Strategic Planning since July 2021. From 2014 to 2021, he served as Director of Partners in Performance, where he drove the efficiency and operational transformation of complex organizations. Previously, he was Vice President – Commercial Planning at Belcorp, Lima, Peru, from 2012 to 2014. Before this experience, he was a Partner at McKinsey & Co. for 14 years, and Brand Manager at Heinz from 1994 to 1996. Mr. Ledezma graduated as Mechanical Engineer from Simon Bolivar University in Caracas, Venezuela, and holds two Master's Degrees, one in Business Administration (MBA) and another in Manufacturing Engineering, from the University of Michigan (USA).

Jorge Luis Real has served as Executive Vice President, Chief Legal Officer and Corporate Secretary since February 2018. He previously served as Senior Vice President, Chief Legal Officer of the Bank from 2016 to 2018 and was appointed Secretary of the Board of Directors in April of 2016. He previously served as Head of Legal Risk of the Bank from 2014 to 2016. Before joining the Bank, he was Coordinator of Latin American Legal Affairs at BNP PARIBAS, New York from 2010 to 2014, Head of Legal Department at BNP PARIBAS Panama from 2005 to 2010, Head of Legal Department Panama Group of BBVA from 2000 to 2005 and Lawyer at Mauad & Mauad in Panama in 2000. Mr. Real has a Law and Political Science degree from Universidad Católica Santa María La Antigua in Panama, and holds a Master's degree in Commercial and Corporate Law from Université Panthéon-Assas (Paris II) in France. He was admitted to practice law in Panama by the Panamanian Supreme Court of Justice in 1998. Mr. Real is also a Florida International Bankers Association (FIBA) Anti-Money Laundering Certified Associate (AMLCA), certified by the Florida International University. Mr. Real is a member of the Legal Affairs Committee of the Panama Banking Association, Director of the Corporate Governance Institute of Panama since 2023 and was appointed Director of the International Chamber of Commerce of Panama in 2024.

Adriana Lizzeth Díaz has served as Executive Vice President, Chief Audit Officer since June 2021. Previously, Ms. Díaz served as Vice President of Audit in Multibank Panama from 2020 to 2021. From 2012 to 2019, Ms. Díaz held positions in the Audit departments of several companies from Grupo Aval Colombia, including in particular Banco de Occidente and Fiduciaria de Occidente. From 2002 to 2012, Ms. Díaz held several management positions at Deloitte Colombia. Ms. Díaz is a Certified Public Accountant with a Degree in Accounting from Universidad La Gran Colombia, and holds a Master's Degree in Business Administration and a Specialization in Financial Management, all from Universidad de Los Andes, Colombia.

Carlos Daniel Raad has served as Executive Vice President, Chief Investor Relations Officer since June 2022. Previously, he developed his career at Bancolombia where he held various positions starting as Senior Trader from 2005 to 2014, Manager of Structured Operations from 2014 to 2020, and his most recent position was Director of Investor Relations (IRO) from 2020 to 2022. Mr. Raad holds a degree in Industrial Engineering with a Master's Degree in Business Administration, both from Universidad de Los Andes, Colombia; and graduated from the International MBA Exchange Program at IE Business School, Madrid, Spain.

Tatiana Calzada has served as Executive Vice President, Chief Compliance Officer since December 2023. Before joining the Bank, she served in Citibank, N.A. (Panama Branch) as Director- Anti Money Laundering Cluster Head for Caribbean and Central America from January 2023 to December 2023, Senior Vice-President Anti Money Laundering Cluster Head for Caribbean and Central America from 2021 to 2023, Senior Vice-President Panama Anti Money Laundering Head and Central America Anti Money Laundering Cluster Head from 2018 to 2021, Senior Vice-President Anti Money Laundering Compliance Risk Management Latin America Financial Institutions Head and Anti Money Laundering Caribbean Cluster Head from 2016 to 2018, Senior Vice-President Panama Country Compliance Head from 2012 to 2016. Prior to serving in Citibank, Mrs. Calzada served as Chief Legal Counsel for the Bank from 1997 to 2012 and Lawyer at Patton, Moreno & Asvat in Panama from 1995 to 1996. Ms. Calzada has a Law and Political Science degree from Universidad Católica Santa María La Antigua in Panama, and a Master's Degree in International Law, Trade and Finance from Tulane University. Ms. Calzada was admitted to practice law in Panama

by the Panamanian Supreme Court of Justice in 1994. Mrs. Calzada is also a Certified Professional in Anti Money Laundering (CPAML) by the Financial and International Business Association (FIBA), certified by the Florida International University since 2013 and is a Certified Public Translator (Spanish-English and vice versa) in Panama since 1992**.**

Geraldine Abreu was appointed as Executive Vice President, Technology & Operations (Chief Technology Officer) in September 2024, after a career of more than 25 years leading technological transformations in various companies in Latin American financial sector, with a recognized track record as a senior IT executive at Banesco, Credicard Consortium, Banco Plaza in Venezuela and Iuvity, where she contributed to the implementation of high-impact initiatives for important financial institutions in Colombia, including Davivienda, Bancolombia and HelmBank in the United States. Additionally, Ms. Abreu has extensive experience in Digital Channels, Payment Methods, as well as in the Management of Highly Complex Projects.

RELATED PARTY TRANSACTIONS

General

Certain Directors of the Bank are also Directors and Executive Officers of banks and/or other companies located in Latin America, the Caribbean and elsewhere. Some of these banks and/or other companies own shares of the Bank's common stock and have entered into loan transactions with the Bank in the ordinary course of business, in compliance with Panamanian regulatory related party limits.

As of June 30, 2025, and December 31, 2024, the Bank had credit transactions in the normal course of business with 9% and 13%, respectively, of its Class "A" and "B" stockholders. All transactions were made based on arm's-length terms and subject to prevailing commercial criteria and market rates and were subject to all of the Bank's Corporate Governance and control procedures. As of June 30, 2025, and December 31, 2024, 7%, of the outstanding Loan Portfolio was placed with the Bank's Class "A" and "B" stockholders and their related parties. As of June 30, 2025, and December 31, 2024, the Bank was not directly or indirectly owned or controlled by another corporation or any foreign government, and no Class "A" or "B" shareholder was the registered owner of more than 2.8% of the total outstanding shares of the voting capital stock of the Bank.

In addition, the Bank had extended transactions, in the ordinary course of business, to three entities whose directors and/or executive officers are also a directors of the Bank. As of December 31, 2024, these entities were:

- Sudameris Bank SAECA, of which the Bank's director, Roland Holst, is also a director. As of December 31, 2024, three loans remained outstanding to Sudameris Bank SAECA for the total amount of $65 million. These loans were made on August 9, August 22 and October 17, 2024. These outstanding loans had a weighted average interest rate of 5.95%. During 2024, the largest amount outstanding was $65 million.

- Banco do Brasil S.A., of which the Bank's director, Tarciana Gomes Medeiros, is the Chief Executive Officer and also a director. As of December 31, 2024, two loans remained outstanding for the total amount of $100 million. These loans were made on April 30 and June 10, 2024. These outstanding loans had a weighted average interest rate of 6.27%. During 2024, the largest amount outstanding was $100 million.

- Banco Patagonia S.A., of which Banco do Brasil S.A. owns 80.39%, representing absolute shareholder majority. As of December 31, 2024, two loans remained outstanding for the total amount of $10 million. These loans were made on October 29 and November 7, 2024. These outstanding loans had a weighted average interest rate of 7.68%. During 2024, the largest amount outstanding was $10 million.

All of the above mentioned loans were granted for commercial business purposes. 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. In accordance with the Risk Policy and Assessment Committee's charter, Directors of the Bank shall not participate in the approval process for credit facilities extended to institutions in which they are Executive Officers or Directors, nor do they participate with respect to decisions regarding country exposure limits in countries in which the institutions are domiciled.

DESCRIPTION OF THE NOTES

Banco Latinoamericano de Comercio Exterior, S.A.'s (the "Issuer" or "our") 7.500% perpetual non-cumulative fixed-to-fixed subordinated notes (the "notes") will be issued pursuant to an indenture to be dated as of the Closing Date (the "indenture"), between The Bank of New York Mellon, as trustee, paying agent and registrar, and us.

The indenture provides for the issuance of the notes but does not limit the aggregate principal amount of notes that may be issued under the indenture, and provides that, subject to certain conditions, additional notes may be issued under the indenture from time to time. The indenture does not limit the amount of additional indebtedness or other obligations that we may incur. At our option, this additional indebtedness may consist of additional notes ("additional notes") issued by us in one or more transactions, which will have identical terms (other than issue date, issue price and in certain cases, first interest payment date) as the notes issued hereby.

This summary describes the general terms and provisions of the indenture and the notes. The description of certain provisions of the notes does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all of the provisions of the indenture and the notes, including the definitions therein of certain terms. We urge you to read each of the indenture and the form of the notes because they, and not this description, define your rights as a holder of notes. In case of any conflict regarding the rights and obligations of the holders of the notes under the indenture, the notes, and this offering memorandum, the terms of the indenture will prevail.

Capitalized terms not otherwise defined in this "Description of the Notes" have the meanings ascribed to them in the indenture. You may obtain a copy of the indenture by contacting the trustee at the address of its corporate trust office set forth in this offering memorandum.

Ranking

The notes will be our direct, unsecured, subordinated obligations and will rank *pari passu* without preference among themselves. In the event an Insolvency or Liquidation Event (as defined below) occurs in respect of the Issuer, the notes will rank:

- junior in right of payment to the payment of all of our Senior Debt;
- *pari passu* in right of payment among themselves and with our Parity Securities; and
- senior in right of payment to the payment of our Junior Securities.

"Common Shares" means all existing and future common shares of the Issuer.

"Insolvency or Liquidation Event" means (i) emergency measures (*medidas correctivas*) or the appointment of an advisor (*asesor*), (ii) the taking of operating and administrative control (*control administrativo y operativo*) or the appointment of an administrator (*administrador*), (iii) reorganization (*reorganización*) or the appointment of a reorganizer (*reorganizador*), (iv) forceful liquidation (*liquidación forzosa*) or the appointment of a liquidator (*liquidador*), (v) insolvency, (vi) moratorium of payments, (vii) assignment for the benefit of creditors, (viii) marshalling of assets and liabilities, (ix) voluntary liquidation (*liquidación voluntaria*), (x) dissolution, (xi) winding up or (xii) other similar measures or proceedings with respect to the Issuer.

"Junior Securities" means all existing or future: (i) Common Shares; (ii) Preferred Shares (as defined below); and (iii) other securities or instruments of the Issuer which, by its terms or by operation of law, rank junior in right of payment to the notes in an Insolvency or Liquidation Event, with regards to principal, interest or dividend.

"Parity Securities" means any existing or future securities or instruments of the Issuer which, by their terms or by operation of law, rank *pari passu* in right of payment with the notes in an Insolvency or Liquidation Event, with regards to principal, interest or other amounts.

"Preferred Shares" means all existing and future preferred shares of the Issuer, whether perpetual or not, and whether cumulative or not.

"Senior Debt" means all existing and future: (i) debt of the liquidation estate (*deudas de la masa*) in the event of our forceful liquidation; (ii) new deposits created during a reorganization period ordered by the Superintendency of Banks; (iii) deposits with a balance of U.S.$10,000.00 or less; (iv) claims from employees for unpaid wages and other employee's severance and compensation payments, (v) claims from the Panamanian Social Security Administration (*Caja de Seguro Social*) for unpaid employer-employee social security contributions; (vi) claims from the Panamanian government or any municipality for unpaid taxes; (vii) indebtedness or other obligation of the Issuer (including subordinated debt of the Issuer, with the exception of Parity Securities) or any other claims of the Issuer's other creditors; and (viii) other claims that are granted preference as a matter of law, except for (x) claims of holders of notes in respect of the notes, (y) claims in respect of Parity Securities and (z) claims in respect of Junior Securities.

The indenture provides that, in the event of an Insolvency or Liquidation Event in respect of the Issuer, unless all holders of its Senior Debt have been paid in full, no payment or other distribution may be made in respect of the notes. If the trustee under the indenture or any holders of the notes receive any payment or distribution that is prohibited under these provisions, then the trustee or the holders will have to repay that money to, or hold that money in trust for the benefit of, the trustee in bankruptcy, receiver, liquidating trustee, custodian, assignee, agent, advisor (*asesor*), administrator (*administrador*), intervenor, reorganizer (*reorganizador*), liquidator (*liquidador*) or other person making payment or distribution of assets of the Issuer for application to the payment of all Senior Debt remaining unpaid, to the extent necessary to pay all Senior Debt in full, after giving effect to any concurrent payment or distribution to or for the holders of Senior Debt.

Absence of Fixed Maturity

The notes are perpetual instruments with no fixed maturity or fixed redemption date. We have the option to redeem the notes, in whole or in part, as described below under "—Redemption".

Principal and Interest

We are issuing U.S.$200,000,000 aggregate principal amount of notes.

Subject to the limitations on interest described on "—Limitation on Interest", from, and including, September 18, 2025 (the "Closing Date") to, but excluding, September 18, 2032 (the "Initial Reset Date"), interest on the notes will initially accrue at a fixed rate of 7.500% *per annum*. The Initial Reset Date and every fifth anniversary thereafter will each be a "Reset Date." Subject to the limitations on interest described on "—Limitation on Interest", from, and including, each Reset Date, including the Initial Reset Date, to, but excluding, the next succeeding Reset Date, interest on the notes will accrue at a fixed rate *per annum* equal to the sum of (a) the Treasury Rate (as defined below) and (b) 373.60 basis points (rounded to two decimal places, with any value equal to or lesser than 0.005 being rounded down).

"Independent Investment Banker" means an independent investment banking institution of national standing appointed by the Issuer.

"Reset Determination Date" means, with respect to any Reset Date, the second Business Day immediately preceding such Reset Date.

"Treasury Rate" means, with respect to any Reset Determination Date, the yield determined by the Independent Investment Banker after 4:15 p.m., New York City time (or after such time as yields on U.S. government securities are posted daily by the Board of Governors of the Federal Reserve System), on the Reset Determination Rate, based upon the yield or yields for the most recent day that appear after such time on such day in the most recent statistical release published by the Board of Governors of the Federal Reserve System designated as "Selected Interest Rates (Daily) – H.15" or any successor designation or publication ("**H.15**") under the caption "U.S. government securities—Treasury constant maturities—Nominal" or any successor caption or heading ("**H.15 TCM**"). In determining the Treasury Rate, the Independent Investment Banker shall select, as applicable: (1) the yield for the Treasury constant maturity on H.15 exactly equal to the period from the applicable Reset Date to the next succeeding

Reset Date; or (2) if there is no such Treasury constant maturity on H.15 exactly equal to such period, the two yields—one yield corresponding to the Treasury constant maturity on H.15 immediately shorter than and one yield corresponding to the Treasury constant maturity on H.15 immediately longer than such period—and shall interpolate to the next Reset Date on a straight-line basis (using the actual number of days) using such yields and rounding the result to three decimal places; or (3) if there is no Treasury constant maturity on H.15 shorter than or longer than such period, the yield for the single Treasury constant maturity on H.15 closest to such period. For purposes of this definition, the applicable Treasury constant maturity or maturities on H.15 shall be deemed to have a maturity date equal to the relevant number of months or years, as applicable, of such Treasury constant maturity from the applicable Reset Date.

If on the Reset Determination Date H.15 TCM is no longer published, the Independent Investment Banker shall calculate the Treasury Rate based on the rate per annum equal to the semi-annual equivalent yield to maturity at 11:00 a.m., New York City time, on the Reset Determination Date of the United States Treasury security maturing on, or with a maturity that is closest to, the next succeeding Reset Date. If there is no United States Treasury security maturing on the next succeeding Reset Date but there are two or more United States Treasury securities with a maturity date equally distant from the next succeeding Reset Date, one with a maturity date preceding the next succeeding Reset Date and one with a maturity date following the next succeeding Reset Date, the Independent Investment Banker shall select the United States Treasury security with a maturity date preceding the next succeeding Reset Date. If there are two or more United States Treasury securities maturing on the next succeeding Reset Date or two or more United States Treasury securities meeting the criteria of the preceding sentence, the Independent Investment Banker shall select from among these two or more United States Treasury securities the United States Treasury security that is trading closest to par based upon the average of the bid and asked prices for such United States Treasury securities at 11:00 a.m., New York City time. In determining the Treasury Rate in accordance with the terms of this paragraph, the semi-annual yield to maturity of the applicable United States Treasury security shall be based upon the average of the bid and asked prices (expressed as a percentage of principal amount) at 11:00 a.m., New York City time, of such United States Treasury security, and rounded to three decimal places.

Interest payments are non-cumulative such that if an interest payment is cancelled (in whole or in part) as a result of the limitation described below, the unpaid interest will not accrue or be due and payable at any time and the failure to pay such interest will not constitute a default or an event of default. Accordingly, holders of the notes will not have any claim thereof whether or not interest is paid in respect of any other period. Subject to the limitations on interest described on "—Limitation on Interest", with respect to each Interest Payment Date, interest on the notes will accrue from the date of original issuance, or the most recent Interest Payment Date, as applicable.

Promptly following the Reset Determination Date (and in any case no later than 15 Business Days thereafter), the Issuer will deliver to the trustee and paying agent an Officers' Certificate, which sets forth the interest rate for the notes. In no event will the trustee or any paying agent be responsible for determining the interest rates on any Reset Determination Date or verifying or confirming any component thereof.

Limitation on Interest

Cancellation of Interest Payments

Interest on the notes will not be due and payable on an Interest Payment Date (a "Cancellation of Interest") and such interest will not accrue or accumulate in the event that:

(i) the Issuer determines that it is, or that such interest payment would result in it being, in noncompliance with applicable capital regulations or operational limits set by the Superintendency of Banks of Panama (as defined below);

(ii) the Issuer determines that such interest payment would result in the notes no longer being characterized as Target Capital Instruments (as defined below);

(iii) the Superintendency of Banks of Panama determines that such interest payment may not be made;

(iv) certain Insolvency or Liquidation Events occur which limit the Issuer's ability to make payments in full in respect of the notes;

(v) certain defaults with respect to the Senior Debt having a principal amount in excess of U.S.$50,000,000 occur; or

(vi) the Issuer, at its sole discretion, elects to suspend the payment and accrual of interest (a "Non-Payment Election").

Notwithstanding the above, no payment of interest may be suspended with respect to any outstanding principal of notes that have been called for redemption and remain unpaid after a Redemption Date (as defined below).

"Superintendency of Banks of Panama" means the *Superintendencia de Bancos de Panamá* or any successor thereof.

"Target Capital Instrument" means any securities or instruments that classify as Additional Tier I Capital (*Capital Primario Adicional*), under applicable laws and regulations of the Superintendency of Banks of Panama as in effect from time to time.

Target Capital Instrument will also include any such other securities or instruments with a classification by the Superintendency of Banks of Panama which denotes a greater equity content than Additional Tier I Capital (*Capital Primario Adicional*), under applicable laws and regulations of the Superintendency of Banks of Panama as in effect from time to time. In the event that we have determined that we will not pay interest on the notes in full on the next Interest Payment Date as a result of a Cancellation of Interest, we will, promptly thereafter and in any case no later than 15 Business Days (as defined below) prior to the relevant Interest Payment Date, notify the trustee by delivering an Officers' Certificate (as defined in the indenture) to that effect to enable the trustee to notify the holders of the notes.

Dividend Stopper

The Indenture provides that, in the event that interest has not been paid as a result of a Non-Payment Election or the Issuer otherwise fails to pay interest on the notes on any Interest Payment Date, the Issuer will recommend to its shareholders that they refrain from voting to take and, to the fullest extent permitted by applicable law, will otherwise act to prevent, any of the following actions until interest payments on a subsequent Interest Payment Date, and with respect to the relevant interest period, have been paid in full:

(i) declare, pay or distribute a dividend or make a payment on or in respect of, any of the Issuer's Junior Securities or Parity Securities; or

(ii) redeem, purchase or otherwise acquire for any consideration any of the Issuer's or the Issuer's subsidiaries' Junior Securities or any Parity Securities, until the next Interest Payment Date on which a full payment of interest due on the notes on such date has been made,

except, in the case of (i) or (ii), for:

(1) by conversion into, or in exchange for, Junior Securities;

(2) in connection with transactions effected by or for the Issuer's customers or any of the Issuer's subsidiaries' customers or in connection with interest, trading or market-making activities in respect of the Junior Securities or Parity Securities;

(3) in connection with the satisfaction of the Issuer's obligations or the obligations of any of the Issuer's subsidiaries under any employee benefit plans or similar arrangements with, or for the benefit of employees, officers, directors or consultants;

(4) as a result of a reclassification of the Issuer's capital stock or the capital stock of any of its subsidiaries or the exchange or conversion of one class or series of capital stock for another class or series of capital stock; or

(5) the purchase of the fractional interests in shares of the Issuer's capital stock or the capital stock of any of its subsidiaries pursuant to the conversion or exchange provisions of that capital stock (or the security being converted or exchanged).

In the event of a breach of any of the Issuer's obligations under the notes and the indenture (other than a breach that results in an Acceleration Event as described under "—Defaults and Remedies"), a holder of notes may not institute bankruptcy, forceful liquidation (*liquidación forzosa*) and other similar proceedings against us or declare the principal amount of any outstanding notes to be accelerated and become due and payable.

Redemption

Optional Redemption

The notes are perpetual securities and have no fixed maturity date or fixed redemption date.

Subject to the prior approval of the Superintendency of Banks of Panama or any other applicable Panamanian regulator, if such approval is then required, we may at our option redeem the notes in whole or in part, on the Initial Reset Date or on any Interest Payment Date occurring thereafter, at the Redemption Price (as defined below), solely if (i) the Issuer replaces the notes subject to redemption with securities or other instruments that qualify as Tier I capital deemed to be of equal or greater quality than that of the redeemed notes, or (ii) the Issuer proves to the Superintendency of Banks that our capital position will significantly exceed minimum capital requirements following redemption. Prior to the giving of any notice of redemption of the notes hereunder, we will deliver to the trustee an Officers' Certificate confirming that the redemption has been authorized by the Superintendency of Banks of Panama or any other applicable Panamanian regulator, if such approval is then required, and an opinion under New York law that the conditions precedent in the indenture to such redemption have been complied with.

"Redemption Price" means (i) 100% of the then outstanding aggregate principal amount of the notes to be redeemed on a proposed date of redemption (the "Redemption Date"), as set out in the notice of redemption delivered pursuant to "Redemption—Notice of Redemption," *plus* (ii) accrued and unpaid interest, if any, thereon with respect to the then current interest period through but excluding the Redemption Date, *plus* (iii) any other amounts accrued and unpaid thereon under the terms of the notes and the indenture, including Additional Amounts, if any.

Redemption Upon Tax Event

Subject to the prior approval of the Superintendency of Banks of Panama or any other applicable Panamanian regulator, if such approval is then required, at any time after the fifth anniversary of the issue date of the notes, the Issuer may at its option redeem the notes, in whole but not in part, at any time upon the occurrence of a Tax Event by giving notice of redemption pursuant to "Redemption—Notice of Redemption," at the Redemption Price, solely if (i) the Issuer (a) replaces the notes subject to redemption with securities or other instruments that it determines, as evidenced by an Officer's Certificate, qualify as Tier I capital deemed to be of equal or greater quality than that of the redeemed notes, or (b) proves to the Superintendency of Banks of Panama that its capital position will significantly exceed minimum capital requirements following redemption, (ii) the Issuer certifies to the paying agent (unless the Issuer is acting as sole paying agent, in which case, it will certify directly to the holders of the notes) in writing immediately prior to the giving of such notice that the Issuer has or will become obligated to pay Additional Amounts with respect to the notes or would not be entitled to deduct any interest to be paid on the notes (or such deduction is materially limited), in whole or in part, for Panamanian income tax purposes, and (iii) such obligation or circumstance cannot be avoided by taking reasonable measures available to it. Prior to the giving of any notice of redemption of the notes hereunder, we will deliver to the trustee (i) an Officers' Certificate, stating that we are entitled to effect such a redemption pursuant to the terms of the indenture, and setting forth in reasonable detail a statement of the facts giving rise to such right of redemption and that such redemption has been authorized by the Superintendency of Banks of

Panama or any other applicable Panamanian regulator, if such approval is then required and (ii) a written legal opinion of recognized counsel of the relevant Taxing Jurisdiction experienced in such matters, selected by the Issuer, confirming that there has been a change in or amendment to the laws of the relevant Taxing Jurisdiction that has or will obligate the Issuer to pay Additional Amounts or would not entitle the Issuer to deduct interest (or materially limit such deduction), in whole or in part, for Panamanian income tax purposes, in the manner described above and an opinion under New York law that the conditions precedent to the indenture to such redemption have been complied with.

"Tax Event" means a determination by the Issuer that, immediately prior to the giving of the notice of redemption pursuant to "Redemption—Notice of Redemption," on the next Interest Payment Date the Issuer would, as a result of changes in, or amendments to, the laws (or any regulations or rulings promulgated thereunder) of a Taxing Jurisdiction (as defined in "—Description of the Notes—Payment of Additional Amounts"), be obligated to pay Additional Amounts or would not be entitled to claim a deduction, in whole or in part, for Panamanian income tax purposes, in respect of any interest to be paid on the notes (or such deduction is materially limited) and such change in law occurs after the later of the issue date of the notes and the date the Taxing Jurisdiction became a Taxing Jurisdiction.

Redemption Upon Regulatory Event or Rating Agency Event

Subject to the prior approval of the Superintendency of Banks of Panama or any other applicable Panamanian regulator, if such approval is then required, at any time after the fifth anniversary of the issue date of the notes, the Issuer may at its option redeem the notes, in whole but not in part, by giving notice of redemption pursuant to "Redemption—Notice of Redemption," at the Redemption Price, solely if (i) the Issuer (a) replaces the notes subject to redemption with securities or other instruments that we determine, as evidenced by an Officers' Certificate, qualify as Tier I capital deemed to be of equal or greater quality than that of the redeemed notes, or (b) proves to the Superintendency of Banks that its capital position will significantly exceed minimum capital requirements following redemption, and (ii) the Issuer certifies to the paying agent (unless it is are acting as sole paying agent, in which case, we will certify directly to the holders of the notes) in writing immediately prior to the giving of such notice that a Regulatory Event or a Rating Agency Event has occurred. Prior to the giving of any notice of redemption of the notes hereunder, the Issuer will deliver to the trustee an Officers' Certificate, stating that it is entitled to effect such a redemption pursuant to the terms of the indenture, and setting forth in reasonable detail a statement of the facts giving rise to such right of redemption and that such redemption has been authorized by the Superintendency of Banks of Panama or any other applicable Panamanian regulator, if such approval is then required and an opinion under New York law that the conditions precedent to the indenture to such redemption have been complied with. The trustee shall not be charged with knowledge of, or responsible for monitoring, whether a Rating Agency Event or Regulatory Event has occurred.

"Rating Agency Event" means that, any time on or after the issue date of the notes, the Issuer receives confirmation from any Rating Agency that then publishes a rating for the Issuer that an amendment, clarification or change has occurred in the equity credit criteria for securities such as the notes, which amendment, clarification or change results (1) in the length of time for which such current criteria are scheduled to be in effect being shortened with respect to the notes or (2) in a lower equity credit for the notes than the then respective equity credit assigned by such Rating Agency or its predecessor on the issue date of the notes. For purposes of this definition, "Rating Agency" means Standard & Poor's Ratings Services, Fitch Inc. and Moody's Investors Service, Inc. or, if Standard & Poor's Ratings Services, Fitch Inc. or Moody's Investors Service, Inc. shall not make a rating on the notes publicly available, a nationally recognized statistical rating agency or agencies, as the case may be, selected by the Issuer (as certified by a resolution of the Board of Directors) which shall substitute Standard & Poor's Ratings Services, Fitch Inc. or Moody's Investors Service, Inc., as the case may be.

"Regulatory Event" means that, as a result of any change in, or amendment to, applicable law, regulations or rules, the Issuer (i) is notified in writing by the Superintendency of Banks of Panama that the notes will no longer be classified as Target Capital Instruments, or (ii) determines, in its sole discretion, that the notes may no longer be classified as Target Capital Instruments.

Notice of Redemption

If the Issuer gives a notice of redemption in respect of the notes as described above, then, to the extent funds are legally available on or prior to the applicable Redemption Date, with respect to the notes being redeemed and held by DTC or its nominee, the trustee or a paying agent will pay the applicable redemption amount to DTC. With respect to the notes being redeemed and held in certificated form, the trustee, to the extent funds are legally available, will pay the applicable redemption amount to the holders of the notes upon surrender of any notes in certificated form. Interest accrued since the immediately prior Interest Payment Date and payable on or prior to the Redemption Date, if any, will be paid to the holders of the notes on the regular record date if such record date has already occurred prior to the Redemption Date. Otherwise, such interest will be included in the redemption price. If notice of redemption will have been given and funds deposited with the trustee to pay the applicable redemption amount for the notes, then upon the date of such deposit, all rights of the holders of the notes will cease, except the right of the holders of the notes to receive the applicable redemption amount, but without interest on such redemption amount, and the notes will cease to be outstanding. In the event that any Redemption Date of the notes is not a Business Day, then the applicable redemption amount payable on such date will be paid on the next succeeding day that is a Business Day (without any interest or other payment in respect of any such delay), in each case with the same force and effect as if made on such date. In the event that payment of the applicable redemption amount is improperly withheld or refused and not paid by the Issuer (1) interest due on the notes being redeemed will continue to accrue at the then applicable rate, from the Redemption Date originally established by us to the date such applicable redemption amount is actually paid, and (2) the actual payment date will be the Redemption Date for purposes of calculating the applicable redemption amount.

Notice of redemption in respect of the notes as described above will be sent at least 30 days but not more than 60 days prior to a Redemption Date to each holder of the notes in accordance with the procedures described in the indenture and notice will be otherwise given as set forth hereunder. Unless we default in payment of the applicable amounts due on, or in the repayment of, the notes, on and after a Redemption Date, interest due will cease to accrue on the notes.

Payment and Administration of the Notes

Subject to the limitations on interest described on "—Limitation on Interest", the notes will bear interest at the rate specified above. See "—Principal and Interest" above. Subject to the limitations on interest described on "—Limitation on Interest", interest on the notes will be paid on the dates specified above to the person in whose name a note is registered at the close of business on the 5th day preceding the respective Interest Payment Date (such date, a "regular record date," whether or not a Business Day).

If any Interest Payment Date or Redemption Date for the notes falls on a day that is not a Business Day, the related payment of principal or interest will be made on the next succeeding Business Day as if it were made on the date such payment was due, and no interest will accrue on the amount so payable for the period from and after such Interest Payment Date or Redemption Date, as the case may be. Interest on the notes will be computed on the basis of a 360- day year of twelve 30-day months. "Business Day" means a day that is a day other than Saturday, Sunday or a day on which banking institutions in New York City, United States, or Panama City, Panama, generally are authorized or required by law, regulation or executive order to remain closed.

Any interest on the notes which is payable, but is not paid or duly provided for, on any Interest Payment Date will cease to be payable to the holder of the note on the regular record date, and such defaulted interest may be paid by the Issuer to the persons in whose name the notes are registered at the close of business on a special record date (as such term is explained in the indenture) fixed by the trustee for such purpose. Except as described in "Book-Entry System, Delivery and Form," the Issuer will pay principal and interest by check and may mail interest checks to a holder's registered address.

The principal of and interest on the notes will be payable in U.S. dollars or in such other coin or currency of the United States of America as is legal tender for the payment of public and private debts at the time of payment.

The notes will be issued in minimum denominations of U.S.$200,000 and any integral multiple of U.S.$1,000 in excess thereof and only in the form of beneficial interests in respect of one or more global notes registered in the name of Cede & Co., as nominee of The Depository Trust Company, or DTC. Beneficial interests in respect of the

global notes will be held through financial institutions acting on behalf of the beneficial holders of such interests as direct or indirect participants in DTC. Except in limited circumstances, owners of beneficial interests in respect of the global notes will not be entitled to receive physical delivery of notes in certificated form. See "Book-Entry System, Delivery and Form." No service charge will be made for any registration of, transfer or exchange of notes, but we may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Initially, the trustee will act as paying agent and registrar for the notes. The notes may be presented for registration of transfer and exchange at the offices of the registrar for the notes.

A paying agent in Luxembourg will be appointed upon the issuance of notes in definitive, or certificated, form. See "Book-Entry System, Delivery and Form." In the event that any of the notes are exchanged for definitive notes, announcement of such exchange will be made by us or on our behalf through the Luxembourg Stock Exchange and such announcement will include all material information with respect to the delivery of the definitive notes, including details of the paying agent in Luxembourg.

Highly Leveraged Transactions; Change of Control

The indenture does not include any debt covenants or other provisions which afford holders of the notes protection in the event of a highly leveraged transaction or a change of control.

Indebtedness, Liens, Dividends, Investments, Transactions with Affiliates, Reserves and Maintenance of Properties

The indenture does not limit the Issuer's ability to incur additional indebtedness (including additional notes), its ability to grant liens on our assets and properties, its payment of dividends (other than as set forth in "—Limitation on Interest—Dividend Stopper"), its ability to make investments or enter into transactions with its affiliates or require it to create or maintain any reserves.

The Issuer may not dispose of and must maintain and keep in good condition any tangible property useful in the conduct of its business, unless such disposal or the discontinuance of its maintenance is, in its judgment, desirable in the conduct of our business and not disadvantageous in any material respect to the holders of the notes.

Covenants

The Issuer has agreed to restrictions on its activities for the benefit of holders of the notes. The following restrictions will apply separately to the notes:

Consolidation, Merger, Sale, Conveyance or Spin-Off (Escisión)

The Issuer may not consolidate with or merge into any other corporation or convey, transfer or spin-off (*escindir)* its properties and assets substantially as an entirety to any person, unless:

(i) the successor corporation (if not the Issuer) must be a corporation organized and existing under the laws of (A) Panama, (B) the United States of America or any state thereof, (C) any country member of the Organisation for Economic Co-operation and Development or the G-20 or (D) any other country having an international investment grade rating from each of Moody's Investors Service, Inc. and S&P Global Ratings at the time of such merger, consolidation, conveyance, transfer or spin-off (*escisión*), and any state thereof (to the extent applicable), and must expressly assume by a supplemental indenture, delivered to and in a form satisfactory to the trustee, the due and punctual payment of the principal of, premium, if any and interest on all the outstanding notes and the performance of every covenant in the indenture on our part to be performed or observed;

(ii) immediately after giving effect to such transaction, no default under the indenture, and no event which, after notice or lapse of time or both would become a default under the indenture, will have occurred and be continuing; and

(iii) the Issuer will have delivered to the trustee an Officers' Certificate and an opinion of counsel, each stating that such consolidation, merger, conveyance, transfer or spin-off (*escisión*) and such supplemental indenture comply with the foregoing provisions relating to such transaction and all conditions precedent in the indenture relating to such transaction have been complied with.

In case of any such consolidation, merger, conveyance, transfer or spin-off (*escisión*), such successor corporation will succeed to and be substituted for us as obligor on the notes with the same effect as if it had issued the notes. Upon the assumption of the Issuer's obligations by any such successor corporation in such circumstances subject to certain exceptions, the Issuer will be discharged from all obligations under the notes and the indenture.

For purposes of the above, "G-20" means the Group of Twenty (G-20) Finance Ministers and Central Bank Governors.

Periodic Reports

So long as any notes are outstanding, the Issuer will furnish to the trustee:

(i) within 120 days following the end of each of our fiscal years, an English version (or accompanied by an English translation thereof) of (a) its consolidated statements of financial position, income, comprehensive income, changes in equity and cash flows and the related notes thereto for the two most recent fiscal years in accordance with International Financial Reporting Standards ("IFRS") or in accordance with such accounting standards as may from time to time be required for Panamanian banks, together with an audit report thereon by our independent auditors and (b) a "management discussion and analysis of results of operation and financial condition" or other substantially similar report from management providing an overview in reasonable detail of our results of operation and financial condition for the fiscal year; and

(ii) within 60 days following the end of the first three fiscal quarters in each of our fiscal years, an English version (or accompanied by an English translation thereof) of our quarterly reports containing unaudited condensed consolidated statements financial position, income, comprehensive income, changes in equity and cash flows and the related notes thereto as required under IFRS, in each case for the quarterly period then ended and the corresponding quarterly period in the prior fiscal year and prepared in accordance with IFRS or in accordance with such accounting standards as may from time to time be required for Panamanian banks.

With respect to the foregoing clause (i) and (ii), the filing or furnishing of the relevant information with the U.S. Securities and Exchange Commission on Form 20-F or Form 6-K shall be deemed to constitute furnishing such information to the trustee.

In addition, the Issuer will furnish to the holders of the notes and to prospective investors, upon the requests of such holders, any information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act so long as such notes are not freely transferable under the Exchange Act by "persons" who are not "affiliates" under the Securities Act.

In addition, if and so long as the notes are admitted to listing on the Euro MTF market of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, copies of such reports and information furnished to the trustee will also be made available in Luxembourg through the Luxembourg Stock Exchange.

Listing

The notes are listed on the Luxembourg Stock Exchange, and the Issuer will use commercially reasonable efforts to maintain such listing. If the Issuer is unable to maintain such listing having used all commercially reasonable efforts or if the maintenance of such listing is determined by it to be unduly burdensome or impractical, it will use commercially reasonable efforts to obtain and maintain the listing of the notes on such other stock exchange or exchanges or securities market or markets as we decide and will give notice of the identity of such other stock exchange

or exchanges or securities market or markets to the trustee, which will provide notice thereof to each of the holders of the notes. The Issuer will comply with the reporting and other requirements of the Luxembourg Stock Exchange for so long as the notes are listed on the Luxembourg Stock Exchange.

The Issuer will use its reasonable best efforts to maintain such listing, provided that we may delist the notes from the Luxembourg Stock Exchange in accordance with the rules of the Luxembourg Stock Exchange and seek an alternative admission to listing, trading and/or quotation for the notes on a different section of the Luxembourg Stock Exchange or by such other listing authority, stock exchange system as we may decide. Although we cannot assure you as to the liquidity that may result from a listing on the Luxembourg Stock Exchange, delisting the notes from the Luxembourg Stock Exchange may have a material effect on the ability of holders of the notes to resell the notes in the secondary market.

Defaults and Remedies

Acceleration Event

There will be no right of acceleration in the case of a default in any payment on the notes (whether when due, upon redemption or otherwise) or the performance of any of the Issuer's other obligations under the indenture or the notes. Acceleration of the notes will occur only upon the occurrence and continuation of an Acceleration Event, in which case the principal of and accrued interest on the notes then outstanding will become immediately due without any declaration or other act on the part of the trustee or any holder. Upon the occurrence of an Acceleration Event, the rights and remedies set forth below under "—Payment Default" and "—Covenant Default Other than a Payment Default" with respect to a Payment Default and Covenant Default shall also apply to an Acceleration Event; provided, however, that notwithstanding anything to the contrary contained therein, the trustee may, but shall not be obligated to, participate in proceedings, exercise remedies, take direction from Holders, or otherwise avail itself of such rights and remedies following an Acceleration Event.

"Acceleration Event" means that the Superintendency of Banks of Panama has entered a decree or similar order for the forceful liquidation (*liquidación forzosa*), voluntary liquidation (*liquidación voluntaria*), banking resolution, winding down or similar action of the Issuer and such decree or similar order (i) does not otherwise trigger the loss absorption provisions described below and (ii) has become effective and is no longer subject to challenge, appeal or revision.

Loss Absorption

Pursuant to Panamanian law, following the administrative taking of control of the Issuer by the Superintendency of Banks of Panama and subsequent reorganization of the Issuer ordered by such entity, the reorganizer or the reorganization board (as the case may be) appointed by the Superintendency of Banks of Panama may decree that the principal amount and/or interest owed under the notes be used to absorb our losses. The Superintendency of Banks of Panama may take this action in the absence of any Acceleration Event or other similar legal proceeding. The notes will provide for the write-off on a permanent basis, in a minimum amount corresponding to the balance of any losses allocated to the Tier I capital, under applicable laws and regulations of the Superintendency of Banks of Panama, upon the occurrence of any of the following events:

(a) a decree by the reorganizer or the reorganization board (as the case may be) appointed by the Superintendency of Banks of Panama pursuant to a reorganization process of the Issuer, ordering the full or partial write-off of the principal and/or interest of the notes to absorb losses;

(b) determination by the Superintendency of Banks of Panama of a write-off of the notes; or

(c) the Issuer's Tier 1 capital ratio falls below 5.125% (a "Non-Viability Event").

Upon the exercise of any loss absorption power by such relevant authority with respect to the notes, the Issuer will provide a written notice thereof to the holders as soon as practicable regarding any write-off in respect of the principal amount of the notes. The Issuer shall also deliver a copy of such notice to the trustee for information purposes.

By its acquisition of the notes, each holder of the notes acknowledges and agrees that, upon the exercise of any write-off, (a) the trustee shall not be required to take any further directions from holders of the notes either under the terms of the notes, the indenture or any relevant supplemental indenture, that such holders may not direct the trustee to take any action whatsoever, including without limitation, any challenge to the exercise of a write-off or a request to call a meeting or take any other action under the terms of the notes, the indenture or any relevant supplemental indenture thereto in connection with the exercise of a write-off, and (b) neither the notes, the indenture or any relevant supplemental indenture thereto shall impose any duties upon the trustee whatsoever with respect to the exercise of any write-off. Notwithstanding the foregoing, if, following the completion of such exercise, any notes remain outstanding (for example, if the exercise of the loss absorption power results in only a partial write-off of the principal of the notes), then the trustee's duties under the indenture will remain applicable with respect to the notes following such completion.

By its acquisition of the notes, each holder of the notes, to the extent permitted by law, waives any and all claims against the trustee for, agrees not to initiate a suit against the trustee in respect of, and agrees that the trustee shall not be liable for, any action that the trustee takes, or abstains from taking, in either case in accordance with the exercise of any write-off with respect to the notes.

Holders of the notes that acquire such notes in the secondary market and any beneficial owner of notes shall be deemed to acknowledge, agree to be bound by and consent to the same provisions specified in the governing documents to the same extent as the holders and beneficial owners of the notes that acquire the notes upon their initial issuance, including, without limitation, with respect to the acknowledgement and agreement to be bound by and consent to the terms of the notes, including in relation to write-offs.

If the relevant authority exercises the loss absorption power with respect to less than the total outstanding principal amount of the notes, any cancellation or write-off made in respect of the notes pursuant to the loss absorption power will be made on a pro rata basis among the notes.

Payment Default

A "Payment Default" will occur if the Issuer fails to pay or set aside for payment the amount due to satisfy any principal, interest or other payment on the notes when due and such failure continues for a period of thirty (30) days; provided, that for the avoidance of doubt, if the Issuer has suspended any payment and/or accrual of interest in accordance with "— Limitation on Interest", such interest will not accrue or be due and payable and such nonpayment will not constitute a Payment Default.

If a Payment Default occurs and is continuing, the trustee may, and if directed by holders of at least twenty-five (25%) in principal amount of the outstanding notes shall, to the fullest extent permitted by applicable law, bring an action or institute judicial proceedings to collect the principal, interest or other amount due and unpaid, but holders of notes will not have a right to accelerate or to demand payment of any principal, interest or other amount that has not yet become due and payable; *provided,* that the trustee will be under no obligation to exercise any of its rights or powers under the indenture at the request of any holders, unless such holders shall have offered to the trustee indemnity satisfactory to the Trustee.

Covenant Default Other than a Payment Default

If a default in the performance or breach of any covenant, warranty or agreement of the Issuer under the Indenture or the notes (other than a Payment Default) has occurred and is continuing for a period of sixty (60) days after there has been given to the Issuer and the Trustee by the holders of notes of at least twenty-five (25%) in principal amount of the outstanding notes a written notice specifying such default or breach ("Covenant Default") and requiring it to be remedied and such Covenant Default has not been remedied, the Trustee may, and if directed by holders of at least twenty-five (25%) in principal amount of the outstanding notes shall, to the fullest extent permitted by applicable law, bring an action or institute judicial proceedings to protect and enforce the rights of the holders by such appropriate judicial proceedings, whether for the specific enforcement of any covenant, warranty or agreement herein or to enforce any other proper remedy; *provided,* that the trustee will be under no obligation to exercise any of its rights or powers under the indenture at the request of any holders, unless such holders shall have offered to the trustee indemnity satisfactory to the Trustee; and *provided, further,* that neither the Trustee nor the holders will be entitled to institute

bankruptcy, forceful liquidation (*liquidación forzosa*) and other similar proceedings against the Issuer or declare the principal amount of any outstanding notes to be accelerated and become due and payable.

Payment of Additional Amounts

All payments in respect of the notes will be made free and clear of and without any deduction or withholding for or on account of any present or future Taxes (as defined below), unless the withholding or deduction of such Taxes is required by law or the official interpretation thereof, or by the administration thereof. If the Issuer is required by any law of any Taxing Jurisdiction (as defined below) to withhold or deduct any Taxes from or in respect of any sum payable under the notes, it will (i) pay such additional amounts ("Additional Amounts") as may be necessary in order that the net amounts receivable by holders of any notes after such withholding or deduction will equal the respective amounts which would have been receivable by such holder in the absence of such withholding or deduction, (ii) make such withholding or deduction, and (iii) pay the full amount withheld or deducted to the relevant tax or other authority in accordance with applicable law, except that no such Additional Amounts will be payable in respect of any note:

(i) to the extent that such Taxes are imposed or levied by reason of such holder (or the beneficial owner) having some connection with the Taxing Jurisdiction other than the mere holding (or beneficial ownership) of such note, receiving principal or interest payments on the notes or enforcing rights thereunder (including but not limited to citizenship, nationality, residence, domicile, or existence of a business, permanent establishment, a dependent agent, a place of business or a place of management present or deemed present in the Taxing Jurisdiction);

(ii) to the extent that any Taxes are imposed other than by deduction or withholding from payments of principal, premium, if any, or interest on or in respect of the notes;

(iii) in the event that the holder (or beneficial owner) fails to comply with any certification, identification or other reporting requirement concerning nationality, residence, identity or connection with the Taxing Jurisdiction if (1) compliance is required by applicable law, regulation, administrative practice or treaty as a precondition to exemption from all or part of the taxes, (2) if the certification, identification or other reporting requirement does not concern nationality, residence or identity with the Taxing Jurisdiction, the holder (or beneficial owner) is able to comply with these requirements without undue hardship and (3) we have given the holders (or beneficial owners) at least 30 calendar days prior notice that they will be required to comply with such requirement;

(iv) in the event that the holder fails to surrender (where surrender is required) its note for payment within 30 days after we have made available a payment of principal or interest, provided that we will pay Additional Amounts to which a holder would have been entitled had the note been surrendered on the last day of such 30-day period;

(v) to the extent that such Taxes are imposed by reason of an estate, inheritance, gift, personal property, value added, use or sales tax or any similar taxes, assessments or other governmental charges; or

(vi) any combination of items (i) to (v) above.

Any reference to payments, premium, if any, redemption price, interest or any other amount payable under or with respect to any note, will be deemed also to include any Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof. However, no holder of a note will be entitled to receive any Additional Amounts greater than the amounts necessary in order that the net amounts receivable by such holder after such withholding or deduction equal the respective amounts which would have been receivable by such holder in the absence of such withholding or deduction, subject to the exceptions above.

Notwithstanding any other provision to the contrary, we may withhold or deduct any amount pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended ("FATCA"), any treaty, law, regulation or other official guidance enacted by any taxing authority implementing FATCA, or any agreement between us and the United States, or any other jurisdiction or any authority of any of the foregoing implementing FATCA.

"Taxes" means, with respect to payments on the notes, all present and future taxes, levies, imposts, deductions, charges, withholdings, duties, assessments or governmental charges of whatever nature imposed or levied (including interest and penalties with respect thereto) by or on behalf of Panama or any other jurisdiction in which Banco Latinoamericano de Comercio Exterior, S.A. or a successor is organized or tax resident, or any jurisdiction from or through which payments are made by us or on our behalf (each, a "Taxing Jurisdiction"), or any political subdivision thereof or any authority or agency therein or thereof having power to tax.

We will provide the trustee with documentation reasonably satisfactory to the trustee evidencing the payment of Taxes deducted or withheld resulting in the payment of Additional Amounts.

We will pay any present or future stamp, transfer, court or documentary taxes or any other excise or property taxes, charges or similar levies imposed by Panama or any jurisdiction in which the Bank is otherwise resident for tax purposes (or in each case, any political subdivision or governmental authority thereof or therein having power to tax) with respect to the initial execution and delivery or the enforcement of the notes or the indenture. In the case of any such stamp tax with respect to enforcement of the indenture, we will pay such tax on a date no later than the date of the indenture's submission before any court or other governmental authority in Panama.

The foregoing provisions will survive any termination or discharge of the indenture (and any transfer of a holder or beneficial owner of its notes). For a discussion of Panamanian withholding taxes applicable to payments under or with respect to the notes, see "Taxation."

Modification of the Indenture

The Issuer and the trustee may, without the consent of the holders of the notes, amend, waive or supplement the indenture or the notes for certain specified purposes, including, among other things, curing ambiguities, defects, omissions or inconsistencies, to conform the text of the indenture or the notes to any provision in this "Description of the notes" or making any other provisions with respect to matters or questions arising under the indenture or the notes or making any other change as will not adversely affect the interests of any holder of the notes in any material respect. Without the consent of any holder of the notes, the Issuer and the trustee may amend the indenture to evidence the assumption by a successor corporation of our covenants contained in the indenture and the notes, to add to our covenants, or to surrender any right or power conferred by the indenture upon us, for the benefit of the holders of the notes, to establish any form of security as provided for in the indenture and the issuance of and terms thereof, to add to the rights of the holders of the notes, and to evidence and provide for the acceptance of a successor trustee.

In addition, with certain exceptions, the Issuer and the trustee may amend, waive or supplement the indenture or the notes with the consent of the holders of at least a majority in aggregate principal amount of the notes then outstanding, but no such modification may be made without the consent of the holder of each outstanding note affected thereby which would:

(i) change the Interest Payment Date on any note or the dates on which the notes may be redeemed;

(ii) reduce the principal amount, the interest rate or the redemption price for the notes;

(iii) waive a redemption payment on any note;

(iv) change the method of computing the amount of principal thereof or interest or premium, if any, payable on any note on any date or change any place of payment where, or the coin or currency in which, any principal or interest or premium thereon are payable;

(v) impair the right of holders to institute suit for the enforcement of any such payment on or after the date when due;

(vi) make a change in the notes that will result in the Preferred Shares ranking in priority of payment ahead of the notes;

(vii) reduce the percentage in aggregate principal amount of the outstanding notes, the consent of whose holders is required for any such amendment, supplement or waiver or the consent of whose holders is required for any waiver of compliance with certain provisions of the indenture or certain defaults thereunder and their consequences provided for in the indenture; or

(viii) modify any of the provisions of certain sections of the indenture with respect to the notes, including the provisions summarized in this paragraph, except to increase any such percentage or to provide that certain other provisions of the indenture cannot be modified or waived without the consent of the holder of each outstanding note affected thereby.

The indenture provides that the notes owned by the Issuer or any of its affiliates shall be deemed not to be outstanding for, among other purposes, consenting to any such modification.

Registrar, Transfer Agent and Paying Agents

The Bank of New York Mellon will act as our agent as registrar for the notes. The Bank of New York Mellon will also act as paying agent for the notes. We have the right at any time to vary or terminate the appointment of any paying agents and to appoint additional or successor paying agents in respect of the notes; provided that such additional and successor paying agent are banks or financial institutions outside of Panama, and that at all times at least one paying agent is maintained in the United States. Registration of transfers of the notes will be effected without charge, but upon payment (with the giving of such indemnity as we may require) in respect of any tax or other governmental charges that may be imposed in relation to it. We will not be required to register or cause to be registered the transfer of the notes after the notes have been called for redemption. Application is expected to be made to admit the notes for listing on the Official List of the Luxembourg Stock Exchange.

As long as the notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, we will also maintain a paying agent and a transfer agent in Luxembourg, where the notes may be presented or surrendered for payment or redemption. In the event that any of the notes are exchanged for definitive notes, announcement of such exchange shall be made by us or on our behalf through the Luxembourg Stock Exchange and such announcement will include all material information with respect to the delivery of the definitive notes, including details of the paying agent in Luxembourg.

The Trustee

The Bank of New York Mellon is the trustee under the indenture. The trustee need only perform the duties specifically set forth in the indenture. The indenture does not contain limitations on the rights of the trustee under the indenture, should it become our creditor, to obtain payment of claims. The trustee is not precluded from engaging in other transactions and, if it acquires any conflicting interest, it is not required to eliminate such conflict or resign. The trustee will be a bank or financial institution outside of Panama. The principal Corporate Trust Office of the trustee is at 240 Greenwich Street, Floor 7 East, New York, New York, 10286, United States of America.

Notices

From and after the date the notes are listed on the Luxembourg Stock Exchange and so long as (i) a listing on the Euro MTF market of the Luxembourg Stock Exchange is maintained and (ii) it is required by the rules of the Luxembourg Stock Exchange, all notices to holders of notes will be published through the Luxembourg Stock Exchange as required by the rules of such exchange. Notices shall be deemed to have been given on the date of publication as aforesaid or, if published on different dates, on the date of the first such publication.

Notices to be given to holders of a global note will be given only to DTC in accordance with its applicable policies as in effect from time to time. Notices to be given to holders of definitive notes will be sent by mail to the respective addresses of the holders as they appear in the security register maintained by the registrar, and will be deemed given when mailed. Neither the failure to give notice to a particular holder, nor the defect in a notice given to a particular holder, will affect the sufficiency of any notice given to another holder.

The Issuer will also comply in form and substance with the notices that must be provided in accordance with Panamanian laws and the regulations of the Superintendency of Banks of Panama.

Prescription

The Indenture governing the notes does not include a provision expressly limiting the time for the validity of claims to interest or principal on the notes.

Governing Law; Submission to Jurisdiction

The notes are being issued as direct, unsecured, junior subordinated obligations and the indenture provides that it and the notes will be governed by, and be construed in accordance with, the laws of the State of New York, without giving effect to the applicable principles of conflict of laws.

We have consented to the jurisdiction of any court of the State of New York or any United States Federal court sitting, in each case, in the Borough of Manhattan, The City of New York, New York, United States, and any appellate court from any of these courts, and to the courts of our own corporate domicile, in respect of actions brought against us as defendants, and have waived any immunity from the jurisdiction of these courts over any suit, action or proceeding that may be brought by the trustee or a holder based upon the indenture and the notes and have waived any right to be sued in any other jurisdiction to which we may be entitled on account of place of residence and domicile. We have appointed Corporation Service Company as our initial authorized agent upon which all writs, process and summonses may be served in any suit, action or proceeding brought by the trustee or a holder based upon the indenture or the notes against us in any court of the State of New York or any United States Federal court sitting in the Borough of Manhattan, The City of New York and have agreed that such appointment shall be irrevocable so long as any of the notes remain outstanding or until the irrevocable appointment by us of a successor in The City of New York as its authorized agent for such purpose and the acceptance of such appointment by such successor.

Currency Rate Indemnity

U.S. dollars are the sole currency of account and payment for all sums payable by us under or in connection with the indenture and the notes, including damages. Any amount received or recovered in a currency other than U.S. dollars (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction), in the winding-up or dissolution of the Issuer by the trustee or any holder of a note, in respect of any sum expressed to be due to it from the Issuer will only constitute a discharge of the Issuer to the extent of the U.S. dollar amount that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that U.S. dollar amount is less than the U.S. dollar amount expressed to be due to the recipient under the indenture or any notes, the Issuer will indemnify such recipient against any loss sustained by it as a result, and if the amount of U.S. dollars so purchased is greater than the sum originally due to such recipient, such recipient will, by accepting notes, in the case of a holder of the notes and, by executing the indenture, in the case of the trustee, be deemed to have agreed to repay such excess. In any event, the Issuer will indemnify the recipient against the cost of making any such purchase.

For the purposes of the preceding paragraph, it will be sufficient for the holders of the notes or the trustee, as applicable, to certify in a manner satisfactory to the Issuer (indicating the sources of information used) that it would have suffered a loss had an actual purchase of U.S. dollars been made with the amount so received in that other currency on the date of receipt or recovery (or, if a purchase of U.S. dollars on such date had not been practicable, on the first date on which it would have been practicable, it being required that the need for a change of date be certified in the manner mentioned above). These indemnities constitute a separate and independent obligation from the other obligations of the Issuer, will give rise to a separate and independent cause of action, will apply irrespective of any indulgence granted by the trustee or any holder of notes and will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under the indenture or any notes.

BOOK-ENTRY, DELIVERY AND FORM

General

The certificates representing the notes will be issued in fully registered form without interest coupons. Notes sold in reliance on Rule 144A initially will be represented by permanent notes in global, fully registered form without interest coupons (each, a "Restricted Global Note"). The notes sold in offshore transactions in reliance upon Regulation S will initially be represented by permanent notes in global, fully registered form without interest coupons (each, a "Regulation S Global Note," together with the Restricted Global Notes, the "Global Notes"). The Global Notes will be deposited with the trustee as a custodian for DTC, as depositary, and registered in the name of a nominee of such depositary.

The Global Notes (and any notes issued in exchange therefor) will be subject to certain restrictions on transfer set forth therein and in the indenture and will bear the applicable legend regarding such restrictions set forth under the heading "Transfer Restrictions—Legends."

The Global Notes

We expect that, pursuant to procedures established by DTC, (i) upon the issuance of the Global Notes, DTC or its custodian will credit, on its internal system, the principal amount at maturity of the individual beneficial interests represented by such Global Notes to the respective accounts of persons who have accounts with such depositary ("participants") and (ii) ownership of beneficial interests in the Global Notes will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to interests of participants) and the records of participants (with respect to interests of persons other than participants). Such accounts initially will be designated by or on behalf of the initial purchasers and ownership of beneficial interests in the Global Notes will be limited to participants or persons who hold interests through participants. Holders may hold their interests in the Global Notes directly through DTC if they are participants in such system, or indirectly through organizations that are participants in such system.

So long as DTC or its nominee is the registered owner or holder of the notes, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the notes represented by such Global Notes for all purposes under the indenture governing the notes. No beneficial owner of an interest in the Global Notes will be able to transfer that interest except in accordance with DTC's procedures, in addition to those provided for under the indenture with respect to the notes.

Payments of the principal of, and premium (if any) and interest on, the Global Notes will be made to DTC or its nominee, as the case may be, as the registered owner thereof. Neither we, the trustee, any paying agent, any transfer agent or the registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interest.

We expect that DTC or its nominee, upon receipt of any payment of principal of, and premium (if any) and interest on the Global Notes, will credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of the Global Notes as shown on the records of DTC or its nominee. We also expect that payments by participants to owners of beneficial interests in the Global Notes held through such participants will be governed by standing instructions and customary practice, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such participants.

DTC has advised us that it will take any action permitted to be taken by a holder of notes (including the presentation of notes for exchange as described below) only at the direction of one or more participants to whose account the DTC interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of notes as to which such participant or participants has or have given such direction. However, if there is an event of default under the indenture, DTC will exchange the Global Notes for Certificated Securities (as defined below), which it will distribute to its participants and which will be legended as set forth under the heading "Transfer Restrictions."

DTC has advised us as follows: DTC is a limited-purpose trust company organized under New York banking law, a "banking organization" within the meaning of the New York banking law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds and provides asset servicing for issues of U.S. and non-U.S. equity, corporate and municipal debt issues that participants deposit with DTC. DTC also facilitates the post-trade settlement among participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between participants' accounts. This eliminates the need for physical movement of securities certificates. Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Access to the DTC system is also available to indirect participants such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a participant, either directly or indirectly.

Although DTC has agreed to the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants of DTC, it is under no obligation to perform such procedures, and such procedures may be discontinued at any time. None of us, the trustee, any paying agent, any transfer agent or the registrar will have any responsibility for the performance by DTC or its participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Certificated Securities

A Global Note is exchangeable for certificated notes in fully registered form without interest coupons ("Certificated Securities") only in the following limited circumstances:

- DTC notifies us that it is unwilling or unable to continue as depositary for the Global Note and we fail to appoint a successor depositary within 90 days of such notice, or

- there shall have occurred and be continuing an event of default with respect to the notes under the indenture and DTC shall have requested the issuance of Certificated Securities.

Certificated Securities may not be exchanged for beneficial interests in any Global Note unless the transferor first delivers to the trustee a written certificate (in the form provided in the indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such notes. See "Transfer Restrictions."

The laws of some states require that certain persons take physical delivery in definitive form of securities that they own. Consequently, the ability to transfer the notes will be limited to such extent.

Exchanges Between Regulation S Notes and Restricted Global Notes

Beneficial interests in one Global Note may generally be exchanged for interests in another Global Note. Depending on whether the transfer is being made during or after the 40 day period commencing on the original issue date of the notes, and to which Global Note the transfer is being made, the seller may be required to provide certain written certifications in the form provided in the indenture. A beneficial interest in a Global Note that is transferred to a person who takes delivery through another Global Note will, upon transfer, become subject to any transfer restrictions and other procedures applicable to beneficial interests in the other Global Note.

Transfers involving exchanges of beneficial interests between the Regulation S Global Notes and the Restricted Global Notes will be effected by DTC by means of an instruction originated through the DTC deposit/withdrawal at custodian system. Accordingly, in connection with any such transfer, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Restricted Global Note or vice versa, as applicable. Any beneficial interest in one of the Global Notes that is transferred to a person who takes delivery in the form of an interest in the other Global Note will, upon transfer, cease to be an interest in such Global Note and will become an interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in such other Global Note for so long as it remains such an interest.

TAXATION

This section summarizes the principal Panamanian tax and U.S. federal income tax considerations relating to the acquisition, ownership and disposition of the notes. This summary does not provide a comprehensive description of all tax considerations that may be relevant to a decision to purchase the notes. This summary does not describe any tax consequences arising under the laws of any state, locality or taxing jurisdiction other than the United States and Panama. There is no convention for the avoidance of double taxation between the United States and Panama currently in force.

This summary is based on the tax laws of Panama and the United States as in effect on the date of this offering memorandum, as well as regulations, rulings, opinions and decisions of Panama and the United States available on or before that date and now in effect. Those laws, regulations, rulings, opinions and decisions are subject to change and changes could apply retroactively, which could affect the continued accuracy of this summary. Prospective purchasers of the notes should consult their own tax advisors as to the Panamanian, U.S. or other tax consequences of the acquisition, ownership and disposition of the notes. They should especially consider how the tax considerations discussed below, as well as the application of state, local, foreign or other tax laws, could apply to them in their particular circumstances.

Panamanian Tax Considerations

Panama's income tax regime is based on the principle of territoriality, under which only income deemed to arise from sources within Panama is subject to taxation. Therefore, income derived by corporations or individuals that is not deemed to be from a Panamanian source is not subject to income tax.

The following is a summary of the principal Panamanian income, stamp and certain other tax consequences in Panama resulting from the beneficial ownership and disposition of the notes by certain investors. This summary is based on the Panamanian Tax Code of 1956, as amended, other applicable tax laws, decrees and regulations promulgated thereunder, interpretative rulings and opinions issued by tax authorities, and judicial decisions, all as in effect on the date hereof. This summary is subject to changes in these laws, decrees, regulations, rulings, opinions and judicial decisions occurring after the date hereof, possibly with retroactive effect.

This summary is intended as a descriptive summary only and is not a complete analysis or listing of all potential Panamanian income, stamp and other tax consequences to noteholders. In particular, this summary does not address the tax treatment of investors that may be subject to special tax regimes or tax treaties. This summary is not intended as tax advice to any particular investor, nor does it purport to furnish information in the level of details as, or with attention to, an investor's specific circumstances that would be provided by an investor's own tax advisor.

Prospective purchasers of notes are urged to consult their own tax advisors as to the precise Panamanian and other tax consequences of acquiring, owning, and disposing of the notes.

For purposes of this summary, the term "Local Holder" means a beneficial owner of a note that (i) in the case of a legal entity, is organized or registered as a branch in Panama and whose management and direction are materially exercised in Panama, (ii) in the case of an individual, spends more than 183 days in any fiscal year (or the year before) in Panama or has his or her permanent home (i.e., center of economic or family interests) in Panama or (iii) otherwise is deemed to have a permanent establishment in Panama as to a specific business enterprise. A "Foreign Holder" means a beneficial owner of a note that is not a Local Holder. A "Foreign Financial Institution" is a bank or a financial institution established outside of Panama.

Taxation of Interest

Interest paid on the notes to a Foreign Holder are exempt from income tax and withholding requirements in Panama, if such interests are paid by us to a Foreign Financial Institution whether (i) in its capacity as a noteholder or (ii) in its capacity as paying agent or indenture trustee for the benefit of Foreign Holders of the notes. Under current Panamanian law, The Bank of New York Mellon is a Foreign Financial Institution.

Interest on the notes paid by us to a Foreign Holder, other than as described above, are subject to income tax and withholding requirements in Panama. In this case, the income tax to be withheld is the amount that results from multiplying 50% of the interest payment by the applicable ordinary income tax rate. Ordinary income tax rates are 25% for corporations and range from 15% to 25% for individuals.

Interest on the notes paid by us to a Local Holder must be recognized as gross taxable income in the Local Holder's annual income tax return and are taxed at the applicable ordinary income tax rates described above.

Taxation of Dispositions

Based on non-binding opinions issued by the *Dirección General de Ingresos* of Panama, any capital gains realized by a holder of Notes that is a Foreign Holder, on the sale or other disposition of the Notes that is executed and effected outside of Panama, and for which payment threrefo is made outside of Panama (a "Foreign Trade"), will not be subject to income or capital gains tax in Panama. If the sale or other disposition of the Notes does not qualify as a Foreign Trade, then capital gains realized on the sale or other dispostions of the notes will be subject to a 10% capital gains tax, payable by a 5% withholding on the purchase price which can be considered the final capital gains tax due. Losses recognize on the sale or other dispotion of the Notes will be disallowed as a deduction for income tax purposes in Panama.

Stamp and Other Taxes

There are no other stamp, transfer or inheritance taxes applicable to the issue, transfer or other disposition of the notes. For stamp tax purposes, the notes are deemed to be bonds (*bonos*) under Panamanian law.

Foreign Investors

A Foreign Holder is not required to file a tax return in Panama, solely by reason of his or her ownership, sale, or disposition of the notes.

U.S. Federal Income Tax Considerations

The following summary is a general discussion of certain U.S. federal income tax considerations to U.S. Holders (as defined below) of acquiring, holding and disposing of the notes issued in this offering. The following summary applies only to U.S. Holders that hold the notes as capital assets for U.S. federal income tax purposes (generally, property held for investment). The discussion also does not address any aspect of U.S. federal taxation other than U.S. federal income taxation (such as the estate and gift tax or the Medicare tax on net investment income). This summary does not address all tax considerations applicable to investors that own (directly or by attribution) 10 percent or more of the Issuer's stock (by voting power or value), nor does this summary discuss all of the tax considerations that may be relevant to certain types of investors subject to special tax treatment (such as banks and other financial institutions, insurance companies, real estate investment trusts, regulated investment companies, certain former United States citizens or long-term residents, accrual method taxpayers subject to special tax accounting rules as a result of their use of certain financial statements, investors liable for the alternative minimum tax, certain U.S. expatriates, individual retirement accounts and other tax deferred accounts, tax exempt organizations, dealers in securities or currencies, securities traders that elect mark to market tax accounting, investors that will hold the Note as part of constructive sales, straddles, hedging, integrated or conversion transactions for U.S. federal income tax purposes or investors whose "functional currency" is not the U.S. dollar).

The following summary is based on the U.S. Internal Revenue Code of 1986, as amended (the "Code"), U.S. Treasury regulations issued thereunder, published rulings of the U.S. Internal Revenue Service (the "IRS") and judicial and administrative interpretations thereof, in each case as available on the date of this offering memorandum. Changes to any of the foregoing, or changes in how any of these authorities are interpreted, may affect the tax consequences set out below, possibly retroactively. No ruling will be sought from the IRS with respect to any statement or conclusion in this discussion, and there can be no assurance that the IRS will not challenge such statement or conclusion in the following discussion or, if challenged, a court will uphold such statement or conclusion.

For purposes of the following summary, a "U.S. Holder" is a beneficial owner of a Note that is for U.S. federal income tax purposes: (i) a citizen or individual resident of the United States, (ii) a corporation created or organized in or under the laws of the United States or any state thereof or the District of Columbia, (iii) an estate, the income of which is subject to U.S. federal income taxation regardless of its source or (iv) a trust if (x) a court within the United States is able to exercise primary supervision over its administration and (y) one or more United States persons (as defined in the Code) have the authority to control all of the substantial decisions of such trust.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds a note, the U.S. federal income tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership. An entity or an arrangement treated as a partnership considering an investment in the notes should consult its own tax advisors about the U.S. federal income tax consequences of an investment in the notes.

The Issuer expects, and other than with respect to the discussion below under "– Passive Foreign Investment Company," this discussion assumes, that the Issuer will not be a passive foreign investment company ("PFIC") for U.S. federal income tax purposes for the current taxable year or in the foreseeable future.

EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS TAX ADVISORS AS TO THE U.S. FEDERAL, STATE, LOCAL, NON-U.S. AND ANY OTHER TAX CONSEQUENCES TO IT OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE NOTES.

Characterization of the Notes

The Issuer intends to treat the notes as equity for U.S. federal income tax purposes. However, no assurance can be given that the IRS will not assert that the notes should be treated as indebtedness for U.S. federal income tax purposes. If the notes were treated as indebtedness for U.S. federal income tax purposes, the timing and character of income, gain and loss recognized by a U.S. Holder could differ from the description below. The following discussion assumes the notes will be equity for U.S. federal income tax purposes and by acquiring the notes, U.S Holders agree to treat the notes as equity for U.S. federal income tax purposes. As a result of this assumption, the following discussion treats each payment under the notes that is referred to herein as "interest" (including Additional Amounts, if any) as a distribution by the Issuer with respect to an equity interest, and each reference in the following discussion to dividends refers to any such payment under the notes.

Taxation of Distributions

The gross amount of any payments of interest on the notes (and any Additional Amounts paid by the Issuer) to a U.S. Holder (including any foreign tax withheld or deducted, if any) will be taxable as a foreign source dividend to the extent that such amounts are paid out of the Issuer's current or accumulated earnings and profits, as determined for U.S. federal income tax purposes. Such dividends generally will be taxed to a U.S. Holder as ordinary dividend income. The Issuer does not expect to calculate its earnings and profits in accordance with U.S. federal income tax principles, and, accordingly, U.S. Holders should expect that a distribution generally will be a dividend for these purposes. Dividends will not be eligible for the preferential dividend rate currently applicable to certain "qualified dividend income" received by noncorporate shareholders nor will they be eligible for the dividends received deduction available to corporate shareholders with respect to dividends they receive from certain corporations.

Taxation of Capital Gains

Upon the sale, exchange, redemption, retirement or other taxable disposition of a note, a U.S. Holder generally will recognize U.S. source capital gain or loss for U.S. federal income tax purposes in an amount equal to the difference between the amount realized in consideration for the disposition of the note and the U.S. Holder's tax basis in the note. Such gain or loss generally will be long-term capital gain or loss if the note was held for more than one year. The deductibility of capital losses is subject to certain limitations. If Panamanian income tax is withheld on the sale or other disposition of the notes, the amount realized by a U.S. Holder will include the gross amount of the proceeds of that sale or other taxable disposition before deduction of the Panamanian income tax. If Panamanian tax is imposed on such gain, the U.S. Holder will not be able to use the corresponding foreign tax credit, unless the holder has other foreign source income of the appropriate type in respect of which the credit may be used. Alternatively, the

U.S. Holder may take a deduction for the Panamanian income tax if it does not elect to claim a foreign tax credit for any foreign income taxes paid or accrued during the taxable year.

The rules governing foreign tax credits are complex and U.S. Treasury Regulations have imposed additional requirements that must be met for a non-U.S. tax to be creditable. The IRS has issued notices which indicate that the U.S. Treasury Department and the IRS are considering amendments to these regulations, and subject to certain conditions, taxpayers may defer the application of many aspects of the regulations for taxable years ending before the date when a notice or other guidance withdrawing or modifying this temporary relief is issued (or any later date specified in such notice or other guidance). Subject to these notices, under the applicable Treasury Regulations, Panamanian taxes on disposition gains of U.S. Holders are likely not eligible for a foreign tax credit. The rules governing foreign tax credits are complex. Prospective purchasers should consult their tax advisors regarding the U.S. federal income tax consequences if any Panamanian taxes are imposed on disposition gains, including their ability to credit or deduct any non-U.S. tax against their U.S. federal income tax liability.

Passive Foreign Investment Company

Special U.S. federal income tax rules would apply to us if we were classified as a PFIC. Based on the Issuer's audited financial statements and current expectations regarding the value and nature of its assets, the sources and nature of its income, and relevant market data, the Issuer does not expect to be a PFIC for the current taxable year or in the foreseeable future. The Issuer's expectation that it will not be a PFIC is based on certain Proposed Treasury Regulations dealing with non-U.S. banks. These regulations have a proposed retroactive effective date but are not final and are subject to modification. If they are finalized in a modified form, that may impact the Issuer's potential status as a PFIC.

If the Issuer were a PFIC for any taxable year during which a U.S. Holder holds notes and does not make a mark-to-market election, such U.S. Holder will be subject to special tax rules with respect to any "excess distribution" received and any gain realized from a sale or other disposition, including a pledge, of shares. Distributions received in a taxable year that are greater than 125% of the average annual distributions received during the shorter of the three preceding taxable years or a U.S. Holder's holding period for the notes will be treated as excess distributions. Under these special tax rules:

- the excess distribution or gain will be allocated ratably over a U.S. Holder's holding period for the notes;
- the amount allocated to the current taxable year, and any taxable year prior to the first taxable year in which the Issuer was a PFIC, will be treated as ordinary income; and
- the amount allocated to each other taxable year will be subject to tax at the highest tax rate in effect for individuals or corporations, as applicable, for that year and an amount equal to the interest charge applicable to underpayments of tax will be imposed on the resulting tax attributable to each such year.

The tax liability for amounts allocated to taxable years prior to the year of disposition or excess distribution in which the Issuer was a PFIC cannot be offset by any net operating losses for such years, and gains (but not losses) realized on the sale or other disposition of the notes cannot be treated as capital, even if a U.S. Holder holds the notes as capital assets. A U.S. Holder will be required to report additional information with its U.S. federal income tax return if such U.S. Holder holds the notes in any year in which the Issuer is a PFIC.

If the Issuer is a PFIC and if any of its subsidiaries or other entities in which it, directly or indirectly, owns equity are PFICs (collectively, "Lower-tier PFICs"), a U.S. Holder will be deemed to own its proportionate share of any Lower-tier PFICs and will be subject to U.S. federal income tax according to the PFIC rules described in the paragraph above on (i) certain distributions by a Lower-tier PFIC and (ii) a disposition of shares of a Lower-tier PFIC, in each case as if the U.S. Holder owned such shares directly, even though it has not received the proceeds of those distributions or dispositions directly. U.S. Holders should consult their tax advisors regarding the application of the PFIC rules to any of the Issuer's subsidiaries.

Investors in certain PFICs may be able to make certain elections, which, if made, generally would result in different treatment from the general treatment for PFICs described above. For example, U.S. Holders may be able to make a mark-to-market election with respect to the Issuer; however, even if a U.S. Holder were to do so, the Issuer's structure may not prevent the U.S. Holder from being subject to the general tax treatment for PFICs under the excess distribution regime described above with respect to some or all of its income and gain from an investment in the notes.

U.S. Holders are urged to consult their own tax advisor concerning the U.S. federal income tax consequences of holding the notes including the availability and impact of making certain elections if the Issuer is a PFIC in any taxable year during their holding period.

Backup Withholding and Information Reporting

Information returns may be required to be filed with the IRS in connection with payments of interest in respect of the notes and the proceeds from sale, exchange or disposition of the notes held by a U.S. Holder unless the U.S. Holder establishes, if required, that it is exempt from the information reporting rules, for example by properly establishing that it is a corporation. If the U.S. Holder does not establish that it is exempt from these rules, the U.S. Holder may be subject to backup withholding on these payments if it fails to provide a taxpayer identification number or otherwise comply with the backup withholding rules.

The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the U.S. Holder's U.S. federal income tax liability and may entitle the U.S. Holder to a refund, provided that the required information is timely furnished to the IRS.

Individual U.S. Holders that own "specified foreign financial assets" with an aggregate value in excess of $50,000 on the last day of the taxable year or $75,000 at any time during the taxable year are generally required to file an information statement along with their tax returns with respect to such assets. "Specified foreign financial assets" include any financial accounts held at a non-U.S. financial institution, as well as securities issued by a non-U.S. issuer (which may include notes issued in certificated form) that are not held in accounts maintained by financial institutions. Higher reporting thresholds apply to certain individuals living abroad and to certain married individuals. Treasury Regulations extend this reporting requirement to certain entities that are treated as formed or availed of to hold direct or indirect interests in specified foreign financial assets based on certain objective criteria. U.S. Holders should consult their advisers regarding any tax reporting or filing requirements they may have as a result of the acquisition, ownership or disposition of the notes. Failure to comply with certain reporting or filing obligations could result in the imposition of substantial penalties.

The above description is not intended to constitute a complete analysis of all tax consequences relating to the ownership of notes. Prospective purchasers of notes should consult their own tax advisors concerning the tax consequences in their particular situations.

CERTAIN ERISA CONSIDERATIONS

THIS SUMMARY OF ERISA CONSIDERATIONS IS BASED ON ERISA AND THE CODE, AND ADMINISTRATIVE PRONOUNCEMENTS, JUDICIAL DECISIONS AND REGULATIONS THEREUNDER, IN EXISTENCE ON THE DATE HEREOF. IT IS GENERAL IN NATURE AND DOES NOT ADDRESS EVERY ERISA OR U.S. FEDERAL TAX ISSUE THAT MIGHT BE APPLICABLE TO THE NOTES OR A PROSPECTIVE INVESTOR. ACCORDINGLY, EACH PROSPECTIVE INVESTOR SHOULD CONSULT WITH ITS OWN COUNSEL AND OTHER ADVISERS WITH REGARD TO THE APPLICATION OF THESE LAWS TO ITS PARTICULAR SITUATION.

The U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**") and Section 4975 of Code impose certain requirements on (a) employee benefit plans (as defined in Section 3(3) of ERISA) subject to Title I of ERISA ("ERISA Plans"), (b) individual retirement accounts, health savings accounts, Keogh plans or other arrangements subject to Section 4975 of the Code, (c) entities whose underlying assets include "plan assets" (within the meaning of 29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of ERISA) by reason of any such plan's or arrangement's investment therein (the foregoing in (a)-(c) shall be collectively referred to as "**Plans**") and (d) persons who are fiduciaries with respect to Plans Investments by ERISA Plan fiduciaries are subject to ERISA's fiduciary duty requirements, including the requirements of investment prudence and diversification and that an ERISA Plan's investments be made in the best interests of plan participants and beneficiaries and in accordance with the documents governing the ERISA Plan. In addition, certain governmental, church and non-U.S. plans ("**Non-ERISA Arrangements**") are not subject to Section 406 of ERISA or Section 4975 of the Code, but may be subject to similar provisions under applicable federal, state, local, foreign or other regulations, rules or laws ("**Similar Laws**").

The prudence of a particular investment must be determined by the fiduciary of an ERISA Plan by taking into account the ERISA Plan's particular circumstances and all of the facts and circumstances of the investment, including, but not limited to, the matters discussed above under "Risk Factors." For example, a fiduciary should consider whether an investment in the Notes may be too illiquid or too speculative for a particular ERISA Plan, and whether the assets of the ERISA Plan would be sufficiently diversified after any such investment. Any fiduciary of an ERISA Plan that proposes to cause such ERISA Plan to purchase notes should consult with its own legal and other advisors with respect to the potential application of ERISA and the Code to such investment and the consequences of such investment under ERISA and the Code. Moreover, the fiduciary of an ERISA Plan should determine whether, under the general fiduciary standards of ERISA, an investment in notes is appropriate for the ERISA Plan, taking into account the overall investment policy of the ERISA Plan and the overall composition of the ERISA Plan's investment portfolio.

In addition to ERISA's general fiduciary standards, Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of a Plan and persons who have specified relationships to the Plan, that is, "parties in interest" as defined in ERISA or "disqualified persons" as defined in Section 4975 of the Code (collectively, the foregoing shall be referred to as "**parties in interest**") unless exemptive relief is available under an applicable statutory, regulatory or administrative exemption. Parties in interest that engage in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and Section 4975 of the Code. The Bank and its current and future affiliates may be parties in interest with respect to many Plans. Thus, a Plan fiduciary considering an investment in the notes should also consider whether such an investment might constitute or give rise to a prohibited transaction under ERISA or Section 4975 of the Code. For example, the notes may be deemed to represent a direct or indirect sale of property, extension of credit or furnishing of services between the Bank and an investing Plan which would be prohibited if the Bank was a party in interest with respect to the Plan unless exemptive relief were available under an applicable exemption.

In this regard, each prospective purchaser that is, or is acting on behalf of, a Plan, and proposes to purchase notes, should consider the exemptive relief available under the following prohibited transaction class exemptions, or **PTCEs**: (A) the in-house asset manager exemption (PTCE 96-23), (B) the insurance company general account exemption (PTCE 95-60), (C) the bank collective investment fund exemption (PTCE 91-38), (D) the insurance company pooled separate account exemption (PTCE 90-1) and (E) the qualified professional asset manager exemption (PTCE 84-14). In addition, ERISA Section 408(b)(17) and Section 4975(d)(20) of the Code may provide a limited exemption for the purchase and sale of securities and related lending transactions, provided that neither the issuer of the securities nor any of its affiliates have or exercise any discretionary authority or control or render any investment

advice with respect to the assets of the Plan involved in the transaction and provided further that the Plan pays no more, and receives no less, than "adequate consideration" in connection with the transaction (the so-called "service provider exemption"). There can be no assurance that any of the above or other exemptions will be available with respect to transactions involving the notes.

Each purchaser or holder of a Note, and each fiduciary who causes any entity to purchase or hold a Note, shall be deemed to have represented and warranted, on each day such purchaser or holder holds such notes, that either (i) it is neither a Plan nor a Non-ERISA Arrangement and it is not purchasing or holding notes on behalf of or with the assets of any Plan or Non-ERISA Arrangement; or (ii) its purchase, holding and subsequent disposition of such notes shall not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or violate any applicable provision of Similar Law.

Each Plan that purchases the notes, or any interest therein, including any fiduciary purchasing or holding the notes (or any interest therein) on behalf of a Plan ("**Plan Fiduciary**"), will be deemed to have represented and agreed that (i) none of the Issuer, the Global Coordinators, the Book-Running Managers, nor any of their affiliates, has provided, and none of them will provide, any investment advice to it or to any fiduciary or other person investing the assets of the Plan in connection with its decision to invest in the notes, and none of them is otherwise acting as a fiduciary, as defined in Section 3(21) of ERISA or Section 4975(e)(3) of the Code, to the Plan in connection with the Plan's acquisition of the notes; and (ii) the Plan Fiduciary is exercising its own independent judgment in evaluating the investment in the notes.

The Bank intends to treat the notes as indebtedness without any substantial equity features for purposes of applying ERISA and Section 4975 of the Code. If a Plan owns an equity interest in an entity or indebtedness having substantial equity features issued by an entity, the "plan assets" of such Plan may include an undivided portion of the entity's underlying assets to which such equity interest or indebtedness relates, in addition to such equity interest or indebtedness, unless an exception to such "look through" treatment under ERISA applies. There is an exception for an "operating company," which includes a company primarily engaged directly or through majority-owned subsidiaries in the production or sale of products or services (other than the investment of capital). There is little guidance as to what activities constitute the "investment of capital" so as to cause a company to be ineligible to be treated as an "operating company." The Bank considers itself to qualify, and intends to operate itself so as to continue to qualify, as an "operating company" under ERISA, although no assurances are provided that such determination will be respected or the Bank's qualification might not change based on its then-current activities. In the unlikely event that the "look through" treatment under ERISA were to apply to the Bank, the application of ERISA or Section 4975 of the Code to the Bank's underlying assets and activities could materially and adversely affect its operations. In addition, under such circumstances, Plan Fiduciaries who decide to acquire the notes could, under certain circumstances, be liable for prohibited transactions as a result of their investment in the notes or as co-fiduciaries for actions taken by or on behalf of the Bank.

The notes are contractual financial instruments. The financial exposure provided by the Notes is not and is not intended to be a substitute or proxy for individualized investment management or advice for the benefit of any purchaser or holder of any notes. The notes have not been designed and will not be administered in a manner intended to reflect the individualized needs or objectives of any purchaser or holder of any notes.

Each purchaser or holder of any notes (or an interest therein) acknowledges and agrees that:

(i) the purchaser, holder or purchaser or holder's fiduciary has made and will make all investment decisions for the purchaser or holder, and the purchaser or holder has not and will not rely in any way upon the Issuer or its affiliates to act as a fiduciary or adviser of the purchaser or holder with respect to (A) the terms and conditions of the notes, (B) the purchaser or holder's investment in the notes, or (C) the exercise, or failure to exercise, any rights that the Issuer or its affiliates or the purchaser or holder may have under or with respect to the notes;

(ii) the Issuer and its affiliates have acted and will act solely for their own account in connection with (A) all transactions relating to the notes and (B) all hedging transactions in connection with their obligations under the notes;

(iii) any and all assets and positions relating to hedging transactions by the Issuer or its affiliates are assets and positions of those entities and are not assets and positions held for the benefit of any purchaser or holder;

(iv) the interests of the Issuer and its affiliates may be adverse to the interests of any purchaser or holder; and

(v) neither the Issuer nor any of its affiliates are fiduciaries or advisers of the purchaser or holder in connection with any such assets, positions or transactions, and any information that the Issuer or any of its affiliates may provide is not intended to be impartial investment advice.

The foregoing discussion is general in nature and not intended to be all-inclusive. Each purchaser of a Note will have exclusive responsibility for ensuring that its purchase, holding and subsequent disposition of such Note does not violate the fiduciary or prohibited transaction rules of ERISA, the Code or any applicable Similar Laws. Nothing herein shall be construed as a representation that an investment in the notes would meet any or all of the relevant legal requirements with respect to investments by, or is appropriate for, Plans or Non-ERISA Arrangements generally or any particular Plan or Non-ERISA Arrangement.

Fiduciaries of Plans and Non-ERISA Arrangements should consult their own legal counsel before purchasing the notes regarding the applicability of the fiduciary responsibility provisions of ERISA or Similar Law and the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code to such an investment, and to confirm that such investment will not constitute or result in a non-exempt prohibited transaction or any other violation of an applicable requirement of ERISA or the Code. Neither this discussion nor anything in this Base Prospectus is or is intended to be investment advice directed at any potential purchaser that is a Plan or Non-ERISA Arrangement, or at such purchasers generally.

PLAN OF DISTRIBUTION

BofA Securities, Inc., J.P. Morgan Securities LLC, and Jefferies Group LLC, are acting as the initial purchasers. Subject to the terms and conditions set forth in a purchase agreement among us and the initial purchasers, we have agreed to sell to the initial purchasers, and each of the initial purchasers has agreed, severally and not jointly, to purchase from us, the principal amount of notes set forth opposite its name below.

Initial Purchaser	Principal Amount of Notes
BofA Securities, Inc.	U.S.$94,595,000
J.P. Morgan Securities LLC	U.S.$94,595,000
Jefferies LLC	U.S.$10,810,000
Total	**U.S.$200,000,000**

Subject to the terms and conditions set forth in the purchase agreement, the initial purchasers have agreed, severally and not jointly, to purchase all of the notes sold under the purchase agreement if any of these notes are purchased. If an initial purchaser defaults, the purchase agreement provides that the purchase commitments of the non-defaulting initial purchasers may be increased or the purchase agreement may be terminated. The initial purchasers may offer and sell the notes through certain of their affiliates.

We have agreed to indemnify the initial purchasers and their controlling persons against certain liabilities in connection with this offering, including liabilities under the Securities Act, or to contribute to payments the initial purchasers may be required to make in respect of those liabilities.

The initial purchasers are offering the notes, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the notes, and other conditions contained in the purchase agreement, such as the receipt by the initial purchasers of officer's certificates and legal opinions. The initial purchasers reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

Commissions and Discounts

The initial purchasers have advised us that the initial purchasers propose initially to offer the notes at the offering price set forth on the cover page of this offering memorandum. After the initial offering, the offering price or any other term of the offering may be changed.

Notes Are Not Being Registered

The notes have not been registered under the Securities Act or any state securities laws. The initial purchasers propose to offer the notes for resale in transactions not requiring registration under the Securities Act or applicable state securities laws, including sales pursuant to Rule 144A and Regulation S. The initial purchasers will not offer or sell the notes except to persons they reasonably believe to be qualified institutional buyers or pursuant to offers and sales to non-U.S. persons that occur outside of the United States within the meaning of Regulation S. In addition, until 40 days following the commencement of this offering, an offer or sale of notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act unless the dealer makes the offer or sale in compliance with Rule 144A or another exemption from registration under the Securities Act. Each purchaser of the notes will be deemed to have made acknowledgments, representations and agreements as described under "Notice to Investors."

New Issue of Notes

The notes are a new issue of securities with no established trading market. Although we expect to apply to have the notes listed on the Official List, we cannot assure you that an active market for the notes will develop. We have been advised by the initial purchasers that they presently intend to make a market in the notes after completion of the offering. However, they are under no obligation to do so and may discontinue any market-making activities at any time without any notice. We cannot assure the liquidity of the trading market for the notes. If an active trading market for the notes does not develop, the market price and liquidity of the notes may be adversely affected. If the

notes are traded, they may trade at a discount from their initial offering price, depending on prevailing interest rates, the market for similar securities, our operating performance and financial condition, general economic conditions and other factors.

Settlement

We expect that delivery of the notes will be made to investors on September 18, 2025, which will be the business day following the date of this offering memorandum (such settlement being referred to as "T+6"). Under Rule 15c6-1, under the Exchange Act, trades in the secondary market are required to settle in one business day unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade notes prior to the delivery of the notes hereunder may be required, by virtue of the fact that the notes initially settle in T+6, to specify an alternate settlement arrangement at the time of any such trade to prevent a failed settlement. Purchasers of the notes who wish to trade the notes prior to their date of delivery hereunder should consult their advisors.

No Sales of Similar Securities

We have agreed that we will not, for a period of 60 days after the date of this offering memorandum, without first obtaining the prior written consent of BofA Securities, Inc, J.P. Morgan Securities LLC, and Jefferies LLC directly or indirectly, issue, sell, offer or agree to sell, grant any option for the sale of, or otherwise dispose of, any debt securities issued by us and having a tenor of more than one year, except for the notes sold to the initial purchasers pursuant to the purchase agreement.

Short Positions

In connection with the offering, the initial purchasers may purchase and sell the notes in the open market. These transactions may include short sales and purchases on the open market to cover positions created by short sales. Short sales involve the sale by the initial purchasers of a greater principal amount of notes than they are required to purchase in the offering. The initial purchasers must close out any short position by purchasing notes in the open market. A short position is more likely to be created if the initial purchasers are concerned that there may be downward pressure on the price of the notes in the open market after pricing that could adversely affect investors who purchase in the offering.

Similar to other purchase transactions, the initial purchasers' purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of the notes or preventing or retarding a decline in the market price of the notes. As a result, the price of the notes may be higher than the price that might otherwise exist in the open market.

Neither we nor any of the initial purchasers make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the notes. In addition, neither we nor any of the initial purchasers make any representation that the initial purchasers will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Other Relationships

The initial purchasers and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the initial purchasers and their respective affiliates have provided, and may in the future provide, a variety of these services to the Issuer and to persons and entities with relationships with the Issuer, for which they received or will receive customary fees and expenses.

In addition, in the ordinary course of their business activities, the initial purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. If any of the initial purchasers or their affiliates has a lending relationship with us, certain of those initial purchasers or their

affiliates routinely hedge, and certain other of those initial purchasers or their affiliates may hedge, their credit exposure to us consistent with their customary risk management policies. Typically, these initial purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the notes offered hereby. Any such short positions could adversely affect future trading prices of the notes offered hereby. The initial purchasers and their affiliates may also make investment recommendations and/or publish independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Notice to Prospective Investors in the European Economic Area

The notes are not intended to be offered, sold, or otherwise made available to and should not be offered, sold, or otherwise made available to any retail investor in the European Economic Area. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the notes or otherwise making them available to retail investors in the European Economic Area has been prepared and therefore offering or selling the notes or otherwise making them available to any retail investor in the European Economic Area may be unlawful under the PRIIPs Regulation.

Notice to Prospective Investors in the United Kingdom

This offering memorandum is not a prospectus for the purposes of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "the UK Prospectus Regulation").

The notes are not intended to be offered, sold, or otherwise made available to and should not be offered, sold, or otherwise made available to any retail investor in the United Kingdom ("UK"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018; or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended, the "FSMA") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union Withdrawal Act ("EUWA"). Consequently no key information document required by the packaged retail and insurance-based investment products regulation (the "UK PRIIPs Regulation") as it forms part of domestic law by virtue of the EUWA for offering or selling the notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

In the UK, this offering memorandum and any other material in relation to the notes described herein are being distributed only to, and are directed only at, persons who are "qualified investors" (as defined in the UK Prospectus Regulation) who are (i) persons having professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, or (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Order; or (iii) persons to whom it would otherwise be lawful to distribute them, all such persons together being referred to as "relevant persons". In the UK, the notes are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire the notes will be engaged only with relevant persons. Any person in the UK that is not a relevant person should not act or rely on this offering memorandum or its contents.

Notice to Investors in Canada

The notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration*

Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws. Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor. Pursuant to section 3A.3 of National Instrument 33-105 *Underwriting Conflicts* ("NI 33-105"), the initial purchasers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering. The offer and sale of the notes in Canada will be made only in the provinces of British Columbia, Ontario, Alberta, Québec, Nova Scotia, New Brunswick, Saskatchewan, Manitoba and Prince Edward Island.

Notice to Prospective Investors in Switzerland

The notes may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act of June 15, 2018, as amended (the "FinSA"), and no application has been or will be made to admit the notes to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this offering memorandum nor any other offering or marketing material relating to the notes constitutes a prospectus as such term is understood pursuant to the FinSA and neither this offering memorandum nor any other offering or marketing material relating to the notes may be publicly distributed or otherwise made publicly available in Switzerland.

Notice to Prospective Investors in the Dubai International Financial Centre

This offering memorandum relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority ("DFSA"). This offering memorandum is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this offering memorandum nor taken steps to verify the information set forth herein and has no responsibility for the offering memorandum. The notes to which this offering memorandum relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the notes offered should conduct their own due diligence on the notes. If you do not understand the contents of this offering memorandum you should consult an authorized financial advisor.

Notice to Prospective Investors in Brazil

The offer and sale of the notes have not been and will not be registered with the Brazilian Securities Commission (*Comissão de Valores Mobiliários*, or "CVM") and, therefore will not be carried out by any means that would constitute a public offeringin Brazil under CVM Resolution No. 160, dated 13 Jult 2022, as amended, or unauthorized distribution under Brazilian laws and regulations. The notes will be authorized for trading on organized non-Brazilian securities markets and may only be offered to Brazilian Professional Investors (as defined by applicable CVM regulation), who may only acquire the notes through a non-Brazilian account, with settlement outside Brazil in non-Brazilian currency. The trading of the notes on regulated markets in Brazil is prohibited.

Notice to Prospective Investors in Chile

The notes being offered will not be registered under the Securities Market Law (*Ley de Mercado de Valores*) in the Securities Registry (*Registro de Valores*) or in the Foreign Securities Registry (Registro de Valores Extranjeros) of the Chilean Financial Markets Commission (*Comisión para el Mercado Financiero*, or the "CMF") and, therefore, the notes are not subject to the supervision of the CMF. As the securities are unregistered in Chile, the Bank is not required to disclose public information about the notes in Chile. Accordingly, the notes cannot and will not be publicly offered to persons in Chile unless they are registered in the corresponding Securities Registry. The notes may only be offered in Chile in circumstances that do not constitute a public offering under Chilean law or in compliance with General Rule (*Norma de Carácter General*) No. 336 of the CMF, dated June 27, 2012 ("CMF Rule 336"). Pursuant to the Securities Market Law, a public offering of securities is an offering that is addressed to the general public or to

certain specific categories or groups thereof. Considering that the definition of public offering is quite broad, even an offering addressed to a small group of investors may be considered to be addressed to a certain specific category or group of the public and therefore be considered public under applicable law. However, pursuant to Rule 336, the notes may be privately offered in Chile to certain "qualified investors" (*Inversionistas Calificados*) identified as such therein (which in turn are further described in General Rule No. 216 of the CMF, dated June 12, 2008).

CMF Rule 336 requires the following information to be provided to prospective investors in Chile:

1. Date of commencement of the offer: September 5, 2025. The offer of the notes is subject to CMF Rule 336;

2. The subject matter of this offer are securities not registered with the Securities Registry (*Registro de Valores*) of the CMF, nor with the Foreign Securities Registry (*Registro de Valores Extranjeros*) of the CMF, due to the notes not being subject to the oversight of the CMF;

3. Since the notes are not registered in Chile there is no obligation by the issuer to make publicly available information about the notes in Chile; and

4. The notes shall not be subject to public offering in Chile unless registered with the corresponding Securities Registry of the CMF.

Notice to Prospective Investors in Mexico

The notes have not been and will not be registered with the National Securities Registry (*Registro Nacional de Valores*) maintained by the Mexican National Banking and Securities Commission (*Comisión Nacional Bancaria y de Valores*), and may not be offered or sold publicly or otherwise be the subject of brokerage activities in Mexico, except pursuant to the private placement exemption set forth in Article 8 of the Mexican Securities Market Law (*Ley del Mercado de Valores*).

Notice to Prospective Investors in Hong Kong

The notes may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, or (ii) to "professional investors" within the meaning of in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, and no advertisement, invitation or document relating to the notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder.

Notice to Prospective Investors in Japan

The notes have not been and will not be registered pursuant to Article 4, Paragraph 1 of the Financial Instruments and Exchange Act of Japan (the "Financial Instruments and Exchange Act"). Accordingly, none of the notes nor any interest therein may be offered or sold, directly or indirectly, in Japan or to, or for the benefit of any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or re-sale, directly or indirectly, in Japan or to a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and any other applicable laws, regulations and ministerial guidelines of Japan in effect at the relevant time.

Notice to Prospective Investors in Peru

The notes will not be subject to a public offering in Peru. The notes and the information contained in this offering memorandum have not been and will not be registered with or approved by SMV or the BVL. Accordingly, the notes cannot be offered or sold in Peru, except if (i) the notes were previously registered with the SMV, or (ii) such offering is considered a private offering under the securities laws and regulations of Peru. The Peruvian securities laws establish, among other things, that an offer directed exclusively to institutional investors (as defined by Peruvian law) must rely on their own examination of the terms of the offering of the notes to determine their ability to invest in the notes.

No offer or invitation or subscribe for or sell the notes or beneficial interests therein can be made in the Republic of Peru except in compliance with the securities laws thereof.

Notice to Prospective Investors in Singapore

This offering memorandum has not been registered as a prospectus with the Monetary Authority of Singapore ("MAS"). Accordingly, this offering memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the notes may not be circulated or distributed, nor may the notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore (the "SFA")) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018.

Any reference to the "SFA" is a reference to the Securities and Futures Act 2001 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

Notice to Prospective Investors in Panama

The notes have not been and will not be registered under the Panamanian Securities Law with the Panamanian Securities Superintendency. Accordingly, (i) the notes cannot be offered or sold in Panama, except in transactions exempted from registration under the Panamanian Securities Law, (ii) the SMV has not reviewed the information contained in this offering memorandum, (iii) documents relating to the offering of the notes, as well as the information contained therein, may not be distributed publicly in Panama nor be used in connection with any public offering for subscription or sale of the notes in Panama, (iv) the notes and the offering thereof are not subject to the supervision of the SMV, and (v) the notes do not benefit from the tax incentives provided by Panamanian Securities Law.

TRANSFER RESTRICTIONS

General

The notes have not been registered, and will not be registered, under the U.S. Securities Act or any U.S. state securities laws, and the notes may not be offered or sold except pursuant to an effective registration statement or pursuant to transactions exempt from, or not subject to, registration under the Securities Act. Accordingly, the notes are being offered and sold only:

- to qualified institutional buyers (as defined in Rule 144A) pursuant to Rule 144A under the Securities Act; and
- outside of the United States, to certain persons, other than U.S. persons, in offshore transactions meeting the requirements of Regulation S under the Securities Act.

Purchasers' Representations and Restrictions on Resale and Transfer

Each purchaser of notes (other than the initial purchasers in connection with the initial issuance and sale of notes) and each owner of any beneficial interest therein will be deemed, by its acceptance or purchase thereof, to have represented and agreed as follows:

(1) it is purchasing the notes for its own account or an account with respect to which it exercises sole investment discretion and it and any such account is either (a) a qualified institutional buyer and is aware that the sale to it is being made pursuant to Rule 144A or (b) a non-U.S. person that is outside the United States;

(2) it acknowledges that the notes have not been registered under the Securities Act or with any securities regulatory authority of any state and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;

(3) it understands and agrees that notes initially offered to qualified institutional buyers will be represented by a global note and that notes offered outside the United States pursuant to Regulation S will also be represented by a global note;

(4) it will not resell or otherwise transfer any of such notes except (a) to us or any of our subsidiaries, (b) within the United States to a qualified institutional buyer in a transaction complying with Rule 144A under the Securities Act, (c) outside the United States in compliance with Rule 903 or Rule 904 of Regulation S under the Securities Act, (d) pursuant to an exemption from registration under the Securities Act (if available) or (e) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable securities laws of the states of the United States and other jurisdictions;

(5) it agrees that it will give to each person to whom it transfers the notes notice of any restrictions on transfer of such notes;

(6) it acknowledges that prior to any proposed transfer of notes (other than pursuant to an effective registration statement) the holder of such notes may be required to provide certifications relating to the manner of such transfer as provided in the indenture, including with respect to notes sold or transferred pursuant to Rule 144A or Regulation S;

(7) it acknowledges that the trustee, registrar or transfer agent for the notes may not be required to accept for registration or transfer of any notes acquired by it, except upon presentation of evidence satisfactory to us that the restrictions set forth herein have been complied with;

(8) it acknowledges that we, the initial purchasers and other persons will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agrees that if any of the acknowledgments, representations and agreements deemed to have been made by its purchase of the notes are no longer accurate, it will promptly notify us and the initial purchasers; and

(9) if it is acquiring the notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each account.

(10) either (i) the purchaser is neither a Plan nor a Non-ERISA Arrangement and it is not purchasing or holding notes on behalf of or with the assets of any Plan or Non-ERISA Arrangement; or (ii) the purchaser's purchase, holding and subsequent disposition of such notes shall not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or violate any applicable provision of Similar Law.

(11) each Plan who purchases the notes, or any interest therein, including any Plan Fiduciary purchasing or holding the notes (or any interest therein) on behalf of a Plan, will be deemed to have represented and agreed that (i) none of the Issuer, Global Coordinators, the Book-Running Managers, nor any of their affiliates, has provided, and none of them will provide, any investment advice to it or to any fiduciary or other person investing the assets of the Plan in connection with its decision to invest in the notes, and none of them is otherwise acting as a fiduciary, as defined in Section 3(21) of ERISA or Section 4975(e)(3) of the Code, to the Plan or the Plan Fiduciary in connection with the Plan's acquisition of the notes; and (ii) the Plan Fiduciary is exercising its own independent judgment in evaluating the investment in the notes.

Legends

The following is the form of restrictive legend which will appear on the face of the Restricted Global Note and which will be used to notify transferees of the foregoing restrictions on transfer. This legend will only be removed at out option. If we so consent, it will be deemed to be removed.

THE SECURITIES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY U.S. STATE SECURITIES LAWS, AND MAY NOT BE OFFERED, SOLD, PLEDGED, OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT IT, AND ANY ACCOUNT FOR WHICH IT IS ACTING, (A) IS A QUALIFIED INSTITUTIONAL BUYER (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT ("RULE 144A")) AND EXERCISES SOLE INVESTMENT DISCRETION WITH RESPECT TO SUCH ACCOUNT, (2) AGREES FOR THE BENEFIT OF THE ISSUER THAT IT WILL NOT OFFER, SELL, PLEDGE OR OTHERWISE TRANSFER THIS SECURITY OR ANY BENEFICIAL INTEREST HEREIN, EXCEPT (A)(I) TO THE ISSUER OR ANY SUBSIDIARY THEREOF, (II) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BECOME EFFECTIVE UNDER THE SECURITIES ACT, (III) TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A, (IV) IN AN OFFSHORE TRANSACTION COMPLYING WITH THE REQUIREMENTS OF RULE 903 OR RULE 904 OF REGULATION S, OR (V) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT (IF AVAILABLE), AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND OTHER JURISDICTIONS, AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. THE TERMS "OFFSHORE TRANSACTION," "UNITED STATES" AND "U.S. PERSON" HAVE THE RESPECTIVE MEANINGS GIVEN TO THEM BY REGULATION S.

BY ITS ACQUISITION AND HOLDING OF THIS NOTE OR ANY INTEREST HEREIN, THE PURCHASER AND HOLDER HEREOF AND EACH TRANSFEREE WILL BE DEEMED TO HAVE REPRESENTED AND WARRANTED, ON EACH DAY SUCH PURCHASER AND HOLDER HOLDS THIS NOTE OR INTEREST HEREIN, THAT EITHER (A) IT IS NOT (I) AN EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**")) SUBJECT TO TITLE I OF ERISA, (II) A PLAN (AS DEFINED IN SECTION 4975(e)(1) OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**")) TO WHICH SECTION 4975 OF THE CODE APPLIES, (III) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" BY REASON OF ANY SUCH PLAN'S OR EMPLOYEE BENEFIT PLAN'S INVESTMENT IN THE ENTITY (THE FOREGOING SHALL BE COLLECTIVELY REFERRED TO AS "**PLANS**") OR (IV) A

GOVERNMENTAL, CHURCH OR NON U.S. PLAN ("**NON-ERISA ARRANGEMENT**") THAT IS SUBJECT TO SIMILAR PROVISIONS UNDER APPLICABLE FEDERAL, STATE, LOCAL, FOREIGN OR OTHER REGULATIONS, RULES OR LAWS THAT ARE SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("**SIMILAR LAW**") AND IT IS NOT PURCHASING OR HOLDING THE NOTE ON BEHALF OF OR WITH THE ASSETS OF ANY PLAN OR NON-ERISA ARRANGEMENT, OR (B) ITS PURCHASE, HOLDING AND SUBSEQUENT DISPOSITION OF THIS NOTE SHALL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR VIOLATE ANY APPLICABLE PROVISION OF SIMILAR LAW.

THIS LEGEND MAY ONLY BE REMOVED AT THE OPTION OF THE ISSUER.

PRIOR TO THE REGISTRATION OF ANY TRANSFER IN ACCORDANCE WITH CLAUSE (2)(A)(V) ABOVE, THE ISSUER RESERVES THE RIGHT TO REQUIRE THE DELIVERY OF SUCH LEGAL OPINIONS, CERTIFICATIONS, OR OTHER EVIDENCE AS MAY REASONABLY BE REQUIRED IN ORDER TO DETERMINE THAT THE PROPOSED TRANSFER IS BEING MADE IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF ANY EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

The following is the form of restrictive legend which will appear on the face of the Regulation S Global Note and which will be used to notify transferees of the foregoing restrictions on transfer:

THE SECURITIES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY U.S. STATE SECURITIES LAWS. PRIOR TO EXPIRATION OF THE 40-DAY DISTRIBUTION COMPLIANCE PERIOD (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("REGULATION S")), THIS SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, A U.S. PERSON, EXCEPT TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT IN A TRANSACTION MEETING THE REQUIREMENTS OF THE INDENTURE. THE TERMS "UNITED STATES" AND "U.S. PERSON" HAVE THE RESPECTIVE MEANINGS GIVEN TO THEM BY REGULATION S.

BY ITS ACQUISITION AND HOLDING OF THIS NOTE OR ANY INTEREST HEREIN, THE PURCHASER AND HOLDER HEREOF AND EACH TRANSFEREE WILL BE DEEMED TO HAVE REPRESENTED AND WARRANTED, ON EACH DAY SUCH PURCHASER AND HOLDER HOLDS THIS NOTE OR INTEREST HEREIN, THAT EITHER (A) IT IS NOT (I) AN EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**")) SUBJECT TO TITLE I OF ERISA, (II) A PLAN (AS DEFINED IN SECTION 4975(e)(1) OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**")) TO WHICH SECTION 4975 OF THE CODE APPLIES, (III) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" BY REASON OF ANY SUCH PLAN'S OR EMPLOYEE BENEFIT PLAN'S INVESTMENT IN THE ENTITY (THE FOREGOING SHALL BE COLLECTIVELY REFERRED TO AS "**PLANS**") OR (IV) A GOVERNMENTAL, CHURCH OR NONU. S. PLAN ("**NON-ERISA ARRANGEMENT**") THAT IS SUBJECT TO SIMILAR PROVISIONS UNDER APPLICABLE FEDERAL, STATE, LOCAL, FOREIGN OR OTHER REGULATIONS, RULES OR LAWS THAT ARE SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("**SIMILAR LAW**") AND IT IS NOT PURCHASING OR HOLDING THE NOTE ON BEHALF OF OR WITH THE ASSETS OF ANY PLAN OR NON-ERISA ARRANGEMENT, OR (B) ITS PURCHASE, HOLDING AND SUBSEQUENT DISPOSITION OF THIS NOTE SHALL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR VIOLATE ANY APPLICABLE PROVISION OF SIMILAR LAW.

LEGAL MATTERS

The validity of the notes will be passed upon for us by Holland & Knight LLP, our U.S. counsel, and for the initial purchasers by Clifford Chance US LLP, counsel to the initial purchasers.

Certain matters of Panamanian law relating to the notes will be passed upon for us by Arias, Fábrega & Fábrega, our Panamanian counsel, and for the initial purchasers by Alemán, Cordero, Galindo & Lee, Panamanian counsel to the initial purchasers.

INDEPENDENT AUDITORS

The consolidated financial statements of Bladex and subsidiaries as of December 31, 2024, and 2023, and for each of the years in the three-year period ended December 31, 2024, as well as the consolidated financial statements as of December 31, 2023 and 2022 and for each of the years in the three-year period ended December 31 2024, included herein, have been audited by KPMG, independent auditors, as stated in their reports appearing herein.

With respect to the unaudited condensed consolidated financial information for the three-month and six-months periods ended June 30, 2025 and 2024, included herein, the independent auditors have reported that they applied limited procedures in accordance with professional standards for a review of such information. However, their separate report included herein states that they did not audit, and they do not express an opinion on that interim financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied.

GENERAL INFORMATION

(1) The notes have been accepted for clearance through DTC, and through their DTC accounts, through Clearstream, Luxembourg and Euroclear. The Common Code for the Rule 144A Global Note is 315083796, the International Securities Identification Number (ISIN) is US05968CAD48, and the Committee on Uniform Securities Identification Procedures (CUSIP) is 05968CAD4. The Common Code for the Regulation S Global Note is 318442762, the International Securities Identification Number (ISIN) is USP1393HAD00, and the Committee on Uniform Securities Identification Procedures (CUSIP) is P1393HAD0.

(2) The issue of the notes was authorized pursuant to a decision of the Chief Financial Officer of the Issuer dated September 4, 2025, acting pursuant to resolutions of the Board of Directors of the Issuer dated July 28, 2025.

(3) The Legal Name Identifier (LEI) code of the Issuer is 549300CN3134K4LC0651.

(4) Copies of the constitutional documents of the Issuer, this offering memorandum and the Indenture may be obtained free of charge, and will be available for inspection, at the specific offices of the Issuer during normal business hours, so long as any of the notes is outstanding. This offering memorandum is also available free of charge on the website of Luxembourg Stock Exchange (www.luxse.com).

(5) Other than as disclosed in this offering memorandum, there has been no material adverse change in the financial position of the Issuer since June 30, 2025.

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

Condensed consolidated interim financial information as of June 30, 2025, and for the three and six months ended June 30, 2025 and 2024

(With the Independent Auditors' Report on the Review of condensed consolidated interim financial information)

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

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INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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

Review report on condensed consolidated interim financial information

Introduction

We have reviewed the accompanying June 30, 2025 condensed consolidated interim financial information of Banco Latinoamericano de Comercio Exterior, S. A. and subsidiaries ("the Bank"), which comprises:

- the condensed consolidated statement of financial position as of June 30, 2025;
- the condensed consolidated statements of profit or loss and other comprehensive income for the three-month and six-month periods ended June 30, 2025 and 2024;
- the condensed consolidated statements of changes in equity for the six-month periods ended June 30, 2025 and 2024;
- the condensed consolidated statements of cash flows for the six-month periods ended June 30, 2025 and 2024; and
- notes to the interim financial information.

Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying June 30, 2025 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, Interim Financial Reporting'.

Other legal requirements of information

In compliance with Law 280 of December 30, 2021, which regulates the certified public accountant profession in the Republic of Panama, we declare the following:

- The direction, execution, and supervision of this review engagement has been performed physically on the Panamanian territory.

- The engagement partner who has prepared this independent auditors' report is Alexis Munoz Giroldi.

- The engagement team that has participated in the review to which this report refers to, is comprised by Alexis Munoz Giroldi, Partner; Eddison Perez, Director; Carolina Ortiz, Manager.

KPMG

Panama, Republic of Panama
September 3, 2025

Alexis Muñoz Giroldi
Partner
C.P.A. 702-2003

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

Condensed consolidated statements of financial position
June 30, 2025 and December 31, 2024
(In thousands of US dollars)

	Notes	June 30, 2025 (Unaudited)	December 31, 2024 (Audit)
Assets			
Cash and due from banks	3,4,5	1,997,581	1,965,145
Investment securities	3,4,6	1,377,813	1,201,930
Loans	3,4,7	8,583,899	8,383,829
Customers' liabilities under acceptances	3,4	602,232	245,065
Trading derivative financial instruments - assets	3,4,10	2,189	—
Hedging derivative financial instruments - assets	3,4,10	63,713	22,315
Equipment, leases and leasehold improvements, net		19,417	19,676
Intangibles assets		3,462	3,663
Other assets	11	23,901	17,050
Total assets		12,674,207	11,858,673
Liabilities and Equity			
Liabilities:			
Customer deposits	3,4,12	6,491,382	5,461,901
Securities sold under repurchase agreements	3,4,13	196,562	212,931
Borrowings and debt, net	3,4,14	3,779,353	4,352,316
Interest payable		44,581	37,508
Lease liabilities	3,15	18,713	19,232
Acceptances outstanding	3,4	602,232	245,065
Trading derivative financial instruments - liabilities	3,4,10	191	—
Hedging derivative financial instruments - liabilities	3,4,10	69,217	141,705
Allowance for losses on loan commitments and financial guarantee contract	3,4	11,877	5,375
Other liabilities	16	44,619	45,431
Total liabilities		11,258,727	10,521,464
Equity:			
Common stock		279,980	279,980
Treasury stock		(97,578)	(105,601)
Additional paid-in capital in excess of value assigned to common stock		120,854	124,970
Capital reserves	22	95,210	95,210
Regulatory reserves	22	149,665	149,666
Retained earnings		861,430	792,005
Other comprehensive income		5,919	979
Total equity		1,415,480	1,337,209
Total liabilities and equity		12,674,207	11,858,673

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

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

Condensed consolidated statement of profit or loss
For the three and six months ended June 30, 2025 and 2024
(In thousands of US dollars, except earnings per share data)

		(Unaudited)			
		Three months ended June 30,		Six months ended June 30,	
	Notes	2025	2024	2025	2024
Interest income:					
Deposits		18,845	25,642	35,693	50,668
Investment securities		16,171	12,630	30,481	23,258
Loans		159,415	157,101	317,677	315,019
Total interest income	19	194,431	195,373	383,851	388,945
Interest expense:					
Deposits		(74,507)	(76,808)	(142,385)	(146,542)
Securities sold under repurchase agreements	13	(2,860)	(3,592)	(5,261)	(6,156)
Borrowings and debt	14	(49,146)	(52,069)	(102,849)	(110,309)
Lease liabilities	15	(179)	(145)	(361)	(294)
Total interest expense	19	(126,692)	(132,614)	(250,856)	(263,301)
Net interest income		67,739	62,759	132,995	125,644
Other income (expense):					
Fees and commissions, net	18	19,912	12,533	30,495	22,005
Gain (loss) on financial instruments, net	9	2,161	(351)	4,145	(191)
Other income, net		230	99	356	170
Total other income, net	19	22,303	12,281	34,996	21,984
Total revenues		90,042	75,040	167,991	147,628
Provision for credit losses	3,19	(5,019)	(6,684)	(10,235)	(9,713)
Operating expenses:					
Salaries and other employee expenses		(12,384)	(11,761)	(26,322)	(23,431)
Depreciation and amortization of equipment, leases and leasehold improvements		(721)	(591)	(1,414)	(1,185)
Amortization of intangible assets		(348)	(250)	(674)	(474)
Other expenses		(7,386)	(5,632)	(13,430)	(11,435)
Total operating expenses	19	(20,839)	(18,234)	(41,840)	(36,525)
Profit for the period		64,184	50,122	115,916	101,390
Per share data:					
Basic earnings per share (in US dollars)	17	1.73	1.36	3.13	2.76
Weighted average basic shares (in thousands of shares)	17	37,203	36,775	37,072	36,692

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

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

Condensed consolidated statement of comprehensive income
For the three and six months ended June 30, 2025 and 2024
(In thousands of US dollars)

	(Unaudited)			
	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Profit for the period	64,184	50,122	115,916	101,390
Other comprehensive income:				
Items that are or may be reclassified subsequently to the consolidated statement of profit or loss:				
Change in fair value on financial instruments, net of hedging	3,164	(7,918)	6,296	(8,446)
Reclassification of (losses) gains on financial instruments to the consolidated statement of profit or loss	(1,310)	114	(1,356)	349
Other comprehensive income	1,854	(7,804)	4,940	(8,097)
Total comprehensive income for the period	66,038	42,318	120,856	93,293

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

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

Condensed consolidated statement of changes in equity
For the six months ended June 30, 2025 and 2024
(In thousands of US dollars)

	(Unaudited)							
	Common stock	Treasury stock	Additional paid-in capital in excess of value assigned to common stock	Capital reserves	Regulatory reserves	Retained earnings	Other comprehensive income	Total equity
Balances at January 1, 2024	279,980	(110,174)	122,046	95,210	136,019	673,281	7,462	1,203,824
Profit for the period	—	—	—	—	—	101,390	—	101,390
Other comprehensive income	—	—	—	—	—	—	(8,097)	(8,097)
Issuance of restricted stock	—	1,038	(1,038)	—	—	—	—	—
Compensation cost - stock options and stock units plans	—	—	3,191	—	—	—	—	3,191
Exercised options and stock units vested	—	3,464	(3,464)	—	—	—	—	—
Dividends declared	—	—	—	—	—	(36,713)	—	(36,713)
Balances at June 30, 2024	279,980	(105,672)	120,735	95,210	136,019	737,958	(635)	1,263,595
Balances at January 1, 2025	279,980	(105,601)	124,970	95,210	149,666	792,005	979	1,337,209
Profit for the period	—	—	—	—	—	115,916	—	115,916
Other comprehensive income	—	—	—	—	—	—	4,940	4,940
Issuance of restricted stock	—	4,540	(4,540)	—	—	—	—	—
Compensation cost - stock options and stock units plans	—	—	3,907	—	—	—	—	3,907
Exercised options and stock units vested	—	3,483	(3,483)	—	—	—	—	—
Regulatory credit reserve	—	—	—	—	(1)	1	—	—
Dividends declared	—	—	—	—	—	(46,492)	—	(46,492)
Balances at June 30, 2025	279,980	(97,578)	120,854	95,210	149,665	861,430	5,919	1,415,480

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

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

Condensed consolidated statement of cash flows
For the six months ended June 30, 2025 and 2024
(In thousands of US dollars)

	Notes	(Unaudited) 2025	2024
Cash flows from operating activities			
Profit for the period		115,916	101,390
Adjustments to reconcile profit for the period to net cash provided by operating activities:			
Depreciation and amortization of equipment, leasehold improvements		1,414	1,185
Amortization of intangible assets		674	474
Provision for credit losses	3	10,235	9,713
Realized gain on financial instruments at FVTPL	9	(1,095)	—
Realized gain on financial instruments at FVOCI	9	(241)	—
Loss on sale of financial instruments at amortized cost	9	436	—
Compensation cost - share-based payment		3,907	3,191
Net changes in hedging position and foreign currency		113,200	(5,266)
Disposal of equipment and leasehold improvements		1	—
Interest income	19	(383,851)	(388,945)
Interest expense	19	250,856	263,301
Changes in operating assets and liabilities:			
Restricted and pledged deposits		58,438	(42,022)
Loans		(268,493)	(251,216)
Other assets		(6,851)	(1,044)
Due to depositors		1,033,523	851,075
Other liabilities		(894)	(19,647)
Cash flows provided by operating activities		927,175	522,189
Interest received		384,032	385,042
Interest paid		(239,609)	(255,367)
Net cash provided by operating activities		1,071,598	651,864
Cash flows from investing activities:			
Acquisition of equipment, leases and leasehold improvements		(1,148)	(207)
Acquisition of intangible assets		(465)	(475)
Proceeds from the sale of securities at amortized cost		19,363	—
Proceeds from the sale of securities at FVOCI		31,183	—
Proceeds from the redemption of securities at amortized cost		174,989	136,713
Proceeds from the redemption of securities at FVOCI		30,000	—
Purchases of securities at amortized cost		(362,005)	(174,194)
Purchases of securities at FVOCI		(59,120)	(86,449)
Net cash used in investing activities		(167,203)	(124,612)
Cash flows from financing activities:			
Decrease in securities sold under repurchase agreements		(16,515)	(7,432)
Net decrease in short-term borrowings and debt	14	(432,939)	(871,960)
Proceeds from long-term borrowings and debt	14	65,776	209,189
Payments of long-term borrowings and debt	14	(383,235)	(6,061)
Payments of lease liabilities	15	(493)	(569)
Dividends paid		(45,988)	(36,353)
Net cash used in financing activities		(813,394)	(713,186)
Increase (decrease) net in cash and cash equivalents		91,001	(185,934)
Cash and cash equivalents at beginning of the period		1,819,931	1,987,068
Cash and cash equivalents at end of the period	5	1,910,932	1,801,134

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

1. Corporate information

Banco Latinoamericano de Comercio Exterior, S. A. ("Bladex Head Office" and together with its subsidiaries "Bladex" or the "Bank"), headquartered in Panama City, Republic of Panama, is a specialized multinational bank established to support the financing of foreign trade and economic integration in Latin America and the Caribbean (the "Region"). The Bank was the result of a proposal brought before the Assembly of Governors of Central Banks in the Region in May of 1975, which recommended the creation of a multinational organization to increase the foreign trade financing capacity of the Region. The Bank was organized in 1977, incorporated in 1978 as a corporation pursuant to the laws of the Republic of Panama, and initiated operations on January 2, 1979. Under a contract law signed in 1978 between the Republic of Panama and Bladex, the Bank was granted certain privileges by the Republic of Panama, including an exemption from payment of income taxes in Panama.

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

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

Bladex Head Office's subsidiaries are the following:

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

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

- Bladex Development Corp. was incorporated under the laws of the Republic of Panama on June 5, 2014. Bladex Development Corp. is 100.00% owned by Bladex Head Office.

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

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

2. Basis of preparation and changes to the Bank's accounting policies

2.1 Basis of preparation

These interim condensed consolidated financial statements for the six months ended June 30, 2025 have been prepared in accordance with International Accounting Standards IAS 34 "Interim Financial Reporting". The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accouting Standards") and should be read in conjunction with the Bank's annual consolidated financial statements as at and for the year ended December 31, 2024.

These interim financial statements were authorized for issue by the Bank's board of directors on July 28, 2025.

2. Basis of preparation and changes to the Bank's accounting policies (continued)

2.2 New standards, interpretations and amendments adopted by the Bank

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Bank's annual consolidated financial statements for the year ended December 31, 2024, except for the adoption of new standards effective as of 1° January 2025. The Bank has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

One amendment applies for the first time in 2025, but does not have an impact on the interim condensed consolidated financial statements of the Bank.

Lack of exchangeability – Amendments to IAS 21

The amendment to IAS 21 The Effects of Changes in Foreign Exchange Rates specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments are effective for annual reporting periods beginning on or after January 1, 2025. When applying the amendments, and entity cannot restate comparative information. The amendment did not have impact on the Bank's financial statements.

2.3 Reclassification

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the previously reported results of operations. An adjustment has been made to the Consolidated Statements of Financial Position for the year ended December 31, 2024, to reclassify the Interest receivable deposits from the line of Other assets to Cash and due from Banks.

3. Financial risk review

This note presents information about the Bank's exposure to financial risks:

A. Credit risk

i. Credit quality analysis

The following tables set out information about the credit quality of financial assets measured at amortized cost, and debt instruments at FVOCI. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

Loans, at amortized cost [1]

		June 30, 2025			
	PD Ranges	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Grades 1 - 4	0.05-0.38	3,177,035	—	—	3,177,035
Grades 5 - 6	0.39-3.81	4,787,162	159,421	—	4,946,583
Grades 7 - 8	3.82-34.52	418,347	70,134	1,691	490,172
Grades 9 - 10	34.53-100	—	—	17,581	17,581
		8,382,544	229,555	19,272	8,631,371
Loss allowance		(44,916)	(22,938)	(13,828)	(81,682)
Total		**8,337,628**	**206,617**	**5,444**	**8,549,689**

		December 31, 2024			
	PD Ranges	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Grades 1 - 4	0.05-0.41	2,971,709	—	—	2,971,709
Grades 5 - 6	0.42-3.81	4,704,760	299,292	—	5,004,052
Grades 7 - 8	3.82-34.52	397,049	71,664	—	468,713
Grades 9 - 10	34.53-100	—	—	17,513	17,513
		8,073,518	370,956	17,513	8,461,987
Loss allowance		(45,635)	(20,040)	(12,483)	(78,158)
Total		**8,027,883**	**350,916**	**5,030**	**8,383,829**

[1] Loans at amortized cost includes interest and commission receivable.

Loans at FVOCI

		June 30, 2025			
	PD Ranges	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Grades 1 - 4	0.05-0.38	10,102	—	—	10,102
Grades 5 - 6	0.39-3.81	24,108	—	—	24,108
		34,210	—	—	34,210
Loss allowance		(231)	—	—	(231)

As of December 31, 2024, no loans were classified at fair value through other comprehensive income (FVOCI).

3. Financial risk review (continued)

A. Credit risk (continued)

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

	June 30, 2025			
	PD Ranges	**Stage 1**	**Stage 2**	**Total**
Commitments and contingencies				
Grades 1 - 4	0.05-0.38	591,685	—	591,685
Grades 5 - 6	0.39-3.81	695,321	1,099	696,420
Grades 7 - 8	3.82-34.52	331,853	—	331,853
		1,618,859	1,099	1,619,958
Customers' liabilities under acceptances				
Grades 1 - 4	0.05-0.38	314,093	—	314,093
Grades 5 - 6	0.39-3.81	76,440	—	76,440
Grades 7 - 8	3.82-34.52	211,699	—	211,699
		602,232	—	602,232
		2,221,091	1,099	2,222,190
Loss allowance		(11,859)	(18)	(11,877)
Total		**2,209,232**	**1,081**	**2,210,313**

	December 31, 2024			
	PD Ranges	**Stage 1**	**Stage 2**	**Total**
Commitments and contingencies				
Grades 1 - 4	0.05-0.41	545,855	—	545,855
Grades 5 - 6	0.42-3.81	630,648	6,099	636,747
Grades 7 - 8	3.82-34.52	226,278	5,500	231,778
		1,402,781	11,599	1,414,380
Customers' liabilities under acceptances				
Grades 1 - 4	0.05-0.41	204,421	—	204,421
Grades 5 - 6	0.42-3.81	1,155	—	1,155
Grades 7 - 8	3.82-34.52	39,489	—	39,489
		245,065	—	245,065
		1,647,846	11,599	1,659,445
Loss allowance		(4,815)	(560)	(5,375)
Total		**1,643,031**	**11,039**	**1,654,070**

3. Financial risk review (continued)

A. Credit risk (continued)

Securities at amortized cost[1]

		June 30, 2025		
	PD Ranges	**Stage 1**	**Stage 2**	**Total**
Grades 1 - 4	0.05-0.38	1,215,575	—	1,215,575
Grades 5 - 6	0.39-3.81	53,725	10,565	64,290
		1,269,300	10,565	1,279,865
Loss allowance		(937)	(175)	(1,112)
Total		**1,268,363**	**10,390**	**1,278,753**

		December 31, 2024		
	PD Ranges	**Stage 1**	**Stage 2**	**Total**
Grades 1 - 4	0.05-0.41	1,020,297	—	1,020,297
Grades 5 - 6	0.42-3.81	72,976	10,482	83,458
		1,093,273	10,482	1,103,755
Loss allowance		(1,133)	(178)	(1,311)
Total		**1,092,140**	**10,304**	**1,102,444**

Securities at FVOCI

		June 30, 2025		
	PD Ranges	**Stage 1**	**Stage 2**	**Total**
Grades 1 - 4	0.05-0.38	99,060	—	99,060
		99,060	—	99,060
Loss allowance - FVOCI		(104)	—	(104)

		December 31, 2024		
	PD Ranges	**Stage 1**	**Stage 2**	**Total**
Grades 1 - 4	0.05 - 0.41	99,486	—	99,486
		99,486	—	99,486
Loss allowance - FVOCI		(23)	—	(23)

[1] Securities at amortized cost includes interest receivable.

The loss allowance for loans and investment securities at FVOCI do not affect the carrying value of the assets. These allowances are included in equity in the condensed consolidated statement of financial position in the line Other comprehensive income.

The following table presents information of the current and past due balances of loans:

	June 30, 2025	**December 31, 2024**
Current	8,646,309	8,444,474
Past due [1]	19,272	17,513
Total	**8,665,581**	**8,461,987**

[1] Past due loans are classified in Stage 3.

3. Financial risk review (continued)

A. Credit risk (continued)

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

	June 30, 2025		
	Notional value USD	**Derivative financial instruments - fair value asset**	**Derivative financial instruments - fair value liabilities**
Interest rate swaps	1,221,467	28,433	(6,066)
Cross-currency swaps	1,212,195	35,254	(62,933)
Foreign exchange forwards	18,322	26	(218)
Total	**2,451,984**	**63,713**	**(69,217)**

	December 31, 2024		
	Notional value USD	**Derivative financial instruments - fair value asset**	**Derivative financial instruments - fair value liabilities**
Interest rate swaps	1,132,827	10,805	(2,667)
Cross-currency swaps	1,391,715	11,510	(139,038)
Total	**2,524,542**	**22,315**	**(141,705)**

3. Financial risk review (continued)

A. Credit risk (continued)

ii. Loss allowances

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

Loans at amortized cost

	Stage 1	Stage 2	Stage 3	Total
Allowance for expected credit losses as of December 31, 2024	**45,635**	**20,040**	**12,483**	**78,158**
Transfer to lifetime expected credit losses	(101)	(148)	249	—
Net effect of changes in allowance for expected credit losses	(2,372)	3,657	1,096	2,381
Financial instruments that have been derecognized during the period	(24,480)	(2,263)	—	(26,743)
New financial assets originated or purchased	26,234	1,652	—	27,886
Allowance for expected credit losses as of June 30, 2025	**44,916**	**22,938**	**13,828**	**81,682**

	Stage 1	Stage 2	Stage 3	Total
Allowance for expected credit losses as of December 31, 2023	**34,778**	**17,734**	**6,898**	**59,410**
Transfer to lifetime expected credit losses	(235)	(1,237)	1,472	—
Net effect of changes in allowance for expected credit losses	(1,007)	6,013	2,978	7,984
Financial instruments that have been derecognized during the year	(23,723)	(5,807)	—	(29,530)
New financial assets originated or purchased	35,822	3,337	—	39,159
Recoveries	—	—	1,135	1,135
Allowance for expected credit losses as of December 31, 2024	**45,635**	**20,040**	**12,483**	**78,158**

Loans at FVOCI

	Stage 1	Stage 2	Stage 3	Total
Allowance for expected credit losses as of December 31, 2024	—	—	—	—
New financial assets originated or purchased	231	—	—	231
Allowance for expected credit losses as of June 30, 2025	**231**	**—**	**—**	**231**

3. Financial risk review (continued)

A. Credit risk (continued)

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

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

	Stage 1	Stage 2	Stage 3	Total
Allowance for expected credit losses as of December 31, 2024	**4,815**	**560**	**—**	**5,375**
Net effect of changes in reserve for expected credit losses	(102)	11	—	(91)
Financial instruments that have been derecognized during the period	(2,510)	(553)	—	(3,063)
New instruments originated or purchased	9,656	—	—	9,656
Allowance for expected credit losses as of June 30, 2025	**11,859**	**18**	**—**	**11,877**

	Stage 1	Stage 2	Stage 3	Total
Allowance for expected credit losses as of December 31, 2023	**3,905**	**1,154**	**—**	**5,059**
Transfer to lifetime expected credit losses	(84)	84	—	—
Net effect of changes in reserve for expected credit losses	(154)	312	—	158
Financial instruments that have been derecognized during the year	(2,671)	(1,136)	—	(3,807)
New instruments originated or purchased	3,819	146	—	3,965
Allowance for expected credit losses as of December 31, 2024	**4,815**	**560**	**—**	**5,375**

Securities at amortized cost

	Stage 1	Stage 2	Stage 3	Total
Allowance for expected credit losses as of December 31, 2024	**1,133**	**178**	**—**	**1,311**
Transfer to lifetime expected credit losses	(19)	19	—	—
Net effect of changes in allowance for expected credit losses	(10)	25	—	15
Financial instruments that have been derecognized during the period	(297)	—	—	(297)
New financial assets originated or purchased	130	—	—	130
Write-offs	—	(47)	—	(47)
Allowance for expected credit losses as of June 30, 2025	**937**	**175**	**—**	**1,112**

3. Financial risk review (continued)

A. Credit risk (continued)

Securities at amortized cost (continued)

	Stage 1	Stage 2	Stage 3	Total
Allowance for expected credit losses as of December 31, 2023	**1,230**	**402**	**—**	**1,632**
Transfer to lifetime expected credit losses	(21)	21	—	—
Net effect of changes in allowance for expected credit losses	(55)	(7)	(331)	(393)
Financial instruments that have been derecognized during the year	(392)	(238)	—	(630)
New financial assets originated or purchased	371	—	—	371
Recoveries	—	—	331	331
Allowance for expected credit losses as of December 31, 2024	**1,133**	**178**	**—**	**1,311**

Securities at FVOCI

	Stage 1	Stage 2	Stage 3	Total
Allowance for expected credit losses as of December 31, 2024	**23**	**—**	**—**	**23**
Financial instruments that have been derecognized during the period	(14)	—	—	(14)
New financial assets originated or purchased	95	—	—	95
Allowance for expected credit losses as of June 30, 2025	**104**	**—**	**—**	**104**

	Stage 1	Stage 2	Stage 3	Total
Allowance for expected credit losses as of December 31, 2023	**1**	**—**	**—**	**1**
Net effect of changes in allowance for expected credit losses	1	—	—	1
New financial assets originated or purchased	21	—	—	21
Allowance for expected credit losses as of December 31, 2024	**23**	**—**	**—**	**23**

3. Financial risk review (continued)

A. Credit risk (continued)

The following table provides a reconciliation between:

- Amounts shown in the previous tables reconciling opening and closing balances of loss allowance per class of financial instrument; and
- The provision for credit losses' line item in the condensed consolidated statement of profit or loss.

June 30, 2025	Loans		Loan commitments and financial guarantee contracts	Securities		Cash and due from banks	Total
	At amortized cost	FVOCI		At amortized cost	FVOCI		
Net effect of changes in allowance for expected credit losses	2,381	—	(91)	15	—	49	2,354
Financial instruments that have been derecognized during the period	(26,743)	—	(3,063)	(297)	(14)	—	(30,117)
New financial assets originated or purchased	27,886	231	9,656	130	95	—	37,998
Total	**3,524**	**231**	**6,502**	**(152)**	**81**	**49**	**10,235**

June 30, 2024	Loans		Loan commitments and financial guarantee contracts	Securities		Cash and due from banks	Total
	At amortized cost	FVOCI		At amortized cost	FVOCI		
Net effect of changes in allowance for expected credit losses	937	—	(545)	1	(523)	—	(130)
Financial instruments that have been derecognized during the period	(17,512)	—	(2,884)	—	(375)	—	(20,771)
New financial assets originated or purchased	20,334	126	9,858	21	275	—	30,614
Total	**3,759**	**126**	**6,429**	**22**	**(623)**	**—**	**9,713**

3. Financial risk review (continued)

A. Credit risk (continued)

iii. Credit-impaired financial assets

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

The following table sets out a reconciliation of changes in the carrying amount of the allowance for credit losses for credit-impaired financial assets:

Loans at amortized cost:	**June 30, 2025**	**December 31, 2024**
Credit-impaired loans at beginning of period/year	12,483	6,898
Classified as credit-impaired during the period/year	249	1,472
Change in allowance for expected credit losses	1,002	2,832
Interest income	94	146
Recoveries	—	1,135
Credit-impaired loans at end of period/year	**13,828**	**12,483**

Securities at amortized cost:	**June 30, 2025**	**December 31, 2024**
Change in allowance for expected credit losses	—	(331)
Recoveries	—	331
Credit-impaired for investments at amortized cost at end of period/year	—	—

3. Financial risk review (continued)

A. Credit risk (continued)

iv. Concentrations of credit risk

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

Concentration by sector and industry

	Loans at amortized cost		Loan commitments, financial guarantee contracts and acceptances outstanding		Securities at amortized	
	June 30, 2025	**December 31, 2024**	**June 30, 2025**	**December 31, 2024**	**June 30, 2025**	**December 31, 2024**
Gross amount	8,631,371	8,461,987	602,232	245,065	1,279,865	1,103,755
Amount committed/guaranteed	—	—	1,619,958	1,414,380	—	—
Concentration by sector						
Corporations:						
Private	4,805,743	4,410,940	1,254,442	913,266	695,094	613,629
State-owned	1,086,653	974,470	131,195	82,241	27,300	12,039
Financial institutions:						
Private	2,339,817	2,567,264	126,775	140,287	335,522	357,891
State-owned	334,596	426,469	709,778	523,651	66,787	28,650
Sovereign	64,562	82,844	—	—	155,162	91,546
Total	**8,631,371**	**8,461,987**	**2,222,190**	**1,659,445**	**1,279,865**	**1,103,755**
Concentration by industry						
Financial institutions	2,619,377	2,993,733	836,553	663,938	440,927	403,257
Manufacturing	2,629,056	2,370,275	527,368	555,844	391,171	369,999
Oil and petroleum derived products	974,348	963,161	459,216	95,878	98,545	89,047
Agricultural	482,585	454,285	50,796	32,229	—	—
Services	724,829	636,000	185,995	163,396	133,984	114,764
Mining	299,430	271,186	66,857	51,413	19,979	14,866
Sovereign	64,561	82,843	—	—	116,545	54,517
Other	837,185	690,504	95,405	96,747	78,714	57,305
Total	**8,631,371**	**8,461,987**	**2,222,190**	**1,659,445**	**1,279,865**	**1,103,755**

3. Financial risk review (continued)

A. Credit risk (continued)

Concentration by sector and industry at FVOCI

	Loans at FVOCI		Securities FVOCI	
	June 30, 2025	**December 31, 2024**	**June 30, 2025**	**December 31, 2024**
Gross amount	34,210	—	99,060	99,486
Concentration by sector				
Corporations:				
State-owned	—	—	50,668	—
Financial institutions:				
Private	29,231	—	—	—
State-owned	4,979	—	48,392	99,486
Total	**34,210**	**—**	**99,060**	**99,486**
Concentration by industry				
Financial institutions	34,210	—	48,392	99,486
Oil and petroleum derived products	—	—	50,668	—
Total	**34,210**	**—**	**99,060**	**99,486**

3. Financial risk review (continued)

A. Credit risk (continued)

Concentration by country risk financial instruments at amortized cost

	Loans at amortized cost		Commitments, financial guarantee contracts and acceptances outstanding		Securities at amortized cost	
	June 30, 2025	December 31, 2024	June 30, 2025	December 31, 2024	June 30, 2025	December 31, 2024
Gross amount	8,631,371	8,461,987	602,232	245,065	1,279,865	1,103,755
Amount committed/guaranteed	—	—	1,619,958	1,414,380	—	—
Concentration by country						
Argentina	176,062	113,226	79,677	248	—	—
Australia	—	—	—	—	9,919	9,906
Belgium	20,166	17,859	—	—	15,698	15,181
Bolivia	—	—	—	1,000	—	—
Brazil	1,255,769	1,257,185	241,464	188,125	11,791	24,281
Canada	6,285	11,718	26,155	26,413	44,956	44,828
Chile	451,015	454,602	68,635	50,976	29,760	37,713
China	14,877	14,995	—	—	—	—
Colombia	859,221	920,975	78,459	82,225	15,019	15,143
Costa Rica	487,595	357,112	52,866	55,263	8,132	8,128
Dominican Republic	820,436	855,539	107,273	122,057	—	—
Ecuador	191,382	223,461	313,025	269,369	—	—
El Salvador	55,238	71,716	21,000	20,000	—	—
France	59,929	95,577	—	46,573	15,103	14,985
Germany	—	—	15,000	15,000	29,894	29,737
Guatemala	1,156,062	1,011,790	152,786	113,028	—	—
Honduras	212,835	219,527	1,175	1,625	—	—
Ireland	—	—	—	—	14,404	14,407
Italy	10,132	1,747	—	—	—	—
Jamaica	89,757	43,503	—	—	—	—
Japan	8,096	9,446	—	—	59,717	61,834
Korea	—	—	—	—	34,354	14,448
Mexico	1,015,016	1,015,738	175,606	184,208	3,302	27,898
Netherlands	—	—	23,564	25,764	—	—
Norway	—	—	—	—	10,049	10,092
Panama	518,509	455,288	18,696	22,243	73,200	71,552
Paraguay	215,326	196,674	150	230	—	—
Peru	328,738	418,460	452,678	356,978	9,920	30,878
Puerto Rico	14,127	20,762	25,000	10,000	—	—
Qatar	—	—	—	—	18,415	
Arabia Saudi	—	—	—	—	48,202	—
Singapore	147,870	282,311	7,725	6,514	—	—
Trinidad and Tobago	188,530	167,522	—	—	—	—
Spain	—	—	—	8	—	—
Sweden	—	—	—	—	14,879	14,832
Suriname	—	—	150,000	—	—	—
United States of America	143,274	137,642	6,514	7,114	734,996	618,680
United Kingdom	83,642	74,985	150,000	—	50,032	39,232
Uruguay	101,482	12,627	54,742	54,484	—	—
Multilateral	—	—	—	—	28,123	—
Total	**8,631,371**	**8,461,987**	**2,222,190**	**1,659,445**	**1,279,865**	**1,103,755**

3. Financial risk review (continued)

A. Credit risk (continued)

Risk rating and concentration by country financial instruments at FVOCI

	Loans at FVOCI		Securities at FVOCI	
	June 30, 2025	December 31, 2024	June 30, 2025	December 31, 2024
Gross amount	34,210	—	99,060	99,486
Concentration by country				
Colombia	—	—	50,668	—
El Salvador	24,108	—	—	—
Panama	10,102	—	—	—
Multilateral	—	—	48,392	99,486
Total	**34,210**	**—**	**99,060**	**99,486**

v. Offsetting financial assets and liabilities

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

Derivative financial instruments – assets

	June 30, 2025					
	Gross amounts of assets	Gross amounts offset in the consolidated statement of financial position	Net amount of assets presented in the consolidated statement of financial position	Gross amounts not offset in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral received	
Derivative financial instruments used for hedging	63,713	—	63,713	—	(193,309)	(129,596)
Total	**63,713**	**—**	**63,713**	**—**	**(193,309)**	**(129,596)**

	December 31, 2024					
	Gross amounts of assets	Gross amounts offset in the consolidated statement of financial position	Net amount of assets presented in the consolidated statement of financial position	Gross amounts not offset in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral received	
Derivative financial instruments used for hedging	22,315	—	22,315	—	(6,410)	15,905
Total	**22,315**	**—**	**22,315**	**—**	**(6,410)**	**15,905**

3. Financial risk review (continued)

A. Credit risk (continued)

Securities sold under repurchase agreements and derivative financial instruments – liabilities

	June 30, 2025					
	Gross amounts of liabilities	Gross amounts offset in the consolidated statement of financial position	Net amount of assets presented in the consolidated statement of financial position	Gross amounts not offset in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral received	
Securities sold under repurchase agreements at amortized cost	(196,562)	—	(196,562)	226,114	536	30,088
Derivative financial instruments used for hedging at FVTPL	(69,217)	—	(69,217)	—	58,333	(10,884)
Total	**(265,779)**	**—**	**(265,779)**	**226,114**	**58,869**	**19,204**

	December 31, 2024					
	Gross amounts of liabilities	Gross amounts offset in the consolidated statement of financial position	Net amount of assets presented in the consolidated statement of financial position	Gross amounts not offset in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral received	
Securities sold under repurchase agreements at amortized cost	(212,931)	—	(212,931)	239,046	564	26,679
Derivative financial instruments used for hedging at FVTPL	(141,705)	—	(141,705)	—	116,743	(24,962)
Total	**(354,636)**	**—**	**(354,636)**	**239,046**	**117,307**	**1,717**

3. Financial risk review (continued)

B. Liquidity risk

i. Exposure to liquidity risk

The key measure used by the Bank for managing liquidity risk is the ratio of net liquid assets to deposits from customers and funding with a a remaining tenor of 30 days. For this purpose, 'net liquid assets' include cash and cash equivalents which consist of deposits from banks and customers, as well as corporate debt securities with investment grade. The following table details the Bank's liquidity ratios:

	June 30, 2025	December 31, 2024
At the end of the period/year	161.05 %	264.58 %
Period/year average	130.25 %	181.75 %
Maximum of the period/year	212.53 %	335.28 %
Minimun of the period/year	103.63 %	107.20 %

The following table includes the Bank's liquid assets by country risk:

	June 30, 2025			December 31, 2024		
(in millions of USD dollars)	Cash and due from banks	Securities FVOCI	Total	Cash and due from banks	Securities FVOCI	Total
United State of America	1907	—	1,907	1,650	—	1,650
Other O.E.C.D countries	1	—	1	41	—	41
Latin America	3	—	3	3	—	3
Multilateral	—	48	48	125	99	224
Total	**1,911**	**48**	**1,959**	**1,819**	**99**	**1,918**

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

	June 30, 2025	December 31, 2024
(in millions of USD dollars)		
Demand and "overnight" deposits	1,165	694
Demand and "overnight" deposits to total deposits	18.08 %	12.82 %

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

	June 30, 2025	December 31, 2024
(in millions of USD dollars)		
Total liquid assets	1,959	1,918
Total assets to total liabilities	30.39 %	35.45 %
Total liquid assets in the Federal Reserve of the United States of America	95.51 %	53.51 %

3. Financial risk review (continued)

B. Liquidity risk (continued)

Even though the average term of the Bank's assets exceeds the average term of its liabilities, the associated liquidity risk is diminished by the short-term nature of a significant portion of the loan portfolio, since the Bank is primarily engaged in financing foreign trade.

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

(in millions of USD dollars)	**June 30, 2025**	**December 31, 2024**
Loan portfolio at amortized cost and investment portfolio less than/equal to 1 year according to its original terms	5,057	5,127
Average term (days)	192	187

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

(in millions of USD dollars)	**June 30, 2025**	**December 31, 2024**
Loan portfolio at amortized cost and investment portfolio greater than/equal to 1 year according to its original terms	4,903	4,438
Average term (days)	1402	1388

3. Financial risk review (continued)

B. Liquidity risk (continued)

ii. Maturity analysis for financial liabilities and financial assets

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

	June 30, 2025						
	Up to 3 months	**3 to 6 months**	**6 months to 1 year**	**1 to 5 years**	**More than 5 years**	**Gross inflows (outflows)**	**Carrying amount**
Assets							
Cash and due from banks	1,977,211	20,824	—	—	—	1,998,035	1,997,581
Securities	53,174	54,542	213,887	1,112,098	109,212	1,542,913	1,377,813
Loans	3,171,652	1,575,675	1,301,667	3,121,681	234,147	9,404,822	8,583,899
Trading derivative financial instruments - assets	—	—	—	—	2,189	2,189	2,189
Hedging derivative financial instruments - assets	7,245	5,265	5,496	43,354	2,353	63,713	63,713
Total	**5,209,282**	**1,656,306**	**1,521,050**	**4,277,133**	**347,901**	**13,011,672**	**12,025,195**
Liabilities							
Trading derivative financial instruments - liabilities	—	—	—	—	(191)	(191)	(191)
Deposits	(5,202,179)	(748,192)	(214,114)	(334,753)	—	(6,499,238)	(6,491,382)
Securities sold under repurchase agreements	(84,776)	(23,389)	(33,617)	(55,738)	—	(197,520)	(196,562)
Borrowings and debt	(1,183,177)	(416,246)	(370,584)	(1,770,222)	(43,855)	(3,784,084)	(3,779,353)
Interest payable - Borrowings and debt	(46,984)	(39,398)	(72,159)	(213,485)	(8,701)	(380,727)	(44,581)
Lease liabilities	(359)	(347)	(709)	(5,634)	(11,664)	(18,713)	(18,713)
Hedging derivative financial instruments - liabilities	(30)	(220)	(6,456)	(62,478)	(33)	(69,217)	(69,217)
Total	**(6,517,505)**	**(1,227,792)**	**(697,639)**	**(2,442,310)**	**(64,444)**	**(10,949,690)**	**(10,599,999)**
Subtotal net position	**(1,308,223)**	**428,514**	**823,411**	**1,834,823**	**283,457**	**2,061,982**	**1,425,196**
Off-balance sheet contingencies							
Confirmed letters of credit	281,632	87,372	5,754	—	—	374,758	
Stand-by letters of credit and guarantees	229,587	95,933	232,073	84,948	—	642,541	
Loans and letter of credit commitments	37,243	30,556	68,264	381,596	85,000	602,659	
Total	**548,462**	**213,861**	**306,091**	**466,544**	**85,000**	**1,619,958**	
Total net position	**(1,856,685)**	**214,653**	**517,320**	**1,368,279**	**198,457**	**442,024**	

3. Financial risk review (continued)

B. Liquidity risk (continued)

	December 31, 2024						
	Up to 3 months	**3 to 6 months**	**6 months to 1 year**	**1 to 5 years**	**More than 5 years**	**Gross inflows (outflows)**	**Carrying amount**
Assets							
Cash and due from banks	1,944,338	5,286	15,710	—	—	1,965,334	1,965,145
Securities	84,980	66,341	109,616	1,036,660	44,522	1,342,119	1,201,930
Loans	2,759,031	2,018,051	1,557,065	2,583,263	247,238	9,164,648	8,383,829
Hedging derivative financial instruments - assets	1,218	9,484	951	10,592	70	22,315	22,315
Total	**4,789,567**	**2,099,162**	**1,683,342**	**3,630,515**	**291,830**	**12,494,416**	**11,573,219**
Liabilities							
Deposits	(4,413,516)	(597,055)	(354,883)	(93,369)	—	(5,458,823)	(5,461,901)
Securities sold under repurchase agreements	(101,528)	—	(23,268)	(89,355)	—	(214,151)	(212,931)
Borrowings and debt	(1,089,794)	(636,362)	(591,934)	(2,012,423)	(38,012)	(4,368,525)	(4,352,316)
Interest payable - Borrowings and debt	(49,113)	(51,997)	(83,583)	(261,617)	(9,413)	(455,723)	(37,508)
Lease liabilities	(244)	(276)	(684)	(5,592)	(12,437)	(19,233)	(19,232)
Hedging derivative financial instruments - liabilities	(9,379)	(70)	(1,192)	(129,609)	(1,455)	(141,705)	(141,705)
Total	**(5,663,574)**	**(1,285,760)**	**(1,055,544)**	**(2,591,965)**	**(61,317)**	**(10,658,160)**	**(10,225,593)**
Subtotal net position	**(874,007)**	**813,402**	**627,798**	**1,038,550**	**230,513**	**1,836,256**	**1,347,626**
Off-balance sheet contingencies							
Confirmed letters of credit	358,624	141,422	36,304	—	—	536,350	
Stand-by letters of credit and guarantees	141,843	133,149	178,798	66,495	—	520,285	
Loans and letter of credit commitments	60,341	39,900	40,350	208,868	8,286	357,745	
Total	**560,808**	**314,471**	**255,452**	**275,363**	**8,286**	**1,414,380**	
Total net position	**(1,434,815)**	**498,931**	**372,346**	**763,187**	**222,227**	**421,876**	

3. Financial risk review (continued)

B. Liquidity risk (continued)

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

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

Future undiscounted cash flow presented in the table above on some financial assets and financial liabilities vary materially from contractual cash flows. The principal difference is that the undiscounted future cash flows of floating rate assets and liabilities are calculated using projected market rates.

iii. Liquidity reserves

As part of the management of liquidity risk arising from financial liabilities, the Bank holds liquid assets comprising cash and cash equivalents.

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

	June 30, 2025		December 31, 2024	
	Amount	Fair Value	Amount	Fair Value
Balances with Federal Reserve of the United States of America	1,871,057	1,871,057	1,020,858	1,020,858
Cash and balances with other bank [(1)]	39,875	39,875	799,073	799,073
Total Liquidity reserves	**1,910,932**	**1,910,932**	**1,819,931**	**1,819,931**

(1) Excludes pledged deposits.

iv. Financial assets available to support future funding

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

	June 30, 2025		December 31, 2024	
	Guaranteed	Available as collateral	Guaranteed	Available as collateral
Cash and due from banks	85,469	1,910,932	143,907	1,819,931
Notional of investment securities	610,285	786,532	558,981	665,715
Loans at amortized cost - outstanding principal balance	—	8,562,634	—	8,375,172
Total	**695,754**	**11,260,098**	**702,888**	**10,860,818**

The total financial assets recognized in the consolidated statement of financial position that had been pledged as collateral for liabilities as of June 30, 2025 and December 31, 2024 are show in the table above.

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

3. Financial risk review (continued)

C. Market risk

i. Interest rate risk

The table below details the Bank's exposure based on interest rate repricing/maturity date for the notional amount of the interest bearing financial assets and liabilities on interest-bearing financial assets and liabilities:

	June 30, 2025						
	Up to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	More than 5 years	Non interest rate risk	Total
Assets							
Cash and due from banks	1,973,905	20,000	—	—	—	2,496	1,996,401
Securities - principal	218,928	53,258	205,747	814,477	70,220	—	1,362,630
Loans - principal balance	5,630,193	2,017,655	709,412	234,376	5,217	—	8,596,853
Total	**7,823,026**	**2,090,913**	**915,159**	**1,048,853**	**75,437**	**2,496**	**11,955,884**
Liabilities							
Demand deposits and time deposits	(5,203,815)	(789,698)	(206,364)	(246,483)	—	(111)	(6,446,471)
Securities sold under repurchase agreements	(144,276)	(23,389)	—	(28,897)	—	—	(196,562)
Borrowings and debt	(2,924,656)	(617,143)	(165,007)	(70,557)	(1,990)	—	(3,779,353)
Total	**(8,272,747)**	**(1,430,230)**	**(371,371)**	**(345,937)**	**(1,990)**	**(111)**	**(10,422,386)**
Net effect of derivative financial instruments held							
for interest risk management	7,216	5,045	(960)	(19,125)	2,320	—	(5,504)
Total interest rate sensitivity	**(442,505)**	**665,728**	**542,828**	**683,791**	**75,767**	**2,385**	**1,527,994**

	December 31, 2024						
	Up to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	More than 5 years	Non interest rate risk	Total
Assets							
Cash and due from banks	1,940,840	5,000	15,000	—	—	2,998	1,963,838
Securities - principal	83,294	64,955	104,954	907,612	28,510	—	1,189,325
Loans - principal balance	5,053,040	2,025,688	1,039,106	248,045	9,293	—	8,375,172
Total	**7,077,174**	**2,095,643**	**1,159,060**	**1,155,657**	**37,803**	**2,998**	**11,528,335**
Liabilities							
Demand deposits and time deposits	(4,404,015)	(645,546)	(336,377)	(24,130)	—	(2,656)	(5,412,724)
Securities sold under repurchase agreements	(133,898)	—	(58,636)	(20,397)	—	—	(212,931)
Borrowings and debt	(2,932,280)	(801,575)	(460,355)	(158,106)	—	—	(4,352,316)
Total	**(7,470,193)**	**(1,447,121)**	**(855,368)**	**(202,633)**	**—**	**(2,656)**	**(9,977,971)**
Net effect of derivative financial instruments held							
for interest risk management	(8,159)	9,414	(242)	(119,018)	(1,385)	—	(119,390)
Total interest rate sensitivity	**(401,178)**	**657,936**	**303,450**	**834,006**	**36,418**	**342**	**1,430,974**

3. Financial risk review (continued)

C. Market risk (continued)

Interest rate risk management is complemented by monitoring the sensitivity of the Bank´s financial assets and liabilities, considering several standard interest rate scenarios. The standard scenarios considered monthly include a parallel decline or increase of 50bps, 100bps, and 200 bps across all yield curves, which are evaluated based on market behavior.

The Bank performs a sensitivity analysis of the most likely increase or decrease in market interest rates at the reporting date, assuming non-asymmetric movements in the yield curves and a constant financial situation to assess the effect on profit or loss.

Interest rate sensitivity analysis affect reported equity in the following ways:

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

This sensitivity provides an analysis of changes in interest rates, considering the previous year´s interest rate volatility.

Additionally, the Bank measures the sensitivity of the equity value (EVE) following the methodology described by the Basel Committee on Banking Supervision, which measures the interest rate risk embedded in the equity value, which for interest rate risk purposes is defined as the difference between the net present value of assets less the net present value of liabilities due, based on the impact of a change in interest rates on such present values.

The following table presents the sensitivity analysis performed for the Bank:

	Change in interest rate	Effect on profit or loss	Effect on equity	Effect on equity value (EVE)
June 30, 2025	+50 bps	12	2,357	(13,386)
	-50 bps	(590)	(2,407)	13,568
December 31, 2024	+50 bps	343	9,586	(14,709)
	-50 bps	(668)	(9,770)	14,714

3. Financial risk review (continued)

C. Market risk (continued)

ii. Foreign exchange risk

The following table presents the maximum exposure amount in foreign currency of the Bank's carrying amount of total assets and liabilities, except for hedging relationships

	June 30, 2025						
	Brazilian Real	**European Euro**	**Japanese Yen**	**Colombian Peso**	**Mexican Peso**	**Other Currencies[1]**	**Total**
Exchange rate	5.43	1.18	144.20	4,081.63	18.76		
Assets							
Cash and due from banks	66	238	1	47	963	22	1,337
Loans	—	29,349	—	—	414,851	—	444,200
Total Assets	**66**	**29,587**	**1**	**47**	**415,814**	**22**	**445,537**
Liabilities							
Deposits		262					262
Borrowings and debt	—	(29,438)	—	—	(415,815)	—	(445,253)
Total liabilities	**—**	**(29,176)**	**—**	**—**	**(415,815)**	**—**	**(444,991)**
Net currency position	**66**	**411**	**1**	**47**	**(1)**	**22**	**546**

	December 31, 2024						
	Brazilian Real	**European Euro**	**Japanese Yen**	**Colombian Peso**	**Mexican Peso**	**Other Currencies[1]**	**Total**
Exchange rate	6.17	1.04	157.28	4,405.29	20.89		
Assets							
Cash and due from banks	110	242	1	34	1,210	19	1,616
Loans	—	25,886	—	—	310,630	—	336,516
Total Assets	**110**	**26,128**	**1**	**34**	**311,840**	**19**	**338,132**
Liabilities							
Borrowings and debt	—	(25,748)	—	—	(311,562)	—	(337,310)
Total liabilities	**—**	**(25,748)**	**—**	**—**	**(311,562)**	**—**	**(337,310)**
Net currency position	**110**	**380**	**1**	**34**	**278**	**19**	**822**

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

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4. Fair value of financial instruments

A. Recurring fair value measurements

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

	June 30, 2025			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Securities and other financial assets:				
Securities at FVOCI - Corporate debt	—	97,164	—	97,164
Loans at FVOCI	—	34,219	—	34,219
Total securities and other financial assets	**—**	**131,383**	**—**	**131,383**
	—			
Derivative financial instruments - assets:				
For trading				
Interest rate swaps	—	219	—	219
Foreign exchange forwards	—	1,970	—	1,970
For hedging				
Interest rate swaps	—	28,433	—	28,433
Cross-currency swaps	—	35,254	—	35,254
Foreign exchange forwards	—	26	—	26
Total derivative financial instrument assets	—	65,902	—	65,902
Total assets at fair value	**—**	**197,285**	**—**	**197,285**
Liabilities				
Derivative financial instruments - liabilities:				
For trading				
Interest rate swaps	—	(191)	—	(191)
For hedging				
Interest rate swaps	—	(6,066)	—	(6,066)
Cross-currency swaps	—	(62,933)	—	(62,933)
Foreign exchange forwards	—	(218)	—	(218)
Total derivative financial instruments - liabilities	—	(69,408)	—	(69,408)
Total liabilities at fair value	**—**	**(69,408)**	**—**	**(69,408)**

4. Fair value of financial instruments (continued)

A. Recurring fair value measurements (continued)

	December 31, 2024			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Securities at FVOCI - Corporate debt	—	98,748	—	98,748
Derivative financial instruments - assets:				
For hedging				
Interest rate swaps	—	10,805	—	10,805
Cross-currency swaps	—	11,510	—	11,510
Total derivative financial instrument assets	—	22,315	—	22,315
Total assets at fair value	**—**	**121,063**	**—**	**121,063**
Liabilities				
Derivative financial instruments - liabilities:				
For hedging				
Interest rate swaps	—	2,667	—	2,667
Cross-currency swaps	—	139,038	—	139,038
Total derivative financial instruments - liabilities	—	141,705	—	141,705
Total liabilities at fair value	**—**	**141,705**	**—**	**141,705**

4. Fair value of financial instruments (continued)

B. Non-recurring fair value measurements

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

	June 30, 2025				
	Carrying value	**Fair value**	**Level 1**	**Level 2**	**Level 3**
Assets					
Cash and deposits in banks	1,997,581	1,997,581	—	1,997,581	—
Securities at amortized cost [(1)]	1,278,753	1,289,784	—	1,289,784	—
Loans at amortized cost [(2)]	8,549,689	8,770,580	—	8,770,580	—
Customers' liabilities under acceptances	602,232	602,232	—	602,232	—
Liabilities					
Deposits	6,491,382	6,491,382	—	6,491,382	—
Securities sold under repurchase agreements	196,562	196,562	—	196,562	—
Borrowings and debt, net	3,779,353	3,862,496	—	3,862,496	—
Acceptances outstanding	602,232	602,232	—	602,232	—

	December 31, 2024				
	Carrying amount	**Fair value**	**Level 1**	**Level 2**	**Level 3**
Assets					
Cash and deposits in banks	1,965,145	1,965,145	—	1,965,145	—
Securities at amortized cost [(1)]	1,102,444	1,102,386	—	1,102,386	—
Loans at amortized cost [(2)]	8,383,829	8,573,655	—	8,573,655	—
Customers' liabilities under acceptances	245,065	245,065	—	245,065	—
Liabilities					
Deposits	5,461,901	5,461,901	—	5,461,901	—
Securities sold under repurchase agreements	212,931	212,931	—	212,931	—
Borrowings and debt, net	4,352,316	4,421,770	—	4,421,770	—
Acceptances outstanding	245,065	245,065	—	245,065	—

[(1)] The carrying value of securities at amortized cost is net of accrued interest receivable of $14.4 million and the allowance for expected credit losses of $1.1 millions as of June 30, 2025 (accrued interest receivable of $13.2 millions and the allowance for expected credit losses of $1.3 millions as of December 31, 2024).

[(2)] The carrying value of loans at amortized cost is net of accrued interest receivable of $100.7 million , the allowance for expected credit losses of $81.7 millions and unearned interest and deferred fees of 32 millions as of June 30, 2025 (accrued interest receivable of $117.9 millions, the allowance for expected credit losses of $78.2 millions and unearned interest and deferred fees of $31.1 millions as of December 31, 2024).

5. Cash and due from banks

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

	June 30, 2025	December 31, 2024
Demand deposits [1]	1,910,932	1,694,931
Time deposits under three months	—	125,000
Total cash and cash equivalent	**1,910,932**	**1,819,931**
Time deposits with original maturity over 90 days and other restricted deposits [2]	85,469	143,907
Total cash and due from bank	**1,996,401**	**1,963,838**
Interest receivable deposits	1,229	1,307
Less: Allowance for credit losses	(49)	—
Total cash and due from banks, net	**1,997,581**	**1,965,145**

The following table presents the pledged and restricted deposits classified by country risk:

	June 30, 2025	December 31, 2024
Country:		
Chile	25,000	20,000
Germany	19,063	29,263
Japan	11,100	18,120
Panama	1,600	1,600
Spain	—	10,300
United Kingdom	536	254
United States of America [2]	28,170	64,370
Total	**85,469**	**143,907**

(1) Demand deposits includes $1,871 million (December 31, 2024: $1,021 million) at Federal Reserve of United States of America.

(2) As a June 30, 2025 includes restricted deposit of $25 million (December 31, 2024: $25 million) with the New York State Department of Financial Services under March 1994 legislation and margin call deposits collateralizing derivative financial instrument transactions.

The following table shows cash and deposits in local and foreign banks, based on the ratings assigned by the rating agencies:

	June 30, 2025	December 31, 2024
Credit rating:		
Aaa-Aa3	1,873,832	1,418,861
A1-A3	117,695	414,903
Baa1-Baa3	4,449	129,362
Ba1-Ba3	71	110
B1-B3	—	5
No rating	354	597
	1,996,401	**1,963,838**

6. Investment securities

Securities are presented as follows:

June 30, 2025	Amortized cost	FVOCI [1]	Total
Principal	1,265,466	97,164	1,362,630
Interest receivable	14,399	1,896	16,295
Gross amount	**1,279,865**	**99,060**	**1,378,925**
Allowance [1]	(1,112)	—	(1,112)
Total	**1,278,753**	**99,060**	**1,377,813**

December 31, 2024	Amortized cost	FVOCI [1]	Total
Principal	1,090,577	98,748	1,189,325
Interest receivable	13,178	738	13,916
Gross amount	**1,103,755**	**99,486**	**1,203,241**
Allowance [1]	(1,311)	—	(1,311)
Total	**1,102,444**	**99,486**	**1,201,930**

[1] As of June 30, 2025 and December 31, 2024, the loss allowance for losses for securities at FVOCI for $104 thousand and $23 thousand, respectively are included in equity in the consolidated statement of financial position in the line Other comprehensive income.

Securities by contractual maturity are shown in the following table:

June 30, 2025	Amortized cost	FVOCI	Total
Due within 1 year	276,333	34,700	311,033
After 1 to 5 years	967,965	13,412	981,377
After 5 to 10 years	21,168	49,052	70,220
Balance - principal	**1,265,466**	**97,164**	**1,362,630**

December 31, 2024	Amortized cost	FVOCI	Total
Due within 1 year	223,174	30,029	253,203
After 1 to 5 years	838,893	68,719	907,612
After 5 to 10 years	28,510	—	28,510
Balance - principal	**1,090,577**	**98,748**	**1,189,325**

The following table includes the securities pledged to secure repurchase transactions (see note 13):

	June 30, 2025	December 31, 2024
Securities pledged to secure repurchase transactions	226,114	239,046

As of June 30, 2025, sales were made for $19.9 millions of investments with a significant increase in their credit risk. These sales resulted in write-off against reserves of $47.4 thousands and losses on sale of $541 thousands attributable to market risk. During the period 2024, no sales of instrument classified at amortized cost were made.

7. Loans

The following table presents the loan portfolio according to its classification and subsequent measurement:

June 30, 2025	Amortized cost	FVOCI [1]	Total
Loans - principal balance	8,562,634	34,219	8,596,853
Interest receivable	100,739	183	100,922
Unearned interest and deferred fees	(32,002)	(192)	(32,194)
Gross balance	8,631,371	34,210	8,665,581
Loss allowances	(81,682)	—	(81,682)
Loans, net	**8,549,689**	**34,210**	**8,583,899**

December 31, 2024	Amortized cost	FVOCI [1]	Total
Loans - principal balance	8,375,172	—	8,375,172
Interest receivable	117,931	—	117,931
Unearned interest and deferred fees	(31,116)	—	(31,116)
Gross balance	8,461,987	—	8,461,987
Loss allowances	(78,158)	—	**(78,158)**
Loans, net	**8,383,829**	—	**8,383,829**

(1) As of June 30, 2025, the loss allowance for losses for loans at FVOCI for $23 thousand are included in equity in the consolidated statement of financial position in the line Other comprehensive income.

As of June 30, 2025, the Bank sold loans measured at FVTPL for $70 million, realizing a gain of $1 million; $20 million measured at FVOCI, realizing a gain of $154 thousand; and $15 million measured at amortized cost with a gain of $105 thousand, all recognized under the line item "loss on financial instruments, net."

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

	June 30, 2025	December 31, 2024
Fixed interest rate	4,729,637	4,932,569
Floating interest rates	3,935,944	3,529,418
Total	**8,665,581**	**8,461,987**

As of June 30, 2025, 80% (December 31, 2024 :75%) of the loan portfolio at fixed interest rates has remaining maturities of less than 180 days. Interest rates on loans ranges from 3.80% to 16.28% (December 31, 2024:4.63% to16.28%).

The following table details information relating to loans granted to class A and B shareholders:

	June 30, 2025	December 31, 2024
Class A and B shareholder loans	622,412	556,000
% Loans to class A and B shareholders over total loan portfolio	7 %	7 %
% Class A and B stockholders with loans over number of class A and B stockholders	9 %	13 %

8. Loan commitments and financial guarantee contracts

The Bank's outstanding loan commitments and financial guarantee contracts are as follows:

	June 30, 2025	December 31, 2024
Documentary letters of credit	374,759	536,350
Stand-by letters of credit and guarantees - commercial risk	642,540	520,285
Commitments loans	509,208	348,223
Commitments letter of credit	93,451	9,522
Total	**1,619,958**	**1,414,380**

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

	June 30, 2025	December 31, 2024
Up to 1 year	1,093,138	1,160,323
From 1 to 2 years	151,612	145,127
Over 2 to 5 years	290,208	100,643
More than 5 years	85,000	8,287
Total	**1,619,958**	**1,414,380**

9. Loss on financial instruments, net

The amounts that were recognized in the consolidated statement of profit or loss related to the results of financial instruments are detailed below:

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Gain (loss) on derivative financial instruments and foreign currency exchange, net	895	(351)	3,245	(191)
Realized gain on financial instruments at FVTPL	1,095	—	1,095	—
Gain (loss) on sale of financial instruments at amortized cost	17	—	(436)	—
Realized gain on financial instruments at FVOCI	154	—	241	—
Total	**2,161**	**(351)**	**4,145**	**(191)**

10. Derivative financial instruments

A. Trading derivative financial instruments

The following table details quantitative information on the notional amount and carrying amount of trading derivative instruments:

	June 30, 2025		
	Notional amount	Carrying amount of trading derivative	
		Asset	Liability
Interest Rate Swap	36,716	219	(191)
Forward contract	56,886	1,970	—
	93,602	**2,189**	**(191)**

	June 30, 2025		
	Forward contract	Interest rate swap	Total
Up to 1 year	56,886	—	56,886
Over 2 to 5 years	—	36,716	36,716
Total	**56,886**	**36,716**	**93,602**

B. Hedging derivative financial instruments

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

	June 30, 2025		
	Notional amount [2]	Carrying amount of hedging instruments	
		Asset [1]	Liability [1]
Interest rate risk			
Fair value hedges	1,221,467	28,433	(6,066)
Interest rate and foreign exchange risk			
Fair value hedges	199,032	9,562	(1,671)
Cash flow hedges	1,013,163	25,692	(61,262)
Foreign exchange risk			
Cash flow hedges	18,322	26	(218)
	2,451,984	**63,713**	**(69,217)**

10. Derivative financial instruments

B. Hedging derivative financial instruments (continued)

	December 31, 2024		
	Notional amount [2]	Carrying amount of hedging instruments	
		Asset [1]	Liability [1]
Interest rate risk			
Fair value hedges	1,132,827	10,805	(2,667)
Interest rate and foreign exchange risk			
Fair value hedges	186,288	—	(13,196)
Cash flow hedges	1,205,427	11,510	(125,842)
	2,524,542	**22,315**	**(141,705)**

(1) Included in the consolidated statement of financial position under the line Hedging derivative financial instruments - assets or liabilities.

(2) At June 30, 2025 the notional amounts of derivative financial instruments include $1,234.5 million ($639.6 million at December 31, 2024) of interest rate swaps and cross currency interest rate swaps, which were designated in aggregate exposure hedges hedging underlying assets totaling $525.8 million ($307.8 million at December 31, 2024).

Fair value hedges

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

	June 30, 2025				
	Notional amount	Carrying amount of hedging instruments		Changes in fair value used to calculate hedge ineffectiveness [2]	Ineffectiveness recognized in profit or loss [2]
		Asset [1]	Liability [1]		
Interest rate risk					
Loans	25,000	—	(684)	(695)	(49)
Securities at amortized cost	164,600	—	(4,274)	(3,136)	427
Deposits	66,000	253	(2)	372	3
Repurchase agreements	60,485	210	(1,106)	104	(5)
Borrowings and debt	905,382	27,971	—	14,396	396
Interest rate and foreign exchange risk					
Loans	12,744	—	(199)	(110)	244
Borrowings and debt	186,288	9,561	(1,472)	20,881	79
Total	**1,420,499**	**37,995**	**(7,737)**	**31,812**	**1,095**

10. Derivative financial instruments (continued)

B. Hedging derivative financial instruments (continued)

	December 31, 2024				
		Carrying amount of hedging instruments			
	Notional amount	Asset [1]	Liability [1]	Changes in fair value used to calculate hedge ineffectiveness [2]	Ineffectiveness recognized in profit or loss [2]
Interest rate risk					
Deposits	131,000	1,235	(164)	(127)	(142)
Repurchase agreements	68,985	210	(592)	71	14
Borrowings and debt	932,842	9,360	(1,911)	(5,911)	(516)
Interest rate and foreign exchange risk					
Borrowings and debt	186,288	—	(13,196)	(28,571)	1,074
Total	**1,319,115**	**10,805**	**(15,863)**	**(34,538)**	**430**

(1) Included in the consolidated statement of financial position under the line Hedging derivative financial instruments - assets or liabilities.
(2) Included in the consolidated statement of profit or loss under the line Gain (loss) on financial instruments, net.

10. Derivative financial instruments (continued)

B. Hedging derivative financial instruments (continued)

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

	June 30, 2025				
	Carrying amount of hedged items		Line in the consolidated statement of financial position that includes the carrying amount of the hedged items	Accumulated amount of fair value hedge adjustments included in the carrying amount of the hedged items	Change in fair value of the hedged items used to calculate hedge ineffectiveness [1]
	Asset	Liability			
Interest rate risk					
Loans	25,972	—	Loans, net	646	646
Securities at amortized cost	169,425	—	Securities, net	3,564	3,564
Deposits	—	(66,461)	Demand deposits	(251)	(369)
Repurchase agreements	—	(61,052)	Securities sold under repurchase agreements	(519)	(108)
Borrowings and debt	—	(298,795)	Borrowings and debt, net	(9,851)	(14,002)
Interest rate and foreign exchange risk					
Loans	12,957	—	Loans, net	354	354
Borrowings and debt	—	(194,605)	Borrowings and debt, net	(6,487)	(20,802)
Total	**208,354**	**(620,913)**		**(12,544)**	**(30,717)**

	December 31, 2024				
	Carrying amount of hedged items		Line in the consolidated statement of financial position that includes the carrying amount of the hedged items	Accumulated amount of fair value hedge adjustments included in the carrying amount of the hedged items	Change in fair value of the hedged items used to calculate hedge ineffectiveness [1]
	Asset	Liability			
Interest rate risk					
Deposits	—	(132,667)	Demand deposits	(26)	(15)
Repurchase agreements	—	(69,443)	Securities sold under	(57)	(57)
Borrowings and debt	—	(319,174)	Borrowings and debt, net	3,860	5,395
Interest rate and foreign exchange risk					
Borrowings and debt	—	(173,469)	Borrowings and debt, net	14,316	29,645
Total	**—**	**(694,753)**		**18,093**	**34,968**

[1] Included in the consolidated statement of profit or loss under the line Gain (loss) on financial instruments, net.

10. Derivative financial instruments (continued)

B. Hedging derivative financial instruments (continued)

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

	June 30, 2025		
	Interest rate swaps	**Cross currency swaps**	**Total**
Up to 1 year	47,845	—	47,845
From 1 to 2 years	435,844	54,743	490,587
Over 2 to 5 years	708,510	134,164	842,674
More than 5 years	29,268	10,125	39,393
Total	**1,221,467**	**199,032**	**1,420,499**

	December 31, 2024		
	Interest rate swaps	**Cross currency swaps**	**Total**
Up to 1 year	115,263	—	115,263
From 1 to 2 years	383,268	19,882	403,150
Over 2 to 5 years	605,028	156,281	761,309
More than 5 years	29,268	10,125	39,393
Total	**1,132,827**	**186,288**	**1,319,115**

10. Derivative financial instruments (continued)

B. Hedging derivative financial instruments (continued)

The following table details the ineffectiveness recognized in profit or loss for the derivative instruments used in fair value hedges:

	Three months ended June 30, 2025			Six months ended June 30, 2025		
	Current	**Overdue**	**Total**	**Current**	**Overdue**	**Total**
Ineffectiveness recognized in profit or loss						
Interest rate risk						
Loans	(18)	—	(18)	(49)	—	(49)
Securities at amortized cost	(66)	—	(66)	427	—	427
Deposits	1	—	1	3	134	137
Repurchase agreements	1	—	1	(5)	(28)	(33)
Borrowings and debt	570	8	578	396	8	404
Interest rate and foreign exchange risk						
Loans	244	—	244	244	—	244
Borrowings and debt	272	—	272	79	—	79
Total	**1,004**	**8**	**1,012**	**1,095**	**114**	**1,209**

	Three months ended June 30, 2024			Six months ended June 30, 2024		
	Current	**Overdue**	**Total**	**Current**	**Overdue**	**Total**
Ineffectiveness recognized in profit or loss						
Interest rate risk						
Loans	1	—	1	3	—	3
Securities at amortized cost	79	(82)	(3)	—	(82)	(82)
Deposits	1	(1)	—	—	(1)	(1)
Repurchase agreements	54	—	54	(5)	—	(5)
Borrowings and debt	427	4	431	427	4	431
Interest rate and foreign exchange risk						
Loans	1	—	1	1	—	1
Borrowings and debt	(341)	(15)	(356)	(91)	72	(19)
Total	**222**	**(94)**	**128**	**335**	**(7)**	**328**

10. Derivative financial instruments (continued)

B. Hedging derivative financial instruments (continued)

Cash flow hedges

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

	June 30, 2025						
		Carrying amount of hedging instruments					
	Nominal amount	Asset [1]	Liability [1]	Change in fair value used for calculating hedge ineffectiveness	Changes in the fair value of the hedging instruments recognized in OCI [2]	Ineffectiveness recognized in profit or loss [3]	Amount reclassified from the hedge reserve to profit or loss [4]
Interest rate and foreign exchange risk							
Loans	20,624	194	(1,224)	(1,925)	(1,926)	(1)	(45)
Borrowings and debt	992,539	25,498	(60,038)	80,469	81,354	885	162
Foreign exchange risk							
Loans	11,808	—	(218)	(218)	(218)	—	—
Deposits	6,514	26	—	26	(15)	(41)	—
Total	**1,031,485**	**25,718**	**(61,480)**	**78,352**	**79,195**	**843**	**117**

	December 31, 2024						
		Carrying amount of hedging instruments					
	Nominal amount	Asset [1]	Liability [1]	Change in fair value used for calculating hedge ineffectiveness	Changes in the fair value of the hedging instruments recognized in OCI [2]	Ineffectiveness recognized in profit or loss [3]	Amount reclassified from the hedge reserve to profit or loss [4]
Interest rate and foreign exchange risk							
Loans	19,509	1,372	—	1,256	1,258	2	24
Borrowings and debt	1,185,918	10,138	(125,842)	(163,797)	(164,418)	(621)	99
Total	**1,205,427**	**11,510**	**(125,842)**	**(162,541)**	**(163,160)**	**(619)**	**123**

(1) Included in the consolidated statement of financial position under the line Hedging derivative financial instruments - assets or liabilities.
(2) Included in equity in the consolidated statement of financial position under the line Other comprehensive income (loss).
(3) Hedge ineffectiveness attributable to matured hedges included in the consolidated statement of profit or loss in the line Gain (loss) on financial instruments, net.
(4) Hedging reserve attributable to expired hedges reclassified to the consolidated statement of profit or loss in the line Gain (loss) on financial instruments, net.

10. Derivative financial instruments (continued)

B. Hedging derivative financial instruments (continued)

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

	June 30, 2025				
	Carrying amount of hedged items		Line in the consolidated statement of financial position that includes the carrying amount of the hedged items	Change in the fair value of the hedged items used to calculate the hedge ineffectiveness [1]	Cash flow hedge reserve
	Asset	Liability			
Interest rate and foreign exchange risk					
Loans	21,310	—	Loans, net	1,925	45
Borrowings and debt	—	(979,800)	Borrowings and debt, net	(80,469)	(6,177)
Foreign exchange risk					
Loans	11,789	—	Loans, net	218	(60)
Deposits	—	(6,478)	Demand deposits	(26)	(37)
Total	**33,099**	**(986,278)**		**(78,352)**	**(6,229)**

	December 31, 2024				
	Carrying amount of hedged items		Line in the consolidated statement of financial position that includes the carrying amount of the hedged items	Change in the fair value of the hedged items used to calculate the hedge ineffectiveness [1]	Cash flow hedge reserve
	Asset	Liability			
Interest rate and foreign exchange risk					
Loans	19,964	—	Loans, net	(1,256)	37
Borrowings and debt	—	(1,087,247)	Borrowings and debt, net	163,797	(895)
Total	**19,964**	**(1,087,247)**		**162,541**	**(858)**

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

	June 30, 2025		
	Foreign exchange forward contract	Cross currency swaps	Total
Up to 1 year	18,322	361,569	379,891
From 1 to 2 years	—	308,931	308,931
Over 2 to 5 years	—	313,394	313,394
More than 5 years	—	29,269	29,269
Total	**18,322**	**1,013,163**	**1,031,485**

10. Derivative financial instruments (continued)

B. Hedging derivative financial instruments (continued)

	December 31, 2024		
	Foreign exchange forward contract	**Cross currency swaps**	**Total**
Up to 1 year	—	454,581	454,581
From 1 to 2 years	—	303,441	303,441
Over 2 to 5 years	—	418,137	418,137
More than 5 years	—	29,268	29,268
Total	**—**	**1,205,427**	**1,205,427**

The following table details the ineffectiveness recognized in profit or loss for the derivative instruments used in cash flow hedges:

	Three months ended June 30, 2025			Six months ended June 30, 2025		
	Current	**Overdue**	**Total**	**Current**	**Overdue**	**Total**
Ineffectiveness recognized in profit or loss						
Interest rate and foreign exchange risk						
Loans	1	(45)	(44)	(1)	(45)	(46)
Borrowings and debt	348	—	348	885	162	1,047
Foreign exchange risk						
Deposits	(41)	—	(41)	(41)	—	(41)
Total	**308**	**(45)**	**263**	**843**	**117**	**960**

	Three months ended June 30, 2024			Six months ended June 30, 2024		
	Current	**Overdue**	**Total**	**Current**	**Overdue**	**Total**
Ineffectiveness recognized in profit or loss						
Interest rate risk						
Loans	(13)	—	(13)	(13)	—	(13)
Borrowings and debt	(68)	12	(56)	9	13	22
Total	**(81)**	**12**	**(69)**	**(4)**	**13**	**9**

11. Other assets

Following is a summary of other assets:

	June 30, 2025	December 31, 2024
Accounts receivable	4,317	2,996
Prepaid expenses	3,456	3,342
Prepaid fees and commissions	1,410	468
IT projects under development	8,653	5,113
Improvement project under development	696	709
Severance fund	2,746	2,508
Other	2,623	1,914
Total	**23,901**	**17,050**

12. Customer deposits

Following is a summary of customer deposits:

	June 30, 2025	December 31, 2024
Demand deposits	692,291	440,029
Time deposits	5,754,180	4,972,695
	6,446,471	5,412,724
Interest payable	44,911	49,177
Total	**6,491,382**	**5,461,901**

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

	Remaining term		Original contractual	
	June 30, 2025	December 31, 2024	June 30, 2025	December 31, 2024
Demand	692,291	440,029	692,291	440,029
Up to 1 month	3,313,137	2,797,904	1,817,022	1,793,178
From 1 to 3 months	1,193,499	1,162,833	1,725,220	999,506
From 3 to 6 months	734,466	585,542	1,138,582	1,092,876
From 6 month to 1 year	206,365	342,460	715,594	901,145
From 1 to 2 years	289,169	73,642	319,677	158,621
From 2 to 5 years	17,544	10,314	38,085	27,369
Total	**6,446,471**	**5,412,724**	**6,446,471**	**5,412,724**

The following table presents additional information regarding the Bank’s deposits:

	June 30, 2025	December 31, 2024
Aggregate amount of $100,000 or more	6,445,942	5,411,881
Aggregate amount of deposits in the New York Agency	1,745,595	1,581,865

12. Customer deposits (continued)

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Interest expense on deposits made in the New York Agency	19,073	23,664	36,721	43,361

13. Securities sold under repurchase agreements

The following table details the financing under repurchase agreement:

	June 30, 2025	December 31, 2024
Financing transactions under repurchase agreements	196,562	212,931

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Interest expense on financing contracts under repurchase agreement	2,860	3,592	5,261	6,156

Financing contracts under repurchase agreements generate interest range from 4.37% to 5.36% (December 31, 2024: 4.49% to 5.36%) with several maturities up to October 16, 2026.

As indicated in Note 6, as of June 30, 2025, the repurchase agreements were secured by investments classified as amortized cost by the amount of $226 millions (December 31, 2024: $239 millions).

14. Borrowings and debt

Some borrowing agreements include various events of default and covenants relating to minimum capital adequacy ratios, incurrence of additional liens, and asset sales, as well as other customary covenants, representations and warranties. As of June 30, 2025, the Bank was in compliance with all those covenants.

Carrying amount of borrowings and debt is detailed as follows:

	June 30, 2025				
	Short-Term		Long-term		
	Borrowings	Debt	Borrowings	Debt	Total
Principal	1,238,005	1,750	816,013	1,731,086	3,786,854
Transaction costs	(202)	(4)	(2,977)	(4,318)	(7,501)
	1,237,803	**1,746**	**813,036**	**1,726,768**	**3,779,353**

	December 31, 2024				
	Short-Term		Long-term		
	Borrowings	Debt	Borrowings	Debt	Total
Principal	1,652,536	835	877,842	1,830,751	4,361,964
Transaction costs	—	(1)	(3,764)	(5,883)	(9,648)
	1,652,536	**834**	**874,078**	**1,824,868**	**4,352,316**

14. Borrowings and debt (continued)

Short-term borrowings and debt

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

	June 30, 2025	December 31, 2024
Short-term borrowings:		
At fixed interest rates	1,152,732	1,353,048
At floating interest rates	85,273	299,488
Principal	1,238,005	1,652,536
Less: Transaction costs	(202)	—
Total short-term borrowings, net	**1,237,803**	**1,652,536**
Short-term debt:		
At fixed interest rates	1,750	835
Principal	1,750	835
Less: Transaction costs	(4)	(1)
Total short-term debt, net	**1,746**	**834**
Total short-term borrowings and debt	**1,239,549**	**1,653,370**
Range of fixed interest rates on borrowings and debt in U.S. dollars	4.21% to 4.90%	4.5% to 5.87%
Range of floating interest rates on borrowings in U.S. dollars	5.12 %	5.13% to 5.24%
Range of fixed interest rates on borrowings in Mexican pesos	8.85% to 9.57%	11.15 %
Range of floating interest rates on borrowings and debt in Mexican pesos	9.13% to 9.48%	10.69% to 10.74%
Range of fixed interest rates on borrowings and debt in Euros	2.70% to 2.75%	3.39% to 3.87%

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

	June 30, 2025	December 31, 2024
US dollar	935,149	1,404,689
Mexican peso	275,168	172,368
Euros	29,438	76,313
Total	**1,239,755**	**1,653,370**

14. Borrowings and debt (continued)

Long-term borrowings and debt

The breakdown of long-term borrowings and debt (original maturity of more than one year), along with contractual interest rates, plus prepaid commissions are as follows:

	June 30, 2025	December 31, 2024
Long-term borrowings:		
At fixed interest rates with due dates from December 2026 to December 2029	63,813	60,308
At floating interest rates with due dates from March 2026 to September 2029	752,200	817,534
Principal	816,013	877,842
Less: Transaction costs	(2,977)	(3,764)
Total long-term borrowings, net	**813,036**	**874,078**
Long-term debt:		
At fixed interest rates with due dates from July 2025 to November 2034	1,118,679	1,293,378
At floating interest rates with due dates from February 2026 to November 2031	612,407	537,373
Principal	1,731,086	1,830,751
Less: Prepaid commissions	(4,318)	(5,883)
Total long-term debt, net	**1,726,768**	**1,824,868**
Total long-term borrowings and debt, net	**2,539,804**	**2,698,946**
Range of fixed interest rates on borrowings and debt in U.S. dollars	2.38% to 6.15%	2.38% to 6.15%
Range of floating interest rates on borrowings and debt in U.S. dollars	5.44% to 6.29%	5.44% to 6.31%
Range of fixed interest rates on borrowings in Mexican pesos	6.50% to 10.78%	6.50% to 10.78%
Range of floating interest rates on borrowings and debt in Mexican pesos	9.05% to 9.81%	10.62% to 11.52%
Range of fixed interest rates on debt in Japanese yens	0.95% to 1.54%	0.77% to 1.54%
Range of fixed interest rates on debt in Euros	0.90%	0.90%
Range of fixed interest rates on debt in Australian dollars	6.81%	6.81%
Range of fixed interest rates on debt in Sterling pounds	1.50%	1.50%
Range of fixed interest rates on debt in Peruvian sol	7.00%	7.00 %

14. Borrowings and debt (continued)

Long-term borrowings and debt (continued)

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

	June 30, 2025	December 31, 2024
US dollar	1,248,011	1,355,773
Mexican peso	1,106,156	1,170,304
Japanese yen	116,039	112,671
Euro	35,325	31,063
Peruvian soles	26,545	25,020
Australian dollar	9,947	9,133
Sterling pound	5,076	4,629
Carrying amount - principal	**2,547,099**	**2,708,593**

Future payments of long-term borrowings and debt outstanding as of June 30, 2025, are as follows:

Year	Outstanding
2025	415,004
2026	572,429
2027	878,859
2028	357,143
2029	262,731
2030	19,000
2031	31,986
2034	9,947
Carrying amount - principal	**2,547,099**

The following table presents the reconciliation of movements of borrowings and debt arising from financing activities, as presented in the condensed consolidated statement of cash flows:

	2025	2024
Balance as of January 1,	**4,352,316**	**4,351,988**
Net decrease in short-term borrowings and debt	(432,939)	(871,960)
Proceeds from long-term borrowings and debt	65,776	209,189
Payments of long-term borrowings and debt	(383,235)	(6,061)
Change in foreign currency rates	165,957	(136,438)
Fair value adjustment due to hedge accounting relationship	9,553	(6,581)
Other adjustments	1,925	350
Balance as of June 30,	**3,779,353**	**3,540,487**

15. Lease liabilities

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

	June 30, 2025	December 31, 2024
Up to 1 year	2,081	1,931
From 1 to 5 years	8,106	8,213
After 5 to 10 years	12,870	13,827
Total undiscounted lease liabilities	**23,057**	**23,971**
Short-term	1,396	1,217
Long-term	17,317	18,015
Total lease liabilities included in the condensed consolidated statement of financial position	**18,713**	**19,232**

Amounts recognized in the condensed consolidated statement of cash flows:

	June 30,	
	2025	2024
Payments of lease liabilities	493	569

Amounts recognized in condensed consolidated statement of profit or loss:

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Interest on lease liabilities	(179)	(145)	(361)	(294)

16. Other liabilities

Following is a summary of other liabilities:

	June 30, 2025	December 31, 2024
Accruals and other accumulated expenses	29,719	31,806
Accounts payable	5,977	6,236
Unearned commissions	8,840	7,305
Others	83	84
Total	**44,619**	**45,431**

17. Earnings per share

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

	Three months ended June 30,		Six months ended June 30,	
	2025	**2024**	**2025**	**2024**
(Thousands of U.S. dollars)				
Profit for the period	64,184	50,122	115,916	101,390
(U.S. dollars)				
Basic earnings per share	1.73	1.36	3.13	2.76
(Thousands of shares)				
Weighted average of common shares outstanding applicable to basic EPS	**37,203**	**36,775**	**37,072**	**36,692**

18. Fee and commission income

Fee and commission income from contracts with customers broken down by main types of services, are detailed as follows:

	Three months ended June 30,		Six months ended June 30,	
	2025	**2024**	**2025**	**2024**
Structured services	9,989	3,687	12,378	5,021
Letters of credit and guarantees	7,831	6,541	14,542	12,531
Credit commitments	2,802	2,367	4,198	3,980
Other commissions	95	138	529	870
Total fee and commission income	**20,717**	**12,733**	**31,647**	**22,402**
Fees and commission expense	(805)	(200)	(1,152)	(397)
Total	**19,912**	**12,533**	**30,495**	**22,005**

The following table present information the unearned commission that is expected to be recognized on the existing contracts:

	June 30, 2025
Up to 1 year	5,480
From 1 to 2 years	925
More than 2 years	338
Total	**6,743**

19. Business segment information

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

	Three months ended June 30, 2025			Six months ended June 30, 2025		
	Commercial	**Treasury**	**Total**	**Commercial**	**Treasury**	**Total**
Interest income	159,415	35,016	194,431	317,677	66,174	383,851
Interest expense	(143)	(126,549)	(126,692)	(290)	(250,566)	(250,856)
Inter-segment net interest income	(99,615)	99,615	—	(198,702)	198,702	—
Net interest income	**59,657**	**8,082**	**67,739**	**118,685**	**14,310**	**132,995**
Other income (expense), net	21,519	784	22,303	32,400	2,596	34,996
Total income	81,176	8,866	90,042	151,085	16,906	167,991
Provision for credit losses	(5,182)	163	(5,019)	(10,257)	22	(10,235)
Operating expenses	(16,271)	(4,568)	(20,839)	(33,192)	(8,648)	(41,840)
Segment profit	**59,723**	**4,461**	**64,184**	**107,636**	**8,280**	**115,916**
Segment assets				**9,205,569**	**3,444,737**	**12,650,306**
Segment liabilities				**629,079**	**10,585,029**	**11,214,108**

	Three months ended June 30, 2024			Six months ended June 30, 2024		
	Commercial	**Treasury**	**Total**	**Commercial**	**Treasury**	**Total**
Interest income	157,101	38,272	195,373	315,019	73,926	388,945
Interest expense	(116)	(132,498)	(132,614)	(235)	(263,066)	(263,301)
Inter-segment net interest income	(101,048)	101,048	—	(202,481)	202,481	—
Net interest income	**55,937**	**6,822**	**62,759**	**112,303**	**13,341**	**125,644**
Other income (expense), net	12,742	(461)	12,281	22,452	(468)	21,984
Total income	68,679	6,361	75,040	134,755	12,873	147,628
Provision for credit losses	(6,604)	(80)	(6,684)	(10,314)	601	(9,713)
Operating expenses	(14,581)	(3,653)	(18,234)	(29,240)	(7,285)	(36,525)
Segment profit	**47,494**	**2,628**	**50,122**	**95,201**	**6,189**	**101,390**
Segment assets				**7,744,509**	**3,147,067**	**10,891,576**
Segment liabilities				**309,403**	**9,299,512**	**9,608,915**

19. Business segment information (continued)

The following table shows the reconciliation of information by business segments:

	Three months ended June 30,		Six months ended June 30,	
	2025	**2024**	**2025**	**2024**
Profit for the period	64,184	50,122	115,916	101,390
Assets:				
Assets from reportable segments			12,650,306	10,891,576
Other assets - unallocated			23,901	15,038
Total			**12,674,207**	**10,906,614**
Liabilities:				
Liabilities from reportable segments			11,214,108	9,608,915
Other liabilities - unallocated			44,619	34,104
Total			**11,258,727**	**9,643,019**

20. Related party transactions

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

	June 30, 2025	**December 31, 2024**
Assets:		
Demand deposits	1,914	1,509
Loans, net	133,600	179,235
Securities	11,857	21,095
Total asset	**147,371**	**201,839**
Liabilities:		
Time deposits	460,218	574,360
Contingencies:		
Stand-by letters of credit	71,776	1,646

20. Related party transactions (continued)

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

	Three months ended June 30,		Six months ended June 30,	
	2025	**2024**	**2025**	**2024**
Interest income:				
Loans	1,818	846	4,465	1,983
Securities at amortized cost	140	122	103	243
Total	1,958	968	4,568	2.226
Interest expense:				
Deposits	(5,598)	(4,104)	(11,405)	(8,405)
Net interest income (expenses)	**(3,640)**	**(3,136)**	**(6,837)**	**(6,179)**
Other income (expense):				
Fees and commissions, net	2,137	—	2,155	1
Operating expenses				
Other expenses	—	—	3	—
Net income from related parties	**(1,503)**	**(3,136)**	**(4,679)**	**(6,178)**

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

	Three months ended June 30,		Six months ended June 30,	
	2025	**2024**	**2025**	**2024**
Expenses:				
Compensation costs to directors	414	351	1,012	861
Compensation costs to executives	2,429	1,674	5,989	7,606

Compensation costs of Bank´s directors and executives include annual cash retainers and the cost of granted restricted stock and restricted stock units, as detailed in the Stock Incentive Plan.

Loans and deposits to/from related parties were made at rates comparable to market rates of interest.

21. Litigation

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

22. Applicable laws and regulations

Liquidity index

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

As of June 30, 2025, and December 31, 2024, the minimum LCR to be reported to the SBP was 100%. The Bank´s LCR as of June 30, 2025 was 161.1% (December 31, 2024: 264.6%).

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

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

The liquidity index reported by the Bank to the regulator as of June 30, 2025 was 51.5% (December 31, 2024: 47.2%).

Capital adequacy

The Banking Law in the Republic of Panama and Rules No. 01-2015, 03-2016 and 05-2023 require that the general license banks maintain a total capital adequacy index. As of June 30, 2025, the capital adequacy index may not be less, at any time, than 8.5% (including the capital conservation buffer of 0.50% required for 2025, according to Agreement No. 05-2023) of total assets and off-balance sheet irrevocable contingency transactions, weighted according to their risks; and ordinary primary capital plus conservation buffer that shall not be less than 5% of its assets and off-balance sheet transactions that represent an irrevocable contingency, weighted based on their risks; and a total primary capital plus conservation buffer that shall not be less than 6.5% of its assets and off-balance sheet transactions that represent an irrevocable contingency, weighted based on their risks.

Capital Conservation Calculation

As of July 2024, Agreement No. 05-2023, issued by the Superintendency of Banks of Panama, came into force, which establishes rules on the creation of a capital conservation buffer, whose objectives are:

(i) ensure that banks accumulate reserves that can be used in case of incurring losses,

(ii) that banks do not fail to comply with the established minimum requirements, without considering the conservation buffer, in episodes of deterioration in solvency.

As established in the Agreement, banking entities must establish a capital conservation buffer of 2.5%, (established in a phased manner starting with 0.50% as of July 1, 2024, 0.75% for July 1, 2025 and 1.25% for July 1, 2026) of risk-weighted assets (credit, market and operating), made up of capital ordinary primary and in addition to all the minimum regulatory capital requirements that are established, for which the total minimum regulatory capital will be 8.5% for 2024, 9.25% for 2025 and 10.5% for 2026, (before the modification of the Rule 8%).

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

22. Applicable laws and regulations (continued)

The Bank manages its capital structure and adjusts it according to changes in economic conditions and the risk characteristics of its activities. To maintain or adjust the capital structure, the Bank may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities.

No changes have been made to the objectives, policies and processes from previous periods. However, they are under constant review by the Board.

The information corresponding to the total capital adequacy index is as follows:

	June 30, 2025	December 31, 2024
Capital funds	1,414,462	1,341,031
Risk-weighted assets	10,156,335	9,873,772
Capital adequacy index	13.9%	13.6%

Leverage ratio

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

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

The table below presents the Bank´s leverage ratio in compliance with Article No.17 of Rule No. 1-2015:

	June 30, 2025	December 31, 2024
Ordinary capital	1,269,345	1,195,914
Non-risk-weighted assets	12,797,041	12,220,660
Leverage ratio	9.9%	9.8%

Regulatory reserves

Below is a list of the regulatory reserves that the Bank maintains in accordance with the prudential standards of the SBP:

	June 30, 2025	December 31, 2024
Dynamic asset reserve	145,117	145,117
Regulatory reserve for individual credits	4,548	4,549
Total regulatory reserves	**149,665**	**149,666**

Credit risk coverage - dynamic provision

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

The dynamic provision is an equity item associated to the regulatory capital but does not replace or offset the capital adequacy requirements established by the SBP. This allocation is restricted for dividend distribution purposes.

22. Applicable laws and regulations (continued)

Methodology for the constitution of the regulatory credit reserve

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

The parameters established in this methodology are the following:

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

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

Capital reserve

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

Regulatory reserve for individual credits

Agreement No. 11-2019, amended by Agreement No. 4-2013, indicates that all loans classified as unrecoverable must be written off within a period of no more than one year. For corporate loans with real estate collateral, the bank will write off all loans classified as unrecoverable within a period of no more than two years, from the date on which it was classified in that category. After two years, if the Bank has not made the write-off, it must create a reserve in the equity account, through the appropriation of retained earnings, which will be charged to the value of the loan net of the provisions already established, according to the percentages established in the following table:

Period	**Percentage applicable**
At the beginning of the third year	50%
At the beginning of the fourth year	50%

In accordance with the provisions of Agreements No. 11-2019 and 4-2013, the bank recognized regulatory provisions for individual loans for $4,548 million as of June 30, 2025 (December 31, 2024: $4,549 million).

22. Applicable laws and regulations (continued)

Specific provisions

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

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

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

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

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

	June 30, 2025					
	Normal	**Special mention**	**Substandard**	**Doubtful**	**Unrecoverable**	**Total**
Loans at amortized cost						
Corporations	5,802,541	46,075	1,668	6,933	10,107	5,867,324
Financial institutions:						
Private	2,303,557	—	—	—	—	2,303,557
State-owned	327,779	—	—	—	—	327,779
	2,631,336	—	—	—	—	2,631,336
Sovereign	63,974	—	—	—	—	63,974
	8,497,851	**46,075**	**1,668**	**6,933**	**10,107**	**8,562,634**
Loans at FVOCI						
Corporations						
Financial institutions:						
Private	29,219	—	—	—	—	29,219
State-owned	5,000	—	—	—	—	5,000
	34,219	—	—	—	—	34,219
Total loans	**8,532,070**	**46,075**	**1,668**	**6,933**	**10,107**	**8,596,853**
Specific Provision	**—**	**15,215**	**834**	**5,546**	**5,559**	**27,154**
Allowance for loan losses under IFRS (*):	**51,086**	**16,998**	**1,274**	**5,442**	**7,113**	**81,913**

22. Applicable laws and regulations (continued)

	December 31, 2024					
	Normal	**Special mention**	**Substandard**	**Doubtful**	**Unrecoverable**	**Total**
Corporations	5,294,002	46,959	—	6,933	10,107	5,358,001
Financial Institutions:						
Private	2,521,065	—	—	—	—	2,521,065
State-owned	413,775	—	—	—	—	413,775
	2,934,840	—	—	—	—	2,934,840
Sovereign	82,331	—	—	—	—	82,331
Total	**8,311,173**	**46,959**	**—**	**6,933**	**10,107**	**8,375,172**
Specific Provision	**—**	**9,392**	**—**	**5,546**	**5,558**	**20,496**
Allowance for loan losses IFRS (*):	**51,427**	**14,248**	**—**	**5,441**	**7,042**	**78,158**

(1) As of June 30, 2025, and December 31, 2024, there is no excess in the specific provision calculated in accordance with Rule No. 8-2014 of the SBP, over the provision calculated in accordance with IFRS.

As of June 30, 2025 there are no restructured loans, (December 31, 2024, the restructured loans are for $67.5 million).

Rule No.4-2013 defines as Past Due any credit facility for which payment of contractually agreed amounts present more than thirty (30) days in arrears, up to ninety (90) days; and as Delinquent, any credit facility for which payment of contractually agreed amounts present more than ninety (90) days in arrears, except for single-payment transactions and overdrafts, which will be considered Delinquent when payment exceeds thirty (30) days in arrears from the contractual payment date.

Below is the classification of the loan portfolio by maturity profile based on Rule No. 4-2013 and modified by Rule No. 8-2014:

	June 30, 2025			
	Current	**Past due**	**Delinquent**	**Total**
Loans at amortized cost				
Corporations	5,857,217	—	10,107	5,867,324
Financial institutions:				
Private	2,303,557	—	—	2,303,557
State-owned	327,779	—	—	327,779
	2,631,336	—	—	2,631,336
Sovereign	63,974	—	—	63,974
Total	**8,552,527**	**—**	**10,107**	**8,562,634**
Loans at FVOCI				
Financial institutions:				
Private	29,219	—	—	29,219
State-owned	5,000	—	—	5,000
Total	**34,219**	**—**	**—**	**34,219**
Total loans	**8,586,746**	**—**	**10,107**	**8,596,853**

22. Applicable laws and regulations (continued)

	December 31, 2024			
	Current	**Defaulters**	**Past due**	**Total**
Loans at amortized cost				
Corporations	5,347,894	—	10,107	5,358,001
Financial institutions:				
Private	2,521,065	—	—	2,521,065
State-owned	413,775	—	—	413,775
	2,934,840	—	—	2,934,840
Sovereign	82,331	—	—	82,331
Total	**8,365,065**	**—**	**10,107**	**8,375,172**

In accordance with Rule No. 4-2013, as amended by Rule No. 8-2014, non-accruing loans are presented by category as follows:

	June 30, 2025					
	Normal	**Special mention**	**Substandard**	**Doubtful**	**Unrecoverable**	**Total**
Loans at amortized cost						
Impaired loans	—	—	1,668	6,933	10,107	18,708
Total	**—**	**—**	**1,668**	**6,933**	**10,107**	**18,708**

	December 31, 2024					
	Normal	**Special mention**	**Substandard**	**Doubtful**	**Unrecoverable**	**Total**
Loans at amortized cost						
Impaired loans	—	—	—	6,933	10,107	17,040
Total	**—**	**—**	**—**	**6,933**	**10,107**	**17,040**

	June 30, 2025	**December 31, 2024**
Non-accruing loans:		
Private corporations	18,708	17,040
Unrecognized interest on non-accrual loans	568	474

As of June 30, 2025, and December 31, 2024, there was no interest income collected on loans in non-accrual status.

23. Subsequent events

Dividends declared

The Bank announced a quarterly cash dividend of $0.625 US dollar cents per share corresponding to the second quarter of 2025. The cash dividend was approved by the Board of Directors on July 28, 2025 and was paid on September 03, 2025 to the Bank's stockholders as of August 15, 2025 record date.

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

Consolidated Financial Statements
as of December 31, 2024

(With the Independent Auditors' Report thereon)

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

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Banco Latinoamericano de Comercio Exterior, S. A. and subsidiaries ("the Bank"), which comprise the consolidated statement of financial position as at December 31, 2024, the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Bank as at December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Bank in accordance with International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Panama and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matter is that matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

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Allowance for loan losses
Refer to Notes 3.4.K and 5.A to the consolidated financial statements

Key audit matter

The Bank's allowance for loan losses (ALL) was $78,158 thousand as at December 31, 2024. The Bank applies a three-stage approach to measure the ALL, using an expected credit loss (ECL) methodology. The ECL methodology uses complex models that incorporate inputs and assumptions that involve significant judgment, to determine the collective ALL and the individual ALL.

The collective ALL is determined based on the Bank's assessment of the probability of default (PD), the loss given default (LGD) and the exposure at default (EAD) associated with the financial assets. The collective ALL considers the customer's credit risk rating and the country risk rating, which considers macroeconomic scenarios, historical loss rates and other assumptions. When the Bank determines that there has been a significant increase in credit risk (SICR) since initial recognition or when the financial asset is in default, lifetime ECL is recorded; otherwise, a 12-month ECL is recorded. When the financial asset is in default, the Bank determines the ECL individually, considering the expected cash flows, the discount rates and the related collateral valuation.

We identify the assessment of the ALL as a key audit matter because it involves significant measurement uncertainty that requires substantial auditor judgment, as well as industry knowledge and experience.

How the key matter was addressed in the audit

Our audit procedures, considering the use of specialists, included:

- Evaluate the methodology and key inputs used to determine the PD and LGD parameters produced by the models; as well as the country risk rating models. This includes considering projected macroeconomic scenarios based on publicly available information.

- Test certain internal controls over the Bank's ALL process relating to: (i) the validation of models for determining PD and LGD; (ii) the review of significant assumptions and judgments used by the Bank to determine customer and country risk ratings, including projected macroeconomic scenarios; (iii) the identification of whether there has been SICR or an event of default; (iv) assessment of data inputs into the ALL models, including technology controls over data transfer through certain application systems and their processing; (v) loan reviews to determine customer credit risk ratings, and (vi) country risk rating reviews.

- Assess i) for a sample of clients, the quantitative and qualitative factors related to the customer’s financial condition, its payment sources, and assumptions and judgments applied in determining the customer’s credit risk ratings assigned by the Bank; ii) judgment on whether there has been a SICR or an event of default; and iii) the probable scenarios and the collateral values used for assessing individual ECLs.

- Recalculate the ALL, in accordance with the Bank´s ECL methodology.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other legal requirements of information

In compliance with Law 280 of December 30, 2021, which regulates the certified public accountant profession in the Republic of Panama, we declare the following:

- The direction, execution, and supervision of this audit engagement has been performed physically on the Panamanian territory.

- The engagement partner on the audit who has prepared this independent auditors' report is Alexis Muñoz Giroldi.

- The audit team that has participated in the audit to which this report refers to, is comprised by Alexis Muñoz Giroldi, Partner; Eddison Pérez, Director; Kevin Rojas, Manager; and María Alejandra López, Manager.

KPMG

Panama, Republic of Panama
March 19, 2025

Alexis Muñoz Giroldi
Partner
C.P.A. 702-2003

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

Consolidated statement of financial position
December 31, 2024
(In thousands of US dollars)

	Notes	2024	2023
Assets			
Cash and due from banks	5,7,8	1,963,838	2,047,452
Investment securities	5,7,9	1,201,930	1,022,131
Loans	5,7,10,31	8,383,829	7,220,520
Customers' liabilities under acceptances	5,7	245,065	261,428
Derivative financial instruments - assets	5,7,13	22,315	157,267
Equipment, leases and leasehold improvements, net	14	19,676	16,794
Intangibles assets	15	3,663	2,605
Other assets	16	18,357	15,595
Total assets		11,858,673	10,743,792
Liabilities and Equity			
Liabilities:			
Deposits:			
Demand deposits		440,029	510,195
Time deposits		4,972,695	3,897,954
	5,7,17	5,412,724	4,408,149
Interest payable		49,177	42,876
Total deposits		5,461,901	4,451,025
Securities sold under repurchase agreements	5,7,9,18	212,931	310,197
Borrowings and debt, net	5,7,19	4,352,316	4,351,988
Interest payable		37,508	49,217
Lease liabilities	5,20	19,232	16,707
Acceptances outstanding	5,7	245,065	261,428
Derivative financial instruments - liabilities	5,7,13	141,705	40,613
Allowance for losses on loan commitments and financial guarantee contracts	5,7	5,375	5,059
Other liabilities	21	45,431	53,734
Total liabilities		10,521,464	9,539,968
Equity:			
Common stock	23	279,980	279,980
Treasury stock	23	(105,601)	(110,174)
Additional paid-in capital in excess of value assigned to common stock	23	124,970	122,046
Capital reserves	31	95,210	95,210
Regulatory reserves	31	149,666	136,019
Retained earnings		792,005	673,281
Other comprehensive income	24	979	7,462
Total equity		1,337,209	1,203,824
Total liabilities and equity		11,858,673	10,743,792

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

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

Consolidated statement of profit or loss
For the year ended December 31, 2024
(In thousands of US dollars, except per share data and number of shares)

	Notes	2024	2023	2022
Interest income:				
Deposits		92,549	80,622	18,836
Securities		50,806	32,426	24,000
Loans		641,677	566,212	289,785
Total interest income	26	785,032	679,260	332,621
Interest expense:				
Deposits		(300,890)	(217,042)	(66,044)
Securities sold under repurchase agreements	18	(11,675)	(9,232)	(7,340)
Borrowings and debt		(212,636)	(219,219)	(110,647)
Lease liabilities	20	(620)	(584)	(579)
Total interest expense	26	(525,821)	(446,077)	(184,610)
Net interest income		259,211	233,183	148,011
Other income (expense):				
Fees and commissions, net	25	44,401	32,519	19,791
Loss on financial instruments, net	12	(483)	(45)	(1,410)
Other income, net		507	462	280
Total other income, net	26	44,425	32,936	18,661
Total revenues		303,636	266,119	166,672
Provision for credit losses	5,26	(17,299)	(27,463)	(19,521)
Operating expenses:				
Salaries and other employee expenses	28	(51,923)	(47,232)	(34,219)
Depreciation and amortization of equipment, leasehold improvements	14	(2,499)	(2,280)	(2,154)
Amortization of intangible assets	15	(1,064)	(814)	(561)
Other expenses	29	(24,978)	(22,172)	(18,177)
Total operating expenses	26	(80,464)	(72,498)	(55,111)
Profit for the year		205,873	166,158	92,040
Per share data:				
Basic earnings per share (in US dollars)	22	5.60	4.55	2.54
Weighted average basic shares (in thousands of shares)	22	36,740	36,481	36,304

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

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

Consolidated statement of comprehensive income
For the year ended December 31, 2024
(In thousands of US dollars)

	Note	2024	2023	2022
Profit for the year		205,873	166,158	92,040
Other comprehensive income:				
Items that are or may be reclassified subsequently to the consolidated statement of profit or loss:				
Change in fair value on financial instruments, net of hedging	24	(7,597)	286	19,613
Reclassification of gains (losses) on financial instruments to the consolidates statement of profit or loss	24	1,114	(949)	60
Other comprehensive income	24	(6,483)	(663)	19,673
Total comprehensive income for the year		199,390	165,495	111,713

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

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

Consolidated statement of changes in equity
For the year ended December 31, 2024
(In thousands of US dollars)

	Common stock	Treasury stock	Additional paid-in capital in excess of value assigned to common stock	Capital reserves	Regulatory reserves	Retained earnings	Other comprehensive income	Total equity
Balance at January 1, 2022	279,980	(115,799)	120,043	95,210	136,019	487,885	(11,548)	991,790
Profit for the year	—	—	—	—	—	92,040	—	92,040
Other comprehensive income	—	—	—	—	—	—	19,673	19,673
Issuance of restricted stock	—	1,039	(1,039)	—	—	—	—	—
Compensation cost - stock options and stock units plans	—	—	2,157	—	—	—	—	2,157
Exercised options and stock units vested	—	663	(663)	—	—	—	—	—
Dividends declared	—	—	—	—	—	(36,313)	—	(36,313)
Balances at December 31, 2022	279,980	(114,097)	120,498	95,210	136,019	543,612	8,125	1,069,347
Profit for the year	—	—	—	—	—	166,158	—	166,158
Other comprehensive income	—	—	—	—	—	—	(663)	(663)
Issuance of restricted stock	—	1,148	(1,148)	—	—	—	—	—
Compensation cost - stock units plans	—	—	5,471	—	—	—	—	5,471
Exercised options and stock units vested	—	2,775	(2,775)	—	—	—	—	—
Dividends declared	—	—	—	—	—	(36,489)	—	(36,489)
Balances at December 31, 2023	279,980	(110,174)	122,046	95,210	136,019	673,281	7,462	1,203,824
Profit for the year	—	—	—	—	—	205,873	—	205,873
Other comprehensive income	—	—	—	—	—	—	(6,483)	(6,483)
Issuance of restricted stock	—	1,038	(1,038)	—	—	—	—	—
Compensation cost - stock units plans	—	—	7,497	—	—	—	—	7,497
Exercised options and stock units vested	—	3,535	(3,535)	—	—	—	—	—
Regulatory credit reserve	—	—	—	—	4,549	(4,549)	—	—
Dynamic provision	—	—	—	—	9,098	(9,098)	—	—
Dividends declared	—	—	—	—	—	(73,502)	—	(73,502)
Balances at December 31, 2024	279,980	(105,601)	124,970	95,210	149,666	792,005	979	1,337,209

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

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

Consolidated statement of cash flows
For the year ended December 31, 2024
(In thousands of US dollars)

	Notes	2024	2023	2022
Cash flows from operating activities				
Profit for the year		205,873	166,158	92,040
Adjustments to reconcile profit for the year to net cash (used in) provided by operating activities:				
Depreciation and amortization of equipment, leasehold improvements	14	2,499	2,280	2,154
Amortization of intangible assets	15	1,064	814	561
Gain on remeasurement - lease liability		—	(36)	—
Provision for credit losses	5	17,299	27,463	19,521
Realized gain on financial instruments at FVTPL	12	(251)	—	(510)
Realized gain on financial instruments at FVOCI	12	(68)	—	—
Loss on sale of financial instruments at amortized cost	12	—	3,858	—
Compensation cost - share-based payment	28	7,497	5,471	2,157
Net changes in hedging position and foreign currency		(33,701)	37,894	719
Loss on disposal of equipment and leasehold improvements	14	12	3	6
Derecognition of intangible assets	15	—	20	—
Interest income		(785,032)	(679,260)	(332,621)
Interest expense		525,821	446,077	184,610
Changes in operating assets and liabilities:				
Restricted and pledged deposits		(83,523)	(9,734)	(8,599)
Loans		(1,214,308)	(406,064)	(1,053,888)
Other assets		(3,057)	(7,376)	1,709
Due to depositors		1,005,136	1,217,433	154,488
Other liabilities		(9,107)	26,691	12,284
Cash flows (used in) provided by operating activities		(363,846)	831,692	(925,369)
Interest received		773,839	642,862	296,131
Interest paid		(532,652)	(412,440)	(140,415)
Net cash (used in) provided by operating activities		(122,659)	1,062,114	(769,653)
Cash flows from investing activities:				
Acquisition of equipment, leases and leasehold improvements	14	(1,813)	(761)	(1,651)
Acquisition of intangible assets	15	(2,122)	(1,335)	(1,070)
Proceeds from the sale of securities at amortized cost		—	59,432	—
Proceeds from the sale of loans to FVTPL		—	—	49,681
Proceeds from the redemption of securities at amortized cost		298,655	298,429	132,524
Proceeds from the redemption of securities at FVOCI		—	78,600	112,840
Purchases of securities at amortized cost		(388,291)	(435,321)	(458,983)
Purchases of securities at FVOCI		(86,449)	(11,811)	—
Net cash used in investing activities		(180,020)	(12,767)	(166,659)
Cash flows from financing activities:				
(Decrease) increase in securities sold under repurchase agreements		(97,323)	9,699	(127,000)
Net (decrease) increase in short-term borrowings and debt	19	(58,529)	(500,650)	579,065
Proceeds from long-term borrowings and debt	19	1,191,695	496,342	1,038,110
Payments of long-term borrowings and debt	19	(826,432)	(221,306)	(536,792)
Payments of lease liabilities	20	(1,091)	(1,032)	(995)
Dividends paid		(72,778)	(36,268)	(36,141)
Net cash provided by (used in) financing activities		135,542	(253,215)	916,247
(Decrease) increase net in cash and cash equivalents		(167,137)	796,132	(20,065)
Cash and cash equivalents at beginning of the year		1,987,068	1,190,936	1,211,001
Cash and cash equivalents at end of the year	8	1,819,931	1,987,068	1,190,936

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

1. Corporate information

Banco Latinoamericano de Comercio Exterior, S. A. ("Bladex Head Office" and together with its subsidiaries "Bladex" or the "Bank"), is domiciliated in Panama City, Republic of Panama, and is a specialized multinational bank established to support the financing of foreign trade and economic integration in Latin America and the Caribbean (the "Region"). The Bank was established pursuant to a May 1975 proposal presented to the Assembly of Governors of Central Banks in the Region, which recommended the creation of a multinational organization to increase the foreign trade financing capacity of the Region. The Bank was organized in 1977, incorporated in 1978 as a corporation pursuant to the laws of the Republic of Panama, and began operations on January 2, 1979. Under a contract law signed in 1978 between the Republic of Panama and Bladex, the Bank was granted certain privileges by the Republic of Panama, including an exemption from payment of income taxes in Panama.

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

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

Bladex Head Office's subsidiaries are the following:

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

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

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

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

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

These consolidated financial statements were authorized for issue by the Board of Directors on February 25, 2025.

2. Basis of preparation of the consolidated financial statements

2.1 Statement of compliance

The consolidated financial statements of Banco Latinoamericano de Comercio Exterior, S. A. and its subsidiaries have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

2.2 Functional and presentation currency

All amounts presented in the consolidated financial statements and notes are expressed in United States of America dollars (US dollar), which is the functional currency of the Bank.

2.3 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for the following items:

Items	Basis of measurement
Securities and other financial instruments at FVOCI and FVTPL	Fair value
Financial assets and financial liabilities designated as hedged items in qualifying fair value hedging relationships	At amortized cost adjusted for the risk components associated to the hedging relationship
Share-based payments	Fair value

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of Bladex and its subsidiaries. Bladex consolidates its subsidiaries from the date on which control is transferred to the Bank until the date on which control ceases. All intercompany balances and transactions have been eliminated on consolidation purpose and, when necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Bank's accounting policies.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Bank loses control over a subsidiary, it derecognizes the related assets, liabilities and other components of equity, while any resulting gain or loss is recognized in profit or loss. Any investment retained in the former subsidiary is recognized at fair value.

The Bank controls an investee if, and only if, the Bank has the following elements:

- Power over the investee. Existing rights that give it the current ability to direct the relevant activities of the investee.
- Exposure or rights to variable returns from its involvement with the investee and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Bank has less than the majority of the voting or similar rights of an investee, the Bank considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Bank's voting rights and potential voting rights.

2. Basis of preparation of the consolidated financial statements (continued)

2.4 Basis of consolidation (continued)

The Bank re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

3. Material accounting policies

Material accounting policies that have been applied consistently by the Bank for all years presented in these consolidated financial statements, are presented as follows:

3.1 Foreign currency

Foreign currency transactions

The Bank determines the functional currency for each subsidiary. The items included in the consolidated financial statements are measured using the functional currency of the Bank.

Transactions and balances

Assets and liabilities of foreign subsidiaries, whose local currency is considered their functional currency, are translated into the reporting currency (US dollars), using month-end spot foreign exchange rates. The Bank uses the exchange rates effective at the date of the transaction to translate revenues and expenses from local functional currency into presentation currency. The net effects of those translation adjustments are reported as a component of other comprehensive income in the consolidated statement of changes in equity.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate effective at the date on which fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate effective at the date of the transaction.

Transactions whose terms are denominated in a currency other than the functional currency, including transactions denominated in local currency of foreign subsidiaries whose functional currency is the US dollar, are recorded at the exchange rate effective at the date of the transaction. Assets and liabilities in foreign currency are translated into US dollars using month-end spot foreign exchange rates. The effects of translation of monetary assets and liabilities into US dollar are included in current year's earnings in the line item "gain (loss) on financial instruments, net" in the consolidated statement of profit or loss, except for those corresponding to monetary items that are designated as hedge items in qualifying cash flow or net investment hedges which are recognized in other comprehensive income until maturity or sale, at which time the carrying amount is reclassified to profit or loss, except for the carrying amount of equity instruments designated to be measured at fair value through other comprehensive income.

Tax charges and credits attributable to exchange differences on those monetary items are also recorded in accumulated other comprehensive income, if applicable.

When a foreign operation is disposed of in its entirety or partially such that control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

3.2 Interest

Effective interest rate

Interest income and expense are recognized in the consolidated statement of profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument measured at amortized cost.

3. Material accounting policies (continued)

3.2 Interest (continued)

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not the expected credit loss (ECL). For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL.

The calculation of the effective interest rate includes any amount directly attributable to the transaction such as origination fees (paid or received), premiums, discounts, and transaction costs.

Amortized cost and gross carrying amount

The 'amortized cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any expected credit loss allowance.

Methodology for calculation of interest income and expense

The effective interest rate is calculated on initial recognition for financial instruments measured at either amortized cost or fair value through other comprehensive income. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the financial instrument, when the asset is not credit-impaired, or to the amortized cost of the liability. The effective interest rate is revised as a result of periodic re-measurement of cash flows of floating-rate instruments to reflect movements in market interest rates.

For financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, the interest income calculation returns to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the asset. The calculation of interest income does not return to the gross basis, even when it shows an improvement in the credit risk of the financial asset.

Presentation

Interest income and expense calculated using the effective interest rate presented in the consolidated statement of profit or loss include:

- Interest on financial assets and financial liabilities measured at amortized cost.
- Interest on securities measured at FVOCI.
- Interest expense on lease liabilities.
- The effective portion of the variability in interest flows from the hedge instruments, in the same period as the cash flows from the hedged item affect interest income or expense.

3.3 Fees and commissions

Fees that are integral part of the effective interest rate on a financial asset or financial liability are described in Note 3.2.

Fees and commissions are determined based on considerations specified in a contract with the client. The Bank recognizes such income when control over the service is transferred to a customer.

3. Material accounting policies (continued)

3.3 Fees and commissions (continued)

The following table describes the services, other than financial intermediation, from which the Bank generates its income:

Type of services	Nature of performance obligations
Letters of credit	
Issuance	Guarantee to honor the stipulated amount agreed to in the terms and conditions entered with the customer, upon presentation of required documentation.
Negotiation	Review of the shipping documents, by the beneficiary, upon presentation and acceptance of payment on demand or on the day the reimbursement is made by the designated bank.
Acceptance	Commitment issued to the beneficiary to pay to a supplier in a future date, once all the shipping documents have been reviewed as to compliance with the terms and conditions of the letter of credit.
Confirmation	Commitment issued to the issuer bank and the beneficiary to honor or negotiate shipping documents.
Amendment	A request to amend the original letter of credit on behalf of the beneficiary modifying the original terms and conditions.
Syndications	
Structuring	Advise to the borrower by structuring the terms and conditions of a credit facility and coordinating among the lenders' and the borrowers' legal counsel all legal aspects relating to the credit facility, among others.
Other services	
Other	Assignment of rights, transferability, reimbursements, payments, discrepancies, courier charges and transfers.
Commitments	Firm commitments to provide future credits operations which may be subject to compliance and acceptance of certain previously agreed terms and conditions and the signing of the contract between the parties.

3.4 Financial assets and liabilities

A. Date of recognition and initial measurement

The Bank initially recognizes loans, deposits, securities and financial liabilities on settlement date. Other financial instruments are recognized on trade date, the date on which the Bank becomes a party to the contractual provisions of the instrument.

Recognized financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities, not measured at fair value through profit or loss (FVTPL), are added to or deducted from the fair value of the financial assets or liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

Financial assets and liabilities designated as hedged items in qualifying fair value hedging relationships are measured at amortized cost adjusted for the hedge risk components associated to the hedging relationship.

3. Material accounting policies (continued)

3.4 Financial assets and liabilities (continued)

B. Classification of financial assets

The Bank classifies its financial assets as subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL) based on the Bank's business model for managing the financial assets and the contractual cash flow characteristics of these financial assets.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest (SPPI).

A financial asset is measured at fair value through other comprehensive income (FVOCI) only if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

Unrealized gains or losses for financial assets at FVOCI are reported as net increases or decreases in other comprehensive income until realized. Gains or losses realized on sale of financial asset are included in the line item gain (loss) on financial instruments, net.

The remaining of financial assets are classified at FVTPL, when the assessment of the financial instrument's contractual terms and the cash flows derived from it determine that the SPPI criteria is not met for its classification at amortized cost or at FVOCI.

At initial recognition, the following irrevocable election / designation for measurement of a financial asset on an asset-by-asset basis may be made:

- It may irrevocably elect to present subsequent changes in fair value of an equity instrument that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination, and

- It may irrevocably designate a debt instrument that meets the amortized cost or at FVOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

For an equity instrument designated as measured at FVOCI, the cumulative gain or loss previously recognized in other comprehensive income is not subsequently reclassified to profit or loss, but is transferred within equity to retained earnings.

C. Classification of financial liabilities

The Bank classifies all financial liabilities as subsequently measured at amortized cost, except for those liabilities designated as hedged items in qualifying fair value hedging relationships, which are measured at amortized cost adjusted for the hedge risk components associated to the hedging relationship.

3. Material accounting policies (continued)

3.4 Financial assets and liabilities (continued)

D. Business model assessment

The Bank assesses the objective of the business model at a level that reflects how the financial asset groups are managed to obtain a particular business objective and how information on those assets is provided to Management. The assessment considers the following:

- The Bank's policies and objectives for the portfolio and the operation of those policies in practice. In particular, if management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;

- How the performance of the portfolio is evaluated and reported to Bank's management;

- The risks that affect the performance of the business model and how those risks are managed;

- The frequency, volume and timing of sales in prior periods, the reason for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realized.

An assessment of the business model for managing financial assets is fundamental to the classification of a financial asset. The business model does not depend on management's intentions for an individual instrument; therefore, assessment of the business model is done at a higher level of aggregation rather than instrument by instrument.

At the initial recognition of a financial asset, it is determined whether the newly recognized financial asset is part of an existing business model or whether it reflects the start of a new business model.

As of December 31, 2023, the Bank has adopted two new business models for the loan classification, which consist of the origination and acquisition of loans for trading and loans at fair value through other comprehensive income.

- Loans for trading: Loans that are originated or purchased with the objective of generating cash flows through their sale in the short term.

- Loans at fair value through other comprehensive income: Loans whose objective is to generate cash flows through the collection of principal and interest and the sale of such assets, with fair value being a key element in the management of these assets. Additionally, the characteristics of its contractual flows substantially represent a 'basic financing agreement'.

E. Assessment whether contractual cash flows are solely payments of principal and interest (SPPI)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding at a point in time and for other basic lending risks and costs as well as profit margin.

Contractual cash flows that are SPPI are consistent with a basic credit agreement. Contractual terms that originate risk exposure or volatility in the contractual cash flows that are not related to a basic credit agreement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic credit arrangement irrespective of whether it is a credit in its legal form.

In assessing whether the contractual cash flows are SPPI, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows, so that it would not meet this condition. In making the assessment, the Bank considers the following:

3. Material accounting policies (continued)

3.4 Financial assets and liabilities (continued)

- Contingent events that would change the amount and timing of cash flows;
- Leverage features;
- Prepayment and extension terms;
- Terms that limit the Bank´s claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

The Bank measures its financial assets and liabilities at FVTPL, when the assessment of the financial instrument's contractual terms and the cash flows derived from it determines that the SPPI criteria is not met for its classification at amortized cost or at FVOCI.

F. Reclassification

If the business model under which the Bank holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Bank's financial assets.

G. Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired.
- The Bank has transferred its rights to receive cash flows from the asset and either has transferred substantially all risks and rewards of the asset or has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.
- The Bank retains the right to receive cash flows from the asset but has assumed an obligation to pay the received cash flows in full without significant delay to a third party under a 'pass–through' arrangement.
- When the Bank has transferred its rights to receive cash flows from an asset or has entered into a pass–through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Bank's continuing involvement in the asset. In that case, the Bank also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the contractual rights and obligations that the Bank has retained.

The Bank assesses the transfer of risks and benefits by comparing the entity's exposure, before and after the transfer, with the variation in the amounts and timing of the net cash flows of the transferred asset; additionally, the continued participation in a transferred financial asset is measured by the lowest value between the original carrying amount of the asset and the maximum amount of the consideration that the Bank could be required to pay.

In derecognizing the financial asset, the allowance for credit risk are deducted from the gross carrying amount of the financial asset; any accumulated gain or loss that has been recognized in other comprehensive income is recognized in profit or loss.

3. Material accounting policies (continued)

3.4 Financial assets and liabilities (continued)

Any accumulated gain or loss recognized in other comprehensive income regarding equity instruments designated at fair value through other comprehensive income is not recognized in the consolidated statement of profit or loss. Any interest in the transfer of a financial assets that qualifies for derecognition, booked or held by the Bank is recognized as a separate asset or liability.

The Bank enters into transactions whereby it transfers assets recognized on its consolidated statement of financial position but retains either all or substantially all the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognized. Examples of such transactions are securities and transactions under repurchase agreements.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is extinguished, when the obligation specified in the contract is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same counterparty on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as an extinguishment of the original liability and the recognition of a new liability.

The difference between the carrying value of the original financial liability and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

H. Modified financial asset or liability

Financial assets

A modified financial asset is an instrument whose borrower is experiencing financial difficulties and the renegotiation constitutes a concession to the borrower. A concession may include modification of terms such as an extension of maturity date, reduction in the stated interest rate, rescheduling of future cash flows, and reduction in the face amount of the financial asset or accrued interest, among others.

When a financial asset is modified, the Bank assesses whether this modification results in derecognition. In accordance with the Bank's policies a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms the Bank considers the following:

- Qualitative factors, such as contractual cash flows after modification that are no longer SPPI, change in currency or change of counterparty, the extent of change in interest rates, maturity or covenants. If these do not clearly indicate a substantial modification, then;

- A quantitative assessment is performed to compare the present value of the remaining contractual cash flows according to the original terms with the contractual cash flows of the revised terms; both amounts discounted at the original effective interest rate.

When the contractual terms of a financial asset are modified, and the modification does not result in derecognition, the Bank determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

- The remaining lifetime probability of default estimated based on data at initial recognition and the original contractual terms; with

- The remaining lifetime probability of default at the reporting date based on the modified terms.

3. Material accounting policies (continued)

3.4 Financial assets and liabilities (continued)

In the renegotiation or modification of the contractual cash flows of the financial asset, the Bank shall:

- Continue with its current accounting treatment for the existing financial asset that has been modified.

- Record a modification gain or loss by recalculating the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows, discounted at the financial asset's original effective interest rate.

- Assess whether there has been a significant increase in the credit risk of the financial instrument, by comparing the risk of a default occurring at the reporting date (based on the modified contractual terms) and the risk of a default occurring at initial recognition (based on the original, unmodified contractual terms). The financial asset that is modified is not automatically considered to have a lower credit risk. The assessment should consider credit risk over the expected life of the asset based on historical and forward-looking information, including information about the circumstances that led to the modification. Evidence that the criteria for the recognition of lifetime expected credit losses are subsequently no longer met may include a history of up-to-date and timely payment in subsequent periods. If the credit quality of the financial asset no longer exhibits a credit impairment, it will return to a 12-month expected credit loss measurement.

- Make the appropriate quantitative and qualitative disclosures required for renegotiated or modified assets to reflect the nature and the effect of such modifications (including the effect on the measurement of expected credit losses) and how the Bank monitors these financial assets that have been modified.

When the modification of a financial asset results in the derecognition of an existing financial asset and the subsequent recognition of a modified financial asset, the modified asset is considered a new financial asset, at the time of derecognition, the reserve for expected credit losses (ECL) is recalculated to determine the net carrying value of the asset at that date. The new financial asset will have an allowance for losses measured based on 12-month for expected credit losses except for rare cases where the new financial asset is considered to be impaired, because a high risk of default remains, which has not been reduced in the modification. The Bank monitors the credit risk of the modified or renegotiated financial assets by assessing qualitative and quantitative information, considering them in the same way as customers with expired status under new terms.

Financial Liabilities

The Bank derecognizes a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different. The Bank considers that the terms of a modified financial liability are substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received, discounted at the original effective interest rate presents a difference greater than 10% of the discounted present value of the cash flows still remaining from the original financial liability.

In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability derecognized, and the consideration paid, is recognized in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortized cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognized in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognized as an adjustment to the carrying amount of the liability and amortized over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

3. Material accounting policies (continued)

3.4 Financial assets and liabilities (continued)

I. Offsetting

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Bank currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously. Generally, this is not the case with a contractual compensation agreement; therefore, related assets and liabilities are presented with their gross amounts in the consolidated statement of financial position.

Income and expenses are presented on a net basis only when permitted under IFRS Standards, or for gains or losses arising from a group of similar transactions.

J. Fair value measurement

Fair value of an instrument is 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 or, in its absence, the most advantageous market to which the Bank has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Bank measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as "active" if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Bank uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received.

The Bank recognizes transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

K. Allowances for losses on financial instruments

The allowances for losses on financial instruments are provided for losses derived from the expected credit losses ("ECL"), inherent in the loan portfolio, investment securities and loan commitments and financial guarantee contracts, using the reserve methodology to determine expected credit losses. Additions to the allowance for expected credit losses for financial instruments are recognized in profit or loss or in other comprehensive income (loss) depending on classification of the instrument. Incurred credit losses are deducted from the allowance, and subsequent recoveries are added. The allowance is also decreased by reversals of the allowance back to profit or loss. The allowance for expected credit losses for financial instruments at amortized cost is reported as a deduction of financial assets and, the allowance for expected credit losses on loan commitments and financial guarantee contracts, such as letters of credit and guarantees, is presented as a liability.

The Bank assigns to each exposure a risk rating which is defined using quantitative and qualitative factors that are indicative of the risk of loss. This rating is considered for purposes of identifying significant increases in credit risk. These factors may vary depending on the nature of the exposure and the type of borrower.

Each exposure will be assigned to a risk rating at the time of initial recognition based on the available information about the customer and the country. Exposures will be subject to continuous monitoring, which may result in the change of an exposure to a different risk rating.

The analysis of customer risk considers financial and operational factors, sector / industry, market and managerial, as well as the ratings of international rating agencies, quality of information and other elements of an objective nature, including projections on indicators.

3. Material accounting policies (continued)

3.4 Financial assets and liabilities (continued)

For the assignment of customer credit ratings, quantitative and qualitative criteria are applied, depending on whether the counterpart corresponds to a financial entity or a corporation, and broken down into several factors, which receive a weighting within the customer's rating.

In the analysis of the country risk, for the establishment of the rating, the assessment of quantitative and qualitative factors specific to the country under analysis is considered, as well as the regional and global macroeconomic environment, considering projections about the future performance of the country´s environment.

In general, there are three groups of quantitative factors that determine the analysis and that give rise to a quantitative rating of the country (changes in main economic indicators; external payment capacity and access to capital; performance of domestic credit and the financial system), which is later analyzed within the social-political framework of the country (qualitative factors) and may consider added deterioration for the determination of the final country rating.

i) Measurement of expected credit losses

Calculation of the allowance for expected credit losses for financial instruments is made based on the risk rating resulting from the Bank's internal model and considers, generally (certain exceptions apply), the worst among the country risk rating of the transaction and the customer risk rating.

The table below provides a mapping of the Bank's internal credit risk grades to external ratings.

Internal rating	12 - Month average PD [(1)] %	External rating [(2)]	Description
1 - 4	0.09	Aaa – Ba1	Exposure in customers or countries with payment ability to satisfy their financial commitments.
5 - 6	2.26	Ba2 – B3	Exposure in customers or countries with payment ability to satisfy their financial commitments, but with more frequent reviews.
7	7.81	Caa1 - Caa3	Exposure in customers whose primary source of payment (operating cash flows) is inadequate, and who show evidence of deterioration in their working capital that does not allow them to satisfy payments on the agreed terms, or in countries where the operation carries certain risks.
8 - 9	34.52	Ca	Exposure in customers whose operating cash flows continuously show insufficiency to service the debt on the originally agreed terms, or in countries where the operation is limited or restricted to certain terms, structure and types of credits.
10	100	C	Exposure to customers with operating cash flows that do not cover their costs, are in suspension of payments, presumably will also have difficulties fulfilling possible restructuring agreements, are in a state of insolvency, or have filed for bankruptcy, among others.

(1) Probability of default

(2) Credit rating by Moody's Investors Service.

In order to maintain periodical monitoring of the quality of the portfolio, customers and countries are reviewed within a time frequency ranging from 3 to 12 months, depending on the risk rating.

The Bank measures expected credit losses in a way that reflects: a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; b) time value of money; and c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecast of future economic conditions.

3. Material accounting policies (continued)

3.4 Financial assets and liabilities (continued)

The expected credit loss model reflects the general pattern of deterioration or improvement in the credit quality of the financial instrument. The amount of ECL recognized as a loss allowance or provision depends on the extent of credit deterioration since initial recognition. There are two measurement bases:

- Stage 1: 12-month ECL, which applies to all financial instruments (from initial recognition) as long as there is no significant increase in credit risk, and

- Stage 2 and 3: Lifetime ECL, which applies when a significant increase in credit risk has occurred on an individual or collective basis. In Stages 2 and 3 interest income is recognized. Under Stage 2 (as under Stage 1), there is a full decoupling between interest recognition and impairment and interest income is calculated on the gross carrying amount. Under Stage 3, when a financial asset subsequently becomes credit impaired (when a credit event has occurred) interest income is calculated by applying the effective interest rate adjusted to the amortized cost of the impaired asset. In subsequent reporting years, if the credit quality of the financial asset improves so that the financial asset is no longer credit-impaired, and the improvement can be related objectively to the occurrence of an event (such as an improvement in the borrower's credit rating), then the Bank will once again calculate interest income on a gross basis.

The allowance for expected credit losses includes an asset-specific component and a formula-based component. The asset-specific component, or specific allowance, relates to the provision for losses on credits considered impaired and measured individually case-by-case. A specific allowance is established when the value of the discounted cash flows (or observable fair value of collateral) of the credit is lower than the carrying value of that credit. The formula-based component (collective assessment basis), covers the Bank's performing credit portfolio and it is established based on a process that estimates the probable loss inherent in the portfolio, based on statistical analysis and management's qualitative judgment. This assessment considers comprehensive information that incorporates not only past-due data, but other relevant credit information, such as forward looking macro-economic information.

ECL are a probability-weighted estimate of the present value of credit losses. These are measured as the difference in the present value of the cash flows due to the Bank under the contract and the cash flows that the Bank expects to receive arising from weighing of multiple future economic scenarios, discounted at the asset's effective interest rate (EIR). For undrawn loan commitments, the ECL is the difference between the present value of the contractual cash flows that are due to the Bank if the holder of the commitment draws down the loan and the cash flows that the Bank expects to receive if the loan is drawn down; and for financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Bank expects to receive from the holder, the debtor or any other party.

The Bank determines ECL using two methodologies to determine if there is objective evidence of impairment for financial instruments:

- Individually assessed

  The expected credit losses on individually assessed financial instruments are determined by an evaluation of the exposures on a case-by-case basis, for operations that maintain a credit rating of 7 or higher. This procedure is applied to all credit transactions that are individually significant or not. If it is determined that there is no objective evidence of impairment for an individual credit transaction, it is included in a group of credit transactions with similar credit risk characteristics and is collectively assessed to determine whether there is impairment.

  The impairment loss is calculated by comparing the present value of the future expected cash flows, discounted at the original effective rate of the credit transaction, with its current carrying amount and the amount of any loss is recognized as a provision for losses in the consolidated statement of profit or loss for those measured at amortized cost, and in equity for those operations measured at FVOCI.

3. Material accounting policies (continued)

3.4 Financial assets and liabilities (continued)

- Collectively assessed

  For a collective assessment of impairment, financial instruments are grouped according to similar credit risk characteristics. These characteristics are relevant to estimate cash flows for the groups of such assets, being indicative of the debtors' ability to pay the amounts owed according to the contractual terms of the assets being assessed.

  Future cash flows in a group of credit transactions that are collectively assessed to determine whether there is impairment are estimated according to the contractual cash flows of the assets in the group, the historical loss experience for assets with similar credit risk characteristics, within each group, and the experienced management views on whether the current economy and credit conditions can change the real level of historical inherent losses suggested.

ii) Definition of default

The Bank considers a financial asset to be in default when it presents any of the following characteristics:

- The borrower is past due for more than 90 days in any of its financial obligations, either in the principal payment or interest;

- Impairment in the financial condition of the customer, or the existence of other factors allowing to estimate the possibility that the balance of principal and interest on customers' loans will not be fully recovered.

The above presumptions regarding past due loans may be rebuttable if the Bank has reasonable and supportable information that is available without undue cost or effort, that demonstrate that the credit risk has not increased significantly since initial recognition even though the contractual payments are more than 30 or 90 days past due.

In assessing whether a borrower is in default, the Bank considers qualitative and quantitative indicators based on data internally developed and obtained from external sources. Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

iii) Significant increase in credit risk

When assessing whether the credit risk on a financial instrument has increased significantly, the Bank considers the change in the risk of default occurring since initial recognition. For a financial instrument to be considered in default, management considers criteria used in the internal credit risk model and qualitative factors, such as financial covenants, where appropriate.

The Bank continuously assesses significant increases in credit risk based on the change in the risk of a default occurring over the expected life of the credit instrument. In order to make the assessment of whether there has been significant credit deterioration, the Bank considers reasonable and supportable information that is available without undue cost or effort by comparing:

- The risk of a default occurring on the financial instrument at the assessment date, and

- The risk of a default occurring on the financial instrument at initial recognition.

For loan commitments, the Bank considers changes in the risk of a default occurring on the 'potential' financial instrument to which a loan commitment relates, and for financial guarantee contracts, changes in the risk that the specified debtor will default are taken into consideration.

3. Material accounting policies (continued)

3.4 Financial assets and liabilities (continued)

For financial instruments measured at FVOCI, the expected credit losses do not reduce the carrying amount in the consolidated statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the asset was measured at amortized cost would be recognized in profit or loss as the impairment amount. Impairment losses or recoveries are accounted for as an adjustment to the reserve in accumulated other comprehensive income in the consolidated statement of financial position, against profit or loss for the year.

Additionally, to determine if there has been a significant increase in risk, the Bank applies an alert model considering the international economic environment, the specific financial situation by country and the economic analysis of the industry where the customer generates its income. The model defines a consolidated calculation of risk severity depending on the weighing of the risk severity for each scenario under analysis. Also, this model depends on the context of the variables or the ratings constructed for each one (by market, country and economic sector).

Impairment on a financial asset is assessed based on numerous factors and its relative importance varies on a case-by-case basis. Factors considered in determining whether there has been a negative impact on the estimated future cash flows of a financial asset include: significant financial difficulties of the issuer/debtor; high probability of default; granting a concession to the issuer/debtor; disappearance of an active market due to financial difficulties; breach of contract, such as defaults or delays in principal or interest; and observable data indicating that there is a measurable decrease in expected cash flows since initial recognition.

If a security is no longer publicly traded or the entity´s credit rating is downgraded, this is not, by itself, evidence of impairment, but should be considered for impairment together with other information. A decline in the fair value of an investment security below its amortized cost is not necessarily evidence of impairment, as it may be due to an increase in market interest rates. Whether a decline in fair value below cost is considered significant or prolonged, must be assessed on an instrument-by-instrument basis and should be based on both qualitative and quantitative factors. However, the assessment of prolonged decline should not be compared to the entire period that the investment has been or is expected to be held.

In order to determine whether there has been a significant increase in the credit risk of a financial instrument, the assessment is based on quantitative and qualitative information.

The Bank considers the following factors, among others, when measuring significant increase in credit risk:

- Significant changes in internal indicators of credit risk as a result of a change in credit risk since inception;
- Significant changes in market indicators of credit risk for a particular financial instrument or similar financial instruments with the same expected life;
- An actual or expected significant change in the financial instrument's external credit rating;
- Existing or forecast adverse changes in business, financial or economic conditions;
- An actual or expected significant change in the operating results of the borrower;
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the borrower;
- Significant changes in the value of the collateral supporting the obligation;
- Significant changes, such as reductions in financial support from a parent entity or other affiliate or an actual or expected significant change in the quality of credit enhancements, among other factors incorporated into the Bank's ECL model.

Additionally, management may apply complementary judgment to capture elements of prospective nature or loss expectations based on risks identified in the environment that are not necessarily reflected in the historical data.

3. Material accounting policies (continued)

3.4 Financial assets and liabilities (continued)

The reserve balances for expected credit losses for credit exposures, are calculated applying the following formula:

Reserves = ∑(E x PD x LGD); where:

- Exposure (E) = the total outstanding balance at the end of the period under review.
- Probabilities of Default (PD) = one-year probability of default applied to the portfolio to account for 12-month ECL and lifetime probability of default to account for more than 12-month ECL. Default rates are based on Bladex's historical portfolio performance per rating category, in addition to international rating agency's probabilities of default for categories 6, 7 and 8, in view of the greater robustness of data for such cases.
- Loss Given Default (LGD) = a factor is applied, based on historical information, as well as best practices in the banking industry, volatility and simulated scenarios based on forward-looking information. Management applies judgment and historical loss experience.

L. Write-offs

When the Bank has no reasonable expectation of recovering a financial asset, the carrying amount is written off either partially or in full. This is generally the case when the Bank determines that the borrower does not have assets or sources of income that could generate enough cash flows to repay the amounts subject to the write-off. Nevertheless, the financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amounts due.

Recoveries of amounts previously written off are recognized when cash is received in the allowance for losses as mentioned in Note 3.4 (K).

3.5 Derivative financial instruments for risk management purposes and hedge accounting

Derivatives held for risk management purposes include all derivative assets and liabilities that are not classified as trading assets or liabilities. Derivatives held for risk management purposes are measured at fair value in the consolidated statement of financial position. Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain/ loss is immediately recognized in the consolidated statements of profit or loss unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship.

Applicable standards for all hedging relationships

On initial designation of the hedge, the Bank formally documents the relationship between the hedging instrument(s) and hedged item(s), including the risk management objective and strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationship. The Bank makes an assessment, both at inception of the hedging relationship and on an ongoing basis, of whether the hedging instrument(s) is(are) expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged item(s) during the period for which the hedge is designated.

The Bank uses derivative financial instruments for its management of interest rate and foreign currency risks. Interest rate swap contracts, cross-currency swap contracts and foreign exchange forward contracts have been used to manage interest rate and foreign exchange risks.

These derivatives contracts can be classified as fair value or cash flow hedges. In addition, foreign exchange forward contracts are used to hedge exposures to changes in foreign currency in subsidiary companies with functional currencies other than the US dollar. These derivatives contracts are classified as net investment hedges.

3. Material accounting policies (continued)

3.5 Derivative financial instruments for risk management purposes and hedge accounting (continued)

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

Derivatives held for trading purposes include interest rate swaps, cross-currency swaps and foreign exchange forward contracts used for risk management purposes that do not qualify for hedge accounting. These derivatives are reported as asset or liabilities, as applicable in the consolidated statement of financial position. Changes in realized and unrealized gains and losses from these financial instruments are recognized as gain (loss) on financial instruments, net in the consolidated statements of profit or loss.

Derivatives for hedging purposes primarily include US dollar interest rate swaps, cross currency swaps and foreign exchange forward contracts. Derivative contracts designated and qualifying for hedge accounting are reported in the consolidated statement of financial position as derivative financial instruments used for hedging - assets and liabilities, as applicable; and hedge accounting is applied. In order to qualify for hedge accounting, a derivative must be considered highly effective at reducing the risk associated with the exposure being hedged. Each derivative must be designated as a hedge, with documentation of the risk management objective and strategy, including identification of the hedging instrument, the hedged item and the risk exposure, as well as how effectiveness will be assessed prospectively. Hedging instruments should be assessed qualitatively and quantitatively, assessed on a quarterly basis in order to determine their effectiveness at achieving offsetting changes in fair value or cash flows. Any ineffectiveness must be reported in current-year profit or loss.

i) Hedge accounting relationship

As the Bank enters into a hedge accounting relationship, the first requirement is that the hedging instrument and the hedged item must be expected to move in the opposite direction as a result of the change in the hedged risk. This should be based on an economic rationale, as could be the case if the relationship is based only on a statistical correlation. This requirement is fulfilled for many of the hedging relationships carried out by the Bank as the underlying of the hedging instrument matches or is closely aligned with the hedged risk. Even when there are differences between the hedged item and the hedging instrument, the economic relationship will often be capable of being demonstrated using a qualitative assessment. The assessment, whether qualitative or quantitative, considers the following: a) maturity; b) notional amount; c) cash flow dates; d) currency; and e) interest rate basis.

ii) Hedge ratio

The hedge ratio is the ratio between the amount of the hedged item and the amount of the hedging instrument. For most of the hedging relationships, the hedge ratio is 1:1 as the underlying of the hedging instrument perfectly matches the designated hedged risk. For a hedging relationship with a correlation between the hedged item and the hedging instrument that is not a 1:1 relationship, the hedge ratio is generally set so as to adjust for the type of relationship in order to improve effectiveness.

iii) Discontinuation of hedge accounting

The Bank discontinues hedge accounting prospectively in the following situations:

1. It is determined that the derivative is no longer effective in offsetting changes in the fair value or cash flows of a hedged item.

2. The derivative expires or is sold, terminated or exercised.

3. It is determined that designation of the derivative as a hedging instrument is no longer appropriate.

3. Material accounting policies (continued)

3.5 Derivative financial instruments for risk management purposes and hedge accounting (continued)

Fair value hedges

When a derivative is designated as the hedging instrument in a hedge of the change in fair value of a recognized asset or liability or a firm commitment that could affect profit or loss, changes in the fair value of the derivative are recognized in profit or loss together with changes in the fair value of the hedged item that are attributable to the hedged risk, except when the hedging instrument hedges an equity instrument designated at FVOCI in which case it is recognized in OCI. The carrying amount of a hedged item not already measured at fair value is adjusted in profit or loss for the fair value change attributable to the hedged risk. For financial instruments measured at FVOCI, the carrying amount is not adjusted as it is already at fair value, but the portion of the fair value on the hedged item associated with the hedged risk is recognized in profit or loss instead of OCI. When the hedged item is an equity instrument designated at FVOCI, the hedging gain/loss remains in OCI to match that of the hedging instrument.

If the hedge relationship is terminated or exercised, or the hedge no longer meets the criteria for fair value hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively and the fair value adjustment to the hedged item continues to be reported as part of the basis of the item and is amortized to earnings as an adjustment to the yield in profit or loss.

Cash flow hedges

When a derivative is designated as a hedging instrument for variability in cash flows attributable to a particular risk associated with a recognized asset or liability that could affect profit or loss, the effective portion of the change in fair value of the derivative is recognized in OCI and it is recognized in profit or loss when the hedged cash flows affect income. The ineffective portion is recognized in profit or loss in the line item gain (loss) on financial instruments, net.

If the cash flow hedge relationship is terminated or exercised, or the hedge no longer meets the criteria for fair value hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively and the related amounts recognized in OCI are reclassified to profit or loss when hedged cash flows occur.

The Bank recognizes the costs associated with foreign exchange forward contracts when the hedged item is an asset or liability, as interest income or expense, adjusting the yield of the underlying transaction in profit or loss, and accumulates a reserve in OCI in the consolidated statement of financial position, which is reclassified to profit or loss upon maturity.

Net investment hedges

When a derivative instrument or a non-derivative financial item is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of changes in the fair value of the hedging instrument is recognized in OCI and presented in the foreign currency translation reserve within equity. Any ineffective portion of the changes in the fair value of the derivative is recognized in profit or loss. The amount recognized in OCI is reclassified to profit or loss as a reclassification adjustment when disposal of the investment in the foreign operation occurs.

3.6 Cash and due from banks

Cash equivalents include demand deposits in banks and interest-bearing deposits in banks with original maturities of three months or less, excluding restricted deposits.

3.7 Loans

Loans reported in the consolidated statement of financial position include loans at amortized cost.

3. Material accounting policies (continued)

3.7 Loans (continued)

Loans at amortized cost consider the principal outstanding amounts and interest receivable net of unearned interest, deferred fees and allowance for expected credit losses. Loans recognized and designated as hedged items in qualifying fair value hedging relationships, are measured at amortized cost adjusted for the hedge risk components associated to the hedging relationship. Purchased loans are recognized at the acquisition cost. The difference between the outstanding amount and the acquisition cost of loans, premiums and discounts, is amortized over the life of the loan as an adjustment to the yield. All other costs related to acquisition of loans are also reflected as an adjustment to the yield.

3.8 Securities

Securities presented in the consolidated statement of financial position include:

- Debt investment securities measured at amortized cost; these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortized cost using the effective interest rate method, except for those designated as hedged items in qualifying fair value hedging relationships which are measured at amortized cost adjusted for the hedged risk component associated with the hedging relationship.

- Debt instruments measured at FVOCI; these are initially measured at fair value plus incremental transaction costs, and subsequently their fair value is remeasured on a recurring basis, with such adjustment recognized in other comprehensive income, except for those designated as hedged items in relationships that qualify as fair value hedges where the portion attributable to the hedged risk is recognized in profit or loss.

3.9 Deposits, borrowings and repurchase agreements

Liability deposits, borrowings and debt are accounted for at amortized cost, except for those designated as hedged items in qualifying fair value hedging relationships, which are measured at amortized cost adjusted for the hedge risk components associated to the hedging relationship.

Repurchase agreements are transactions in which the Bank sells a security and simultaneously agrees to repurchase that security (or an asset that is substantially identical) at a fixed price on a future date. The Bank continues to recognize the securities in their entirety in the consolidated statement of financial position because it retains substantially all the risks and rewards of ownership. The cash consideration received is recognized as a financial asset and a financial liability is recognized for the obligation to pay the repurchase price.

3.10 Loan commitments and financial guarantee contracts

Letters of credit, stand-by letters of credit and guarantees

The Bank, on behalf of its client's base, issues, confirms and advises letters of credit to facilitate foreign trade transactions. When issuing, confirming and advising letters of credit, the Bank adds its own unqualified assurance that the Bank will pay upon presentation of complying documents as per the terms and conditions established in the letter of credit. The Bank also issues, confirms and advises stand-by letters of credit and guarantees, which are issued on behalf of institutional clients in connection with financing between its customers and third parties. The Bank applies the same credit policies used in its lending process, and once the commitment is issued, it becomes irrevocable and remains valid until its expiration upon the presentation of complying documents on or before the maturity date.

Credit commitments

Commitments to extend credit are binding legal agreements to lend to customers as long as the preceding conditions stipulated by the Bank are fulfilled. Commitments generally have fixed expiration dates or other termination clauses and require payment of a fee to the Bank. As some commitments expire without being drawn down, the total commitment amounts do not necessarily represent future cash requirements.

3. Material accounting policies (continued)

3.11 Leases

At inception of a contract, the Bank assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Bank assesses whether:

- The contract involves the use of an identified asset –this may be specified explicitly or implicitly; and should be physically distinct or represent substantially all of the capacity of a physically distinct asset.
- The Bank has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use.
- The Bank has the right to direct the use of the asset. The Bank has decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Bank has the right to direct the use of the asset if either:
    - The Bank has the right to operate the asset; or
    - The Bank designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Bank allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for lease agreements of office spaces in buildings in which the Bank is a lessee, it chose not to separate the components of the contract that do not correspond to the lease and to account for all of them under a single lease component.

The details of the lease policy are described as follows:

A. Definition of a lease

The Bank determines at the beginning of the contract if an agreement is or contains a lease. The Bank assesses if a contract is or contains a lease based on the definition of a lease.

B. As a lessee

The Bank recognizes right-of-use assets and lease liabilities for most leases. These leases are presented in the consolidated statement of financial position. Lease liabilities are measured at the present value of the lease payments, discounted at the Bank's internal funding cost rate, for the weighted average term of the contract.

The right-of-use asset is recognized at cost from the initial measurement of lease liabilities, adjusted for any prepayment, incremental cost, dismantling cost and accumulated depreciation. Subsequently, it is depreciated using the straight-line method from the inception date until the end of the lease term. In addition, the right-of-use asset is reduced by impairment losses, if applicable, and is adjusted for certain new measurements of the lease liability. The Bank presents its right of use assets in the line item of equipment, leases and leasehold improvements and the liability as lease liabilities, both in the consolidated statement of financial position.

C. As a sublessor

Sub-leases of assets for rights of use are classified as operating leases. The subleased portion is classified as investment property, which is subsequently measured by applying the cost model. Lease income is recognized in profit or loss in the period in which it is earned.

The Bank applies the service fulfillment to revenue from contracts with customers approach to assign the consideration in the contract to each lease component and that is not a lease.

3. Material accounting policies (continued)

3.12 Equipment, leases and leasehold improvements

Equipment, leases and leasehold improvements are stated at cost excluding the costs of day–to–day maintenance, less accumulated depreciation, amortization and impairment losses, if applicable. Changes in the expected useful lives are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.

Depreciation is calculated using the straight–line method over their estimated useful life, to write down the cost of assets and equipment to their residual values. The estimated useful lives are as follows:

	Useful life in years
Furniture and equipment	3 to 5 years
Hardware	3 years
Other equipment	2 to 4 years
Leases and leasehold improvements	3 to 15 years or up to the lease term

Equipment and leasehold improvements include right of use assets arising from leases. Recognition and subsequent measurement for lease contracts are set out in Note 3.11.

Leasehold improvements are amortized on a straight-line basis calculated without exceeding the length of the respective lease contracts.

Equipment and leasehold improvements are derecognized on disposal or when no future economic benefits are expected from their use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in other income or other expenses in profit or loss.

3.13 Intangible assets

An intangible asset is recognized only when its cost can be measured reliably, and it is probable that the expected future economic benefits that are attributable to it will flow to the Bank.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite useful lives are amortized using the straight-line method reducing the cost of the intangible asset to their residual value over the estimated useful lives of the assets. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and they are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is presented as a separate line item in profit or loss.

Bank's intangible assets include the cost of computer software, licenses, model design, among others. Gains or losses arising from the derecognition of an intangible asset are determined by the Bank as the difference between the proceeds from the sale or disposal and the net carrying amount of the intangible asset and recognized in profit or loss for the year in which the transaction occurs.

3.14 Impairment of non-financial assets

A non-financial asset is impaired when the Bank is not be able to recover that asset's carrying value, either through its use or sale. If circumstances arise which indicate that a non-financial asset might be impaired, a review should be undertaken of its cash generating abilities through use or sale. This review will produce an amount which should be compared with the asset's carrying value, and if the carrying value is higher, the difference must be written off as impairment in profit or loss. On the other hand, if there is any indication that previously recognized impairment losses may no longer exist or may have decreased, the Bank makes an estimate of the recoverable amount. In that case, the carrying amount of the asset is increased to its recoverable amount. This increase cannot exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss.

3. Material accounting policies (continued)

3.15 Provisions

Provisions are recognized when the Bank has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in profit or loss, net of any reimbursement.

3.16 Share-based payments

Compensation cost is based on the grant date fair value of both stock and options and is recognized over the requisite service period of the employee. The fair value of each option is estimated at the grant date using a binomial option-pricing model. When stock options and restricted stock units vested are exercised, the Bank's policy is to sell treasury stock, if available.

3.17 Equity

Reserves

Regulatory and capital reserves are established as appropriations from retained earnings and, as such, form part of retained earnings. Additions and reductions of regulatory and capital reserves require the approval of the Bank's Board of Directors and the SBP, as applicable.

Other capital reserves, presented as other comprehensive income include:

- Translation reserve: The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations when the functional currency of the foreign operation is other than the US dollar, as well as the effective portion of any foreign currency differences arising from hedges of a net investment in a foreign operation.

- Hedging reserve: The hedging reserve comprises the effective part of the cumulative net change in the fair value of the hedging instruments designated in a cash flow hedging relationship, as well as the offsetting effect of currency translation of the hedging items.

- Fair value reserve: The fair value reserve comprises the cumulative net change in the fair value of investment securities measured at FVOCI, less the ECL allowance recognized in profit or loss less the risk hedged when an underlying was designated in a fair value hedging relationship.

Treasury stock

The own equity instruments of the Bank which are acquired by it or by any of its subsidiaries (treasury stock) are deducted from equity and accounted for at weighted average cost. Consideration paid or received on the purchase, sale, issue or cancellation of the Bank's own equity instruments is recognized directly in equity.

No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of own equity instruments, but is recognized directly in equity.

3.18 Earnings per share

Basic earnings per share is computed by dividing the profit for the year (the numerator) by the weighted average number of common shares outstanding (the denominator) during the year. Diluted earnings per share measure performance incorporating the effect that potential common shares, such as stock options and restricted stock units outstanding during the same period, would have on earnings per share. The computation of diluted earnings per share is similar to the computation of basic earnings per share, except for the denominator, which is increased to include the number of additional common shares that would have been issued if the beneficiaries of stock purchase options and restricted stock units plans could exercise their options.

3. Material accounting policies (continued)

3.19 Taxes

Income taxes

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to tax authorities. Tax laws and regulations used to compute those amounts are those enacted or substantively enacted by the reporting date:

- Bladex Head Office is exempted from payment of income taxes in Panama in accordance with the contract law signed between the Republic of Panama and Bladex.
- Bladex Representacao Ltda. is subject to income taxes in Brazil.
- Bladex Development Corp. is subject to income taxes in Panama.
- The New York Agency and Bladex Holdings, Inc., incorporated in USA are subject to federal and local taxation in USA based on the portion of income that is effectively connected with its operations in that country.

Current and deferred tax

The current tax at the reporting date as well as for the deferred tax, result in an inmaterial amount, whereby the changes are presented in the consolidated statement of profit or loss as other expenses.

The Bank performs an annual assessment of laws and regulations in its different jurisdictions together with its tax experts to determine uncertainty regarding income tax treatments, concluding that there is no uncertainty about tax treatments applied in each tax legislation.

3.20 Segment reporting

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

The Bank's net interest income represents the main driver of profits; therefore, the Bank presents its interest-earning assets by business segment, to give an indication of the size of business generating net interest income. Interest-earning assets also generate gains and losses on sales, mainly from financial instruments at FVOCI and financial instruments at FVTPL, which are included in other income, net. The Bank also discloses its other assets and contingencies by business segment, to give an indication of the size of business that generates net fees and commissions, also included in other income, net.

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

Profits from the Commercial Business Segment include (i) net interest income from loans; (ii) fees and commissions from the issuance, negotiation, acceptance, confirmation and amendment of letters of credit, guarantees and loan commitments, and through loan structuring and syndication activities; (iii) gain on sale of loans generated through loan intermediation activities, such as infrequent sales in the secondary market; (iv) gain (loss) on sale on financial instruments measured at FVTPL; (v) reversal of (provision) for credit losses, (vi) gain (loss) on other non-financial assets, net; and (vii) direct and allocated operating expenses.

3. Material accounting policies (continued)

3.20 Segment reporting (continued)

The Treasury Business Segment focuses on managing the Bank's investment portfolio, and the overall structure of its assets and liabilities to achieve more efficient funding and liquidity positions for the Bank, mitigating the traditional financial risks associated with the consolidated statements of financial position, such as liquidity, interest rate and currency rate. Interest-earning assets managed by the Treasury Business Segment include liquidity positions in cash and cash equivalents, as well as highly liquid corporate debt securities rated above 'A-', and financial instruments related to the investment management activities, consisting of securities at FVOCI and securities at amortized cost (the "Credit Investment Portfolio"). The Treasury Business Segment also manages the Bank's interest-bearing liabilities, which constitute its funding sources, mainly deposits, securities sold under repurchase agreements and borrowings and debt, net.

Profits from the Treasury Business Segment include (i) net interest income derived from the above mentioned treasury assets and liabilities, (ii) gain (loss) on derivative financial instruments and foreign currency exchange, (iii) gain (loss) on financial instruments at FVOCI, (iv) reversal of (provision) for credit losses on such instruments and (v) direct and allocated operating expenses.

3.21 Judgments, estimates and significant accounting assumptions

The preparation of the consolidated financial statements requires management to make estimates and use assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the reporting date and the reported amounts of revenues and expenses during the year.

Significant estimates that are particularly susceptible to significant changes relate to the determination of the allowances for expected credit losses, impairment of securities, and the fair value of financial instruments. Actual results could differ from those estimates. Management believes these estimates are adequate.

A. Judgments

In the process of applying the Bank's accounting policies, Management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Determining the allowance for expected credit losses

The Bank individually assesses all credit impaired loans at amortized cost at each reporting date to assess whether an impairment loss is required to be recognized. Management's judgment is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about several factors and actual results that may vary, resulting in future changes to the allowance. Loans at amortized cost that do not give rise to credit impairment individually are assessed in groups of assets with similar credit risk characteristics. This is to determine whether a provision should be made due to expected loss events for which there is objective evidence, but which effects are not yet evident.

The collective assessment takes into account data from the loan portfolio (such as levels of arrears, credit utilization, loan-to-collateral ratios, among others), and judgments on the effect of concentrations of risks and economic data (including levels of unemployment, real estate price indices, country risk and the performance of various individual groups).

When establishing ECL, judgment is applied by Management in order to assess the amount and opportunity of the future cash flows with the purpose of evaluating whether credit risk has significantly increased since initial recognition, taking into account the characteristics of the financial asset and the former patterns pre-established for similar financial assets. The changes in risk of default occurring within the next 12 months can be a reasonable approach of the changes in the risk measure according to the lifetime of the instrument. The Bank uses the changes in risk of default occurring within the next 12 months to determine if the credit risk has significantly increased since initial recognition, unless the circumstances indicate an assessment during the lifetime of the instrument is necessary.

3. Material accounting policies (continued)

3.21 Judgments, estimates and significant accounting assumptions (continued)

i. Significant increase in credit risk

For the financial assets in stage 1, ECL are measured as an allowance equal to 12-month ECL and lifetime ECL on stage 2 or stage 3 assets. An asset moves to stage 2 or stage 3 when its credit risk has increased significantly since initial recognition. In assessing whether the credit risk of an asset has significantly increased, the Bank takes into account reasonable and supportable forward-looking qualitative and quantitative information.

ii. Establishing groups of assets with similar credit risk characteristics

When ECL are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics.

The Bank monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that when credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that reflects the similar credit risk characteristics of that group of assets. Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month ECL to lifetime ECL, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month ECL or lifetime ECL but the amount of ECL changes because the credit risk of the portfolios differs.

Determining the fair value on financial instruments

i. Models and assumptions used

The Bank uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgment is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

ii. Fair value measurement

When the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but if this is not available, judgment is required to establish fair values. The judgments include considerations of liquidity and model inputs such as volatility for longer–dated derivatives and discount rates, prepayment rates and default rate assumptions for asset-backed securities. The valuation of financial instruments is described in more detail in Note 7.

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Bank determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the assets performance is evaluated and their performance is measured, and the risks that affect the performance of the assets and how they are managed. The Bank monitors financial assets measured at amortized cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held.

3. Material accounting policies (continued)

3.21 Judgments, estimates and significant accounting assumptions (continued)

B. Estimates and assumptions

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

Going concern

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

4. New accounting standards and amendments for the 2024 period and upcoming requirements

New standards and amendments adopted by the Bank

The following amendments and modifications have been applied by the Bank without identifying material impacts on the consolidated financial statements, or on their disclosures:

- *Classification of Liabilities as Current or Non-current (Amendments to IAS 1):* The amendments clarify that the classification of liabilities as current and non-current interacts with an unconditional right to defer settlement relative to having the discretion to refinance or extend an obligation. A clarification of liquidation is included. The amendments are effective for annual periods beginning on or after January 1, 2024.

- *Lease Liability in a Sale and Leaseback (Amendments to IFRS 16):* The amendments clarify how a seller-lessee accounts for variable lease payments arising in a sale and leaseback transaction. The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale-leaseback transactions. The amendments are effective for annual periods beginning on or after January 1, 2024.

- *Supplier financing arrangements - IFRS 7*: The amendments introduce two new disclosure objectives, one in IAS 7 and another in IFRS 7, for a company to provide information about its financing arrangements with suppliers that allows users (investors) evaluate the effects of these agreements on the company's liabilities and cash flows, as well as the company's exposure to liquidity risk. The amendments are effective for annual periods beginning on or after January 1, 2024.

New accounting standards and amendments not yet adopted by the Bank

Certain new accounting standards and amendments to accounting standards are effective for the years 2025, 2026 and 2027 and earlier application is permitted. The Bank has not early adopted any of these new accounting standards or amendments in preparing these consolidated financial statements.

January 1, 2025: Lack of Interchangeability - Amendments to IAS 21: The amendments add requirements to help entities to determine whether a currency is exchangeable into another currency and which spot exchange rate to use when it is not. Prior to these amendments, IAS 21 set out the exchange rate to use when exchangeability is temporary lacking, but not what to do when the lack of exchangeability is not temporary.

The Bank does not anticipate that the application of these amendments has an impact on the Bank's consolidated financial statements in the future periods.

January 1, 2026: Classification and measurement of financial instruments - Amendments to IFRS 9 and IFRS 7: The specific amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures include new requirements not only for financial institutions but also for corporate entities. These amendments:

4. New accounting standards and amendments for the 2024 period and upcoming requirements (continued)

New accounting standards and amendments not yet adopted by the Bank (continued)

a. clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;

b. clarify and add further guidance for assessing whether a financial asset meets the solely payments-of-principal-and-interest (SPPI) criterion;

c. add new disclosures for certain instruments with contractual terms that may change cash flows (such as some financial instruments with features linked to the achievement of environmental, social and governance objectives); and

d. update disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

The Bank is in the process of assessing the impact of the new amendments.

January 1, 2027: Presentation and disclosure in financial statements - IFRS 18: This new standard on presentation and disclosure in financial statements, which replaces IAS 1, with a focus on updates the statements of profit or loss.

Key new concepts introduced in IFRS 18 relate to:

a. the structure of the statement of profit or losses with defined subtotals;

b. requirement to determine the most useful summary structure for presenting expenses in the statement of profit of losses disclosures

c. required disclosures in a single note within the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (i.e., performance measures defined by management, "MPMs"); and

d. enhanced principles on aggregation and disaggregation that apply to the primary financial statements and notes generally.

The Bank is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the consolidated statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The Bank is also assessing the impact of on how information is grouped in the consolidated financial statements, including for items currently labelled as “other”.

January 1, 2027: Subsidiaries without Public Accountability - IFRS 19. The new standard allow for certain eligible subsidiaries that report under IFRS accounting standards apply reduced disclosure requirements of IFRS 19. These reduce disclosure requirement are expected to balance the information needs of users of eligible subsidiaries' financial statements with cost savings for preparers. IFRS 19 is a voluntary standard for eligible subsidiaries. A subsidiary is eligible if:

a. has no public accountability; and

b. has an ultimate or intermediate parent company that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

The Bank does not anticipate that IFRS 19 will be applied for purposes of the Bank’s consolidated financial statements.

5. Financial risk review

This note presents information about the Bank's exposure to financial risks.

A. Credit risk

i. Credit quality analysis

The following tables set out information about the credit quality of financial assets measured at amortized cost, and debt instruments at FVOCI. Unless specifically stated, for financial assets the amounts in the table represent the outstanding gross balances. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively. Explanation of the terms 'Stage 1', 'Stage 2' and 'Stage 3' is included in Note 3.4 (K).

Loans, outstanding principal balance

		December 31, 2024			
	PD Ranges	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Grades 1 - 4	0.05-0.41	2,940,390	—	—	2,940,390
Grades 5 - 6	0.42-3.81	4,665,509	297,384	—	4,962,893
Grades 7 - 8	3.82-34.52	383,560	71,289	—	454,849
Grades 9 - 10	34.53-100	—	—	17,040	17,040
		7,989,459	368,673	17,040	8,375,172
Loss allowance		(45,635)	(20,040)	(12,483)	(78,158)
Total		**7,943,824**	**348,633**	**4,557**	**8,297,014**

		December 31, 2023			
	PD Ranges	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Grades 1 - 4	0.03 - 0.74	2,893,562	—	—	2,893,562
Grades 5 - 6	0.75 - 3.80	3,680,969	237,878	—	3,918,847
Grades 7 - 8	3.81 - 34.51	303,445	69,606	—	373,051
Grades 9 - 10	34.52 - 100	—	—	10,107	10,107
		6,877,976	307,484	10,107	7,195,567
Loss allowance		(34,778)	(17,734)	(6,898)	(59,410)
Total		**6,843,198**	**289,750**	**3,209**	**7,136,157**

5. Financial risk review (continued)

A. Credit risk (continued)

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

		December 31, 2024			
	12-months PD Ranges	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Commitments and financial guarantees issued					
Grades 1 - 4	0.05-0.41	545,855	—	—	545,855
Grades 5 - 6	0.42-3.81	630,648	6,099	—	636,747
Grades 7 - 8	3.82-34.52	226,278	5,500	—	231,778
		1,402,781	11,599	—	1,414,380
Customers' liabilities under acceptances					
Grades 1 - 4	0.05-0.41	204,421	—	—	204,421
Grades 5 - 6	0.42-3.81	1,155	—	—	1,155
Grades 7 - 8	3.82-34.52	39,489	—	—	39,489
		245,065	—	—	245,065
		1,647,846	11,599	—	1,659,445
Loss allowance		(4,815)	(560)	—	(5,375)
Total		**1,643,031**	**11,039**	**—**	**1,654,070**

		December 31, 2023			
	12-months PD Ranges	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Commitments and financial guarantees issued					
Grades 1 - 4	0.03 - 0.74	457,901	—	—	457,901
Grades 5 - 6	0.75 - 3.80	416,786	24,996	—	441,782
Grades 7 - 8	3.81 - 34.51	160,473	3,550	—	164,023
		1,035,160	28,546	—	1,063,706
Customers' liabilities under acceptances					
Grades 1 - 4	0.03 - 0.74	163,438	—	—	163,438
Grades 5 - 6	0.75 - 3.80	2,009	—	—	2,009
Grades 7 - 8	3.81 - 34.51	95,981	—	—	95,981
		261,428	—	—	261,428
		1,296,588	28,546	—	1,325,134
Loss allowance		(3,905)	(1,154)	—	(5,059)
Total		**1,292,683**	**27,392**	**—**	**1,320,075**

5. Financial risk review (continued)

A. Credit risk (continued)

Securities at amortized cost, outstanding principal balance

		December 31, 2024			
	12-months PD Ranges	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Grades 1 - 4	0.05 - 0.41	1,007,762	—	—	1,007,762
Grades 5 - 6	0.42 - 3.81	72,388	10,427	—	82,815
		1,080,150	10,427	—	1,090,577
Loss allowance		(1,133)	(178)	—	(1,311)
Total		**1,079,017**	**10,249**	**—**	**1,089,266**

		December 31, 2023			
	12-months PD Ranges	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Grades 1 - 4	0.03 - 0.74	913,524	—	—	913,524
Grades 5 - 6	0.75 - 3.80	57,674	28,346	—	86,020
		971,198	28,346	—	999,544
Loss allowance		(1,230)	(402)	—	(1,632)
Total		**969,968**	**27,944**	**—**	**997,912**

Securities at FVOCI

		December 31, 2024			
	12-months PD Ranges	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Grades 1 - 4	0.05 - 0.41	98,771	—	—	98,771
		98,771	—	—	98,771
Loss allowance - FVOCI		(23)	—	—	(23)
Total - Fair value		**98,748**	**—**	**—**	**98,748**

		December 31, 2023			
	12-months PD Ranges	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Grades 1 - 4	0.03 - 0.74	11,825	—	—	11,825
		11,825	—	—	11,825
Loss allowance - FVOCI		(1)	—	—	(1)
Total - Fair value		**11,824**	**—**	**—**	**11,824**

5. Financial risk review (continued)

A. Credit risk (continued)

The following table presents information of the current and past due balances of loans as of December 31:

	December 31,	
	2024	**2023**
Current	8,358,132	7,185,460
Past due [(1)]	17,040	10,107
Total	**8,375,172**	**7,195,567**

[(1)] Past due loans are classified in Stage 3.

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

	December 31, 2024		
	Notional value USD	**Derivative financial instruments - fair value assets**	**Derivative financial instruments - fair value liabilities**
Interest rate swaps	1,132,827	10,805	(2,667)
Cross-currency swaps	1,391,715	11,510	(139,038)
Total	**2,524,542**	**22,315**	**(141,705)**

	December 31, 2023		
	Notional value USD	**Derivative financial instruments - fair value assets**	**Derivative financial instruments - fair value liabilities**
Interest rate swaps	987,394	11,358	(790)
Cross-currency swaps	1,678,042	145,909	(39,823)
Total	**2,665,436**	**157,267**	**(40,613)**

5. Financial risk review (continued)

A. Credit risk (continued)

ii. Collateral and other credit enhancements

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

Derivatives and repurchase agreements

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

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

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

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

- Credit risk is eliminated only to the extent that amounts due to the same counterparty will be settled after the assets are realized.

- The extent to which overall credit risk is reduced may change substantially within a short period because the exposure is affected by each transaction subject to the arrangement.

Loans

The main types of collateral obtained for commercial loans are as follows:

- Liens on real estate property, inventory and trade receivables.

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

The Bank holds guarantees and other financial credit enhancements against certain exposures in the loan portfolio. As of December 31, 2024, and 2023, the coverage ratio to the carrying amount of the loan portfolio was 9% and 16% respectively.

iii. Incorporation of forward-looking information

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

5. Financial risk review (continued)

A. Credit risk (continued)

Supplementary, for the expected credit loss measurement, the results of the "alert model" can be considered, through the assessment of a severity indicator to total risk resulting from the estimates and assumptions of several macroeconomic factors. These estimates and assumptions are supported by a base scenario. Other scenarios represent upside and downside results. The implementation and interpretation of the outcomes of the alert model are based on Management´s expert judgment, giving consideration to areas such as Credit Risk, Economic Studies and Loan Recovery of the Bank.

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

The review of both each country and the region incorporates a large number of variables. The historical and prospective information on these variables allows for the estimation of possible macroeconomic effects on the Bank's portfolio. In any case, the main variables used in the model as inputs are:

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

The model uses macroeconomic variables in levels and variations as main inputs to understand and project the behavior of the different economies. This historical and projected information, over a period of five years, allows management to estimate the macroeconomic effects on the Bank's portfolio.

5. Financial risk review (continued)

A. Credit risk (continued)

The table below lists the alert model's macroeconomic assumptions for countries representing the higher exposures, for the base, upside and downside scenarios over the five-year forecasted average available for each reporting period.

		Variable			
		GDP Growth (Var.%)		ComEx Growth Index (Var.%)	
		December 31,		December 31,	
	Scenario	2024	2023	2024	2023
Brazil	Central	2.3%	2.1%	5.3%	2.5%
	Upside	3.3%	3.1%	8.8%	6.0%
	Downside	0.9%	0.7%	1.3%	-1.5%
Colombia	Central	2.6%	2.4%	3.0%	0.2%
	Upside	3.7%	3.5%	6.0%	3.2%
	Downside	1.3%	1.1%	-0.5%	-3.3%
Mexico	Central	1.8%	2.4%	2.8%	4.9%
	Upside	2.8%	3.4%	6.8%	8.9%
	Downside	0.6%	1.2%	-1.7%	0.4%
Chile	Central	2.3%	1.8%	4.4%	1.4%
	Upside	3.4%	2.9%	7.9%	4.9%
	Downside	1.1%	0.6%	0.4%	-2.6%
Dominican Republic	Central	4.8%	4.2%	4.5%	3.6%
	Upside	6.0%	5.4%	8.0%	7.1%
	Downside	3.5%	2.9%	0.5%	-0.4%
Guatemala	Central	3.5%	3.4%	5.8%	4.7%
	Upside	4.5%	4.4%	8.8%	7.7%
	Downside	2.3%	2.2%	2.3%	1.2%
Peru	Central	2.9%	2.3%	4.2%	2.7%
	Upside	3.9%	3.3%	7.7%	6.2%
	Downside	1.7%	1.1%	0.2%	-1.3%
Ecuador	Central	1.6%	1.8%	2.1%	0.2%
	Upside	2.6%	2.8%	5.1%	3.2%
	Downside	0.1%	0.3%	-1.4%	-3.3%

iv. Loss allowances

The following tables show reconciliations from the opening to the closing balances of the loss allowance by class of financial instrument. The basis for determining transfers due to changes in credit risk is set out in our accounting policy in Note 3.4 (K).

5. Financial risk review (continued)

A. Credit risk (continued)

Loans at amortized cost

	Stage 1	Stage 2	Stage 3	Total
Allowance for expected credit losses as of December 31, 2023	**34,778**	**17,734**	**6,898**	**59,410**
Transfer to lifetime expected credit losses	(235)	(1,237)	1,472	—
Net effect of changes in allowance for expected credit losses	(1,007)	6,013	2,978	7,984
Financial instruments that have been derecognized during the year	(23,723)	(5,807)	—	(29,530)
New financial assets originated or purchased	35,822	3,337	—	39,159
Recoveries	—	—	1,135	1,135
Allowance for expected credit losses as of December 31, 2024	**45,635**	**20,040**	**12,483**	**78,158**

	Stage 1	Stage 2	Stage 3	Total
Allowance for expected credit losses as of December 31, 2022	**28,589**	**5,050**	**21,561**	**55,200**
Transfer to lifetime expected credit losses	(752)	752	—	—
Net effect of changes in allowance for expected credit losses	(2,363)	11,195	6,481	15,313
Financial instruments that have been derecognized during the year	(17,950)	(879)	—	(18,829)
New instruments originated or purchased	27,254	1,616	—	28,870
Write-offs	—	—	(21,144)	(21,144)
Allowance for expected credit losses as of December 31, 2023	**34,778**	**17,734**	**6,898**	**59,410**

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

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

	Stage 1	Stage 2	Stage 3	Total
Allowance for expected credit losses as of December 31, 2023	**3,905**	**1,154**	**—**	**5,059**
Transfer to lifetime expected credit losses	(84)	84	—	—
Net effect of changes in reserve for expected credit losses	(154)	312	—	158
Financial instruments that have been derecognized during the year	(2,671)	(1,136)	—	(3,807)
New instruments originated or purchased	3,819	146	—	3,965
Allowance for expected credit losses as of December 31, 2024	**4,815**	**560**	**—**	**5,375**

5. Financial risk review (continued)

A. Credit risk (continued)

	Stage 1	Stage 2	Stage 3	Total
Allowance for expected credit losses as of December 31, 2022	**3,605**	**23**	**—**	**3,628**
Transfer to lifetime expected credit losses	(24)	24	—	—
Transfer to 12-month expected credit losses	22	(22)	—	—
Net effect of changes in reserve for expected credit losses	(58)	21	—	(37)
Financial instruments that have been derecognized during the year	(2,824)	—	—	(2,824)
New instruments originated or purchased	3,184	1,108	—	4,292
Allowance for expected credit losses as of December 31, 2023	**3,905**	**1,154**	**—**	**5,059**

Securities at amortized cost

	Stage 1	Stage 2	Stage 3	Total
Allowance for expected credit losses as of December 31, 2023	**1,230**	**402**	**—**	**1,632**
Transfer to lifetime expected credit losses	(21)	21	—	—
Net effect of changes in allowance for expected credit losses	(55)	(7)	(331)	(393)
Financial instruments that have been derecognized during the year	(392)	(238)	—	(630)
New financial assets originated or purchased	371	—	—	371
Recoveries	—	—	331	331
Allowance for expected credit losses as of December 31, 2024	**1,133**	**178**	**—**	**1,311**

	Stage 1	Stage 2	Stage 3	Total
Allowance for expected credit losses as of December 31, 2022	**2,170**	**1,779**	**4,002**	**7,951**
Transfer to lifetime expected credit losses	(46)	46	—	—
Net effect of changes in allowance for expected credit losses	(58)	547	1,252	1,741
Financial instruments that have been derecognized during the year	(1,074)	(218)	—	(1,292)
New financial assets originated or purchased	238	—	—	238
Write-offs	—	(1,752)	(5,254)	(7,006)
Allowance for expected credit losses as of December 31, 2023	**1,230**	**402**	**—**	**1,632**

5. Financial risk review (continued)

A. Credit risk (continued)

Securities at FVOCI

	Stage 1	Stage 2	Stage 3	Total
Allowance for expected credit losses as of December 31, 2023	**1**	**—**	**—**	**1**
Net effect of changes in allowance for expected credit losses	1	—	—	1
New financial assets originated or purchased	21	—	—	21
Allowance for expected credit losses as of December 31, 2024	**23**	**—**	**—**	**23**

	Stage 1	Stage 2	Stage 3	Total
Allowance for expected credit losses as of December 31, 2022	**10**	**—**	**—**	**10**
Financial instruments that have been derecognized during the year	(11)	—	—	(11)
New financial assets originated or purchased	2	—	—	2
Allowance for expected credit losses as of December 31, 2023	**1**	**—**	**—**	**1**

The following table provides a reconciliation between:

- Amounts shown in the previous tables reconciling opening and closing balances of loss allowance per class of financial instrument; and

- The provision for credit losses' line item in the consolidated statement of profit or loss.

		Loan commitments and financial guarantee contracts	Securities		
December 31, 2024	**Loans at amortized cost**		**At amortized cost**	**FVOCI**	**Total**
Net effect of changes in allowance for expected credit losses	7,984	158	(393)	1	7,750
Financial instruments that have been derecognized during the year	(29,530)	(3,807)	(630)	—	(33,967)
New financial assets originated or purchased	39,159	3,965	371	21	43,516
Total	**17,613**	**316**	**(652)**	**22**	**17,299**

5. Financial risk review (continued)

A. Credit risk (continued)

December 31, 2023	Loans at amortized cost	Loan commitments and financial guarantee contracts	Securities		Total
			At amortized cost	FVOCI	
Net effect of changes in allowance for expected credit losses	15,313	(37)	1,741	—	17,017
Financial instruments that have been derecognized during the year	(18,829)	(2,824)	(1,292)	(11)	(22,956)
New financial assets originated or purchased	28,870	4,292	238	2	33,402
Total	**25,354**	**1,431**	**687**	**(9)**	**27,463**

December 31, 2022	Loans at amortized cost	Loan commitments and financial guarantee contracts	Securities		Total
			At amortized cost	FVOCI	
Net effect of changes in allowance for expected credit losses	4,208	(199)	4,897	—	8,906
Financial instruments that have been derecognized during the year	(13,217)	(3,117)	(420)	(16)	(16,770)
New financial assets originated or purchased	22,560	3,141	1,684	—	27,385
Total	**13,551**	**(175)**	**6,161**	**(16)**	**19,521**

5. Financial risk review (continued)

A. Credit risk (continued)

v. Credit-impaired financial assets

Financial instruments with credit-impaired are graded 8 to 10 in the Bank's internal credit risk grading system.

The following table sets out a reconciliation of changes in the carrying amount of the allowance for credit losses for credit-impaired financial assets:

	December 31,	
Loans at amortized cost:	**2024**	**2023**
Credit-impaired loans at beginning of year	6,898	21,561
Classified as credit-impaired during the year	1,472	—
Change in allowance for expected credit losses	2,832	6,181
Interest income	146	300
Write-off	—	(21,144)
Recoveries	1,135	—
Credit-impaired loans at end of year	**12,483**	**6,898**

	December 31,	
Securities at amortized cost:	**2024**	**2023**
Investments at amortized cost with credit impairment at beginning of year	—	4,002
Change in allowance for expected credit losses	(331)	1,249
Interest income	—	3
Write-off	—	(5,254)
Recoveries	331	—
Credit-impaired for investments at amortized cost at end of year	**—**	**—**

5. Financial risk review (continued)

A. Credit risk (continued)

vi. Concentrations of credit risk

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

Concentration by sector and industry

	Principal balance Loans at amortized cost		Loans commitments and financial guarantee contracts		Principal balance Securities at amortized cost	
	December 31,		December 31,		December 31,	
	2024	2023	2024	2023	2024	2023
Carrying amount - principal	8,375,172	7,195,567	245,065	261,428	1,090,577	999,544
Amount committed/guaranteed	—	—	1,414,380	1,063,706	—	—
Concentration by sector						
Corporations:						
Private	4,394,226	3,192,357	913,266	727,379	606,249	582,877
State-owned	963,775	1,204,471	82,241	115,542	11,854	20,619
Financial institutions:						
Private	2,521,065	2,248,150	140,287	97,381	353,273	311,870
State-owned	413,775	464,917	523,651	384,832	28,264	35,149
Sovereign	82,331	85,672	—	—	90,937	49,029
Total	**8,375,172**	**7,195,567**	**1,659,445**	**1,325,134**	**1,090,577**	**999,544**
Concentration by industry						
Financial institutions	2,934,840	2,713,067	663,938	482,213	398,390	351,463
Manufacturing	2,364,969	1,702,514	555,844	464,433	365,954	346,140
Oil and petroleum derived products	950,225	1,330,526	95,878	106,518	87,902	95,144
Agricultural	448,366	239,498	32,229	22,546	—	—
Services	639,701	465,113	163,396	108,632	113,323	84,840
Mining	267,581	328,415	51,413	26,329	14,676	9,690
Sovereign	82,331	85,672	—	—	53,908	49,029
Other	687,159	330,762	96,747	114,463	56,424	63,238
Total	**8,375,172**	**7,195,567**	**1,659,445**	**1,325,134**	**1,090,577**	**999,544**

5. Financial risk review (continued)

A. Credit risk (continued)

Concentration by sector and industry at fair value OCI:

	Securities FVOCI	
	December 31,	
	2024	2023
Carrying amount - principal	98,748	11,824
Concentration by sector		
Financial institutions:		
State-owned	98,748	11,824
Total	**98,748**	**11,824**
Concentration by industry		
Financial institutions	98,748	11,824
Total	**98,748**	**11,824**

5. Financial risk review (continued)

A. Credit risk (continued)

Concentration by country

	Principal balance - Loans at amortized cost		Loans commitments and financial guarantee contracts		Principal balance - Securities at amortized cost	
	December 31,		December 31,		December 31,	
	2024	2023	2024	2023	2024	2023
Carrying amount - principal	8,375,172	7,195,567	245,065	261,428	1,090,577	999,544
Amount committed/guaranteed	—	—	1,414,380	1,063,706	—	—
Concentration by country						
Argentina	109,989	52,264	248	—	—	—
Australia	—	—	—	—	9,784	4,803
Belgium	17,632	14,223	—	—	14,868	—
Bolivia	—	—	1,000	4,270	—	—
Brazil	1,242,830	1,008,633	188,125	83,932	23,863	31,009
Canada	11,742	22,599	26,413	24,996	44,050	38,508
Chile	451,288	454,885	50,976	16,423	37,114	79,495
China	15,000	15,000	—	—	—	—
Colombia	908,811	938,897	82,225	67,545	14,864	23,837
Korea	—	—	—	—	14,349	1,839
Costa Rica	351,514	284,709	55,263	51,895	8,001	7,988
Dominican Republic	851,951	637,199	122,057	157,986	—	4,705
Ecuador	217,682	190,628	269,369	259,597	—	—
El Salvador	70,163	82,500	20,000	—	—	—
France	91,746	27,454	46,573	96,249	14,897	—
Germany	—	—	15,000	15,000	29,632	14,750
Guatemala	998,379	704,012	113,028	100,227	—	—
Honduras	214,695	221,672	1,625	975	—	—
Ireland	—	—	—	—	14,281	14,976
Israel	—	—	—	—	—	4,788
Italy	1,738	—	—	—	—	14,660
Jamaica	43,176	101,858	—	—	—	—
Japan	9,362	12,037	—	—	61,286	38,548
Luxembourg	—	89,833	—	—	—	—
Mexico	1,018,753	838,495	184,208	83,561	27,633	62,229
Netherlands	—	—	25,764	800	—	—
Norway	—	—	—	—	9,764	9,838
Panama	452,130	374,364	22,243	29,301	71,270	33,977
Paraguay	191,843	186,426	230	230	—	—
Peru	413,588	536,236	356,978	223,460	30,459	30,635
Puerto Rico	22,320	—	10,000	—	—	—
Spain	—	—	8	—	—	—
Singapore	280,491	145,807	6,514	7,057	—	—
Switzerland	—	—	—	—	14,798	—
Trinidad and Tobago	166,952	132,783	—	—	—	—
United States of America	134,437	74,139	7,114	—	611,068	539,727
United Kingdom	74,311	37,314	—	—	38,596	43,232
Uruguay	12,649	11,600	54,484	101,630	—	—
Total	**8,375,172**	**7,195,567**	**1,659,445**	**1,325,134**	**1,090,577**	**999,544**

5. Financial risk review (continued)

A. Credit risk (continued)

Concentration by country financial instruments at fair value OCI:

	Securities at FVOCI	
	December 31,	
	2024	2023
Carrying amount - principal	98,748	11,824
Concentration by country		
Multilateral	98,748	11,824
Total	**98,748**	**11,824**

vii. Offsetting financial assets and liabilities

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

a) Derivative financial instruments – assets

	December 31, 2024					
	Gross amounts of assets	Gross amounts offset in the consolidated statement of financial position	Net amount of assets presented in the consolidated statement of financial position	Gross amounts not offset in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral received	
Derivative financial instruments used for hedging	22,315	—	22,315	—	(6,410)	15,905
Total	**22,315**	**—**	**22,315**	**—**	**(6,410)**	**15,905**

	December 31, 2023					
	Gross amounts of assets	Gross amounts offset in the consolidated statement of financial position	Net amount of assets presented in the consolidated statement of financial position	Gross amounts not offset in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral received	
Derivative financial instruments used for hedging	157,267	—	157,267	—	(152,111)	5,156
Total	**157,267**	**—**	**157,267**	**—**	**(152,111)**	**5,156**

5. Financial risk review (continued)

A. Credit risk (continued)

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

	December 31, 2024					
	Gross amounts of liabilities	Gross amounts offset in the consolidated statement of financial position	Net amount of assets presented in the consolidated statement of financial position	Gross amounts not offset in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral received	
Securities sold under repurchase agreements at amortized cost	(212,931)	—	(212,931)	239,046	564	26,679
Derivative financial instruments used for hedging at FVTPL	(141,705)	—	(141,705)	—	116,743	(24,962)
Total	**(354,636)**	**—**	**(354,636)**	**239,046**	**117,307**	**1,717**

	December 31, 2023					
	Gross amounts of liabilities	Gross amounts offset in the consolidated statement of financial position	Net amount of assets presented in the consolidated statement of financial position	Gross amounts not offset in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral received	
Securities sold under repurchase agreements at amortized cost	(310,197)	—	(310,197)	342,271	8,087	40,161
Derivative financial instruments used for hedging at FVTPL	(40,613)	—	(40,613)	—	34,297	(6,316)
Total	**(350,810)**	**—**	**(350,810)**	**342,271**	**42,384**	**33,845**

B. Liquidity risk

i. Exposure to liquidity risk

The key measure used by the Bank for managing liquidity risk is the ratio of net liquid assets to deposits from customers and funding with a a remaining tenor of 30 days. For this purpose, 'net liquid assets' include cash and cash equivalents which consist of deposits from banks and customers, as well as corporate debt securities with investment grade.

5. Financial risk review (continued)

B. Liquidity risk (continued)

The following table details the Bank's liquidity ratios:

	December 31,	
	2024	**2023**
At the end of the year	264.58 %	205.80 %
Year average	181.75 %	177.20 %
Maximum of the year	335.28 %	357.00 %
Minimun of the year	107.20 %	111.50 %

The following table includes the Bank's liquid assets by country risk:

	December 31, 2024			December 31, 2023		
(in millions of USD dollars)	**Cash and due from banks**	**Securities FVOCI**	**Total**	**Cash and due from banks**	**Securities FVOCI**	**Total**
United States of America	1,650	—	1,650	1,904	—	1904
Other O.E.C.D countries	41	—	41	—	—	—
Latin America	3	—	3	7	—	7
Other countries	—	—	—	1	—	1
Multilareal	125	99	224	75	12	87
Total	**1,819**	**99**	**1,918**	**1,987**	**12**	**1,999**

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

	December 31,	
	2024	**2023**
(in millions of USD dollars)		
Demand and "overnight" deposits	694	748
Demand and "overnight" deposits to total deposits	12.82 %	17.00 %

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

	December 31,	
(in millions of USD dollars)	**2024**	**2023**
Total liquid assets	1,918	1,999
Total assets to total liabilities	35.45 %	45.40 %
Total liquid assets in the Federal Reserve of the United States of America	53.21 %	94.30 %

5. Financial risk review (continued)

B. Liquidity risk (continued)

Even though the average term of the Bank's assets exceeds the average term of its liabilities, the associated liquidity risk is diminished by the short-term nature of a material portion of the loan portfolio, since the Bank is primarily engaged in financing foreign trade.

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

	December 31,	
(in millions of USD dollars)	**2024**	**2023**
Loan portfolio at amortized cost and investment portfolio less than/equal to 1 year according to its original terms	5,127	4,087
Average term (days)	187	197

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

	December 31,	
(in millions of USD dollars)	**2024**	**2023**
Loan portfolio at amortized cost and investment portfolio greater than/equal to 1 year according to its original terms	4,438	4,119
Average term (days)	1,388	1,381

5. Financial risk review (continued)

B. Liquidity risk (continued)

ii. Maturity analysis for financial liabilities and financial assets

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

	December 31, 2024						
	Up to 3 months	**3 to 6 months**	**6 months to 1 year**	**1 to 5 years**	**More than 5 years**	**Gross inflows (outflows)**	**Carrying amount**
Assets							
Cash and due from banks	1,944,338	5,286	15,710	—	—	1,965,334	1,963,838
Securities	84,980	66,341	109,616	1,036,660	44,522	1,342,119	1,201,930
Loans	2,759,031	2,018,051	1,557,065	2,583,263	247,238	9,164,648	8,383,829
Derivative financial instruments - assets	1,218	9,484	951	10,592	70	22,315	22,315
Total	**4,789,567**	**2,099,162**	**1,683,342**	**3,630,515**	**291,830**	**12,494,416**	**11,571,912**
Liabilities							
Deposits	(4,413,516)	(597,055)	(354,883)	(93,369)	—	(5,458,823)	(5,461,901)
Securities sold under repurchase agreements	(101,528)	—	(23,268)	(89,355)	—	(214,151)	(212,931)
Borrowings and debt	(1,089,794)	(636,362)	(591,934)	(2,012,423)	(38,012)	(4,368,525)	(4,352,316)
Interest payable	(49,113)	(51,997)	(83,583)	(261,617)	(9,413)	(455,723)	(37,508)
Lease liabilities	(244)	(276)	(684)	(5,592)	(12,437)	(19,233)	(19,232)
Derivative financial instruments - liabilities	(9,379)	(70)	(1,192)	(129,609)	(1,455)	(141,705)	(141,705)
Total	**(5,663,574)**	**(1,285,760)**	**(1,055,544)**	**(2,591,965)**	**(61,317)**	**(10,658,160)**	**(10,225,593)**
Subtotal net position	**(874,007)**	**813,402**	**627,798**	**1,038,550**	**230,513**	**1,836,256**	**1,346,319**
Off-balance sheet contingencies							
Confirmed letters of credit	358,624	141,422	36,304	—	—	536,350	
Stand-by letters of credit and guarantees	141,843	133,149	178,798	66,495	—	520,285	
Credit commitments	60,341	39,900	40,350	208,868	8,286	357,745	
Total	**560,808**	**314,471**	**255,452**	**275,363**	**8,286**	**1,414,380**	
Total net position	**(1,434,815)**	**498,931**	**372,346**	**763,187**	**222,227**	**421,876**	

5. Financial risk review (continued)

B. Liquidity risk (continued)

	December 31, 2023						
	Up to 3 months	**3 to 6 months**	**6 months to 1 year**	**1 to 5 years**	**More than 5 years**	**Gross inflows (outflows)**	**Carrying amount**
Assets							
Cash and due from banks	2,048,021	—	—	—	—	2,048,021	2,047,452
Securities	10,992	89,836	110,816	886,944	32,117	1,130,705	1,022,131
Loans	1,935,474	1,775,280	1,524,298	2,580,310	243,491	8,058,853	7,220,520
Derivative financial instruments - assets	2,510	5,783	54,983	90,516	3,473	157,265	157,267
Total	**3,996,997**	**1,870,899**	**1,690,097**	**3,557,770**	**279,081**	**11,394,844**	**10,447,370**
Liabilities							
Deposits	(3,270,253)	(536,751)	(606,002)	(90,194)	—	(4,503,200)	(4,451,025)
Securities sold under repurchase agreements	(317,951)	—	—	—	—	(317,951)	(310,197)
Borrowings and debt	(775,690)	(675,928)	(896,341)	(1,963,189)	(54,127)	(4,365,275)	(4,351,988)
Interest payable	(80,776)	(70,386)	(93,339)	(204,431)	(5,635)	(454,567)	(49,217)
Lease liabilities	(284)	(286)	(572)	(4,728)	(10,837)	(16,707)	(16,707)
Derivative financial instruments - liabilities	(17,188)	(1,994)	(7,849)	(11,661)	(2,034)	(40,726)	(40,613)
Total	**(4,462,142)**	**(1,285,345)**	**(1,604,103)**	**(2,274,203)**	**(72,633)**	**(9,698,426)**	**(9,219,747)**
Subtotal net position	**(465,145)**	**585,554**	**85,994**	**1,283,567**	**206,448**	**1,696,418**	**1,227,623**
Off-balance sheet contingencies							
Confirmed letters of credit	264,603	64,100	345	16,560	—	345,608	
Stand-by letters of credit and guarantees	196,775	79,659	199,191	15,000	—	490,625	
Credit commitments	20,000	39,497	37,546	130,430	—	227,473	
Total	**481,378**	**183,256**	**237,082**	**161,990**	**—**	**1,063,706**	
Total net position	**(946,523)**	**402,298**	**(151,088)**	**1,121,577**	**206,448**	**632,712**	

The amount in the tables above have been compiled as follows:

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

5. Financial risk review (continued)

B. Liquidity risk (continued)

Future undiscounted cash flow presented in the table above on some financial assets and financial vary materially from contractual cash flows. The principal difference is that the undiscounted future cash flows of floating rate assets and liabilities are calculated using projected market rates.

iii. Liquidity reserves

As part of the management of liquidity risk arising from financial liabilities, the Bank holds liquid assets comprising cash and cash equivalents.

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

	December 31, 2024		December 31, 2023	
	Amount	**Fair value**	**Amount**	**Fair value**
Balances with Federal Reserve of the United States of America	1,020,858	1,020,858	1,884,204	1,884,204
Cash and due from banks [(1)]	799,073	799,073	102,864	102,864
Total	**1,819,931**	**1,819,931**	**1,987,068**	**1,987,068**

(1) Excludes pledged deposits.

iv. Financial assets available to support future funding

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

	December 31, 2024		December 31, 2023	
	Pledged as collateral	**Available as collateral**	**Pledged as collateral**	**Available as collateral**
Cash and due from banks	143,907	1,819,931	60,384	1,987,068
Notional of investment securities	558,981	665,715	400,825	619,533
Loans at amortized cost - outstanding principal balance	—	8,375,172	—	7,195,567
Total	**702,888**	**10,860,818**	**461,209**	**9,802,168**

The total financial assets recognized in the statement of financial position that had been pledged as collateral for liabilities as of December 31, 2024, and 2023, are shown in the table above. The nature of those financial assets is included in Note 5.A.ii.

5. Financial risk review (continued)

C. Market risk

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

For the definition of market risk and information on how the Bank manages the market risks of financial instruments see Note 6.

i. Interest rate risk

The table below details the Bank's exposure based on interest rate repricing/maturity date for the notional amount of the interest bearing financial assets and liabilities on interest-bearing financial assets and liabilities:

	December 31, 2024						
	Up to 3 months	**3 to 6 months**	**6 months to 1 year**	**1 to 5 years**	**More than 5 years**	**Without interest rate risk**	**Total**
Assets							
Cash and due from banks	1,940,840	5,000	15,000	—	—	2,998	1,963,838
Securities - principal	83,294	64,955	104,954	907,612	28,510	—	1,189,325
Loans - principal balance	5,053,040	2,025,688	1,039,106	248,045	9,293	—	8,375,172
Total	**7,077,174**	**2,095,643**	**1,159,060**	**1,155,657**	**37,803**	**2,998**	**11,528,335**
Liabilities							
Demand deposits and time deposits	(4,404,015)	(645,546)	(336,377)	(24,130)	—	(2,656)	(5,412,724)
Securities sold under repurchase agreements	(133,898)	—	(58,636)	(20,397)	—	—	(212,931)
Borrowings and debt	(2,932,280)	(801,575)	(460,355)	(158,106)	—	—	(4,352,316)
Total	**(7,470,193)**	**(1,447,121)**	**(855,368)**	**(202,633)**	**—**	**(2,656)**	**(9,977,971)**
Net effect of derivative financial instruments held for interest risk management	(8,159)	9,414	(242)	(119,018)	(1,385)	—	(119,390)
Total interest rate sensitivity	**(401,178)**	**657,936**	**303,450**	**834,006**	**36,418**	**342**	**1,430,974**

5. Financial risk review (continued)

C. Market risk (continued)

	December 31, 2023						
	Up to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	More than 5 years	Without interest rate risk	Total
Assets							
Cash and due from banks	2,044,103	—	—	—	—	3,349	2,047,452
Securities - principal	14,169	60,256	82,951	824,836	29,156	—	1,011,368
Loans - principal balance	4,292,324	1,699,301	915,143	280,005	8,794	—	7,195,567
Total	**6,350,596**	**1,759,557**	**998,094**	**1,104,841**	**37,950**	**3,349**	**10,254,387**
Liabilities							
Demand deposits and time deposits	(3,553,774)	(442,338)	(342,686)	(59,029)	—	(10,322)	(4,408,149)
Securities sold under repurchase agreements	(310,197)	—	—	—	—	—	(310,197)
Borrowings and debt	(2,653,379)	(381,795)	(483,731)	(818,947)	(14,136)	—	(4,351,988)
Total	**(6,517,350)**	**(824,133)**	**(826,417)**	**(877,976)**	**(14,136)**	**(10,322)**	**(9,070,334)**
Net effect of derivative financial instruments held for interest risk management	(3,485)	3,790	47,134	78,855	1,439	—	127,733
Total interest rate sensitivity	**(170,239)**	**939,214**	**218,811**	**305,720**	**25,253**	**(6,973)**	**1,311,786**

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

The Bank performs a sensitivity analysis to the most likely increase or decrease in market interest rates at the reporting date, assuming no asymmetric movements in yield curves and a constant financial position to assess the effect on profit or loss.

Interest rate sensitivity analysis affect reported equity in the following ways:

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

This sensitivity provides an analysis of changes in interest rates, taking into account the volatility of interest rate in the previous year.

5. Financial risk review (continued)

C. Market risk (continued)

Additionally, the Bank measures the sensitivity of the equity value (EVE) following the methodology described by the Basel Committee on Banking Supervision, which measures the interest rate risk embedded in the equity value, which for interest rate risk purposes is defined as the difference between the net present value of assets less the net present value of liabilities due, based on the impact of a change in interest rates on such present values.

The following table presents the sensitivity analysis performed for the Bank:

	Change in interest rate	Effect on profit or loss	Effect on equity	Effect on equity value (EVE)
December 31, 2024	+50 bps	343	9,586	(14,709)
	-50 bps	(668)	(9,770)	14,714
December 31, 2023	+50 bps	1,669	3,881	(9,047)
	-50 bps	(1,786)	(2,861)	9,199

ii. Foreign exchange risk

The following table presents the maximum exposure amount in foreign currency of the Bank's carrying amount of total assets and liabilities, except for hedging relationships.

	December 31, 2024						
	Brazilian real	European euro	Japanese yen	Colombian peso	Mexican peso	Other currencies[1]	Total
Exchange rate	6.17	1.04	157.28	4,405.29	20.89		
Assets							
Cash and due from banks	110	242	1	34	1,210	19	1,616
Loans	—	25,886	—	—	310,630	—	336,516
Total	**110**	**26,128**	**1**	**34**	**311,840**	**19**	**338,132**
Liabilities							
Borrowings and debt	—	(25,748)	—	—	(311,562)	—	(337,310)
Total	**—**	**(25,748)**	**—**	**—**	**(311,562)**	**—**	**(337,310)**
Net currency position	**110**	**380**	**1**	**34**	**278**	**19**	**822**

5. Financial risk review (continued)

C. Market risk (continued)

	December 31, 2023						
	Brazilian real	**European euro**	**Japanese yen**	**Colombian peso**	**Mexican peso**	**Other currencies[1]**	**Total**
Exchange rate	4.85	1.10	141	3,875.97	16.98		
Assets							
Cash and due from banks	10	387	45	35	1,314	14	1,805
Loans	—	30,360	—	—	304,529	—	334,889
Total	**10**	**30,747**	**45**	**35**	**305,843**	**14**	**336,694**
Liabilities							
Borrowings and debt	—	(30,360)	—	—	(305,631)	—	(335,991)
Total	**—**	**(30,360)**	**—**	**—**	**(305,631)**	**—**	**(335,991)**
Net currency position	**10**	**387**	**45**	**35**	**212**	**14**	**703**

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

6. Financial risk management

The risk is inherent to the Bank's activities. Risks are classified into two categories: financial and non-financial risks. Financial risks are those associated within the Bank's business model, with impact in the Bank's consolidated statements of financial position and profit or loss, as follows: country risk, credit risk, market risk and liquidity risk. Non-financial risks are those related to the Bank's operating model and the regulatory environment that may affect the integrity of the information, the Bank's reputation and also its profit or loss accounts, as follows: operational, technological, cybersecurity, compliance (know your customer, money laundering, terrorism financing), environmental, fraud, among others.

Lead by the Head of Integrated Risk Management, an ongoing process of identification, measurement, monitoring, control, mitigation and reporting to all operating areas within the Bank is carried out continuously, considering the different types of risks to which the Bank is exposed to, according to the size and complexity of its operations, products and services.

The Bank has in place policies, standards and procedures, structures, and manuals relating to integrated risk management, designed to identify potential events that may affect it, all of which are consistent with the risk profile of the business, considering the complexity and the volume of its operations.

The Board of Directors is responsible for establishing the Bank's acceptable risk profile, for which it has the knowledge and understanding of the risks to which the Bank is exposed to. The Board of Directors designate the members of the Risk Policy and Assessment Committee (CPER, for its acronym in Spanish), which is responsible for overseeing the overall risk process within the Bank.

CPER oversees the assessment and recommendation for approval of the Board of Directors of all the policies relating to a prudent Integrated Risk Management. Furthermore, the Committee also reviews and assesses the exposure, within the risk levels stated in its policies, by which the Bank is willing to assume the various risks it faces through business management.

6. Financial risk management (continued)

The Head of Integrated Risk Management directly reports to the CEO and the CPER, and has as a main duty to ensure the integrated risk management of the Bank's operating model and IT platform, as well as the financial and credit related risks, being responsible for implementing and maintaining risk-related procedures in place to ensure that an independent control process is kept, monitoring compliance of the risk principles, policies and limits at all levels throughout the Bank. The Head of Integrated Risk Management works closely with CPER to ensure that procedures are consistent with the integrated risk management governance framework.

Risk Management Committees:

- Operational Risk Committee.
- Country Risk Committee.
- Credit Committee (Management Credit Committee / Board of Director´s Delegated Credit Committee / CPER).
- Management and Monitoring Committee.
- Asset and Liability Committee (ALCO).
- Technological Risk and Information Security Committee

The Bank emphasizes the awareness of its employees, promoting a Risk Management culture that has continuity over time and that allows them to understand and assimilate the importance of this concept from each of the processes that are executed within their areas. This is done throughout the training of all employees on an annual basis to raise their awareness in general terms of operational risks, which includes updates on applicable laws and regulations as required.

A. Credit risk

As part of the embedded risk, the Bank will incur losses and/or its assets will be impaired as a result of the failure of its borrowers to comply in a timely manner or to meet the terms of credit agreements.

The Bank's customer base consists primarily of corporations, large companies, local and regional financial institutions, as well as state-owned enterprises. The Bank focuses its risk assessment on an in-depth analysis of the entity or economic group that involves: the nature of the business, the countries where it operates, types of products offered, duration of the relationship, track record and reputation, among others.

Credit risk management comprises two main stages: origination and monitoring. The credit origination process involves the activities of identifying and analyzing the customer's creditworthiness and approving the terms and conditions for credit extensions. The monitoring process consists of annual credit reviews of existing exposures, "ad hoc" reviews on a case-by-case basis when conditions so require, and portfolio reviews by the Bank's credit committees. The objective is to maximize the risk-adjusted rate of return by keeping credit risk exposures within acceptable parameters. This process involves the Risk and Business Units, as well as the Risk Policy and Assessment Committee (CPER).

The Bank determines the appropriate level of allowances for expected credit losses based on a forward-looking process that estimates the probable loss inherent in its credit portfolio and 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. This level of allowance reflects assumptions and estimations made in the context of changing political and economic conditions in the region, in which the Bank operates.

The Bank periodically assesses the adequacy and the validity of the allowance for expected credit losses calculation model. When assessing if the calculation model remains valid, characteristics and behavior of the loan portfolio are considered as a fundamental factor, as well as periodic economic analysis that contribute to the active management of the portfolio.

6. Financial risk management (continued)

A. Credit risk (continued)

The Bank's business model holds a low-risk portfolio, which focuses on financial institutions and large leading corporations in the region, including "quasi-sovereign" entities in strategic sectors, with whom it mainly conducts foreign trade operations.

Climate risk, like any other risk in general, implies the presence of an extreme natural event, but unpredictable, resulting in a human activity that may be damaged by such event. Consequently, the Bank incorporates into its risk assessment the possible impacts of climate risk that may affect its credit portfolio.

Individually assessed reserves

The Bank individually assesses the appropriate reserves for certain financial assets, by considering interest payment delays, credit rating downgrading or any breach of the original contractual terms. Factors considered when determining a reserve include the sustainability of the counterparty's business plan, its ability to improve performance when facing a difficult financial situation, projected payments and expected results in the event of bankruptcy, the availability of other financial support, the realizable value of collateral, and the timing of expected cash flows. Impairment loss is assessed at each reporting date, unless unforeseen circumstances require special attention on other dates.

Collectively assessed reserves

Reserves are separately assessed at each reporting date for each portfolio. The collective assessment is made for groups of assets with similar risk characteristics, to determine whether it is appropriate to provide for, due to incurred loss events for which there is objective evidence, but the effects of which are not yet evident in individual loan assessments. The collective assessment considers either portfolio information (e.g. historical losses in the portfolio, delinquency levels, credit utilization, loan-to-collateral ratios and expected collections and recoveries after impairment) and economic data (such as current economic conditions, unemployment, local or industry-specific situations).

The Bank generally supports its assessment on historical experience and forward-looking information. However, when significant market, regional and/or global events occur, the Bank includes these macroeconomic factors in its assessments. Depending on the characteristics of the individual or collective assessment, these factors include: unemployment rates, current levels of impaired debt, changes in law, changes in regulation, bankruptcy trends and other consumer data. The Bank may use the above factors, as appropriate, to adjust for impairment.

The time elapsed since a loss is incurred and a specific individual reserve requirement is identified should be taken into consideration for the assessment. The impairment reserve is reviewed by credit risk management to ensure alignment with the Bank's general policy.

Financial guarantees and letters of credit are assessed in a similar manner to loans at amortized cost.

A supplemental qualitative review may result in adjustments to the level of provisions, based on prospective reviews of potential risk scenarios for businesses or loans not yet captured in the Bank's historical information.

The Bank has developed internal customer, counterparty and country rating models, which allow for proactive risk management in terms of exposure limits, transaction typology and time limits, among others.

Derivative financial instruments

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recognized in the consolidated statement of financial position at fair value. With derivatives that are settled gross, the Bank is also exposed to settlement risk, which is the risk that the Bank will honor its obligation, but the counterparty will be unable to deliver the value of the consideration.

6. Financial risk management (continued)

A. Credit risk (continued)

Credit Commitments

The Bank makes available to its customers guarantees that may require the Bank to make payments on behalf of these customers and to take on commitments to issue lines of credit to ensure their liquidity needs. Letters of credit and guarantees (including standby letters of credit) commit the Bank to make payments on behalf of customers for a specific event, usually related to the import or export of goods. Such commitments expose the Bank to risks similar to those for loans which are mitigated by the same controls established in processes and policies.

B. Liquidity risk

Liquidity risk is the possibility of an economic loss to the Bank due to the difficulty in liquidating assets or obtaining financial resources on normal terms.

The Bank conducts daily reviews of the Liquidity Coverage Ratio (LCR). The LCR methodology follows local standards and guidelines recommended by the Basel Committee. The Bank also monitors the Net Stable Funding Ratio (NSFR), to maintain an adequate funding structure over the long term.

Liquidity is controlled through the periodic review of:

- The maturity schedule to identify maturity “gaps” in the various timeframes.
- Deposit concentration report to identify possible increases in amounts and maturities that may affect the Bank’s liquidity.

The Bank has a Liquidity Contingency Plan in place, which is designed to monitor a series of indicators that could trigger a liquidity event, with potential impact on the Bank’s operations and establishes an action plan so that the Bank’s liquidity is always assured.

C. Market risk

Market risk is the risk that the value of the Bank’s assets and liabilities will decline due to changes in market conditions that may adversely affect its income. The risk is inherent in the financial instruments associated with the Bank’s operations and activities, including: loans, securities, borrowings and debt, derivatives, among others. The main risks include: interest rate risk and foreign exchange risk, which can affect asset prices and result in losses for the Bank.

With respect to interest rate risk management, the Bank’s policy requires Management to assess the asset and liability positions in order to reduce potential adverse impacts on net interest income due to market interest rate fluctuations.

The Bank manages interest rate risk by closely monitoring the appreciation and decline in value of the assets and liabilities through hedging to reduce potential negative impacts on profit or loss for the period and equity.

Management conducts periodic sensitivity analyses simulating market changes in interest rates to determine potential impacts on net interest income (both upward and downward). In addition, the Bank monitors the DV01 limit, for which a parallel 1-base point shock is applied to the interest rate curve and assesses if there is any impact on equity. At the same time, the Bank's Management measures equity sensitivity following the methodology described by the Basel Banking Supervision Committee (Basel III) to measure the interest rate risk implicit in the notional value.

Foreign exchange risk is the risk of change in the market value of a financial instrument due to fluctuations in the exchange rate of a given currency. The Bank operates primarily in U.S. dollars, so exposure to this type of risk is minimized. For transactions in currencies other than the US dollar, the Bank manages the exchange rate risk by arranging derivative instruments for hedging purposes, or by establishing natural hedges matching assets and liabilities expressed in the same currency. For liquidity positions, the Bank has established thresholds in order to limit the maximum level of exposure.

6. Financial risk management (continued)

D. Operational risk

Operational risk is the possibility of incurring losses due to deficiencies, failures or inadequacies in human resources, processes, technology, infrastructure, management information, models used, or the occurrence of external events. If this occurs, it can damage the Bank's reputation and result in regulatory sanctions, which can lead to financial losses. The Bank, like any other financial institution, is exposed to operational risks.

The main objective with Operational Risk Management is to reduce losses generated from operational risk and maintain an adequate administration thereof through the use of established management tools such as: risk profile, risk mapping, global and specific limits, operational risk indicators, as well as the analysis of events and incidents recorded in a database in order to monitor action plans on actual or potential risks.

As part of an adequate operational risk management, the Bank maintains a Business Continuity Plan to provide effective responses that guarantee the continuity of services and the banking business activities upon the occurrence of events that may create an interruption or instability in its operations.

E. Fraud risk

Fraud is any intentional act or omission designed to deceive others, resulting in a loss for the victim and/or a gain for the perpetrator.

Identification of fraud risk considers both internal and external factors, and their impact on the achievement of the Bank's objectives. Internal fraud is related to losses arising from any type of action, involving Bank employees, aimed at defrauding, misappropriating property or violating regulations, laws or internal policies. External fraud is related to losses arising from any type of action by a third party aimed at defrauding, misappropriating property or infringing the law.

To manage this risk, the Bank has a general fraud risk management program in place, which includes: establishing fraud risk governance policies, evaluating fraud risk, designing and developing control activities to prevent and detect fraud, and investigating fraud, including monitoring and evaluating the fraud risk management program.

F. Cybersecurity risk

Cybersecurity or information technology security refers to the procedures designed, and measures implemented to protect technological appliances, networks, programs and data against cyber-attacks, in other words, unauthorized access or attacks aimed at operating, or misusing, the Bank's technology platform to access the financial system.

The Bank has approved policies and implemented procedures defining roles and responsibilities for managing information security as part of the IT security and technology risk management framework. These policies and procedures apply throughout the Bank and cover all relationships between the workforce, customers and suppliers, as well as any other individual who, on a permanent or temporary basis with the Bank, has some form of access to data, resource management and IT systems.

To counter the risk arising from cyber attacks, the Bank maintains a comprehensive monitoring program of the main attack vectors: emails and end-user devices, as well as the continuous frequency of scans and vulnerability management. To address the risks arising under the hybrid model, the Bank maintains security platforms that provide an adequate level of protection, in order to keep the same security posture, regardless of the physical location of the employees. Additionally, for the risk related to cyber-resilience, the Bank continuously executes internal and external penetration tests in order to have the ability to respond, resist and/or recover from cyber attacks or incidents.

The Bank's Information Security Officer is responsible for ensuring compliance with policies and procedures by anyone with access to the Bank's systems. The Bank also commits to independent third-party reviews of its cybersecurity program. The Bank's cybersecurity program has been developed with a holistic approach, allowing the Bank to encompass both technical and strategic measures in a single framework. This program is based on five fundamental pillars: Perimeter Security, Services and Infrastructure Security, User Security, Data Security, and Security in service providers.

7. Fair value of financial instruments

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

The Bank applied the following fair value hierarchy:

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

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

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

When determining the fair value measurements for assets and liabilities that are required or permitted to be recorded at fair value, the Bank considers the principal or most advantageous market in which it would transact and considers the inputs that market participants would use when pricing the asset or liability.

A. Measured at fair value

When identical assets and liabilities are not traded in active markets, the Bank uses observable market information for similar assets and liabilities. However, certain assets and liabilities are not actively traded in observable markets and the Bank must use alternative valuation techniques to determine the fair value measurement. The frequency of transactions, the size of the bid-ask spread, and the size of the investment are factors considered in determining the liquidity of markets and the relevance of observed prices in those markets.

When there has been a significant decrease in the valuation of the financial asset or liability, or in the level of activity for a financial asset or liability (provided it is not due to impairment), the Bank uses the present value technique which considers market information to determine a representative fair value under usual market conditions.

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

Financial instruments at FVTPL or FVOCI

For financial instruments at FVTPL or FVOCI, fair value is based upon quoted market prices, when available, or if quoted market prices are not available on discounted expected cash flows including interest rate yield curves and other market rates.

When quoted prices are available in an active market, financial instruments at FVTPL and financial instruments at FVOCI are classified in level 1 of the fair value hierarchy. If quoted market prices are not available or they are available in markets that are not active, then fair values are estimated based upon quoted prices for similar instruments, or where these are not available, by using internal valuation techniques, principally discounted cash flows models. Such securities are classified within levels 2 and 3 of the fair value hierarchy.

7. Fair value of financial instruments (continued)

A. Measured at fair value (continued)

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

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

For those derivative contracts without quoted market prices, fair value is based on internal valuation techniques using inputs that are readily observable and that can be validated by information available in the market. The principal technique used to value these instruments is the discounted cash flow 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 amounts include credit valuation adjustments ("Credit and Debit Value Adjustment" CVA / DVA), which are applied to OTC derivative instruments, in which the base valuation generally discounts expected cash flows using the Overnight Index Swap interest rate curves. Because not all counterparties have the same credit rating, valuation adjustments are necessary to incorporate the market view of both the counterparty's credit risk and the Bank's own credit risk.

Own-credit and counterparty (DVA and CVA) is determined using a fair value curve consistent with the Bank's or counterparty credit rating. These adjustments are 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 or DVA (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 these adjustments may be reversed or otherwise adjusted in future periods in the event of changes in the credit risk of the Bank or its counterparties or due to the anticipated termination of the transactions.

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

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

	December 31, 2024			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Securities at FVOCI - Corporate debt	—	98,748	—	98,748
Derivative financial instruments - assets:				
Interest rate swaps	—	10,805	—	10,805
Cross-currency swaps	—	11,510	—	11,510
Total derivative financial instrument assets	—	22,315	—	22,315
Total assets at fair value	**—**	**121,063**	**—**	**121,063**
Liabilities				
Derivative financial instruments - liabilities:				
Interest rate swaps	—	2,667	—	2,667
Cross-currency swaps	—	139,038	—	139,038
Total derivative financial instruments - liabilities	—	141,705	—	141,705
Total liabilities at fair value	**—**	**141,705**	**—**	**141,705**

7. Fair value of financial instruments (continued)

A. Measured at fair value (continued)

	December 31, 2023			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Securities at FVOCI - Corporate debt	—	11,865	—	11,865
Derivative financial instruments - assets:				
Interest rate swaps	—	11,358	—	11,358
Cross-currency swaps	—	145,909	—	145,909
Total derivative financial instrument assets	—	157,267	—	157,267
Total assets at fair value	**—**	**169,132**	**—**	**169,132**
Liabilities				
Derivative financial instruments - liabilities:				
Interest rate swaps	—	790	—	790
Cross-currency swaps	—	39,823	—	39,823
Total derivative financial instruments - liabilities	—	40,613	—	40,613
Total liabilities at fair value	**—**	**40,613**	**—**	**40,613**

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

B. Not measured at fair value

The following methods and inputs were used by the Bank's management in estimating the fair values of financial instruments not measured at fair value:

Financial instruments with carrying value that approximates fair value

The carrying value of certain financial assets, including cash and due from banks, customers' liabilities under acceptances and certain financial liabilities including customer's demand and time deposits, securities sold under repurchase agreements and acceptances outstanding, due to their short-term nature, is considered to approximate their fair value. These instruments are classified in level 2.

Financial instruments measured at amortized cost

The fair value of financial instruments measured at amortized cost is valued using quoted market prices. If quoted market prices are not available, then fair values are estimated based upon quoted prices for similar instruments. When prices for similar instruments are not available, then fair values are estimated by using discounted cash flow models using interest rate yields curves and other market rates. Such instruments are classified in levels 2 and 3.

7. Fair value of financial instruments (continued)

B. Not measured at fair value (continued)

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

	December 31, 2024				
	Carrying amount	**Fair value**	**Level 1**	**Level 2**	**Level 3**
Assets					
Cash and deposits in banks	1,963,838	1,963,838	—	1,963,838	—
Securities at amortized cost [(1)]	1,102,444	1,102,386	—	1,102,386	—
Loans at amortized cost [(2)]	8,383,829	8,573,655	—	8,573,655	—
Customers' liabilities under acceptances	245,065	245,065	—	245,065	—
Liabilities					
Deposits	5,461,901	5,461,901	—	5,461,901	—
Securities sold under repurchase agreements	212,931	212,931	—	212,931	—
Borrowings and debt, net	4,352,316	4,421,770	—	4,421,770	—
Acceptances outstanding	245,065	245,065	—	245,065	—

	December 31, 2023				
	Carrying value	**Fair value**	**Level 1**	**Level 2**	**Level 3**
Assets					
Cash and deposits in banks	2,047,452	2,047,452	—	2,047,452	—
Securities at amortized cost [(1)]	1,010,266	997,341	—	997,341	—
Loans at amortized cost [(2)]	7,220,520	7,267,429	—	7,267,429	—
Customers' liabilities under acceptances	261,428	261,428	—	261,428	—
Liabilities					
Deposits	4,451,025	4,451,025	—	4,451,025	—
Securities sold under repurchase agreements	310,197	310,197	—	310,197	—
Borrowings and debt, net	4,351,988	4,357,271	—	4,357,271	—
Acceptances outstanding	261,428	261,428	—	261,428	—

(1) The carrying value of securities at amortized cost is net of accrued interest receivable of $13.2 million and the allowance for expected credit losses of $1.3 million as of December 31, 2024 (accrued interest receivable of $12.4 million and the allowance for expected credit losses of $1.6 million as of December 31, 2023).

(2) The carrying value of loans at amortized cost is net of accrued interest receivable of $117.9 million, the allowance for expected credit losses of $78.2 million and unearned interest and deferred fees of $31.1 million as of December 31, 2024 (accrued interest receivable of $109.1 million, the allowance for expected credit losses of $59.4 million and unearned interest and deferred fees of $24.7 million as of December 31, 2023).

8. Cash and due from banks

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

	December 31,	
	2024	**2023**
Demand deposits [(1)]	1,817,238	1,969,102
Time deposits	146,600	78,350
Total cash and due from banks	**1,963,838**	**2,047,452**
Less: time deposits with original maturity over 90 days and other restricted deposits [(2)]	143,907	60,384
Total cash and cash equivalents	**1,819,931**	**1,987,068**

The following table presents the restricted deposits classified by country risk:

	December 31,	
	2024	**2023**
Country:		
Canada	—	5,342
Chile	20,000	—
Germany	29,263	5,775
Japan	18,120	14,820
Panama	1,600	—
Spain	10,300	—
Switzerland	—	13,747
United Kingdom	254	—
United States of America[(2)]	64,370	20,700
Total	**143,907**	**60,384**

(1) Demand deposits includes $1,021 million (2023: $1,884 million) at Federal Reserve of United States of America.

(2) As of December 31, 2024 includes restricted deposit of $25 million (2023: $18 million) with the New York State Department of Financial Services under March 1994 legislation and margin call deposits collateralizing derivative financial instrument transactions.

9. Investment securities

Investment securities are presented as follows:

December 31, 2024	Amortized cost	FVOCI	Total
Principal	1,090,577	98,748	1,189,325
Interest receivable	13,178	738	13,916
Gross amount	**1,103,755**	**99,486**	**1,203,241**
Allowance [1]	(1,311)	—	(1,311)
Total	**1,102,444**	**99,486**	**1,201,930**

December 31, 2023	Amortized cost	FVOCI	Total
Principal	999,544	11,824	1,011,368
Interest receivable	12,354	41	12,395
Gross amount	**1,011,898**	**11,865**	**1,023,763**
Allowance [1]	(1,632)	—	(1,632)
Total	**1,010,266**	**11,865**	**1,022,131**

[1] As of December 31, 2024 and 2023, the loss allowance for losses for securities at FVOCI for $23 thousand and $1 thousand, respectively are included in equity in the consolidated statement of financial position in the line Other comprehensive income.

Securities by contractual maturity are shown in the following table:

	Outstanding principal balance		
December 31, 2024	Amortized cost	FVOCI	Total
Due within 1 year	223,174	30,029	253,203
After 1 to 5 years	838,893	68,719	907,612
After 5 to 10 years	28,510	—	28,510
Balance - principal	**1,090,577**	**98,748**	**1,189,325**

	Outstanding principal balance		
December 31, 2023	Amortized cost	FVOCI	Total
Due within 1 year	157,376	—	157,376
After 1 to 5 years	813,012	11,824	824,836
After 5 to 10 years	29,156	—	29,156
Balance - principal	**999,544**	**11,824**	**1,011,368**

9. Investment securities (continued)

The following table includes the securities pledged to secure repurchase transactions (see note 18):

	December 31,	
	2024	**2023**
Securities pledged to secure repurchase transactions	239,046	342,271
Securities sold under repurchase agreements	(212,931)	(310,197)

As of December 31, 2023, sales were made for $63.5 million of investments at amortized cost classified as Stage 2 with a significant increase in their credit risk. These sales resulted in write-off against reserves of $1.7 million and losses on sale of $3.9 million attributable to market risk. During the period 2024, no sales of instrument classified at amortized cost were made.

10. Loans

The following table presents the loan portfolio:

	December 31,	
	2024	**2023**
Loans - principal balance	8,375,172	7,195,567
Interest receivable	117,931	109,082
Unearned interest and deferred fees	(31,116)	(24,719)
Gross balance	**8,461,987**	**7,279,930**
Loss allowances	(78,158)	(59,410)
Loans, net	**8,383,829**	**7,220,520**

During the year 2024, the Bank sold loans measured at FVTPL for $67 million, realizing a gain of $251 thousand and FVOCI for $20 million, realizing a gain of $68 thousand, recognized in the line loss on financial instruments, net.

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

	December 31,	
	2024	**2023**
Fixed interest rate	4,932,569	3,875,937
Floating interest rates	3,529,418	3,403,993
Total	**8,461,987**	**7,279,930**

As of December 31, 2024, 75% (2023: 71%) of the loan portfolio at fixed interest rates has remaining maturities of less than 180 days. Interest rates on loans ranges from 4.63% to 16.28% (2023:1.95% to 16.01%).

The following table details information relating to loans granted to class A and B shareholders:

	December 31,	
	2024	**2023**
Loans to class A and B shareholders	556,000	397,300
% Loans to class A and B shareholders over total loan portfolio	7 %	6 %
% Class A and B stockholders with loans over number of class A and B stockholders	13 %	10 %

11. Loan commitments and financial guarantee contracts

In the normal course of business, to meet the financing needs of its customers, the Bank is party to loan commitments and financial guarantee contracts. These instruments involve, to varying degrees, elements of credit and market risk in excess of the amount recognized in the consolidated statement of financial position. Credit risk represents the possibility of loss resulting from the failure of a customer to perform in accordance with the terms of a contract.

The Bank's outstanding loan commitments and financial guarantee contracts are as follows:

	December 31,	
	2024	**2023**
Documentary letters of credit	536,350	345,608
Stand-by letters of credit and guarantees - commercial risk	520,285	490,626
Credit commitments	348,223	227,472
Letter of credit commitments	9,522	—
Total	**1,414,380**	**1,063,706**

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

	December 31,	
	2024	**2023**
Up to 1 year	1,160,323	901,716
From 1 to 2 years	145,127	84,581
Over 2 to 5 years	100,643	77,409
More than 5 years	8,287	—
Total	**1,414,380**	**1,063,706**

12. Loss on financial instruments, net

The amounts that were recognized in the consolidated statement of profit or loss related to the results of financial instruments are detailed below:

	December 31,		
	2024	**2023**	**2022**
(Loss) gain on derivative financial instruments and foreign currency exchange, net	(802)	3,813	(1,920)
Realized gain on financial instruments at FVTPL	251	—	510
Loss on sale of financial instruments at amortized cost	—	(3,858)	—
Realized gain on financial instruments at FVOCI	68	—	—
	(483)	**(45)**	**(1,410)**

13. Derivative financial instruments

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

	December 31, 2024		
	Notional amount [2]	Carrying amount of hedging instruments	
		Asset [1]	Liability [1]
Interest rate risk			
Fair value hedges	1,132,827	10,805	(2,667)
Interest rate and foreign exchange risk			
Fair value hedges	186,288	—	(13,196)
Cash flow hedges	1,205,427	11,510	(125,842)
	2,524,542	**22,315**	**(141,705)**

	December 31, 2023		
	Notional amount [2]	Carrying amount of hedging instruments	
		Asset [1]	Liability [1]
Interest rate risk			
Fair value hedges	987,394	11,358	(790)
Interest rate and foreign exchange risk			
Fair value hedges	374,654	38,088	(14,290)
Cash flow hedges	1,303,388	107,821	(25,533)
	2,665,436	**157,267**	**(40,613)**

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

(2) On December 31, 2024 the notional amounts of derivative financial instruments include $1,234.5 million ($639.64 million at December 31, 2023) of interest rate swaps and cross currency interest rate swaps, which were designated in aggregate exposure hedges hedging underlying assets totaling $525.8 million ($307.8 million at December 31, 2023).

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

- Fair value hedges.
- Cash flow hedges.
- Net investment hedges.

For control purposes, derivative instruments are recorded at their notional amount in control accounts. Interest rate swaps are made either in a single currency or cross currency for a prescribed period to exchange a series of interest rate flows, which involve fixed for floating interest payments, and vice versa. The Bank also engages in certain foreign exchange forward contracts to serve customers' transaction needs and to manage foreign currency risk. All such positions are hedged with an offsetting contract for the same currency.

13. Derivative financial instruments (continued)

The Bank manages and controls the risks on these foreign exchange hedges by establishing counterparty credit limits by customer and by adopting policies that do not allow maintaining open positions in excess of the limits established by Management. The Bank also has used foreign exchange forward contracts to hedge the foreign exchange risk associated with the Bank's equity investment in a non-U.S. dollar functional currency foreign entity. Derivative and foreign exchange forward instruments negotiated by the Bank are executed mainly over-the-counter (OTC). These contracts are executed between two counterparties that negotiate specific agreement terms, including notional amount, exercise price and maturity.

A. Fair value hedges

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

The Bank's exposure to interest rate risk is disclosed in Note 5(C)(i). Interest rate risk to which the Bank applies hedge accounting arises from fixed and floating open positions, whose fair value fluctuates when benchmark interest rates change. The Bank hedges interest rate risk only to the extent of benchmark interest rates because the changes in fair value of a fixed-rate note or loan are significantly influenced by changes in the benchmark interest rate (USD Libor or SOFR). Hedge accounting is applied where economic hedging relationships meet the hedge accounting criteria.

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

The Bank maintains as part of its risk management, second level fair value hedges composed of combined derivative and non-derivative exposures (aggregate exposures). The components comprising such aggregate exposures are previously designated under cash flow hedging relationships.

13. Derivative financial instruments (continued)

A. Fair value hedges (continued)

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

	December 31, 2024				
		Carrying amount of hedging instruments			
	Notional amount	Asset [1]	Liability [1]	Changes in fair value used to calculate hedge ineffectiveness [2]	Ineffectiveness recognized in profit or loss [2]
Interest rate risk					
Deposits	131,000	1,235	(164)	(127)	(142)
Repurchase agreements	68,985	210	(592)	71	14
Borrowings and debt	932,842	9,360	(1,911)	(5,911)	(516)
Interest rate and foreign exchange risk					
Borrowings and debt	186,288	—	(13,196)	(28,571)	1,074
Total	**1,319,115**	**10,805**	**(15,863)**	**(34,538)**	**430**

	December 31, 2023				
		Carrying amount of hedging instruments			
	Notional amount	Asset [1]	Liability [1]	Changes in fair value used to calculate hedge ineffectiveness [2]	Ineffectiveness recognized in profit or loss [2]
Interest rate risk					
Loans	10,000	—	(519)	(113)	7
Securities at amortized cost	10,000	101	—	(109)	144
Deposits	307,000	3,564	—	600	12
Borrowings and debt	660,394	7,693	(271)	5,152	176
Interest rate and foreign exchange risk					
Borrowings and debt	374,654	38,088	(14,290)	36,710	2,908
Total	**1,362,048**	**49,446**	**(15,080)**	**42,240**	**3,247**

[1] Included in the consolidated statement of financial position under the line Derivative financial instruments - assets or liabilities.

[2] Included in the consolidated statement of profit or loss under the line Loss on financial instruments, net.

13. Derivative financial instruments (continued)

A. Fair value hedges (continued)

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

	December 31, 2024				
	Carrying amount of hedged items		Line in the consolidated statement of financial position that includes the carrying amount of the hedged items	Accumulated amount of fair value hedge adjustments included in the carrying amount of the hedged items	Changes in fair value of the hedged items used to calculate hedge ineffectiveness[1]
	Asset	Liability			
Interest rate risk					
Deposits	—	(132,667)	Deposits	(26)	(15)
Repurchase agreements	—	(69,443)	Repurchase agreements	(57)	(57)
Borrowings and debt	—	(319,174)	Borrowings and debt, net	3,860	5,395
Interest rate and foreign exchange risk					
Borrowings and debt	—	(173,469)	Borrowings and debt, net	14,316	29,645
Total	**—**	**(694,753)**		**18,093**	**34,968**

	December 31, 2023				
	Carrying amount of hedged items		Line in the consolidated statement of financial position that includes the carrying amount of the hedged items	Accumulated amount of fair value hedge adjustments included in the carrying amount of the hedged items	Changes in fair value of the hedged items used to calculate hedge ineffectiveness[1]
	Asset	Liability			
Interest rate risk					
Loans	10,664	—	Loans, net	(136)	120
Securities at amortized cost	10,055	—	Securities, net	26	253
Deposits	—	(236,942)	Deposits	(588)	(588)
Borrowings and debt	—	(344,605)	Borrowings and debt, net	(1,626)	(4,976)
Interest rate and foreign exchange risk					
Borrowings and debt	—	(402,377)	Borrowings and debt, net	(21,737)	(33,802)
Total	**20,719**	**(983,924)**		**(24,061)**	**(38,993)**

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

13. Derivative financial instruments (continued)

A. Fair value hedges (continued)

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

	December 31, 2024		
	Interest rate swaps	**Cross currency swaps**	**Total**
Less than 1 year	115,263	—	115,263
Over 1 to 2 years	383,268	19,882	403,150
Over 2 to 5 years	605,028	156,281	761,309
More than 5 years	29,268	10,125	39,393
Total	**1,132,827**	**186,288**	**1,319,115**

	December 31, 2023		
	Interest rate swaps	**Cross currency swaps**	**Total**
Less than 1 year	434,420	235,973	670,393
Over 1 to 2 years	50,263	—	50,263
Over 2 to 5 years	476,311	128,556	604,867
More than 5 years	26,400	10,125	36,525
Total	**987,394**	**374,654**	**1,362,048**

The following table details the ineffectiveness recognized in profit or loss for the derivative instruments used in fair value hedges:

	December 31, 2024		
	Current	**Matured**	**Total**
Ineffectiveness recognized in profit or loss			
Interest rate risk			
Loans	—	4	4
Securities at amortized cost	—	(58)	(58)
Deposits	(142)	(10)	(152)
Repurchase agreements	14	—	14
Borrowings and debt	(516)	6	(510)
Interest rate and foreign exchange risk			
Loans	—	(1)	(1)
Borrowings and debt	1,074	127	1,201
Total	**430**	**68**	**498**

13. Derivative financial instruments (continued)

A. Fair value hedges (continued)

	December 31, 2023		
	Current	**Matured**	**Total**
Ineffectiveness recognized in profit or loss			
Interest rate risk			
Loans	7	7	14
Securities at amortized cost	144	—	144
Deposits	12	—	12
Borrowings and debt	176	—	176
Interest rate and foreign exchange risk			
Loans	—	(26)	(26)
Borrowings and debt	2,908	—	2,908
Total	**3,247**	**(19)**	**3,228**

B. Cash flow hedges

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

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

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

The sources of ineffectiveness arise mainly from CVA/DVA counterparty risk made in the hedging instrument, which are not contemplated in the methodology of hypothetical derivative used to measure the ineffectiveness of the hedge.

13. Derivative financial instruments (continued)

B. Cash flow hedges (continued)

The maximum length of time over which the Bank has hedged its exposure to the variability in future cash flows on forecasted transactions is 7 years.

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

	December 31, 2024						
		Carrying amount of hedging instruments					
	Notional amount	Asset [1]	Liability [1]	Change in fair value used for calculating hedge ineffectiveness	Changes in the fair value of the hedging instruments recognized in OCI [2]	Ineffectiveness recognized in profit or loss [3]	Amount reclassified from the hedge reserve to profit or loss [4]
Interest rate and foreign exchange risk							
Loans	19,509	1,372	—	1,256	1,258	2	24
Borrowings and debt	1,185,918	10,138	(125,842)	(163,797)	(164,418)	(621)	99
Total	**1,205,427**	**11,510**	**(125,842)**	**(162,541)**	**(163,160)**	**(619)**	**123**

	December 31, 2023						
		Carrying amount of hedging instruments					
	Notional amount	Asset [1]	Liability [1]	Change in fair value used for calculating hedge ineffectiveness	Changes in the fair value of the hedging instruments recognized in OCI [2]	Ineffectiveness recognized in profit or loss [3]	Amount reclassified from the hedge reserve to profit or loss [4]
Interest rate and foreign exchange risk							
Borrowings and debt	1,303,388	107,821	(25,533)	65,005	65,286	281	(682)
Foreign exchange risk							
Deposits	—	—	—	—	—	—	57
Borrowing and debt	—	—	—	—	—	—	142
Total	**1,303,388**	**107,821**	**(25,533)**	**65,005**	**65,286**	**281**	**(483)**

[1] Included in the consolidated statement of financial position under the line Derivative financial instruments - assets or liabilities.

[2] Included in equity in the consolidated statement of financial position under the line Other comprehensive income (loss).

[3] Hedge ineffectiveness attributable to current hedges included in the consolidated statement of profit or loss in the line Loss on financial instruments, net.

[4] Hedging reserve attributable to expired hedges reclassified to the consolidated statement of profit or loss in the line Loss on financial instruments, net.

13. Derivative financial instruments (continued)

B. Cash flow hedges (continued)

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

	December 31, 2024				
	Carrying amount of hedged items		Line in the consolidated statement of financial position that includes the carrying amount of the hedged items	Changes in the fair value of the hedged items used to calculate the hedge ineffectiveness	Cash flow hedge reserve
	Asset	Liability			
Interest rate and foreign exchange risk					
Loans	19,964	—	Loans, net	(1,256)	37
Borrowings and debt	—	(1,087,247)	Borrowings and debt, net	163,797	(895)
Total	**19,964**	**(1,087,247)**		**162,541**	**(858)**

	December 31, 2023				
	Carrying amount of hedged items		Line in the consolidated statement of financial position that includes the carrying amount of the hedged items	Changes in the fair value of the hedged items used to calculate the hedge ineffectiveness	Cash flow hedge reserve
	Asset	Liability			
Interest rate and foreign exchange risk					
Borrowings and debt	—	(1,398,323)	Borrowings and debt, net	(65,005)	(7,458)
Total	**—**	**(1,398,323)**		**(65,005)**	**(7,458)**

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

	Cross currency swaps	
	December 31,	
	2024	2023
Less than 1 year	454,581	643,464
Over 1 to 2 years	303,441	206,496
Over 2 to 5 years	418,137	409,742
More than 5 years	29,268	43,686
Total	**1,205,427**	**1,303,388**

13. Derivative financial instruments (continued)

B. Cash flow hedges (continued)

The following table details the ineffectiveness recognized in profit or loss for the derivative instruments used in cash flow hedges:

	December 31, 2024		
	Current	**Matured**	**Total**
Ineffectiveness recognized in profit or loss			
Interest rate and foreign exchange risk			
Loans	2	24	26
Borrowings and debt	(621)	99	(522)
Total	**(619)**	**123**	**(496)**

	December 31, 2023		
	Current	**Matured**	**Total**
Ineffectiveness recognized in profit or loss			
Interest rate hedges			
Borrowings and debt	281	(682)	(401)
Ineffectiveness recognized in profit or loss for the year attributable to exchange rate hedges			
Deposits	—	57	57
Borrowings and debt	—	142	142
Total	**281**	**(483)**	**(202)**

14. Equipment, leases and leasehold improvements, net

The following table provides a summary of the items included in equipment, leases and leasehold improvements:

	December 31,	
	2024	**2023**
Equipment and leasehold improvements, net	4,509	4,041
Leases	15,167	12,753
	19,676	**16,794**

14. Equipment, leases and leasehold improvements (continued)

Equipment, leases and leasehold improvements are detailed as follows:

	IT equipment	Furniture and fixtures	Leasehold improvements	Other equipment	Leases	Total
Cost:						
Balance as of January 1, 2022	4,476	1,677	7,450	687	17,496	31,786
Additions	599	165	852	35	7	1,658
Disposals	(1,136)	(36)	(4)	(6)	—	(1,182)
Effect of movement in exchange rates	2	2	3	1	—	8
Balance as of December 31, 2022	3,941	1,808	8,301	717	17,503	32,270
Additions	369	92	124	176	1,388	2,149
Disposals	(28)	(83)	(117)	(49)	(1,216)	(1,493)
Effect of movement in exchange rates	5	3	5	—	—	13
Balance as of December 31, 2023	4,287	1,820	8,313	844	17,675	32,939
Additions	632	274	768	139	3,623	5,436
Disposals	(157)	(50)	(72)	(3)	(36)	(318)
Effect of movement in exchange rates	(15)	(13)	(35)	—	—	(63)
Balance as of December 31, 2024	**4,747**	**2,031**	**8,974**	**980**	**21,262**	**37,994**
Accumulated depreciation:						
Balance as of January 1, 2022	3,846	1,638	4,375	590	3,558	14,007
Depreciation and amortization for the year	430	32	531	57	1,104	2,154
Disposals	(1,133)	(35)	(4)	(4)	—	(1,176)
Effect of movement in exchange rates	(1)	1	4	(1)	—	3
Balance as of December 31, 2022	3,142	1,636	4,906	642	4,662	14,988
Depreciation and amortization for the year	449	54	589	69	1,119	2,280
Disposals	(25)	(83)	(117)	(49)	(859)	(1,133)
Effect of movement in exchange rates	4	1	5	—	—	10
Balance as of December 31, 2023	3,570	1,608	5,383	662	4,922	16,145
Depreciation and amortization for the year	456	84	684	72	1,203	2,499
Disposals	(161)	(53)	(55)	(1)	(30)	(300)
Effect of movement in exchange rates	(8)	(7)	(11)	—	—	(26)
Balance as of December 31, 2024	**3,857**	**1,632**	**6,001**	**733**	**6,095**	**18,318**
Carrying amounts as of:						
December 31, 2024	**890**	**399**	**2,973**	**247**	**15,167**	**19,676**
December 31, 2023	**717**	**212**	**2,930**	**182**	**12,753**	**16,794**
December 31, 2022	**799**	**172**	**3,395**	**75**	**12,841**	**17,282**

The Bank leases office spaces in buildings. The lease of head office space typically runs for a period of 15 years, and for the representative offices from 3 to 5 years. Some leases include an option to renew the lease for a similar additional period after the end of the contract term.

During the period ended December 31, 2024, disposals of fixed assets and leasehold improvements were made for a net amount of $12 thousand (2023: $3 thousand). Additionally, during the period 2024, a lease contract was closed that generated an adjustment in the assets for rights of use and the lease liability for a net amount of $6 thousand.

15. Intangible assets

A breakdown of software cost, accumulated amortization, additions, sales and disposals of intangible assets is as follows:

Costs:	**2024**	**2023**	**2022**
Balance as of January 1	12,041	10,856	9,786
Additions	2,122	1,335	1,070
Disposals	—	(150)	—
Balance as of December 31	**14,163**	**12,041**	**10,856**
Accumulated amortization:			
Balance as of January 1	9,436	8,752	8,191
Amortization	1,064	814	561
Disposals	—	(130)	—
Balance as of December 31	**10,500**	**9,436**	**8,752**
Net carrying amounts	**3,663**	**2,605**	**2,104**

The expenses related to the amortization of intangible assets are recognized as of amortization of intangible assets in the consolidated statement of profit or loss.

16. Other assets

Following is a summary of other assets:

	December 31,	
	2024	**2023**
Accounts receivable financial instruments	2,996	4,844
Prepaid expenses	3,342	2,174
Prepaid fees and commissions	468	451
Interest receivable - deposits	1,307	1,603
IT projects under development	5,113	1,802
Improvement project under development	709	396
Severance fund	2,508	2,169
Other	1,914	2,156
Total	**18,357**	**15,595**

17. Deposits

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

	Remaining Term December 31,		Original Term December 31,	
	2024	**2023**	**2024**	**2023**
Demand	440,029	510,195	440,029	510,195
Up to 1 month	2,797,904	2,026,454	1,793,178	1,336,379
From 1 to 3 months	1,162,833	704,765	999,506	758,728
From 3 to 6 months	585,542	517,359	1,092,876	675,106
From 6 month to 1 year	342,460	570,033	901,145	892,221
From 1 to 2 years	73,642	77,843	158,621	216,430
From 2 to 5 years	10,314	1,500	27,369	19,090
Total	**5,412,724**	**4,408,149**	**5,412,724**	**4,408,149**

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

	December 31,	
	2024	**2023**
Aggregate amount of $100,000 or more	5,411,881	4,407,608
Aggregate amount of deposits in the New York Agency	1,581,865	1,250,524

	December 31,		
	2024	**2023**	**2022**
Interest expense on deposits made in the New York Agency	88,668	53,885	12,334

18. Securities sold under repurchase agreements

The following table details the financing transactions under repurchase agreements and the associated interest expense:

	December 31,		
	2024	**2023**	**2022**
Financing under repurchase agreements	212,931	310,197	300,498
Interest expense related to repurchase agreement	11,675	9,232	7,340

Financing contracts under repurchase agreements generate interest range from 4.49% to 5.36% (2023: 2.27% to 6.05%) with several maturities up to October 16, 2026.

19. Borrowings and debt

Borrowings consist of bilateral funding and syndicated loans obtained from international banks. Debt instruments consist of public and private issuances under the Bank's Euro Medium-Term Notes ("EMTN") Program, as well as the Short-and Long-Term Notes ("Certificados Bursatiles") Program (the "Mexican Program") in the Mexican local market as well as a Revolving Corporate Bond Program in Panama for the issuance of short and long term notes.

Under the "EMTN" program, the Bank is authorized to issue notes up to a maximun equivalent of $2.25 billion Mexican pesos, with maturities from 7 days up to a maximum of 30 years, at fixed or floating interest rates, or at a discount, and in various currencies. The notes are generally issued in bearer or registered form through one or more authorized financial institutions. The Short-and Long-Term Notes ("Certificados Bursatiles") Program (the "Mexican Program") in the Mexican local market, registered with the Mexican National Registry of Securities administered by the National Banking and Securities Commission of Mexico ("CNBV", for its acronym in Spanish) allows for the issuance of the equivalent of $35 billion Mexican pesos with maturities from 1 day to 30 years and a limit of $2 billion Mexican pesos for issues with a maturity of less than one year. Additionally, the Rotating Corporate Bond Program for Short- and Long-Term Notes is authorized in the local market of Panama for a maximum amount of $300 million.

Some borrowing agreements include various events of default and covenants relating to minimum capital adequacy ratios, incurrence of additional liens, and asset sales, as well as other customary covenants, representations and warranties. As of December 31, 2024, the Bank was in compliance with all those covenants.

Carrying amount of borrowings and debt is detailed as follows:

	December 31, 2024				
	Short-Term		Long-term		
	Borrowings	Debt	Borrowings	Debt	Total
Principal	1,652,536	835	877,842	1,830,751	4,361,964
Transaction costs	—	(1)	(3,764)	(5,883)	(9,648)
	1,652,536	**834**	**874,078**	**1,824,868**	**4,352,316**

	December 31, 2023				
	Short-Term		Long-term		
	Borrowings	Debt	Borrowings	Debt	Total
Principal	1,638,306	86,601	537,775	2,097,820	4,360,502
Transaction costs	(262)	(40)	(1,904)	(6,308)	(8,514)
	1,638,044	**86,561**	**535,871**	**2,091,512**	**4,351,988**

As indicated in Note 9, as of December 31, the repurchase agreements were secured by investments classified as amortized cost by the amount of $239,046 (2023: $342,271).

19. Borrowings and debt (continued)

Short-term borrowings and debt

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

	December 31,	
	2024	**2023**
Short-term borrowings:		
At fixed interest rates	1,353,048	732,336
At floating interest rates	299,488	905,970
Principal	1,652,536	1,638,306
Less: Transaction costs	—	(262)
Total short-term borrowings, net	**1,652,536**	**1,638,044**
Short-term debt:		
At fixed interest rates	835	1,536
At floating interest rates	—	85,065
Principal	**835**	**86,601**
Less: Transaction costs	(1)	(40)
Total short-term debt, net	**834**	**86,561**
Total short-term borrowings and debt	**1,653,370**	**1,724,605**
Range of fixed interest rates on borrowings and debt in U.S. dollars	4.50% to 5.87%	5.44% to 6.50%
Range of floating interest rates on borrowings in U.S. dollars	5.13% to 5.24%	6.08% to 6.33%
Range of fixed interest rate on borrowings in Mexican pesos	11.15 %	—
Range of floating interest rates on borrowings and debt in Mexican pesos	10.69% to 10.74%	11.77% to 12.65%
Range of fixed interest rates on borrowings and debt in Euros	3.39% to 3.87%	—
Range of floating interest rates on borrowings and debt in Euros	—	4.51% to 4.69%

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

	December 31,	
	2024	**2023**
US dollar	1,404,689	1,084,872
Mexican peso	172,368	576,527
Euro	76,313	63,508
Carrying amount - principal	**1,653,370**	**1,724,907**

19. Borrowings and debt (continued)

Long-term borrowings and debt

The breakdown of long-term borrowings and debt (original maturity of more than one year), along with contractual interest rates, plus prepaid commissions are as follows:

	December 31,	
	2024	**2023**
Long-term borrowings:		
At fixed interest rates until August 2027	60,308	—
At floating interest rates with due dates from March 2026 to September 2029	817,534	537,775
Principal	877,842	537,775
Less: Transaction costs	(3,764)	(1,904)
Total long-term borrowings, net	**874,078**	**535,871**
Long-term debt:		
At fixed interest rates with due dates from January 2025 to November 2034	1,293,378	1,456,290
At floating interest rates with due dates from February 2026 to November 2031	537,373	641,530
Principal	1,830,751	2,097,820
Less: Transaction costs	(5,883)	(6,308)
Total long-term debt, net	**1,824,868**	**2,091,512**
Total long-term borrowings and debt, net	**2,698,946**	**2,627,383**
Range of fixed interest rates on borrowings and debt in U.S. dollars	2.38% to 6.15%	1.35% to 6.15%
Range of floating interest rates on borrowings and debt in U.S. dollars	5.44% to 6.31%	6.32% to 7.31%
Range of fixed interest rates on borrowings and debt in Mexican pesos	6.50% to 10.78%	6.50% to 10.78%
Range of floating interest rates on borrowings and debt in Mexican pesos	10.62% to 11.52%	11.70% to 11.95%
Range of fixed interest rates on debt in Japanese yens	0.77% to 1.54%	0.40% to 1.35%
Range of fixed interest rates on debt in Euros	0.90%	0.90% to 3.75%
Range of fixed interest rates on debt in Australian dollars	6.81%	1.41% to 6.81%
Range of fixed interest rate on debt in Sterling pounds	1.50%	1.50 %
Range of fixed interest rate on debt in Swiss francs	— %	0.35 %
Range of fixed interest rate on debt in Peruvian soles	7.00 %	— %

19. Borrowings and debt (continued)

Long-term borrowings and debt (continued)

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

	December 31,	
	2024	**2023**
Currency		
US dollar	1,355,773	1,149,021
Mexican peso	1,170,304	1,241,023
Japanese yen	112,671	113,642
Euro	31,063	88,018
Peruvian soles	25,020	—
Australian dollar	9,133	27,286
Sterling pound	4,629	4,716
Swiss franc	—	11,889
Carrying amount - principal	**2,708,593**	**2,635,595**

Future payments of long-term borrowings and debt outstanding as of December 31, 2024, are as follows:

Year	**Outstanding**
2025	659,016
2026	623,394
2027	861,324
2028	287,007
2029	239,991
2031	28,728
2034	9,133
	2,708,593

The following table presents the reconciliation of movements of borrowings and debt arising from financing activities, as presented in the consolidated statement of cash flows :

	2024	**2023**	**2022**
Balance as of January 1,	4,351,988	4,416,511	3,304,178
Net (decrease) increase in short-term borrowings and debt	(58,529)	(500,650)	579,065
Proceeds from long-term borrowings and debt	1,191,695	496,342	1,038,110
Payments of long-term borrowings and debt	(826,432)	(221,306)	(536,792)
Change in foreign currency rates	(303,485)	157,440	45,460
Fair value adjustment due to hedge accounting relationship	(3,369)	2,126	(9,334)
Other adjustments	448	1,525	(4,176)
Balance as of December 31,	**4,352,316**	**4,351,988**	**4,416,511**

20. Lease liabilities

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

	December 31,	
	2024	**2023**
Due within 1 year	1,931	1,717
After 1 to 5 years	8,213	6,540
After 5 to 10 years	13,827	12,368
Total undiscounted lease liabilities	**23,971**	**20,625**
Short-term	1,217	1,143
Long-term	18,015	15,564
Lease liabilities included in the consolidated statement of financial position	**19,232**	**16,707**

Amounts recognized in the consolidated statement of cash flows:

	December 31,	
	2024	**2023**
Payments of lease liabilities	1,091	1,032

	December 31,		
	2024	**2023**	**2022**
Interest on lease liabilities	(620)	(584)	(579)

21. Other liabilities

Following is a summary of other liabilities:

	December 31,	
	2024	**2023**
Accruals and other accumulated expenses	31,806	24,120
Funds received for debt repayment	—	14,735
Accounts payable	6,236	5,143
Unearned commissions	7,305	9,652
Other	84	84
Total	**45,431**	**53,734**

22. Earnings per share

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

	December 31,		
	2024	**2023**	**2022**
(Thousands of US$ dollars)			
Profit for the year	205,873	166,158	92,040
(U.S. dollars)			
Basic earnings per share	5.60	4.55	2.54
(Thousands of shares)			
Weighted average of common shares outstanding applicable to basic EPS	**36,740**	**36,481**	**36,304**

23. Capital and Reserves

A. Common stock and additional paid-in capital

Common stock

The Bank's common stock is divided into four categories:

1) "Class A"; shares may only be issued to Latin American Central Banks or banks in which the state or other government agency is the majority shareholder.
2) "Class B"; shares may only be issued to banks or financial institutions.
3) "Class E"; shares may be issued to any person whether a natural person or a legal entity.
4) "Class F"; may only be issued to state entities and agencies of non-Latin American countries, including, among others, central banks and majority state-owned banks in those countries, and multilateral financial institutions either international or regional institutions.

The holders of "Class B" shares have the right to convert or exchange their "Class B" shares, at any time, and without restriction, for "Class E" shares, exchanging one share for another share.

The following table provides detailed information on the movement of the shares by class for each of the years ended December 31, 2024, 2023 and 2022:

(Share units)	**"Class A"**	**"Class B"**	**"Class E"**	**"Class F"**	**Total**
Authorized	**40,000,000**	**40,000,000**	**100,000,000**	**100,000,000**	**280,000,000**
Outstanding at January 1, 2022	6,342,189	2,089,075	27,799,882	—	36,231,146
Restricted stock issued – directors	—	—	57,000	—	57,000
Restricted stock units – vested	—	—	36,410	—	36,410
Outstanding at December 31, 2022	**6,342,189**	**2,089,075**	**27,893,292**	**—**	**36,324,556**
Restricted stock issued – directors	—	—	63,000	—	63,000
Restricted stock units – vested	—	—	152,305	—	152,305
Outstanding at December 31, 2023	**6,342,189**	**2,089,075**	**28,108,597**	**—**	**36,539,861**
Conversions	—	(377,040)	377,040	—	—
Repurchased common stock	—	(1)	1	—	—
Restricted stock issued – directors	—	—	57,000	—	57,000
Restricted stock units – vested	—	—	193,959	—	193,959
Outstanding at December 31, 2024	**6,342,189**	**1,712,034**	**28,736,597**	**—**	**36,790,820**

Additional paid-in capital

As of December 31, 2024, 2023 and 2022, additional paid-in capital consists of additional cash contributions to the common capital paid by shareholders.

23. Capital and Reserves (continued)

B. Treasury stock

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

	"Class A"		"Class B"		"Class E"		Total	
	Shares	**Amount**	**Shares**	**Amount**	**Shares**	**Amount**	**Shares**	**Amount**
Outstanding at January 1, 2022	318,140	10,708	689,367	18,711	4,741,184	86,380	5,748,691	115,799
Restricted stock issued - directors	—	—	—	—	(57,000)	(1,039)	(57,000)	(1,039)
Restricted stock units - vested	—	—	—	—	(36,410)	(663)	(36,410)	(663)
Outstanding at December 31, 2022	**318,140**	**10,708**	**689,367**	**18,711**	**4,647,774**	**84,678**	**5,655,281**	**114,097**
Restricted stock issued - directors	—	—	—	—	(63,000)	(1,148)	(63,000)	(1,148)
Restricted stock units - vested	—	—	—	—	(152,305)	(2,775)	(152,305)	(2,775)
Outstanding at December 31, 2023	**318,140**	**10,708**	**689,367**	**18,711**	**4,432,469**	**80,755**	**5,439,976**	**110,174**
Repurchase of common stock	—	—	—	—	(1)	—	(1)	—
Restricted stock issued - directors	—	—	—	—	(57,000)	(1,038)	(57,000)	(1,038)
Restricted stock units - vested	—	—	—	—	(193,959)	(3,535)	(193,959)	(3,535)
Outstanding at December 31, 2024	**318,140**	**10,708**	**689,367**	**18,711**	**4,181,509**	**76,182**	**5,189,016**	**105,601**

24. Other comprehensive income

The breakdown of other comprehensive income (loss) relating to financial instruments at FVOCI, derivative financial instruments, and foreign currency translation is as follows:

	Financial instruments FVOCI	Financial Instruments CFH	Foreign currency translation adjustment	Total
Balance as of January 1, 2022	**(395)**	**(11,153)**	**—**	**(11,548)**
Change in fair value on financial instruments, net of hedging	(467)	20,080	—	19,613
Reclassification of gains on financial instruments to profit or loss [(1)]	—	60	—	60
Other comprehensive income (loss) for the year	(467)	20,140	—	19,673
Balance as of December 31, 2022	**(862)**	**8,987**	**—**	**8,125**
Change in fair value on financial instruments, net of hedging	876	(590)	—	286
Reclassification of (losses) on financial instruments to profit or loss [(1)]	(11)	(938)	—	(949)
Other comprehensive income (loss) for the year	865	(1,528)	—	(663)
Balance as of December 31, 2023	**3**	**7,459**	**—**	**7,462**
Change in fair value on financial instruments, net of hedging	138	(7,735)	—	(7,597)
Reclassification of (losses) gains on financial instruments to profit or loss [(1)]	(21)	1,135	—	1,114
Other comprehensive income (loss) for the year	117	(6,600)	—	(6,483)
Balance as of December 31, 2024	**120**	**859**	**—**	**979**

[(1)] Reclassification adjustments include amounts recognized in profit or loss of the year that had been part of other comprehensive income in this and prior years.

24. Other comprehensive income (continued)

The following table presents amounts reclassified from other comprehensive income to profit or loss:

Details about other comprehensive income components	Amounts reclassified from other comprehensive income			Line item affected in the consolidated statement of profit or loss
	December 31,			
	2024	2023	2022	
Securities at FVOCI:	(21)	(11)	—	Provision for credit losses movement
	(21)	**(11)**	**—**	
Derivative financial instruments:				
Interest rate swaps	—	(1,793)	—	Loss on financial instruments, net
Interest rate and cross-currency swaps	1,135	855	60	Gain on financial instruments, net
	1,114	**(949)**	**60**	

25. Fee and commission income

Fee and commission income from contracts with customers broken down by main types of services, are detailed as follows:

	December 31,		
	2024	2023	2022
Structured loans	10,220	7,427	4,925
Letters of credit and guarantees	26,542	21,463	14,573
Credit commitments	7,710	4,675	1,185
Other fees and commissions income	1,011	—	(3)
Total fee and commission income	**45,483**	**33,565**	**20,680**
Fees and commissions expenses	(1,082)	(1,046)	(889)
Total	**44,401**	**32,519**	**19,791**

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

	December 31, 2024
Up to 1 year	4,424
From 1 to 2 years	1,770
More than 2 years	517
Total	**6,711**

26. Business segment information

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

	December 31, 2024		
	Commercial	**Treasury**	**Total**
Interest income	641,677	143,355	785,032
Interest expense	(496)	(525,325)	(525,821)
Inter-segment net interest income	(410,222)	410,222	—
Net interest income	230,959	28,252	259,211
Other income (expense), net	45,436	(1,011)	44,425
Total income	276,395	27,241	303,636
Provision for credit losses	(17,930)	631	(17,299)
Operating expenses	(63,983)	(16,481)	(80,464)
Segment profit	**194,482**	**11,391**	**205,873**
Segment assets	**8,649,283**	**3,192,339**	**11,841,622**
Segment liabilities	**265,826**	**10,210,207**	**10,476,033**

	December 31, 2023		
	Commercial	**Treasury**	**Total**
Interest income	566,212	113,048	679,260
Interest expense	(467)	(445,610)	(446,077)
Inter-segment net interest income	(361,997)	361,997	—
Net interest income	203,748	29,435	233,183
Other income (expense), net	33,792	(856)	32,936
Total income	237,540	28,579	266,119
Provision for credit losses	(26,785)	(678)	(27,463)
Operating expenses	(57,324)	(15,174)	(72,498)
Segment profit	**153,431**	**12,727**	**166,158**
Segment assets	**7,498,230**	**3,231,534**	**10,729,764**
Segment liabilities	**279,853**	**9,206,381**	**9,486,234**

26. Business segment information (continued)

	December 31, 2022		
	Commercial	**Treasury**	**Total**
Interest income	289,785	42,836	332,621
Interest expense	(463)	(184,147)	(184,610)
Inter-segment net interest income	(155,968)	155,968	—
Net interest income	133,354	14,657	148,011
Other income (expense), net	20,809	(2,148)	18,661
Total income	154,163	12,509	166,672
Provision for credit losses	(13,376)	(6,145)	(19,521)
Operating expenses	(43,156)	(11,955)	(55,111)
Segment profit (loss)	**97,631**	**(5,591)**	**92,040**
Segment assets	**6,940,335**	**2,336,958**	**9,277,293**
Segment liabilities	**180,369**	**8,007,383**	**8,187,752**

The following table shows the reconciliation of information by business segment:

	December 31,		
	2024	**2023**	**2022**
Profit for the year	**205,873**	**166,158**	**92,040**
Assets:			
Assets from reportable segments	11,841,622	10,729,764	9,277,293
Other assets - unallocated	17,051	14,028	6,617
Total	**11,858,673**	**10,743,792**	**9,283,910**
Liabilities:			
Liabilities from reportable segments	10,476,033	9,486,234	8,187,752
Other liabilities - unallocated	45,431	53,734	26,811
Total	**10,521,464**	**9,539,968**	**8,214,563**

26. Business segment information (continued)

Geographic information

The Bank analyzes its revenues and non-current assets by geographic location. In presenting the geographic segment information detailed below, total revenues are based on the client's country of risk and non-current assets are based on the client´s geographic location.

	December 31,					
	2024		2023		2022	
	Total revenues	Non-current assets (*)	Total revenues	Non-current assets (*)	Total revenues	Non-current assets (*)
Argentina	7,595	48	4,748	80	4,721	117
Brazil	30,093	461	25,630	292	15,100	125
Chile	11,563	—	11,273	—	8,072	—
Colombia	35,487	118	32,584	181	16,192	35
Costa Rica	12,694	—	10,358	—	9,161	—
Dominican Republic	22,773	—	20,164	—	9,325	—
Ecuador	17,402	—	15,107	—	12,576	—
El Salvador	2,837	—	2,209	—	2,297	—
Guatemala	28,775	—	24,061	—	16,961	—
Honduras	7,370	—	6,312	—	6,081	—
Jamaica	4,073	—	3,337	—	2,525	—
Mexico	44,570	831	35,442	400	24,767	14
Panama	6,449	21,668	6,753	18,119	6,015	18,994
Paraguay	2,724	—	2,734	—	2,488	—
Peru	25,317	—	20,501	—	8,733	—
Trinidad and Tobago	6,978	—	6,832	—	6,330	—
Uruguay	1,877	—	1,208	—	1,533	—
Other countries (1)	35,059	213	36,866	327	13,795	101
Total revenues	**303,636**	**23,339**	**266,119**	**19,399**	**166,672**	**19,386**

(1) Other countries consists of total income per country in the Region in which total income did not exceed $1 million for any of the periods indicated above and top-rated countries outside of Latin America.

(*) Includes equipment and leasehold improvements,net and intangible assets.

Information about the main clients

As of December 31, 2024, 2023, and 2022, the Bank has no customer, either individually or as group of companies, that represents more than 10% of total revenues.

27. Related party transactions

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

	December 31,	
	2024	**2023**
Assets:		
Demand deposits	1,509	2,263
Loans, net	179,235	61,440
Securities at amortized cost, net	21,095	14,373
Total	**201,839**	**78,076**
Liabilities:		
Time deposits	574,360	319,344
Contingencies:		
Stand-by letters of credit	1,646	150

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

	December 31,		
	2024	**2023**	**2022**
Interest income:			
Loans	10,276	3,104	4,719
Securities at amortized cost	777	331	685
Total	11,053	3,435	5,404
Interest expense:			
Deposits	(35,425)	(14,477)	(10,943)
Net interest income (expenses)	**(24,372)**	**(11,042)**	**(5,539)**
Other income (expense):			
Fees and commissions, net	3	427	116
Loss on financial instruments, net	—	—	74
Total	3	427	190
Net income (loss) from related parties	**(24,369)**	**(10,615)**	**(5,349)**

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

	December 31,		
	2024	**2023**	**2022**
Expenses:			
Compensation costs to directors	2,391	1,910	1,853
Compensation costs to executives	11,461	8,067	4,302

Compensation costs of Bank´s directors and executives include annual cash retainers and the cost of granted restricted stock and restricted stock units, as detailed in the Stock Incentive Plan, see Note 28.

Loans and deposits to/from related parties were made at rates comparable to market rates of interest.

28. Salaries and other employee expenses

The following table details salaries and other employee expenses:

	December 31,		
	2024	**2023**	**2022**
Wages and salaries	23,755	20,837	18,135
Payroll taxes	3,207	2,809	2,196
Personnel benefits	18,827	19,047	12,344
Share-based payments	6,134	4,539	1,544
Total	**51,923**	**47,232**	**34,219**

A. 2015 Stock Incentive Plan – Directors and Executives

In February 2008, the Board of Directors of the Bank approved an incentive plan for directors and executives allowing the Bank to grant restricted stock, restricted stock units, stock purchase options, and/or other similar compensation instruments and established service requirements as the sole condition of vesting. The maximum aggregate number of shares which may be granted under this plan is three million "Class E" common shares. The Stock Incentive Plan is administered by the Board of Directors who has the authority at its discretion to select the directors and executives to whom the awards may be granted to attract, retain, motivate, and compensate them for their contribution to the growth and profitability of the Bank; to determine whether and to what extent awards are granted, and to amend the terms of any outstanding award under this plan.

Restricted stocks are issued at the grant date but are withheld by the Bank until the vesting date. Restricted stock is entitled to receive dividends.

A restricted stock unit is a grant valued in terms of the Bank's stock, but no stock is issued at the grant date. Restricted stock units are not entitled to dividends.

The Bank issues or disposes of treasury stock and delivers common stock on the date on which the restricted stock units become unrestricted.

During 2024, 2023 and 2022, the Board of Directors approved the grant of restricted stock to directors and stock options and restricted stock units to certain executives of the Bank, as follows:

Restricted stock – Directors

The Board of Directors granted the directors "Class E" common shares for 57 thousand, 63 thousand and 57 thousand during the years 2024, 2023 and 2022, respectively.

The fair value of restricted stock granted was based on the stock closing price in the New York Stock Exchange of the "Class E" shares on April 17, 2024, April 26, 2023 and April 27, 2022, respectively. The fair value of restricted stock granted totaled $1.7 million in 2024, 2023: $1.1 million and 2022: $835 thousand, of which $735 thousand, $474 thousand and $354 thousand were recognized in profit or loss during 2024, 2023 and 2022, respectively.

Total expense recognized in profit or loss during 2024, 2023 and 2022 of restricted stock granted to directors amounted to $1.4 million, $931 thousand and $895 thousand, respectively. The remaining cost pending amortization of $1.1 million at December 31, 2024 will be amortized over 2.33 years.

Restricted stock loses their restriction from the year following the anniversary date, as follows: 35% in the first and second years, and 30% in the third year.

28. Salaries and other employee expenses (continued)

A. 2015 Stock Incentive Plan – Directors and Executives (continued)

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

	Shares	Weighted average grant date fair value
Outstanding at January 1, 2022	145,800	16.64
Granted	57,000	14.65
Vested	(97,350)	18.71
Outstanding at December 31, 2022	105,450	14.15
Granted	63,000	17.69
Vested	(53,100)	13.75
Outstanding at December 31, 2023	115,350	16.31
Granted	57,000	29.18
Vested	(68,700)	16.05
Outstanding at December 31, 2024	**103,650**	23.56
Expected to vest	**103,650**	

The fair value of vested stock during the years 2024, 2023 and 2022 was $1.1 million, $730 thousand and $1.8 million, respectively.

Restricted stock units to certain executives

Restricted stock units

The Board of Directors approved the grant of restricted stock units to certain executives of the Bank with a grant date fair value of $7.2 million in 2024, $4.6 million in 2023 and $822 thousand in 2022. The distribution of the fair value was in restricted stock units.

The fair value of the restricted stock units was based on the “Class E” stock closing price in the New York Stock Exchange on the grant date. The restricted stock units are exchanged at a ratio of 1:1 for common shares “Class E”.

Beginning with the grant awarded in 2023, the restriction period for the issuance of the restricted stock units was modified as follows: 25% vested in the month following the date of the grant, and 25% each year on the grant date's anniversary for the following three years. Previously, the restriction period for the issuance of the restricted stock units was: 25% vested each year on the grant date’s anniversary for the following four years.

Compensation costs of the restricted stock units are amortized during the period of restriction by the accelerated method. During 2024, 2023 and 2022, the cost recognized in profit or loss as a result of the amortization of these grants totaled $4.4 million, $2.4 million and $749 thousand, respectively.

Fair value of vested stock during the years 2024, 2023 and 2022 is $3.4 million, $2.4 million, and $581 thousand, respectively.

28. Salaries and other employee expenses (continued)

A. 2015 Stock Incentive Plan – Directors and Executives (continued)

A summary of the restricted stock units granted through December 31, 2024, to certain executives is presented below:

	Shares	Weighted average grant date fair value	Weighted average remaining contractual term	Aggregate intrinsic value
Outstanding at January 1, 2022	107,529	14.99		
Granted	63,056	13.03		
Vested	(36,410)	15.97		
Outstanding at December 31, 2022	134,175	13.80		
Granted	298,951	15.36		
Forfeited	(346)	14.95		
Vested	(152,305)	15.57		
Outstanding at December 31, 2023	280,475	14.50		
Granted	338,811	21.36		
Forfeited	(1,484)	14.95		
Vested	(193,959)	17.73		
Outstanding at December 31, 2024	**423,843**	18.51	2.17 years	1,564
Expected to vest	**423,843**	18.51	2.17 years	1,564

For the restricted share units that are expected to be released, the compensation cost pending amortization is $2.8 million in 2024 and will be amortized over 2.17 years.

Provision of restricted stock units

As of December 31, 2024, the Bank's management established a provision of $1.7 million (2023: $1.7 million), recognized in the consolidated statement of profit or loss, related to the restricted stock units that will be granted in the first quarter of 2025.

B. Other plans - Expatriate Top Executives Plan

The Bank sponsors a defined contribution plan for its expatriate top executives based in Panama, which are not eligible to participate in the Panamanian social security system. The Bank’s contributions are determined as a percentage of the annual salaries of top executives eligible for the plan, each contributing an additional amount withheld from their salary. Contributions to this plan are managed by a fund manager through a trust. The executives are entitled to the Bank’s contributions after completing at least three years of service in the Bank. During 2024, 2023 and 2022, the Bank charged to salaries expense $50 thousand, $58 thousand and $62 thousand, respectively, that correspond to the Bank’s contributions to this plan.

29. Other expenses

The following table details other expenses:

	December 31,		
	2024	**2023**	**2022**
Administrative	7,113	6,165	5,587
Professional services	6,737	5,522	5,603
Maintenance and repairs	5,481	4,731	3,449
Share-based payments to directors	1,363	931	895
Regulatory fees	1,558	1,321	1,015
Operating lease of spaces and equipment	883	691	717
Advertising and marketing	987	1,012	557
Other	856	1,799	354
Total	**24,978**	**22,172**	**18,177**

30. Litigation

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

31. Applicable laws and regulations

Liquidity index

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

As of December 31, 2024, and 2023, the minimum LCR to be reported to the SBP is 100% for both years. The Bank´s LCR as of December 31, 2024 and 2023 was 264.6% and 205.8%, respectively.

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

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

In compliance with the provisions established by the Superintendency of Banks of Panama, beginning in April 2024, the Bank reclassified the presentation of certain assets held in financial institutions with less than 186 days of maturity, previously reported in the obligations category, and transferred them to the loans category, with an impact of approximately 32 percentage points. Even with this reclassification, the legal liquidity ratio has remained above the minimum required at all times and has not entailed a material change in the Bank's liquidity management.

The liquidity index reported by the Bank to the regulator as of December 31, 2024, and 2023, was 47.2% and 93.4%, respectively. If the aforementioned reclassification is applied, the liquidity ratio for the period ended as of December 31, 2023 would have been 60.98%.

31. Applicable laws and regulations (continued)

Capital adequacy

The Banking Law in the Republic of Panama and Rules No. 01-2015, 03-2016 and 05-2023 require that the general license banks maintain a total capital adequacy index. As of December 31, 2024, the capital adequacy index may not be less, at any time, than 8.5% (including the capital conservation buffer of 0.50% required for 2024, according to Agreement No. 05-2023) of total assets and off-balance sheet irrevocable contingency transactions, weighted according to their risks; and ordinary primary capital plus conservation buffer that shall not be less than 5% of its assets and off-balance sheet transactions that represent an irrevocable contingency, weighted based on their risks; and a total primary capital plus conservation buffer that shall not be less than 6.5% of its assets and off-balance sheet transactions that represent an irrevocable contingency, weighted based on their risks.

Capital Conservation Calculation

As of July 2024, Rule No. 05-2023, issued by the Superintendency of Banks of Panama, came into force, which establishes rules on the creation of a capital conservation buffer, whose objectives are:

(i) ensure that banks accumulate reserves that can be used in case of incurring losses,

(ii) that banks do not fail to comply with the established minimum requirements, without considering the conservation buffer, in episodes of deterioration in solvency.

As established in the Rule, banking entities must establish a capital conservation buffer of 2.5%, (established in a phased manner starting with 0.50% as of July 1, 2024, 0.75% for July 1, 2025 and 1.25% for July 1, 2026) of risk-weighted assets (credit, market and operating), made up of capital ordinary primary and in addition to all the minimum regulatory capital requirements that are established, for which the total minimum regulatory capital will be 8.5% for 2024, 9.25% for 2025 and 10.5% for 2026, (before the modification of the Rule 8%).

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

The Bank manages its capital structure and adjusts it according to changes in economic conditions and the risk characteristics of its activities. To maintain or adjust the capital structure, the Bank may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities.

No changes have been made to the objectives, policies and processes from previous periods. However, they are under constant review by the Board.

The information corresponding to the total capital adequacy index is as follows:

	December 31,	
	2024	**2023**
Capital funds	1,341,031	1,206,753
Risk-weighted assets	9,873,772	8,898,408
Capital adequacy index	13.6 %	13.6 %

Leverage ratio

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

31. Applicable laws and regulations (continued)

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

The table below presents the Bank´s leverage ratio in compliance with Article No.17 of Rule No. 1-2015:

	December 31,	
	2024	**2023**
Ordinary capital	1,195,914	1,070,734
Non-risk-weighted assets	12,220,660	10,994,085
Leverage ratio	9.8%	9.74%

Regulatory reserves

Below is a list of the regulatory reserves that the Bank maintains in accordance with the Prudential Standards of the SBP:

	December 31,	
	2024	**2023**
Dynamic provision	145,117	136,019
Regulatory reserve for individual credits	4,549	—
Total regulatory reserves	**149,666**	**136,019**

Credit risk coverage - dynamic provision

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

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

Methodology for the constitution of the regulatory credit reserve

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

The parameters established in this methodology are the following:

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

31. Applicable laws and regulations (continued)

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

As of December 31, 2024, the total amount of the dynamic provision calculated according to the guidelines of Rule No. 4-2013 of the SBP is $145 million (2023: $136 million), appropriated from retained earnings for purposes of compliance with local regulatory requirements. This allocation is restricted for dividend distribution purposes.

Capital reserve

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

Regulatory reserve for individual credits

Rule No. 11-2019, amended by Rule No. 4-2013, indicates that all loans classified as unrecoverable must be written off within a period of no more than one year. For corporate loans with real estate collateral, the Bank will write off all loans classified as unrecoverable within a period of no more than two years, from the date on which it was classified in that category. After two years, if the Bank has not made the write-off, it must create a reserve in the equity account, through the appropriation of retained earnings, which will be charged to the value of the loan net of the provisions already established, according to the percentages established in the following table:

	Percentage applicable
Period	
At the beginning of the third year	50%
At the beginning of the fourth year	50%

In accordance with the provisions of Rules No. 11-2019 and 4-2013, the bank recognized regulatory provisions for individual loans for $4,549 million as of December 31, 2024.

Specific provisions

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

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

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

31. Applicable laws and regulations (continued)

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

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

	December 31, 2024					
	Normal	**Special mention**	**Substandard**	**Doubtful**	**Unrecoverable**	**Total**
Loans at amortized cost						
Corporations	5,294,002	46,959	—	6,933	10,107	5,358,001
Financial institutions:						
Private	2,521,065	—	—	—	—	2,521,065
State-owned	413,775	—	—	—	—	413,775
	2,934,840	—	—	—	—	2,934,840
Sovereign	82,331	—	—	—	—	82,331
Total	**8,311,173**	**46,959**	**—**	**6,933**	**10,107**	**8,375,172**
Specific provision	**—**	**9,392**		**5,546**	**5,558**	**20,496**
Allowance for loan losses under IFRS [(1)]:	**51,427**	**14,248**	**—**	**5,441**	**7,042**	**78,158**

	December 31, 2023					
	Normal	**Special mention**	**Substandard**	**Doubtful**	**Unrecoverable**	**Total**
Loans at amortized cost						
Corporations	4,354,378	32,342	—	—	10,107	4,396,827
Financial institutions:						
Private	2,248,150	—	—	—	—	2,248,150
State-owned	464,918	—	—	—	—	464,918
	2,713,068	—	—	—	—	2,713,068
Sovereign	85,672	—	—	—	—	85,672
Total	**7,153,118**	**32,342**	**—**	**—**	**10,107**	**7,195,567**
Specific provision	**—**	**6,470**	**—**	**—**	**5,652**	**12,122**
Allowance for loan losses IFRS [(1)]:	**45,958**	**6,554**	**—**	**—**	**6,898**	**59,410**

(1) As of December 31, 2024, and 2023, there is no excess in the specific provision calculated in accordance with Rule No. 8-2014 of the SBP, over the provision calculated in accordance with IFRS.

As of December 31, 2024, and 2023, the restructured loans are for $67.5 million and $40.5 million respectively.

31. Applicable laws and regulations (continued)

Rule No.4-2013 defines as Past Due any credit facility for which payment of contractually agreed amounts present more than thirty (30) days in arrears, up to ninety (90) days; and as Delinquent, any credit facility for which payment of contractually agreed amounts present more than ninety (90) days in arrears, except for single-payment transactions and overdrafts, which will be considered Delinquent when payment exceeds thirty (30) days in arrears from the contractual payment date.

Below is the classification of the loan portfolio by maturity profile based on Rule No. 4-2013 and modified by Rule No. 8-2014:

	December 31, 2024			
	Current	**Past due**	**Delinquent**	**Total**
Loans at amortized cost				
Corporations	5,347,894	—	10,107	5,358,001
Financial institutions:				
Private	2,521,065	—	—	2,521,065
State-owned	413,775	—	—	413,775
	2,934,840	—	—	2,934,840
Sovereign	82,331	—	—	82,331
Total	**8,365,065**	**—**	**10,107**	**8,375,172**

	December 31, 2023			
	Current	**Past due**	**Delinquent**	**Total**
Loans at amortized cost				
Corporations	4,386,720	—	10,107	4,396,827
Financial institutions:				
Private	2,248,150	—	—	2,248,150
State-owned	464,918	—	—	464,918
	2,713,068	—	—	2,713,068
Sovereign	85,672	—	—	85,672
Total	**7,185,460**	**—**	**10,107**	**7,195,567**

In accordance with Rule No. 4-2013, as amended by Rule No. 8-2014, non-accruing loans are presented by category as follows:

	December 31, 2024					
	Normal	**Special mention**	**Substandard**	**Doubtful**	**Unrecoverable**	**Total**
Loans at amortized cost						
Impaired loans	—	—	—	6,933	10,107	17,040
Total	**—**	**—**	**—**	**6,933**	**10,107**	**17,040**

	December 31, 2023					
	Normal	**Special mention**	**Substandard**	**Doubtful**	**Unrecoverable**	**Total**
Loans at amortized cost						
Impaired loans	—	—	—	—	10,107	10,107
Total	**—**	**—**	**—**	**—**	**10,107**	**10,107**

31. Applicable laws and regulations (continued)

	December 31,	
	2024	**2023**
Non-accruing loans:		
Private corporations	17,040	10,107
Interest that would be reversed if the loans had been classified as non-accruing loans	474	328

As of December 31, 2024 and 2023, no interest income was received from loans in non-accrual status.

32. Subsequent events

Dividends declared

The Bank announced a quarterly cash dividend of $0.625 US dollar cents per share corresponding to the fourth quarter of 2024. The cash dividend was approved by the Board of Directors on February 25, 2025 and was paid on March 25, 2025 to the Bank's stockholders as of March 10, 2025 record date.

Securities Issuance Process - Colombian Market

On February 14, 2025, through Resolution No. 0124 of January 29, 2025, the Colombian Financial Superintendence authorized the Bank to register and publicly offer ordinary bonds for up to COP$300 billion Colombian pesos in the National Registry of Securities and Issuers ("RNVE").

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

Consolidated Financial Statements
as of December 31, 2023

(With the Independent Auditors' Report thereon)

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

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Banco Latinoamericano de Comercio Exterior, S. A. and subsidiaries ("the Bank"), which comprise the consolidated statement of financial position as of December 31, 2023, the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Bank as of December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Bank in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Panama and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matter is that matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Allowance for loan losses
Refer to Notes 3.4.K and 5.A to the consolidated financial statements

Key audit matter	How the key matter was addressed in the audit
The Bank's allowance for loan losses (ALL) was $59,410 thousand as of December 31, 2023. The Bank applies a three-stage approach to measure the ALL, using an expected credit loss (ECL) methodology. The ECL methodology uses complex models that incorporate inputs and assumptions that involve significant judgment, to determine the collective ALL and the individual ALL. The collective ALL is determined based on the Bank's assessment of the probability of default (PD), the loss given default (LGD) and the exposure at default (EAD) associated with the financial assets. The collective ALL considers the customer's credit risk rating and the country risk rating, which considers macroeconomic scenarios, historical loss rates and other assumptions. When the Bank determines that there has been a significant increase in credit risk (SICR) since initial recognition or when the financial asset is in default, lifetime ECL is recorded; otherwise, a 12-month ECL is recorded. When the financial asset is in default, the Bank determines the ECL individually, considering the expected cash flows, the discount rates and the related collateral valuation. We identify the assessment of the ALL as a key audit matter because it involves significant measurement uncertainty that requires substantial auditor judgment, as well as industry knowledge and experience.	Our audit procedures, considering the use of specialists, included: • Evaluate the methodology and key inputs used to determine the PD and LGD parameters produced by the models; as well as the country risk rating models. This includes considering projected macroeconomic scenarios based on publicly available information. • Test certain internal controls over the Bank's ALL process relating to: (i) the validation of models for determining PD and LGD; (ii) the review of significant assumptions and judgments used by the Bank to determine customer and country risk ratings, including projected macroeconomic scenarios; (iii) the identification of whether there has been SICR or an event of default; (iv) assessment of data inputs into the ALL models, including technology controls over data transfer through certain application systems and their processing; (v) loan reviews to determine customer credit risk ratings, and (vi) country risk rating reviews. • Assess i) for a sample of clients, the quantitative and qualitative factors related to the customer's financial condition, its payment sources, and assumptions and judgments applied in determining the customer's credit risk ratings assigned by the Bank; ii) judgment on whether there has been a SICR or an event of default; and iii) the probable scenarios and the collateral values used for assessing individual ECLs. • Recalculate the ALL, in accordance with the Bank´s ECL methodology.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's consolidated financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Bank to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other legal requirements of information

In compliance with Law 280 of December 30, 2021, which regulates the certified public accountant profession in the Republic of Panama, we declare the following:

- The direction, execution, and supervision of this audit engagement has been performed physically on the Panamanian territory.

- The engagement partner on the audit who has prepared this independent auditors' report is Alexis Muñoz Giroldi.

- The audit team that has participated in the audit to which this report refers to, is comprised by Alexis Muñoz Giroldi, Partner; Eddison Perez, Director; Armando Barnica, Director; and Kevin Rojas, Manager.

KPMG

Panama, Republic of Panama
March 15, 2024

Alexis Muñoz Giroldi
Partner
C.P.A. 702-2003

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

Consolidated statement of financial position
December 31, 2023
(In thousands of US dollars)

	Notes	2023	2022
Assets			
Cash and due from banks	5,7,8	2,047,452	1,241,586
Securities, net	5,7,9	1,022,131	1,023,632
Loans, net	5,7,10	7,220,520	6,760,434
Customers' liabilities under acceptances	5,7	261,428	163,345
Derivative financial instruments - assets	5,7,13	157,267	68,159
Equipment and leasehold improvements, net	15	16,794	17,282
Intangibles, net	16	2,605	2,104
Other assets	17	15,595	7,368
Total assets		10,743,792	9,283,910
Liabilities and Equity			
Liabilities:			
Demand deposits		510,195	233,757
Time deposits		3,897,954	2,956,959
	5,7,18	4,408,149	3,190,716
Interest payable		42,876	14,670
Total deposits		4,451,025	3,205,386
Securities sold under repurchase agreements	5,7,9,19	310,197	300,498
Borrowings and debt, net	7,20	4,351,988	4,416,511
Interest payable		49,217	47,878
Lease liabilities	21	16,707	16,745
Acceptances outstanding	5,7	261,428	163,345
Derivative financial instruments - liabilities	5,7,13	40,613	33,761
Allowance for losses on loan commitments and financial guarantee contract	5,7	5,059	3,628
Other liabilities	22	53,734	26,811
Total liabilities		9,539,968	8,214,563
Equity:			
Common stock	24	279,980	279,980
Treasury stock	24	(110,174)	(114,097)
Additional paid-in capital in excess of value assigned to common stock	24	122,046	120,498
Capital reserves	32	95,210	95,210
Regulatory reserves	32	136,019	136,019
Retained earnings		673,281	543,612
Other comprehensive income (loss)	25	7,462	8,125
Total equity		1,203,824	1,069,347
Total liabilities and equity		10,743,792	9,283,910

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

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

Consolidated statement of profit or loss
For the year ended December 31, 2023
(In thousands of US dollars, except per share data and number of shares)

	Notes	2023	2022	2021
Interest income:				
Deposits		80,622	18,836	1,186
Securities		32,426	24,000	9,939
Loans		566,212	289,785	129,758
Total interest income	27	679,260	332,621	140,883
Interest expense:				
Deposits		(217,042)	(66,044)	(12,846)
Securities sold under repurchase agreements	19	(9,232)	(7,340)	(956)
Borrowings and debt		(219,219)	(110,647)	(39,489)
Lease liabilities	21	(584)	(579)	(810)
Total interest expense	27	(446,077)	(184,610)	(54,101)
Net interest income		233,183	148,011	86,782
Other income (expense):				
Fees and commissions, net	26	32,519	19,791	18,298
Loss on financial instruments, net	12	(45)	(1,410)	(1,296)
Other income, net		462	280	422
Total other income, net	27	32,936	18,661	17,424
Total revenues		266,119	166,672	104,206
Provision for credit losses	5,27	(27,463)	(19,521)	(2,328)
Gain on non-financial assets, net	14,27	—	—	742
Operating expenses:				
Salaries and other employee expenses	29	(47,232)	(34,219)	(21,652)
Depreciation of equipment, improvements to leased property and investment property	15	(2,280)	(2,154)	(2,749)
Amortization of intangible assets	16	(814)	(561)	(742)
Other expenses	30	(22,172)	(18,177)	(14,780)
Total operating expenses	27	(72,498)	(55,111)	(39,923)
Profit for the year		166,158	92,040	62,697
Per share data:				
Basic earnings per share (in US dollars)	23	4.55	2.54	1.62
Weighted average basic shares (in thousands of shares)	23	36,481	36,304	38,796

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

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

Consolidated statement of comprehensive income
For the year ended December 31, 2023
(In thousands of US dollars)

	Note	2023	2022	2021
Profit for the year		166,158	92,040	62,697
Other comprehensive income:				
Items that are or may be reclassified subsequently to profit or loss:				
Change in fair value on financial instruments, net of hedging	25	286	19,613	(12,252)
Reclassification of gains (losses) on financial instruments to profit or loss	25	(949)	60	48
Exchange difference in conversion of foreign currency operation	25	—	—	448
Other comprehensive income (loss)	25	(663)	19,673	(11,756)
Total comprehensive income for the year		165,495	111,713	50,941

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

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

Consolidated statement of changes in equity
For the year ended December 31, 2023
(In thousands of US dollars)

	Common stock	Treasury stock	Additional paid-in capital in excess of value assigned to common stock	Capital reserves	Regulatory reserves	Retained earnings	Other comprehensive income	Total equity
Balance at January 1, 2021	279,980	(57,999)	120,414	95,210	136,019	464,088	208	1,037,920
Profit for the year	—	—	—	—	—	62,697	—	62,697
Other comprehensive income	—	—	—	—	—	—	(11,756)	(11,756)
Issuance of restricted stock	—	1,391	(1,391)	—	—	—	—	—
Compensation cost - stock options and stock units plans	—	—	1,908	—	—	—	—	1,908
Exercised options and stock units vested	—	888	(888)	—	—	—	—	—
Repurchase of "Class E" common stock	—	(60,079)	—	—	—	—	—	(60,079)
Dividends declared	—	—	—	—	—	(38,900)	—	(38,900)
Balances at December 31, 2021	279,980	(115,799)	120,043	95,210	136,019	487,885	(11,548)	991,790
Profit for the year	—	—	—	—	—	92,040	—	92,040
Other comprehensive income	—	—	—	—	—	—	19,673	19,673
Issuance of restricted stock	—	1,039	(1,039)	—	—	—	—	—
Compensation cost - stock options and stock units plans	—	—	2,157	—	—	—	—	2,157
Exercised options and stock units vested	—	663	(663)	—	—	—	—	—
Dividends declared	—	—	—	—	—	(36,313)	—	(36,313)
Balances at December 31, 2022	279,980	(114,097)	120,498	95,210	136,019	543,612	8,125	1,069,347
Profit for the year	—	—	—	—	—	166,158	—	166,158
Other comprehensive income	—	—	—	—	—	—	(663)	(663)
Issuance of restricted stock	—	1,148	(1,148)	—	—	—	—	—
Compensation cost - stock options and stock units plans	—	—	5,471	—	—	—	—	5,471
Exercised options and stock units vested	—	2,775	(2,775)	—	—	—	—	—
Dividends declared	—	—	—	—	—	(36,489)	—	(36,489)
Balances at December 31, 2023	279,980	(110,174)	122,046	95,210	136,019	673,281	7,462	1,203,824

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

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

Consolidated statement of cash flows
For the year ended December 31, 2023
(In thousands of US dollars)

	Notes	2023	2022	2021
Cash flows from operating activities				
Profit for the year		166,158	92,040	62,697
Adjustments to reconcile profit for the year to net cash provided by (used in) operating activities:				
Depreciation of equipment, improvements to leased property and investment property	15	2,280	2,154	2,749
Amortization of intangible assets	16	814	561	742
Gain on investment property - Right-of-use	14	—	—	(742)
Gain on remeasurement - Lease liability		(36)	—	—
Provision for credit losses	5	27,463	19,521	2,328
Unrealized gain on financial instruments at FVTPL	12	—	—	(227)
Realized gain on financial instruments at FVTPL	12	—	(510)	—
Net gain on financial instruments at FVOCI	12	—	—	(14)
Loss (gain) on sale of financial instruments at amortized cost	12	3,858	—	(333)
Compensation cost - share-based payment	29	5,471	2,157	1,908
Net changes in hedging position and foreign currency		37,894	719	(428)
Disposal of equipment and leasehold improvements	15	3	6	255
Derecognition of intangible assets	16	20	—	—
Interest income		(679,260)	(332,621)	(140,883)
Interest expense		446,077	184,610	54,101
Changes in operating assets and liabilities:				
Pledged deposits		(9,734)	(8,599)	(24,248)
Loans		(406,064)	(1,053,888)	(821,531)
Other assets		(7,376)	1,709	(1,705)
Due to depositors		1,217,433	154,488	(102,672)
Other liabilities		26,691	12,284	(4,677)
Cash flows provided by (used in) operating activities		831,692	(925,369)	(972,680)
Interest received		642,862	296,131	154,293
Interest paid		(412,440)	(140,415)	(53,327)
Net cash provided by (used in) operating activities		1,062,114	(769,653)	(871,714)
Cash flows from investing activities:				
Acquisition of equipment and leasehold improvements	15	(761)	(1,651)	(453)
Acquisition of intangible assets	16	(1,335)	(1,070)	(353)
Proceeds from the sale of securities at amortized cost		59,432	—	16,369
Proceeds from the sale of securities at FVOCI		—	—	33,492
Proceeds from the sale of loans to FVTPL		—	49,681	—
Proceeds from the redemption of securities at amortized cost		298,429	132,524	123,302
Proceeds from the redemption of securities at FVOCI		78,600	112,840	10,000
Purchase of securities at amortized cost		(435,321)	(458,983)	(618,440)
Purchase of securities at FVOCI		(11,811)	—	(9,999)
Net cash used in investing activities		(12,767)	(166,659)	(446,082)
Cash flows from financing activities:				
Increase (decrease) in securities sold under repurchase agreements		9,699	(127,000)	416,835
Net (decrease) increase in short-term borrowings and debt	20	(500,650)	579,065	1,196,710
Proceeds from long-term borrowings and debt	20	496,342	1,038,110	266,640
Payments of long-term borrowings and debt	20	(221,306)	(536,792)	(97,520)
Payments of lease liabilities	21	(1,032)	(995)	(1,227)
Dividends paid		(36,268)	(36,141)	(38,570)
Repurchase of common stock		—	—	(60,079)
Net cash (used in) provided by financing activities		(253,215)	916,247	1,682,789
Increase (decrease) net in cash and cash equivalents		796,132	(20,065)	364,993
Cash and cash equivalents at beginning of the year		1,190,936	1,211,001	846,008
Cash and cash equivalents at end of the year	8	1,987,068	1,190,936	1,211,001

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

1. Corporate information

Banco Latinoamericano de Comercio Exterior, S. A. ("Bladex Head Office" and together with its subsidiaries "Bladex" or the "Bank"), headquartered in Panama City, Republic of Panama, is a specialized multinational bank established to support the financing of foreign trade and economic integration in Latin America and the Caribbean (the "Region"). The Bank was established pursuant to a May 1975 proposal presented to the Assembly of Governors of Central Banks in the Region, which recommended the creation of a multinational organization to increase the foreign trade financing capacity of the Region. The Bank was organized in 1977, incorporated in 1978 as a corporation pursuant to the laws of the Republic of Panama, and initiated operations on January 2, 1979. Under a contract law signed in 1978 between the Republic of Panama and Bladex, the Bank was granted certain privileges by the Republic of Panama, including an exemption from payment of income taxes in Panama.

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

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

Bladex Head Office's subsidiaries are the following:

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

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

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

- BLX Soluciones, S.A. de C.V., SOFOM, E.N.R. ("BLX Soluciones") was incorporated under the laws of Mexico on June 13, 2014 and suspended its operations on July 28, 2021. The company specializes in offering financial leasing and other financial products such as loans and factoring. BLX Soluciones is 99.9% owned by Bladex Head Office, and Bladex Development Corp. owns the remaining 0.1%.

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

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

These consolidated financial statements were authorized for issue by the Board of Directors on February 20 2024.

2. Basis of preparation of the consolidated financial statements

2.1 Statement of compliance

The consolidated financial statements of Banco Latinoamericano de Comercio Exterior, S. A. and its subsidiaries have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

2.2 Functional and presentation currency

All amounts presented in the consolidated financial statements and notes are expressed in United States of America dollars (US dollar), which is the functional currency of the Bank.

2.3 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for the following items:

Items	Basis of measurement
Securities and other financial instruments at FVOCI and FVTPL	Fair value
Financial assets and financial liabilities designated as hedged items in qualifying fair value hedging relationships	At amortized cost adjusted for the risk components associated to the hedging relationship
Investment property	Fair value
Share-based payments	Fair value

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of Bladex and its subsidiaries. Bladex consolidates its subsidiaries from the date on which control is transferred to the Bank until the date on which control ceases. All intercompany balances and transactions have been eliminated on consolidation and, when necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Bank's accounting policies.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Bank loses control over a subsidiary, it derecognizes the related assets, liabilities and other components of equity, while any resulting gain or loss is recognized in profit or loss. Any investment retained in the former subsidiary is recognized at fair value.

The Bank controls an investee if, and only if, the Bank has the following elements:

- Power over the investee. Existing rights that give it the current ability to direct the relevant activities of the investee.
- Exposure or rights to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Bank has less than the majority of the voting or similar rights of an investee, the Bank considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Bank's voting rights and potential voting rights.

2. Basis of preparation of the consolidated financial statements (continued)

2.4 Basis of consolidation (continued)

The Bank re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

3. Material accounting policies

Material accounting policies applied consistently by the Bank to all years presented in these consolidated financial statements, are presented as follows.

3.1 Foreign currency

Foreign currency transactions

The Bank determines the functional currency. For each subsidiary, the items included in the consolidated financial statements are measured using the functional currency of the Bank.

Transactions and balances

Assets and liabilities of foreign subsidiaries, whose local currency is considered their functional currency, are translated into the reporting currency, US dollars, using month-end spot foreign exchange rates. The Bank uses monthly-average exchange rates to translate revenues and expenses from local functional currency into presentation currency. The effects of those translation adjustments are reported as a component of other comprehensive income (loss) in the consolidated statement of changes in equity.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate effective at the date on which fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate effective at the date of the transaction.

Transactions whose terms are denominated in a currency other than the functional currency, including transactions denominated in local currency of foreign subsidiaries whose functional currency is the US dollar, are recorded at the exchange rate prevailing at the date of the transaction. Assets and liabilities in foreign currency are translated into US dollars using month-end spot foreign exchange rates. The effects of translation of monetary assets and liabilities into US dollar are included in current year's earnings in the line item "gain (loss) on financial instruments, net" in the consolidated statement of profit or loss, except for those corresponding to monetary items that are designated as hedge items in qualifying cash flow or net investment hedges recognized in other comprehensive income until maturity or sale, at which time the carrying amount is reclassified to profit or loss, except for the carrying amount of equity instruments designated to be measured at fair value through other comprehensive income.

Tax charges and credits attributable to exchange differences on those monetary items are also recorded in accumulated other comprehensive income, if applicable.

When a foreign operation is disposed of in its entirety or partially such that control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

3.2 Interest

Effective interest rate

Interest income and expense are recognized in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument measured at amortized cost.

3. Material accounting policies (continued)

3.2 Interest (continued)

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not the expected credit loss (ECL). For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL.

The calculation of the effective interest rate includes any amount directly attributable to the transaction such as origination fees (paid or received), premiums, discounts, and transaction costs.

Amortized cost and gross carrying amount

The 'amortized cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any expected credit loss allowance.

Methodology for calculation of interest income and expense

The effective interest rate is calculated on initial recognition for financial instruments measured at either amortized cost or fair value through other comprehensive income. In calculating interest income and expense, the effective interest rate is applied to the gross book balance of the financial instrument, when the asset is not credit-impaired, or to the amortized cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating-rate instruments to reflect movements in market interest rates.

For financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, the interest income calculation returns to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the asset. The calculation of interest income does not return to the gross basis, even when it shows an improvement in the credit risk of the financial asset.

Presentation

Interest income and expense calculated using the effective interest rate presented in the consolidated statement of profit or loss include:

- Interest on financial assets and financial liabilities measured at amortized cost.
- Interest on securities measured at FVOCI.
- Interest expense on lease liabilities.
- The effective portion of the variability in interest flows from the hedge instruments, in the same period as the cash flows from the hedged item affect interest income or expense.

3.3 Fees and commissions

Fees that are integral to the effective interest rate on a financial asset or financial liability are described in Note 3.2.

Fees and commissions are determined based on considerations specified in a contract with the client. The Bank recognizes such income when control over the service is transferred to a customer.

3. Material accounting policies (continued)

3.3 Fees and commissions (continued)

The following table describes the services, other than financial intermediation, from which the Bank generates its income:

Type of services	Nature of performance obligations
Letters of credit	
Issuance	Guarantee to honor the stipulated amount agreed to in the terms and conditions entered with the customer, upon presentation of required documentation.
Negotiation	Review of the shipping documents, by the beneficiary, upon presentation and acceptance of payment on demand or on the day the reimbursement is made by the designated bank.
Acceptance	Commitment issued to the beneficiary to pay to a supplier in a future date, once all the shipping documents have been reviewed as to compliance with the terms and conditions of the letter of credit.
Confirmation	Commitment issued to the issuer bank and the beneficiary to honor or negotiate shipping documents.
Amendment	A request to amend the original letter of credit on behalf of the beneficiary modifying the original terms and conditions.
Syndications	
Structuring	Advise to the borrower by structuring the terms and conditions of a credit facility and coordinating among the lenders' and the borrowers' legal counsel all legal aspects relating to the credit facility, among others.
Other services	
Other	Assignment of rights, transferability, reimbursements, payments, discrepancies, courier charges and transfers.
Commitments	Firm commitments to provide future credits operations which may be subject to compliance and acceptance of certain previously agreed terms and conditions and the signing of the contract between the parties.

3.4 Financial assets and liabilities

A. Date of recognition and initial measurement

The Bank initially recognizes loans, deposits, securities and financial liabilities on settlement date. Other financial instruments are recognized on trade date, date on which the Bank becomes a party to the contractual provisions of the instrument.

Recognized financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities, not measured at fair value through profit or loss (FVTPL), are added to or deducted from the fair value of the financial assets or liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

Financial assets and liabilities designated as hedged items in qualifying fair value hedging relationships are measured at amortized cost adjusted for the hedge risk components associated to the hedging relationship.

3. Material accounting policies (continued)

3.4 Financial assets and liabilities (continued)

B. Classification of financial assets

The Bank classifies its financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss based on the Bank's business model for managing the financial assets and the contractual cash flow characteristics of these financial assets.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest (SPPI).

A financial asset is measured at fair value through other comprehensive income (FVOCI) only if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

Unrealized gains or losses for financial assets at FVOCI are reported as net increases or decreases in other comprehensive income until realized. Gains or losses realized on sale of financial asset are included in the line item gain (loss) on financial instruments, net.

A financial instrument will be classified at FVTPL as long as, the characteristics of its contractual cash flows or according to its business model, will result on classification it at amortized cost or at FVOCI.

The rest of financial assets are classified at FVTPL, when the assessment of the financial instrument's contractual terms and the cash flows derived from it determine that the SPPI criteria is not met for its classification at amortized cost or at FVOCI.

At initial recognition, the following irrevocable election / designation for measurement of a financial asset on an asset-by-asset basis may be made:

- It may irrevocably elect to present subsequent changes in fair value of an equity instrument that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination, and

- It may irrevocably designate a debt instrument that meets the amortized cost or at FVOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

For an equity instrument designated as measured at FVOCI, the cumulative gain or loss previously recognized in other comprehensive income is not subsequently reclassified to profit or loss, but is transferred within equity to retained earnings.

C. Classification of financial liabilities

The Bank classifies all financial liabilities as subsequently measured at amortized cost, except for those liabilities designated as hedged items in qualifying fair value hedging relationships, which are measured at amortized cost adjusted for the hedge risk components associated to the hedging relationship.

3. Material accounting policies (continued)

3.4 Financial assets and liabilities (continued)

D. Business model assessment

The Bank assesses the objective of the business model at a level that reflects how the financial asset groups are managed to obtain a particular business objective and how information on those assets is provided to Management. The assessment considers the following:

- The Bank's policies and objectives for the portfolio and the operation of those policies in practice. In particular, if management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to Bank's management;
- The risks that affect the performance of the business model and how those risks are managed;
- The frequency, volume and timing of sales in prior periods, the reason for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realized.

An assessment of the business model for managing financial assets is fundamental to the classification of a financial asset. The business model does not depend on management's intentions for an individual instrument; therefore, assessment of the business model is done at a higher level of aggregation rather than instrument by instrument.

At the initial recognition of a financial asset, it is determined whether the newly recognized financial asset is part of an existing business model or whether it reflects the start of a new business model.

As of December 31, 2023, the Bank has adopted two new business models for the loan classification, which consist on the origination and acquisition of loans for trading and loans at fair value with changes in other comprehensive income.

- Loans for trading: Loans that are originated or purchased with the objective of generating cash flows through their sale in the short term.
- Loans at fair value through other comprehensive income: Loans whose objective is to generate cash flows through the collection of principal and interest and the sale of such assets, with fair value being a key element in the management of these assets. Additionally, the characteristics of its contractual flows substantially represent a 'basic financing agreement'.

E. Assessment whether contractual cash flows are solely payments of principal and interest (SPPI)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding at a point in time and for other basic lending risks and costs as well as profit margin.

Contractual cash flows that are SPPI are consistent with a basic credit agreement. Contractual terms that originate risk exposure or volatility in the contractual cash flows that are not related to a basic credit agreement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic credit arrangement irrespective of whether it is a credit in its legal form.

In assessing whether the contractual cash flows are SPPI, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows, so that it would not meet this condition. In making the assessment, the Bank considers the following:

3. Material accounting policies (continued)

3.4 Financial assets and liabilities (continued)

- Contingent events that would change the amount and timing of cash flows;
- Leverage features;
- Prepayment and extension terms;
- Terms that limit the Bank´s claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

The Bank measures its financial assets and liabilities at FVTPL, when the assessment of the financial instrument's contractual terms and the cash flows derived from it determines that the SPPI criteria is not met for its classification at amortized cost or at FVOCI.

F. Reclassification

If the business model under which the Bank holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Bank's financial assets.

During 2023 the Bank adopted two new business models for the loan portfolio, which did not lead to reclassifications. For 2022, no new business models were identified. Changes in contractual cash flows are considered under the accounting policies on derecognition and modification of financial assets and liabilities.

G. Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired.
- The Bank has transferred its rights to receive cash flows from the asset and either has transferred substantially all risks and rewards of the asset or has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.
- The Bank retains the right to receive cash flows from the asset but has assumed an obligation to pay the received cash flows in full without significant delay to a third party under a 'pass–through' arrangement.
- When the Bank has transferred its rights to receive cash flows from an asset or has entered into a pass–through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Bank's continuing involvement in the asset. In that case, the Bank also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained.

The Bank assesses the transfer of risks and benefits by comparing the entity's exposure, before and after the transfer, with the variation in the amounts and timing of the net cash flows of the transferred asset; additionally, the continued participation in a transferred financial asset is measured by the lowest value between the original carrying amount of the asset and the maximum amount of the consideration that the Bank could be required to pay.

In derecognizing the financial asset, the allowance for losses is deducted from the gross carrying amount of the financial asset; any accumulated gain or loss that has been recognized in other comprehensive income is recognized in profit or loss.

3. Material accounting policies (continued)

3.4 Financial assets and liabilities (continued)

Any accumulated gain or loss recognized in other comprehensive income regarding equity instruments designated at fair value through other comprehensive income is not recognized in the consolidated statement of profit or loss. Any interest in the transfer of a financial assets that qualifies for derecognition, booked or held by the Bank is recognized as a separate asset or liability.

The Bank enters into transactions whereby it transfers assets recognized on its consolidated statement of financial position but retains either all or substantially all the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognized. Examples of such transactions are securities and transactions under repurchase agreements.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is extinguished, when the obligation specified in the contract is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same counterparty on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as an extinguishment of the original liability and the recognition of a new liability.

The difference between the carrying value of the original financial liability and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

H. Modified financial asset or liability

Financial assets

A modified financial asset is an instrument whose borrower is experiencing financial difficulties and the renegotiation constitutes a concession to the borrower. A concession may include modification of terms such as an extension of maturity date, reduction in the stated interest rate, rescheduling of future cash flows, and reduction in the face amount of the financial asset or accrued interest, among others.

When a financial asset is modified, the Bank assesses whether this modification results in derecognition. In accordance with the Bank's policies a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms the Bank considers the following:

- Qualitative factors, such as contractual cash flows after modification that are no longer SPPI, change in currency or change of counterparty, the extent of change in interest rates, maturity or covenants. If these do not clearly indicate a substantial modification, then;

- A quantitative assessment is performed to compare the present value of the remaining contractual cash flows according to the original terms with the contractual cash flows of the revised terms; both amounts discounted at the original effective interest rate.

When the contractual terms of a financial asset are modified, and the modification does not result in derecognition, the Bank determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

- The remaining lifetime probability of default estimated based on data at initial recognition and the original contractual terms; with

- The remaining lifetime probability of default at the reporting date based on the modified terms.

3. Material accounting policies (continued)

3.4 Financial assets and liabilities (continued)

In the renegotiation or modification of the contractual cash flows of the financial asset, the Bank shall:

- Continue with its current accounting treatment for the existing financial asset that has been modified.
- Record a modification gain or loss by recalculating the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows, discounted at the financial asset's original effective interest rate.
- Assess whether there has been a significant increase in the credit risk of the financial instrument, by comparing the risk of a default occurring at the reporting date (based on the modified contractual terms) and the risk of a default occurring at initial recognition (based on the original, unmodified contractual terms). The financial asset that is modified is not automatically considered to have a lower credit risk. The assessment should consider credit risk over the expected life of the asset based on historical and forward-looking information, including information about the circumstances that led to the modification. Evidence that the criteria for the recognition of lifetime expected credit losses are subsequently no longer met may include a history of up-to-date and timely payment in subsequent periods. If the credit quality of the financial asset no longer exhibits a credit impairment, it will return to a 12-month expected credit loss measurement.
- Make the appropriate quantitative and qualitative disclosures required for renegotiated or modified assets to reflect the nature and the effect of such modifications (including the effect on the measurement of expected credit losses) and how the Bank monitors these financial assets that have been modified.

When the modification of a financial asset results in the derecognition of an existing financial asset and the subsequent recognition of a modified financial asset, the modified asset is considered a new financial asset, at the time of derecognition, the reserve for expected credit losses (ECL) is recalculated to determine the net carrying value of the asset at that date. The new financial asset will have an allowance for losses measured based on 12-month for expected credit losses except for rare cases where the new financial asset is considered to be impaired, because a high risk of default remains, which has not been reduced in the modification. The Bank monitors the credit risk of the modified or renegotiated financial assets by assessing qualitative and quantitative information, considering them in the same way as customers with expired status under new terms.

Financial Liabilities

The Bank derecognizes a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different. The Bank considers that the terms of a modified financial liability are substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received, discounted at the original effective interest rate presents a difference greater than 10% of the discounted present value of the cash flows still remaining from the original financial liability.

In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability derecognized, and the consideration paid, is recognized in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortized cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognized in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognized as an adjustment to the carrying amount of the liability and amortized over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

3. Material accounting policies (continued)

3.4 Financial assets and liabilities (continued)

I. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Bank currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously. Generally, this is not the case with a contractual compensation agreement; therefore, related assets and liabilities are presented with their gross amounts in the consolidated statement of financial position.

Income and expenses are presented on a net basis only when permitted under IFRS Standards, or for gains and losses arising from a group of similar transactions.

J. Fair value measurement

Fair value of an instrument is 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 or, in its absence, the most advantageous market to which the Bank has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Bank measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as "active" if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Bank uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received.

The Bank recognizes transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

K. Allowances for losses on financial instruments

The allowances for losses on financial instruments are provided for losses derived from the expected credit losses ("ECL"), inherent in the loan portfolio, investment securities and loan commitments and financial guarantee contracts, using the reserve methodology to determine expected credit losses. Additions to the allowance for expected credit losses for financial instruments are recognized in profit or loss or in other comprehensive income (loss) depending on classification of the instrument. Incurred credit losses are deducted from the allowance, and subsequent recoveries are added. The allowance is also decreased by reversals of the allowance back to profit or loss. The allowance for expected credit losses for financial instruments at amortized cost is reported as a deduction of financial assets and, the allowance for expected credit losses on loan commitments and financial guarantee contracts, such as letters of credit and guarantees, is presented as a liability.

The Bank assigns to each exposure a risk rating which is defined using quantitative and qualitative factors that are indicative of the risk of loss. This rating is considered for purposes of identifying significant increases in credit risk. These factors may vary depending on the nature of the exposure and the type of borrower.

Each exposure will be assigned to a risk rating at the time of initial recognition based on the information available about the customer and the country. Exposures will be subject to continuous monitoring, which may result in the change of an exposure to a different risk rating.

The analysis of customer risk considers financial and operational factors, sector / industry, market and managerial, as well as the ratings of international rating agencies, quality of information and other elements of an objective nature, including projections on indicators.

3. Material accounting policies (continued)

3.4 Financial assets and liabilities (continued)

For the assignment of customer credit ratings, quantitative and qualitative criteria are applied, depending on whether the counterpart corresponds to a financial entity or a corporation, and broken down into several factors, which receive a weighting within the customer's rating.

In the analysis of the country risk, for the establishment of the rating, the assessment of quantitative and qualitative factors specific to the country under analysis is considered, as well as the regional and global macroeconomic environment, considering projections about the future performance of the country´s environment.

In general, there are three groups of quantitative factors that determine the analysis and that give rise to a quantitative rating of the country (changes in main economic indicators; external payment capacity and access to capital; performance of domestic credit and the financial system), which is later analyzed within the social-political framework of the country (qualitative factors) and may consider added deterioration for the determination of the final country rating.

i) Measurement of expected credit losses

Calculation of the allowance for expected credit losses for financial instruments is made based on the risk rating resulting from the Bank's internal model and considers, generally (certain exceptions apply), the worst among the country risk rating of the transaction and the customer risk rating.

The table below provides a mapping of the Bank's internal credit risk grades to external ratings.

Internal rating	12 - month average PD [(1)] %	External rating [(2)]	Description
1 - 4	0.09	Aaa – Ba1	Exposure in customers or countries with payment ability to satisfy their financial commitments.
5 - 6	2.28	Ba2 – B3	Exposure in customers or countries with payment ability to satisfy their financial commitments, but with more frequent reviews.
7	7.81	Caa1 - Caa3	Exposure in customers whose primary source of payment (operating cash flows) is inadequate, and who show evidence of deterioration in their working capital that does not allow them to satisfy payments on the agreed terms, or in countries where the operation carries certain risks.
8 - 9	34.52	Ca	Exposure in customers whose operating cash flows continuously show insufficiency to service the debt on the originally agreed terms, or in countries where the operation is limited or restricted to certain terms, structure and types of credits.
10	100	C	Exposure to customers with operating cash flows that do not cover their costs, are in suspension of payments, presumably will also have difficulties fulfilling possible restructuring agreements, are in a state of insolvency, or have filed for bankruptcy, among others.

(1) Probability of default
(2) Credit rating by Moody's Investors Service.

In order to maintain periodical monitoring of the quality of the portfolio, customers and countries are reviewed within a time frequency ranging from 3 to 12 months, depending on the risk rating.

The Bank measures expected credit losses in a way that reflects: a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; b) time value of money; and c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecast of future economic conditions.

3. Material accounting policies (continued)

3.4 Financial assets and liabilities (continued)

The expected credit loss model reflects the general pattern of deterioration or improvement in the credit quality of the financial instrument. The amount of ECL recognized as a loss allowance or provision depends on the extent of credit deterioration since initial recognition. There are two measurement bases:

- Stage 1: 12-month ECL, which applies to all financial instruments (from initial recognition) as long as there is no significant increase in credit risk, and

- Stage 2 and 3: Lifetime ECL, which applies when a significant increase in credit risk has occurred on an individual or collective basis. In Stages 2 and 3 interest income is recognized. Under Stage 2 (as under Stage 1), there is a full decoupling between interest recognition and impairment and interest income is calculated on the gross carrying amount. Under Stage 3, when a financial asset subsequently becomes credit impaired (when a credit event has occurred) interest income is calculated by applying the effective interest rate adjusted to the amortized cost of the impaired asset. In subsequent reporting years, if the credit quality of the financial asset improves so that the financial asset is no longer credit-impaired, and the improvement can be related objectively to the occurrence of an event (such as an improvement in the borrower's credit rating), then the Bank will once again calculate interest income on a gross basis.

The allowance for expected credit losses includes an asset-specific component and a formula-based component. The asset-specific component, or specific allowance, relates to the provision for losses on credits considered impaired and measured individually case-by-case. A specific allowance is established when the value of the discounted cash flows (or observable fair value of collateral) of the credit is lower than the carrying value of that credit. The formula-based component (collective assessment basis), covers the Bank's performing credit portfolio and it is established based on a process that estimates the probable loss inherent in the portfolio, based on statistical analysis and management's qualitative judgment. This assessment considers comprehensive information that incorporates not only past-due data, but other relevant credit information, such as forward looking macro-economic information.

ECL are a probability-weighted estimate of the present value of credit losses. These are measured as the difference in the present value of the cash flows due to the Bank under the contract and the cash flows that the Bank expects to receive arising from weighing of multiple future economic scenarios, discounted at the asset's effective interest rate (EIR). For undrawn loan commitments, the ECL is the difference between the present value of the contractual cash flows that are due to the Bank if the holder of the commitment draws down the loan and the cash flows that the Bank expects to receive if the loan is drawn down; and for financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Bank expects to receive from the holder, the debtor or any other party.

The Bank determines ECL using two methodologies to determine if there is objective evidence of impairment for financial instruments:

- Individually assessed

  The expected credit losses on individually assessed financial instruments are determined by an evaluation of the exposures on a case-by-case basis. This procedure is applied to all credit transactions that are individually significant or not. If it is determined that there is no objective evidence of impairment for an individual credit transaction, it is included in a group of credit transactions with similar credit risk characteristics and is collectively assessed to determine whether there is impairment.

  The impairment loss is calculated by comparing the present value of the future expected cash flows, discounted at the original effective rate of the credit transaction, with its current carrying amount and the amount of any loss is recognized as a provision for losses in the consolidated statement of profit or loss for those measured at amortized cost, and in equity for those operations measured at FVOCI.

3. Material accounting policies (continued)

3.4 Financial assets and liabilities (continued)

- Collectively assessed

  For a collective assessment of impairment, financial instruments are grouped according to similar credit risk characteristics. These characteristics are relevant to estimate cash flows for the groups of such assets, being indicative of the debtors' ability to pay the amounts owed according to the contractual terms of the assets being assessed.

Future cash flows in a group of credit transactions that are collectively assessed to determine whether there is impairment are estimated according to the contractual cash flows of the assets in the group, the historical loss experience for assets with similar credit risk characteristics, within each group, and the experienced management views on whether the current economy and credit conditions can change the real level of historical inherent losses suggested.

ii) Definition of default

The Bank considers a financial asset to be in default when it presents any of the following characteristics:

- The borrower is past due for more than 90 days in any of its financial obligations, either in the principal payment or interest;

- Impairment in the financial condition of the customer, or the existence of other factors allowing to estimate the possibility that the balance of principal and interest on customers' loans will not be fully recovered.

The above presumptions regarding past due loans may be rebuttable if the Bank has reasonable and supportable information that is available without undue cost or effort, that demonstrate that the credit risk has not increased significantly since initial recognition even though the contractual payments are more than 30 or 90 days past due.

In assessing whether a borrower is in default, the Bank considers qualitative and quantitative indicators based on data internally developed and obtained from external sources. Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

iii) Significant increase in credit risk

When assessing whether the credit risk on a financial instrument has increased significantly, the Bank considers the change in the risk of default occurring since initial recognition. For a financial instrument to be considered in default, management considers criteria used in the internal credit risk model and qualitative factors, such as financial covenants, where appropriate.

The Bank continuously assesses significant increases in credit risk based on the change in the risk of a default occurring over the expected life of the credit instrument. In order to make the assessment of whether there has been significant credit deterioration, the Bank considers reasonable and supportable information that is available without undue cost or effort by comparing:

- The risk of a default occurring on the financial instrument at the assessment date, and

- The risk of a default occurring on the financial instrument at initial recognition.

For loan commitments, the Bank considers changes in the risk of a default occurring on the 'potential' financial instrument to which a loan commitment relates, and for financial guarantee contracts, changes in the risk that the specified debtor will default are taken into consideration.

3. Material accounting policies (continued)

3.4 Financial assets and liabilities (continued)

For financial instruments measured at FVOCI, the expected credit losses do not reduce the carrying amount in the consolidated statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the asset was measured at amortized cost would be recognized in profit or loss as the impairment amount. Impairment losses or recoveries are accounted for as an adjustment to the reserve in accumulated other comprehensive income in the consolidated statement of financial position, against profit or loss for the year.

Additionally, to determine if there has been a significant increase in risk, the Bank applies an alert model considering the international economic environment, the specific financial situation by country and the economic analysis of the industry where the customer generates its income. The model defines a consolidated calculation of risk severity depending on the weighing of the risk severity for each scenario under analysis. Also, this model depends on the context of the variables or the ratings constructed for each one (by market, country and economic sector).

Impairment on a financial asset is assessed based on numerous factors and its relative importance varies on a case-by-case basis. Factors considered in determining whether there has been a negative impact on the estimated future cash flows of a financial asset include: significant financial difficulties of the issuer/debtor; high probability of default; granting a concession to the issuer/debtor; disappearance of an active market due to financial difficulties; breach of contract, such as defaults or delays in principal or interest; and observable data indicating that there is a measurable decrease in expected cash flows since initial recognition.

If a security is no longer publicly traded or the entity´s credit rating is downgraded, this is not, by itself, evidence of impairment, but should be considered for impairment together with other information. A decline in the fair value of an investment security below its amortized cost is not necessarily evidence of impairment, as it may be due to an increase in market interest rates. Whether a decline in fair value below cost is considered significant or prolonged, must be assessed on an instrument-by-instrument basis and should be based on both qualitative and quantitative factors. However, the assessment of prolonged decline should not be compared to the entire period that the investment has been or is expected to be held.

In order to determine whether there has been a significant increase in the credit risk of a financial instrument, the assessment is based on quantitative and qualitative information.

The Bank considers the following factors, among others, when measuring significant increase in credit risk:

- Significant changes in internal indicators of credit risk as a result of a change in credit risk since inception;
- Significant changes in market indicators of credit risk for a particular financial instrument or similar financial instruments with the same expected life;
- An actual or expected significant change in the financial instrument's external credit rating;
- Existing or forecast adverse changes in business, financial or economic conditions;
- An actual or expected significant change in the operating results of the borrower;
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the borrower;
- Significant changes in the value of the collateral supporting the obligation;
- Significant changes, such as reductions in financial support from a parent entity or other affiliate or an actual or expected significant change in the quality of credit enhancements, among other factors incorporated into the Bank's ECL model.

Additionally, management also applies complementary judgment to capture elements of prospective nature or loss expectations based on risks identified in the environment that are not necessarily reflected in the historical data.

3. Material accounting policies (continued)

3.4 Financial assets and liabilities (continued)

The reserve balances for expected credit losses for credit exposures, are calculated applying the following formula:

Reserves = ∑(E x PD x LGD); where:

- Exposure (E) = the total outstanding balance at the end of the period under review.
- Probabilities of Default (PD) = one-year probability of default applied to the portfolio to account for 12-month ECL and lifetime probability of default to account for more than 12-month ECL. Default rates are based on Bladex's historical portfolio performance per rating category, in addition to international rating agency's probabilities of default for categories 6, 7 and 8, in view of the greater robustness of data for such cases.
- Loss Given Default (LGD) = a factor is applied, based on historical information, as well as best practices in the banking industry, volatility and simulated scenarios based on forward-looking information. Management applies judgment and historical loss experience.

L. Write-offs

When the Bank has no reasonable expectation of recovering a financial asset, the carrying amount is written off either partially or in full. This is generally the case when the Bank determines that the borrower does not have assets or sources of income that could generate enough cash flows to repay the amounts subject to the write-off. Nevertheless, the financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amounts due.

Recoveries of amounts previously written off are recognized when cash is received in the allowance for losses as mentioned in Note 3.4 (K).

3.5 Derivative financial instruments for risk management purposes and hedge accounting

Derivatives held for risk management purposes include all derivative assets and liabilities that are not classified as trading assets or liabilities. Derivatives held for risk management purposes are measured at fair value in the consolidated statement of financial position. Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain/ loss is immediately recognized in the consolidated statements of profit or loss unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship.

Applicable standards for all hedging relationships

On initial designation of the hedge, the Bank formally documents the relationship between the hedging instrument(s) and hedged item(s), including the risk management objective and strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationship. The Bank makes an assessment, both at inception of the hedging relationship and on an ongoing basis, of whether the hedging instrument(s) is(are) expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged item(s) during the period for which the hedge is designated.

The Bank uses derivative financial instruments for its management of interest rate and foreign currency risks. Interest rate swap contracts, cross-currency swap contracts and foreign exchange forward contracts have been used to manage interest rate and foreign exchange risks.

These derivatives contracts can be classified as fair value or cash flow hedges. In addition, foreign exchange forward contracts are used to hedge exposures to changes in foreign currency in subsidiary companies with functional currencies other than the US dollar. These derivatives contracts are classified as net investment hedges.

3. Material accounting policies (continued)

3.5 Derivative financial instruments for risk management purposes and hedge accounting (continued)

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

Derivatives held for trading purposes include interest rate swaps, cross-currency swaps and foreign exchange forward contracts used for risk management purposes that do not qualify for hedge accounting. These derivatives are reported as asset or liabilities, as applicable in the consolidated statement of financial position. Changes in realized and unrealized gains and losses from these financial instruments are recognized as gain (loss) on financial instruments, net in the consolidated statements of profit or loss.

Derivatives for hedging purposes primarily include US dollar interest rate swaps, cross currency swaps and foreign exchange forward contracts. Derivative contracts designated and qualifying for hedge accounting are reported in the consolidated statement of financial position as derivative financial instruments used for hedging - assets and liabilities, as applicable; and hedge accounting is applied. In order to qualify for hedge accounting, a derivative must be considered highly effective at reducing the risk associated with the exposure being hedged. Each derivative must be designated as a hedge, with documentation of the risk management objective and strategy, including identification of the hedging instrument, the hedged item and the risk exposure, as well as how effectiveness will be assessed prospectively. Hedging instruments should be assessed qualitatively and quantitatively, assessed on a quarterly basis in order to determine their effectiveness at achieving offsetting changes in fair value or cash flows. Any ineffectiveness must be reported in current-year profit or loss.

i) Hedge accounting relationship

As the Bank enters into a hedge accounting relationship, the first requirement is that the hedging instrument and the hedged item must be expected to move in the opposite direction as a result of the change in the hedged risk. This should be based on an economic rationale, as could be the case if the relationship is based only on a statistical correlation. This requirement is fulfilled for many of the hedging relationships carried out by the Bank as the underlying of the hedging instrument matches or is closely aligned with the hedged risk. Even when there are differences between the hedged item and the hedging instrument, the economic relationship will often be capable of being demonstrated using a qualitative assessment. The assessment, whether qualitative or quantitative, considers the following: a) maturity; b) notional amount; c) cash flow dates; d) currency; and e) interest rate basis.

ii) Hedge ratio

The hedge ratio is the ratio between the amount of the hedged item and the amount of the hedging instrument. For most of the hedging relationships, the hedge ratio is 1:1 as the underlying of the hedging instrument perfectly matches the designated hedged risk. For a hedging relationship with a correlation between the hedged item and the hedging instrument that is not a 1:1 relationship, the hedge ratio is generally set so as to adjust for the type of relationship in order to improve effectiveness.

iii) Discontinuation of hedge accounting

The Bank discontinues hedge accounting prospectively in the following situations:

1. It is determined that the derivative is no longer effective in offsetting changes in the fair value or cash flows of a hedged item.

2. The derivative expires or is sold, terminated or exercised.

3. It is determined that designation of the derivative as a hedging instrument is no longer appropriate.

3. Material accounting policies (continued)

3.5 Derivative financial instruments for risk management purposes and hedge accounting (continued)

Fair value hedges

When a derivative is designated as the hedging instrument in a hedge of the change in fair value of a recognized asset or liability or a firm commitment that could affect profit or loss, changes in the fair value of the derivative are recognized in profit or loss together with changes in the fair value of the hedged item that are attributable to the hedged risk, except when the hedging instrument hedges an equity instrument designated at FVOCI in which case it is recognized in OCI. The carrying amount of a hedged item not already measured at fair value is adjusted in profit or loss for the fair value change attributable to the hedged risk. For financial instruments measured at FVOCI, the carrying amount is not adjusted as it is already at fair value, but the portion of the fair value on the hedged item associated with the hedged risk is recognized in profit or loss instead of OCI. When the hedged item is an equity instrument designated at FVOCI, the hedging gain/loss remains in OCI to match that of the hedging instrument.

If the hedge relationship is terminated or exercised, or the hedge no longer meets the criteria for fair value hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively and the fair value adjustment to the hedged item continues to be reported as part of the basis of the item and is amortized to earnings as an adjustment to the yield in profit or loss.

Cash flow hedges

When a derivative is designated as a hedging instrument for variability in cash flows attributable to a particular risk associated with a recognized asset or liability that could affect profit or loss, the effective portion of the change in fair value of the derivative is recognized in OCI and it is recognized in profit or loss when the hedged cash flows affect income. The ineffective portion is recognized in profit or loss in the line item gain (loss) on financial instruments, net.

If the cash flow hedge relationship is terminated or exercised, or the hedge no longer meets the criteria for fair value hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively and the related amounts recognized in OCI are reclassified to profit or loss when hedged cash flows occur.

The Bank recognizes the costs associated with foreign exchange forward contracts when the hedged item is an asset or liability, as interest income or expense, adjusting the yield of the underlying transaction in profit or loss, and accumulates a reserve in OCI in the consolidated statement of financial position, which is reclassified to profit or loss upon maturity.

Net investment hedges

When a derivative instrument or a non-derivative financial item is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of changes in the fair value of the hedging instrument is recognized in OCI and presented in the foreign currency translation reserve within equity. Any ineffective portion of the changes in the fair value of the derivative is recognized in profit or loss. The amount recognized in OCI is reclassified to profit or loss as a reclassification adjustment when disposal of the investment in the foreign operation occurs.

3.6 Cash and due from banks

Cash equivalents include demand deposits in banks and interest-bearing deposits in banks with original maturities of three months or less, excluding restricted deposits.

3.7 Loans

Loans reported in the consolidated statement of financial position include loans at amortized cost.

3. Material accounting policies (continued)

3.7 Loans (continued)

Loans at amortized cost consider the principal outstanding amounts and interest receivable net of unearned interest, deferred fees and allowance for expected credit losses. Loans recognized and designated as hedged items in qualifying fair value hedging relationships, are measured at amortized cost adjusted for the hedge risk components associated to the hedging relationship. Purchased loans are recognized at the acquisition cost. The difference between the outstanding amount and the acquisition cost of loans, premiums and discounts, is amortized over the life of the loan as an adjustment to the yield. All other costs related to acquisition of loans are also reflected as an adjustment to the yield.

3.8 Securities

Securities presented in the consolidated statement of financial position include:

- Debt investment securities measured at amortized cost; these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortized cost using the effective interest method, except for those designated as hedged items in qualifying fair value hedging relationships which are measured at amortized cost adjusted for the hedged risk component associated with the hedging relationship.

- Debt instruments measured at FVOCI; these are initially measured at fair value plus incremental transaction costs, and subsequently their fair value is remeasured on a recurring basis, with such adjustment recognized in other comprehensive income, except for those designated as hedged items in relationships that qualify as fair value hedges where the portion attributable to the hedged risk is recognized in profit or loss.

3.9 Deposits, borrowings and repurchase agreements

Liability deposits, borrowings and debt are accounted for at amortized cost, except for those designated as hedged items in qualifying fair value hedging relationships, which are measured at amortized cost adjusted for the hedge risk components associated to the hedging relationship.

Repurchase agreements are transactions in which the Bank sells a security and simultaneously agrees to repurchase that security (or an asset that is substantially identical) at a fixed price on a future date. The Bank continues to recognize the securities in their entirety in the consolidated statement of financial position because it retains substantially all the risks and rewards of ownership. The cash consideration received is recognized as a financial asset and a financial liability is recognized for the obligation to pay the repurchase price.

3.10 Loan commitments and financial guarantee contracts

Letters of credit, stand-by letters of credit and guarantees

The Bank, on behalf of its client's base, issues, confirms and advises letters of credit to facilitate foreign trade transactions. When issuing, confirming and advising letters of credit, the Bank adds its own unqualified assurance that the Bank will pay upon presentation of complying documents as per the terms and conditions established in the letter of credit. The Bank also issues, confirms and advises stand-by letters of credit and guarantees, which are issued on behalf of institutional clients in connection with financing between its customers and third parties. The Bank applies the same credit policies used in its lending process, and once the commitment is issued, it becomes irrevocable and remains valid until its expiration upon the presentation of complying documents on or before the expiry date.

Credit commitments

Commitments to extend credit are binding legal agreements to lend to customers as long as the preceding conditions stipulated by the Bank are fulfilled. Commitments generally have fixed expiration dates or other termination clauses and require payment of a fee to the Bank. As some commitments expire without being drawn down, the total commitment amounts do not necessarily represent future cash requirements.

3. Material accounting policies (continued)

3.11 Leases

At inception of a contract, the Bank assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Bank assesses whether:

- The contract involves the use of an identified asset –this may be specified explicitly or implicitly; and should be physically distinct or represent substantially all of the capacity of a physically distinct asset.
- The Bank has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use.
- The Bank has the right to direct the use of the asset. The Bank has decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Bank has the right to direct the use of the asset if either:
    - The Bank has the right to operate the asset; or
    - The Bank designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Bank allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for lease agreements of office spaces in buildings in which the Bank is a lessee, it chose not to separate the components of the contract that do not correspond to the lease and to account for all of them under a single lease component.

The details of the lease policy are described as follows:

A. Definition of a lease

The Bank determines at the beginning of the contract if an agreement is or contains a lease. The Bank assesses if a contract is or contains a lease based on the definition of a lease.

B. As a lessee

The Bank recognizes right-of-use assets and lease liabilities for most leases. These leases are presented in the consolidated statement of financial position. Lease liabilities are measured at the present value of the lease payments, discounted at the Bank's internal funding cost rate, for the weighted average term of the contract.

The right-of-use asset is recognized at cost from the initial measurement of lease liabilities, adjusted for any prepayment, incremental cost, dismantling cost and accumulated depreciation. Subsequently, it is depreciated using the straight-line method from the inception date until the end of the lease term. In addition, the right-of-use asset is reduced by impairment losses, if applicable, and is adjusted for certain new measurements of the lease liability. The Bank presents its right of use assets in the line item of equipment and leasehold improvements, net and the liability as lease liabilities, both in the consolidated statement of financial position.

C. As a sublessor

Sub-leases of assets for rights of use are classified as operating leases. The subleased portion is classified as investment property, which is subsequently measured by applying the cost model. Lease income is recognized in profit or loss in the period in which it is earned.

The Bank applies the service fulfillment to revenue from contracts with customers to assign the consideration in the contract to each lease component and that is not a lease.

3. Material accounting policies (continued)

3.11 Leases (continued)

D. Investment property - Right of use

Rights-of-use assets that the Bank holds under sublease agreements for the purpose of obtaining lease income are classified as investment property in the consolidated statement of financial position. These assets are measured at initial recognition using the same criteria used to recognize other rights-of-use assets. After initial recognition, the carrying amount of these assets is amortized on a straight-line basis over their life. The estimated useful life of these investment property is closely related to the principal lease agreement.

When the Bank disposes of an investment property – right of use, it writes off its original cost and its accumulated depreciation. Any resulting difference between the net asset and the associated lease liability is recognized in profit or loss.

3.12 Equipment and leasehold improvements

Equipment and leasehold improvements are stated at cost excluding the costs of day–to–day maintenance, less accumulated depreciation and impairment losses, if applicable. Changes in the expected useful lives are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.

Depreciation is calculated using the straight–line method over their estimated useful life, to write down the cost of assets and equipment to their residual values. The estimated useful lives are as follows:

	Useful life in years
Furniture and equipment	3 to 5 years
Hardware	3 years
Other equipment	2 to 4 years
Leasehold improvements	3 to 15 years or up to the lease term

Equipment and leasehold improvements include right of use assets arising from leases. Recognition and subsequent measurement for lease contracts are set out in Note 3.11.

Leasehold improvements are amortized on a straight-line basis calculated without exceeding the length of the respective lease contracts.

Equipment and leasehold improvements are derecognized on disposal or when no future economic benefits are expected from their use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in other income or other expenses in profit or loss.

3.13 Investment property

Property that is held with the intention of generating a return from rental, capital appreciation or both, as well as right-of-use assets that the Bank holds under sublease agreements and that are not occupied by the Bank, are classified as investment property in the consolidated statement of financial position and are initially measured at cost, including all transaction-related costs and, where applicable, costs associated with financing.

After initial recognition, investment property is measured at fair value, except for that recognized investment property – right of use that the Bank holds under sublease agreements which are subsequently measured at cost.

Fair value is based on market prices, adjusted, if necessary, for differences in the nature, location or condition of the specific asset. If this information is not available, the Bank uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are performed as of the reporting date by professional appraisers who hold recognized and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the consolidated financial statements.

3. Material accounting policies (continued)

3.13 Investment property (continued)

The fair value of investment property reflects, among other things, rental income from current leases and other assumptions market participants would make when pricing the property under current market conditions.

Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Bank and the cost of the item can be measured reliably.

All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized.

Changes in fair value are recognized in profit or loss. Investment property is derecognized when disposed of.

When the Bank disposes of an investment property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in the consolidated statement of profit or loss as gain (loss) on non-financial assets, net.

3.14 Intangible assets

An intangible asset is recognized only when its cost can be measured reliably, and it is probable that the expected future economic benefits that are attributable to it will flow to the Bank.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite useful lives are amortized using the straight-line method reducing the cost of the intangible asset to their residual value over the estimated useful lives of the assets. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and they are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is presented as a separate line item in profit or loss.

Bank's intangible assets include the cost of computer software, licenses, model design, among others. Gains or losses arising from the derecognition of an intangible asset are determined by the Bank as the difference between proceeds from the sale or disposal and the net carrying amount of the intangible asset and recognized in profit or loss for the year in which the transaction occurs.

3.15 Impairment of non-financial assets

A non-financial asset is impaired when an entity will not be able to recover that asset's carrying value, either through its use or sale. If circumstances arise which indicate that a non-financial asset might be impaired, a review should be undertaken of its cash generating abilities through use or sale. This review will produce an amount which should be compared with the asset's carrying value, and if the carrying value is higher, the difference must be written off as impairment in profit or loss. On the other hand, if there is any indication that previously recognized impairment losses may no longer exist or may have decreased, the Bank makes an estimate of the recoverable amount. In that case, the carrying amount of the asset is increased to its recoverable amount. This increase cannot exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss.

3.16 Provisions

Provisions are recognized when the Bank has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in profit or loss, net of any reimbursement.

3. Material accounting policies (continued)

3.17 Share-based payments

Compensation cost is based on the grant date fair value of both stock and options and is recognized over the requisite service period of the employee. The fair value of each option is estimated at the grant date using a binomial option-pricing model. When stock options and restricted stock units vested are exercised, the Bank's policy is to sell treasury stock, if available.

3.18 Equity

Reserves

Regulatory and capital reserves are established as appropriations from retained earnings and, as such, form part of retained earnings. Additions and reductions of regulatory and capital reserves require the approval of the Bank's Board of Directors and the SBP, as applicable.

Other capital reserves, presented as other comprehensive income include:

- Translation reserve: The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations when the functional currency of the foreign operation is other than the US dollar, as well as the effective portion of any foreign currency differences arising from hedges of a net investment in a foreign operation.

- Hedging reserve: The hedging reserve comprises the effective part of the cumulative net change in the fair value of the hedging instruments designated in a cash flow hedging relationship, as well as the offsetting effect of currency translation of the hedging items.

- Fair value reserve: The fair value reserve comprises the cumulative net change in the fair value of investment securities measured at FVOCI, less the ECL allowance recognized in profit or loss less the risk hedged when an underlying was designated in a fair value hedging relationship.

Treasury stock

The own equity instruments of the Bank which are acquired by it or by any of its subsidiaries (treasury stock) are deducted from equity and accounted for at weighted average cost. Consideration paid or received on the purchase, sale, issue or cancellation of the Bank's own equity instruments is recognized directly in equity.

No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of own equity instruments, but is recognized directly in equity.

3.19 Earnings per share

Basic earnings per share is computed by dividing the profit for the year (the numerator) by the weighted average number of common shares outstanding (the denominator) during the year. Diluted earnings per share measure performance incorporating the effect that potential common shares, such as stock options and restricted stock units outstanding during the same period, would have on earnings per share. The computation of diluted earnings per share is similar to the computation of basic earnings per share, except for the denominator, which is increased to include the number of additional common shares that would have been issued if the beneficiaries of stock purchase options and restricted stock units plans could exercise their options.

3.20 Taxes

Income taxes

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to tax authorities. Tax laws and regulations used to compute those amounts are those enacted or substantively enacted by the reporting date:

3. Material accounting policies (continued)

3.20 Taxes (continued)

- Bladex Head Office is exempted from payment of income taxes in Panama in accordance with the contract law signed between the Republic of Panama and Bladex.
- Bladex Representacao Ltda. is subject to income taxes in Brazil.
- Bladex Development Corp. is subject to income taxes in Panama.
- BLX Soluciones, S.A. de C.V., SOFOM, is subject to income taxes in Mexico.
- The New York Agency and Bladex Holdings, Inc., incorporated in USA are subject to federal and local taxation in USA based on the portion of income that is effectively connected with its operations in that country.

Current and deferred tax

The current tax at the reporting date as well as for the deferred tax, result in a minimal amount, whereby the changes are presented in the consolidated statement of profit or loss as other expenses.

The Bank performs an annual assessment of laws and regulations in its different jurisdictions together with its tax experts to determine uncertainty regarding income tax treatments, concluding that there is no uncertainty about tax treatments applied in each tax legislation.

3.21 Segment reporting

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

The Bank's net interest income represents the main driver of profits; therefore, the Bank presents its interest-earning assets by business segment, to give an indication of the size of business generating net interest income. Interest-earning assets also generate gains and losses on sales, mainly from financial instruments at FVOCI and financial instruments at FVTPL, which are included in other income, net. The Bank also discloses its other assets and contingencies by business segment, to give an indication of the size of business that generates net fees and commissions, also included in other income, net.

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

Profits from the Commercial Business Segment include (i) net interest income from loans; (ii) fees and commissions from the issuance, negotiation, acceptance, confirmation and amendment of letters of credit, guarantees and loan commitments, and through loan structuring and syndication activities; (iii) gain on sale of loans generated through loan intermediation activities, such as infrequent sales in the secondary market; (iv) gain (loss) on sale on financial instruments measured at FVTPL; (v) reversal of (provision) for credit losses, (vi) gain (loss) on other non-financial assets, net; and (vii) direct and allocated operating expenses.

3. Material accounting policies (continued)

3.21 Segment reporting (continued)

The Treasury Business Segment focuses on managing the Bank's investment portfolio, and the overall structure of its assets and liabilities to achieve more efficient funding and liquidity positions for the Bank, mitigating the traditional financial risks associated with the consolidated statements of financial position, such as liquidity, interest rate and currency rate. Interest-earning assets managed by the Treasury Business Segment include liquidity positions in cash and cash equivalents, as well as highly liquid corporate debt securities rated above 'A-', and financial instruments related to the investment management activities, consisting of securities at FVOCI and securities at amortized cost (the "Credit Investment Portfolio"). The Treasury Business Segment also manages the Bank's interest-bearing liabilities, which constitute its funding sources, mainly deposits, securities sold under repurchase agreements and borrowings and debt, net.

Profits from the Treasury Business Segment include (i) net interest income derived from the above mentioned treasury assets and liabilities, (ii) gain (loss) on derivative financial instruments and foreign currency exchange, (iii) gain (loss) on financial instruments at FVOCI, (iv) reversal of (provision) for credit losses on such instruments and (v) direct and allocated operating expenses.

3.22 Judgments, estimates and significant accounting assumptions

The preparation of the consolidated financial statements requires management to make estimates and use assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the reporting date and the reported amounts of revenues and expenses during the year.

Significant estimates that are particularly susceptible to significant changes relate to the determination of the allowances for expected credit losses, impairment of securities, and the fair value of financial instruments. Actual results could differ from those estimates. Management believes these estimates are adequate.

A. Judgments

In the process of applying the Bank's accounting policies, Management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Determining the allowance for expected credit losses

The Bank individually assesses all credit impaired loans at amortized cost at each reporting date to assess whether an impairment loss is required to be recognized. Management's judgment is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about several factors and actual results that may vary, resulting in future changes to the allowance. Loans at amortized cost that do not give rise to credit impairment individually are assessed in groups of assets with similar credit risk characteristics. This is to determine whether a provision should be made due to expected loss events for which there is objective evidence, but which effects are not yet evident.

The collective assessment takes into account data from the loan portfolio (such as levels of arrears, credit utilization, loan-to-collateral ratios, among others), and judgments on the effect of concentrations of risks and economic data (including levels of unemployment, real estate price indices, country risk and the performance of various individual groups).

When establishing ECL, judgment is applied by Management in order to assess the amount and opportunity of the future cash flows with the purpose of evaluating whether credit risk has significantly increased since initial recognition, taking into account the characteristics of the financial asset and the former patterns pre-established for similar financial assets. The changes in risk of default occurring within the next 12 months can be a reasonable approach of the changes in the risk measure according to the lifetime of the instrument. The Bank uses the changes in risk of default occurring within the next 12 months to determine if the credit risk has significantly increased since initial recognition, unless the circumstances indicate an assessment during the lifetime of the instrument is necessary.

3. Material accounting policies (continued)

3.22 Judgments, estimates and significant accounting assumptions (continued)

i. Significant increase in credit risk

For the financial assets in stage 1, ECL are measured as an allowance equal to 12-month ECL and lifetime ECL on stage 2 or stage 3 assets. An asset moves to stage 2 or stage 3 when its credit risk has increased significantly since initial recognition. In assessing whether the credit risk of an asset has significantly increased, the Bank takes into account reasonable and supportable forward-looking qualitative and quantitative information.

ii. Establishing groups of assets with similar credit risk characteristics

When ECL are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics.

The Bank monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that when credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that reflects the similar credit risk characteristics of that group of assets. Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month ECL to lifetime ECL, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month ECL or lifetime ECL but the amount of ECL changes because the credit risk of the portfolios differs.

Determining the fair value on financial instruments

i. Models and assumptions used

The Bank uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgment is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

ii. Fair value measurement

When the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but if this is not available, judgment is required to establish fair values. The judgments include considerations of liquidity and model inputs such as volatility for longer–dated derivatives and discount rates, prepayment rates and default rate assumptions for asset-backed securities. The valuation of financial instruments is described in more detail in Note 7.

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Bank determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated and their performance is measured, and the risks that affect the performance of the assets and how they are managed. The Bank monitors financial assets measured at amortized cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held.

3. Material accounting policies (continued)

3.22 Judgments, estimates and significant accounting assumptions (continued)

B. Estimates and assumptions

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

Going concern

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

3.23 Material accounting policy information

The Bank has adopted the Amendments to IAS 1 Presentation of Financial Statements — Disclosure of Accounting Policies from January 1st, 2023 and change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'significant accounting policy information'. Accounting policy information is significant if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. This amendment did not have an impact on the Bank's consolidated financial statements.

4. Accounting policies not yet effective at the reporting date

The following amendments and modifications have not been applied early by the Bank and its' adoption will not have a significant effect on the reporting entity's financial position, results of operations or on their disclosures:

- *Classification of Liabilities as Current or Non-current (Amendments to IAS 1):* The amendments clarify that the classification of liabilities as current and non-current interacts with an unconditional right to defer settlement relative to having the discretion to refinance or extend an obligation. A clarification of liquidation is included. The amendments are effective for annual periods beginning on or after January 1, 2024.

- *Lease Liability in a Sale and Leaseback (Amendments to IFRS 16):* The amendments clarify how a seller-lessee accounts for variable lease payments arising in a sale and leaseback transaction. The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale-leaseback transactions. The amendments are effective for annual periods beginning on or after January 1, 2024.

- *Supplier financing arrangements - IFRS 7*: The amendments introduce two new disclosure objectives, one in IAS 7 and another in IFRS 7, for a company to provide information about its financing arrangements with suppliers that allows users (investors) evaluate the effects of these agreements on the company's liabilities and cash flows, as well as the company's exposure to liquidity risk. The amendments are effective for annual periods beginning on or after January 1, 2024.

- *Lack of Exchangeability - Amendments to IAS 21*: The amendments require entities to apply a consistent approach to determining whether one currency is exchangeable for another and the spot exchange rate to use when it is not. When an entity cannot obtain the exchange rate from one currency to another from its official or market data sources, it shall estimate the spot exchange rate on that date. The amendments are effective for annual periods beginning on or after January 1, 2025.

5. Financial risk review

This note presents information about the Bank's exposure to financial risks.

A. Credit risk

i. Credit quality analysis

The following tables set out information about the credit quality of financial assets measured at amortized cost, and debt instruments at FVOCI. Unless specifically indicated, for financial assets the amounts in the table represent the outstanding gross balances. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively. Explanation of the terms 'Stage 1', 'Stage 2' and 'Stage 3' is included in Note 3.4 (K).

Loans at amortized cost, outstanding balance

		December 31, 2023			
	PD Ranges	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Grades 1 - 4	0.03 - 0.74	2,893,562	—	—	2,893,562
Grades 5 - 6	0.75 - 3.80	3,680,969	237,878	—	3,918,847
Grades 7 - 8	3.81 - 34.51	303,445	69,606	—	373,051
Grades 9 - 10	34.52 - 100	—	—	10,107	10,107
		6,877,976	307,484	10,107	7,195,567
Loss allowance		(34,778)	(17,734)	(6,898)	(59,410)
Total		**6,843,198**	**289,750**	**3,209**	**7,136,157**

		December 31, 2022			
	PD Ranges	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Grades 1 - 4	0.03 - 0.74	2,864,686	—	—	2,864,686
Grades 5 - 6	0.75 - 3.80	3,645,901	50,625	—	3,696,526
Grades 7 - 8	3.81 - 34.51	123,603	48,098	20,000	191,701
Grades 9 - 10	34.52 - 100	—	—	10,107	10,107
		6,634,190	98,723	30,107	6,763,020
Loss allowance		(28,589)	(5,050)	(21,561)	(55,200)
Total		**6,605,601**	**93,673**	**8,546**	**6,707,820**

5. Financial risk review (continued)

A. Credit risk (continued)

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

		December 31, 2023			
	12-month PD Ranges	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Commitments and financial guarantees issued					
Grades 1 - 4	0.03 - 0.74	457,901	—	—	457,901
Grades 5 - 6	0.75 - 3.80	416,786	24,996	—	441,782
Grades 7 - 8	3.81 - 34.51	160,473	3,550	—	164,023
		1,035,160	28,546	—	1,063,706
Customers' liabilities under acceptances					
Grades 1 - 4	0.03 - 0.74	163,438	—	—	163,438
Grades 5 - 6	0.75 - 3.80	2,009	—	—	2,009
Grades 7 - 8	3.81 - 34.51	95,981	—	—	95,981
		261,428	—	—	261,428
		1,296,588	28,546	—	1,325,134
Loss allowance		(3,905)	(1,154)	—	(5,059)
Total		**1,292,683**	**27,392**	**—**	**1,320,075**

		December 31, 2022			
	12-month PD Ranges	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Commitments and financial guarantees issued					
Grades 1 - 4	0.03 - 0.74	302,260	—	—	302,260
Grades 5 - 6	0.75 - 3.80	279,550	1,700	—	281,250
Grades 7 - 8	3.81 - 34.51	195,864	—	—	195,864
		777,674	1,700	—	779,374
Customers' liabilities under acceptances					
Grades 1 - 4	0.03 - 0.74	34,258	—	—	34,258
Grades 5 - 6	0.75 - 3.80	19,782	—	—	19,782
Grades 7 - 8	3.81 - 34.51	109,305	—	—	109,305
		163,345	—	—	163,345
		941,019	1,700	—	942,719
Loss allowance		(3,605)	(23)	—	(3,628)
Total		**937,414**	**1,677**	**—**	**939,091**

5. Financial risk review (continued)

A. Credit risk (continued)

Securities at amortized cost

		December 31, 2023			
	12-month DP Ranges	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Grades 1 - 4	0.03 - 0.74	913,524	—	—	913,524
Grades 5 - 6	0.75 - 3.80	57,674	28,346	—	86,020
		971,198	28,346	—	999,544
Loss allowance		(1,230)	(402)	—	(1,632)
Total		**969,968**	**27,944**	**—**	**997,912**

		December 31, 2022			
	12-month PD Ranges	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Grades 1 - 4	0.03 - 0.74	736,139	—	—	736,139
Grades 5 - 6	0.75 - 3.80	154,248	46,589	—	200,837
Grades 7 - 8	3.81 - 34.51	—	—	4,995	4,995
		890,387	46,589	4,995	941,971
Loss allowance		(2,170)	(1,779)	(4,002)	(7,951)
Total		**888,217**	**44,810**	**993**	**934,020**

Securities at FVOCI

		December 31, 2023			
	12-month PD Ranges	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Grades 1 - 4	0.03 - 0.74	11,824	—	—	11,824
		11,824	—	—	11,824
Loss allowance		(1)	—	—	(1)
Total		**11,823**	**—**	**—**	**11,823**

		December 31, 2022			
	12-month PD Ranges	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Grades 1 - 4	0.03 - 0.74	77,972	—	—	77,972
		77,972	—	—	77,972
Loss allowance		(10)	—	—	(10)
Total		**77,962**	**—**	**—**	**77,962**

5. Financial risk review (continued)

A. Credit risk (continued)

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

	December 31, 2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Current	6,873,737	311,723	—	7,185,460
Past due	—	—	10,107	10,107
Total	**6,873,737**	**311,723**	**10,107**	**7,195,567**

	December 31, 2022			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Current	6,634,190	98,723	—	6,732,913
Defaulters	—	—	20,000	20,000
Past due	—	—	10,107	10,107
Total	**6,634,190**	**98,723**	**30,107**	**6,763,020**

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

	December 31, 2023		
	Notional value USD	**Derivative financial instruments - fair value assets**	**Derivative financial instruments - fair value liabilities**
Interest rate swaps	987,394	11,358	(790)
Cross-currency swaps	1,678,042	145,909	(39,823)
Total	**2,665,436**	**157,267**	**(40,613)**

	December 31, 2022		
	Notional value USD	**Derivative financial instruments - fair value assets**	**Derivative financial instruments - fair value liabilities**
Interest rate swaps	368,711	483	(544)
Cross-currency swaps	1,175,570	45,806	(33,217)
Foreign exchange forwards	189,173	21,870	—
Total	**1,733,454**	**68,159**	**(33,761)**

5. Financial risk review (continued)

A. Credit risk (continued)

ii. Collateral and other credit enhancements

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

Derivatives and repurchase agreements

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

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

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

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

- Credit risk is eliminated only to the extent that amounts due to the same counterparty will be settled after the assets are realized.

- The extent to which overall credit risk is reduced may change substantially within a short period because the exposure is affected by each transaction subject to the arrangement.

Loans

The main types of collateral obtained for commercial lending are as follows:

- Liens on real estate property, inventory and trade receivables.

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

The Bank holds guarantees and other financial credit enhancements against certain exposures in the loan portfolio. As of December 31, 2023, and 2022, the coverage ratio to the carrying amount of the loan portfolio was 16% and 12%.

iii. Incorporation of forward-looking information

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

5. Financial risk review (continued)

A. Credit risk (continued)

Supplementary, for the expected credit loss measurement, the results of the "alert model" can be considered, through the assessment of a severity indicator to total risk resulting from the estimates and assumptions of several macroeconomic factors. These estimates and assumptions are supported by a base scenario. Other scenarios represent upside and downside results. The implementation and interpretation of the outcomes of the alert model are based on Management´s expert judgment, pondering on suggestions of areas such as Credit Risk, Economic Studies and Loan Recovery of the Bank.

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

Main macroeconomic variables of the alert model with forward-looking scenarios are:

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

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

5. Financial risk review (continued)

A. Credit risk (continued)

The table below lists the alert model's macroeconomic assumptions for countries representing the higher exposures, for the base, upside and downside scenarios over the five-year forecasted average available for each reporting period.

		Variable			
		GDP Growth (Var.%)		ComEx Growth Index (Var.%)	
	Scenario	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	Base	2.1%	1.9%	2.5%	7.1%
Brazil	Upside	3.1%	2.9%	6.0%	10.6%
	Downside	0.7%	0.5%	-1.5%	3.1%
	Base	1.8%	1.7%	1.4%	3.1%
Chile	Upside	2.9%	2.8%	4.9%	6.6%
	Downside	0.6%	0.5%	-2.6%	-0.9%
	Base	2.4%	3.6%	0.2%	8.4%
Colombia	Upside	3.5%	4.7%	3.2%	11.4%
	Downside	1.1%	2.3%	-3.3%	4.9%
	Base	4.2%	4.8%	3.6%	5.8%
Dominican Republic	Upside	5.4%	6.0%	7.1%	9.3%
	Downside	2.9%	3.5%	-0.4%	1.8%
	Base	1.8%	2.6%	0.2%	5.7%
Ecuador	Upside	2.8%	3.6%	3.2%	8.7%
	Downside	0.3%	1.1%	-3.3%	2.2%
	Base	3.4%	3.5%	4.7%	5.8%
Guatemala	Upside	4.4%	4.5%	7.7%	8.8%
	Downside	2.2%	2.3%	1.2%	2.3%
	Base	2.4%	1.9%	4.9%	6.4%
Mexico	Upside	3.4%	2.9%	8.9%	10.4%
	Downside	1.2%	0.7%	0.4%	1.9%
	Base	2.3%	2.9%	2.7%	4.9%
Peru	Upside	3.3%	3.9%	6.2%	8.4%
	Downside	1.1%	1.7%	-1.3%	0.9%

iv. Loss allowances

The following tables show reconciliations from the opening to the closing balances of the loss allowance by class of financial instrument. The basis for determining transfers due to changes in credit risk is set out in our accounting policy in Note 3.4 (K).

5. Financial risk review (continued)

A. Credit risk (continued)

Loans at amortized cost

	Stage 1	Stage 2	Stage 3	Total
Allowance for expected credit losses as of December 31, 2022	**28,589**	**5,050**	**21,561**	**55,200**
Transfer to lifetime expected credit losses	(752)	752	—	—
Net effect of changes in allowance for expected credit losses	(2,363)	11,195	6,481	15,313
Financial instruments that have been derecognized during the year	(17,950)	(879)	—	(18,829)
New instruments originated or purchased	27,254	1,616	—	28,870
Write-offs	—	—	(21,144)	(21,144)
Allowance for expected credit losses as of December 31, 2023	**34,778**	**17,734**	**6,898**	**59,410**

	Stage 1	Stage 2	Stage 3	Total
Allowance for expected credit losses as of December 31, 2021	**20,115**	**16,175**	**5,186**	**41,476**
Transfer to lifetime expected credit losses	(29)	29	—	—
Transfer to 12-month expected credit losses	176	(176)	—	—
Transfer to credit-impaired financial instruments	(130)	—	130	—
Net effect of changes in allowance for expected credit losses	(1,718)	(10,146)	16,072	4,208
Financial instruments that have been derecognized during the year	(12,385)	(832)	—	(13,217)
New instruments originated or purchased	22,560	—	—	22,560
Write-offs	—	—	(893)	(893)
Recoveries	—	—	1,066	1,066
Allowance for expected credit losses as of December 31, 2022	**28,589**	**5,050**	**21,561**	**55,200**

5. Financial risk review (continued)

A. Credit risk (continued)

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

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

	Stage 1	Stage 2	Stage 3	Total
Allowance for expected credit losses as of December 31, 2022	**3,605**	**23**	**—**	**3,628**
Transfer to lifetime expected credit losses	(24)	24	—	—
Transfer to 12-month expected credit losses	22	(22)	—	—
Net effect of changes in reserve for expected credit losses	(58)	21	—	(37)
Financial instruments that have been derecognized during the year	(2,824)	—	—	(2,824)
New instruments originated or purchased	3,184	1,108	—	4,292
Allowance for expected credit losses as of December 31, 2023	**3,905**	**1,154**	**—**	**5,059**

	Stage 1	Stage 2	Stage 3	Total
Allowance for expected credit losses as of December 31, 2021	**3,472**	**331**	**—**	**3,803**
Transfer to 12-month expected credit losses	133	(133)	—	—
Net effect of changes in reserve for expected credit losses	(160)	(39)	—	(199)
Financial instruments that have been derecognized during the year	(2,981)	(136)	—	(3,117)
New instruments originated or purchased	3,141	—	—	3,141
Allowance for expected credit losses as of December 31, 2022	**3,605**	**23**	**—**	**3,628**

Securities at amortized cost

	Stage 1	Stage 2	Stage 3	Total
Allowance for expected credit losses as of December 31, 2022	**2,170**	**1,779**	**4,002**	**7,951**
Transfer to lifetime expected credit losses	(46)	46	—	—
Net effect of changes in allowance for expected credit losses	(58)	547	1,252	1,741
Financial instruments that have been derecognized during the year	(1,074)	(218)	—	(1,292)
New financial assets originated or purchased	238	—	—	238
Writte-offs	—	(1,752)	(5,254)	(7,006)
Allowance for expected credit losses as of December 31, 2023	**1,230**	**402**	**—**	**1,632**

5. Financial risk review (continued)

A. Credit risk (continued)

	Stage 1	Stage 2	Stage 3	Total
Allowance for expected credit losses as of December 31, 2021	**1,790**	**—**	**—**	**1,790**
Transfer to lifetime expected credit losses	(46)	46	—	—
Transfer to credit-impaired financial instruments	(33)	—	33	—
Net effect of changes in allowance for expected credit losses	(13)	941	3,969	4,897
Financial instruments that have been derecognized during the year	(420)	—	—	(420)
New financial assets originated or purchased	892	792	—	1,684
Allowance for expected credit losses as of December 31, 2022	**2,170**	**1,779**	**4,002**	**7,951**

Securities at FVOCI

	Stage 1	Stage 2	Stage 3	Total
Allowance for expected credit losses as of December 31, 2022	**10**	**—**	**—**	**10**
Financial instruments that have been derecognized during the year	(11)	—	—	(11)
New financial assets originated or purchased	2	**—**	**—**	**2**
Allowance for expected credit losses as of December 31, 2023	**1**	**—**	**—**	**1**

	Stage 1	Stage 2	Stage 3	Total
Allowance for expected credit losses as of December 31, 2021	**26**	**—**	**—**	**26**
Financial instruments that have been derecognized during the year	(16)	—	—	(16)
Allowance for expected credit losses as of December 31, 2022	**10**	**—**	**—**	**10**

The following table provides a reconciliation between:

- Amounts shown in the previous tables reconciling opening and closing balances of loss allowance per class of financial instrument; and

- The (reversal) provision for credit losses' line item in the consolidated statement of profit or loss.

5. Financial risk review (continued)

A. Credit risk (continued)

December 31, 2023	Loans at amortized cost	Loan commitments and financial guarantee contracts	Securities		Total
			At amortized cost	FVOCI	
Net effect of changes in allowance for expected credit losses	15,313	(37)	1,741	—	17,017
Financial instruments that have been derecognized during the year	(18,829)	(2,824)	(1,292)	(11)	(22,956)
New financial assets originated or purchased	28,870	4,292	238	2	33,402
Total	**25,354**	**1,431**	**687**	**(9)**	**27,463**

December 31, 2022	Loans at amortized cost	Loan commitments and financial guarantee contracts	Securities		Total
			At amortized cost	FVOCI	
Net effect of changes in allowance for expected credit losses	4,208	(199)	4,897	—	8,906
Financial instruments that have been derecognized during the year	(13,217)	(3,117)	(420)	(16)	(16,770)
New financial assets originated or purchased	22,560	3,141	1,684	—	27,385
Total	**13,551**	**(175)**	**6,161**	**(16)**	**19,521**

December 31, 2021	Loans at amortized cost	Loan commitments and financial guarantee contracts	Securities		Total
			At amortized cost	FVOCI	
Net effect of changes in allowance for expected credit losses	(2,477)	(54)	(20)	—	(2,551)
Financial instruments that have been derecognized during the year	(14,715)	(1,948)	(193)	(17)	(16,873)
New financial assets originated or purchased	17,343	2,901	1,508	—	21,752
Total	**151**	**899**	**1,295**	**(17)**	**2,328**

5. Financial risk review (continued)

A. Credit risk (continued)

v. Credit-impaired financial assets

Financial instruments with credit-impaired are graded 8 to 10 in the Bank's internal credit risk grading system.

The following table sets out a reconciliation of changes in the carrying amount of the allowance for credit losses for credit-impaired financial assets:

	December 31,	
	2023	**2022**
Credit-impaired loans at beginning of year	21,561	5,186
Classified as credit-impaired during the year	—	130
Change in allowance for expected credit losses	6,181	14,606
Write-offs	(21,144)	(893)
Recoveries of amounts previously written off	—	1,066
Interest income	300	1,466
Credit-impaired loans at end of year	**6,898**	**21,561**

	December 31,	
	2023	**2022**
Investments at amortized cost with credit impairment at beginning of year	4,002	—
Classified as credit-impaired during the year	—	33
Change in allowance for expected credit losses	1,249	3,717
Interest income	3	252
Write-offs	(5,254)	—
Investments at amortized cost with credit impairment at end of year	**—**	**4,002**

5. Financial risk review (continued)

A. Credit risk (continued)

vi. Concentrations of credit risk

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

Concentration by sector and industry

	Loans at amortized cost		Loan commitments and financial guarantee contracts		Securities			
					At amortized cost		FVOCI	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Carrying amount - principal	7,195,567	6,763,020	261,428	163,345	999,544	941,971	11,824	77,972
Amount committed/ guaranteed	—	—	1,063,706	779,374	—	—	—	—
Concentration by sector								
Corporations:								
Private	3,192,357	2,553,193	727,379	409,139	582,877	543,381	—	24,773
State-owned	1,204,471	1,115,932	115,542	110,468	20,619	51,388	—	—
Financial institutions:								
Private	2,248,150	2,245,385	97,381	120,614	311,870	250,975	—	—
State-owned	464,917	719,882	384,832	302,498	35,149	31,902	11,824	53,199
Sovereign	85,672	128,628	—	—	49,029	64,325	—	—
Total	**7,195,567**	**6,763,020**	**1,325,134**	**942,719**	**999,544**	**941,971**	**11,824**	**77,972**
Concentration by industry								
Financial institutions	2,713,067	2,965,266	482,213	423,112	351,463	282,878	11,824	53,199
Manufacturing	1,702,514	1,341,453	464,433	293,659	346,140	339,914	—	14,898
Oil and petroleum derived products	1,330,526	1,244,491	106,518	104,426	95,144	77,553	—	9,875
Agricultural	239,498	317,037	22,546	3,854	—	—	—	—
Services	465,113	267,868	108,632	55,430	84,840	64,412	—	—
Mining	328,415	150,707	26,329	—	9,690	24,381	—	—
Sovereign	85,672	128,628	—	—	49,029	64,325	—	—
Other	330,762	347,570	114,463	62,238	63,238	88,508	—	—
Total	**7,195,567**	**6,763,020**	**1,325,134**	**942,719**	**999,544**	**941,971**	**11,824**	**77,972**

5. Financial risk review (continued)

A. Credit risk (continued)

Risk rating and concentration by country

	Loans at amortized cost		Loan commitments and financial guarantee contracts		Securities			
					At amortized cost		FVOCI	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Carrying amount - principal	7,195,567	6,763,020	261,428	163,345	999,544	941,971	11,824	77,972
Amount committed/guaranteed	—	—	1,063,706	779,374	—	—	—	—
Rating								
1-4	2,893,562	2,864,685	621,339	336,519	913,524	736,139	11,824	77,972
5-6	3,918,848	3,696,527	443,791	301,031	86,020	200,837	—	—
7-8	373,050	191,701	260,004	305,169	—	4,995	—	—
10	10,107	10,107	—	—	—	—	—	—
Total	**7,195,567**	**6,763,020**	**1,325,134**	**942,719**	**999,544**	**941,971**	**11,824**	**77,972**
Concentration by country								
Argentina	52,264	55,598	—	—	—	—	—	—
Australia	—	—	—	—	4,803	9,628	—	—
Belgium	14,223	25,362	—	—	—	—	—	—
Bolivia	—	—	4,270	3,759	—	—	—	—
Brazil	1,008,633	980,205	83,932	54,907	31,009	69,501	—	—
Canada	22,599	—	24,996	—	38,508	13,503	—	—
Chile	454,885	416,714	16,423	44,846	79,495	112,586	—	—
Colombia	938,897	702,409	67,545	54,333	23,837	54,484	—	—
Korea	—	—	—	—	1,839	—	—	—
Costa Rica	284,709	260,625	51,895	56,718	7,988	9,926	—	—
Denmark	—	—	—	11,880	—	—	—	—
Dominican Republic	637,199	579,918	157,986	27,534	4,705	4,828	—	—
Ecuador	190,628	110,466	259,597	305,168	—	—	—	—
El Salvador	82,500	30,032	—	—	—	—	—	—
France	27,454	126,929	96,249	66,906	—	—	—	—
Germany	—	—	15,000	10,000	14,750	—	—	—
Guatemala	704,012	745,837	100,227	67,456	—	—	—	—
Honduras	221,672	176,270	975	3,615	—	—	—	—
Hong Kong	15,000	2,800	—	—	—	—	—	—
Ireland	—	—	—	—	14,976	9,579	—	—
Israel	—	—	—	—	4,788	4,880	—	—
Italy	—	—	—	—	14,660	—	—	—
Jamaica	101,858	14,083	—	—	—	—	—	—
Japan	12,037	14,712	—	—	38,548	4,353	—	—
Luxembourg	89,833	114,557	—	—	—	—	—	—
Mexico	838,495	823,028	83,561	69,080	62,229	100,870	—	—
Netherlands	—	—	800	—	—	—	—	—
Norway	—	—	—	—	9,838	—	—	—
Panama	374,364	533,452	29,301	19,240	33,977	29,065	—	—
Paraguay	186,426	151,287	230	3,430	—	—	—	—
Peru	536,236	478,998	223,460	114,941	30,635	60,575	—	—
Singapore	145,807	152,208	7,057	24,333	—	—	—	—
Trinidad and Tobago	132,783	128,846	—	—	—	—	—	—
United States of America	74,139	53,463	—	3,349	539,727	458,193	—	43,464
United Kingdom	37,314	51,221	—	—	43,232	—	—	—
Uruguay	11,600	34,000	101,630	1,224	—	—	—	—
Multilateral	—	—	—	—	—	—	11,824	34,508
Total	**7,195,567**	**6,763,020**	**1,325,134**	**942,719**	**999,544**	**941,971**	**11,824**	**77,972**

5. Financial risk review (continued)

A. Credit risk (continued)

vii. Offsetting financial assets and liabilities

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

a) Derivative financial instruments – assets

	December 31, 2023					
	Gross amounts of assets	Gross amounts offset in the consolidated statement of financial position	Net amount of assets presented in the consolidated statement of financial position	Gross amounts not offset in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral received	
Derivative financial instruments used for hedging	157,267	—	157,267	—	(152,111)	5,156
Total	**157,267**	**—**	**157,267**	**—**	**(152,111)**	**5,156**

	December 31, 2022					
	Gross amounts of assets	Gross amounts offset in the consolidated statement of financial position	Net amount of assets presented in the consolidated statement of financial position	Gross amounts not offset in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral received	
Derivative financial instruments used for hedging	68,159	—	68,159	—	(50,615)	17,544
Total	**68,159**	**—**	**68,159**	**—**	**(50,615)**	**17,544**

5. Financial risk review (continued)

A. Credit risk (continued)

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

	December 31, 2023					
	Gross amounts of liabilities	Gross amounts offset in the consolidated statement of financial position	Net amount of assets presented in the consolidated statement of financial position	Gross amounts not offset in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral received	
Securities sold under repurchase agreements at amortized cost	(310,197)	—	(310,197)	342,271	8,087	40,161
Derivative financial instruments used for hedging at FVTPL	(40,613)	—	(40,613)	—	34,297	(6,316)
Total	**(350,810)**	**—**	**(350,810)**	**342,271**	**42,384**	**33,845**

	December 31, 2022					
	Gross amounts of liabilities	Gross amounts offset in the consolidated statement of financial position	Net amount of assets presented in the consolidated statement of financial position	Gross amounts not offset in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral received	
Securities sold under repurchase agreements at amortized cost	(300,498)	—	(300,498)	791,956	22,947	514,405
Derivative financial instruments used for hedging at FVTPL	(33,761)	—	(33,761)	—	17,702	(16,059)
Total	**(334,259)**	**—**	**(334,259)**	**791,956**	**40,649**	**498,346**

B. Liquidity risk

i. Exposure to liquidity risk

The key measure used by the Bank for managing liquidity risk is the ratio of net liquid assets to deposits from customers and funding with a a remaining tenor of 30 days. For this purpose, 'net liquid assets' include cash and cash equivalents which consist of deposits from banks and customers, as well as corporate debt securities with investment grade.

5. Financial risk review (continued)

B. Liquidity risk (continued)

The following table details the Bank's liquidity ratios:

	December 31,	
	2023	**2022**
At the end of the year	205.8 %	167.5 %
Year average	177.2 %	132.6 %
Maximum of the year	357.0 %	276.9 %
Minimun of the year	111.5 %	81.2 %

The following table includes the Bank's liquid assets by country risk:

	December 31, 2023			December 31, 2022		
(in millions of USD dollars)	**Cash and due from banks**	**Securities FVOCI**	**Total**	**Cash and due from banks**	**Securities FVOCI**	**Total**
United States of America	1,904	—	1,904	1,151	43	1,194
Latin America	7	—	7	15	—	15
Other countries	1	—	1	—	—	—
Multilateral	75	12	87	25	35	60
Total	**1,987**	**12**	**1,999**	**1,191**	**78**	**1,269**

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

	December 31,	
	2023	**2022**
(in millions of USD dollars)		
Demand and "overnight" deposits	748	583
Demand and "overnight" deposits to total deposits	17.0 %	18.3 %

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

	December 31,	
(in millions of USD dollars)	**2023**	**2022**
Total liquid assets	1,999	1,269
Total assets to total liabilities	45.4 %	39.8 %
Total liquid assets in the Federal Reserve of the United States of America	94.3 %	90.2 %

5. Financial risk review (continued)

B. Liquidity risk (continued)

Even though the average term of the Bank's assets exceeds the average term of its liabilities, the associated liquidity risk is diminished by the short-term nature of a material portion of the loan portfolio, since the Bank is primarily engaged in financing foreign trade.

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

	December 31,	
(in millions of USD dollars)	**2023**	**2022**
Loan portfolio at amortized cost and investment portfolio less than/equal to 1 year according to its original terms	4,087	4,008
Average term (days)	197	200

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

	December 31,	
(in millions of USD dollars)	**2023**	**2022**
Loan portfolio at amortized cost and investment portfolio greater than/equal to 1 year according to its original terms	4,119	3,775
Average term (days)	1381	1367

5. Financial risk review (continued)

B. Liquidity risk (continued)

ii. Maturity analysis for financial liabilities and financial assets

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

	December 31, 2023						
	Up to 3 months	**3 to 6 months**	**6 months to 1 year**	**1 to 5 years**	**More than 5 years**	**Gross inflows (outflows)**	**Carrying amount**
Assets							
Cash and due from banks	2,048,021	—	—	—	—	2,048,021	2,047,452
Securities	10,992	89,836	110,816	886,944	32,117	1,130,705	1,022,131
Loans	1,935,474	1,775,280	1,524,298	2,580,310	243,491	8,058,853	7,220,520
Derivative financial instruments - assets	2,510	5,783	54,983	90,516	3,473	157,265	157,267
Total	**3,996,997**	**1,870,899**	**1,690,097**	**3,557,770**	**279,081**	**11,394,844**	**10,447,370**
Liabilities							
Deposits	(3,270,253)	(536,751)	(606,002)	(90,194)	—	(4,503,200)	(4,451,025)
Securities sold under repurchase agreements	(317,951)	—	—	—	—	(317,951)	(310,197)
Borrowings and debt	(856,466)	(746,314)	(989,680)	(2,167,620)	(59,762)	(4,819,842)	(4,401,205)
Lease liabilities	(284)	(286)	(572)	(4,728)	(10,837)	(16,707)	(16,707)
Derivative financial instruments - liabilities	(17,188)	(1,994)	(7,849)	(11,661)	(2,034)	(40,726)	(40,613)
Total	**(4,462,142)**	**(1,285,345)**	**(1,604,103)**	**(2,274,203)**	**(72,633)**	**(9,698,426)**	**(9,219,747)**
Subtotal net position	**(465,145)**	**585,554**	**85,994**	**1,283,567**	**206,448**	**1,696,418**	**1,227,623**
Off-balance sheet contingencies							
Confirmed letters of credit	264,603	64,100	345	16,560	—	345,608	
Stand-by letters of credit and guarantees	196,775	79,659	199,192	15,000	—	490,626	
Credit commitments	20,000	39,497	37,545	130,430	—	227,472	
Total	**481,378**	**183,256**	**237,082**	**161,990**	**—**	**1,063,706**	
Total net position	**(946,523)**	**402,298**	**(151,088)**	**1,121,577**	**206,448**	**632,712**	

5. Financial risk review (continued)

B. Liquidity risk (continued)

	December 31, 2022						
	Up to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	More than 5 years	Gross inflows (outflows)	Carrying amount
Assets							
Cash and due from banks	1,241,779	—	—	—	—	1,241,779	1,241,586
Securities	129,983	105,789	98,345	744,996	10,293	1,089,406	1,023,632
Loans	2,294,259	1,478,494	1,223,661	2,244,454	158,967	7,399,835	6,760,434
Derivative financial instruments - assets	4,216	10,831	14,015	39,097	—	68,159	68,159
Total	**3,670,237**	**1,595,114**	**1,336,021**	**3,028,547**	**169,260**	**9,799,179**	**9,093,811**
Liabilities							
Deposits	(2,770,754)	(256,989)	(161,889)	(39,805)	—	(3,229,437)	(3,205,386)
Securities sold under repurchase agreements	(53,418)	(64,513)	(55,144)	(138,286)	—	(311,361)	(300,498)
Borrowings and debt	(776,584)	(895,531)	(934,288)	(2,212,704)	(41,523)	(4,860,630)	(4,464,389)
Lease liabilities	(384)	(384)	(738)	(5,769)	(13,771)	(21,046)	(16,745)
Derivative financial instruments - liabilities	(3,702)	(764)	(63)	(26,882)	(2,350)	(33,761)	(33,761)
Total	**(3,604,842)**	**(1,218,181)**	**(1,152,122)**	**(2,423,446)**	**(57,644)**	**(8,456,235)**	**(8,020,779)**
Subtotal net position	**65,395**	**376,933**	**183,899**	**605,101**	**111,616**	**1,342,944**	**1,073,032**
Off-balance sheet contingencies							
Confirmed letters of credit	166,367	117,398	21,024	—	—	304,789	
Stand-by letters of credit and guarantees	132,353	117,750	92,750	8,772	—	351,625	
Credit commitments	—	13,102	32,906	76,952	—	122,960	
Total	**298,720**	**248,250**	**146,680**	**85,724**	**—**	**779,374**	
Total net position	**(233,325)**	**128,683**	**37,219**	**519,377**	**111,616**	**563,570**	

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

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

5. Financial risk review (continued)

B. Liquidity risk (continued)

Future undiscounted cash flows presented in the table above on some financial assets and financial liabilities vary materially from contractual cash flows. The principal difference is that the undiscounted future cash flows of floating rate assets and liabilities are calculated using projected market rates.

iii. Liquidity reserves

As part of the management of liquidity risk arising from financial liabilities, the Bank holds liquid assets comprising cash and cash equivalents.

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

	December 31, 2023		December 31, 2022	
	Amount	**Fair value**	**Amount**	**Fair value**
Balances with Federal Reserve of the United States of America	1,884,204	1,884,204	1,144,896	1,144,896
Cash and due from banks [(1)]	102,864	102,864	46,040	46,040
Total	**1,987,068**	**1,987,068**	**1,190,936**	**1,190,936**

(1) Excludes pledged deposits.

iv. Financial assets available to support future funding

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

	December 31, 2023		December 31, 2022	
	Pledged as collateral	**Available as collateral**	**Pledged as collateral**	**Available as collateral**
Cash and due from banks	60,384	1,987,066	50,650	1,190,936
Notional of investment securities	400,825	619,533	331,571	672,042
Loans at amortized cost	—	7,195,567	—	6,763,020
Total	**461,209**	**9,802,166**	**382,221**	**8,625,998**

The total financial assets recognized in the statement of financial position that had been pledged as collateral for liabilities as of December 31, 2023, and 2022, are shown in the table above. The nature of those financial assets is included in Note 5.A.ii

5. Financial risk review (continued)

C. Market risk

The Bank manages market risk by considering the consolidated financial situation of the Bank. For the definition of market risk and information on how the Bank manages the market risks of non-trading portfolios, see Note 6.

i. Interest rate risk

The table below details the Bank's exposure based on interest rate repricing/maturity date for the notional amount of the interest bearing financial assets and liabilities on interest-bearing financial assets and liabilities:

	December 31, 2023						
	Up to 3 months	**3 to 6 months**	**6 months to 1 year**	**1 to 5 years**	**More than 5 years**	**Without interest rate risk**	**Total**
Assets							
Cash and due from banks	2,044,103	—	—	—	—	3,349	2,047,452
Securities	14,169	60,256	82,951	824,836	29,156	—	1,011,368
Loans	4,292,324	1,699,301	915,143	280,005	8,794	—	7,195,567
Total	**6,350,596**	**1,759,557**	**998,094**	**1,104,841**	**37,950**	**3,349**	**10,254,387**
Liabilities							
Demand deposits and time deposits	(3,553,774)	(442,338)	(342,686)	(59,029)	—	(10,322)	(4,408,149)
Securities sold under repurchase agreements	(310,197)	—	—	—	—	—	(310,197)
Borrowings and debt	(2,653,379)	(381,795)	(483,731)	(818,947)	(14,136)	—	(4,351,988)
Total	**(6,517,350)**	**(824,133)**	**(826,417)**	**(877,976)**	**(14,136)**	**(10,322)**	**(9,070,334)**
Net effect of derivative financial instruments held for interest risk management	(3,485)	3,790	47,134	78,855	1,439	—	127,733
Total interest rate sensitivity	**(170,239)**	**939,214**	**218,811**	**305,720**	**25,253**	**(6,973)**	**1,311,786**

5. Financial risk review (continued)

C. Market risk (continued)

	December 31, 2022						
	Up to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	More than 5 years	Without interest rate risk	Total
Assets							
Cash and due from banks	1,233,700	—	—	—	—	7,886	1,241,586
Securities	112,736	114,815	82,666	701,749	7,977	—	1,019,943
Loans	2,956,268	2,531,067	1,007,343	240,949	27,393	—	6,763,020
Total	**4,302,704**	**2,645,882**	**1,090,009**	**942,698**	**35,370**	**7,886**	**9,024,549**
Liabilities							
Demand deposits and time deposits	(2,746,776)	(250,299)	(153,862)	(35,082)	—	(4,697)	(3,190,716)
Securities sold under repurchase agreements	(52,164)	(62,968)	(53,740)	(131,626)	—	—	(300,498)
Borrowings and debt	(1,354,457)	(953,503)	(1,083,543)	(999,151)	(25,857)	—	(4,416,511)
Total	**(4,153,397)**	**(1,266,770)**	**(1,291,145)**	**(1,165,859)**	**(25,857)**	**(4,697)**	**(7,907,725)**
Net effect of derivative financial instruments held for interest risk management	476	41	2,145	12,215	(2,350)	—	12,527
Total interest rate sensitivity	**149,783**	**1,379,153**	**(198,991)**	**(210,946)**	**7,163**	**3,189**	**1,129,351**

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

The Bank performs a sensitivity analysis to the most likely increase or decrease in market interest rates at the reporting date, assuming no asymmetric movements in yield curves and a constant financial position to assess the effect on profit or loss.

Interest rate sensitivity analysis affect reported equity in the following ways:

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

This sensitivity provides an analysis of changes in interest rates, considering the previous year´s interest rate volatility.

5. Financial risk review (continued)

C. Market risk (continued)

Additionally, the Bank measures the sensitivity of the equity value (EVE) following the methodology described by the Basel Committee on Banking Supervision, which measures the interest rate risk embedded in the equity value, which for interest rate risk purposes is defined as the difference between the net present value of assets less the net present value of liabilities due, based on the impact of a change in interest rates on such present values.

The following table presents the sensitivity analysis performed for the Bank;

	Change in interest rate	Effect on profit or loss	Effect on equity	Effect on equity value (EVE)
December 31, 2023	+50 bps	1,669	3,881	(9,047)
	-50 bps	(1,786)	(2,861)	9,199
December 31, 2022	+50 bps	4,559	2,904	676
	-50 bps	(4,629)	(1,808)	(206)

ii. Foreign exchange risk

The following table presents the maximum exposure amount in foreign currency of the Bank's carrying amount of total assets and liabilities, except for hedging relationships.

	December 31, 2023						
	Brazilian real	European euro	Japanese yen	Colombian peso	Mexican peso	Other currencies[1]	Total
Exchange rate	4.85	1.10	141.00	3,875.97	16.98		
Assets							
Cash and due from banks	10	387	45	35	1,314	14	1,805
Loans	—	30,360	—	—	304,529	—	334,889
Total	**10**	**30,747**	**45**	**35**	**305,843**	**14**	**336,694**
Liabilities							
Borrowings and debt	—	(30,360)	—	—	(305,631)	—	(335,991)
Total	**—**	**(30,360)**	**—**	**—**	**(305,631)**	**—**	**(335,991)**
Net currency position	**10**	**387**	**45**	**35**	**212**	**14**	**703**

5. Financial risk review (continued)

C. Market risk (continued)

	December 31, 2022						
	Brazilian real	**European euro**	**Japanese yen**	**Colombian peso**	**Mexican peso**	**Other currencies[1]**	**Total**
Exchange rate	5.29	1.07	130.96	4,854.37	19.50		
Assets							
Cash and due from banks	26	53	4	9	5,439	38	5,569
Loans	—	—	—	—	301,765	—	301,765
Total	**26**	**53**	**4**	**9**	**307,204**	**38**	**307,334**
Liabilities							
Borrowings and debt	—	—	—	—	(306,603)	—	(306,603)
Total	**—**	**—**	**—**	**—**	**(306,603)**	**—**	**(306,603)**
Net currency position	**26**	**53**	**4**	**9**	**601**	**38**	**731**

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

6. Financial risk management

The risk is inherent to the Bank's activities. Risks are classified into two categories: financial and non-financial risks. Financial risks are those associated within the Bank's business model, with impact in the Bank's consolidated statements of financial position and profit or loss, as follows: country risk, credit risk, market risk and liquidity risk. Non-financial risks are those related to the Bank's operating model and the regulatory environment that may affect the integrity of the information, the Bank's reputation and also its profit or loss accounts, as follows: operational, technological, cybersecurity, compliance (know your customer, money laundering, terrorism financing), environmental, fraud, among others.

Lead by the Head of Integrated Risk Management, an ongoing process of identification, measurement, monitoring, control, mitigation and reporting to all operating areas within the Bank is carried out continuously, considering the different types of risks to which the Bank is exposed to, according to the size and complexity of its operations, products and services.

The Bank has in place policies, standards and procedures, structures, and manuals relating to integrated risk management, designed to identify potential events that may affect it, all of which are consistent with the risk profile of the business, considering the complexity and the volume of its operations.

The Board of Directors is responsible for establishing the Bank's acceptable risk profile, for which it has the knowledge and understanding of the risks to which the Bank is exposed to. The Board of Directors designate the members of the Risk Policy and Assessment Committee (CPER, for its acronym in Spanish), which is responsible for overseeing the overall risk process within the Bank.

CPER oversees the assessment and recommendation for approval of the Board of Directors of all the policies relating to a prudent Integrated Risk Management. Furthermore, the Committee also reviews and assesses the exposure, within the risk levels stated in its policies, by which the Bank is willing to assume the various risks it faces through business management.

6. Financial risk management (continued)

The Head of Integrated Risk Management directly reports to the CEO and the CPER, and has as a main duty to ensure the integrated risk management of the Bank's operating model and IT platform, as well as the financial and credit related risks, being responsible for implementing and maintaining risk-related procedures in place to ensure that an independent control process is kept, monitoring compliance of the risk principles, policies and limits at all levels throughout the Bank. The Head of Integrated Risk Management works closely with CPER to ensure that procedures are consistent with the integrated risk management governance framework.

Risk Management Committees:

- Operational Risk Committee.
- Country Risk Committee.
- Credit Committee (Management Credit Committee / Board of Director´s Delegated Credit Committee / CPER).
- Management and Monitoring Committee.
- Asset and Liability Committee (ALCO).
- Technological Risk and Information Security Committee

The Bank emphasizes the awareness of its employees, promoting a Risk Management culture that has continuity over time and that allows them to understand and assimilate the importance of this concept from each of the processes that are executed within their areas. This is done throughout the training of all employees on an annual basis to raise their awareness in general terms of operational risks, which includes updates on applicable laws and regulations as required.

A. Credit risk

As part of the embedded risk, the Bank will incur in losses and/or its assets will be impaired as a result of the failure of its borrowers to comply in a timely manner or to meet the terms of credit agreements.

The Bank's customer base consists primarily of corporations, large companies, local and regional financial institutions, as well as state-owned enterprises. The Bank focuses its risk assessment on an in-depth analysis of the entity or economic group that involves: the nature of the business, the countries where it operates, types of products offered, duration of the relationship, track record and reputation, among others.

Credit risk management comprises two main stages: origination and monitoring. The credit origination process involves the activities of identifying and analyzing the customer's creditworthiness and approving the terms and conditions for credit extensions. The monitoring process consists of annual credit reviews of existing exposures, "ad hoc" reviews on a case-by-case basis when conditions so require, and portfolio reviews by the Bank's credit committees. The objective is to maximize the risk-adjusted rate of return by keeping credit risk exposures within acceptable parameters. This process involves the Risk and Business Units, as well as the Risk Policy and Assessment Committee (CPER).

The Bank determines the appropriate level of allowances for expected credit losses based on a forward-looking process that estimates the probable loss inherent in its credit portfolio and 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. This level of allowance reflects assumptions and estimations made in the context of changing political and economic conditions in the region, in which the Bank operates.

The Bank periodically assesses the adequacy and the validity of the allowance for expected credit losses calculation model. When assessing if the calculation model remains valid, characteristics and behavior of the loan portfolio are considered as a fundamental factor, as well as periodic economic analysis that contribute to the active management of the portfolio.

6. Financial risk management (continued)

A. Credit risk (continued)

The Bank's business model holds a low-risk portfolio, which focuses on financial institutions and large leading corporations in the region, including "quasi-sovereign" entities in strategic sectors, with whom it mainly conducts foreign trade operations.

Climate risk, like any other risk in general, implies the presence of an extreme natural event, but unpredictable, resulting in a human activity that may be damaged by such event. Consequently, the Bank incorporates into its risk assessment the possible impacts of climate risk that may affect its credit portfolio.

Individually assessed reserves

The Bank individually assesses the appropriate reserves for certain material financial assets, by considering interest payment delays, credit rating downgrading or any breach of the original contractual terms. Factors considered when determining a reserve include the sustainability of the counterparty's business plan, its ability to improve performance when facing a difficult financial situation, projected payments and expected results in the event of bankruptcy, the availability of other financial support, the realizable value of collateral, and the timing of expected cash flows. Impairment loss is assessed at each reporting date, unless unforeseen circumstances require special attention on other dates.

Collectively assessed reserves

Reserves are separately assessed at each reporting date for each portfolio. The collective assessment is made for groups of assets with similar risk characteristics, to determine whether it is appropriate to provide for, due to incurred loss events for which there is objective evidence, but the effects of which are not yet evident in individual loan assessments. The collective assessment considers either portfolio information (e.g. historical losses in the portfolio, delinquency levels, credit utilization, loan-to-collateral ratios and expected collections and recoveries after impairment) and economic data (such as current economic conditions, unemployment, local or industry-specific situations).

The Bank generally supports its assessment on historical experience and forward-looking information. However, when significant market, regional and/or global events occur, the Bank includes these macroeconomic factors in its assessments. Depending on the characteristics of the individual or collective assessment, these factors include: unemployment rates, current levels of impaired debt, changes in law, changes in regulation, bankruptcy trends and other consumer data. The Bank may use the above factors, as appropriate, to adjust for impairment.

The time elapsed since a loss is incurred and a specific individual reserve requirement is identified should be taken into consideration for the assessment. The impairment reserve is reviewed by credit risk management to ensure alignment with the Bank's general policy.

Financial guarantees and letters of credit are assessed in a similar manner to loans at amortized cost.

A supplemental qualitative review may result in adjustments to the level of provisions, based on prospective reviews of potential risk scenarios for businesses or loans not yet captured in the Bank's historical information.

The Bank has developed internal customer, counterparty and country rating models, which allow for proactive risk management in terms of exposure limits, transaction typology and time limits, among others.

Derivative financial instruments

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recognized in the consolidated statement of financial position at fair value. With derivatives that are settled gross, the Bank is also exposed to settlement risk, which is the risk that the Bank will honor its obligation, but the counterparty will be unable to deliver the value of the consideration.

6. Financial risk management (continued)

A. Credit risk (continued)

Credit Commitments

The Bank makes available to its customers guarantees that may require the Bank to make payments on behalf of these customers and to take on commitments to issue lines of credit to ensure their liquidity needs. Letters of credit and guarantees (including standby letters of credit) commit the Bank to make payments on behalf of customers for a specific event, usually related to the import or export of goods. Such commitments expose the Bank to risks similar to those for loans which are mitigated by the same controls established in processes and policies.

B. Liquidity risk

Liquidity risk is the possibility of an economic loss to the Bank due to the difficulty in liquidating assets or obtaining financial resources on normal terms.

The Bank conducts daily reviews of the Liquidity Coverage Ratio (LCR). The LCR methodology follows local standards and guidelines recommended by the Basel Committee. The Bank also monitors the Net Stable Funding Ratio (NSFR), to maintain an adequate funding structure over the long term.

Liquidity is controlled through the periodic review of:

- The maturity schedule to identify maturity “gaps” in the various timeframes.
- Deposit concentration report to identify possible increases in amounts and maturities that may affect the Bank’s liquidity.

The Bank has a Liquidity Contingency Plan in place, which was designed to monitor a series of indicators that could trigger a liquidity event, with potential impact on the Bank’s operations and establishes an action plan so that the Bank’s liquidity is always assured.

C. Market risk

Market risk is the risk that the value of the Bank’s assets and liabilities will decline due to changes in market conditions that may adversely affect its income. The risk is inherent in the financial instruments associated with the Bank’s operations and activities, including: loans, securities, borrowings and debt, derivatives, among others. The main risks include: interest rate risk and foreign exchange risk, which can affect asset prices and result in losses for the Bank.

With respect to interest rate risk management, the Bank’s policy requires Management to assess the asset and liability positions in order to reduce potential adverse impacts on net interest income due to market interest rate fluctuations.

The Bank manages interest rate risk by closely monitoring the appreciation and decline in value of the assets and liabilities through hedging to reduce potential negative impacts on profit or loss for the period and equity.

Management conducts periodic sensitivity analyses simulating market changes in interest rates to determine potential impacts on net interest income (both upward and downward). In addition, the Bank monitors the DV01 limit, for which a parallel 1-base point shock is applied to the interest rate curve and assesses if there is any impact on equity. At the same time, the Bank's Management measures equity sensitivity following the methodology described by the Basel Banking Supervision Committee (Basel III) to measure the interest rate risk implicit in the notional value.

Foreign exchange risk is the risk of change in the market value of a financial instrument due to fluctuations in the exchange rate of a given currency. The Bank operates primarily in U.S. dollars, so exposure to this type of risk is minimized. For transactions in currencies other than the US dollar, the Bank manages the exchange rate risk by arranging derivative instruments for hedging purposes, or by establishing natural hedges matching assets and liabilities expressed in the same currency. For liquidity positions, the Bank has established thresholds in order to limit the maximum level of exposure.

6. Financial risk management (continued)

D. Operational risk

Operational risk is the possibility of incurring losses due to deficiencies, failures or inadequacies in human resources, processes, technology, infrastructure, management information, models used, or the occurrence of external events. If this occurs, it can damage the Bank's reputation and result in regulatory sanctions, which can lead to financial losses. The Bank, like any other financial institution, is exposed to operational risks.

The main objective with Operational Risk Management is to reduce losses generated from operational risk and maintain an adequate administration thereof through the use of established management tools such as: risk profile, risk mapping, global and specific limits, operational risk indicators, as well as the analysis of events and incidents recorded in a database in order to monitor action plans on actual or potential risks.

As part of an adequate operational risk management, the Bank maintains a Business Continuity Plan to provide effective responses that guarantee the continuity of services and the banking business activities upon the occurrence of events that may create an interruption or instability in its operations.

E. Fraud risk

Fraud is any intentional act or omission designed to deceive others, resulting in a loss for the victim and/or a gain for the perpetrator.

Identification of fraud risk considers both internal and external factors, and their impact on the achievement of the Bank's objectives. Internal fraud is related to losses arising from any type of action, involving Bank employees, aimed at defrauding, misappropriating property or violating regulations, laws or internal policies. External fraud is related to losses arising from any type of action by a third party aimed at defrauding, misappropriating property or infringing the law.

To manage this risk, the Bank has a general fraud risk management program in place, which includes: establishing fraud risk governance policies, evaluating fraud risk, designing and developing control activities to prevent and detect fraud, and investigating fraud, including monitoring and evaluating the fraud risk management program.

F. Cybersecurity risk

Cybersecurity or information technology security refers to the procedures designed, and measures implemented to protect technological appliances, networks, programs and data against cyber-attacks, in other words, unauthorized access or attacks aimed at operating, or misusing, the Bank's technology platform to access the financial system.

The Bank has approved policies and implemented procedures defining roles and responsibilities for managing information security as part of the IT security and technology risk management framework. These policies and procedures apply throughout the Bank and cover all relationships between the workforce, customers and suppliers, as well as any other individual who, on a permanent or temporary basis with the Bank, has some form of access to data, resource management and IT systems.

To counter the risk arising from cyber attacks, the Bank maintains a comprehensive monitoring program of the main attack vectors: emails and end-user devices, as well as the continuous frequency of scans and vulnerability management. To address the risks arising under the hybrid model, the Bank maintains security platforms that provide an adequate level of protection, in order to keep the same security posture, regardless of the physical location of the employees. Additionally, for the risk related to cyber-resilience, the Bank continuously executes internal and external penetration tests in order to have the ability to respond, resist and/or recover from cyber attacks or incidents.

The Bank's Information Security Officer is responsible for ensuring compliance with policies and procedures by anyone with access to the Bank's systems. The Bank also commits to independent third-party reviews of its cybersecurity program. The Bank's cybersecurity program has been developed with a holistic approach, allowing the Bank to encompass both technical and strategic measures in a single framework. This program is based on five fundamental pillars: Perimeter Security, Services and Infrastructure Security, User Security, Data Security, and Security in service providers.

7. Fair value of financial instruments

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

The Bank applied the following fair value hierarchy:

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

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

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

When determining the fair value measurements for assets and liabilities that are required or permitted to be recorded at fair value, the Bank considers the principal or most advantageous market in which it would transact and considers the inputs that market participants would use when pricing the asset or liability.

A. Measured at fair value

When identical assets and liabilities are not traded in active markets, the Bank uses observable market information for similar assets and liabilities. However, certain assets and liabilities are not actively traded in observable markets and the Bank must use alternative valuation techniques to determine the fair value measurement. The frequency of transactions, the size of the bid-ask spread, and the size of the investment are factors considered in determining the liquidity of markets and the relevance of observed prices in those markets.

When there has been a significant decrease in the valuation of the financial asset or liability, or in the level of activity for a financial asset or liability (provided it is not due to impairment), the Bank uses the present value technique which considers market information to determine a representative fair value under usual market conditions.

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

Financial instruments at FVTPL or FVOCI

For financial instruments at FVTPL or FVOCI, fair value is based upon quoted market prices, when available, or if quoted market prices are not available on discounted expected cash flows including interest rate yield curves and other market rates.

When quoted prices are available in an active market, financial instruments at FVTPL and financial instruments at FVOCI are classified in level 1 of the fair value hierarchy. If quoted market prices are not available or they are available in markets that are not active, then fair values are estimated based upon quoted prices for similar instruments, or where these are not available, by using internal valuation techniques, principally discounted cash flows models. Such securities are classified within levels 2 and 3 of the fair value hierarchy.

7. Fair value of financial instruments (continued)

A. Measured at fair value (continued)

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

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

For those derivative contracts without quoted market prices, fair value is based on internal valuation techniques using inputs that are readily observable and that can be validated by information available in the market. The principal technique used to value these instruments is the discounted cash flow 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 amounts include credit valuation adjustments ("Credit and Debit Value Adjustment" CVA / DVA), which are applied to OTC derivative instruments, in which the base valuation generally discounts expected cash flows using the Overnight Index Swap interest rate curves. Because not all counterparties have the same credit rating, valuation adjustments are necessary to incorporate the market view of both the counterparty's credit risk and the Bank's own credit risk.

Own-credit and counterparty (DVA and CVA) is determined using a fair value curve consistent with the Bank's or counterparty credit rating. These adjustments are 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 or DVA (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 these adjustments may be reversed or otherwise adjusted in future periods in the event of changes in the credit risk of the Bank or its counterparties or due to the anticipated termination of the transactions.

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

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

	December 31, 2023			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Securities at FVOCI - Corporate debt	—	11,865	—	11,865
Derivative financial instruments - assets:				
Interest rate swaps	—	11,358	—	11,358
Cross-currency swaps	—	145,909	—	145,909
Total derivative financial instrument assets	—	157,267	—	157,267
Total assets at fair value	**—**	**169,132**	**—**	**169,132**
Liabilities				
Derivative financial instruments - liabilities:				
Interest rate swaps	—	790	—	790
Cross-currency swaps	—	39,823	—	39,823
Total derivative financial instruments - liabilities	—	40,613	—	40,613
Total liabilities at fair value	**—**	**40,613**	**—**	**40,613**

7. Fair value of financial instruments (continued)

A. Measured at fair value (continued)

	December 31, 2022			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Securities at FVOCI - Corporate debt	—	78,372	—	78,372
Derivative financial instruments - assets:				
Interest rate swaps	—	483	—	483
Cross-currency swaps	—	45,806	—	45,806
Foreign exchange forwards	—	21,870	—	21,870
Total derivative financial instrument assets	—	68,159	—	68,159
Total assets at fair value	**—**	**146,531**	**—**	**146,531**
Liabilities				
Derivative financial instruments - liabilities:				
Interest rate swaps	—	544	—	544
Cross-currency swaps	—	33,217	—	33,217
Total derivative financial instruments - liabilities	—	33,761	—	33,761
Total liabilities at fair value	**—**	**33,761**	**—**	**33,761**

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

B. Not measured at fair value

The following methods and inputs were used by the Bank's management in estimating the fair values of financial instruments not measured at fair value:

Financial instruments with carrying value that approximates fair value

The carrying value of certain financial assets, including cash and due from banks, interest-bearing deposits in banks, customers' liabilities under acceptances and certain financial liabilities including customer's demand and time deposits, securities sold under repurchase agreements and acceptances outstanding, due to their short-term nature, is considered to approximate their fair value. These instruments are classified in level 2.

Financial instruments measured at amortized cost

The fair value of financial instruments measured at amortized cost is valued using quoted market prices. If quoted market prices are not available, then fair values are estimated based upon quoted prices for similar instruments. When prices for similar instruments are not available, then fair values are estimated by using discounted cash flow models using interest rate yields curves and other market rates. Such instruments are classified in levels 2 and 3.

7. Fair value of financial instruments (continued)

B. Not measured at fair value (continued)

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

	December 31, 2023				
	Carrying value	Fair value	Level 1	Level 2	Level 3
Assets					
Cash and deposits in banks	2,047,452	2,047,452	—	2,047,452	—
Securities at amortized cost [1]	1,010,266	997,341	—	997,341	—
Loans at amortized cost [2]	7,220,520	7,267,429	—	7,267,429	—
Customers' liabilities under acceptances	261,428	261,428	—	261,428	—
Liabilities					
Deposits	4,451,025	4,451,025	—	4,451,025	—
Securities sold under repurchase agreements	310,197	310,197	—	310,197	—
Borrowings and debt, net	4,351,988	4,357,271	—	4,357,271	—
Acceptances outstanding	261,428	261,428	—	261,428	—

	December 31, 2022				
	Carrying value	Fair value	Level 1	Level 2	Level 3
Assets					
Cash and deposits in banks	1,241,586	1,241,586	—	1,241,586	—
Securities at amortized cost [1]	945,260	895,154	—	894,034	1,120
Loans at amortized cost, net [2]	6,760,434	6,785,652	—	6,785,652	—
Customers' liabilities under acceptances	163,345	163,345	—	163,345	—
Liabilities					
Deposits	3,205,386	3,205,386	—	3,205,386	—
Securities sold under repurchase agreements	300,498	300,498	—	300,498	—
Borrowings and debt, net	4,416,511	4,389,902	—	4,389,902	—
Acceptances outstanding	163,345	163,345	—	163,345	—

[1] The carrying value of securities at amortized cost is net of accrued interest receivable of $12.4 million and the allowance for expected credit losses of $1.6 million as of December 31, 2023 (accrued interest receivable of $11.2 million and the allowance for expected credit losses of $8.0 million as of December 31, 2022).

[2] The carrying value of loans at amortized cost is net of accrued interest receivable of $109.1 million, the allowance for expected credit losses of $59.4 million and unearned interest and deferred fees of $24.7 million as of December 31, 2023 (accrued interest receivable of $70.0 million, the allowance for expected credit losses of $55.2 million and unearned interest and deferred fees of $17.3 million as of December 31, 2022).

8. Cash and due from banks

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

	December 31,	
	2023	**2022**
Unrestricted deposits with the Federal Reserve of the United States of America	1,884,204	1,144,896
Cash and non-interest-bearing deposits in other banks	3,349	7,886
Cash and interest-bearing deposits in other banks[(1)]	159,899	88,804
Total cash and due from banks	**2,047,452**	**1,241,586**
Less:		
Time deposits with original maturity over 90 days and other restricted deposits [(1)]	60,384	50,650
Total cash and due from banks in the consolidated statement of cash flows	**1,987,068**	**1,190,936**

The following table presents the restricted deposits classified by country risk:

	December 31,	
	2023	**2022**
United States of America[(1)]	20,700	11,387
Japan	14,820	—
Switzerland	13,747	16,797
Germany	5,775	5,380
Canada	5,342	—
Spain	—	12,814
United Kingdom	—	4,272
Total	**60,384**	**50,650**

(1) As of December 31, 2023 includes restricted deposit of $18.0 million (December 31, 2022: $10.0 million) with the New York State Department of Financial Services under March 1994 legislation and margin call deposits collateralizing derivative financial instrument transactions.

9. Securities

Securities are presented as follows:

December 31, 2023	Amortized cost	FVOCI	Total
Principal	999,544	11,824	1,011,368
Interest receivable	12,354	41	12,395
Allowance [1]	(1,632)	—	(1,632)
	1,010,266	**11,865**	**1,022,131**

December 31, 2022	Amortized cost	FVOCI	Total
Principal	941,971	77,972	1,019,943
Interest receivable	11,240	400	11,640
Allowance [1]	(7,951)	—	(7,951)
	945,260	**78,372**	**1,023,632**

[1] As of December 31, 2023 and 2022, the loss allowance for losses for securities at FVOCI for $1 thousand and $10 thousand, respectively are included in equity in the consolidated statement of financial position in the line Other comprehensive income.

Securities by contractual maturity are shown in the following table:

December 31, 2023	Amortized cost	FVOCI	Total
Due within 1 year	157,376	—	157,376
After 1 year but within 5 years	813,012	11,824	824,836
After 5 years but within 10 years	29,156	—	29,156
Balance - principal	**999,544**	**11,824**	**1,011,368**

December 31, 2022	Amortized cost	FVOCI	Total
Due within 1 year	222,666	77,972	300,638
After 1 year but within 5 years	711,328	—	711,328
After 5 years but within 10 years	7,977	—	7,977
Balance - principal	**941,971**	**77,972**	**1,019,943**

The following table includes the securities pledged to secure repurchase transactions (see note 19):

	December 31,	
	2023	2022
Securities pledged to secure repurchase transactions	342,271	345,187
Securities sold under repurchase agreements	(310,197)	(300,498)

As of December 31, 2023, sales were made for $63.5 million of investments at amortized cost classified as Stage 2 with a significant increase in their credit risk. These sales resulted in write-off against reserves of $7.0 million and losses on sale of $3.9 million attributable to market risk. These sales were made based on compliance with the Bank's strategy to manage the credit risk of its investment portfolio.

10. Loans

The following table presents the loan portfolio according to its classification and subsequent measurement:

	December 31,	
	2023	**2022**
Loans, outstanding balance	7,195,567	6,763,020
Interest receivable	109,082	69,965
Loss allowance	(59,410)	(55,200)
Unearned interest and deferred fees	(24,719)	(17,351)
Loans, net	**7,220,520**	**6,760,434**

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

	December 31,	
	2023	**2022**
Fixed interest rate	3,828,485	3,827,083
Floating interest rates	3,367,082	2,935,937
Total	**7,195,567**	**6,763,020**

As of December 31, 2023, and 2022, 71% and 79% of the loan portfolio at fixed interest rates has remaining maturities of less than 180 days. Interest rates on loans ranges from 1.95% to 16.01% (December 31, 2022: 1.27% to 15.32%).

The following table details information relating to loans granted to class A and B shareholders:

	December 31,	
	2023	**2022**
Loans to class A and B shareholders	397,300	834,768
% Loans to class A and B shareholders over total loan portfolio	6 %	12 %
% Class A and B stockholders with loans over number of class A and B stockholders	10 %	11 %

11. Loan commitments and financial guarantee contracts

In the normal course of business, to meet the financing needs of its customers, the Bank is party to loan commitments and financial guarantee contracts. These instruments involve, to varying degrees, elements of credit and market risk in excess of the amount recognized in the consolidated statement of financial position. Credit risk represents the possibility of loss resulting from the failure of a customer to perform in accordance with the terms of a contract.

The Bank's outstanding loan commitments and financial guarantee contracts are as follows:

	December 31,	
	2023	**2022**
Documentary letters of credit	345,608	304,789
Stand-by letters of credit and guarantees - commercial risk	490,626	351,625
Credit commitments	227,472	122,960
Total	**1,063,706**	**779,374**

11. Loan commitments and financial guarantee contracts (continued)

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

	December 31,	
	2023	**2022**
Up to 1 year	901,716	693,650
From 1 to 2 years	84,581	15,956
Over 2 to 5 years	77,409	69,768
Total	**1,063,706**	**779,374**

12. Gain (loss) on financial instruments, net

The amounts that were recognized in profit or loss related to the results of financial instruments are detailed below:

	December 31,		
	2023	**2022**	**2021**
Gain (loss) on derivative financial instruments and foreign currency exchange, net	3,813	(1,920)	(1,870)
Unrealized gain on financial instruments at FVTPL	—	—	227
Realized gain on financial instruments at FVTPL	—	510	—
(Loss) gain on sale of financial instruments at amortized cost	(3,858)	—	333
Realized gain on financial instruments at FVOCI	—	—	14
	(45)	**(1,410)**	**(1,296)**

December 31, 2023$63.5 million$7.0 million$3.9 million

13. Derivative financial instruments

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

	December 31, 2023		
	Notional amount	Carrying amount of hedging instruments	
		Asset [1]	Liability [1]
Interest rate risk			
Fair value hedges	987,394	11,358	(790)
Interest rate and foreign exchange risk			
Fair value hedges	374,654	38,088	(14,290)
Cash flow hedges	1,303,388	107,821	(25,533)
	2,665,436	**157,267**	**(40,613)**

	December 31, 2022		
	Notional amount	Carrying amount of hedging instruments	
		Asset [1]	Liability [1]
Interest rate risk			
Fair value hedges	293,711	340	(543)
Cash flow hedges	75,000	143	(1)
Interest rate and foreign exchange risk			
Fair value hedges	252,793	4,129	(16,237)
Cash flow hedges	922,777	41,677	(16,980)
Foreign exchange risk			
Cash flow hedges	189,173	21,870	—
	1,733,454	**68,159**	**(33,761)**

[1] Included in the consolidated statement of financial position under the line Derivative financial instruments - assets or liabilities.

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

- Fair value hedges.
- Cash flow hedges.
- Net investment hedges.

For control purposes, derivative instruments are recorded at their notional amount in control accounts. Interest rate swaps are made either in a single currency or cross currency for a prescribed period to exchange a series of interest rate flows, which involve fixed for floating interest payments, and vice versa. The Bank also engages in certain foreign exchange forward contracts to serve customers' transaction needs and to manage foreign currency risk. All such positions are hedged with an offsetting contract for the same currency.

13. Derivative financial instruments (continued)

The Bank manages and controls the risks on these foreign exchange hedges by establishing counterparty credit limits by customer and by adopting policies that do not allow maintaining open positions in excess of the limits established by Management. The Bank also has used foreign exchange forward contracts to hedge the foreign exchange risk associated with the Bank's equity investment in a non-U.S. dollar functional currency foreign entity. Derivative and foreign exchange forward instruments negotiated by the Bank are executed mainly over-the-counter (OTC). These contracts are executed between two counterparties that negotiate specific agreement terms, including notional amount, exercise price and maturity.

A. Fair value hedges

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

The Bank's exposure to interest rate risk is disclosed in Note 5(C)(i). Interest rate risk to which the Bank applies hedge accounting arises from fixed and floating open positions, whose fair value fluctuates when benchmark interest rates change. The Bank hedges interest rate risk only to the extent of benchmark interest rates because the changes in fair value of a fixed-rate note or loan are significantly influenced by changes in the benchmark interest rate (USD Libor or SOFR). Hedge accounting is applied where economic hedging relationships meet the hedge accounting criteria.

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

The Bank maintains as part of its risk management, second level fair value hedges composed of combined derivative and non-derivative exposures (aggregate exposures). The components comprising such aggregate exposures are previously designated under cash flow hedging relationships.

13. Derivative financial instruments (continued)

A. Fair value hedges (continued)

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

	December 31, 2023				
		Carrying amount of hedging instruments			
	Notional amount	Asset [1]	Liability [1]	Changes in fair value used to calculate hedge ineffectiveness [2]	Ineffectiveness recognized in profit or loss [2]
Interest rate risk					
Loans	10,000	—	(519)	(113)	7
Securities at amortized cost	10,000	101	—	(109)	144
Deposits	307,000	3,564	—	600	12
Borrowings and debt	660,394	7,693	(271)	5,152	176
Interest rate and foreign exchange risk					
Borrowings and debt	374,654	38,088	(14,290)	36,710	2,908
Total	**1,362,048**	**49,446**	**(15,080)**	**42,240**	**3,247**

	December 31, 2022				
		Carrying amount of hedging instruments			
	Notional amount	Asset [1]	Liability [1]	Changes in fair value used to calculate hedge ineffectiveness [2]	Ineffectiveness recognized in profit or loss [2]
Interest rate risk					
Loans	155,511	134	(543)	1,607	(18)
Securities at amortized cost	10,000	178	—	167	(62)
Borrowings and debt	128,200	28	—	(3,457)	(111)
Interest rate and foreign exchange risk					
Loans	1,938	108	—	(227)	(129)
Borrowings and debt	250,855	4,021	(16,237)	8,072	(1,548)
Total	**546,504**	**4,469**	**(16,780)**	**6,162**	**(1,868)**

[1] Included in the consolidated statement of financial position under the line Derivative financial instruments - assets or liabilities.

[2] Included in the consolidated statement of profit or loss under the line Loss on financial instruments, net.

13. Derivative financial instruments (continued)

A. Fair value hedges (continued)

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

	December 31, 2023				
	Carrying amount of hedged items		Line in the consolidated statement of financial position that includes the carrying amount of the hedged items	Accumulated amount of fair value hedge adjustments included in the carrying amount of the hedged items	Changes in fair value of the hedged items used to calculate hedge ineffectiveness[1]
	Asset	Liability			
Interest rate risk					
Loans	10,664	—	Loans, net	(136)	120
Securities at amortized cost	10,055	—	Securities, net	26	253
Deposits	—	(236,942)	Deposits	(588)	(588)
Borrowings and debt	—	(344,605)	Borrowings and debt, net	(1,626)	(4,976)
Interest rate and foreign exchange risk					
Borrowings and debt	—	(402,377)	Borrowings and debt, net	(21,737)	(33,802)
Total	**20,719**	**(983,924)**		**(24,061)**	**(38,993)**

	December 31, 2022				
	Carrying amount of hedged items		Line in the consolidated statement of financial position that includes the carrying amount of the hedged items	Accumulated amount of fair value hedge adjustments included in the carrying amount of the hedged items	Changes in fair value of the hedged items used to calculate hedge ineffectiveness[1]
	Asset	Liability			
Interest rate risk					
Loans	157,136	—	Loans, net	(1,625)	(1,625)
Securities at amortized cost	9,654	—	Securities, net	(229)	(229)
Borrowings and debt	—	(129,306)	Borrowings and debt, net	3,350	3,346
Interest rate and foreign exchange risk					
Loans	1,839	—	Loans, net	(580)	98
Borrowings and debt	—	(243,851)	Borrowings and debt, net	11,612	(9,620)
Total	**168,629**	**(373,157)**		**12,528**	**(8,030)**

[1] Included in the consolidated statement of profit or loss under the line Loss on financial instruments, net.

13. Derivative financial instruments (continued)

A. Fair value hedges (continued)

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

	December 31, 2023		
	Interest rate swaps	**Cross currency swaps**	**Total**
Less than 1 year	434,420	235,973	670,393
Over 1 to 2 years	50,263	—	50,263
Over 2 to 5 years	476,311	128,556	604,867
More than 5 years	26,400	10,125	36,525
Total	**987,394**	**374,654**	**1,362,048**

	December 31, 2022		
	Interest rate swaps	**Cross currency swaps**	**Total**
Less than 1 year	145,511	1,937	147,448
Over 1 to 2 years	20,000	153,415	173,415
Over 2 to 5 years	128,200	87,316	215,516
More than 5 years	—	10,125	10,125
Total	**293,711**	**252,793**	**546,504**

The following table details the ineffectiveness recognized in profit or loss for the derivative instruments used in fair value hedges:

	December 31, 2023		
	Current	**Overdue**	**Total**
Ineffectiveness recognized in profit or loss			
Interest rate risk			
Loans	7	7	14
Securities at amortized cost	144	—	144
Deposits	12	—	12
Borrowings and debt	176	—	176
Interest rate and foreign exchange risk			
Loans	—	(26)	(26)
Borrowings and debt	2,908	—	2,908
Total	**3,247**	**(19)**	**3,228**

13. Derivative financial instruments (continued)

A. Fair value hedges (continued)

	December 31, 2022		
	Current	**Overdue**	**Total**
Ineffectiveness recognized in profit or loss			
Interest rate risk			
Loans	(18)	—	(18)
Securities at amortized cost	(62)	—	(62)
Borrowings and debt	(117)	6	(111)
Interest rate and foreign exchange risk			
Loans	(129)	—	(129)
Borrowings and debt	(2,775)	1,227	(1,548)
Total	**(3,101)**	**1,233**	**(1,868)**

B. Cash flow hedges

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

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

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

The sources of ineffectiveness arise mainly from CVA/DVA counterparty risk made in the hedging instrument, which are not contemplated in the methodology of hypothetical derivative used to measure the ineffectiveness of the hedge.

13. Derivative financial instruments (continued)

B. Cash flow hedges (continued)

The maximum length of time over which the Bank has hedged its exposure to the variability in future cash flows on forecasted transactions is 6 years.

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

	December 31, 2023						
		Carrying amount of hedging instruments					
	Notional amount	Asset [1]	Liability [1]	Change in fair value used for calculating hedge ineffectiveness	Changes in the fair value of the hedging instruments recognized in OCI [2]	Ineffectiveness recognized in profit or loss [3]	Amount reclassified from the hedge reserve to profit or loss [4]
Interest rate and foreign exchange risk							
Borrowings and debt	1,303,388	107,821	(25,533)	65,005	65,286	281	(682)
Foreign exchange risk							
Deposits	—	—	—	—	—	—	57
Borrowings and debt	—	—	—	—	—	—	142
Total	**1,303,388**	**107,821**	**(25,533)**	**65,005**	**65,286**	**281**	**(483)**

	December 31, 2022						
		Carrying amount of hedging instruments					
	Notional amount	Asset [1]	Liability [1]	Change in fair value used for calculating hedge ineffectiveness	Changes in the fair value of the hedging instruments recognized in OCI [2]	Ineffectiveness recognized in profit or loss [3]	Amount reclassified from the hedge reserve to profit or loss [4]
Interest rate risk							
Borrowings and debt	75,000	143	(1)	550	551	1	—
Interest rate and foreign exchange risk							
Borrowings and debt	922,777	41,677	(16,980)	28,211	27,061	(1,150)	4,914
Foreign exchange risk							
Deposits	8,534	37	—	37	37	—	—
Borrowing and Debt	180,639	21,833	—	21,833	21,833	—	—
Total	**1,186,950**	**63,690**	**(16,981)**	**50,631**	**49,482**	**(1,149)**	**4,914**

[1] Included in the consolidated statement of financial position under the line Derivative financial instruments - assets or liabilities.

[2] Included in equity in the consolidated statement of financial position under the line Other comprehensive income (loss).

[3] Hedge ineffectiveness attributable to matured hedges included in the consolidated statement of profit or loss in the line Loss on financial instruments, net.

[4] Hedging reserve attributable to expired hedges reclassified to the consolidated statement of profit or loss in the line Loss on financial instruments, net.

13. Derivative financial instruments (continued)

B. Cash flow hedges (continued)

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

	December 31, 2023				
	Carrying amount of hedged items				
	Asset	Liability	Line in the consolidated statement of financial position that includes the carrying amount of the hedged items	Changes in the fair value of the hedged items used to calculate the hedge ineffectiveness	Cash flow hedge reserve
Interest rate and foreign exchange risk					
Borrowings and debt	—	(1,398,323)	Borrowings and debt, net	(65,005)	(7,458)
Total	**—**	**(1,398,323)**		**(65,005)**	**(7,458)**

	December 31, 2022				
	Carrying amount of hedged items				
	Asset	Liability	Line in the consolidated statement of financial position that includes the carrying amount of the hedged items	Changes in the fair value of the hedged items used to calculate the hedge ineffectiveness	Cash flow hedge reserve
Interest rate risk					
Borrowings and debt	—	(75,695)	Borrowings and debt, net	(551)	(97)
Interest rate and foreign exchange risk					
Borrowings and debt	—	(943,942)	Borrowings and debt, net	(27,061)	(8,836)
Foreign exchange risk					
Deposits	—	(8,566)	Demand deposits	(37)	(44)
Borrowings and debt	—	(196,646)	Borrowings and debt, net	(21,833)	1,836
Total	**—**	**(1,224,849)**		**(49,482)**	**(7,141)**

13. Derivative financial instruments (continued)

B. Cash flow hedges (continued)

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

	December 31, 2023			
	Foreign exchange forward contracts	**Interest rate swaps**	**Cross currency swaps**	**Total**
Less than 1 year	—	—	643,464	643,464
Over 1 to 2 years	—	—	206,496	206,496
Over 2 to 5 years	—	—	409,742	409,742
More than 5 years	—	—	43,686	43,686
Total	**—**	**—**	**1,303,388**	**1,303,388**

	December 31, 2022			
	Foreign exchange forward contracts	**Interest rate swaps**	**Cross currency swaps**	**Total**
Less than 1 year	189,173	75,000	388,035	652,208
Over 1 to 2 years	—	—	194,639	194,639
Over 2 to 5 years	—	—	322,817	322,817
More than 5 years	—	—	17,286	17,286
Total	**189,173**	**75,000**	**922,777**	**1,186,950**

13. Derivative financial instruments (continued)

B. Cash flow hedges (continued)

The following table details the ineffectiveness recognized in profit or loss for the derivative instruments used in cash flow hedges:

	December 31, 2023		
	Current	**Overdue**	**Total**
Ineffectiveness recognized in profit or loss			
Interest rate and foreign exchange risk			
Borrowings and debt	281	(682)	(401)
Foreign exchange risk			
Deposits	—	57	57
Borrowings and debt	—	142	142
Total	**281**	**(483)**	**(202)**

	December 31, 2022		
	Current	**Overdue**	**Total**
Ineffectiveness recognized in profit or loss			
Interest rate risk			
Borrowings and debt	1	—	1
Interest rate hedges			
Borrowings and debt	(473)	(677)	(1,150)
Total	**(472)**	**(677)**	**(1,149)**

14. Gain on non - financial assets, net

The gain or loss on non-financial assets is presented as follows:

	December 31,		
	2023	**2022**	**2021**
Gain on investment property - Right-of-use	**—**	—	**742**

At the end of 2021, the Bank's Management renegotiated the terms and conditions of the lease agreement relating to the Head Office. Such negotiation included the assignment to the lessor of the sublease agreement that was maintained as operating lease and classified as Investment Properties - Right-of-use. As the result of the assignment of the sublease agreement, the Bank derecognized the entire investment property arising from right-of-use assets, as well as its associated lease liability, originating a gain of $742 thousand.

15. Equipment and leasehold improvements

The following table provides a summary of the items included in equipment and leasehold improvements:

	December 31,	
	2023	**2022**
Equipment and leasehold improvements, net	4,041	4,441
Right-of-use assets	12,753	12,841
	16,794	**17,282**

Equipment and leasehold improvements are detailed as follows:

	IT equipment	Furniture and fixtures	Leasehold improvements	Other equipment	Total
Cost:					
Balance as of January 1, 2021	4,136	1,677	7,428	2,572	15,813
Additions	402	4	26	21	453
Disposals	(58)	(3)	—	(1,906)	(1,967)
Effect of changes in exchange rates	(5)	(1)	(4)	—	(10)
Reclassifications	1	—	—	—	1
Balance as of December 31, 2021	4,476	1,677	7,450	687	14,290
Additions	599	165	852	35	1,651
Disposals	(1,136)	(36)	(4)	(6)	(1,182)
Effect of changes in exchange rates	2	2	3	1	8
Balance as of December 31, 2022	3,941	1,808	8,301	717	14,767
Additions	369	92	124	176	761
Disposals	(28)	(83)	(117)	(49)	(277)
Effect of changes in exchange rates	5	3	5	—	13
Balance as of December 31, 2023	**4,287**	**1,820**	**8,313**	**844**	**15,264**
Accumulated depreciation:					
Balance as of January 1, 2021	3,340	1,601	3,830	2,052	10,823
Amortization	566	41	549	190	1,346
Disposals	(57)	(3)	—	(1,652)	(1,712)
Effect of changes in exchange rates	(3)	(2)	(4)	—	(9)
Reclassifications	—	1	—	—	1
Balance as of December 31, 2021	3,846	1,638	4,375	590	10,449
Amortization	430	32	531	57	1,050
Disposals	(1,133)	(35)	(4)	(4)	(1,176)
Effect of changes in exchange rates	(1)	1	4	(1)	3
Balance as of December 31, 2022	3,142	1,636	4,906	642	10,326
Amortization	449	54	589	69	1,161
Disposals	(25)	(83)	(117)	(49)	(274)
Effect of changes in exchange rates	4	1	5	—	10
Balance as of December 31, 2023	**3,570**	**1,608**	**5,383**	**662**	**11,223**
Carrying amounts as of:					
December 31, 2023	**717**	**212**	**2,930**	**182**	**4,041**
December 31, 2022	**799**	**172**	**3,395**	**75**	**4,441**
December 31, 2021	**630**	**39**	**3,075**	**97**	**3,841**

15. Equipment and leasehold improvements (continued)

Leases

The following is the detail of the movement of right-of-use assets on the leases for which the Bank is a lessee:

	December 31,	
	2023	**2022**
Initial balance	12,841	13,938
Additions	1,388	7
Depreciation of right-of-use assets	(1,119)	(1,104)
Decrease	(357)	—
Ending balance	**12,753**	**12,841**

The Bank leases office spaces in buildings. The lease of head office space typically runs for a period of 15 years, and for the representative offices from 3 to 5 years. Some leases include an option to renew the lease for a similar additional period after the end of the contract term.

16. Intangible assets

A breakdown of software cost, accumulated amortization, additions, sales and disposals of intangible assets is as follows:

Costs:	
Balance as of January 1, 2021	15,711
Additions	353
Disposals	(6,278)
Balance as of December 31, 2021	9,786
Additions	1,070
Balance as of December 31, 2022	10,856
Additions	1,335
Disposals	(150)
Balance as of December 31, 2023	**12,041**
Accumulated amortization:	
Balance as of January 1, 2021	13,727
Amortization	742
Disposals	(6,278)
Balance as of December 31, 2021	8,191
Amortization	561
Balance as of December 31, 2022	8,752
Amortization	814
Disposals	(130)
Balance as of December 31, 2023	**9,436**
Carrying amounts as of:	
December 31, 2023	**2,605**
December 31, 2022	**2,104**
December 31, 2021	**1,595**

Expenses related to the amortization of intangible assets are presented as part of amortization of intangible assets in the consolidated statement of profit or loss.

17. Other assets

Following is a summary of other assets:

	December 31,	
	2023	**2022**
Accounts receivable financial instruments	4,844	961
Prepaid expenses	2,174	1,120
Prepaid fees and commissions	451	325
Interest receivable - deposits	1,603	751
IT projects under development	1,802	425
Improvement project under development	396	—
Severance fund	2,169	2,026
Other	2,156	1,760
Total	**15,595**	**7,368**

18. Deposits

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

	Remaining Term December 31,		Original Term December 31,	
	2023	**2022**	**2023**	**2022**
Demand	510,195	233,756	510,195	233,757
Up to 1 month	2,026,454	1,630,484	1,336,379	999,043
From 1 month to 3 months	704,765	887,232	758,728	969,960
From 3 month to 6 months	517,359	250,300	675,106	385,972
From 6 month to 1 year	570,033	153,862	892,221	554,402
From 1 year to 2 years	77,843	18,787	216,430	31,287
From 2 years to 5 years	1,500	16,295	19,090	16,295
Total	**4,408,149**	**3,190,716**	**4,408,149**	**3,190,716**

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

	December 31,	
	2023	**2022**
Aggregate amount of $100,000 or more	4,407,608	3,190,376
Aggregate amount of deposits in the New York Agency	1,250,524	526,474

	December 31,		
	2023	**2022**	**2021**
Interest expense on deposits made in the New York Agency	53,885	12,334	3,852

19. Securities sold under repurchase agreements

December 31, 20232022$310.2 million$300.5 millionDecember 31, 202320222021$9.2 million$7.3 million$956 thousandThe following table details the financing transactions under repurchase agreements and the associated interest expense

	December 31,		
	2023	**2022**	**2021**
Financing transactions under repurchase agreements	310,197	300,498	427,498
Interest expense related to financing transactions	9,232	7,340	956

20. Borrowings and debt

Borrowings consist of bilateral funding and syndicated loans obtained from international banks. Debt instruments consist of public and private issuances under the Bank's Euro Medium-Term Notes ("EMTN") Program as well as the Short-and Long-Term Notes ("Certificados Bursatiles") Program (the "Mexican Program") in the Mexican local market as well as a Revolving Corporate Bond Program in Panama with a maximum amount of $300 million for the issuance of short and long term notes.

The Bank's funding activities include: (i) EMTN, which may be used to issue notes for up to $2.250 million, with maturities from 7 days up to a maximum of 30 years, at fixed or floating interest rates, or at discount, and in various currencies. The notes are generally issued in bearer or registered form through one or more authorized financial institutions; (ii) Short-and Long-Term Notes ("Certificados Bursatiles") Program (the "Mexican Program") in the Mexican local market, registered with the Mexican National Registry of Securities administered by the National Banking and Securities Commission of Mexico ("CNBV", for its acronym in Spanish), for an authorized aggregate principal amount of 25 billion Mexican pesos with maturities from 1 day to 30 years (iii) a short and long term Revolving Corporate Bond Program in the Panamanian local market with a maximum amount of $300 million.

Some borrowing agreements include various events of default and covenants relating to minimum capital adequacy ratios, incurrence of additional liens, and asset sales, as well as other customary covenants, representations and warranties. As of December 31, 2023, the Bank was in compliance with all those covenants.

Carrying amount of borrowings and debt is detailed as follows:

	December 31, 2023				
	Short-Term		**Long-term**		
	Borrowings	**Debt**	**Borrowings**	**Debt**	**Total**
Principal	1,638,306	86,601	537,775	2,097,820	4,360,502
Transaction costs	(262)	(40)	(1,904)	(6,308)	(8,514)
	1,638,044	**86,561**	**535,871**	**2,091,512**	**4,351,988**

	December 31, 2022				
	Short-Term		**Long-term**		
	Borrowings	**Debt**	**Borrowings**	**Debt**	**Total**
Principal	2,153,351	42,255	650,275	1,580,727	4,426,608
Transaction costs	(1,376)	(5)	(2,952)	(5,764)	(10,097)
	2,151,975	**42,250**	**647,323**	**1,574,963**	**4,416,511**

20. Borrowings and debt (continued)

Short-term borrowings and debt

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

	December 31,	
	2023	**2022**
Short-term borrowings:		
At fixed interest rates	732,336	1,584,776
At floating interest rates	905,970	568,575
Principal	1,638,306	2,153,351
Less: Transaction costs	(262)	(1,376)
Total short-term borrowings, net	**1,638,044**	**2,151,975**
Short-term debt:		
At fixed interest rates	1,536	—
At floating interest rates	85,065	42,255
Principal	86,601	42,255
Less: Transaction costs	(40)	(5)
Total short-term debt, net	**86,561**	**42,250**
Total short-term borrowings and debt	**1,724,605**	**2,194,225**
Range of fixed interest rates on borrowings and debt in U.S. dollars	5.44% to 6.50%	1.53% to 6.52%
Range of floating interest rates on borrowings in U.S. dollars	6.08% to 6.33%	4.90% to 5.72%
Range of floating interest rates on borrowings and debt in Mexican pesos	11.77% to 12.65%	10.97% to 12.00%
Range of floating interest rates on borrowings and debt in Euros	4.51% to 4.69%	— %
Range of fixed interest rates on borrowings and debt in Japanese yen	— %	0.84% to 1.23%

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

	December 31,	
	2023	**2022**
US dollar	1,084,872	1,593,531
Mexican peso	576,527	405,830
Euro	63,508	—
Japanese yen	—	196,245
Carrying amount - principal	**1,724,907**	**2,195,606**

20. Borrowings and debt (continued)

Long-term borrowings and debt

The breakdown of long-term borrowings and debt (original maturity of more than one year), along with contractual interest rates, plus prepaid commissions are as follows:

	December 31,	
	2023	**2022**
Long-term borrowings:		
At fixed interest rates	—	75,000
At floating interest rates with due dates from May 2024 to May 2026	537,775	575,275
Principal	537,775	650,275
Less: Transaction costs	(1,904)	(2,952)
Total long-term borrowings, net	**535,871**	**647,323**
Long-term debt:		
At fixed interest rates with due dates from March 2024 to November 2034	1,456,290	1,136,743
At floating interest rates with due dates from November 2024 to August 2028	641,530	443,984
Principal	2,097,820	1,580,727
Less: Transaction costs	(6,308)	(5,764)
Total long-term debt, net	**2,091,512**	**1,574,963**
Total long-term borrowings and debt, net	**2,627,383**	**2,222,286**
Range of fixed interest rates on borrowings and debt in U.S. dollars	1.35% to 6.15%	0.80% to 5.81%
Range of floating interest rates on borrowings and debt in U.S. dollars	6.32% to 7.31%	4.96% to 6.04%
Range of fixed interest rates on borrowings and debt in Mexican pesos	6.50% to 10.78%	6.50% to 9.20%
Range of floating interest rates on borrowings and debt in Mexican pesos	11.70% to 11.95%	10.55% to 10.93%
Range of fixed interest rates on debt in Japanese yens	0.40% to 1.35%	0.40% to 1.27%
Range of fixed interest rates on debt in Euros	0.90% to 3.75%	0.23% to 3.75%
Range of fixed interest rates on debt in Australian dollars	1.41% to 6.81%	1.41% to 6.81%
Range of fixed interest rates on debt in Sterling pounds	1.50 %	1.50 %
Range of fixed interest rates on debt in Swiss francs	0.35 %	0.35 %

20. Borrowings and debt (continued)

Long-term borrowings and debt (continued)

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

	December 31,	
	2023	**2022**
US dollar	1,149,021	1,155,275
Mexican peso	1,241,023	845,867
Euro	88,018	111,095
Japanese yen	113,642	76,513
Australian dollar	27,286	26,968
Swiss franc	11,889	10,820
Sterling pound	4,716	4,464
Carrying amount - principal	**2,635,595**	**2,231,002**

Future payments of long-term borrowings and debt outstanding as of December 31, 2023, are as follows:

Year	**Outstanding**
2024	637,998
2025	1,005,496
2026	516,223
2027	311,123
2028	112,345
2029	42,162
2034	10,248
Carrying amount - principal	**2,635,595**

The following table presents the reconciliation of movements of borrowings and debt arising from financing activities, as presented in the consolidated statement of cash flows :

	2023	**2022**	**2021**
Balance as of January 1,	4,416,511	3,304,178	1,966,271
Net (decrease) increase in short-term borrowings and debt	(500,650)	579,065	1,196,710
Proceeds from long-term borrowings and debt	496,342	1,038,110	266,640
Payments of long-term borrowings and debt	(221,306)	(536,792)	(97,520)
Change in foreign currency rates	157,440	45,460	(27,528)
Fair value adjustment due to hedge accounting relationship	2,126	(9,334)	(2,034)
Other adjustments	1,525	(4,176)	1,639
Balance as of December 31,	**4,351,988**	**4,416,511**	**3,304,178**

The reconciliation of the movements of the equity accounts that are part of the financing activities are presented in the consolidated statement of changes in equity.

21. Lease liabilities

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

	December 31,	
	2023	**2022**
Due within 1 year	1,717	1,506
After 1 year but within 5 years	6,540	7,210
After 5 years but within 10 years	12,368	12,330
Total undiscounted lease liabilities	**20,625**	**21,046**
Short-term	1,143	965
Long-term	15,564	15,780
Lease liabilities included in the consolidated statement of financial position	**16,707**	**16,745**

Amounts recognized in the consolidated statement of cash flows:

	December 31,	
	2023	**2022**
Payments of lease liabilities	**1,032**	**995**

22. Other liabilities

Following is a summary of other liabilities:

	December 31,	
	2023	**2022**
Accruals and other accumulated expenses	24,120	16,812
Funds received for debt repayment	14,735	—
Accounts payable	5,143	7,269
Unearned commissions	9,652	2,646
Other	84	84
Total	**53,734**	**26,811**

23. Earning per share

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

	December 31,		
	2023	**2022**	**2021**
(Thousands of US$ dollars)			
Profit for the year	166,158	92,040	62,697
(U.S. dollars)			
Basic earnings per share	4.55	2.54	1.62
(Thousands of shares)			
Weighted average of common shares outstanding applicable to basic EPS	**36,481**	**36,304**	**38,796**

24. Capital and Reserves

A. Common stock and additional paid-in capital

Common stock

The Bank's common stock is divided into four categories:

1) "Class A"; shares may only be issued to Latin American Central Banks or banks in which the state or other government agency is the majority shareholder.
2) "Class B"; shares may only be issued to banks or financial institutions.
3) "Class E"; shares may be issued to any person whether a natural person or a legal entity.
4) "Class F"; may only be issued to state entities and agencies of non-Latin American countries, including, among others, central banks and majority state-owned banks in those countries, and multilateral financial institutions either international or regional institutions.

The holders of "Class B" shares have the right to convert or exchange their "Class B" shares, at any time, and without restriction, for "Class E" shares, exchanging one share for another share.

The following table provides detailed information on the movement of the shares by class for each of the years ended December 31, 2023, 2022 and 2021:

(Share units)	**"Class A"**	**"Class B"**	**"Class E"**	**"Class F"**	**Total**
Authorized	**40,000,000**	**40,000,000**	**100,000,000**	**100,000,000**	**280,000,000**
Outstanding at January 1, 2021	6,342,189	2,178,365	31,157,386	—	39,677,940
Conversions	—	(89,290)	89,290	—	—
Repurchased common stock	—	—	(3,558,093)	—	(3,558,093)
Restricted stock issued – directors	—	—	63,000	—	63,000
Restricted stock units – vested	—	—	48,299	—	48,299
Outstanding at December 31, 2021	**6,342,189**	**2,089,075**	**27,799,882**	**—**	**36,231,146**
Restricted stock issued – directors	—	—	57,000	—	57,000
Restricted stock units – vested	—	—	36,410	—	36,410
Outstanding at December 31, 2022	**6,342,189**	**2,089,075**	**27,893,292**	**—**	**36,324,556**
Restricted stock issued – directors	—	—	63,000	—	63,000
Restricted stock units – vested	—	—	152,305	—	152,305
Outstanding at December 31, 2023	**6,342,189**	**2,089,075**	**28,108,597**	**—**	**36,539,861**

Additional paid-in capital

As of December 31, 2023, 2022 and 2021, additional paid-in capital consists of additional cash contributions to the common capital paid by shareholders.

24. Capital and Reserves (continued)

B. Treasury stock

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

	"Class A"		"Class B"		"Class E"		Total	
	Shares	**Amount**	**Shares**	**Amount**	**Shares**	**Amount**	**Shares**	**Amount**
Outstanding at January 1, 2021	318,140	10,708	689,367	18,711	1,294,390	28,580	2,301,897	57,999
Repurchase of common stock	—	—	—	—	3,558,093	60,079	3,558,093	60,079
Restricted stock issued - directors	—	—	—	—	(63,000)	(1,391)	(63,000)	(1,391)
Restricted stock units - vested	—	—	—	—	(48,299)	(888)	(48,299)	(888)
Outstanding at December 31, 2021	**318,140**	**10,708**	**689,367**	**18,711**	**4,741,184**	**86,380**	**5,748,691**	**115,799**
Restricted stock issued - directors	—	—	—	—	(57,000)	(1,039)	(57,000)	(1,039)
Restricted stock units - vested	—	—	—	—	(36,410)	(663)	(36,410)	(663)
Outstanding at December 31, 2022	**318,140**	**10,708**	**689,367**	**18,711**	**4,647,774**	**84,678**	**5,655,281**	**114,097**
Restricted stock issued - directors	—	—	—	—	(63,000)	(1,148)	(63,000)	(1,148)
Restricted stock units - vested	—	—	—	—	(152,305)	(2,775)	(152,305)	(2,775)
Outstanding at December 31, 2023	**318,140**	**10,708**	**689,367**	**18,711**	**4,432,469**	**80,755**	**5,439,976**	**110,174**

In May 2021, the Bank announced a $60 million common stock repurchase program which ended in December 2021. Through the program, the Bank repurchased a total of 3,558,093 Class E shares, representing approximately 10% of the total outstanding shares at a volume-weighted average price per share of $16.86.

25. Other comprehensive income

The breakdown of other comprehensive income (loss) relating to financial instruments at FVOCI, derivative financial instruments, and foreign currency translation is as follows:

	Financial instruments FVOCI	Financial Instruments CFH	Foreign currency translation adjustment	Total
Balance as of January 1, 2021	**141**	**515**	**(448)**	**208**
Change in fair value on financial instruments, net of hedging	(560)	(11,692)	—	(12,252)
Reclassification of gains (losses) on financial instruments to profit or loss [(1)]	24	24	—	48
Exchange difference in conversion of foreign currency operation	—	—	448	448
Other comprehensive income (loss) for the year	(536)	(11,668)	448	(11,756)
Balance as of December 31, 2021	**(395)**	**(11,153)**	**—**	**(11,548)**
Change in fair value on financial instruments, net of hedging	(467)	20,080	—	19,613
Reclassification of gains (losses) on financial instruments to profit or loss [(1)]	—	60	—	60
Other comprehensive income (loss) for the year	(467)	20,140	—	19,673
Balance as of December 31, 2022	**(862)**	**8,987**	**—**	**8,125**
Change in fair value on financial instruments, net of hedging	876	(590)	—	286
Reclassification of gains (losses) on financial instruments to profit or loss [(1)]	(11)	(938)	—	(949)
Other comprehensive income (loss) for the year	865	(1,528)	—	(663)
Balance as of December 31, 2023	**3**	**7,459**	**—**	**7,462**

[(1)] Reclassification adjustments include amounts recognized in profit or loss of the year that had been part of other comprehensive income in this and prior years.

25. Other comprehensive income (continued)

The following table presents amounts reclassified from other comprehensive income to profit or loss:

Details about other comprehensive income components	Amounts reclassified from other comprehensive income			Line item affected in the consolidated statement of profit or loss
	December 31,			
	2023	2022	2021	
	—	—	41	Net gain (loss) on financial instruments
Securities at FVOCI:	(11)	—	(17)	Provision for credit losses
	(11)	—	24	
Derivative financial instruments:				
Foreign exchange forwards	—	(433)	(2,167)	Interest income – loans
	4,877	1,851	—	Interest expense – borrowings and deposits
	(1,793)	—	24	Gain (loss) on financial instruments, net
Interest rate and cross-currency swaps	855	60	—	Gain (loss) on financial instruments, net
	3,939	**1,478**	**(2,143)**	

26. Fee and commission income

Fee and commission income from contracts with customers broken down by main types of services, are detailed as follows:

	December 31,		
	2023	2022	2021
Structured loans	7,427	4,926	4,269
Documentary and stand-by letters of credit	20,844	14,033	12,119
Other commissions, net	4,248	832	1,910
Total	**32,519**	**19,791**	**18,298**

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

	December 31, 2023
Up to 1 year	4,553
From 1 to 2 years	1,370
More than 2 years	2,361
Total	**8,284**

27. Business segment information

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

	December 31, 2023		
	Commercial	**Treasury**	**Total**
Interest income	566,212	113,048	679,260
Interest expense	(467)	(445,610)	(446,077)
Inter-segment net interest income	(361,997)	361,997	—
Net interest income	203,748	29,435	233,183
Other income (expense), net	33,792	(856)	32,936
Total income	237,540	28,579	266,119
Provision for credit losses	(26,785)	(678)	(27,463)
Operating expenses	(57,324)	(15,174)	(72,498)
Segment profit (loss)	**153,431**	**12,727**	**166,158**
Segment assets	**7,498,230**	**3,231,534**	**10,729,764**
Segment liabilities	**279,853**	**9,206,381**	**9,486,234**

	December 31, 2022		
	Commercial	**Treasury**	**Total**
Interest income	289,785	42,836	332,621
Interest expense	(463)	(184,147)	(184,610)
Inter-segment net interest income	(155,968)	155,968	—
Net interest income	133,354	14,657	148,011
Other income (expense), net	20,809	(2,148)	18,661
Total income	154,163	12,509	166,672
Provision for credit losses	(13,376)	(6,145)	(19,521)
Operating expenses	(43,156)	(11,955)	(55,111)
Segment profit (loss)	**97,631**	**(5,591)**	**92,040**
Segment assets	**6,940,335**	**2,336,958**	**9,277,293**
Segment liabilities	**180,369**	**8,007,383**	**8,187,752**

27. Business segment information (continued)

	December 31, 2021		
	Commercial	**Treasury**	**Total**
Interest income	129,758	11,125	140,883
Interest expense	(648)	(53,453)	(54,101)
Inter-segment net interest income	(45,318)	45,318	—
Net interest income	83,792	2,990	86,782
Other income (expense), net	19,188	(1,764)	17,424
Total income	102,980	1,226	104,206
(Provision for) reversal of credit losses	(1,050)	(1,278)	(2,328)
Gain on non-financial assets, net	742	—	742
Operating expenses	(30,751)	(9,172)	(39,923)
Segment profit (loss)	**71,921**	**(9,224)**	**62,697**
Segment assets	**5,931,201**	**2,098,492**	**8,029,693**
Segment liabilities	**219,505**	**6,812,455**	**7,031,960**

The following table shows the reconciliation of information by business segment:

	December 31,		
	2023	**2022**	**2021**
Profit for the year	**166,158**	**92,040**	**62,697**
Assets:			
Assets from reportable segments	10,729,764	9,277,293	8,029,693
Other assets - unallocated	14,028	6,617	8,418
Total	**10,743,792**	**9,283,910**	**8,038,111**
Liabilities:			
Liabilities from reportable segments	9,486,234	8,187,752	7,031,960
Other liabilities - unallocated	53,734	26,811	14,361
Total	**9,539,968**	**8,214,563**	**7,046,321**

27. Business segment information (continued)

Geographic information

The geographic information analyzes the Bank's income and non-current assets by the Bank's. In presenting the geographic information below, segment revenue is based on customer's country risk and segment non-current assets are based on the geographic location of the assets.

	December 31,					
	2023		2022		2021	
	Total revenues	Non-current assets (*)	Total revenues	Non-current assets (*)	Total revenues	Non-current assets (*)
Argentina	4,748	80	4,721	117	5,454	157
Brazil	25,630	292	15,100	125	9,802	138
Chile	11,273	—	8,072	—	3,180	—
Colombia	32,584	181	16,192	35	12,116	51
Costa Rica	10,358	—	9,161	—	7,674	—
Dominican Republic	20,164	—	9,325	—	3,424	—
Ecuador	15,107	—	12,576	—	8,990	—
El Salvador	2,209	—	2,297	—	1,207	—
Guatemala	24,061	—	16,961	—	10,862	—
Honduras	6,312	—	6,081	—	841	—
Jamaica	3,337	—	2,525	—	1,646	—
Mexico	35,442	400	24,767	14	17,318	75
Panama	6,753	18,119	6,015	18,994	5,872	18,795
Paraguay	2,734	—	2,488	—	1,529	—
Peru	20,501	—	8,733	—	3,299	—
Trinidad and Tobago	6,832	—	6,330	—	7,215	—
Uruguay	1,208	—	1,533	—	540	—
Other countries (1)	36,866	327	13,795	101	3,237	158
Total revenues	**266,119**	**19,399**	**166,672**	**19,386**	**104,206**	**$ 19,374**

(1) Other countries consists of total income per country in the Region in which total income did not exceed $1 million for any of the periods indicated above and top-rated countries outside of Latin America.

(*) Includes equipment and leasehold improvements, net, intangible assets and investment properties.

Information about the main clients

As of December 31, 2023, 2022, and 2021, the Bank has no customer, either individually or as group of companies, that represents more than 10% of total revenues.

28. Related party transactions

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

	December 31,	
	2023	**2022**
Assets:		
Demand deposits	2,263	5,986
Loans, net	61,440	242,024
Securities at amortized cost, net	14,373	19,593
Total	**78,076**	**267,603**
Liabilities:		
Time deposits	319,344	567,451
Total	**319,344**	**567,451**
Contingencies:		
Stand-by letters of credit	150	3,350
Loss allowance	—	(16)

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

	December 31,		
	2023	**2022**	**2021**
Interest income:			
Loans	3,104	4,719	211
Securities at amortized cost	331	685	—
Total	3,435	5,404	211
Interest expense:			
Deposits	(14,477)	(10,943)	(1,866)
Net interest income (expenses)	**(11,042)**	**(5,539)**	**(1,655)**
Other income (expense):			
Fees and commissions, net	427	116	216
Loss on financial instruments, net	—	74	—
Total	427	190	216
Net income (loss) from related parties	**(10,615)**	**(5,349)**	**(1,439)**

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

	December 31,		
	2023	**2022**	**2021**
Expenses:			
Compensation costs to directors	1,910	1,853	1,877
Compensation costs to executives	8,067	4,302	4,083

Compensation costs of Bank´s directors and executives include annual cash retainers and the cost of granted restricted stock and restricted stock units, as detailed in the Stock Incentive Plan, see Note 29.

29. Salaries and other employee expenses

The following table details salaries and other employee expenses:

	December 31,		
	2023	**2022**	**2021**
Wages and salaries	20,837	18,135	13,803
Payroll taxes	2,809	2,196	1,731
Personnel benefits	19,047	12,344	5,134
Share-based payments	4,539	1,544	984
Total	**47,232**	**34,219**	**21,652**

A. 2015 Stock Incentive Plan – Directors and Executives

In February 2008, the Board of Directors of the Bank approved an incentive plan for directors and executives allowing the Bank to grant restricted stock, restricted stock units, stock purchase options, and/or other similar compensation instruments and established service requirements as the sole condition of vesting. The maximum aggregate number of shares which may be granted under this plan is three million "Class E" common shares. The Stock Incentive Plan is administered by the Board of Directors who has the authority at its discretion to select the directors and executives to whom the awards may be granted to attract, retain, motivate, and compensate them for their contribution to the growth and profitability of the Bank; to determine whether and to what extent awards are granted, and to amend the terms of any outstanding award under this plan.

Restricted stocks are issued at the grant date but are withheld by the Bank until the vesting date. Restricted stock is entitled to receive dividends.

A restricted stock unit is a grant valued in terms of the Bank's stock, but no stock is issued at the grant date. Restricted stock units are not entitled to dividends.

The Bank issues or disposes of treasury stock and delivers common stock on the date on which the restricted stock units become unrestricted.

During 2023, 2022 and 2021, the Board of Directors approved the grant of restricted stock to directors and stock options and restricted stock units to certain executives of the Bank, as follows:

Restricted stock – Directors

The Board of Directors granted the directors "Class E" common shares for 63 thousand, 57 thousand and 63 thousand during the years 2023, 2022 and 2021, respectively.

The fair value of restricted stock granted was based on the stock closing price in the New York Stock Exchange of the "Class E" shares on April 26, 2023, April 27, 2022 and April 21, 2021, respectively. The fair value of restricted stock granted totaled $1.1 million in 2023, $835 thousand in 2022, and $923 thousand in 2021, of which $474 thousand, $354 thousand and $401 thousand were recognized in profit or loss during 2023, 2022 and 2021, respectively.

Total expense recognized in profit or loss during 2023, 2022 and 2021 of restricted stock granted to directors amounted to $931 thousand, $895 thousand and $924 thousand, respectively. The remaining cost pending amortization of $821 thousand at December 31, 2023 will be amortized over 2.33 years.

Restricted stock loses their restriction from the year following the anniversary date, as follows: 35% in the first and second years, and 30% in the third year.

29. Salaries and other employee expenses (continued)

A. 2015 Stock Incentive Plan – Directors and Executives (continued)

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

	Shares	Weighted average grant date fair value
Outstanding at January 1, 2021	132,150	18.56
Granted	63,000	14.65
Vested	(49,350)	19.24
Outstanding at December 31, 2021	145,800	16.64
Granted	57,000	14.65
Vested	(97,350)	18.71
Outstanding at December 31, 2022	105,450	14.15
Granted	63,000	17.69
Vested	(53,100)	13.75
Outstanding at December 31, 2023	**115,350**	16.31
Expected to vest	**115,350**	

The fair value of vested stock during the years 2023, 2022 and 2021 was $730 thousand, $1.8 million and $949 thousand, respectively.

Restricted stock units to certain executives

Restricted stock units

The Board of Directors approved the grant of restricted stock units to certain executives of the Bank with a grant date fair value of $4.6 million in 2023, $822 thousand in 2022 and $1 million in 2021. The distribution of the fair value was in restricted stock units.

The fair value of the restricted stock units was based on the “Class E” stock closing price in the New York Stock Exchange on the grant date. The restricted stock units are exchanged at a ratio of 1: 1 for common shares “Class E”.

Beginning with the grant awarded in 2023, the restriction period for the issuance of the restricted stock units was modified as follows: 25% vested in the month following the date of the grant, and 25% each year on the grant date's anniversary for the following three years. Previously, the restriction period for the issuance of the restricted stock units was: 25% vested each year on the grant date’s anniversary for the following four years.

Compensation costs of the restricted stock units are amortized during the period of restriction by the accelerated method. During 2023, 2022 and 2021, the cost recognized in profit or loss as a result of the amortization of these grants totaled $2.4 million, $749 thousand and $984 thousand, respectively.

Fair value of vested stock during the years 2023, 2022 and 2021 is $2.4 million, $581 thousand, and $838 thousand, respectively.

29. Salaries and other employee expenses (continued)

A. 2015 Stock Incentive Plan – Directors and Executives (continued)

A summary of the restricted stock units granted through December 31, 2023, to certain executives is presented below:

	Shares	Weighted average grant date fair value	Weighted average remaining contractual term	Aggregate intrinsic value
Outstanding at January 1, 2021	81,343	17.94		
Granted	75,796	13.33		
Forfeited	(1,311)	14.51		
Vested	(48,299)	17.35		
Outstanding at December 31, 2021	107,529	14.99		
Granted	63,056	13.03		
Vested	(36,410)	15.97		
Outstanding at December 31, 2022	134,175	13.80		
Granted	298,951	15.36		
Forfeited	(346)	14.95		
Vested	(152,305)	15.57		
Outstanding at December 31, 2023	**280,475**	14.50	1.99 years	2,769
Expected to vest	**280,475**	14.50	1.99 years	2,769

For the restricted share units that are expected to be released, the compensation cost pending amortization is $1.6 million in 2023 and will be amortized over 2.17 years.

Provision of restricted stock units

As of December 31, 2023, the Bank's management established a provision of $1.7 million, recognized in the consolidated statement of profit or loss, related to the restricted stock units that will be granted in the first quarter of 2024.

B. Other plans - Expatriate Top Executives Plan

The Bank sponsors a defined contribution plan for its expatriate top executives based in Panama, which are not eligible to participate in the Panamanian social security system. The Bank’s contributions are determined as a percentage of the annual salaries of top executives eligible for the plan, each contributing an additional amount withheld from their salary. Contributions to this plan are managed by a fund manager through a trust. The executives are entitled to the Bank’s contributions after completing at least three years of service in the Bank. During 2023, 2022 and 2021, the Bank charged to salaries expense $58 thousand, $62 thousand and $67 thousand, respectively, that correspond to the Bank’s contributions to this plan.

30. Other expenses

The following table details other expenses:

	December 31,		
	2023	**2022**	**2021**
Administrative	6,165	5,587	4,484
Professional services	5,522	5,603	4,074
Maintenance and repairs	4,731	3,449	2,388
Share-based payments to directors	931	895	924
Regulatory fees	1,321	1,015	978
Operating lease of spaces and equipment	691	717	562
Advertising and marketing	1,012	557	179
Other	1,799	354	1,191
Total	**22,172**	**18,177**	**14,780**

31. Litigation

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

32. Applicable laws and regulations

Liquidity index

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

As of December 31, 2023, and 2022, the minimum LCR to be reported to the SBP is 100% for both years80%. The Bank´s LCR as of December 31, 2023 and 2022 was 205.8% and 167.5%, respectively.

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

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

The liquidity index reported by the Bank to the regulator as of December 31, 2023, and 2022, was 93.4% and 100.49%, respectively.

32. Applicable laws and regulations (continued)

Capital adequacy

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

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

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

The information corresponding to the total capital adequacy index is as follows:

	December 31,	
	2023	**2022**
Capital funds	1,206,753	1,072,110
Risk-weighted assets	8,898,408	8,117,913
Capital adequacy index	13.6 %	13.2 %

Leverage ratio

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

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

The table below presents the Bank´s leverage ratio in compliance with Article No.17 of Rule No. 1-2015:

	December 31,	
	2023	**2022**
Ordinary capital	1,070,734	936,092
Non-risk-weighted assets	10,994,085	9,606,970
Leverage ratio	9.7 %	9.7 %

32. Applicable laws and regulations (continued)

Specific provisions

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

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

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

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

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

	December 31, 2023					
	Normal	**Special Mention**	**Substandard**	**Doubtful**	**Unrecoverable**	**Total**
Loans at amortized cost						
Corporations	4,354,378	32,342	—	—	10,107	4,396,827
Financial institutions:						
Private	2,248,150	—	—	—	—	2,248,150
State-owned	464,918	—	—	—	—	464,918
	2,713,068	—	—	—	—	2,713,068
Sovereign	85,672	—	—	—	—	85,672
Total	**7,153,118**	**32,342**	**—**	**—**	**10,107**	**7,195,567**
Specific provision	**—**	**6,470**	**—**	**—**	**5,652**	**12,122**
Allowance for loan losses under IFRS [(1)]:	**45,958**	**6,554**	**—**	**—**	**6,898**	**59,410**

32. Applicable laws and regulations (continued)

	December 31, 2022					
	Normal	**Special Mention**	**Substandard**	**Doubtful**	**Unrecoverable**	**Total**
Loans at amortized cost						
Corporations	3,659,018	—	—	—	10,107	3,669,125
Financial institutions:						
Private	2,225,385	—	20,000	—	—	2,245,385
State-owned	719,882	—	—	—	—	719,882
	2,945,267	—	20,000	—	—	2,965,267
Sovereign	128,628	—	—	—	—	128,628
Total	**6,732,913**	**—**	**20,000**	**—**	**10,107**	**6,763,020**
Specific provision	**—**	**—**	**10,000**	**—**	**5,870**	**15,870**
Allowance for loan losses IFRS [(1)]:	**33,639**	**—**	**16,141**	**—**	**5,420**	**55,200**

[(1)] As of December 31, 2023, and 2022, there is no excess in the specific provision calculated in accordance with Rule No. 8-2014 of the SBP, over the provision calculated in accordance with IFRS.

As of December 31, 2023, and 2022, there are no new restructured loans.

Rule No.4-2013 defines as Past Due any credit facility for which payment of contractually agreed amounts present more than thirty (30) days in arrears, up to ninety (90) days; and as Delinquent, any credit facility for which payment of contractually agreed amounts present more than ninety (90) days in arrears, except for single-payment transactions and overdrafts, which will be considered Delinquent when payment exceeds thirty (30) days in arrears from the contractual payment date.

Below is the classification of the loan portfolio by maturity profile based on Rule No. 4-2013 and modified by Rule No. 8-2014:

	December 31, 2023			
	Current	**Past due**	**Delinquent**	**Total**
Loans at amortized cost				
Corporations	4,386,720	—	10,107	4,396,827
Financial institutions:				
Private	2,248,150	—	—	2,248,150
State-owned	464,918	—	—	464,918
	2,713,068	—	—	2,713,068
Sovereign	85,672	—	—	85,672
Total	**7,185,460**	**—**	**10,107**	**7,195,567**

32. Applicable laws and regulations (continued)

	December 31, 2022			
	Current	**Past due**	**Delinquent**	**Total**
Loans at amortized cost				
Corporations	3,659,018	—	10,107	3,669,125
Financial institutions:				
Private	2,225,385	20,000	—	2,245,385
State-owned	719,882	—	—	719,882
	2,945,267	20,000	—	2,965,267
Sovereign	128,628	—	—	128,628
Total	**6,732,913**	**20,000**	**10,107**	**6,763,020**

In accordance with Rule No. 4-2013, as amended by Rule No. 8-2014, non-accruing loans are presented by category as follows:

	December 31, 2023					
	Normal	**Special Mention**	**Substandard**	**Doubtful**	**Unrecoverable**	**Total**
Loans at amortized cost						
Impaired loans	—	—	—	—	10,107	10,107
Total	**—**	**—**	**—**	**—**	**10,107**	**10,107**

	December 31, 2022					
	Normal	**Special Mention**	**Substandard**	**Doubtful**	**Unrecoverable**	**Total**
Loans at amortized cost						
Impaired loans	—	—	20,000	—	10,107	30,107
Total	**—**	**—**	**20,000**	**—**	**10,107**	**30,107**

	December 31,	
	2023	**2022**
Non-accruing loans:		
Private corporations	10,107	30,107
Interest that would be reversed if the loans had been classified as non-accruing loans	328	1,173

As of December 31, 2023, and 2022, there was no interest income collected on loans in non-accrual status.

Credit risk coverage - dynamic provision

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

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

Methodology for the constitution of the regulatory credit reserve

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

32. Applicable laws and regulations (continued)

The parameters established in this methodology are the following:

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

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

As of December 31, 2023, and 2022, the total amount of the dynamic provision calculated according to the guidelines of Rule No. 4-2013 of the SBP is $136 million for both years, appropriated from retained earnings for purposes of compliance with local regulatory requirements. This allocation is restricted for dividend distribution purposes.

Capital reserve

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

33. Subsequent events

The Bank announced a quarterly cash dividend of $0.50$0.25 US dollar cents per share corresponding to the fourth quarter of 2023. The cash dividend was approved by the Board of Directors on February 20, 2024 and was paid on March 19, 2024 to the Bank’s stockholders as of March 04, 2024 record date.

In February 2024, the Board of Directors approved a grant of restricted stock units to certain executives of the Bank with a grant date fair value of $6.8 million or 317,783 shares, out of which 79,455 shares were vested in March 2024. The Board also authorized a repurchase program of up to $50 million of the Bank's common stock over time. The repurchase plan is intended to comply with Rule 10b-18 promulgated under the Securities Exchange Act of 1934, as amended.

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Jefferies

September 10, 2025

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